



# **NN Scala Executive**

# **NN Scala Free Pension**

# **NN Scala Privilege**

# **NN Scala Professional Pension**

## **Precontractueel document inzake duurzaamheid**

Precontractuele informatie voor financiële producten als bedoeld in artikel 8, leden 1, 2 en 2 bis, van Verordening (EU) 2019/2088 en in artikel 6, eerste alinea, van Verordening (EU) 2020/852, en overeenkomstig artikel 20 van Gedelegeerde Verordening (EU) 2022/1288

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De duurzaamheidsinformatie in dit precontractuele productdocument werd naar best vermogen opgesteld door NN Insurance Belgium nv op basis van de informatie die hierover momenteel beschikbaar is bij de asset managers. De regelgeving die deze asset managers verplicht om deze informatie beschikbaar te stellen is echter pas op 1 januari 2023 in werking getreden. De informatie in dit document kan worden gewijzigd en/of aangevuld naargelang van de informatie die de asset managers in de komende maanden zullen verstrekken.

## 1. Integratie van duurzaamheidsrisico's

Volgens de Europese verordening (EU) 2019/2088 inzake duurzaamheidsverslaglegging in de financiële dienstensector (Sustainable Finance Disclosure Regulation, hierna genoemd "SFDR") is NN Insurance Belgium verplicht informatie openbaar te maken over haar beleid inzake de integratie van duurzaamheidsrisico's in haar investeringsbesluitvormingsproces.

NN Insurance Belgium past het *Responsible Investment Framework Policy* van NN Group (Hierna de "RI Framework policy") toe beschikbaar op: <https://www.nn-group.com/sustainability/responsible-investment/responsible-investment-policy-framework.htm>. Dit ondersteunt de "systematische integratie van ecologische, sociale en governance factoren (hierna, "ESG-factoren") in het beleggingsproces, waardoor zowel risico's als kansen worden beheerst. NN Insurance Belgium beschouwt ESG-factoren in dit verband als de "ecologische, sociale en werkgelegenheidszaken, eerbiediging van de mensenrechten, en bestrijding van corruptie en van omkoping."

Dit RI Framework policy biedt dus richtlijnen voor NN Insurance Belgium om beter geïnformeerde investeringsbeslissingen te nemen, waarbij het risico/rendementsprofiel van de investeringsportefeuilles wordt geoptimaliseerd, terwijl in het investeringsproces rekening wordt gehouden met de kernwaarden van de NN Group. Deze manier van integratie van duurzaamheidsrisico's in het investeringsbesluitvormingsproces zorgt ervoor dat de activiteiten van NN Insurance Belgium beter aansluiten bij de bredere duurzaamheidsdoelstellingen en -verwachtingen van de samenleving.

In de RI Framework policy definieert NN Insurance Belgium ESG-risico als "het risico van (in)directe betrokkenheid bij de schending van ecologische- en sociale standaarden en normen". In de SFDR wordt de term "Duurzaamheidsrisico" gebruikt, terwijl NN Group in de RI Framework policy de term "ESG-risico" hanteert. Deze termen worden als gelijkwaardig beschouwd.

De RI Framework policy is van toepassing op alle beleggingscategorieën zowel op de eigen activa van NN Insurance Belgium als op de activa van klanten zoals gedefinieerd in het RI Framework policy. Volgens de vermogensbeheerder zal het RI-kaderbeleid echter op de volgende onderscheiden wijze worden toegepast.

### *i. Toepassing wanneer NN Insurance Belgium belegt in beleggingsfondsen die worden beheerd door externe vermogensbeheerders*

Aan beleggingsfondsen die worden beheerd door externe vermogensbeheerders kan het RI Framework-beleid van NN Group niet worden opgelegd. Daarom kunnen met name de RI-strategieën niet op deze beleggingsfondsen worden toegepast. Om dezelfde reden kan ook de NN Group Restricted List (restrictielijst) niet worden toegepast. Dit is een lijst van bedrijven en staatsobligaties van bepaalde landen waarin niet geïnvesteerd mag worden.



NN Insurance Belgium bewaakt echter de samenstelling van het fonds en vraagt vermogensbeheerders naar diens beleid voor verantwoord beleggen, waaronder restrictielijsten (lijst van bedrijven, sectoren,...) waarin niet geïnvesteerd mag worden.

Rekening houdend met onder meer de RI-strategieën en uitsluitingscriteria is NN Insurance Belgium van mening dat de waarschijnlijke impact van ESG-risico's gering zal zijn op de prestaties van de financiële producten die NN Insurance Belgium beschikbaar stelt.

Bij de beoordeling van het waarschijnlijke effect van ESG-risico's wordt rekening gehouden met de thans beschikbare regelgeving en praktische richtsnoeren. Zij kan derhalve worden herzien naarmate de regelgeving en de praktische richtsnoeren ter zake evolueren.

## **2. Indeling van de fondsen (beleggingsopties)**

NN Scala Executive/NN Scala Free Pension/NN Scala Privilege/NN Scala Professional Pension bestaat uit 42 onderliggende beleggingsfondsen, waarvan sommige ecologische en/of sociale kenmerken promoten of een duurzame beleggingsdoelstelling nastreven. Het interne fonds belegt voor 100% in het onderliggende beleggingsfonds. De doelstelling en beleggingsbeleid van het interne fonds komt 100% overeen met de doelstelling en het beleggingsbeleid van het onderliggende beleggingsfonds.

Op basis van de informatie van de vermogensbeheerder van de onderliggende beleggingsfondsen werden deze onderliggende beleggingsfondsen ingedeeld als artikel 6<sup>1</sup> of 8<sup>2</sup> of 9 SFDR<sup>3</sup>.

28 van de fondsen (66,67 % van het totaal aantal fondsen) zijn ingedeeld als artikel 8 SFDR, 6 fondsen (14,28 % van het totaal aantal fondsen) zijn ingedeeld als artikel 9 SFDR en 8 fondsen (19,05 % van het totaal aantal fondsen) zijn ingedeeld als artikel 6 SFDR. Voor fondsen ingedeeld als artikel 8 en 9, is nadere informatie over de duurzame kenmerken beschikbaar op de productpagina op onze website onder "Noodzakelijke documenten":

- NN Scala Executive : <https://www.nn.be/nl/zelfstandigen/pensioen/nn-scala-executive>
- NN Scala Free Pension : <https://www.nn.be/nl/zelfstandigen/pensioen/nn-scala-free-pension-vapz>
- NN Scala Privilege : <https://www.nn.be/nl/zelfstandigen/pensioen/nn-scala-privilege-zelfstandigen>
- NN Scala Professional Pension: <https://www.nn.be/nl/zelfstandigen/pensioen/nn-scala-professional-pension-poz>

De informatie met betrekking tot het in overweging nemen van de belangrijkste ongunstige effecten van beleggingsbeslissingen op de duurzaamheidsfactoren opgenomen door de

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<sup>1</sup> Artikel 6 SFDR: het fonds promoot geen ecologische en/of sociale kenmerken en streeft geen duurzame beleggingsdoelstellingen na.

<sup>2</sup> Artikel 8 SFDR: het fonds promoot ecologische en/of sociale kenmerken.

<sup>3</sup> Artikel 9 SFDR: het fonds streeft een duurzame beleggingsdoelstelling na.



onderliggende beleggingsfondsen is beschikbaar in de precontractuele informatieverstopping voor elk van deze beleggingsopties. Bij de selectie van de beleggingsopties voor dit product was de inachtneming van deze belangrijkste ongunstige effecten echter niet doorslaggevend.

### 3. Classificatie van het product

NN Insurance Belgium nv heeft dit product geclassificeerd als artikel 8 SFDR omdat het ecologische en/of sociale kenmerken promoot. Opdat het product voor de verzekeringnemer onder artikel 8 SFDR kan worden ingedeeld, moet het financiële product worden belegd in ten minste één van de beleggingsopties die worden ingedeeld als artikel 8 of 9 in de onderstaande lijst en moet ten minste één van deze beleggingsopties worden aangehouden gedurende de periode dat het product wordt aangehouden.

Lijst van beleggingsfondsen:

| Naam van het interne fonds                             | Naam van de vermogensbeheerder, naam van het onderliggende beleggingsfonds en ISIN code  | SFDR classificatie |
|--|--|--------------------|
| NN Life Patrimonial Defensive Fund                     | NN Investment Partners bv<br>NN (L) Patrimonial Defensive<br>LU0119196938  | 8                  |
| NN Life Patrimonial Balanced Fund                      | NN Investment Partners bv<br>NN (L) Patrimonial Balanced<br>LU0119195963   | 8                  |
| NN Life Patrimonial Aggressive Fund                    | NN Investment Partners bv<br>NN (L) Patrimonial Aggressive<br>LU0119195450   | 8                  |
| NN Life Patrimonial Balanced European Sustainable Fund | NN Investment Partners bv<br>NN (L) Patrimonial Balanced European Sustainable<br>LU1444115874  | 8                  |
| NN Life Emerging Markets Debt Fund                     | NN Investment Partners bv<br>NN (L) Emerging Markets Debt (Hard Currency)<br>LU0546915058  | 8                  |
| NN Life Multi-Asset Factor Opportunities Fund          | NN Investment Partners bv<br>NN (L) Multi-Asset Factor Opportunities<br>LU2055071596<br>Informatie over de ongunstige effecten op de duurzaamheid: <a href="#">Sustainable Finance Disclosure Regulation   Responsible Investing   Goldman Sachs Asset Management (gsam.com)</a> | 6                  |
| NN Life Euro High Dividend Fund                        | NN Investment Partners bv<br>NN (L) Euro High Dividend<br>LU0127786431   | 8                  |
| NN Life Health & Well-being Fund                       | NN Investment Partners bv<br>NN (L) Health & Well-being<br>LU0119214772  | 9                  |



|  |  |   |
|--|--|---|
| NN Life Global Sustainable Equity Fund                 | NN Investment Partners bv<br>NN (L) Global Sustainable Equity<br>LU0119216553                    | 8 |
| NN Life European Sustainable Equity Fund               | NN Investment Partners bv<br>NN (L) European Sustainable Equity<br>LU0991964320                  | 8 |
| NN Life Euro Fixed Income Fund                         | NN Investment Partners bv<br>NN (L) Euro Fixed Income<br>LU0546917773                            | 8 |
| NN Triodos Global Equities Impact Fund                 | Triodos Investment Management<br>Triodos Global Equities Impact Fund<br>LU0278271951             | 9 |
| NN Triodos Euro Bond Impact Fund                       | Triodos Investment Management<br>Triodos Euro Bond Impact Fund<br>LU0278272504                   | 9 |
| NN Flossbach Von Storch Multiple Opportunities II Fund | Flossbach von Storch<br>Flossbach von Storch Multiple Opportunities II<br>RT<br>LU1038809395     | 8 |
| NN Pictet Global Megatrend Selection Fund              | Pictet Asset Management<br>Pictet Global Megatrend Selection<br>LU0386882277                     | 8 |
| NN M&G Dynamic Allocation Fund                         | M&G Investments<br>M&G (Lux) Dynamic Allocation Fund<br>LU1582988058                             | 8 |
| NN M&G Optimal Income Fund                             | M&G Investments<br>M&G (Lux) Optimal Income Fund<br>LU1670724373                                 | 8 |
| NN M&G Global Listed Infrastructure Fund               | M&G Investments<br>M&G (Lux) Global Listed Infrastructure Fund<br>LU1665237704                   | 8 |
| NN R Valor Fund  | Rothschild & Co Asset Management Europe<br>R-co Valor<br>FR0011261197                            | 8 |
| NN R-co Valor Balanced Fund                            | Rothschild & Co Asset Management Europe<br>R-co Valor Balanced<br>FR0013367281                   | 8 |
| NN Threadneedle Global Smaller Companies Fund          | Columbia Threadneedle Investments<br>Threadneedle (Lux) Global Smaller Companies<br>LU0570870567 | 8 |
| NN Threadneedle Global Focus Fund                      | Columbia Threadneedle Investments<br>Threadneedle (Lux) Global Focus<br>LU0757431068             | 8 |
| NN Ethenea ethna-aktiv Fund                            | ETHENEA Independent Investors S.A.<br>Ethna-AKTIV -T-<br>LU0431139764                            | 8 |
| NN FFG European Equities Sustainable Moderate Fund     | Acadian<br>FFG European Equities Sustainable Moderate<br>LU0945616984                            | 8 |



|   |  |   |
|---|--|---|
| NN FFG Global Flexible Sustainable Fund       | Funds For Good<br>FFG Global Flexible Sustainable<br>LU1697917083  | 8 |
| NN BlackRock Global Allocation Fund           | BlackRock<br>BGF Global Allocation Fund A2 EUR (CAP)<br>LU0171283459<br>Informatie over de ongunstige effecten op de duurzaamheid: Nog niet beschikbaar              | 6 |
| NN DNCA Invest Eurose Fund                    | DNCA Investments<br>DNCA Invest Eurose<br>LU0284394235   | 8 |
| NN Nordea Global Real Estate Fund             | Nordea Asset Management<br>Nordea Global Real Estate Fund<br>LU0705259769  | 8 |
| NN Nordea Global Climate and Environment Fund | Nordea Asset Management<br>Nordea Global Climate and Environment Fund<br>LU0348926287  | 9 |
| NN Capital Group Global Allocation Fund       | Capital Group<br>Capital Group Global Allocation Fund (LUX) B<br>EUR LU1006075656<br>Informatie over de ongunstige effecten op de duurzaamheid: Nog niet beschikbaar | 6 |
| NN Schroder Global Energy Transition Fund     | Schroders<br>Schroder ISF Global Energy Transition<br>LU2390151400   | 9 |
| NN JPM US Technology Fund                     | JPMorgan Asset Management<br>JPM US Technology Fund<br>LU0159052710  | 8 |
| NN Carmignac Patrimoine Fund                  | Carmignac Gestion<br>Carmignac Patrimoine A EUR Acc<br>FR0010135103  | 8 |
| NN Carmignac Emergents Fund                   | Carmignac Gestion<br>Carmignac Emergents A EUR Acc<br>FR0010149302   | 9 |
| NN JP Morgan Euro Liquidity Fund              | JPMorgan Asset Management<br>JP Morgan euro liquidity fund<br>LU0088882138<br>Informatie over de ongunstige effecten op de duurzaamheid: Nog niet beschikbaar        | 6 |
| NN Fidelity America Fund                      | Fidelity International<br>Fidelity Funds - America Fund<br>LU0251127410  | 8 |
| NN Fidelity World Fund                        | Fidelity International<br>Fidelity Funds - World Fund<br>LU1261432659  | 8 |
| NN Fidelity Pacific Fund                      | Fidelity International<br>Fidelity Funds - Pacific Fund<br>LU0368678339  | 8 |
| NN Life Multi Invest Low                      | Fund of fund   | 6 |



|                                 |  |   |
|---------------------------------|--|---|
|                                 | Informatie over de ongunstige effecten op de duurzaamheid: <a href="#">Informatieverschaffing over duurzaamheid   NN Belgium – Verzekeringen</a>                 |   |
| NN Life Multi Invest Medium Low | Fund of fund<br>Informatie over de ongunstige effecten op de duurzaamheid: <a href="#">Informatieverschaffing over duurzaamheid   NN Belgium – Verzekeringen</a> | 6 |
| NN Life Multi Invest Medium     | Fund of fund<br>Informatie over de ongunstige effecten op de duurzaamheid: <a href="#">Informatieverschaffing over duurzaamheid   NN Belgium – Verzekeringen</a> | 6 |
| NN Life Multi Invest High       | Fund of fund<br>Informatie over de ongunstige effecten op de duurzaamheid: <a href="#">Informatieverschaffing over duurzaamheid   NN Belgium – Verzekeringen</a> | 6 |

Product name: **Pictet - Global Megatrend Selection**

Legal entity identifier: **549300HMJRYVBYQOZ025**

## Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good Governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

| <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Yes   | <input checked="" type="checkbox"/> <input type="checkbox"/> No  |
|---|--|
| <input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____% | <input checked="" type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>51%</b> of sustainable investments |
| <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy         | <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy   |
| <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  | <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  |
| <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ____%         | <input checked="" type="checkbox"/> with a social objective  |
|   | <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>   |

*Note: Sustainable investment figures are calculated by counting fully issuers that have a significant exposure to economic activities that contribute to environmental or social objectives and, where relevant to the asset class, exposure to environmental or social labelled bonds. Labelled bonds are fully counted as sustainable investments.*



## What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics of this financial product are:

- **Positive impact:**

The fund seeks to achieve a positive environmental and/or social impact by investing at least two-thirds of its total assets in securities that may benefit from global megatrends, i.e. long-term market trends resulting from secular changes in economic, social and environmental factors such as demographics, lifestyle or regulations.

The fund invests mainly in companies whose significant proportion of their activities are related to products and services supporting the energy transition, circular economy, energy efficiency, water quality and supply, sustainable forestry, sustainable cities, nutrition, human health and therapeutics, personal self-fulfilment and security and other relevant economic activities.

- **Norms- and values-based exclusions:**

The fund excludes issuers that are in severe breach of international norms or have significant activities with adverse impacts on society or the environment.

- **Active ownership:**

The fund methodically exercises its voting rights. The fund may also engage with the management of companies on material ESG issues and may discontinue investment if progress proves unsatisfactory.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Indicators the fund uses include:

- exposure to companies that derive a significant proportion of revenue, EBIT, enterprise value or similar metrics from economic activities that contribute to environmental or social objectives

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- exposure to revenues from economic activities that contribute to environmental and/ or social objectives
- overall ESG profile
- Principle Adverse Impact (PAI) indicators such as exposure to issuers that are in severe breach of international norms or have significant activities with adverse E/S impacts on society or the environment
- percentage of eligible company meetings where voting rights were exercised

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund mainly invests in securities financing economic activities that substantially contribute to environmental or social objectives such as:

Taxonomy aligned

- climate change mitigation or adaptation

Other environmental

- climate change mitigation or adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control, or
- protection and restoration of biodiversity and ecosystems

Social

- inclusive and sustainable communities
- adequate living standards and well-being for end users, or
- decent work

This is achieved by investing in securities financing economic activities that substantially contribute to environmental or social objectives such as those listed above.

Eligible securities include equities issued by companies with a significant proportion of activities (as measured by revenue, EBIT, enterprise value or similar metrics) derived from such economic activities.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The fund considers an investment sustainable if it does no significant harm to any E/S objective, which the investment team determines by using a combination of quantitative and qualitative assessments at issuer level. The assessments draw on both general and industry-relevant indicators, and include exposure to material sustainability risks. Periodic reviews and risk controls are in place to monitor implementation.

● *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The fund considers and, where possible, mitigates adverse impacts of its investments on society and the environment through a combination of portfolio management decisions, active ownership activities, and exclusion of issuers associated with controversial conduct or activities.

● *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The fund excludes issuers that are subject to severe controversies in areas such as human rights, labour standards, environmental protection and anti-corruption.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the fund considers and, where possible, mitigates adverse impacts of its investments on society and the environment that are deemed material to the investment strategy through a combination of portfolio management decisions, active ownership activities, and exclusion of issuers associated with controversial conduct or activities.

Please refer to Pictet Asset Management's Responsible Investment policy for the list of PAIs.

► See also detailed information on exclusions in Pictet Asset Management's Responsible Investment policy.

☐ No



## What investment strategy does this financial product follow?

Objective:

To increase the value of your investment while seeking to achieve a positive environmental and/or social impact.

Reference index:

MSCI AC World (USD), an index that does not take into account environmental, social and governance (ESG) factors. Used for performance objective and performance measurement.

Portfolio assets:

The fund mainly invests in equities of companies that appear to benefit from demographic, environmental, lifestyle and other long-term global trends. The fund may invest worldwide, including in emerging markets and Mainland China.

Derivatives and structured products:

The fund may use derivatives to reduce various risks (hedging)

and for efficient portfolio management, and may use structured products to gain exposure to portfolio assets.

Investment process:

In actively managing the fund, the investment manager uses a combination of market and fundamental company analysis to select securities that it believes offer favourable growth prospects at a reasonable price. The investment manager considers ESG factors a core element of its strategy by seeking to invest mainly in economic activities that contribute to an environmental and social objective whilst avoiding activities that adversely affect society or the environment. Voting rights are methodically exercised and there may be engagement with companies to positively influence ESG practices. For further information, please refer to our exclusion framework in the Responsible Investment policy, SFDR product category Article 8. The portfolio composition is not constrained relative to the benchmark, so the similarity of the fund's performance to that of the benchmark may vary.

Fund currency:

USD

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund's binding elements include:

- at least 51% of sustainable investments, i.e. investments in companies that have a significant exposure to activities such as products and services supporting the energy transition, circular economy, energy efficiency, water quality and supply, sustainable forestry, sustainable cities,

nutrition, human health and therapeutics, personal self-fulfilment and security and other relevant economic activities (as measured by revenue, enterprise value, earnings before interest and tax, or similar)

- exclusion of issuers that:

- are involved in the production of controversial weapons including anti-personnel mines, cluster munitions, biological and chemical weapons, nuclear weapons and depleted uranium
- derive a significant portion of their revenue from activities detrimental to society or the environment, such as thermal coal extraction and power generation, unconventional oil and gas exploration and production, conventional oil and gas production, nuclear power generation, conventional weapons and small arms, military contracting weapons and weapon-related products and services, tobacco production, adult entertainment production, gambling operations, genetically modified organisms development/growth, pesticides product/retail. Please refer to Pictet Asset Management's Responsible Investment policy for further details on exclusion thresholds applicable to the above activities.
- severely violate international norms including the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption

- a better ESG profile than the reference index

- ESG criteria analysis of eligible securities that covers at least 90% of net assets or the number of issuers in the portfolio

To ensure ongoing compliance, the fund monitors the ESG profile of all securities and issuers that form part of the minimum percentage of E/S investments stated in “What is the asset allocation planned for this financial product?”. The fund draws on information from various sources, such as proprietary fundamental analysis, ESG research providers, third-party analyses (including those from brokers), credit rating services and financial and general media. Based on this information, the investment manager may decide to add or discontinue certain securities, or increase or decrease its holdings in certain securities.

- ▶ See also: “What investment strategy does this financial product follow?” and “Does this financial product consider principal adverse impacts on sustainability factors?”.

## ● What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable

## ● What is the policy to assess good governance practices of the investee companies?

The fund assesses company decision-making processes and controls, as well as how management balances the interests of shareholders, employees, suppliers, customers, the community and other stakeholders.

Assessed areas may include:

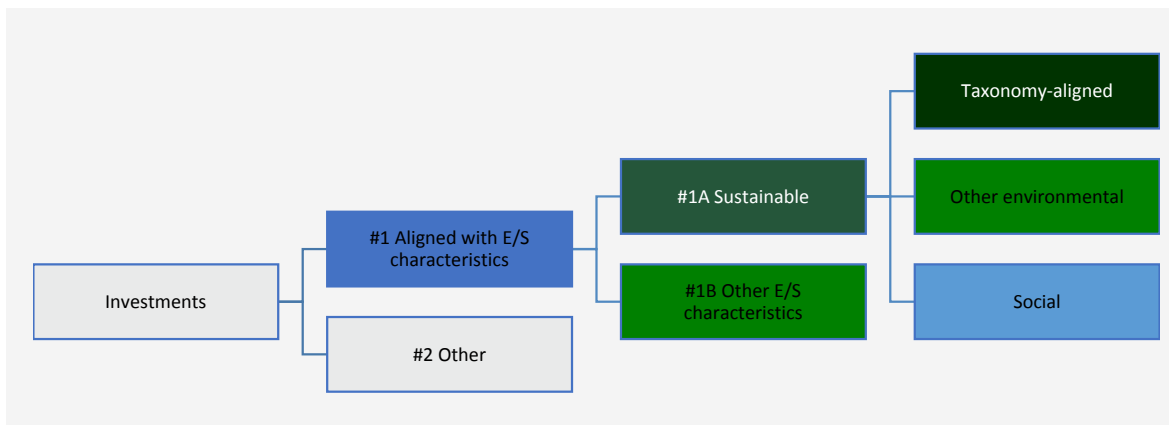
- the composition of the executive team and board of directors, including the experience, diversity and distribution of roles, along with succession planning and board evaluation
- executive remuneration, including short term and long term incentives and their alignment with investor interests
- risk control and reporting, including auditor independence and tenure
- shareholder rights, including one-share-one-vote and related-party transactions

## What is the asset allocation planned for this financial product?

The fund is at least 90% aligned with E/S characteristics (#1 Aligned with E/S characteristics) and up to 10% invested in Other (#2 Other). At least 51% are allocated to Sustainable Investments (#1A Sustainable Investments) and the remainder will be invested in investments aligned with other environmental and/or social characteristics (#1B Other E/S characteristics).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

• Sustainable investment figures are calculated by counting fully issuers that have a significant exposure to economic activities that contribute to environmental or social objectives and, where relevant to the asset class, exposure to environmental or social labelled bonds. Labelled bonds are fully counted as sustainable investments.

• In the absence of an EU social taxonomy, Pictet has developed a proprietary social taxonomy framework based on the objectives suggested in the Report on Social Taxonomy published by the EU Platform on Sustainable Finance; eligible activities are defined as economic activities that provide socially beneficial goods and services that enable one of the following three categories: (1) inclusive and sustainable communities, (2) adequate living standards and well-being for end users and (3) decent work.

#### ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The fund does not use derivatives to attain the promoted environmental or social characteristics. However, exclusions are applied to all types of securities (equities, bonds, convertible bonds) issued by excluded entities, including participation notes and derivatives issued by third parties on such securities.

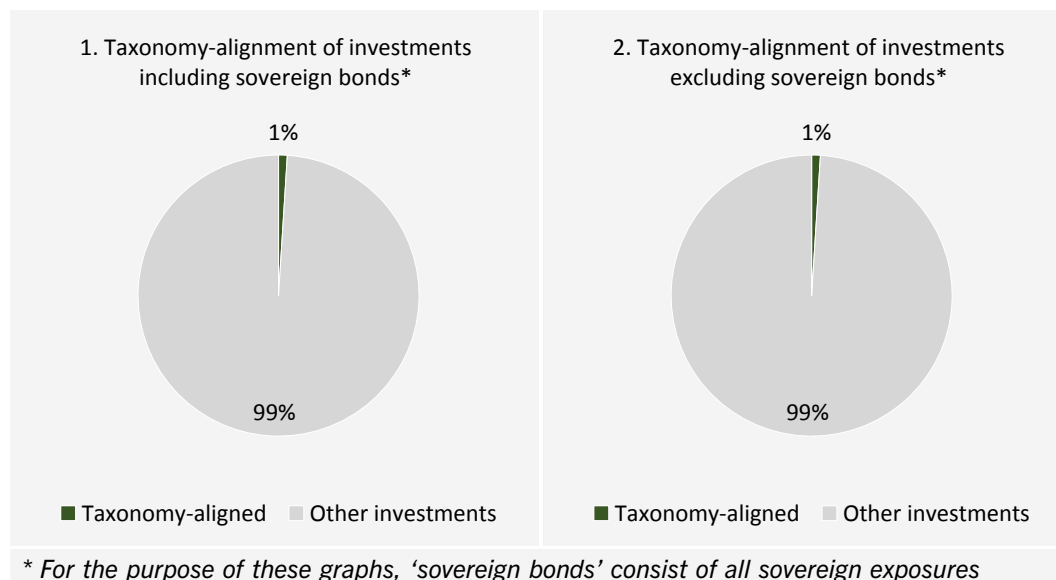


#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

*The two graphs below show in blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



*Note: Taxonomy alignment figures are calculated using a revenue-weighted approach which considers the proportion of issuers' revenues associated with eligible economic activities and, where relevant to the asset class, the exposure to environmental or social labelled bonds. Labelled bonds are fully counted as sustainable investments.*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

The minimum commitment of investments in transitional and enabling activities is 0% due to the lack of feasibility to make binding commitments.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 10%. The sum of investments with a social and environmental objective will be at least 51%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 20%. The sum of investments with a social and environmental objective will be at least 51%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The fund's “other” investments include cash positions, and derivatives. Where relevant, minimum environmental or social safeguards apply to the underlying securities.

► See also: “What investment strategy does this financial product follow?”.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific ESG index has been designated.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable
- **How does the designated index differ from a relevant broad market index?**  
Not applicable
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://am.pictet/en/luxembourg/individual/funds/pictet-global-megatrend-selection/LU0386859887#esgDisclosures>

Pictet Asset Management's Responsible Investment policy:

<https://am.pictet/-/media/pam/pam-common-gallery/pictet-asset-management/responsible-investment-policy.pdf>