

NN Strategy niet-fiscaal

NN Scala Invest

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. Transparantie van duurzaamheidsrisicobeleid

Op grond van artikel 3 van de Sustainable Finance Disclosure Regulation ("SFDR") is NN Insurance Belgium ("NN IB") verplicht om informatie te verstrekken over haar beleid inzake de integratie van duurzaamheidsrisico's in ons beleggingsbeslissingsproces. De SFDR definieert duurzaamheidsrisico als een milieu-, sociale of governance-gebeurtenis of -voorwaarde die, als deze zich voordoet, een feitelijke of een potentiële materiële negatieve impact op de waarde van de belegging kan veroorzaken. Deze openbaarmakingen worden hieronder vermeld.

Environmental, Social and Governance (ESG) factoren en risico's

NN IB beschouwt duurzaamheidsrisico's als risico's die verband houden met milieu-, sociale en governance factoren ("ESG-factoren") die een wezenlijk negatief effect kunnen hebben op de prestaties, reputatie, waarde, balans of activiteiten van NN Group op de lange termijn.

Met betrekking tot SFDR omvat dit ESG-factoren die een wezenlijk negatief effect kunnen hebben op de waarde van beleggingen in de financiële producten van NN IB-kanten. Voorbeelden van dergelijke Environmental, Social and Governance (ESG) factoren zijn:

- **Milieufactoren:** klimaatverandering, andere vormen van aantasting van het milieu (bv. luchtverontreiniging, waterverontreiniging, schaarste aan zoet water, bodemverontreiniging, verlies van biodiversiteit en ontbossing) en dierenwelzijn, naast corrigerende beleidsmaatregelen die gericht zijn op het aanpakken van dergelijke factoren. Klimaatverandering is verder onderverdeeld in
 - a) overgangseffecten als gevolg van de overgang naar een koolstofarme/groene economie en
 - b) fysische effecten als gevolg van veranderingen in weerpatronen, temperatuur, hydrologische omstandigheden of natuurlijke ecosystemen (zowel acute als langere termijnverschuivingen).
- **Sociale factoren:** Rechten, welzijn en belangen van mensen en gemeenschappen, waaronder mensenrechten, (on)gelijkheid, gezondheid, inclusie, diversiteit, werknemersrechten en arbeidsverhoudingen, gezondheid en veiligheid op de werkplek.
- **Governance factoren:** Het nastreven of toepassen van goede governance praktijken, waaronder uitvoerend leiderschap, beloning van bestuurders, audits, interne controles, belastingontwijking, onafhankelijkheid van de raad van bestuur, aandeelhoudersrechten, anticorruptie en anti-omkoping, en ook de manier waarop bedrijven of entiteiten milieu- en sociale factoren opnemen in hun beleid en procedures.

NN Risk taxonomie

NN IB heeft haar generieke inherente risicolandschap gedefinieerd en gecategoriseerd in een Risicotaxonomie. NN IB beschouwt duurzaamheidsrisico's als transversale risico's. Dit betekent dat we duurzaamheidsrisico's beschouwen als manifest door risicotypen die worden erkend in risicotaxonomie. De risico's die in de risicotaxonomie worden geïdentificeerd, hebben betrekking op verschillende risicogebieden, zoals opkomende risico's, strategische risico's, financiële risico's en niet-financiële risico's. Deze hebben betrekking op de eigen activiteiten en producten van NN IB, maar ook op de investeringen die worden gedaan. Binnen de risk taxonomie zijn ESG-factoren in kaart gebracht op belegging gerelateerde risicocategorieën. Deze ESG-factoren worden gezien als risicofactoren, wat betekent dat wij van mening zijn dat deze ESG-factoren de risiconiveaus van de verschillende geïdentificeerde belegging risicocategorieën kunnen bepalen. Voorbeelden van dergelijke risicocategorieën zijn activarisico.

Toepassing in investeringsbeslissingen

Er zijn verschillende manieren waarop NN IB duurzaamheidsrisico's meeneemt in het beleggingsbeslissingsproces. De exacte manier waarop dit wordt gedaan, is niet statisch, omdat onze aanpak in de loop van de tijd evolueert op basis van verkregen inzichten, opkomende marktpraktijken, beschikbaarheid van relevante en robuuste gegevens en tooling en ontwikkelingen in de regelgeving. Daarnaast hangt de manier waarop duurzaamheidsrisico's kunnen worden overwogen ook af van de specifieke investering of productpropositie – er kunnen dus verschillen zijn tussen de algemene benadering en de benadering die wordt toegepast op specifieke beleggings- of productproposities. De belangrijkste gebieden waarop NN IB duurzaamheidsrisico's in het beleggingsbeslissingsproces beschouwt, zijn de volgende.

#	Gebied	Omschrijving:
1	Toepassing door NN IB van het <i>Responsible Investment Framework policy</i> van NN Group ("RI Framework policy") bij de beheerders- en fondsselectie en op portefeuilleniveau	<p>NN Group heeft een uitgebreid Responsible Investment Framework beleid, dat een reeks onderwerpen omvat, zoals actief aandeelhouderschap (betrokkenheid en stemmen), beperkingen en de systematische integratie van materiële duurzaamheidsrisico's en -kansen in het onderzoek en de analyses van beleggingen. Wij geloven dat door de toepassing van deze eisen en methoden duurzaamheidsrisico's direct of indirect worden verlaagd voor de investeringen die we doen. Hoewel beperkingen vaak gebaseerd zijn op onze waarden en maatschappelijke normen, dragen ze ook bij aan het verlagen van activarisico's – beperkingen op investeringen in bedrijven die betrokken zijn bij thermische steenkool zullen naar verwachting bijvoorbeeld het risico verlagen dat dergelijke investeringen gestrande activa worden. Raadpleeg https://www.nn-group.com/sustainability/responsible-investment/responsible-investment-policy-framework.htm voor meer informatie over het beleid van het NN Group Responsible Investment Framework.</p> <p>Omdat NN IB belegt via externe beheerders, houden we rekening met ESG-criteria in het selectieproces van externe vermogensbeheerders. Deze vermogensbeheerders beheren hun fondsen volgens hun eigen strategie en NN IB beslist om er al dan niet in te beleggen.</p> <p>Deze criteria zijn opgenomen in het proces van due diligence en selectie, monitoring en evaluatie van de manager, waarin NN IB beoordeelt of de beheerder beschikt over passende structurele processen en methodologieën met betrekking tot de belangrijkste gebieden van het beleid van NN Group voor verantwoord beleggen, waaronder duurzaamheidsrisico's.</p>
2	Product Approval and Review ("PAR") proces	Als onderdeel van het Product Approval and Review (PAR) proces analyseert en documenteert NN IB hoe eventuele duurzaamheidsrisico's van invloed kunnen zijn op de verplichtingen (zogenaamde <i>claims</i>) van een specifiek product, waarbij ook rekening wordt gehouden met de looptijd van de verplichtingen.
3	Risicobeoordelingen	NN IB voert regelmatig risicobeoordelingen uit. Een kwalitatieve risicobeoordeling van duurzaamheidsrisico's wordt uitgevoerd om risico's te identificeren en waar nodig risicobeperkende maatregelen te bepalen.

2. Indeling van de fondsen (beleggingsopties)

NN Strategy-niet fiscaal/Scala Invest bestaat uit 40 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 6¹ of 8² of 9 SFDR³.

31 van de fondsen (77,50 % van het totaal aantal fondsen) zijn ingedeeld als artikel 8 SFDR, 6 fondsen (15,00 % van het totaal aantal fondsen) zijn ingedeeld als artikel 9 SFDR en 3 fondsen (7,50 % 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 :

- **NN Strategy niet-fiscaal:** <https://www.nn.be/nl/prive/beleggen/nn-strategy-vrij-beleggen-tak-23-niet-fiscaal>
- **NN Scala Invest:** <https://www.nn.be/nl/product/nn-scala-invest-vrij-beleggen-tak-23>

onder “Belangrijke documenten”.

De informatie met betrekking tot het in overweging nemen van de belangrijkste ongunstige effecten van beleggingsbeslissingen op de duurzaamheidsfactoren opgenomen door de onderliggende beleggingsfondsen is beschikbaar in de precontractuele informatieverschaffing 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.

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

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

³ Artikel 9 SFDR: het fonds streeft een duurzame beleggingsdoelstelling na.

Lijst van beleggingsfondsen:

Naam van het interne fonds	Naam van de vermogensbeheerder	Naam van het onderliggende beleggingsfonds	ISIN code	SFDR classificatie
NN BlackRock BGF Global Allocation Fund A2 Fund	BlackRock	BGF Global Allocation Fund A2 EUR (CAP)	LU0171283459	6 (2)
NN Capital Group Global Allocation Fund	Capital Group	Capital Group Global Allocation Fund (LUX) B EUR	LU1006075656	6 (3)
NN Carmignac Emergents Fund	Carmignac Gestion	Carmignac Emergents A EUR Acc	FR0010149302	9
NN Carmignac Patrimoine Fund	Carmignac Gestion	Carmignac Patrimoine A EUR Acc	FR0010135103	8
NN DNCA Invest Eurose Fund	DNCA Investments	DNCA Invest Eurose	LU0284394235	8
NN Ethenea Ethna-AKTIV Fund	ETHENEA Independent Investors S.A.	Ethna-AKTIV -T-	LU0431139764	8
NN FFG European Equities Sustainable Moderate Fund	Funds For Good	FFG European Equities Sustainable Moderate	LU0945616984	8
NN FFG Global Flexible Sustainable Fund	Funds For Good	FFG Global Flexible Sustainable	LU1697917083	8
NN Fidelity America Fund	Fidelity International	Fidelity Funds - America Fund	LU0251127410	8
NN Fidelity Pacific Fund	Fidelity International	Fidelity Funds - Pacific Fund	LU0368678339	8
NN Fidelity World Fund	Fidelity International	Fidelity Funds - World Fund	LU1261432659	8
NN Flossbach von Storch - Bond Opportunities Fund	Flossbach von Storch	Flossbach von Storch - Bond Opportunities - RT	LU1481583711	8
NN Flossbach von Storch Multiple Opportunities II RT Fund	Flossbach von Storch	Flossbach von Storch Multiple Opportunities II RT	LU1038809395	8
NN GS Emerging Markets Debt Fund	Goldman Sachs Asset Management	Goldman Sachs Emerging Markets Debt (Hard Currency)	LU0546915058	8
NN GS Euro Bond Fund	Goldman Sachs Asset Management	Goldman Sachs Euro Bond	LU0546917773	8
NN GS Europe Sustainable Equity Fund	Goldman Sachs Asset Management	Goldman Sachs Europe Sustainable Equity	LU0991964320	8
NN GS Eurozone Equity Income Fund	Goldman Sachs Asset Management	Goldman Sachs Eurozone Equity Income	LU0127786431	8
NN GS Global Social Impact Equity Fund	Goldman Sachs Asset Management	Goldman Sachs Global Social Impact Equity	LU0332192961	9
NN GS Global Sustainable Equity Fund	Goldman Sachs Asset Management	Goldman Sachs Global Sustainable Equity	LU0119216553	8
NN GS Multi Asset Factor Opportunities Fund	Goldman Sachs Asset Management	Goldman Sachs Multi Asset Factor Opportunities	LU2055071596	6 (1)
NN GS Patrimonial Aggressive Fund	Goldman Sachs Asset Management	Goldman Sachs Patrimonial Aggressive	LU0119195450	8
NN GS Patrimonial Balanced Europe Sustainable Fund	Goldman Sachs Asset Management	Goldman Sachs Patrimonial Balanced Europe Sustainable	LU1444115874	8
NN GS Patrimonial Balanced Fund	Goldman Sachs Asset Management	Goldman Sachs Patrimonial Balanced	LU0119195963	8
NN GS Patrimonial Defensive Fund	Goldman Sachs Asset Management	Goldman Sachs Patrimonial Defensive	LU0119196938	8
NN JP Morgan Euro Liquidity Fund	JPMorgan Asset Management	JPMorgan Liquidity Funds - EUR Standard Money Market VNAV Fund	LU2095450479	8
NN JPM US Technology Fund	JPMorgan Asset Management	JPM US Technology Fund	LU0159052710	8
NN Lazard Patrimoine Opportunities SRI Fund	Lazard Frères Gestion	Lazard Patrimoine Opportunities SRI RC EUR	FR0007028543	8
NN M&G Dynamic Allocation Fund	M&G Investments	M&G (Lux) Dynamic Allocation Fund	LU1582988058	8
NN M&G Global Listed Infrastructure Fund	M&G Investments	M&G (Lux) Global Listed Infrastructure Fund	LU1665237704	8
NN M&G Optimal Income Fund	M&G Investments	M&G (Lux) Optimal Income Fund	LU1670724373	8
NN Nordea Global Climate and Environment Fund	Nordea Asset Management	Nordea Global Climate and Environment Fund	LU0348926287	9
NN Nordea Global Real Estate Fund	Nordea Asset Management	Nordea Global Real Estate Fund	LU0705259769	8
NN Pictet-Global Megatrend Selection Fund	Pictet Asset Management	Pictet-Global Megatrend Selection	LU0386882277	8
NN R-co Valor Balanced Fund	Rothschild & Co Asset Management Europe	R-co Valor Balanced	FR0013367281	8
NN R-co Valor Fund	Rothschild & Co Asset Management Europe	R-co Valor	FR0011261197	8
NN Schroder ISF Global Energy Transition Fund	Schroders	Schroder ISF Global Energy Transition	LU2390151400	9

NN Threadneedle Global Focus Fund	Columbia Threadneedle Investments	Threadneedle (Lux) Global Focus	LU0757431068	8
NN Threadneedle Global Smaller Companies Fund	Columbia Threadneedle Investments	Threadneedle (Lux) Global Smaller Companies	LU0570870567	8
NN Triodos Euro Bond Impact Fund	Triodos Investment Management	Triodos Euro Bond Impact Fund	LU0278272504	9
NN Triodos Global Equities Impact Fund	Triodos Investment Management	Triodos Global Equities Impact Fund	LU0278271951	9

De Europese SFDR-verordening voorziet niet in een specifieke bijlage voor artikel 6-fondsen. Waar relevant wordt informatie over de belangrijkste negatieve effecten (PAI) op duurzaamheidsfactoren verstrekt via een link hieronder.

(1) <https://www.gsam.com/responsible-investing/nl-BE/non-professional/about/verklaring-belangrijkste-ongunstige-effecten-op-duurzaamheid>

(2) <https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/sfdr-principal-adverse-sustainability-impact-statement.pdf>

(3) [https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/files/statement-on-impacts-of-investment-decisions-on-sustainability-factors\(en\).pdf](https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/files/statement-on-impacts-of-investment-decisions-on-sustainability-factors(en).pdf)

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.

Product name: DNCA INVEST - EUROSE

Legal entity identifier: 2138006QOV1H1QGA5J08

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



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

The characteristics promoted by the Sub-Fund are governance, environment, social and societal criteria.

The management of the Sub-Fund relies on the proprietary analysis tool on environment, social and governance: ABA (Above and Beyond Analysis).

As part of the promotion of such characteristics, the Sub-Fund will in particular consider the following ESG matters for private issuers:

- Environnement: GHG emissions, airborne pollution, waterborne pollution, water consumption, land use, etc.

- Social: Excessive CEO Compensation, gender inequality, health and safety issues, child labor, etc.
- Governance: Monitoring corruption and bribery, tax avoidance, etc.
- Global ESG quality rating.

In this way, for private issuers, the investment process and resulting stock and bond picking take into account internal scoring with respect to both corporate responsibility and sustainability of companies based on an extra-financial analysis through a proprietary tool developed internally by the Management Company, with the "best in universe" method. There may be a sector bias.

As part of the promotion of such characteristics, the Sub-Fund will in particular consider the following ESG matters for public issuers:

- Environment: carbon intensity and consumption energy mix breakdown.
- Social: respect of international standards (child labor, discrimination, freedom of association, money laundering, labor rights, human rights, freedom of press and torture.
- Governance: Accord de Paris signatory, UN-Biodiversity convention signatory, coal, exit policy, nuclear weapon non-proliferation agreement.
- Global ESG risk rating and coverage.

For public issuers, the investment process and resulting picking take into account internal scoring with respect to responsibility of public issuers such as country based on an extra-financial analysis through a proprietary tool developed internally by the Management Company, with a minimum rating approach method.

The Sub-Fund does not use a benchmark for the purpose of attaining the ESG Characteristics promoted by the Sub-Fund.

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

The sustainability indicators used by the Sub-Fund are for private issuers:

- The "Above and Beyond Analysis" ("ABA", the proprietary tool) Corporate Responsibility Score: the main sustainability indicator used by the Sub-Fund is the ABA scoring (see part "Investment Strategy") based on the Corporate Responsibility and divided into four pillars: shareholder responsibility, environmental responsibility, employer responsibility, societal responsibility.
- The Transition to a Sustainable Economy Score: the Management Company complete this analysis by an assessment of companies' exposure to "Transition to a Sustainable Economy". This score is based on five pillars: demographic transition, healthcare transition, economic transition, lifestyle transition and ecologic transition

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

- Exposure to UN Sustainable Development Goals: the Management Company assesses for each company the part of revenues linked to one of the 17 Sustainable Development Goals of United Nations.
- Carbon data: carbon footprint (t CO₂/m\$ invested) of the Sub-Fund's portfolio.
- Carbon intensity (t CO₂/m\$ revenues) of the Sub-Funds' portfolio.

For public issuers, the sustainability indicators used are the following:

- The "Above and Beyond Analysis" ("ABA", the proprietary tool): a dedicated model to rate public issuers based on four pillars: governance, environment, social and society.
- The Climate Profile: the Management Company complete this analysis by an assessment of issuers' Climate Profile based on energy mix and evolution, carbon intensity and resources stock.
- Carbon data: carbon footprint (t CO₂/m\$ debt) of the Sub-Fund's portfolio.
- Carbon intensity (t CO₂/m\$ GDP) of the Sub-Funds' portfolio.
- The proportion of the Sub-Fund's portfolio in the controversial issuers based on several criteria such as: respect of freedom, child labor, human rights, torture practices, money laundering, etc.

● ***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 objectives of the sustainable investments of the Sub-Fund are the contributions of the investee companies to the United Nations Sustainable Development Goals (SDG). These companies are required to comply with the following eligibility conditions which are based on a "pass-fail" approach:

- minimum 5% revenues exposed to SDGs, according to the internal Taxonomy framework based on Sustainable Transition Activities (demographic transition and/or healthcare transition and/or economic transition and/or lifestyle transition and/or ecologic transition).
- minimum rating of 2 out of 10 on Corporate Responsibility Rating (taking into account controversies and PAI) combined with the exclusion policy, integrating the Do Not Significantly Harm on any environmental or social objective (see below).
- minimum rating of 2 out of 10 on Governance (Corporate Governance Practices).

The minimum rate of 2 of 10 (Corporate Responsibility in the proprietary tool ABA) is in line with the objective to Do No Significant Harm to the social or environmental objectives.

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 adverse impacts of the companies' activities on environment and social objectives are directly integrated into the ABA Corporate Responsibility Rating (which integrates the indicators for adverse impacts on sustainability factors in Table 1 of Annex 1 of the SFDR RTS and may lead to a downgrading of the ABA scoring under the minimum rating).

In this background, the Management Company is implementing in accordance with its Exclusion Policy the following exclusions:

- thermal coal and unconventional oil and gas: the Management Company will gradually exclude companies involved in thermal coal and unconventional oil and gas business (please refer to the section below regarding the Sub-Fund's binding elements of the investment strategy for further details)
- controversy weapons: issuers are excluded from all the Management Company portfolios
- non-compliance with UN Global Compact: issuers with severe breaches to UN Global Compact principles are integrated in the Management Company "Worst Offenders" list and excluded from all the portfolios

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

Principal Adverse Impacts are part of the Key Performance Indicators (the KPI) collected for the analysis. Issuers with severe Principal Adverse Impacts will be unfavourably noted by the ABA Corporate Responsibility Rating. A minimum rating of 2 out of 10 is thus consistent to the DNSH approach (Do No Significant Harm to the social or environmental objectives).

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

Issuers that do not comply with the principles of the United Nations Global Compact are unfavorably rated for Corporate Responsibility in the ABA tool.

Issuers with controversies or in severe breach to UN Global Compact Principles (example: human rights or fight against corruption) based on the internal approach are excluded from the portfolio through the worst offenders list after internal analysis.

The "internal approach" as described below allow the Management Company to define a list of issuers identified as being in breach of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and which have been qualified as having committed a "severe breach" by the Management Company's Ethics Committee. These issuers are

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, anti-corruption and anti-bribery matters.

therefore included in an exclusion list of the "worst offenders" and which are prohibited from investing.

To perform this analysis, the Management Company uses an external data provider's database to:

- 1) extract issuers with "norms based" alerts;
- 2) filter out irrelevant issuers;
- 3) qualitative analysis of the infringements by the Management Company's Ethics Committee;
- 4) include issuers identified as having committed a "severe breach" in the list of worst offenders.

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 no 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, _____

For Private issuers, the Sub-Fund is taking into account the principal adverse impacts on sustainability factors.

- the Principal Adverse Impact analysis is part of the Corporate Responsibility Rating (see below).
- the Management Company is implementing an Adverse Impact on Sustainability Policy, measuring the PAI. The Policy first intend to monitor the contributions to climate change (CO2 emissions, CO2 intensity, implied temperature) in the context of the "Climate Trajectory" objectives.

For public issuers, the Sub-Fund is taking into account the principal adverse impacts on sustainability factors.

- the Principal Adverse Impact analysis is part of the Country Rating (see below).
- the Management Company is implementing an Adverse Impact on Sustainability Policy, measuring the PAI. The Policy first intend

to monitor the contributions to climate change (CO2 intensity) and social issues (Country submitted to social violation, average income inequality score) and corruption (average corruption score).

Further information may be found in the annual report in respect of the Sub-Fund.

No



What investment strategy does this financial product follow?

The investment process is based on the following three stages:

- selection of the investment universe combining a financial and extra-financial approach in particular by excluding issuers while have a high-risk profile in terms of corporate responsibility (rating below 2/10 in the ESG proprietary tool) or major controversies,
- asset classes' allocation depending on the analysis of the investment environment and the risk appetite of the management team, and
- the selection of securities based on a fundamental analysis from the point of view of the minority shareholder and/or bondholder, taking into account ESG criteria and the valuation of instruments.

The ABA scoring: proprietary tool of analysis and Corporate Responsibility Rating Corporate responsibility is a useful information's pool used to anticipate companies' risks especially looking at the interplay with their stakeholders: employees, supply chains, clients, local communities, and shareholders..., regardless of the sector of activities.

For private issuers, the ABA analysis of corporate responsibility is broken down into four pillars:

- shareholders responsibility (board of directors and general management, accounting practices and financial risks, etc.),
- environmental responsibility (environmental footprint of the production chain and product life cycle or responsible supply, energy consumption and water consumption, company CO2 emissions and management of waste, etc.),
- responsibility towards workers ethics and working conditions of the production chain, treatment of employees – safety, well-being, diversity, employee representation, wages, quality of products or services sold, etc.), and
- societal responsibility (Product quality, safety and traceability, respect of local communities and human rights, etc.

Each pillar is rated independently by the Management Company and weighted in accordance to how material it is for the targeted company. Each pillar is broken down into a set of criteria, selected in accordance to the materiality (correlation with the economic performance), which are around 25 in total (as listed in the below

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

table). Those criteria can be quality of board assessment, CEO remuneration, impact on biodiversity, climate policy and energy efficiency, etc.

Shareholder Responsibility	Respect for minority	Control structure Poison pill, limitation of votes
	Quality of Management	Size and composition of the ExCom
		Rotation of leaders, checks and balances
	Independence of Board and committees	Quality of the strategy
		Independence rate of the Board and its committees
		Separation of powers of the CEO/Chair
		Composition and size of the Board, fees and attendance
	CEO compensation	Transparence of compensation
		Variable compensation consistent with objectives and results
	Accounting Risks	ESG criteria in the variable compensation
		History of accounting irregularities (10 years)
		Change in accounting methods/reporting
Environmental Responsibility	Environmental management	Independence of the statutory auditors
		Trust in guidance and transparency
		Profit warning history
	Climate policy and energy efficiency	Access to management
		Environmental Management System (EMS) and reporting scope
		Quality and consistency of reporting, quantified objectives
	Regulation and certification	Governance: dedicated director
		Implementation of an energy efficiency policy
		Precise reporting and quantified objectives (scope 1, 2 and 3, CO2 emissions, carbon intensity)
	Impact on biodiversity and externalities	Perimeter of the environmental certification process
		Integration of regulations related to the sector
		Revenue associated with green/brown activities
		Management of positive contributions to biodiversity and reporting
		Integration of upstream issues in projects
		History of accidents or pollution
		Water consumption
		Waste recycling

Employer Responsibility	Corporate culture and HR management	HR's position in the company's hierarchy
		Leadership and culture type
		Distribution of full-time employees (FTEs)
		Employee share ownership
	Health and safety	Establishment of committees and procedures for hygiene, safety and working conditions
		Workplace accident history, lever of reporting (accident frequency, gravity, number of fatalities)
		Transparency and scope of indicators
	Labor relations and working conditions	Quality of social dialogue, average absenteeism, turnover rates
		History of employee conflicts
		Quality of working conditions and compliance with legislation
	Training and career management	Training pan and age pyramid
		Sector-specific transition issues
		Employee seniority and internal mobility policy
	Promoting diversity	Training budget, number of training hours/employee
		Share of women among employees
		Share of women on management teams
Societal Responsibility	Attractiveness and recruitment	Promotion of local managers
		Attractiveness of the sector and the company (Glassdoor rating, average salary/FTE)
		Talent attraction program
	Product quality, safety and traceability	Ability to hire people with key skills
		Product quality control process
		History of quality defects
	Innovation capacity and pricing power	Consumer safety issues
		Internal or external R&D management
		Employees dedicated to R&D, R&D budget
	Supply chain management	Pricing power and brand power
		Supply chain control and model (integrated or heavy outsourcing), limitation of cascading suppliers
		History of supply chain failure
	Customer satisfaction and market share gains	ESG included in the contracts with suppliers
		Customer satisfaction monitoring policy, change in market share
		Organic growth trends
	Respect for local communities and human rights	Quality of the B-to-B distribution network
		Customer complaint history
		Respect for human rights, facilitating the right to operate
		Integration of local communities
		History of local conflicts
		Use of personal data as a business model
		Protection of sensitive data and privacy

Cybersecurity & the protection of personal data	Protection mechanisms against cyber attacks
Corruption and business ethics	Governance and corruption prevention process
	Operations in high-risk countries
	History of corrupt or unethical practices

Furthermore, the monitoring of the level of controversy is taken into account directly in the corporate responsibility and may affect the rating.

This in-depth analysis, combining qualitative and quantitative research, leads to a rating out of 10.

With respect to investments in public issuers, this asset class is subject to an extra-financial analysis in 4 dimensions comprising:

- ESG risk analysis,
- International standards infraction,
- International convention engagement,
- Climate profile.

ESG risks analysis is made of 4 pillars, rate from 0 to 10:

- Governance: this pillar reviews Rule of law and respect for freedom, Quality and transparency of institutions and regulatory framework, Military status and defense, Democracy.
- Environment: this pillar reviews Agriculture, Climate change, Energy, Waste management and recycling.
- Social: this pillar reviews Education and training, Job, Health.
- Society: Living conditions, freedom and respect for fundamental rights, Inequalities.

International standards infraction is a binary approach to qualify the infraction to: Child labor, Discrimination, Freedom of association, Money laundering, Labor rights, Human rights, Freedom of press and Torture practices.

International convention engagement is a binary approach to identify the commitment to SDGs (UN Sustainable Development Goals), Kyoto Protocol, Accord de Paris, UN-Biodiversity Convention, Coal exit, Coal power capacity, nuclear weapons Non-Proliferation Treaty and Fight against money laundering and the financing of terrorism.

Climate profile is a combination of Energy mix, evolution of the Energy mix, Carbon intensity and primary energy reserve.

- *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?*

On one hand, the Sub-Fund implements its strategy within two types of bindings elements: exclusions applied for the Management Company, and exclusions specific to the strategy.

1. Exclusions applied for the Management Company:
 - Exclusion based on United Nations Global Compact breaches: after analysis and decision by the Management Company, companies are listed by the Management Company on a "worst offenders" list and excluded from all portfolios.
 - Exclusion related to the Management Company engagement to disinvest in non-conventional oil and gas activities and coal activities based on sector activities, according to the table below:

Activities	Exclusion from March 2022	Issuers having their registered office in the European Union or in the EOC		Issuers having their registered office outside of the EOC	
		Exclusion from December 2027	Exclusion from December 2027	Exclusion from December 2030	Exclusion from December 2040
Thermal Coal Production	From 10% of the revenues	From 5% of the revenues	Definitive exit (0% of the revenues)	From 5% of the revenues	Definitive exit (0% of the revenues)
Coal-based electricity generation	From 10% of the revenues	From 5% of the revenues	Definitive exit (0% of the revenues)	From 5% of the revenues	Definitive exit (0% of the revenues)

Activities		Exclusion from December 2027	Exclusion from December 2027	Exclusion from December 2030	Exclusion from December 2040
Production of unconventional oil of gas	From 10% of the revenues	From 5% of the revenues	Definitive exit (0% of the revenues)	From 5% of the revenues	From 5% of the revenues

2. Exclusions specific to the strategy followed by the Sub-Fund:
 - Exclusions of private issuers which have a "Severe Risk" profile in terms of Corporate Responsibility or country score for public issuers. Rating below 2 out of 10 within our internal rating.
 - Sectorial Exclusions as defined in the Management Company's "Exclusion Policy".

The above-mentioned applied exclusions which are further detailed in the Management Company's "Exclusion Policy" and "Responsible Investor Policy" are binding and further details thereon are available on the website of the Management Company (<https://www.dnca-investments.com/lu/areas-of-expertise/sri>). Details of the Sub-Fund's exclusion policy are also available from the Management Company upon request.

Moreover, a strict controversial weapons exclusion and sectorial exclusion policy is implemented and is available on the website of the Management Company (<https://www.dnca-investments.com/lu/areas-of-expertise/sri>).

On the other hand, the Sub-Fund is also bound to comply with the 20% minimum proportion of sustainable investments determined in accordance with the criteria described under the section « *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?* ».

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

The Sub-Fund applies a minimum reduction of the investment universe of 20%.

- ***What is the policy to assess good governance practices of the investee companies?***

For private issuers, the Governance is one the assessment axes of the Corporate Responsibility: The Shareholder Responsibility. It is rated out of 10 based on 6 criteria: sound management structures (i.e. the quality of the management the board and committees of the issuer), overall issuers' remuneration of staff (focusing on the CEO's remuneration) and tax compliance (alignment of the tax rate with the local economic presence, presence in tax havens, change in the tax rate over 10 years), a good employee relation, the quality of the financial communication, the accounting risks and the respect for minority shareholders. Around thirty KPIs allow the assessment of the governance practices associated with these 6 criteria. In addition, controversies related to the good governance practices impact the overall rating.

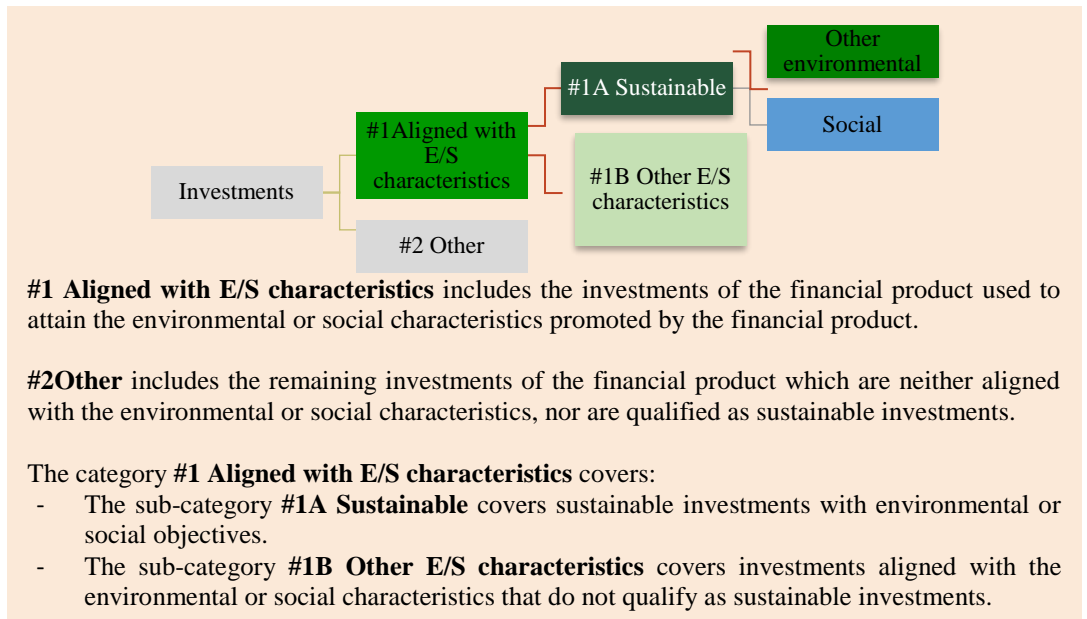
For public issuers, the Governance is one of the assessment axes. It is rated out of 10 based on 4 pillars: Rule of law and respect for freedoms, Quality of institutions and regulatory framework, Democratic life and Military status and defense. Around twenty KPIs allow the assessment of the governance practices associated with these 4 pillars.

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



What is the asset allocation planned for this financial product?

The Sub-Fund intends to invest 80% minimum of its net assets in investments aligned with the environmental and social characteristics it promotes and 20% of those are directly invested in sustainable investments. The remaining portion of the Sub-Fund's net assets (#2 Other) will consist of financial derivative instruments, deposits at sight, money market funds, money market instruments and other deposits used for hedging and/or exposure and efficient portfolio management purposes and to manage the liquidity of the portfolio or to reduce any specific financial risk.



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

The Sub-Fund does not invest in financial derivative instruments in order to attain the environmental or social characteristics it promotes.



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

Not Applicable.

Asset allocation describes the share of investments in specific assets.

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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹⁰?**

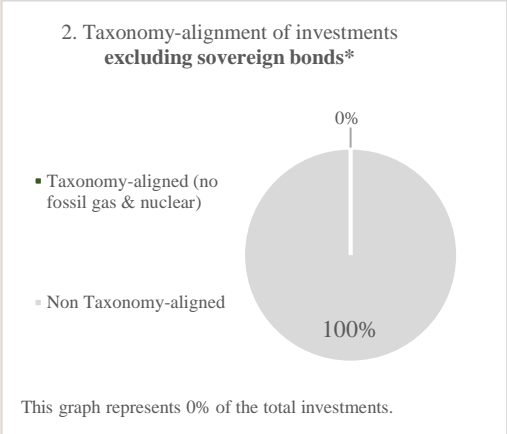
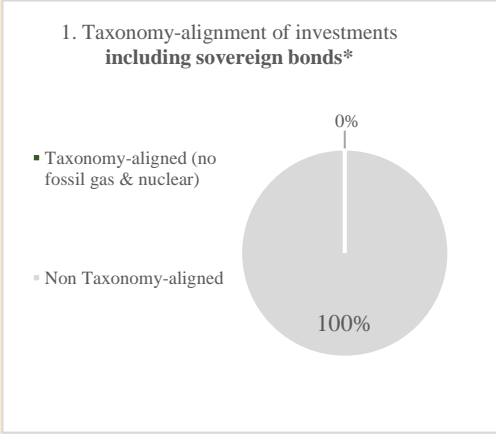
☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

The two graphs below show in green 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.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

0%

¹⁰ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund will invest at least 1% of its net assets in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy Regulation. However, the aggregated minimum share of sustainable investments across both environmental and social objectives represents 20% of its net assets.



What is the minimum share of socially sustainable investments?

The Sub-Fund will invest at least 1% of its net assets in socially sustainable investments. However, the aggregated minimum share of sustainable investments across both environmental and social objectives represents 20% of its net assets.



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

The Sub-Fund may invest in financial derivative instruments, deposits at sight, money market funds, money market instruments and other deposits included under "#2 Other". Those instruments may be used by the Management Company to manage the liquidity of the portfolio, to increase exposure or to reduce any specific financial risk (for example: currency risk).

No minimum environmental or social safeguards will be in place in relation to such assets.



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?

The reference benchmark of the Sub-Fund does not intend to be consistent with the environmental or social characteristics promoted by the Sub-Fund.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://www.dnca-investments.com/lu/funds/dnca-invest-eurose/units/a-lu0284394235> by clicking on section "Documents" and accessing the ESG information under the sub-section "SRI Documents".