

Sustainability Investment Policy /

Andbank Luxembourg /

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Introduction

The present Sustainable Investment Policy (hereon "SIP") provides Andbank Luxembourg's action framework associated to sustainability procedures and management of those risks related to environmental and social factors.

Environmental, social and governance (ESG) criteria are embedded within Andbank's principles. The main aim of the policy is to determine the scope to which Andbank, under our responsible banking conduct, is committed to ESG matters.

The SIP relates to practices at Andbank Luxembourg and is complementary to the policies published from Andbank Asset Management Luxembourg ("AAML") and those from Andbank Group.

Moreover, the actions, initiatives and procedures related to the ESG framework which are described in this policy, should be aligned with those carried out by other Andbank jurisdictions. A correct alignment will reinforce Andbank's procedures related to sustainable development practices.

Context and background

On 25 September 2015, the UN General Assembly adopted a new global sustainable development framework: the 2030 Agenda for Sustainable Development (the '2030 Agenda'). The 2030 Agenda has at its core the Sustainable Development Goals (SDGs). These goals lead a path towards sustainability and the transition to a safe, climate-neutral, climate-resilient, more resource efficient and circular economy which are crucial to ensuring the long-term competitiveness of the Union Economy. The Paris Agreement is aligned with this challenge and aims to strengthen the response to climate change by making finance flows consistent with this argument.

To publish and disclose information regarding environmentally sustainable economic activities and initiatives we carry out is a priority at Andbank, as well as our compromise with the Regulation (EU) 2019/2088. To disclose information related to the integration of sustainability risks, sustainable investment objectives, analyze adverse effects in terms of ESG criteria or promote initiatives related to this matter has become our purpose and so will be integrated in our business model. For that reason, Andbank Luxembourg is adopting several actions and will promote new ones aligned with this purpose as a financial entity.

Regulatory framework

The European Council and European Parliament have reached a political agreement on the Disclosure Regulation regarding sustainability-related disclosures in the financial services sector (EU Regulation 2019/2088, "SFDR").

In seeking to establish a pan-European framework to facilitate Sustainable Investment, the SFDR framework provides a coherent approach for sustainability-related disclosures to financial market participants and advisers. Covering a broad range of financial products, its objective is to promote transparency regarding the integration of Sustainability Risks into investment decisions and consideration of adverse sustainability impacts in the investment process.

Sustainable related risks. Principles

Andbank Luxembourg will progressively integrate ESG criteria in its business and management activities and will also adopt them in its asset selection process.

At Andbank, this integration of ESG criteria is seen as a complement to traditional financial analysis as long as they offer a high degree of information on actual and potential risks.

Andbank Luxembourg is dedicated, with the rest of the financial sector, in developing internal procedures to support sustainable banking activities and encourage an economy based on global sustainable development. Those risks related to climate change and environmental impact, which could materialize both in the short and long term, will gradually be integrated in Andbank business model and its internal decision process.

In particular,

Andbank Luxembourg will focus mainly on promoting the following actions:

- / To gradually include sustainability in our business activities, identifying opportunities and providing service to clients on the matter.
- / To incorporate risks based on ESG factors during Andbank's various risk analyses such as credit risk, counterparty risk, market risk or operational risk.
- / Comply with current and future legal requirements on sustainability matters.
- / To disseminate the policy among employees via Andbank's internal and external channels and to establish lines of communication with "groups of interest" on environmental and social matters. Additionally, Andbank will develop relationships, based on ESG criteria, with third parties (agents, providers...).
- / To clarify investors and asset managers' obligations related to sustainability criteria.
- / To work with our clients in a responsible manner to ensure sustainable practices and economic activity that generate shared short- and long-term prosperity.
- / Support the transition of our clients to drive progress on climate action and financial health through effective management of resources while taking into consideration associated risks.

Discretionary portfolio management service

To include an analysis of sustainability factors in Andbank Luxembourg's investment decision process that could bring benefits beyond financial markets as it could increase the resilience of the real economy and strengthen the financial system's stability. Ultimately, this could impact the relationship between risk and return on financial assets.

Our discretionary management service relies on an investment method with two main pillars:

- / An analysis of the suitability and appropriateness of clients to ensure portfolios meet the requirements needed. In addition, an analysis and follow up of the portfolio structure to ensure they also comply with the investment limits of each risk profile.
- / An analysis of each asset that is included in our recommended product lists* (equity, fixed income, funds ETFs...) from a financial and non-financial perspective

In alignment with Andbank Luxembourg's commitment to integrate non-financial factors related to environmental, social and governance (ESG) matters, we would like to add:

- / Business, Investment and Compliance areas will be involved in sustainability and ESG via continuous training, internal research, communications and certificates. Other areas and employees will also be encouraged to be involved in sustainability and ESG matters.
- / When providing discretionary portfolio management services to our clients, ESG factors and controversies from a materiality perspective are taken into consideration.

Thus, Andbank Luxembourg ensures that the assets included in our recommended product lists are duly analyzed from an ESG perspective thus complying with our Sustainability Investment Policy.

Regarding discretionary portfolio management, in order to comply with the above, Andbank uses data provided by various providers. At Andbank, we understand ESG ratings (non-financial criteria) are provided as a starting point and not as a unique condition to incorporate or not an asset in the portfolios. Non-financial criteria need to be evaluated along with financial criteria to determine the suitability of a certain investment, a periodic review is also required for both criteria.

Governance on ESG matters. Policy approval

The present Sustainability Investment Policy relies on its approval by the Supervisory Body of Andbank Luxembourg.

The policy will be reviewed periodically (at least annually or when specific circumstances arise), by the Andbank Luxembourg ESG Committee and it will need to be approved by the Supervisory Body.

The SIP will be aligned with current ESG regulation and will be adapted to all future regulations.

Disclosure

The present policy will be communicated to all Andbank Luxembourg employees internally. Additionally it will be available for all employees in "document manager" for them too access at any time. The present policy will be published on Andbank Luxembourg's corporate webpage for all users to read.