

Sustainability Risk Policy

ANDBANK /
asset management



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Regulatory Provisions

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. For the purposes of the SFDR, Andbank Asset Management Luxembourg S.A. (or "AAML") meets the criteria of a "financial market participant", whilst each Fund qualifies as a "financial product".

Definitions

'Sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment;

'Sustainability factors' mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Identification of Sustainability Risks

The present Sustainability Risk Policy of AAML provides a description of certain sustainability matters below in accordance with the SFDR. To AAML's understanding and application, sustainability risks mean events or conditions in the environmental, social or corporate governance areas (ESG), the occurrence of which could actually or potentially have material negative effects on the value and return of the investment. Accordingly, AAML assesses relevant sustainability risks identifying those having a potential impact on the financial return, before integrating them into the due diligence process of their investments.

AAML regards ESG risks as important and takes them into account in the investment decision-making process. For this purpose, AAML performs a sustainability risk assessment of any emerging risks and potential effects on returns.

In order to guarantee the highest level of transparency, AAML is in contact with the respective investment managers.

Oversight Framework over the Investment Managers

As part of its oversight framework, AAML ensures through its periodic due diligence that the investment managers in charge of the various Funds have in place an adequate Sustainability Risk Policy in line with AAML's standards and which identifies the Sustainability Risks which might be linked to the investments.

Monitoring of ex-ante ESG-risk integration is based on a regular due diligence process conducted by the Portfolio Manager of the Funds. The information and indicators to be reported depend on the Fund in question. AAML does expect the Portfolio Managers to review ESG-risks, if any, considering the fund specificities, its composition and the related investment strategy.

The occurrence of any potential ex-post ESG risks is monitored by AAML as part of its risk management process and oversight responsibility.

Adverse sustainability impacts

As AAML’s employee count does not exceed 500, AAML is not required to consider principal adverse sustainability impacts on investments.

In addition, due to the inadequate data availability to determine and weight the most important adverse sustainability impacts and indicators as well as outstanding legal provisions, AAML has decided not to take into account the adverse sustainability impacts as defined in Article 4 (1) of the Disclosure Regulation EU 2019/2088 as of March 10, 2021. If the legal provisions are established and the data quality is sufficient, AAML may review the current position and plan any implementation in order to consider the principal adverse sustainability impacts on investments.

Document Information

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| Document: | Andbank Asset Management Luxembourg S.A. |
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| Area of Application: | Andbank Asset Management Luxembourg S.A. and related funds |

Amendments and Updates

| Version | Date | Reason for and Extent of Changes | Author(s) |
|---------|------------|---|----------------|
| 1.0 | 11.03.2021 | New document | KPMG |
| 2.0 | 23.05.2022 | Annual review (no major change) | Martin Wienzek |
| 2.1 | 29.12.2022 | Minor changes, integration of definitions | Martin Wienzek |
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