DELEN

PRIVATE BANK

Sustainability preferences for your investment profile

Introduction

Delen Private Bank mainly offers discretionary wealth management as an investment service. This means that the bank manages your wealth and operates according to your investment profile and the Delen investment philosophy.

The management of your wealth is tailored to - among others - your knowledge and experience in investments, your investment horizon, your risk tolerance, ability to bear losses and your financial objectives in the near future (summarised in the **Suitability Assessment**). The same assessment is done if you seek our investment advice.

Since August 2022, Delen Private Bank also considers your sustainability preferences when outlining your investment strategy. This is in accordance with the European legislation focused on the transformation to climate neutrality. Various legislative initiatives aim to channel financial and capital flows towards sustainable investments.

Sustainability preferences

Up until August 2022, the Suitability Assessment generally dealt with finance-related investment objectives. Since then, Delen Private Bank also enquires about your non-financial investment objectives - more specifically your preferences related to sustainable investing. Your individual sustainability preferences are then added to our Suitability Assessment.

Please note that your general investment profile takes precedence over your sustainability profile.

Your individual sustainability preferences pertain to three independent aspects:

- the minimum part of your portfolio or per advisory transaction that must be aligned with an environmentally sustainable economic activity as defined by the Taxonomy Regulation.
- The minimum part of your portfolio or per advisory transaction that corresponds with the definition of a sustainable investment according to the SFDR[1].
- The extent to which the principal negative effects on sustainability factors should be taken into account on portfolio level or per advisory transaction. These are the so-called Principal Adverse Impacts (PAIs). With this, you are able to define quantitative or qualitative elements of which the effects need to be taken into account.

[1] The SFDR defines a 'sustainable investment' as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

You have the possibility – but are under no obligation – to indicate that you are generally interested in sustainable investing. For the aforementioned three aspects, you can additionally indicate to which extent you wish to invest sustainably.

The European legislation uses a number of technical terms. It is important to understand the precise meaning of the sustainability preferences in order to make an informed choice. We therefore briefly elaborate on the terms Taxonomy Regulation, SFDR and PAI here below.

Taxonomy Regulation

The **Taxonomy Regulation** provides a framework to define what is sustainable and what is an environmentally sustainable business activity. In other words, the Taxonomy Regulation defines when an economic activity can be considered environmentally sustainable.

Four criteria need to be met in order for an economic activity to be considered environmentally sustainable. The economic activity:

- must contribute substantially to one or more of the six defined environmental objectives[2];
- may not significantly harm one of the six defined environmental objectives;
- must be conducted bearing in mind good governance practices;
- needs to comply with the technical screening criteria established by the European Commission.

Please note that Taxonomy focuses on the *environmental* aspect.

You can indicate to which extent we need to consider environmental sustainable investments - as defined by the Taxonomy Regulation - in your investments.

Sustainable Finance Disclosure Regulation

The **Sustainable Finance Disclosure Regulation** (SFDR) creates transparency regarding the integration of sustainability risks in investment decisions made by financial market participants or financial advisers.

The SFDR also categorises financial products in three main categories depending on their ambitions with regard to sustainability. To this end, a distinction is made between financial products with sustainable investments as an objective and financial products promoting, among others, environmental or social features or a combination thereof.

Sustainable investing as defined by the SFDR implies:

[2] The six environmental objectives of the Taxonomy are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

1. an investment in an economic activity which contributes to the realisation of an **environmental objective**, as measured by – for instance – key resource efficiency indicators for the use of energy, raw materials and the effect on biodiversity and the circular economy.
2. An investment in an economic activity which contributes to the realisation of a **social objective**, namely an investment that helps counter inequality or fosters social cohesion, social integration and employee relations. Provided that these investments do not significantly harm these objectives, and provided that the investee companies follow good governance practices, namely with regard to sound management structures, employee relations, remuneration of staff and tax compliance.

Please note that SFDR focuses on both *environmental* and *social* aspects.

Principal Adverse Impacts

Principal Adverse Impacts (PAIs) refer to the main adverse effects of investment decisions made. They are indicators measuring the adverse impact on people and the environment. You can define quantitative or qualitative elements. This way, you can for example indicate that the negative effect of an investment on water consumption, human rights or exposure to controversial weapons needs to be considered.

Delen Private Bank deals with ESG risks in three ways:

- exclusion
- integration of ESG risks when analysing and deciding on investments
- engagement or entering into dialogue with companies generating material adverse impact

You can indicate which PAIs (environmental, social and/or good governance) you are interested in via a list outlining the PAIs.

Delen Private Bank investment policy

Our responsible investment policy can be found here: [Duurzaam investeringsbeleid Cadelam.pdf (delen.bank)]() (Dutch version).

An overview of our engagement activities can be consulted here: [Engagement highlights]()

More information

For more information, please do not hesitate to contact your relationship manager.