

Information about sustainability issued by BANQUE RAIFFEISEN

At the end of 2019, the Regulation on sustainability-related disclosures in the financial services sector (“SFDR”) was adopted by the European Union. The Regulation takes an all-encompassing and evolving approach to sustainable development, requiring banks to publish information on discretionary management and the advice that they provide, in particular:

- the transparency of the integration of sustainability risks (Article 6);
- the transparency of the promotion of environmental or social characteristics (Article 8); and
- the transparency of sustainable investments (Article 9).

These obligations require the Bank to publish information on its website, in its pre-contractual documents and in the discretionary management report.

Information about the policies and processes for integrating sustainability risks

Investment advice

Our advisory services (R-CONSEIL and R-INVEST) are currently based on your individual objectives and/or preferences as stated in your investor profile. From 2022, we will be expanding the investor profile to include your preferences regarding environmental, social and governance (ESG) matters, to ensure that they conform to the products we recommend to you.

As part of the investment advice we provide to you, your adviser will only select products that are on a list drawn up by the specialists at the Investment Desk and approved by the Investment Products Committee (IPC). However, a distinction is made between ESG products and non-ESG products. A product is considered an ESG product if it is recognised as such by an accredited entity and/or based on its prospectus.

- The following labels are applied in the process for selecting ESG investment funds: “LuxFlag ESG” (from LuxFLAG), “Febelfin QS” (Febelfin) and “ACT ESG” (Vontobel);
- For ESG ETFs (exchange-traded funds), the selection is limited to products with an underlying SRI (socially responsible investment) index from MSCI;
- For ESG structured products, Vontobel’s “ACT ESG” label is retained;
- The selection of ESG bonds is limited to green and social bonds categorised as such by Bloomberg.

Therefore, ESG products are clearly identified on our selection lists, which your advisor uses to provide investment advice. During this process, you will be informed of the product’s ESG nature.

Discretionary management

As regards discretionary management, we are advised by an external provider; the selection of products is limited to investment funds and ETFs.

Our external provider’s selection team integrates sustainability risks by selecting investment funds that have solid sustainability-risk integration processes, which include monitoring controversial issues and sustainability indicators. All of our directives integrate these sustainability risks. The directives categorised under Article 6 are not composed mainly of funds with a sustainable investment objective or that promote environmental or social criteria. For this directive, the underlying investments do not take into account the European Union criteria for environmentally sustainable economic activities. **No consideration of adverse sustainability impacts**

As of 10 March 2021, the Bank does not take adverse sustainability impacts into consideration in its investment advice. The underlying information required to identify and prioritise adverse sustainability impacts is not currently available to a sufficient degree of quality and quantity. The Bank is looking for a solution to check the availability and quality of this information, which is required under the recent legislation.

Information on remuneration policies in relation to the integration of sustainability risks

Banque Raiffeisen's remuneration policy has been updated, in particular to take sustainability risks into account. However, given the Bank's prudent and conservative approach to risk management and the very limited level of variable remuneration, the consideration of sustainability risks, as required by the SFDR's transparency obligations, has no impact on the Bank's remuneration policy.

Transparency of the promotion of environmental or social characteristics and of sustainable investments (discretionary management)

Promotion of environmental or social characteristics as part of discretionary management (Article 8)

The funds selected under the directives promoting environmental and social criteria must meet extremely strict standards. Our external provider's selection team takes this into account by integrating environmental, social and governance (ESG) considerations into the selection process for sustainable financial products, thus guiding investments into investment funds that promote environmental and social characteristics or themselves have sustainable investment objectives.

Approach to respecting the environmental or social characteristics as part of discretionary management (Article 8)

The ESG criteria are an integral part of the selection process for investment funds. The financial products selected are the result of close collaboration between investment specialists and sustainability experts from our external provider. Though this teamwork, they ensure that neither financial performance nor sustainability performance are compromised.

When selecting investment funds, particular attention is paid to the traceability and transparency of the sustainability processes, including through documenting processes and drawing up ESG reports. The concept of integrating sustainability risks, including controversial issues, must be a key component of the strategies of the investment funds selected.

To be selected as a sustainable product, the investment funds must exclude from their investments any companies that are involved in the controversial arms trade or generate more than a specific percentage of their revenues from either arms and tobacco, or nuclear or coal-based energy, unless these companies can demonstrate that they have an exit strategy towards more sustainable energy sources. Companies involved in gambling and the alcohol trade must also be scrutinised very closely. In addition to these exclusion criteria, our external provider's specialist team supports and favours proactive attempts by the fund managers to engage in dialogue with the companies involved in critical sectors. An additional requirement for the funds selected is that they invest in companies that comply with the UN Global Compact Principles.

Our external provider's specialists obtain information on ESG metrics from fund managers and third-party data suppliers. This information is compiled in the directive to verify that the funds selected adhere to the ESG pillars (e.g. having E, S and G ratings or contributing to sustainable development causes).

Furthermore, the team works alongside the fund managers in order to accept, implement and improve ESG themes and processes.

Sustainable investments as part of discretionary management (Article 9)

In accordance with the sustainable directive our external provider's selection team chooses investment funds with a strong ESG focus, thus prioritising investments in funds that have sustainable investment as an objective.

The distinguishing feature of these investment funds is their pursuit of unambiguous, sustainable objectives. Typical examples are green and social bonds forming part of the fixed income, as well as initiatives relating to thematic funds that invest in companies proposing solutions to environmental and social problems.

The sustainable directive primarily draws from funds that have a sustainable investment objective. Although such an objective may not be specifically targeted, it forms part of the sustainable directive due to its strong alignment with the United Nations' Sustainable Development Goals (SDGs) and a carbon intensity well below the index.

Periodic portfolio assessment report

Additional information on the promotion of environmental or social characteristics and sustainable investments will be integrated into the periodic portfolio assessment report as soon as this becomes a legal or regulatory requirement.