

## Sustainability Suitability Assessment

### Explanatory notes from the SFDR templates

The EU Taxonomy is a classification system which establishes 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.

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.

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.

1. Do you have sustainability preferences (you the client will have sustainability preferences if you choose that, at least to some extent, one or more of the listed types of IBIPs per **Question 2** should be integrated into your investment)? **(Y/N)**

If No, you will be considered “sustainability neutral” and we will recommend products both with and without sustainability-related features.

2. If yes to **Question 1**, which of the following aspects best describe your sustainability preferences:
  - (a) IBIPs that pursue a minimum proportion of sustainable investments in economic activities that qualify as environmentally sustainable under [Article 3 of the EU Taxonomy](#) where the minimum proportion is determined by the client. The EU Taxonomy is a classification system that defines six overarching environmental objectives and sets out a detailed list of economic activities that can contribute to at least one of the objectives, without doing significant harm to any of the others.
  - (b) IBIPs that pursue a minimum proportion of sustainable investments (investments in economic activities that contribute to an environmental or social objective, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices) where the minimum proportion is determined by the customer or potential customer;
  - (c) IBIPs that consider Principal Adverse Impacts (‘PAIs’) on sustainability factors, where elements demonstrating that consideration are determined by the customer. PAIs are intended to capture the impact of investment decisions (and advice) that results in negative effects on sustainability factors. Sustainability factors are defined as ‘environmental, social or employee matters, respect for human rights, anticorruption and anti-bribery matters’;
  - (d) Other (please specify).

3. If for **Question 2**, aspects **(a)** or **(b)** were selected, what is your preferred proportion of both environmentally sustainable investments and of sustainable investments in the portfolio of the product? e.g., minimum 10%/20%/30%/ 40%/ 50%,/60%,/70%

4. If for **Question 2**, aspect **(c)** was selected, what Principal Adverse Impacts ('PAI') should be considered by the product, including quantitative or qualitative criteria demonstrating that consideration? Examples of PAIs include greenhouse gas emissions, emissions to water and board gender diversity. A full list of PAIs is listed in the [Appendix](#).

5. For Multi-Option Products ('MOPs'), do all underlying options consider Principal Adverse Impacts ('PAIs') on sustainability factors, or only a proportion or a selection of one or more underlying options?

\* Note: Where a client answers that he/she has sustainability preferences, but despite questions posed did not specify a preference with regard to financial categories a), b) or c), the client can still recommend an IBIP that has sustainability features matching the client's preferences as best as possible, taking into account the sustainability preferences as expressed by the client in general terms.

In these cases, the advisor should record in a suitability statement: i. a description of the customer's sustainability preferences, even if in broad or general terms; ii. the fact that even though the customer has sustainability preferences, he/she has not specified a preference with regard to any aspect(s); and iii. if a personal recommendation of an IBIP is made based on the customer's sustainability preferences, the reasons underlying that personal recommendation.

*Advisor Signature*

*Client Signature*