ABN·AMRO Private Banking

Flexible 60 Mandate

Integration of sustainability risks

In the context of the sustainable finance disclosure regulation, the bank informs you herewith of the manner in which sustainability risks are integrated into its investment decisions and of the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

The Flexible 60 Mandate invests predominantly in passively and actively managed investment funds. These are supplemented by investments in individual securities. Sustainability risks are addressed through the process of excluding companies from the investment universe based on negative criteria. This process of negative screening leads to: (i) excluding companies from the internally managed Controversial Weapons List, (ii) excluding companies engaged in production of tobacco related products, (iii) excluding companies that breach the UN Global Compact, which is a set of universal principles related to human rights, labour, environment and anti-corruption and (iv) excluding companies that are part of our internal Exclusion List.

Where funds and mandates are applied, the selection of actively managed funds are selected based on the recommendation of ABN AMRO Investment Solutions (AAIS). AAIS selects and recommends managers that fit the profile and strategy of the Mandate. Each asset manager must be a signatory of the UN Principles of Responsible Investment. The signatories are committed to incorporate ESG issues into investment analysis and decision-making processes. Therefore, each manager must demonstrate how they incorporate ESG risks in their asset selection methodology. In addition, AAIS requests measures of negative screening which include: (i) excluding companies from the internally managed Controversial Weapons List, (ii) excluding companies engaged in production of tobacco related products, (iii) excluding companies that breach the UN Global Compact, which is a set of universal principles related to human rights, labour, environment and anti-corruption and (iv) excluding companies that are part of our internal Exclusion List.

Impact on returns

Sustainability risk can have a negative impact on the asset value and expected cash flow like dividends. Examples over the past years include large environmental accidents or fraud cases that result in fines/penalties or additional operational costs. Nevertheless, it is still hard to statistically model the value of sustainability into investment performance. The process of active manager selection as described above could mitigate the potential negative impacts of sustainability risks on the returns.

EU Taxonomy

The EU is developing criteria to determine if and to what extend an economic activity can be classified as environmentally sustainable. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities Because those criteria are still under development and not applicable we cannot take those criteria into account.