



Sustainability-related disclosure

*This document provides you with information about OBAM N.V. (hereinafter: the **Fund**) in relation to the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help you understand the sustainability characteristics and/or objectives and risks of the Fund. You are advised to read it in conjunction with other relevant documentation on this Fund so you can make an informed decision about whether to invest.*

1 No sustainable investment objective

Does the Fund have a sustainable investment objective?

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investments. While the Fund does not have sustainable investments as its objective, it aims to have a minimum proportion of sustainable investment aligned with the EU Taxonomy.

How have the indicators for adverse impacts on sustainability factors been taken into account?

A detailed description of the incorporation of principal adverse impacts is available via the Management Company's (OBAM Investment Management B.V.; hereinafter: **OBAM IM**) Principal Adverse Impact Statement as published on the website. In this statement OBAM IM provides more information on its overall approach to identifying, prioritizing and addressing principal adverse impacts of the investment decisions on various sustainability indicators and how principal adverse impact indicators are integrated in OBAM's portfolio management process.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

All the Fund's investments (including its sustainable investments) are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via both the Fund's exclusion policy and the screening and selection process. The Fund will not invest in (potential) portfolio companies that are violating these international standards. Portfolio companies who are at risk of violating these international standards are subject to the Fund's engagement activities.

2 Environmental or social characteristics of the financial product

The Fund promotes the following environmental and/or social characteristics:

1. the Fund limits investment in companies involved in business activities that are incompatible with its sustainable investment strategy by establishing and maintaining an exclusion policy;
2. the Fund promotes adherence to and conducting business activities in accordance with the UN Global Compact Principles. The UN Global Compact is a global sustainability initiative that call on companies to adhere ten principles in the areas of human rights, labor, environment, and anti-corruption;
3. the Fund limits investing in companies with an elevated sustainability risk based on ESG-risk scores. The Fund identifies, assesses, and monitors the ESG-risk score of (potential) portfolio companies. The Fund is limited to a maximum exposure of 15 % to investments with a high or severe ESG-risk score based on the market weight in the portfolio;
4. the Fund promotes having a weighted average ESG risk-rating that is better than the benchmark (MSCI AC World NR); and
5. the Fund strives to have a CO2 footprint that is at least 40% lower than the benchmark (MSCI AC World NR).



In addition to the abovementioned promoted environmental and/or social characteristics, OBAM strives to invest in portfolio companies that make a positive contribution to the UN Sustainable Development Goals.

3 Investment strategy

What is the investment strategy used to meet the environmental or social characteristics promoted by the Fund?

The Fund is an actively managed fund that invests in high-quality companies quoted on the stock exchange. The Fund’s active and sustainable investment strategy aims to select well-positioned quality companies within a sector that can profit optimally from structural growth trends. The Fund holds a concentrated portfolio and aims an attractive risk/return profile. Portfolio companies are selected based on various selection criteria such as market position and leadership, high innovative capacity, healthy balance sheets with little or no debt, high cash flow generation enabling future organic growth, ESG-score and attractive valuations.

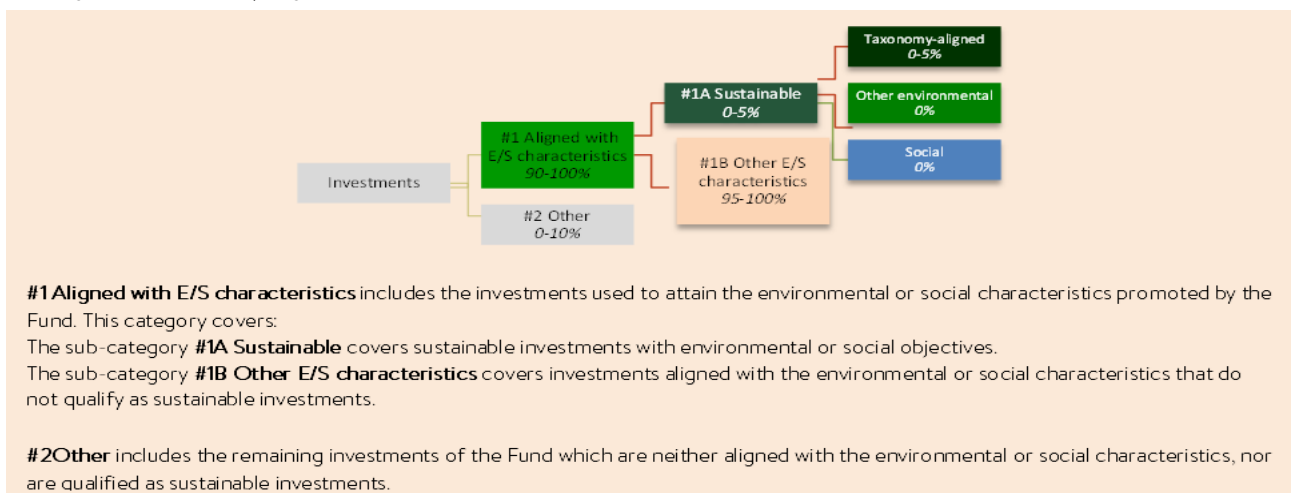
Sustainability is an integrated part of the Fund’s investment strategy. OBAM IM has established a [Sustainable Investment Policy](#) to ensure that the ESG characteristics promoted by the Fund are taken into account within the portfolio management process. The Sustainable Investment Policy is implemented in the portfolio management process by the following sustainable investment instruments: exclusion, screening, voting and engagement.

What is the policy to assess good governance practices of investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

During the portfolio management process the Fund assesses the ESG-risk profile of a company as part of its screening. The Fund applies adequate due diligence measures when selecting portfolio companies and such due diligence measures take into account ESG related risks as it could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives. This also includes an assessment of good governance practices, for example by analyzing the company’s compliance with the UN Global Compact Principles.

4 Proportion of investments

At least 90 - 100% of the investments are aligned with the Fund’s promoted environmental and/or social characteristics. The other 0-10% of the investments are cash or cash equivalents. While the Fund does not have sustainable investments as its objective, it aims to have a minimum proportion (0-5%) of sustainable investment aligned with the EU Taxonomy linked to the environmental objectives of climate change mitigation and climate change adaption. In the future, once the scope of the EU Taxonomy is broadened and data-availability in relation to the EU Taxonomy will improve, the Fund might reconsider its target relating to EU Taxonomy aligned investments.





5 Monitoring of environmental or social characteristics

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Fund?

The Fund uses the following indicators to measure the attainment of each of the promoted environmental or social characteristics:

1. the number of portfolio companies on our exclusion list as a result of the application of our exclusion policy;
2. the number of portfolio companies violating (non-compliant) or at risk of violating (watchlist) the UN Global Compact Principles;
3. the number of portfolio companies with a high risk or severe ESG-risk score;
4. the Fund's weighted average ESG-risk rating compared to the benchmark; and
5. the Fund's CO2 footprint (ton Co2 per million invested) compared to the benchmark.

How are the promoted environmental or social characteristics monitored throughout the lifecycle of the Fund and what are the related internal and external control mechanisms?

The following monitoring and control mechanisms have been implemented:

1. all exclusions are implemented in OBAM IM's trading system (Bloomberg), through which investing in an excluded company is not possible (*pre-trade investment compliance*). Post-trade investment compliance checks will be conducted by the Second Line of Defense (Risk Management) on a daily basis;
2. the compliance status of each (potential) portfolio company with the UN Global Compact Principles has been implemented in OBAM IM's trading system (Bloomberg), through which investing in non-compliant companies is not possible. For companies on the watchlist additional approval is required (*pre-trade investment compliance*). Post-trade investment compliance checks will be conducted by the Second Line of Defense (Risk Management) on a daily basis.

Portfolio companies at risk of violating (watchlist) the UN Global Compact Principles are subject to engagement activities. Engagement results are periodically assessed by the Portfolio Management team. Unsuccessful engagement might lead to exclusion.

3. the Portfolio Management team assesses the ESG-risk score of a (potential) portfolio company as part of the selection process and on a quarterly basis as part of the portfolio monitoring process. The Second Line of Defense (Risk Management) monitors quarterly the Fund's exposure to portfolio companies with a high or severe ESG-risk score;
4. the Portfolio Management team monitors the Fund's weighted average ESG-risk rating compared to the benchmark on a quarterly basis and ensures compliance with the Fund's KPIs. The effectiveness of the control will be monitored by the Second Line of Defense (Risk Management) on a regular basis.
5. the Portfolio Management team monitors the Fund's CO2 footprint (ton Co2 per million invested) compared to the benchmark and ensures compliance with the Fund's KPIs. The effectiveness of the control will be monitored by the Second Line of Defense (Risk Management) on a regular basis.



6 Methodologies

OBAM IM's [Sustainable Investment Policy](#) outlines the methodologies used to measure how the social or environmental characteristics promoted by the Fund are met.

7 Data sources and processing

How are the data sources used to attain each of the promoted environmental or social characteristics?

The Fund uses the following data sources:

1. the exclusion process uses several data sources such as Sustainalytics, RSPO (Roundtable on Sustainable Palm Oil) and International Sanctions.
2. the Fund uses Sustainalytics data to assess compliance of (potential) portfolio companies with the UN Global Compact Principles;
3. the Fund uses Sustainalytics data to assess the ESG-risk score of (potential) portfolio companies;
4. the Fund's ESG risk-rating is based on Sustainalytics data; and
5. the Fund's CO2 footprint is based on Sustainalytics data.

What measures are taken to ensure data quality?

OBAM IM scrutinizes the data quality of each provider during due diligence assessments, that includes reviewing the data model and evaluating coverage.

How is data processed?

Data processing takes places in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

What is the proportion of data that is estimated?

It is currently complex to report sufficiently accurate yet broad numbers on the proportion of data that is estimated. Evaluating the proportion of vendor sourced data that is estimated remains a challenge due to insufficient metadata.

8 Limitations to methodologies and data

There are two main types of limitations:

- *Data coverage:* only a fraction of (potential) portfolio companies is disclosing the metric or information that is needed to implement our sustainable investment strategy. However, we expect this limitation to ease in the future by new EU regulation that (potential) portfolio companies obligate to disclose relevant sustainability information. The new EU sustainability reporting regulation applies to large EU listed companies, EU banks and EU insurance companies. Considering the Fund's global equity strategy not all (potential) portfolio companies will report relevant sustainability information in the future. For those companies data will be estimated;
- *Further elaboration of EU regulation:* only for two of the six EU Taxonomy objectives technical screening criteria are defined. (climate change adaption and climate change mitigation) Therefore only activities who are substantial contributed to climate change adaption and climate change mitigation will qualify as EU Taxonomy aligned activities. This means that other sustainable activities will not qualify as EU Taxonomy aligned activities;



9 Due diligence

The sustainability aspects of the investment strategy are incorporated into adequate investment due diligence processes and procedures for the selection and monitoring of investments, amongst others taking into account the Fund's risk appetite.

During the selection process, sustainability risks and opportunities are adequately considered. The Fund conducts a comprehensive sustainability due diligence for each potential investment. Within the sustainability due diligence, the ESG profile of the potential portfolio company is assessed and any red flags that should prevent us from investing in the (potential) portfolio company are identified. Sustainable selection criteria are, but not limited to: compliance with UN Global Compact Principles, the contribution (both positive and negative) to SDG's, potential adverse impacts on sustainability factors arising from the (potential) portfolio company's operations and the ESG-risk score. Further reference is made to OBAM IM's [Sustainable Investment Policy](#).

10 Engagement policies

The Fund maintains an active program of corporate engagement on a wide range of social, environmental and governance issues. These engagements are designed to enhance the long-term value of our shareholdings and to foster corporate governance best practices, social responsibility, and environmental stewardship. Engagement play a key role in the process of achieving our sustainable investment strategy. E.g. portfolio companies that breach the UN Global Compact Principles may become part of our engagement program. Further reference is made to OBAM IM's [Voting- and Engagement Policy](#).

11 Reference benchmark

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.