Integrating principal adverse impacts

Pursuant to article 4 of the European regulation on sustainability related disclosures in the financial services sector (SFDR – Sustainable Finance Disclosure Regulation), financial market participants must publish information on their websites stating how they consider the principal adverse impacts (PAN) of investment decisions on sustainability factors.

Specifically, this means the impact that the activities of the companies held in the portfolio may have on environmental, social and societal considerations – for example, the impact on the climate, human rights and governance.

The information set out below is expected to change when the final technical standards linked to Regulation (EU) 2019/2088 enter into force. Until then, Banque de Luxembourg and its subsidiary BLI - Banque de Luxembourg Investments will consider the adverse impacts of their investment decisions qualitatively, through:

- **Our ESG policies**
  – Banque de Luxembourg (discretionary management)
  – BLI - Banque de Luxembourg Investments
- **Our engagement policy**
  – Banque de Luxembourg
  – BLI - Banque de Luxembourg Investments

At present, Banque de Luxembourg and its subsidiary BLI - Banque de Luxembourg Investments do not prioritise any single negative impact when analysing the companies held, instead adopting a broad ESG approach.

A stricter ESG approach is applied and certain impacts may take precedence for labelled funds (i.e. funds with the LuxFlag ESG and/or SRI label) managed by BLI, and the management mandate in socially responsible funds managed by Banque de Luxembourg.

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