

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing 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.



Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Product name:

NN (L) Patrimonial Balanced European Sustainable

Legal entity identifier:

549300Y8L5JGBRL3RC73

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective: __%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective: __%**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and social characteristics, as described in Article 8 of the SFDR. Specifically, the Sub-Fund promotes environmental and social characteristics by:

- **Restricting issuers involved in controversial activities and controversial behaviour.** This is done by applying a norms-based responsible investment criteria, restricting investments involved in the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining and/or oil sands extraction.

- Countries subject to country-wide arms embargo sanctions imposed by the United Nations Security Council, and countries on the Financial Action Task Force list, that are subject to a "Call for Action", are also restricted.

- Taking E, S and G factors of each issuer into account in the investment decision making process.

- **Adherence in the areas of good governance, respecting human rights and labour rights, protecting the environment and prevention of bribery and corruption.** The Sub-Fund does so by assessing the extent to which issuers act in accordance with relevant laws and internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact.

- The Sub Fund promotes to have a lower carbon intensity compared to the Index/Benchmark.

- **SI Framework.** The Sub-Fund promotes investments in companies or projects that contribute to an environmental or social objective based on the product contribution or operational contribution.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund:

- Number of issuers excluded from the investment universe based on the Exclusion List
- Number of issuers against which arms embargoes have been issued by the UN Security Council and subject to a 'Call for Action' on the Financial Action Task Force list
- Average weighted ESG Rating against the universe
- Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact.
- Average weighted carbon intensity score against the universe
- Percentage of Sustainable Investments

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The consideration of investments made by the Sub-Fund as sustainable investments is determined by reference to the Management Company's Sustainable Investment Framework, which includes an assessment as to whether the investment contributes to an environmental and/or social objective. Under this framework, an investment is considered to be contributing to an environmental and/or social objective via either a product or operational contribution.

Product contribution considers either i) the proportion of an issuer's revenue dedicated to an environmentally and/or socially sustainable impact category, ii) the alignment of a product to an environmental and/or social Sustainable Development Goal (SDG), iii) best-in-class scoring of an issue(r) as against environmental and/or social opportunities themes defined by an external data provider, or iv) the percentage of taxonomy aligned revenue of the issuer. Due to availability of reliable data, the taxonomy aligned revenue route will only be used as data improves.

Operational contribution takes a thematic approach, looking at the promotion of climate transition (environmental) within the operational framework of the issuer, inclusive growth (social) within the operational framework of the issuer, operational alignment to an environmental or social SDG, or the application of a best-in-class proprietary environmental and social score.

The Sub-Fund does not target a specific category of sustainable investments but assesses all investments made pursuant to its overall investment strategy using the Sustainable Investment Framework. Hence, the sustainable investments made by the Sub-Fund may contribute to a variety of environmental and/or social objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Issuers that are classified as contributing to a sustainable investment are also required to meet the do no significant harm (DNSH) criteria of the Management Company's Sustainable Investment Framework. Any issuers that do not meet the DNSH test will not qualify as a sustainable investment. A proprietary quantitative or qualitative threshold for significant harm has been set for all 14 mandatory

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social

and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

indicators relating to investee companies for adverse impacts on sustainability factors ("PAIs") set out in the regulatory technical standards supplementing SFDR.

Additionally, all issuers with a very severe controversy are considered to be causing significant harm and excluded from qualifying as a sustainable investment

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

The Sub-Fund considers principal adverse impacts on sustainability factors across environmental and social pillars. The PAI Indicators are taken into account through the application of the DNSH principle outlined above for the determination of sustainable investments as well as qualitatively through the Sub-Fund's investment approach.

In regard to the consideration of the PAI Indicators as part of the DNSH assessment of an issuer, as noted above a proprietary quantitative or qualitative threshold for significant harm has been set for all 14 mandatory PAIs relating to investee companies are assessed using information from an external data provider. These thresholds for significant harm have been set on a relative or absolute basis against each PAI depending on the Management Company's assessment of the worst performing investments with respect to those PAIs. Where data is not available for a specific PAI a suitable proxy metric has been identified. If both PAI and proxy PAI data (where relevant) is not available and/or applicable to complete the DNSH assessment on an issuer, such issuer is generally excluded from qualifying as a sustainable investment.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Sub-Fund leverages the Management Company's proprietary approach to identifying and evaluating companies which, amongst other factors, are not considered to be aligned with global norms. Following this assessment, any companies which are considered to be in violation of these global norms (including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights) will be excluded from qualifying as a sustainable investment.

The EU Taxonomy sets out a "do not significantly harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significantly harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

- X** Yes, the Sub-Fund does consider PAIs on Sustainability Factors. For the Sustainable Investments, PAIs are taken into account as part of the DNSH test as described in the Sustainable Investment Framework. Furthermore, the Sub-Fund incorporates PAI Indicators as part of the documented investment process of the Sub-Fund. The PAIs themselves are embedded within the Management Company's investment process, via the restrictions criteria and Active Ownership, as well as via the Management Company's policy documents.

Information on how the Sub-Fund considered PAIs on sustainability factors will be available in the Sub-Fund Annual Report.

No



The Investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow?

To attain the environmental and social characteristics promoted by the Sub-Fund, the Sub-Fund applies:

- Norms-based RI criteria
- ESG integration approach
- Active Ownership
- Sustainable Investment Framework

Norms-based RI criteria

The Sub-Fund applies the Management Company's norms-based responsible investment criteria that, as stipulated in the Management Company's Responsible Investment Policy, restricts investment in issuers involved in controversial activities and controversial behaviour.

For the sovereign investments of the Sub-Fund attributable to the investment strategy, each country is reviewed by the Management Company's ESG Committee as to whether any arms embargoes have been issued by the UN Security Council or whether it appears as a 'Call for Action' on the Financial Action Task Force list. If the country appears on either list, then it is included on the Exclusion List, resulting in an exclusion from the investment universe.

In addition to the restrictions in the Management Company's Responsible Investment Policy, the Sub-Fund applies additional restrictions on issuers with activities in fossil fuels and nuclear energy. Issuers with a controversy rating deemed as very severe or severe are also excluded.

ESG integration approach

The Sub-Fund integrates the information on environmental, social and governance factors for its investments based on the Management Company's ESG Integration approach. The first step towards ESG integration is to identify material ESG risk and opportunities. Secondly, the material ESG risks and opportunities are assessed and expressed via a number of ESG ratings. The final step of ESG Integration involves incorporating this ESG analysis into investment screening and security selection of issuers.

For sovereign issuers most ESG factors - from the quality and availability of education and healthcare to political stability and energy sources – tend to be significant for all countries around the world.

At least annually, the Sub-Fund's initial applicable investment universe is reduced by at least 20%, as a result of the application of a "Best-in-Universe" approach and the relevant exclusions and restrictions.

Active Ownership

Active Ownership refers to dialogue and engagement with issuers and the exercise of voting rights – it is a tool used by the Management Company to influence issuers to adopt more sustainable behaviour and practices. Engagement occurs in three ways: thematic engagement, ESG dialogues and controversy engagement. Thematic engagement focuses on different themes that have a material impact on society, and where the Management Company believes engagement efforts can achieve beneficial change. Analysts and portfolio managers also maintain regular bottom-up dialogues with issuers on ESG subjects that the Management Company believes may have a material impact on their value.

A fundamental view of the Management Company is its approach of inclusion over exclusion and thus an

engagement led divestment approach is applied, via controversy engagement. In the case of any violations against items listed in the norms-based responsible investment criteria, assessment is first made to identify the possibility to engage with the issuer in question to address the violation. If engagement is deemed feasible, a formal engagement process must be started in order for the issuer to remain eligible for investment. If engagement is deemed to be unsuccessful, the issuer will be revisited by the Management Company.

In order to effectively represent clients in their role as shareholders, where possible and feasible, voting is also conducted as a tool to encourage issuers to change for the better and plays an important role in holding the issuer accountable.

Additionally, engagement with sovereigns on (potential) bond issuance is also conducted to better assess investment risks and opportunities. The Sub-Fund also advocates policy and legislation that support sustainability and shareholder rights. This is done primarily via a number of international industry bodies that the Management Company is a member of and through collaborations with other investors.

Sustainable Investment Framework

The Sustainable Investments of the Sub-Fund adhere to the definition of 'Sustainable Investment' as per SFDR, which requires issuers to 1. contribute to an environmental or social objective, 2. do no significant harm and 3. follow good governance practices. The Sustainable Investment Framework leads to a binary outcome: an issuer will either qualify as a whole as a Sustainable Investment, or not at all. An issuer can be identified as contributing to an environmental or social objective based on 2 categories: 1. product contribution (based on the activities of the issuer) and 2. operational contribution (the way in which the issuer conducts its business).

● What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Sub-Fund's binding elements are listed below:

Exclusions based on the norms-based RI criteria. The Sub-Fund, as per the Management Company's norms-based responsible investment criteria, will exclude investment in issuers involved in activities including but not limited to, the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining and/or oil sands production. Adherence to the norms-based responsible investment criteria is based on pre-set revenue thresholds, as stated in the Management Company's Responsible Investment Policy, and relies on third-party data. For the latest thresholds and activities, please refer to the Management Company's Responsible Investment Policy available on the website.

The Sub-Fund will not invest in any countries subject to country-wide arms embargo sanctions imposed by the United Nations Security Council, and countries on the global money laundering and terrorist financing watchdog, Financial Action Task Force list, that are subject to a "Call for Action".

ESG Rating. The average weighted ESG Rating of the Sub-Fund's issuers will be better than the Index/Benchmark.

Carbon intensity. Average weighted carbon intensity lower than the Index/Benchmark

● What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

N/A - Prior to the application of the investment strategy, the Sub-Fund does not commit to a minimum rate to reduce the scope of the investments.

● What is the policy to assess good governance practices of the investee companies?

The Sub-Fund leverages a proprietary approach to identifying and evaluating global norms violators and issuers that may be engaged in poor governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

This proprietary approach seeks to identify, review, evaluate and monitor companies that are flagged by external data providers as being in violation of, or otherwise not aligned with, the United Nations Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as well as companies that have received high controversy scores (including significant governance controversies, severe labour rights controversies and severe tax compliance controversies). Following review of these external data inputs, companies that the Management Company believes to have an ongoing and serious violation and/or are considered to not be following good governance practices with insufficient remediation will be excluded from the Sub-Fund. This list of companies will be reviewed on a semi-annual basis. The Management Company may not be able to readily sell securities that are intended for exclusion from the Portfolio at each semi-annual review (for example, due to liquidity issues or for other reasons outside of the Management Company's control), however, will seek to divest as soon as possible in an orderly manner and in the best interests of investors.



Asset

allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

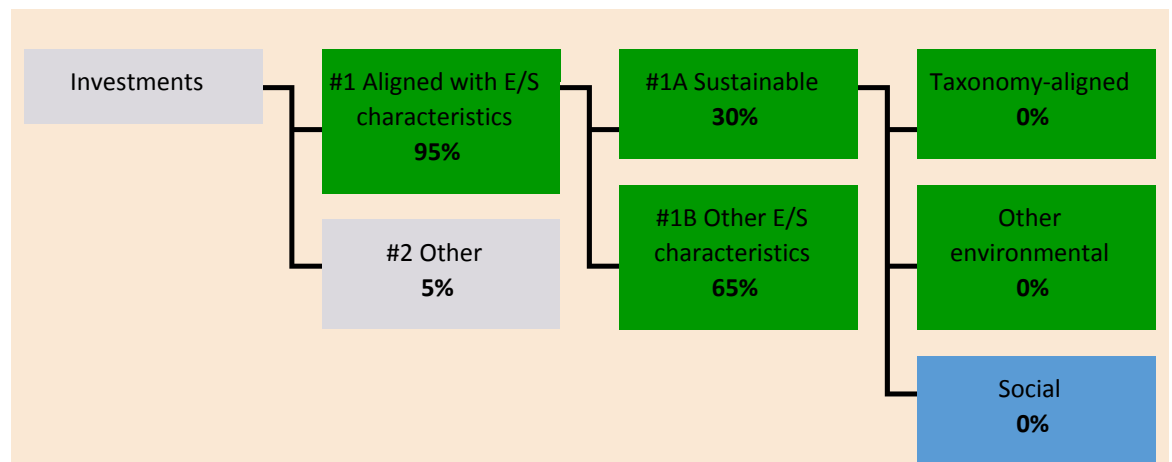
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

The planned asset allocation of the Sub-Fund aligned with environmental and social characteristics, as well as the Sustainable Investment commitment is reflected in the table below.

The planned asset allocation is that 95% of the investments of the Sub-fund are aligned with the E/S characteristics. At least 30% of the investments of the Sub-Fund are sustainable investments. These sustainable investments contribute for example with part of their revenues to a sustainable objective, finance sustainable projects (such as green, social or sustainable bonds) or operate in a sustainable manner. These investments do not significantly harm other sustainable objectives. 5% of the investments of the Sub-fund is estimated to be in the category 'other' and not used to promote E/S characteristics. These investments are mostly in cash, cash equivalents, derivatives used for efficient portfolio management techniques and UCI's and UCITS that do not promote environmental or social characteristics and that do not have a sustainable investment objective.

Whilst the Sub-Fund intends to make Sustainable Investments, it does not specifically commit to a minimum proportion of environmental or social Sustainable Investments. Hence, the minimum commitment is 0%.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

N/A - Derivatives are not used for attaining the environmental or social characteristics promoted by the Sub-Fund.

Enabling

activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

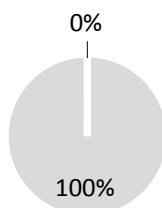
Whilst this Sub-Fund intends to make sustainable investments, it does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the EU Taxonomy and therefore its portfolio alignment with such EU Taxonomy is 0%. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

As noted above, whether investments made by this product are sustainable investments is determined by reference to the Management Company's Sustainable Investment Framework for assessing the contribution of investments to environmental and/or social objectives. This product does not target one specific category of sustainable investments, but instead assesses all investments made pursuant to its overall investment strategy using the framework.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

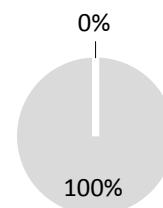
1. Taxonomy-alignment of investments including sovereign bonds*

■ Taxonomy-aligned
■ Other investments



2. Taxonomy-alignment of investments excluding sovereign bonds*

■ Taxonomy-aligned
■ Other investments



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

The minimum share of investments in transitional and enabling activities is 0%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Whilst this Sub-Fund intends to make sustainable investments for an aggregate of minimum 30%, it does not specifically commit to a minimum share of sustainable investments with an environmental objective. Hence the minimum commitment is 0%.



What is the minimum share of socially sustainable investments?

Whilst this Sub-Fund intends to make sustainable investments for an aggregate of minimum 30%, it does not specifically commit to a minimum share of socially Sustainable Investments. Hence the minimum commitment is 0%.

As noted above, whether investments made by the Sub-Fund are Sustainable Investments is determined by reference to the Sustainable Investment Framework for assessing the contribution of investments to environmental and/or social objectives. The Sub-Fund does not target one specific category of Sustainable Investments, but instead assesses all investments

made pursuant to its overall investment strategy using the framework.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under 'other' may include cash used for liquidity purposes, derivatives for efficient portfolio management/investment purposes and/or investments in UCITS and UCIs which may be used to achieve the investment objective of the Sub-Fund but neither promote the environmental or social characteristics of the Sub-Fund, nor qualify as Sustainable Investments.

The percentage shown is the planned percentage which may be held in these instruments but the actual percentage can vary from time to time.

These financial instruments are not subject to any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

● ***How does the designated index differ from a relevant broad market index?***

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

● ***Where can the methodology used for the calculation of the designated index be found?***

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.nnip.com by going to the products and/or SFDR page.

Reference benchmarks are indexes to measure whether the financial products attain the environmental or social characteristics that they promote.

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