

# Statement on principal adverse impacts on sustainability factors

June 2023



# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

Financial market participant OBAM Investment Management B.V., 7245004BMWRT46REVF29

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## Summary

### English:

OBAM Investment Management B.V., 7245004BMWRT46REVF29 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of OBAM Investment Management B.V. (hereinafter: OBAM). In the Sustainable Finance Disclosure Regulation (hereinafter: SFDR), sustainability factors are defined as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. This PAI statement is annually updated and compared with the previous year.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022. OBAM considers these principal adverse impact (PAI) indicators in its sustainable investment strategy. While we consider all mandatory PAI indicators (plus two voluntary indicators) in the investments process, additionally OBAM defined KPIs/targets with regards to GHG Emissions, Carbon Footprint, UNGC Principles/OECD Guideline Violations and Controversial Weapons. Our key sustainable investment instruments (exclusion, screening, voting and engagement) are used to mitigate adverse impacts that are directly or indirectly related to a PAI indicator.

### Nederlands:

OBAM Investment Management B.V., 7245004BMWRT46REVF29 neemt de belangrijkste ongunstige effecten van haar beleggingsbeslissingen op duurzaamheidsfactoren in acht. Dit overzicht is het geconsolideerde overzicht van de belangrijkste ongunstige effecten op duurzaamheidsfactoren van OBAM Investment Management B.V. (hierna: OBAM). In de Sustainable Finance Disclosure Regulation (hierna: SFDR) worden duurzaamheidsfactoren gedefinieerd als milieu-, sociale en werknemersaangelegenheden, respect voor mensenrechten, anti-corruptie en anti-omkoping aangelegenheden. Deze PAI-verklaring wordt jaarlijks geactualiseerd en vergeleken met het voorgaande jaar.

Deze verklaring over de belangrijkste ongunstige effecten van beleggingsbeslissingen op duurzaamheidsfactoren heeft betrekking op de referentieperiode van 1 januari tot en met 31 december 2022. OBAM neemt deze belangrijkste ongunstige impact-indicatoren (PAI) mee in haar duurzame beleggingsstrategie. Hoewel alle verplichte PAI-indicatoren (plus twee vrijwillige indicatoren) worden meegenomen in het beleggingsproces, heeft OBAM additioneel KPIs/targets gedefinieerd met betrekking tot Broeikasgasemissies, CO2-voetafdruk, UNGC-Principes/OESO-Richtlijnovertreddingen en Controversiële Wapens. Onze belangrijkste instrumenten voor duurzaam beleggen (uitsluiting, screening, stemmen en engagement) worden gebruikt om ongunstige effecten te beperken die direct of indirect verband houden met een PAI-indicator.

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Deutsch:

OBAM Investment Management B.V., 7245004BMWRT46REVF29 berücksichtigt die wichtigsten negativen Auswirkungen ihrer Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Die vorliegende Erklärung ist die konsolidierte Erklärung zu den wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren von OBAM Investment Management B.V. (im Folgenden: OBAM). In der Verordnung über die Offenlegungspflicht im Bereich der nachhaltigen Finanzwirtschaft (Sustainable Finance Disclosure Regulation, im Folgenden: SFDR) werden Nachhaltigkeitsfaktoren als Umwelt-, Sozial- und Arbeitnehmerbelange, Achtung der Menschenrechte sowie Antikorruption und Korruptionsbekämpfung definiert. Diese PAI-Erklärung wird jährlich aktualisiert und mit der des Vorjahres verglichen.

Die vorliegende Erklärung zu den wichtigsten negativen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Berichtszeitraum vom 1. Januar bis zum 31. Dezember 2022. OBAM berücksichtigt diese Indikatoren für die wichtigsten negativen Auswirkungen (PAI) in seiner nachhaltigen Anlagestrategie. Während wir alle obligatorischen PAI-Indikatoren (sowie zwei freiwillige Indikatoren) im Anlageprozess berücksichtigen, hat OBAM KPIs/ targets für Treibhausgasemissionen, den CO<sub>2</sub>-Fußabdruck, Verstöße gegen die UNGC-Prinzipien/OECD-Richtlinien und kontroverse Waffen definiert. Unsere wichtigsten Instrumente für nachhaltige Investitionen ("Exclusion", "Screening", "Voting" und "Engagement") werden eingesetzt, um negative Auswirkungen, die direkt oder indirekt mit einem PAI-Indikator zusammenhängen, zu mindern.

## **Description of the principal adverse impacts on sustainability factors**

The concept of principal adverse impact is described in the EU Regulation on Sustainability Related Disclosures in the financial services sector (hereinafter: RTS). The definition of principal adverse indicator is as follows: "negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity." The RTS defines 64 principal adverse impact (PAI) indicators in total, divided in 18 mandatory PAI indicators and 46 voluntary PAI indicators. OBAM will report on 18 mandatory PAI indicators, and on two voluntary PAI indicators (i.e. investing in companies without carbon emission reduction initiatives, lack of a human rights policy). As of 30 June 2023, OBAM will describe in this section the aggregated value of the adverse impact of OBAM's investment strategy on the selected indicators as well as the actions taken during the reference period to avoid or reduce principal adverse impact and actions, or targets set for the subsequent period.

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Indicators applicable to investments in investee companies

|   |                  | Metric                | Impact [2022]                              | Impact <sup>1</sup> [2021] | Benchmark <sup>2</sup> [2022]               | Explanation   | Actions taken, and actions planned and targets set for the next reference period   |
|---|------------------|-----------------------|--|----------------------------|---|---|--|
| <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b> |                  |                       |  |                            |   |   |  |
| Greenhouse gas emissions                                | 1) GHG emissions | Scope 1 GHG emissions | 3703.71                                    | N/A                        | 41629.66                                    | The GHG Emissions of the OBAM Portfolio (OBAM N.V.), based on Scope 1, is significantly lower than its Benchmark (MSCI AC World). | OBAM set a target for Scope 1 + 2 GHG emissions (per million invested) being “at least” 40% lower than benchmark.  |
|   |                  | Scope 2 GHG emissions | 5969.64                                    | N/A                        | 9389.77                                     | The GHG Emissions of the OBAM Portfolio, based on Scope 2, is significantly lower than its Benchmark.                             | OBAM set a target for Scope 1 + 2 GHG emissions (per million invested) being “at least” 40% lower than benchmark.  |
|   |                  | Scope 3 GHG emissions | 170510.33                                  | N/A                        | 439948.03                                   | The GHG Emissions of the OBAM Portfolio, based on Scope 3, is significantly lower than its Benchmark.                             | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
|   |                  | Total GHG emissions   | 1+2:<br>9673.35<br><br>1+2+3:<br>180183.68 | N/A                        | 1+2:<br>51022.05<br><br>1+2+3:<br>490864.30 | The GHG Emissions of the OBAM Portfolio, based on Scope 1+2 and Scope 1+2+3, are both significantly lower than its Benchmark.     | OBAM set a target for Scope 1 + 2 GHG emissions (per million invested) being “at least” 40% lower than benchmark.  |

<sup>1</sup> Measuring of principal adverse sustainability indicators started as of 22 Q1. Source: Sustainalytics. There is no data available for 2021.

<sup>2</sup> This column is added to the table due to the lack of data of 2021. Our Benchmark is the MSCI AC World. Source: Sustainalytics.

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Indicators applicable to investments in investee companies

|   | Metric   | Impact [2022]                         | Impact [2021] | Benchmark [2022]                        | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|---|--|---------------------------------------|---------------|---|--|--|
| 2) Carbon footprint                                       | Carbon footprint   | 1+2:<br>11.59<br><br>1+2+3:<br>218.93 | N/A           | 1+2:<br>64.12<br><br>1+2+3:<br>618.80   | The Carbon Footprints of the OBAM Portfolio based on Scope 1+2 or Scope 1+2+3 are both significantly lower than its Benchmark.   | OBAM set a target for Scope 1 + 2 GHG emissions (per million invested) being “at least” 40% lower than benchmark.  |
| 3) GHG intensity of investee companies                    | GHG intensity of investee companies                                | 1+2:<br>32.18<br><br>1+2+3:<br>468.74 | N/A           | 1+2:<br>185.31<br><br>1+2+3:<br>1151.40 | The GHG Intensity of the OBAM Portfolio, per one million Euros invested, based on Scope 1+2 and Scope 1+2+3, are both significantly lower than its Benchmark.                              | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned.   |
| 4) Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | 0.87                                  | N/A           | 9.84                                    | The OBAM Portfolio has very limited (indirect) Fossil Fuels exposure, through a US utility, which is leading in renewable energy, but still has a legacy business exposed to Fossil Fuels. | OBAM has very strict exclusion criteria with regards to fossil fuel exposure and can only in this sector, when the company is in “transition”. See exclusion policy for details. |

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## Indicators applicable to investments in investee companies

|   | Metric  | Impact [2022]                          | Impact [2021]                       | Benchmark [2022]                        | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|---|---|--|-------------------------------------|---|--|--|
| 5) Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | Consumption: 49.72<br>Production: 5.95 | Consumption: N/A<br>Production: N/A | Consumption: 65.13<br>Production: 19.80 | OBAM's shares in both the consumption and production of non-renewable energy are lower than its Benchmark. | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |



# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Indicators applicable to investments in investee companies

|  | Metric  | Impact [2022]   | Impact [2021]   | Benchmark [2022]   | Explanation   | Actions taken, and actions planned and targets set for the next reference period   |
|--|---|---|---|--|---|--|
| 6) Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector <sup>3</sup> | A - N/A<br>B - N/A<br>C - 0.13<br>D - N/A<br>E - N/A<br>F - N/A<br>G - 0.14<br>H - 3.98<br>L - 1.34 | A - N/A<br>B - N/A<br>C - N/A<br>D - N/A<br>E - N/A<br>F - N/A<br>G - N/A<br>H - N/A<br>L - N/A | A - 5.58<br>B - 23.55<br>C - 3.65<br>D - 13.78<br>E - 0.73<br>F - 0.13<br>G - 1.01<br>H - 2.28<br>L - 0.69 | <p>The OBAM Portfolio performs worse than the Benchmark for the high impact climate sectors H (Transportation &amp; Storage) and L (Real Estate Activities).</p> <p>Transportation &amp; Storage – The only company that contributes to this indicator is Royal Vopak NV in Q1. Since there is no data available for Q2-Q4, our yearly average only depends on Q1. Since Q2, we sold our Royal Vopak NV shares from our portfolio.</p> <p>Real Estate Activities – The only company that contributes to this indicator is Equinix, Inc. in Q1 and Q2 (both 1.34). Since there is no data available for the other quarters, our yearly average only depends on Q1 and Q2. Since Q4, we sold our Equinix, Inc. shares from our portfolio.</p> | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |

<sup>3</sup> NACE High impact climate sector code: A - Agriculture, Forestry & Fishing, B - Mining & Quarrying, C - Manufacturing, D - Electricity, Gas, Steam and Air Conditioning Supply, E - Water Supply, Sewerage, Waste Management & Remediation, F - Construction, G - Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles, H - Transportation & Storage, L - Real Estate Activities

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Indicators applicable to investments in investee companies

|                     |   | Metric   | Impact [2022] | Impact [2021] | Benchmark [2022] | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|---------------------|---|--|---------------|---------------|------------------|--|--|
| <b>Biodiversity</b> | 7) Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | 0.45          | N/A           | 9.04             | The negative affect of the OBAM Portfolio on Biodiversity is significantly lower than its Benchmark. | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
| <b>Water</b>        | 8) Emissions to water   | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average   | 0.04          | N/A           | 1.22             | The OBAM Portfolio generates significantly less Emissions to Water than its Benchmark.               | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
| <b>Waste</b>        | 9) Hazardous waste and radioactive waste ratio                  | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average  | 0.26          | N/A           | 24.85            | The OBAM Portfolio generates significantly less Hazardous Waste than its Benchmark.                  | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |



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## Indicators applicable to investments in investee companies

|   |   | Metric   | Impact [2022] | Impact [2021] | Benchmark [2022] | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|---|---|--|---------------|---------------|------------------|--|--|
| <b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b> |   |  |               |               |                  |  |  |
| <b>Social and employee matters</b>  | 10) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises  | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises   | 0.00          | N/A           | 1.73             | OBAM has signed the UN Global Compact principles and our sustainable investment policy considers the OECD Guidelines for Multinational Enterprises. Our exclusion policy states that we cannot invest in companies that breach one or more of their principles and guidelines. | OBAM will not invest in companies that breach one or more of UN Global Compact principles and OECD guidelines, hence the exposure to companies in violation of these principles and guidelines will be zero. |
|   | 11) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 44.46         | N/A           | 60.94            | In general, companies often fall short on sound mechanisms that checks and monitors UNGC Compliance, however the OBAM Portfolio is significantly less involved in companies that lack UNGC Compliance Mechanisms than its Benchmark.   | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned.                               |

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Indicators applicable to investments in investee companies

|  | Metric  | Impact [2022] | Impact [2021] | Benchmark [2022] | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|--|---|---------------|---------------|------------------|--|--|
| 12) Unadjusted gender pay gap  | Average unadjusted gender pay gap of investee companies   | 17.70         | N/A           | 17.51            | The OBAM portfolio perform slightly worse than the Benchmark. However, the data coverage for this PAI is very low. Alphabet, Inc. is the only company for which we have data of this indicator. It has an unadjusted gender pay gap of 17.70 that has remained constant throughout the year. | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
| 13) Board gender diversity   | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | 35.32         | N/A           | 31.96            | On average, the Company Boards of the companies in the OBAM Portfolio are more Gender diverse than the ones in the Benchmark.  | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
| 14) Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons          | 0.00          | N/A           | 0.00             | Based on our exclusion policy, OBAM will not invest, on behalf of the Fund, in controversial weapons.  | Portfolio exposure to controversial weapons will be zero.  |

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Other indicators for principal adverse impacts on sustainability factors

|   | Metric   | Impact [2022]   | Impact [2021] | Benchmark [2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period   |  |
|---|--|---|---------------|------------------|-------------|--|--|
| <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>   |  |   |               |                  |             |  |  |
| <b>Emissions</b>  | Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 42.21         | N/A              | 44.79       | The percentage of Companies “without Carbon Emission Reduction Initiatives” is slightly lower for the OBAM Portfolio than its Benchmark. Many portfolio companies lack carbon emission reduction initiatives, as their often already low carbon footprint reduces the need of carbon emission reduction initiatives. | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |
| <b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b> |  |   |               |                  |             |  |  |
| <b>Human Rights</b>   | Lack of a human rights policy  | Share of investments in entities without a human rights policy  | 4.54          | N/A              | 8.97        | The OBAM Portfolio has a lower exposure towards companies with a lack of Human Rights Policy than its Benchmark.   | OBAM takes into account this indicator in the selection process (peer comparison) and prefers industry leaders. However, there are no specific targets and/or actions planned. |

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Other indicators for principal adverse impacts on sustainability factors

### Other indicators for principal adverse impacts on sustainability factors

In addition to the set of 18 mandatory PAI indicators, we also consider two additional indicators. The first indicator that we consider is our share of investments in companies without carbon emission reduction initiatives. This indicator belongs to the emissions category of the set of climate and other environment-related indicators. The second indicator relates to our share of investments in companies that lack a human rights policy. This indicator is part of the human rights category of the set of indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters.

### Description of policies to identify and prioritise principal adverse impacts on sustainability factors

OBAM has integrated its sustainable investment strategy within its portfolio management process by a mix of sustainable investment instruments. We use a combination of these instruments to address principal adverse impacts. The key ones are exclusion, screening, voting and engagement. Which (combination of) instruments we use depends on the nature of the topic, as well as on the specific context of the investment that is causing the adverse impact. Data regarding the principal adverse impact indicators is provided by Sustainalytics. The principal adverse impact indicators have been integrated in both our selection and due diligence process and portfolio monitoring process:

#### (1) Selection and due diligence

As part of our [Sustainable Investment Policy](#) (1 January 2023 and [Voting and Engagement Policy](#) (1 April 2023), our exclusion strategy ensures that the investment universe meets a minimum sustainability standard irrespective of the individual portfolio company's sustainability profile. Sustainability exclusions include (i) sanctioned jurisdictions, (ii) controversial industries that should be avoided because of their potential sustainability risk and (iii) individual (potential) portfolio companies that do not comply with our sustainable investment principles and that are unable or unwilling to improve their behaviour. On top of the mandatory PAI-indicators, OBAM selected two voluntary PAI-indicators ("Investments in companies without carbon emission reduction initiatives" and "Lack of a human rights policy") as we deem this data environmentally and socially very relevant and reliable, these PAI-indicators can easily be checked by our data provider Sustainalytics. For these PAI-indicators our target is to perform better than the benchmark and will apply the "comply or explain" principle.

OBAM conducts a comprehensive sustainability due diligence for each potential investment. Within the sustainability due diligence, we focus on assessing whether there are any red flags (e.g., non-compliance with our sustainable investment principles, high ESG-risk score, no EU taxonomy aligned activities) that should OBAM prevent from investing in the potential portfolio company. In conducting our due diligence, we pay particular attention to potential adverse impacts on sustainability factors arising from the company's operations. Examples of principal adverse impacts that are considered include, where relevant, climate and other environment-related indicators such as greenhouse gas emissions, energy performance and social and governance indicators such as social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

# Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors (Table 2&3 are added to Table 1)

## Other indicators for principal adverse impacts on sustainability factors

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### (2) Portfolio monitoring

Subject to data availability, our Portfolio Management team monitors the selected principal adverse impact indicators for all (potential) portfolio companies on a quarterly basis using an internally developed monitoring system. The indicator importance is prioritized according to parameters reviewed and maintained by our Sustainability Officer in our Portfolio Management team. These parameters take into account various aspects, including data quality, data freshness and history, data coverage, aspects of the methodology, the materiality of the indicator's subject matter, and divergence of indicator values. Our monitoring engine applies a risk-based approach. First, the principal adverse impact indicator performance of each portfolio company will be assessed based on data acquired from our external sustainability data and research provider. Next, portfolio companies are screened on their principal adverse impact indicator performance, both for individual indicators and overall. Portfolio companies identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators, are subject to further analysis by our Portfolio Management team who will decide on the appropriate action, including but not limited to:

- no action: the indicator level of the (potential) portfolio company is deemed acceptable or judged not to reflect the actual ongoing performance of the company, and no further action is needed at this point;
- engagement: the (potential) portfolio company is identified as a candidate for an engagement case. The Portfolio Management team engages with the (potential) portfolio company and tracks performance after the engagement
- exclusion: the (potential) portfolio company is deemed not eligible for investments across our managed portfolios and is added to our exclusion list.

In deciding the appropriate action, the Portfolio Management team considers, among other things, the severity and scope of individual adverse impacts, and the probability of occurrence and severity of adverse impacts, including their potentially irremediable characteristics.

More information can be found in our Principal Adverse Impact Statement [Principal Adverse Impact Statement](#)

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## Other indicators for principal adverse impacts on sustainability factors

### Engagement policies

OBAM maintains an active program of corporate engagement on a wide range of social, environmental and governance issues. These engagements are designed to enhance the longterm value of our shareholdings and to foster corporate governance best practices, social responsibility, and environmental stewardship. Starting an engagement means entering a dialogue with a portfolio company to influence its behaviour. Engagement plays a key role in the process of achieving our sustainable investment strategy. Portfolio companies have an incentive to listen to shareholders, as they are providers of capital or owners of their organization. While part of the engagement activities are outsourced to Sustainalytics, covering a wide range of social, environmental and governance issues. The portfolio management team of OBAM will engage on topics, including but not limited to, the Principle Adverse Impact (PAI)-indicators with regards to GHG Emissions, Carbon Footprint, UNGC Principles/OECD Guideline Violations and Controversial Weapons, as KPIs have been assigned to these PAI-indicators. In a scenario these KPIs are breached, it will lead to portfolio adjustments.

### References to international standards

OBAM has signed the UN Principles for Responsible Investments (UN PRI), the UN Global Compact Principles and our sustainable investment policy considers a range of responsible business conduct codes and internationally recognized standards, including but not limited to, OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and UN Convention against Corruption. OBAM uses the following PAI-indicators to measure the alignment with the international standards and principles as mentioned above.

- “UNGC Principles/OECD Guidelines Violations” (as provided by Sustainalytics) to assess whether its portfolio companies are adhering to the UN Global Compact Principles. Violation of one (or more) Principles leads to exclusion.
- Controversial Weapons: OBAM excludes all companies that have exposure to controversial weapons.
- GHG Emissions & Carbon Footprint: OBAM has set a KPI (at least 40% lower Carbon Footprint than its benchmark) with regards to Carbon Footprint. While OBAM does use not a forward-looking climate scenario. For future purposes, OBAM will consider using forward-looking scenarios as Sustainalytics recently started to offer this data.

These PAI-indicators are based on the data and methodology of Sustainalytics. Scope of coverage: Global.

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Other indicators for principal adverse impacts on sustainability factors

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## Historical comparison

As the first reference period of this PAI statement is 1 January 2022 – 31 December 2022, the first historical comparison of the period reported on with the previous reported period will be provided as of 30 June 2024.

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# Table 2: Additional climate and other environment-related indicators

| Adverse sustainability impact                                     | Adverse impact on sustainability factors                                  | Metric  |
|---|---|---|
| <b>Indicators applicable to investments in investee companies</b> |   |   |
| <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>           |   |   |
| Emissions   | 1) Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement |

# Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |  |  |
|--|--|--|
| Adverse sustainability impact  | Adverse impact on sustainability factors (qualitative or quantitative) | Metric   |
| <b>Indicators applicable to investments in investee companies</b>                                      |  |  |
| Human Rights   | Lack of a human rights policy  | Share of investments in entities without a human rights policy |





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