

SFDR Financial Product Classification

SFDR financial product (ie. portfolio) disclosures – investment advice service

As per the Sustainable Finance Disclosure Regulation (SFDRⁱ) the 3 distinguished ways to integrate ESG in a portfolio are as follows:

¹**SFDR**: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

1. A product (portfolio) can have **no ESG characteristics** integrated or have limited characteristics to the integration of sustainability risks.
2. A product can incorporate ESG in various levels into the management of the portfolio, that is it can be considered as a financial product (portfolio) which has ESG characteristics, in SFDR terms, therefore the portfolio is referred to as an “**Article 8 product**”.
3. A portfolio could have a specific sustainable investment objective. This means, for example, that the product could be investing in companies that have a focus on sustainable products or services, or that have a target on greenhouse gas emissions or a combination thereof. In SFDR terms the said portfolio is referred to as an “**Article 9 product**”.

In the ‘Sustainability Risk Policy in Investment Services’ you can find a description of how sustainability risks are addressed and what tools are used to manage them. The Bank explains the reasons why at this stage it does **not** consider adverse impacts of investment decisions on sustainability factors (*a relevant update of this disclosure is to be available once these are to be taken into account*). It is noted, that completely avoiding sustainability risks and negative impacts on sustainability factors is impossible, as investors cannot determine the behaviour of the companies they are invested in, but only have limited influence on these.

This document provides insights on the manner in which the Bank uses the sustainability integration methods under investment advice service, for each ESG investment approach. The SFDR product (i.e. portfolio) classification is reflected into an internal classification system developed by the Bank, which incorporates the following classification criteria/information in scope of Art.8 and Art. 9 of the SFDR. Additional information per specific mandates (based on client’s tailor-made solutions) can be found in the advisory agreements with clients.

For more information, please contact your Relationship Manager or refer to the Bank’s ‘Sustainability Risk Policy in Investment Services’ under the following link: <https://eurobankpb.lu/Media/Publications/MIFID-II-ESG-Investment>

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