



**Statement on the principal adverse impacts of
investment decisions on sustainability factors
by Novobanco**



31 March 2025

Summary

Novobanco (Legal Entity Identifier (LEI) Code 5493009W2E2YDCXY6S81) considers the principal adverse impacts of its investment decisions on the sustainability factors in accordance with the requirements provided in Regulation (EU) 2019/2088 (SFDR).

Novobanco acknowledges that its activity and, in particular, the investments it manages, are impacted by environmental, social or governance risks and that is why Novobanco takes into account the adverse impact indicators. Thus, through the publication of this document, Novobanco is complying with the obligation set out in Article 4 (1) a) of SFDR regarding the statement on due diligence.

The herein shown information refers to 31 December 2024. Novobanco has been accompanying and managing the adverse impact indicators since the end of 2022.

This statement constitutes, to the extent of the applicable requirements, the statement by novobanco whilst acting as distributor and investment adviser, on the principal adverse impacts on sustainability factors.

The Bank, in the definition and in the execution of investment strategies takes into account eventual environmental, social and governance factors or conditions, the occurrence of which can significantly and adversely impact sustainability issues.

As a means of analysing and following-up possible effects, novobanco considers a set of 18 indicators – defined by regulation – that evaluate the principal adverse impacts on sustainability, in particular indicators related with climate, environmental, social and employee issues, with the respect for human rights and with anti-corruption and anti-bribery. It should be pointed out that this set of indicators is determined within the scope of the RTS, defined in the Delegated Regulation (EU) 2022/1288 of the Commission (Delegated Regulation) that complements the SFDR.

To the relevant determination, a methodology that allows considering, for each indicator, the respective impact and timing evolution is used. As main source of data we would point out Morningstar, where the majority of the required information to conclude the mentioned determination is collected.

Description of the principal adverse impacts of investment decisions on sustainability factors

Novobanco acknowledges the importance of evaluating and monitoring the principal adverse impacts on environmental, social and governance factors arising out of its investment decisions. For such purpose, it complies with the applicable regulatory requirements to the extent that it uses the set of indicators defined in the SFDR, taking into account that these are a useful tool to carry out the follow-up and measurement of these impacts.

Thus, 18 mandatory indicators are used (Table 1 of the Delegated Regulation) and, additionally, it further considers other two optional adequate indicators in view of the characteristics of the investments made and availability and quality of the information.

Globally, the indicators reported in this document show a level of coverage (e.g. proportion of assets for which all or most information on indicators exists), around 11,58 of all the evaluated assets (52% of the assets within the scope of the advice service). Compared to 2023, there is a decrease in the average level of the coverage ratio. Notably, there was a positive evolution of the ratio in the third and fourth quarters of 2024, with an increase of almost 50% compared to the first two quarters, due to the greater availability of information provided via EET by the management entities.

Notwithstanding the foregoing, through its approaches for the selection of investment and assets management, Novobanco already incorporates some principles and methods that, directly or indirectly, contribute to an effective management of the adverse impact indicators. In general, these principles can be resumed as follows:

- **Consideration of negative impact indicators in investment advisory services:** whenever clients express sustainability preferences, whether environmental or social, the Bank considers (within the scope of advisory services) the negative impact indicators when selecting and advising on investments.
- **Asset selection model integrating sustainability factors:** this model integrates sustainability factors through a quantitative and qualitative analysis. In what concerns the quantitative analysis, the model foresees 6 criteria that are translated by one or more variables/indicators. From a financial point of view, they establish, for instance, the relative and absolute performance, the risk or the experience of the management team of each fund. In the most recent update of the model, the variable Morningstar Sustainability Rating (MSR) has been introduced with a view to integrating the sustainability risks in the model.

As far as the qualitative analysis is concerned, specifically in the sustainability rationale, the evaluation of the scores of the quantitative evaluation is carried out giving preference to the funds with the best score classified in Articles 8 or 9 of the SFDR.

- **Exclusion policies (Financing and investment principles):** the Bank has adopted an exclusion policy - this is, issuers or assets related with activities that reveal highest impact on sustainability issues are, by definition, excluded from the universe of investments/assets.

Complementary, Novobanco wishes to ensure an active management of adverse impacts through the use of products with ESG objectives (i.e., Articles 8 and 9 of the SFDR): thus, in the event that some undue concentration or adverse performance in one of the monitored indicators is evaluated, the Bank wishes to promote active management, taking the required decisions on the asset selection or on the advice on the assets in question/affected by the indicators.

Indicators for the description of the principal adverse impacts

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 31.12.2024	Impact Year-1	Explanation	Actions taken and actions planned and targets set for the next reference period
Climate and other environmental-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	3 415,37	2 713,46	N/A	Introduction of negative impact indicators in advisory services in the event of a preference for sustainable investment. Investment selection model integrating sustainability criteria Exclusion policy (financing and investment principles)
		Scope 2 GHG emissions	790,98	559,48	N/A	
		Scope 3 GHG emissions	29 093,48	15 594,31	N/A	
		Total GHG emissions	28 906,16	18 767,09	N/A	
	2. Carbon footprint	Carbon footprint	104,01	7,23	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	35,26	20,62	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of the investments in companies active in the fossil fuel sector	0,00%	0,00%	N/A	
	5.1 Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of the investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0,00%	0,00%	N/A	
	5.2 Share of non-renewable energy production	Share of non-renewable energy production of the investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	5,60%	9,28%	N/A	
	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	0,14	0,13	N/A	

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 31.12.2024	Impact Year-1	Explanation	Actions taken and actions planned and targets set for the next reference period
Biodiversity	7. Activities negatively affecting bio-diversity-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	7,62%	19,49%	N/A	N/A
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	3,47	1,67	N/A	N/A
Waste	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	0,67	0,45	N/A	N/A
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 31.12.2024	Impact Year-1	Explanation	Actions taken and actions planned and targets set for the next reference period
Social and employee matters	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	6.34%	13.12%	N/A	N/A
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of the 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	17,00%	31,63%	N/A	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0,00%	0,00%	N/A	N/A
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0,00%	0,00%	N/A	N/A
	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	0,39%	3,68%	N/A	Exclusion policy The exclusion policy prevents new investments in issuers with weapons-related activity, according to the conditions set out in same.

Indicators applicable to investments in sovereign and supranational organisations						
Adverse sustainability indicator		Metric	Impact 31.12.2023	Impact Yearn-1 ¹	Explanation	Actions taken and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee companies	3,92	3,51	N/A	N/A
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries, as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	5,62%	8,37%	N/A	N/A

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 31.12.2022	Impact Year n-1 ¹	Explanation	Actions taken and actions planned and targets for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	3.31%	14.24%	N/A	N/A
	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	3.31%	14.24%	N/A	N/A

Additional indicators for principal adverse impacts on sustainability factors

Indicators applicable to the investments in investee companies						
Adverse sustainability indicator		Metric	Impact 31.12.2022	Impact Year n-1 ¹	Explanation	Action taken, actions planned and targets for the next reference period
Climate-related indicators, and other environmental-related indicators						
Emissions	7. Investments in companies without water resources management policies	Share of the investments in investee companies without water resources management policies	5.07%	2.33%	N/A	N/A
Additional indicators related with social and employee or human rights matters, related with respect for human rights, anti-corruption and anti-bribery matters						
Human rights	9. Lack of a human rights policy	Share of the investments in entities without a human rights policy	23.93%	29.95%	N/A	N/A

Description of the identification policies and definition of priorities regarding the principal adverse impacts of the investment decisions on sustainability factors

Considering that the investment activities can cause adverse impacts on sustainability factors, Novobanco aims to minimize, as much as possible, these impacts through its ESG strategy, integrated in the ESG strategy of novobanco Group, which is contained in its ESG policies.

Thus, the ESG-related internal policies and its relevant risks describe how the Bank integrates the involvement of this type of criteria in its business and investment strategy, taking into consideration the identification and definition of priorities in what refers to the principal adverse impacts.

Additionally, the novobanco Group has drawn up a sustainability policy, where its position in issues of sustainability is defined, identifying its commitments and respective key guidelines as a means of trying to minimize the adverse impact of the internal operations and of the investment activities under an environmental, social and governance rationale.

It is further important to emphasize that, within the scope of its commitments, as a premise to determine and minimize the principal adverse impacts on sustainability, Banco Best, through the Financial Group to which it belongs, is a signatory party of the following initiatives:

- UN Global Compact.
- UN Global Compact – Business Ambition for 1.5° C.
- UN Global Compact – Target Gender Equality.
- Business Council for Sustainable Development (BCSD).
- Commitment Letter for Sustainable Financing
- Forum of Organisations for Equality.
- Inclusive Community Forum of Nova SBE (School of Business and Economics).
- GRACE.

Identification, assessment and monitoring of the adverse impacts

The assessment and later identification and evaluation of the adverse impacts are carried out on a quarterly basis. The follow-up of the indicators occurs at the level of the Group's ESG Steering.

In case of a (significant) negative performance or expressive concentration of assets associated to a given impact, the internal governance table determines the development of the analysis and discussion at board and support committees' level.

Governance Table

In short, the main responsibilities of the bodies and units of Novobanco structure are:

Body	Main responsibilities
Executive Committee	<ul style="list-style-type: none"> ▪ Sets out the policies and methodologies according to which the Bank manages sustainability matters and carries out the control of the main risks; ▪ Periodically monitors the performance of the Bank regarding sustainability issues, including the adverse impacts of the investment decisions; ▪ Analyses and decides on any matters that, as a result of the brief approach made in this document, require the intervention of the Bank's managing board.
Sustainability Committee / ESG Steering (novobanco Group)	<ul style="list-style-type: none"> ▪ Carries out the regular follow-up of the application of the policies and methodologies in ESG or in terms of sustainability; ▪ Promotes the discussion and the decision on the sound integration of the sustainability principles in investment processes; ▪ Monitors the adverse impacts and advises the board on the best measures to be triggered for the management of these impacts.
novobanco ESG Steering	<ul style="list-style-type: none"> ▪ Takes knowledge of the results of the follow-up of the adverse impacts; ▪ Participates in the analysis, discussion (and justification) of the performance of the adverse impact indicators. ▪ Articulates with the other functions the indicators presentation and discussion in the responsible bodies (e.g., ESG Steering); ▪ Promotes compliance with the legal and regulatory obligations applicable to the Bank in this matter.
Business and investment advice	<ul style="list-style-type: none"> ▪ Ensures the assessment and the evaluation of the adverse impact indicators; ▪ Implements the required policies and controls for the management of the investment impacts; ▪ Coordinates with the investment advice functions the evaluation and discussion of the indicators;

Information sources

Novobanco supports the identification procedures and the collection of information on external platforms, *inter alia*, Morningstar. The information shown in this platform is reviewed and analysed previously to the assessment of the indicators.

In the event of non-availability of the information or limitations of its quality, the Bank has alternative sources available (e.g., Bloomberg), which also allow to carry out the assessment of the indicators.

Involvement policies

Whilst acting as distributor and investment adviser, Novobanco does not use involvement policies.

Sustainability policies

Whilst acting as distributor and investment adviser, Novobanco considers, to the extent of the relevant applicability, the sustainability policy set out for the entire novobanco Group.

- **Sustainability policy**, which identifies the material topics for the Bank in the ESG dimensions, along with the respective principles and action commitments;
- **Annual statement outlining its environmental commitments and objectives;**
- **Annual statement analyzing its positive social impact;**
- **Non-discrimination and gender equality policy;**
- **Human rights policy.**

Sustainability policy available [here](#).

References to international rules

In its assessment and management activities and processes regarding sustainability risks, Novobanco takes into consideration the corporate code of conduct and the relevant applicable international rules.

Further to the foregoing, the Bank is committed to the protection of environment, seeking to contribute to the construction of a “greener society” in line with the international commitments, such as the Paris Agreement. Under this premise, novobanco has adopted a model based on three ESG pillars – sustainable business, social and financial well-being, and responsible banking – which defines the annual objectives and initiatives aimed at achieving them. The model, its goals or objectives, and respective results are publicly reported [here](#).

Comparison in historical terms

The information shown in this statement for the two periods under analysis in had no material changes in regard to the sources considered or in regard to the indicators assessment methods. Nevertheless, the availability of data is being strengthened, allowing the assessment of the information herein shown to have a qualitative evolution, evaluated in the higher coverage of data or in the best representativeness of the evaluated indicators.

Globally, except for cases related to carbon emissions and emissions to aquatic environments, the indicators have been reflecting positive performance. The Bank believes that the measures implemented regarding sustainability preferences management have contributed to this, namely: a) consideration of negative impact indicators in advisory services; and b) the continuous strengthening of investment selection models, already integrating sustainability criteria.

Notwithstanding the foregoing, the Bank emphasizes that Customers’ preferences and choices always prevail over the investment advice and recommendations. In the case of products with sustainability characteristics, managed or created by novobanco Group, full compliance with the applicable requirements is ensured. In what

refers to third parties' products, novobanco, in spite of all actions taken in its distribution or advice, does not assume any commitment in regard to their performance in matters of sustainability.