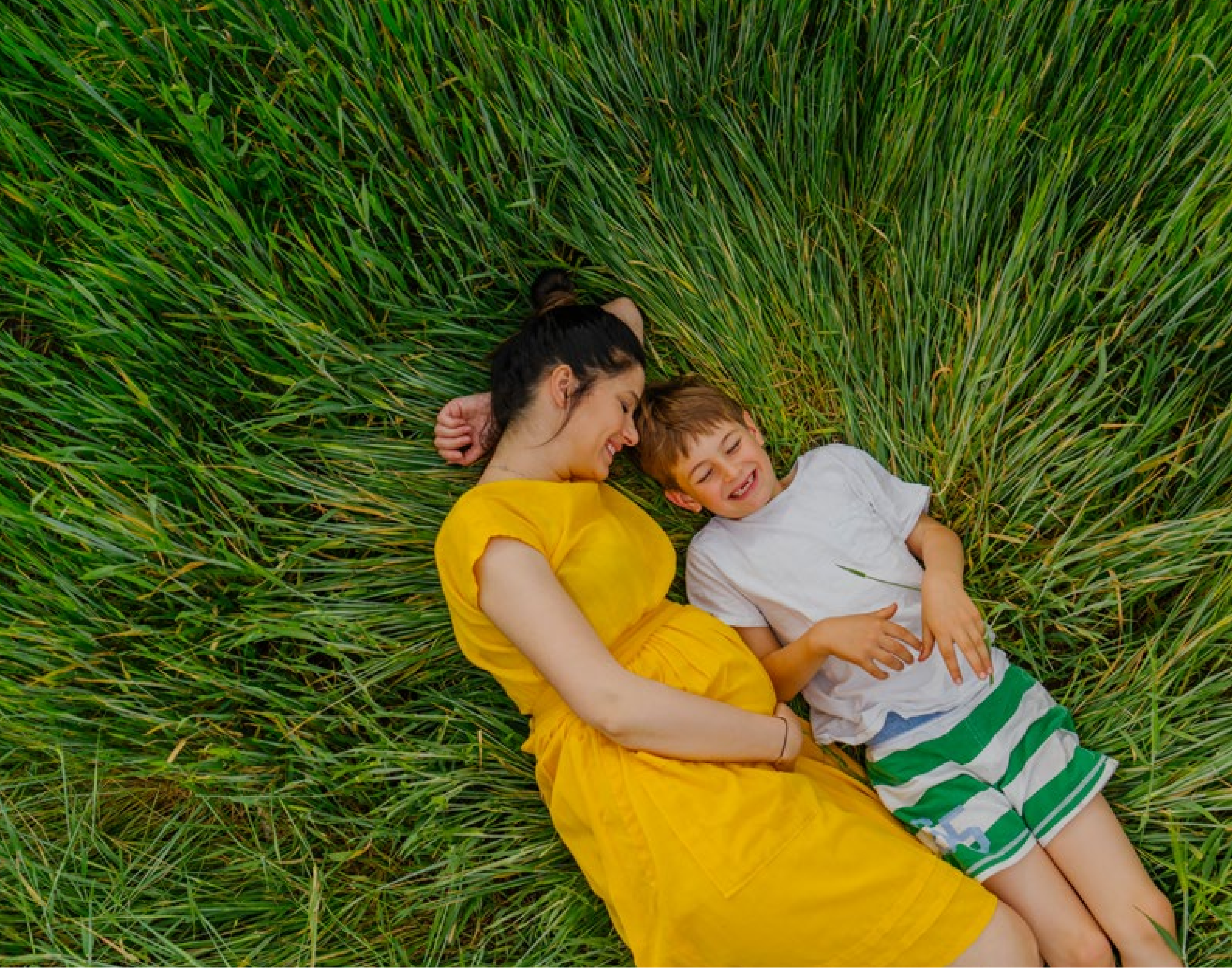

HOW DOES BIL ASSESS MY SUSTAINABILITY PREFERENCES AND DEFINE MY SUSTAINABILITY PROFILE?

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This document is meant to provide you information to enhance your understanding of Sustainability concepts and their potential relevance to your investments. Additionally, it provides further explanations to assist you in completing the Sustainability Preferences section of the Investor Profile questionnaire. Lastly, the document provides a brief description on the way BIL determines eligible products within its BIL Sustainability Framework.

We strongly advise you to carefully read this document before proceeding with the questionnaire.

BIL will assess your Sustainability Preferences through an additional set of questions included in your Investor profile questionnaire. Based on your choices, your Sustainability profile can either be classified as:

- **Neutral:** it means that you do not have any sustainability preference and BIL can recommend you investments with or without sustainability features, based solely on your knowledge and experience, financial situation (including your ability to bear losses), and other investment objectives (including your risk tolerance).
- **Moderate:** it means that you have a moderate interest in sustainability for your investments and you are ready to have at least 5% of sustainability-related investments in your portfolio.
- **Substantial:** it means that you have a substantial interest in sustainability for your investments and you are ready to have at least 12% of sustainability-related investments in your portfolio.

Collecting your Sustainability Preferences enables us to offer you the most suitable services in consideration of this new dimension. You will have to answer from 1 to 5 questions:

Q1 will define if you are interested in incorporating sustainability factors into your investment decisions.

Q2 will define how do you want to incorporate sustainability factors into your investments. If you prefer:

Taxonomy Aligned Investments, which contribute to priority environmental objectives as defined by the EU Taxonomy.

Investments which **contribute to environmental and/or social objectives**, without significantly harming such objectives, and that follow good governance practices as defined by SFDR (Sustainability Financial Disclosure Regulation).

Investments considering negative impacts on sustainability factors ("Principal adverse impact")

For more details on each of these sustainability preferences, please consult the next section "How to better understand the technical terminologies behind Sustainability Preferences".

Please note that at this stage, based on the data available in the market, BIL focuses its offer on investments that correspond to **"Investments which contribute to environmental and/or social objectives without significantly harming such objectives and that follow good governance practices".**

Q3 will allow you to choose the proportion of investments with sustainability features you would like, based on your Sustainability Preferences. You will be able to either choose a percentage for each category or a unique consolidated percentage.

Q4a will ask you if your Sustainability Preferences are more oriented to certain factor(s) or not and to precise which from:

Environmental factors: Conservation of the natural world (example: climate change and biodiversity)

Social factors: Consideration of people and relationships (example: human rights, labor standards and diversity)

Governance factors: Standards for running a company (example: bribery, corruption and board composition)

Q4b is an additional question that will be presented to you in the specific case where you have chosen investments considering negative impacts. BIL will ask you which category of principal adverse impact you may want to prioritize. As at today, BIL directly considers your previous answer for consistency purposes.

Climate and other Environment indicators	Social and Governance indicators
• GHG emissions • Carbon footprint • GHG intensity of investee companies • Exposure to companies active in the fossil fuel sector • Non-renewable energy consumption and production • Energy consumption intensity per high impact climate sector • Biodiversity sensitive areas • Emissions to water • Hazardous waste ratio	• Violations of UN Global Compact principles and OECD Guidelines for Multinational Entreprises • Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Entreprises • Unadjusted gender pay gap • Board gender diversity • Exposure to controversial weapons

HOW TO BETTER UNDERSTAND THE TECHNICAL TERMINOLOGIES BEHIND SUSTAINABILITY PREFERENCES?

What are "Taxonomy Aligned Investments"?

A "Taxonomy aligned investment" means that your investment meets the qualitative and quantitative criteria of Regulation (EU) 2020/852 ("EU Taxonomy") and thus reflects the commitments of the Paris Agreement, an alignment with a net zero carbon emissions trajectory by 2050 and the broader environmental goals other than climate.

The EU Taxonomy is a unified classification tool created and applied at a European level, defining the common standards for an investment to be "contributing substantially" to one or more of the 6 environmental objectives set out by regulators. These objectives are:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The Taxonomy covers the following 13 priority sectors: forestry, environmental protection and restoration activities, manufacturing, energy, water supply, sewerage, waste management and remediation, transport, construction and real estate activities, information and communication, professional, scientific and technical activities, financial and insurance activities, education, human health and social work activities, arts, entertainment and recreation.

What are Investments which contribute to environmental and/or social objectives, without significantly harming such objectives, and that follow good governance practices as defined by SFDR?

Those investments in compliance with article 2(17) of Regulation (EU) 2019/2088 (or "SFDR") contribute to at least one Environmental or Social objective, that do not cause any significant negative effect to other Environmental or Social objectives, and that follow good governance practices.

In this way, your investment will be directed to issuers who support/perform positively on sustainability issues such as (but not limited to): the use of energy, renewable energy, raw materials, water and land, the production of waste, greenhouse gas emissions, biodiversity impact, circular economy, social inequality, social cohesion, social integration, labor relations, human capital and other themes.

What are "Investments considering negative impacts on sustainability factors (''Principal adverse impact'')?

An "investment considering Principal Adverse Impacts (PAIs)" means that your investment will be made on financial instruments whose issuers are transparent regarding their activity's impacts on sustainability factors, namely through a series of regulatory predefined indicators.

PAIs refer to the negative effects that an investment decision or advice could potentially have on sustainability factors. SFDR lists a series of PAI indicators that can be used in this assessment.

HOW DOES BIL CONSIDER YOUR SUSTAINABILITY PREFERENCES?

BIL Sustainability Framework

BIL has defined a consistent and comprehensive methodology for the classification of the different asset classes and set clear criteria and minimum thresholds to identify those instruments that qualify as "sustainable" or "considering PAI". The framework allows then to identify financial instruments that are eligible to be proposed to investors with sustainability preferences.

First, BIL's financial instruments universe is screened through an exclusion list, that consists in excluding sectors such as thermal coal, oil sands, controversial weapons, controversial behavior, countries that have serious violations with regard to political stability or where the governance structure is deemed as unsustainable. After this screening, the different asset classes, go through a specific approach as follow:

Funds and ETFs are eligible according to BIL Sustainability Framework if:

- Funds have sustainable investment as their objective (SFDR Art. 9 funds or "Art. 9"); or
- Funds promote environmental or social characteristics, and they also consider Principal adverse impacts (SFDR Art. 8 considering PAIs or "Art. 8+")

Equities and Bonds are eligible according to BIL Sustainability Framework if they respect all 3 below cumulative criteria:

- **Positive Contribution** - refers to the contribution of an investment to environmental or social objectives.

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- **"Do not Significant Harm" (DNSH)** - this principle aims to ensure that investments and financial activities do not cause significant negative impacts on environmental and social factors. This requires investors to carefully assess the potential adverse effects of their investments and take measures to avoid or mitigate them.

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- **Good Governance** - investee companies are expected to follow good governance practices, with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

BIL assesses these 3 criteria by considering their "Environmental, Social and Governance (ESG) Score" of each instrument.

Sovereign Bonds, Sub-Sovereign, Supranational and Agency Bonds, are eligible according to BIL Sustainability Framework if they respect both criteria below:

- Adherence to the ICMA (International Capital Market Association) Framework or Validation through an SPO (Second Party Opinion);

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- Allocation of proceeds toward predefined sustainable activities.

Main concepts of the Framework

According to the MiFID II ESG requirements, only financial products which fulfill one of the following criteria can be offered to end-clients that have sustainability preferences:

EU Taxonomy

has a minimum proportion of Taxonomy-aligned investments

Taxonomy-related data is limited at this stage and currently this criteria is not included in BIL's Sustainable Investment Framework

Sustainable Investments

has a minimum proportion of sustainable investments (SFDR)

Investments that 1) make a positive contribution to environmental or social objectives, 2) adhere to the "Do No Significant Harm" (DNSH) principle and 3) come from investee companies that respect good governance practices.

PAIs

considers the Principal Adverse Impacts (PAIs) on sustainability factors

Investment funds flagged Art. 8+ or 9

These rules are verified by **the Framework**

Sustainable Investments as defined by SFDR and financial instruments which consider PAIs are part of the BIL's Sustainable Investment Framework. The Framework will be applicable on equities, bonds (corporate and sovereign), funds and ETFs. Structured products are out of scope of BIL's Sustainable Investment Framework, as they are not covered by SFDR.

HOW DO YOU VERIFY THAT YOUR SUSTAINABILITY PREFERENCES ARE CORRECTLY INTEGRATED?

When BIL provides you investment advice, BIL also ensures that your minimum portfolio allocation to sustainability-related investments is met considering your Sustainability Profile. In case we do not have a financial instrument that is in line with your Sustainability Preferences, we will inform you and discuss with you to determine other available options.

Information about the consideration of your Sustainability Preferences is disclosed in the pre-trade suitability report or any complementary report.