



Banque Havilland (Liechtenstein) Ltd.

No consideration of adverse impacts on sustainability factors

01 May 2022

This document sets out disclosures by Banque Havilland S.A. (the “**Bank**”), in respect of the principal adverse impacts of its investment decisions and investment advice on sustainability factors.

The EU’s Regulation on sustainability-related disclosures in the financial services sector (the “**Sustainable Finance Disclosure Regulation or SFDR**”) was published in December 2019 and forms part of the EU’s package of measures relating to Environmental, Social and Governance (ESG) issues. The EU Council adopted the Disclosure Regulation¹ (2019/2088) on 27 November 2019. It entered into force on 29 December 2019. The EU Council subsequently adopted the Taxonomy Regulation (Regulation 2020/852), which entered into force on 12 July 2020. Both Regulations are applicable in the Principality of Liechtenstein from 01 May 2022. The SFDR requires the Bank to publish on its website whether it considers the principal adverse impacts (“**PAIs**”) of its investment decisions and investment advice on sustainability factors, in accordance with a specific regime as outlined in SFDR.

Banque Havilland strongly believes that promoting higher Environmental, Social and Corporate Governance principles in the society is an important objective that should be pursued globally and across all industries and stakeholders. In order to comply with this new regulatory framework Banque Havilland has implemented a Sustainability Risk Procedure which set out the guiding principles to integrate sustainability risks into its investment decision making process. The Bank has however decided not to consider the adverse impacts of its investment decisions on sustainability factors, including when providing investment advice. The Bank is therefore required to publish and maintain on its website clear reasons for not considering adverse impacts on investment decisions, including when providing investment advice, and information as to whether and when it intends to consider such adverse impacts.

No consideration of the PAI regime in SFDR

The Bank has carefully evaluated the requirements of the PAI regime in Article 4 SFDR, and in the Final Report on draft Regulatory Technical Standards which was published in February 2021 (the “**PAI regime**”).

The Bank is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how financial market participants and financial advisors integrate consideration of the adverse impacts of their investment decisions on sustainability factors, including when providing investment advice. However, taking account of the Bank’s size, the nature and scale of its activities and the types of products it makes available, the Bank considers that it would be disproportionate to consider principal adverse impacts as set out in the PAI regime in SFDR.

In addition, the Bank notes that as of today its primary investment strategies and client relationships do not support adoption of the PAI regime within SFDR:

- certain of the Bank’s products involve portfolio management strategies where it is not possible to conduct detailed diligence on the principal adverse impacts of the Bank’s investment decisions on sustainability factors, including when providing investment advice; and
- a relatively high allocation to non-equity investments where the lack of data and disclosures prevents a reasonably accurate assessment.

Finally, the Bank is also concerned about the lack of reasonably priced and readily available data to consider many of the technical reporting requirements of the PAI regime, as it believes that issuers and market data providers are not yet ready to make available all necessary data for the PAI regime.

The Bank will keep its decision not to consider the adverse impacts of its investment decisions on sustainability factors, including when providing investment advice, under regular review, and will formally re-evaluate the decision at least annually.

¹ 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.