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SEARCH

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TABLE of CONTENTS

ESG LEADERS - EQUITY

	Page
AEGON ASSET MANAGEMENT <i>Seeking Positive Impact Through Engagement</i>	10
AMERICAN CENTURY INVESTMENTS <i>Alpha With Impact</i>	12
BROWN ADVISORY <i>Keeping an Eye On the Long Term</i>	14
COLUMBIA THREADNEEDLE <i>Sustainability: a Key Determinant of Quality</i>	16
FIDELITY INTERNATIONAL <i>Seeking Improving Companies</i>	18
FISHER INVESTMENTS <i>ESG in Tune with Client Preferences</i>	20
VAN LANSCHOT KEMPEN <i>Forging Long-term Partnerships</i>	22
LGT CAPITAL PARTNERS <i>Focusing on a Strong ESG Outcome Orientation</i>	24
MORGAN STANLEY INVESTMENT MANAGEMENT <i>Answering Client's Transparency Demands</i>	26
NINETY ONE <i>Global Sustainability with African Roots</i>	28
NN INVESTMENT PARTNERS <i>Looking Beyond Returns for Positive Impact</i>	30
ROBECO <i>ESG Supported by Strong Links with Academia</i>	32
STOREBRAND ASSET MANAGEMENT <i>Adapting to an Ever-changing Landscape</i>	34
UNION INVESTMENT <i>Detecting ESG Transformers</i>	36

ESG LEADERS - FIXED INCOME

	Page
ABRDN <i>Trailblazing Emerging Markets Debt Impact</i>	40
AEGON ASSET MANAGEMENT <i>Tackling Unengaged Sovereigns</i>	42
ARISTOTLE CREDIT PARTNERS <i>Hunting for Sustainable SME Bonds</i>	44
COLUMBIA THREADNEEDLE <i>Bonds Geared Towards the Future</i>	46
INVESCO <i>ESG Rating Each Loan Independently</i>	48
LGT CAPITAL PARTNERS <i>Building a Sustainable Fixed Income Universe</i>	50
MFS INVESTMENT MANAGEMENT <i>The Importance of Holistic ESG Integration</i>	52
MIROVA <i>The Veteran Green Bond Investor</i>	54
MORGAN STANLEY INVESTMENT MANAGEMENT <i>ESG Key to Credit Analysis</i>	56
NINETY ONE <i>Keeping Track of Country ESG Risk</i>	58
NN INVESTMENT PARTNERS <i>Green Bonds Under the Microscope</i>	60
PINEBRIDGE INVESTMENTS <i>Open Dialogue for Sustainable Value Creation</i>	62
ROBECO <i>Why the SDGs Are Good for Business</i>	64
UNION INVESTMENT <i>Tracking Carbon with Artificial Intelligence</i>	66
VONTOBEL <i>No Shortcuts for Active Bond Managers</i>	68

ESG LEADERS - REAL ASSETS

	Page
CBRE <i>A Real Assets Portfolio for the 21st Century</i>	72
HINES <i>Committed to ESG Leadership</i>	74
INVESCO <i>Managing ESG with Tangible Results</i>	76
VAN LANSCHOT KEMPEN <i>ESG-driven Alpha in Real Assets</i>	78
M&G INVESTMENTS <i>Enlisting the Support of ESG Experts</i>	80
MORGAN STANLEY INVESTMENT MANAGEMENT <i>Climate Resilience: An Investment Imperative in Real Assets</i>	82
STOREBRAND ASSET MANAGEMENT <i>Building Core Infrastructure for a Sustainable Future</i>	84
Performance tables	86

Introducing The ESG Leaders

Sustainable investing is probably the most important investment theme today. Still, it is also a difficult theme to assess if you are a manager selection professional, both from a quantitative and qualitative perspective.

Who are the leading asset managers?, and which strategies are recognized as "leaders" when it comes to both ESG integration and performance? And how do these managers deal with some of the difficult questions surrounding the ESG space?

Therefore, we have designed this handbook to support the dialogue between investors and the leading asset managers, e.g. by addressing specific investment themes that our investor network cares about and by providing those investors with a better overview of the sustainable investment product landscape.

The handbook is a cooperation between Global Fund Search and NordSIP, and we hope that you, as an investor, will find it helpful in your work with sustainable investing.



Kasper Steen Andersen
Founder & CEO
Global Fund Search



Aline Reichenberg
Gustafsson, CFA
Editor-in-Chief
NordSIP

ESG leadership is a status that most asset managers are looking to attain while the vision of regulators and greenwashing vigilantes is becoming sharper, as their eyes get used to the ambient brightness. This coveted position is especially difficult to achieve as ESG remains a somewhat vague concept that is subject to a range of interpretations. How, then, can investors lead in a space ruled by subjective criteria? And more crucially, how can one judge and rank those who are leading?

With investments there are two practical yardsticks that are easy to quantify: performance and assets under management. These measures tell us ex-post how effective an investment strategy has been and ex-ante how enticing a product is. Ultimately, what use is it to design an ESG strategy that convinces no one? It is in this context that we partnered with GFS to put together a handbook on ESG Leaders.

Global Fund Search's ESG Leaders have the opportunity to join the program by invitation only. In order to qualify, a manager has to have been successful in ESG-related searches. With this universe of leaders validated by institutional demand, the reader of this handbook will have to remain the judge of authentic leadership. Our mission has been to provide a standardized template to compare the managers' best possible answers to the most crucial aspects of sustainable investing: what does a manager commit to and how is this commitment fulfilled? How does a manager integrate ESG, what stewardship does it conduct and what are the sustainable strategies on offer? Our ambition isn't to answer all the questions, but contrasting these short summaries with the more purely quantitative figures at the end of the report should provide a transparent and effective place to start.

ESG LEADERS EQUITY



Seeking Positive Impact Through Engagement

"Our approach includes sharing ESG knowledge with companies and providing our views on how they can better meet their ESG goals, be they related to climate change, reporting, or obtaining certain industry standards."



Brunno Maradei
Global Head of Responsible Investment
Aegon Asset Management

Brunno Maradei joined Aegon in 2019 and is global head of responsible investment. He has been in the industry since 1997 and prior to joining the firm was a senior investment officer at the European Investment Bank (EIB), working on structured and project finance transactions outside the EU and representing the EIB in the investment committee of three impact funds.

"My team serves as a company-wide, global resource for RI practices," Maradei explains. Aegon is working to keep pace with developments in the ESG space. "Within sustainable investing we anticipate that the key themes that will continue to dominate the space are biodiversity along with the relevant data availability, climate change and the need to insulate portfolios from transition risk and align with the energy transition, and health," Maradei continues, "We also expect ESG regulation to increase in importance as well as the need to incorporate social factors into the ESG process, such as access to medicines and diversity."

Collaborative engagement key to Aegon's ESG strategy

"Our equity and Responsible Investment (RI) teams often carry out joint engagement with companies. The RI team is also responsible for voting and ensures that all engagement and voting activity reflects the firm's ESG commitments. Our approach includes sharing ESG knowledge

with companies and providing our views on how they can better meet their ESG goals, be they related to climate change, reporting, or obtaining certain industry standards." Maradei points to a recent engagement example.

"We recently supported a company in obtaining B-Corp certification. As part of this interaction, we outlined our approach to ESG analysis and discussed the B-Corp certification process in detail. Following this, we supported a shareholder vote on this plan as it was a positive development from a sustainability perspective," he says.

Aegon Asset Management's framework encourages engagement with companies to help mitigate ESG risk and seek alignment with international norms and ESG best practices. Maradei shares the thinking behind this effort: "As responsible, active, and engaged investors, we engage with issuers and, if possible, exercise our shareholder rights to carry out our stewardship responsibilities and fulfil client expectations with respect to their RI policies and ESG standards.

We seek to better understand the companies we invest in and support their long-term financial performance while monitoring, managing and mitigating investment risk to maximize positive sustainability outcomes."



About Aegon Asset Management

Aegon is an asset management firm with a global client base within institutional, intermediary and wholesale markets. Aegon specialises in active management applied through separate accounts, commingled funds, and client-specific solutions. Our team has expertise in fixed income, equities, real assets, alternatives, and multi-asset strategies. Aegon is a responsible investor, having been a signatory of the UN supported PRI since 2011. Since then, we have continually expanded ESG integration across investment strategies, strengthened our engagement and voting activities, increased our ESG capability and developed client-centric responsible investment strategies.

Sustainable Investment Commitment

Aegon AM is committed to:

- Integrating ESG factors and sustainability elements into the bottom-up, fundamental research process
- Being an active and engaged investor, both by directly engaging the companies we invest in and by collaborating with other investors to increase our influence on priority topics such as climate change
- Providing innovative and credible RI solutions to meet our clients' ESG objectives

Integration & Resources

Our research and investment teams integrate ESG financially material ESG factors into the bottom-up research process for fixed income and equity issuers. Aegon AM has a dedicated team of 17 RI specialists (March 2022), involved in research, product development, ESG integration, active ownership activities and RI policies and reporting. Aegon AM's responsible investment (RI) team acts as a source for all RI matters, and the AM Management Board oversees the implementation of the RI Framework and associated policies. Aegon AM uses third-party data provided by various data vendors to complement its proprietary analysis. ESG reports are currently produced for certain portfolios on a semi-annual basis. Aegon AM collaborates with clients to evaluate ESG reporting requirements tailored to their needs.

Aegon Asset Management in Numbers

Total AUM (€m)	177,600 ¹
# ESG team	17 people
Sustainable strategy since	2002

¹ As of December 31, 2021. Assets under management/ advisement excludes joint ventures.

Member / Signatory

- UN PRI
- Global Impact Investment Network
- Net Zero Asset Managers Initiative
- Farm Animal Investment Risk & Return
- Eumedion
- Climate Action 100
- Institutional Investors Group on Climate Change

Stewardship & Proxy voting

Our Active Ownership Policy aims to enhance long-term value creation by our investee companies and improve our clients' long-term risk-adjusted returns. We seek to work with relevant stakeholders and the companies in which we invest to address complex ESG challenges that are in line with our clients' interests. Our approach consists of four key pillars: screening and monitoring, engagement, voting and shareholder litigation. Our engagement is based on the UK and Dutch Stewardship Codes and the PRI. We may raise specific issues with companies, either directly or collectively with other shareholders (e.g, PRI, UK Investor Forum, IIGCC and Eumedion).

We consider and vote all shareholder meetings of UK and Dutch companies in which we invest. In most cases, this means the company must follow the best practice of the UK or Dutch Corporate Governance Codes. We record all votes cast and other RI activity, allowing us to monitor each company's progress.

Product offering

81% has been classified as article 8. Please see the SFDR statement of compliance on [our website](#)

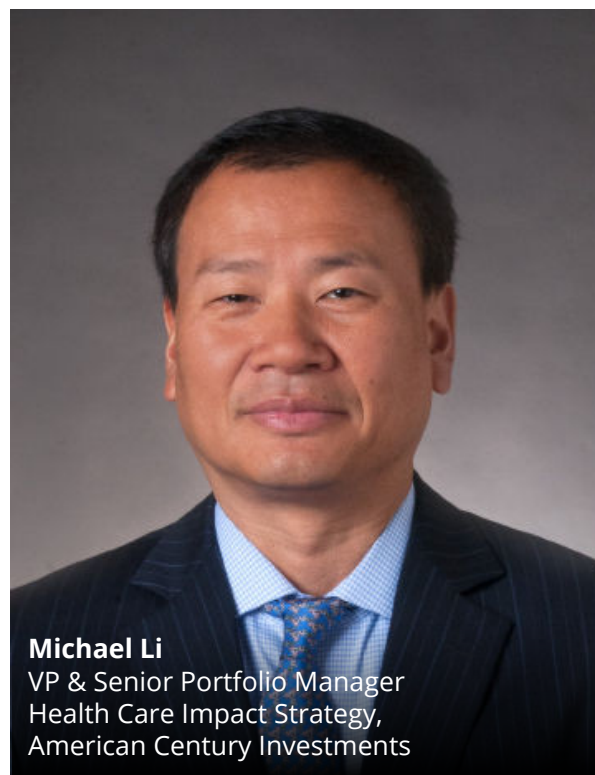
Alpha With Impact

"We believe an investment focus on innovative health care companies not only offers the potential for compelling returns, but a lasting impact on world health as well."

In a classic case of "invest in what you know," Michael Li, VP and senior portfolio manager for the American Century Health Care Impact Equity strategy, was a scientist and project manager at the Pharmaceutical Research Institute of BristolMyers Squibb Co. prior to joining the firm in 2002. He also holds a bachelor's degree in materials science and engineering from the University of Science and Technology of China, an MBA from The Wharton School of the University of Pennsylvania and a Ph.D. in chemistry from the University of Michigan.

A clearly defined sustainability theme

Li explains their investment process: "The Health Care Impact Equity strategy invests in innovative health care companies aligned with UN Sustainable Development Goal-3: Ensure healthy lives and promote wellbeing for all at all ages. Through investment in these companies, we believe we can generate attractive returns and benefit society." Engaging with portfolio companies is an important element of the approach, as Li elaborates with an example, "In our assessment of one company's ESG risks and impact, we were interested in the company's involvement in the distribution of the covid vaccine to emerging countries. We engaged with the company and urged them to expand vaccine access to developing countries. We encouraged them to take a more active role in ensuring the drug was accessible to emerging countries that are challenged with access to



Michael Li
VP & Senior Portfolio Manager
Health Care Impact Strategy,
American Century Investments

medicine. Discussions were constructive, and the company committed to continuing to work with governments, NGOs and other parts of the ecosystem to help progress that accessibility."

Health theme requires impact measurement

Like many in the sustainable investment business American Century seeks to avoid accusations of greenwashing. According to Li, "We mitigate the risk of greenwashing by employing a robust process that integrates social impact analysis with our fundamental analysis. Each investee company is mapped to one or more of our four health care impact themes, which are aligned to SDG-3. These themes are; new or innovative treatments for diseases and neurological disorder, enhancing productivity of equipment, services and software, access to medicines and health care services, and new solutions for lowering health care costs.

We then assess each investee company along multiple dimensions of impact: additionality (depth), additionality (scale), intentionality and measurability. The company is scored using our proprietary healthcare impact scoring framework. Each investee company must meet a minimum threshold for portfolio inclusion. We believe an investment focus on innovative health care companies not only offers the potential for compelling returns, but a lasting impact on world health as well" Li concludes.



About American Century

American Century Investments is a leading global asset manager focused on delivering investment results and building long-term client relationships while supporting breakthrough medical research. Founded in 1958, American Century Investments' 1,400 employees serve financial professionals, institutions, corporations and individual investors from eight global offices. Delivering investment results to clients enables American Century Investments to distribute over 40% of its dividends to the Stowers Institute for Medical Research, a 500-person, nonprofit basic biomedical research organization. The Institute owns more than 40% of American Century Investments and has received dividend payments of \$1.87 billion since 2000.

Sustainable Investment Commitment

At American Century, sustainability is in our genes. We resolutely commit to improving our world as an asset manager, employer and corporate citizen. As an asset manager, it means incorporating ESG considerations into many investment strategies and designing ESG-focused solutions to meet client needs. As an employer, it means striving to make our workplace diverse, equitable and inclusive; promoting our employees' health and well-being; and partnering with employees to serve our communities in ways that are meaningful to them. As a corporate citizen, it means working to reduce our impact on the environment and maintaining good governance and ethical business practices.

Integration & Resources

We believe that integrating ESG factors into our fundamental investment process allows us to assess long-term sustainability of a company's business model or durability of cash-flows over time more holistically. We believe ESG issues can be important inputs into the fundamental analysis process and may contribute to downside risk mitigation or the understanding of upside potential of a company's long-term business value. As such, many of our investment teams incorporate ESG considerations into their investment processes.

American Century in Numbers

Total AUM (€m)	191,560
# ESG team	5 people
# Engagement team	2 people ¹
Sustainable strategy since	2016

¹ In collaboration with investment teams

Member / Signatory

- UN PRI
- Investor Stewardship Group
- Carbon Disclosure Project
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Task Force on Nature-Related Financial Disclosures (TNFD)
- International Corporate Governance Network (ICGN)
- Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)
- Access to Medicine Foundation
- Responsible Investment Association Australasia (RIAA)
- ShareAction (Healthy Markets Initiative)

Stewardship & Proxy voting

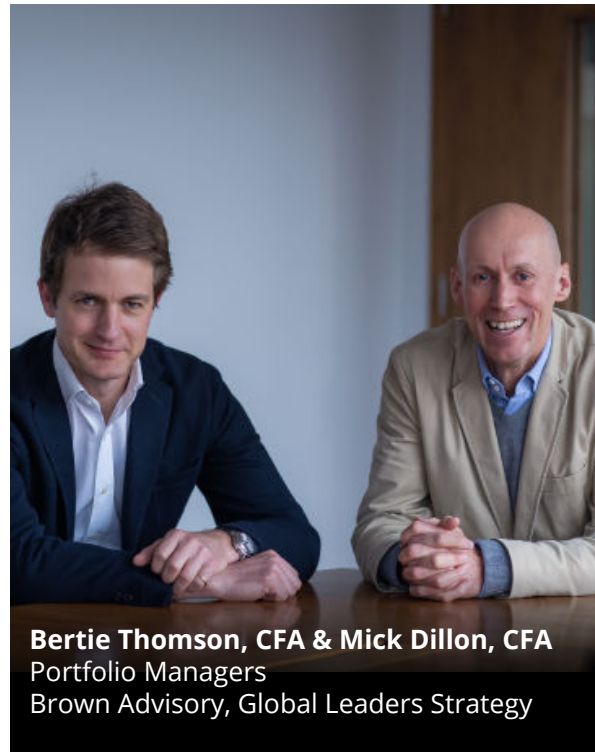
As long-term stewards of our clients' capital, we see engagement and proxy voting as helpful tools in driving future returns. Engagement activity often includes alignment with one of the five themes we view that as key drivers of a sustainable global economy in the future: Health Care, Sustainable Living, Empowerment, Climate and Technological Advancement. Gaining insight into how investee companies are managing the risks and opportunities related to these themes are important elements of our stewardship practices.

Product offering

The company currently offers 6 UCITS sub-funds that qualify as Article 9 funds / Article 8 funds.

Keeping an Eye On the Long Term

"One key investment challenge we face is that in a world of minute-by-minute news cycles, there can be a tendency to focus on short-term objectives which distracts from long-term value generation and sustainable investing objectives."



Mick Dillon and Bertie Thomson are co-portfolio managers for the Brown Advisory Global Leaders strategy. It was the combination of a shared investment philosophy and a complementary investment skill set that brought them to Brown Advisory in 2015. Dillon joined from HSBC Global Asset Management in Hong Kong where he was the co-head of Asian equities. Thomson spent 13 years at Aberdeen Asset Management where he was most recently a Senior Investment Manager in the Pan-European equity team. "We are supported by a team of analysts based in both London and the U.S. across fundamental, ESG and investigative research.

We aim to generate alpha by investing in a concentrated, global portfolio of high-quality companies and by applying a long-term view, particularly as it relates to the challenges of sustainable investing. In our view, diligently managing ESG risks and actively seeking out sustainability drivers in a company's business model that materially drive free cash flow, should contribute to long-term profitability and performance" Dillon explains.

The many moving parts of the ESG machine

"We believe the market's tendency to focus on short-term objectives can distract investors from long-term value generation and sustainable investing objectives. We are long-term, fundamental investors and see ourselves as business owners. We therefore look at a

company's potential to create value for its entire ecosystem over a minimum of 5 years. This is often outside the investment horizon of many investors. We see immense value in looking at longer-term opportunities that might be misunderstood by large parts of the market. We believe that our in-house team conducting ongoing ESG due diligence, engagement and proxy voting is a source of investment edge for us. We perform a two-part ESG Assessment, which includes an opportunity and a risk assessment on every company we own. On the opportunities side, we seek companies that possess Sustainable Business Advantages or 'SBAs', which we define as having the potential to generate either revenue growth, cost improvements or enhanced franchise value. Ideally, we want companies that have an SBA which compounds their competitive advantage and we can see it in their results."

Sustainability risks and opportunities must be shared with clients

"We have also recognised the evolving demands of clients for insight into our ESG integration and reporting," explains Dillon. "We seek to clarify our deep ESG integration as well as our thoughts and progress around addressing new challenges in sustainable investing. We produce Impact Reports annually which respond to client needs for more transparency and create the opportunity for an ongoing dialogue with our clients."



About Brown Advisory

Brown Advisory is an investment firm established in 1993 as an affiliate of Alex. Brown. In 1998, the current management and investment team led a buyout to establish Brown Advisory as a private, independent investment business. We opened our London office in 2008 to support Brown Advisory's growing global client base, and have subsequently opened offices in Frankfurt and Singapore. Our client assets are split approximately 60:40 to private client and institutional clients respectively.

Sustainable Investment Commitment

- Launching new products that integrate ESG-factors into the investment process and continue to create more transparency on ESG characteristics for existing internally managed strategies.
- Scaling our internal sustainable investing training
- Continuing to engage with companies, issuers and municipalities on their sustainability practices
- Require all departments to set Sustainability and DE&I goals and reporting on progress and outcomes
- Continuing to offset carbon emissions along with setting goals and making progress to reduce our carbon footprint.
- Continue to monitor, prepare for and comply with new sustainable investing regulation

Integration & Resources

The portfolio managers of our equity strategies have access to three core ESG tools that our ESG research analysts provide, and make use of them to varying degrees. These include:

1. ESG Research Tool: ESG Risk Assessment, Sustainable Opportunity Assessment & Thematic and Sector-Focused Investigative Research

2. Engagement Tools: Engagement as part of ESG due diligence, Impact-oriented engagement, Informal advisory to sustainable economy stakeholders & Proxy Voting

3. Reporting Tools: Impact reporting for external use & ESG data reporting for internal use

Brown Advisory in Numbers

Total AUM (€m)	131,439
# ESG team	15 people
# Engagement team	15 people
Sustainable strategy since	2015

Member / Signatory

- Member / Signatory
- UN PRI
- SASB
- Net Zero Asset Managers Initiative
- Ceres
- CDP
- SRI Conference & Community
- TCFD
- Financial Disclosures
- Climate Action 100+
- Green Bond Principles
- Intentional Endowments Network
- WISE: Women Investing for a Sustainable Economy
- Mission Investor Exchange
- BASIC: Boston Area Sustainable Investment Consortium
- ICCR: Interfaith Centre on Corporate Responsibility
- Farm Animal Investment Risk and Return (FAIRR)
- US SIF

Stewardship & Proxy voting

The Global Leaders Strategy is an actively managed equity strategy that invests globally in approximately 30 - 40 high quality companies. The portfolio managers invest in companies that they believe can generate exceptional outcomes for their customers and that are also able to achieve fundamental and sustainable competitive advantages over long periods of time. With strong leadership positions and high and durable returns on invested capital (ROIC), the portfolio managers believe that these companies are well positioned to generate strong shareholder returns. The portfolio managers allocate to these high-quality businesses when they believe their value is underappreciated.

Product offering

Brown Advisory has five UCITS Funds which classify as Article 8. We do not currently manage any Article 9 Funds.

Sustainability: a Key Determinant of Quality

"We view sustainability as a key determinant of company quality, in just the same way as we would view returns or cash flow metrics."



Andrew Harvie
Senior Client Portfolio Manager
Columbia Threadneedle

Columbia Threadneedle's Global Equities team manages over \$15bn across a range of strategies, all underpinned by a focus on high-quality growing companies. Global Focus is the most concentrated, high-conviction strategy among them.¹

Andrew Harvie, an executive director and senior client portfolio manager in the Global Equities team describes his role as representing the team's views on a range of topics such as philosophy and process, positioning and performance updates as well as market and macro developments. "I have 19 years of analytical and client-facing experience covering long-only equity and hedge fund strategies," he stresses.

Sustainable businesses are quality businesses

"We view sustainability as a key determinant of company quality, in just the same way as we would view returns or cash flow metrics," explains Harvie, "ESG is therefore central to the global equities team's research framework, both in terms of identifying the risks of investing in a company and the potential return opportunity. It links closely with our focus on competitive advantage and industry structure and an ESG assessment is included in all stock reviews." As Harvie points out, a company's sustainability evolution is key.

¹ Columbia Threadneedle Investments, as at 30 June 2022.

"Typically, we look to invest in companies with strong or improving ESG credentials," he says.

"Companies that manage ESG risks effectively are better positioned to address future challenges; they are likely to be well invested, exhibit positive values and be open to new ideas. These are attributes that should preserve and / or improve their competitive advantage, thus helping to maintain their high return profile. Sustainability can also be an alpha driver given a company's thematic exposure," Harvie adds.

Focus on ESG attribution

"One of the challenges that we currently face is to prove how the integration of ESG directly contributes to the performance - both absolute and relative - of the strategy," continues Harvie. "Just as investors expect to understand how stock selection, asset allocation or indeed factor exposure inform alpha, the same is true for ESG. It is an issue faced across the industry and one made more challenging by the dispersion across ESG data providers. How, for example, do we account for a stock with a low but improving rating where the ability to identify the potential for change early can be an important informer of alpha? While data across the industry evolves, we are keeping close to our clients and using live examples as evidence."



About Columbia Threadneedle

We have over 50 dedicated responsible investment personnel across the globe. Our RI analysts are embedded within our central research team. They lead the research and assessment of environmental, social and corporate governance issues and support integration of RI across the business. They collaborate with Portfolio Managers and fundamental analysts and work across three principal workstreams: Thematic research, Engagement and Voting, and Policy and Strategy. In addition we have experienced investment professionals running responsible strategies as well as RI SMEs in various support functions. We have an RI Governance structure to ensure effective oversight, delegation and escalation.

Sustainable Investment Commitment

In 2021, we set the goal of all global strategies achieving a minimum threshold of RI integration. Today, ESG factors are integrated within fundamental research. Since then we have continued to develop our range of RI Sustainable Outcomes strategies with the launch of the SO Global Equity and SO Pan European Equity Funds. We also advanced our product range with 60% of the assets in our Luxembourg SICAV range now categorised as Article 8 under SFDR. We have committed to reducing the carbon emissions of our own business and our invested assets aligned with the Paris Agreement.

Integration & Resources

Our 130-strong global research team, which includes ESG thematic analysts, focus solely on finding original, actionable insights. They focus on key sustainability themes which we think are most investment-relevant and are aligned to the UN SDGs. Thematic analysts educate investment teams, collaborate with them to identify risks and opportunities, and engage with companies to enhance research insights. Our suite of ESG analytics below provide investment teams with a robust framework to assess material ESG risks and opportunities for thousands of companies worldwide. The analytics support our forward-looking research and help inform investment decision making and prioritise engagements.

Columbia Threadneedle in Numbers

Total AUM (€m)	528,400
% SRI/ESG integrated	7.87%
equity	8.77%
fixed income	8.64%
real assets	1.79%
# ESG team	14 people
# Engagement team	7 people
Sustainable strategy since	2015 ¹

¹ Columbia Threadneedle Investments, as at 30 June 2022.

Member / Signatory

- UN PRI
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Investor Stewardship Group
- UK Women in Finance Charter

Stewardship & Proxy voting

We dynamically interact with companies and organisations to enhance insights, drive change, and help create future value. As such, continuous monitoring, targeted engagements and strategic voting is core to our purpose. The stewardship capability serves to: i) gather insights on RI-related risks and opportunities that are additive to our fundamental research processes, and ii) influence changes in standards of operating practice at portfolio companies, when necessary and appropriate, through engagement and the exercise of voting rights.

Product offering

We have raised the bar, committing to integrate ESG across our global fund range. We successfully transitioned 10 SICAV funds from SFDR Article 6 to Article 8 in Q4 2021, bringing our AuM in Article 8 funds to 60% of the Luxembourg SICAV range. We are in the process of migrating a further 9 SICAVs to Article 8, and are currently submitting applications to transition 3 Article 8 funds to Article 9¹.

¹ Subject to internal and regulatory approval.

Seeking Improving Companies

“One important feature of our fund is we can invest up to 30% in lower ESG rated companies, but our forward looking bottom up analysis suggests strong ESG improvements.”



Gary Monaghan
Portfolio Investment Director &
Head of Investment Asia
Fidelity International

After having worked with Fidelity’s European equities team in London for five years and helped them launch the equity income fund range, Gary Monaghan, now Investment Director and Head of Investment Specialists for Fidelity’s Asia equities team has been based in Hong Kong for the past 10 years.

An opportunity to improve sustainability standards in Asia

Sharing some insights on the particularities of his market, Monaghan comments: “Every client has their own challenge when it comes to investing in Asia, but in general, a challenge is getting people to look beyond the news headlines to see some of the great businesses and money-making opportunities in Asia with either high levels, or strong improvements in sustainability.”

Fidelity is committed to helping their clients along the journey. “We offer webinars, editorial content, podcasts, etc, that address today’s questions and highlight the great sustainability strides Asia is making.” Monaghan adds. “However, nothing beats sitting with a client to run through questions and share how we are navigating the current market conditions and the corporate engagements we are undertaking.

An integrated approach to identifying sustainable opportunities

Fidelity is combining three traditional sustainable investment strategies to ultimately identify tomorrow’s sustainability winners. “Although there are exclusions in our strategy such as tobacco and coal, we have a strong emphasis on ESG integration and engagement. ESG integration is primarily via our proprietary ESG ratings system which rates a company on a forward-looking view and offers an opinion on whether the company’s ESG trajectory is improving or not. Engagement is used to flag concerns and work with companies to try and push for improvements.” Monaghan explains.

“Our view is that those who show strong future sustainability will also offer sustainable growth and returns, which will drive capital returns. One important feature of our fund is we can invest up to 30% in lower ESG rated companies, but for which our forward looking bottom-up analysis suggests strong ESG improvements. By doing this, we have the scope to invest and engage in firms who are making big ESG changes that will improve shareholder returns,” Monaghan concludes.



About Fidelity International

At Fidelity International, our purpose is to build better financial futures for our clients by investing over the long-term. As a family and management-owned company, we think generationally in terms of the services we build and provide, as well as the way in which we invest on our clients’ behalf. Our focus is on delivering sustainable investment returns for our clients, while managing our impact on society and the environment. To do this, we work with investee companies to help them operate more sustainably. Through our rigorous bottom-up research process we gain an in-depth understanding of ESG issues at a company level before they escalate and potentially threaten the value of our clients’ investments.

Sustainable Investment Commitment

Halve the carbon footprint of our investment portfolios by 2030, from a 2020 baseline, starting with equity and corporate bond holdings; and reach net zero for holdings by 2050. Specific emissions reduction targets for real estate and our default workplace retirement solution FutureWise. Achieve net zero emissions across Fidelity’s own corporate operations by 2030. We are involved in external governance related organizations and hold positions in the Investment Association, the Panel on Takeovers and Mergers, the Confederation of British Industry and the International Corporate Governance Network. Fidelity is an active member or licensee of many initiatives supporting ESG related topics.

Integration & Resources

Our focus is on delivering sustainable long term returns to investors while avoiding permanent loss of capital. ESG factors are key drivers of both returns and downside risk and cannot be disaggregated from other fundamental considerations in the investment process. Fidelity has developed a proprietary framework for ESG analysis. The portfolio managers monitor each stock using third-party scores combined with our Proprietary Sustainability Ratings and a carbon footprint of the fund. >70% of the portfolio in companies with a higher ESG rating as per MSCI ESG ratings. Where MSCI does not have an ESG rating, Fidelity’s proprietary ESG ratings are used.

Fidelity International in Numbers

Total AUM (€m)	519,100
% SRI/ESG integrated	
equity	72%
fixed income	17%
real assets	1%
# ESG team	30 people
# Engagement team	ESG team, analysts + PMs together
Sustainable strategy since	2015

Member / Signatory

- UN PRI
- CDP
- Science Based Target Initiative
- Climate Action 100+
- Net Zero Asset Manager Initiative

Stewardship & Proxy voting

We aim to vote all of our shares in the best interests of our clients, to support improved client returns, sustainable business behaviours, and our purpose to build better financial futures. We will apply discretion in the application of our voting principles and guidelines to ensure that our approach to voting is effective but also aligned to the best interests of our clients. Investee company expectation: Companies should enable and reasonably facilitate shareholders’ abilities to execute their shareholder voting rights and stewardship responsibilities

We adopt a positive engagement approach whereby we discuss Environmental, Societal and Governmental issues with the management of the companies with which meetings are held. We use the information gathered during these meetings to inform our investment decisions and also to encourage company management to improve procedures and policies.

Product offering

Article 8 funds = 79% of Central European domicile funds AUM (as of 31 March 2022). The number of article 8 funds is being updated.

ESG in Tune with Client Preferences

"We regularly screen and tailor the investment approach for separately managed accounts depending on the particular guidelines mandated by the client."



Aaron Anderson
Senior Vice President of Research
Fisher Investments

Senior Vice President of Research Aaron Anderson joined Fisher Investments (FI) in 2005 and has been a member of the firm's Investment Policy Committee (IPC) since 2011. He also serves on the Responsible Investments Committee (RIC). "I oversee FI's global macroeconomic and capital markets research and am ultimately responsible for the firm's sustainability research. As a member of the IPC, I devote my efforts to all the firm's strategies. I regularly meet with clients globally, sharing our top-down perspective and market outlook, current portfolio positioning and answering questions," Anderson explains.

A client-focused approach to sustainability

Anderson stresses the need to keep ESG strategy firmly on track. "One issue within ESG investing that is receiving renewed attention is greenwashing, now that the SEC and other regulators are investigating and charging investment advisers for making material misstatements about ESG considerations in their marketing to prospective investors. FI takes our commitment to accurately marketing our ESG offerings seriously. We consider ESG factors throughout the investment process across most assets we manage." Anderson explains how they stay attuned to client preferences. "We regularly screen and tailor the investment approach for separately managed accounts depending on the particular guidelines mandated by the client. FI also monitors any holdings violating a client's restrictions before and after purchase of the position, such as revenue generation in specific

industries utilising various resources from MSCI ESG Research. Any violations or potential violations are elevated to the IPC for review. The overall responsibility of implementation and fulfilment of the ESG policy rests with FI's IPC."

Steering portfolio companies through engagement

"We conduct engagement to influence the ESG behaviour of a firm, and to create and retain shareholder value by focusing attention on issues that reside outside of the company's financial statements," continues Anderson, adding that "FI engages with company management on proxy voting issues, particularly when Institutional Shareholder Services, Inc. (ISS) disagrees with company management. FI holds meetings with management as necessary to discuss issues we feel are pertinent to analysing the company or better understanding peers or relevant industry factors."

"FI has dedicated staff that works to identify ESG risks and opportunities and conducts engagement with companies. FI utilises a combination of qualitative and quantitative information to generate a focus list of potential ESG engagement opportunities. The list is further refined based on bottom-up company research. FI may also conduct shareholder engagement upon request of FI's clients. As part of the engagement process, FI reviews a wide range of materials," Anderson adds.

FISHER INVESTMENTS®

About Fisher Investments

Fisher Investments Ireland Limited, trading name Fisher Investments Europe (FIE), is wholly owned by Fisher Asset Management, LLC, trading as Fisher Investments (FI). FIE outsources portfolio management to parent company FI, a leading independent investment adviser managing over € 168 billion (as of 31/05/2022). FI and its subsidiaries consist of four business units – Fisher Investments Institutional Group, Fisher Investments US Private Client Group, Fisher Investments Private Client Group International, and Fisher Investments 401(k) Solutions Group. These groups serve diverse global investors including corporations, public and multi-employer pension funds, foundations and endowments, high-net-worth individuals, insurance companies, healthcare organisations, and governments.

Sustainable Investment Commitment

Sustainability and ESG/SRI considerations are very important to FI. FI considers these factors throughout the investment and portfolio construction process. We believe ESG investors are best served by an investment process that considers both top-down and bottom-up factors. FI integrates ESG analysis at the country, sector and stock levels consistent with clients' investment goals and ESG policies to maximise the likelihood of achieving desired performance and improving environmental and social conditions worldwide. FI aims to select securities seeking to increase the probability of achieving excess returns, while simultaneously investing in firms with measurable social or environmental impact.

Integration & Resources

FI's top-down process integrates ESG-related risks and opportunities along with macro factors. Sustainability Risks and ESG factors are among the drivers considered by FI's Capital Markets Analysts and FI's Investment Policy Committee (IPC) when developing top-down country, sector and thematic preferences. All Research Analysts integrate ESG risks and opportunities analysis in their research process. FI has six dedicated designated ESG Research Specialists, including four Research Analysts on the Capital Markets Research team, Vice President, Responsible Investments and the designated ESG point person on the IPC, Aaron Anderson.

Fisher Investments in Numbers

Total AUM (€m)	40,580 ¹
% SRI/ESG integrated	
equity	39.4%
fixed income	0.66%
real assets	0%
# ESG team	6 people
# Engagement team	3 people
Sustainable strategy since	2005 ²

¹ Represents Institutional AUM only as of 31/05/2022

² Our first strategy with listed ESG guidelines had an inception date of 01 September 2005. FI has been managing accounts that incorporate ESG/SRI guidelines for

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- UK Stewardship Code
- Task Force on Climate-Related Financial Disclosures (TCFD)

Stewardship & Proxy voting

FI is an active investment manager on behalf of its and its affiliates' clients that engages with companies as part of its fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level. FI has dedicated staff that works to identify ESG risks and opportunities and conducts engagement with companies. To encourage a real-time, active engagement dialogue, we prefer either a phone call or in-person meeting with the company. Each engagement has an objective and we monitor progress over time.

To the extent FI is authorized and directed to vote proxies on behalf of a client pursuant to the applicable investment management agreement or confidential client agreement, FI uses a third-party proxy service provider, Institutional Shareholder Services, Inc. (ISS). FI evaluates issues and votes with the best interests of our clients in mind.

Product offering

3.9% of Institutional AUM¹ are classified as Article 9 funds/Article 8 funds. FI considers environmental, social and governance (ESG) factors throughout the investment process across most assets it manages.

Overall, €1568.09 (in millions) qualify as Article 9 funds/Article 8 funds (€1502.22 qualify as Article

¹ as of 31/05/2022

Forging Long-term Partnerships

"Long-term partnerships require trust, and so we focus on the alignment of interests with our stakeholders while delivering attractive returns."

Ivo Kuiper joined Kempen in 2009 and manages both Global and European products as part of the Sustainable Equity team. Before joining the team in August 2020, he held the position of Head of Asset Allocation and Rates and was a member of the Asset Allocation Committee.

Looking towards the sustainability horizon

"Central to our philosophy in the Kempen Sustainable Equity Strategy is establishing long-term partnerships," Kuiper explains, "both with our clients and the companies we invest in. Long-term partnerships require trust, and so we focus on the alignment of interests with our stakeholders while delivering attractive returns. We believe taking ESG risks and opportunities into account can enhance our financial performance."

Kuiper describes how the team seeks to focus on companies with durable competitive advantages, a growth strategy, and an integrated sustainable business model. "To assess the future potential for a company in the Kempen Sustainable Equity strategies, we identify drivers related to innovation, people and planet and the exposure to these long-term trends as an impetus to grow."

We look at both ESG risks as well as opportunities, and apply our own forward-looking proprietary ESG Score, in collaboration with other investment teams, by combining quantitative indicators and expert knowledge."



Ivo Kuiper
Head of Sustainable Equity Team
Van Lanschot Kempen

Seeking clarity in a confused ESG arena

One negative trend Kuiper aims to avoid is greenwashing, the breeding ground for which he believes is the underlying confusion when it comes to what exactly can be counted as green or sustainable investing. "There has historically been no clear definition, even among the various sustainable finance labels, about what counts as 'ethical', 'green', 'sustainable' or 'impact investing'. The trend is positive, with the introduction of the EU's sustainable finance taxonomy, ecolabels, and climate benchmarks. Kempen fully supports these new regulatory standards, which will help clarify which investments can correctly be described as green or sustainable, and whether funds can be described as low-carbon and Paris aligned."

However, the associated boom in the provision of ESG data, with millions of data points from thousands of sources, is not helping to clarify understanding, according to Kuiper, with data quality affected by varying estimation methodologies and limited information. "We have an ongoing dialogue with ESG data providers and proactively give constructive feedback," Kuiper adds.

Kuiper received a Ph.D in the field of asset pricing and asset allocation from Tilburg University in 2017. He also holds a Master's degree in Applied Physics at Delft University, a Master's degree in Finance & Investments from the Erasmus University Rotterdam and he is a CFA Charter holder.



About Van Lanschot Kempen

Kempen Capital Management is a specialist asset management company – a strong player in niche markets. The basic philosophy behind Kempen's offering is a strong belief in maintaining focus. This sharp investment vision has led us to a select group of strategies that place us among the top of our international league in Sustainable Equity, Real Assets, Small-caps, High Dividend, Credit and Alternative Strategies.

Sustainable Investment Commitment

Kempen has a strong commitment to long-term investing and sustainable value creation for all stakeholders. Sustainability is integrated throughout the organisation and our investment activities as we keep innovating and advancing in our journey.

- We act as long-term stewards to generate attractive returns while considering the interests of all stakeholders.
- We integrate ESG factors throughout our investment process to achieve better risk adjusted returns.
- We prefer inclusion over exclusion to effect change through working with companies.
- We engage as active owner to drive companies' sustainability.
- We allocate capital towards sustainable companies to achieve positive real world impact.

Integration & Resources

Our long-term investment worldview combined with in-depth analysis allows us to leverage our integrated active ownership approach to consistently encourage positive change. This means integrating material governance and sustainability factors in our investment decisions and constructive engagement. Kempen's proprietary ESG Score for companies builds on external data providers, with a layer of our own assessment and a particular focus on climate and governance issues. Our ESG Score is a critical tool for analysing ESG risks of a company in a structured and disciplined way, by indicating the absolute risk and being comparable between companies in different sectors of the economy.

Van Lanschot Kempen in Numbers

Total AUM (€m)	83,200
% SRI/ESG integrated	
equity	100%
fixed income	100%
real assets	100%
# ESG team	10 people
# engagement team	10 people
Sustainable strategy since	2008

Member / Signatory

- UN PRI
- CDP
- UN Global Compact,
- Forum Ethibel
- FCLT
- Net Zero Asset Managers Initiative
- Climate Action 100+
- ICGN, IIGCC, TCFD, GIIN,
- Impact Investing Institute
- Paris Pledge
- Partnership for Biodiversity
- PBAF
- Platform Living Wage Financials

Stewardship & Proxy voting

Kempen's belief is that effective stewardship adds financial value to our clients, and it is one of the key reasons that our clients appoint us.

We have set carbon footprint reduction targets for 2025, 2030 and 2050. In addition, we aim to reduce our carbon footprint by 7% a year in line with the Paris Agreement goals. Although the easiest way to reach this target is to sell our shares in the most polluting companies, we prefer to take the more impactful route by actively engaging as a shareholder with investee companies.

Product offering

89% of Kempen's investment strategies qualify as Article 9 or Article 8. The remainder are manager-of-manager funds, principally comprised of illiquid investments. Today, Kempen's sustainable investment products include Global & European Sustainable Equity, Global & European Property, Global Listed Infrastructure and Sustainable European Small-caps. Our roots lie in active ownership and our first investments involved working closely with Dutch small cap companies in the 1990s. Acting as engaged shareholders with a long-term view is still very much at the heart of what we do as an investor, using our influence to encourage businesses towards working more sustainably.

Focusing on a Strong ESG Outcome Orientation

"The shift from process to outcome orientation is the most important trend in ESG, but implementation is not easy."

Adrian Doswald is an Executive Director and senior product specialist for Sustainable Equity Strategies at LGT Capital Partners Ltd. (LGT CP). He joined the firm in 2007, and since 2014, he has been responsible for the promotion of Sustainable Equity products globally. He is also a member of the LGT ESG Committee and a Certified Environmental, Social and Governance Analyst (CESGA).

The Sustainable Equities team at LGT CP consists of eight investment professionals with research and portfolio management responsibilities. Together, they have an average of more than 15 years of experience and an average tenure at LGT CP of over 11 years. They are supported by product specialists, independent risk managers and ESG quant modelling analysts.

Holistic ESG integration with own proprietary tool

"We integrate ESG throughout the whole investment process with a holistic approach," explains Doswald. Our ESG integration approach spans four dimensions: exclusions, a comprehensive quantitative and qualitative ESG assessment, active ownership and finally, measuring the ESG performance of our portfolios. As a result, a strategy will not invest in companies exposed to controversial sectors or business practices such as tobacco or thermal coal. We then use sustainability performance rankings as an indication of a company's sustainability profile. We also use this to exclude the worst 25% scoring stocks from the investable universe. In a next step, we analyze the impact of financially material ESG factors on a company's competitive position and value drivers. This enhances our ability to understand existing and potential risks and opportunities



of a company. The sustainability analysis is conducted using a proprietary scoring process based on Key Performance Indicators (KPIs) and proprietary screening tool, the LGT ESG Cockpit.

"Furthermore, a dedicated ESG-analytics team and our sector analysts help discover inconsistencies and missing data. For instance, we identified a US pet diagnostics company that lacked disclosure of ESG data. We contacted the company to learn more about their ESG initiatives. We went through our ESG framework and addressed the crucial data points that we require for a potential investment. A year later, we received the firm's first published ESG report with all relevant ESG data," Doswald continues.

Importance of outcome orientation

As people and planet face ever greater challenges – global warming, the COVID-19 pandemic, increasing inequality – ESG efforts are increasingly focusing on real world outcomes. The shift from process to outcome orientation is an important trend in ESG, but implementing it is not easy. We have been moving towards a stronger outcome orientation in our ESG approach.

Throughout the investment process, we strive for a low environmental impact, as measured by greenhouse gas emissions, energy consumption, water use and waste generation, with the aim of realizing at least lower levels than the index. Furthermore, the portfolios are aligned with the Paris Agreement, aiming at 1.5° Celsius. Also the SDGs are measured. In addition, we conduct proxy voting and engagement activities with the aim to improve a company's sustainability profile. Finally, we monitor and report all relevant sustainability factors on a regular basis.



About LGT Capital Partners

Founded in 1998, LGT Capital Partners (LGT CP) is a leading asset manager focusing on alternative investments and sustainability. The firm is owned by the Princely Family of Liechtenstein and manages USD 85 billion in assets under management for over 600 institutional clients. The firm acts as a principal investor in its own funds, including the large diversified endowment fund. An international team of over 650 employees is responsible for managing a range of investment solutions focused on private markets, liquid alternatives and multi-asset class solutions. Headquartered in Pfaeffikon (SZ), Switzerland, the firm has a global presence with investment offices in Europe, US and Asia.

Sustainable Investment Commitment

The consideration of ESG issues is an integral part of LGT CP's investment due diligence process, which was developed to align with the six Principles for Responsible Investment (PRI). Further, LGT CP supports the Paris Agreement to limit global warming to 1.5 degrees above pre-industrial times. To help achieve the climate targets, LGT CP has been actively managing the carbon footprint of its liquid portfolio for a number of years and has achieved substantially lower carbon emissions than respective broad market benchmarks. Recently, the Firm introduced a framework to directly assess whether its portfolios are aligned with the goals of the Paris Agreement. In addition, we aim to achieve net zero emissions for our portfolios by 2050 at the latest, including the LGT Endowment Strategy, a USD 17 billion portfolio the Firm manages for the Princely Family of Liechtenstein and clients who invest with them.

Integration & Resources

LGT CP commits significant team resources to ensuring that its business and portfolios adhere to high ESG standards. Towards this end, the ESG Committee coordinates the development of policies and procedures across investment management, reporting and client service. It has dedicated sub-committees for Liquid Markets, Private Markets, Diversity & Inclusion, Policy & Governance, Climate Action and Employee Volunteering, and it reports to the Executive Committee. ESG Committee members include two LGT CP managing partners (including the chief risk officer) and senior investment professionals from the Firm's various competence centers. The Sustainable Equity team is supported by three quantitative ESG analysts.

LGT Capital Partners in Numbers

Total AUM (€m)	89,142
% SRI/ESG integrated equity	87.01%
fixed income	64.52%
real assets	57.16%
# ESG team	36 people
Sustainable strategy since	2009

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Febelfin Fund Label
- IIGCN
- GIIN
- The Green Bond Principles
- Montreal Carbon Pledge

Stewardship & Proxy voting

Active ownership is an integral part of LGT CP's approach. The firm has a formal active ownership policy in place incorporating ESG issues. As sustainability is an integral part of our investment approach, LGT CP uses its position to try to influence the behaviors of companies. Efforts cover a wide range of issues, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance.

Product offering

As of 31 March 2022, 25% of the AUM qualify as Article 8 or 9 funds.

The flagship offering LGT Sustainable Equity Global is an actively managed global equity portfolio, launched in November 2009. The stock selection follows a structured investment process based on sustainability and fundamental criteria. Typically, the fund consists of 40-70 single equity positions with up to 30% mid caps stocks. The investment objective is to invest sustainably while also outperforming the benchmark (MSCI World).

Answering Clients' Transparency Demands

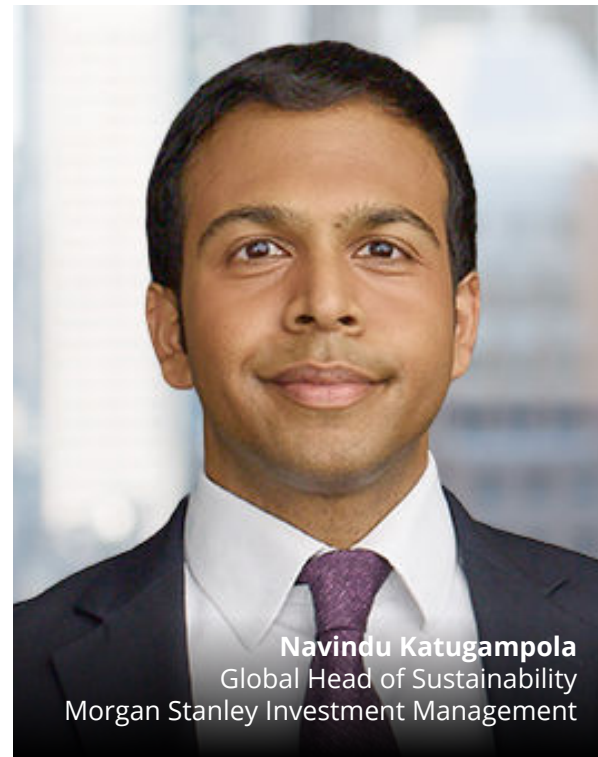
"Our investment teams are taking various approaches to providing enhanced transparency such as through developing fund-level ESG fact cards and team level engagement reports."

Morgan Stanley Investment Management (MSIM) Global Head of Sustainability Navindu Katugampola believes his 17 years of hands-on industry experience serve him well in the role. "I was previously Head of Green & Sustainability Bond Origination for Morgan Stanley's Global Capital Markets group. In that role I helped issuers raise over \$80Bn in Green, Social & Sustainability Bonds and served on both the Executive Committee and the Advisory Council of the ICMA Green and Social Bond Principles. I remain the Global Head of Sustainable Investing for MSIM Fixed Income and Liquidity teams and also co-chair MSIM's Sustainability Council.

Katugampola explains how MSIM is taking both a combination of standard and customised approaches to meeting client needs and demands. "Internally we have built up our team into four verticals - Sustainability Solutions/Product, Sustainability Regulation, ESG Data/Technology, and Stewardship - as a centralised function to support growing needs. We also leverage market intelligence through industry associations and guidance from external counsel and consultants."

A thematic approach to stewardship

In 2020, MSIM established four thematic and engagement stewardship priorities. "These are aligned with the UN SDG and a recognition that certain environmental and social issues can cause systemic risk to the economy and capital markets.



Navindu Katugampola
Global Head of Sustainability
Morgan Stanley Investment Management

MSIM investment teams generally prioritise engagements based on these four categories, explains Katugampola, however, he adds that "we are not limited to these four themes only and wherever needed, we engage on other material ESG topics."

It is important to have a systematic approach, according to Katugampola. "Among our equity teams, our international team engaged with 94% of their holdings in 2021. One example, in line with the 'Diverse and Inclusive Business' theme, was a company where the board was composed entirely of white Europeans, and we had reservations about the LTIP structure and a lack of measurable ESG KPIs in the pay plan. We continued to raise the issue of board diversity, firm's hiring process and executive compensation structure and were ultimately encouraged to see the board make a diverse and meaningful appointment. The LTIP now incorporates 100% performance-based shares and new ESG-related targets to hold management accountable."

Client demand for transparency

Investors are increasingly demanding further transparency around sustainability and stewardship factors. "Our investment teams are focused on and taking various approaches to providing enhanced transparency such as through developing fund-level ESG fact cards and team level engagement reports," concludes Katugampola.

Morgan Stanley

INVESTMENT MANAGEMENT

About Morgan Stanley IM

MSIM is a global asset manager delivering innovative investment solutions to a wide range of investors and institutions including corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments and consultant partners worldwide. With over four decades of asset management experience, our investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. MSIM offers its clients personalized attention, the intelligence and creativity of some of the brightest professionals in the industry, and access to the global resources of Morgan Stanley.

Sustainable Investment Commitment

Given our belief in the contribution of ESG and Sustainability to investment performance, we expect to continue to expand the depth and breadth of our ESG integration efforts through building out our customised ESG client solutions, increasing regulatory readiness, enhancing ESG data and technology, improving governance and integrity, focusing on climate & DEI, and broadening our collaborative initiatives.

In addition, we want to expand our suite of ESG solutions and products by collaborating with our clients to better understand their needs and ESG priorities.

Integration & Resources

MSIM adopts a tailored approach to ESG integration and stewardship whereby public and private investment teams are ultimately responsible for exercising their judgement to identify and integrate materially relevant risks and opportunities into their investment decision-making process, including due diligence and research, valuation, asset selection, portfolio construction, and ongoing engagement and investment monitoring. Investment teams assess materiality of ESG integration and stewardship through the consideration of various factors, such as investment philosophy, asset class, the nature of the issuer, the size of our holding, the exposure to sustainability risk and the investment time horizon.

Morgan Stanley IM in Numbers

- # central MSIM Sustainability team 7 people¹
- # Global stewardship team 5 people²

¹ as at 30 September
² as at 30 September

Member / Signatory

- UN PRI
- CDP
- UK Stewardship Code
- 30% Club
- FAIRR
- Institutional Limited Partners Association (ILPA) – Diversity in Action
- One Planet Summit Asset Managers Initiative
- WBA

Stewardship & Proxy voting

We consider good corporate governance as central to our business model. As active owners, part of our investment approach focuses on well-governed companies with long-term, sustainable business models. As we believe that ESG issues can influence risk and return, we consider these factors, when relevant, in evaluating and engaging with portfolio companies. The work of MSIM's Global Stewardship Team demonstrates our dedication to proxy voting and shareholder engagement as part of overall good governance. The team works closely with the investment teams on matters of proxy voting, governance analysis and engagement, as well as related social and environmental issues.

Global Sustainability with African Roots

"We conduct intensive fundamental analysis to find companies with structural growth, sustainable returns, and competitive advantages."

Deirdre Cooper, Head of Sustainable Equities at Ninety One, and co-portfolio manager of the Global Environment strategy along with Graeme Baker cannot be accused of jumping on the ESG bandwagon. "I have more than 15 years' experience of investing in the environmental sector, while Graeme has over 10 years of investing across traditional energy and broader decarbonisation focussed companies." The firm's Sustainable Equity team comprises five portfolio managers, who all also conduct company analysis and nine equity analysts.

Cooper describes the Global Environment strategy as a high conviction, concentrated, benchmark agnostic global equity strategy focussed on companies that are leaders in climate change products and solutions, and which will contribute to future sustainable decarbonisation. "Our investment approach is designed to capture two inefficiencies. First, we believe the market undervalues companies that are enabling decarbonisation. Second, we believe the market underestimates the size and persistence of returns of businesses with sustainable competitive advantages. All the companies in our portfolio exhibit three key characteristics: positive exposure to decarbonisation, sustainable business models and strong competitive advantages," Cooper says.

Multiple approaches to decarbonising

"Our starting point is a proprietary universe focusing on companies with both



Deirdre Cooper
Head of Sustainable Equities
Ninety One

decarbonization-driven revenues and 'carbon avoided', which is a measure of positive contribution to decarbonization," explains Cooper. "We cover companies across the value chains within renewable energy, electrification, and resource efficiency. We conduct intensive fundamental analysis to find companies with structural growth, sustainable returns, and competitive advantages. This results in a focused portfolio, diversified across climate themes, industries, and regions. Sustainability factors are integrated at every stage of the process, with the aim of considering how a company impacts all stakeholders."

Sustainability stories more important than numbers

Cooper says Ninety One aims to address the problem of greenwashing by supporting the drive towards more transparent sustainability reporting but are concerned about an overreliance on 'sustainability by numbers'. "No single datapoint, such as an ESG rating or a carbon intensity figure, can describe whether a company is driving the transition to net zero, or whether it is truly sustainable. Sometimes portfolio-level metrics will not be indicative of an investment's underlying sustainability performance. For example, it is possible that a portfolio's carbon footprint will decrease because one of the holdings sold a business. It is equally possible to have a portfolio with better-than-benchmark board-diversity metrics, while populated with companies that are far from inclusive places to work."



About NinetyOne

Ninety One was established in South Africa in 1991, as Investec Asset Management. We are a specialist active investment manager listed on the London and Johannesburg Stock Exchanges, managing USD 189.4 billion as at March 31, 2022. We offer strategies across equities, fixed income, multi-asset and alternative to institutions and advisors around the world. Creating resilient portfolios needs a different approach to finding opportunities and assessing their defensive potential. With our emerging markets roots and a commitment to developing specialist investment teams, we truly bring a different perspective to active and sustainable investing.

Sustainable Investment Commitment

A main focus for Ninety One is delivering on our commitments to the goal of net zero carbon emissions by 2050. Our key principles are to use the entire asset pool, to focus on emissions pathways and to prioritise high emitting companies that need time to transition. We will also work on continue to develop our range of investment solutions that focus on the energy transition and sustainability more broadly. We believe one of the ways to reduce our own risk is by engaging deeply in areas where companies of importance can improve their targets and contribution to Net Zero.

Integration & Resources

We seek high quality ESG integration standards across all our strategies, ensuring the range of ESG risks and opportunities are assessed and priced for. The investment teams are supported by dedicated ESG specialists across our Sustainability team and Investment Risk team. In addition, our Sustainability Committee oversees the wider sustainability ecosystem in the business (investment integration, advocacy, corporate transition to net zero etc.) with the support of the sustainability team, investment risk team, sustainability specialists and proxy voting specialists.

NinetyOne in Numbers

Total AUM (€m)	1,700 ¹
% SRI/ESG integrated	100%
# ESG team	12 people
# Engagement team	5 people
Sustainable strategy since	2008 ²

¹ as at March-22

² first impact funds in Africa

Member / Signatory

- UN PRI
- Impact Investing Institute
- Climate Action 100+
- Emerging Markets Investor Alliance
- The Carbon Disclosure Project
- Net Zero Asset Managers Initiative
- Say on Climate
- Transition Pathway Initiative

Stewardship & Proxy voting

The analyst covering a company and the portfolio manager, in collaboration with the engagement and proxy voting team are responsible for making voting decisions, and for engaging with companies. Typically, the analyst and portfolio manager are best placed to establish key areas for engagement with portfolio companies, and will work with the engagement and proxy voting team to coordinate such engagement.

Product offering

Of our Global Strategy Fund range as at March-22, 1.3% are categorised under Article 8 and 3.8% are categorised under Article 9 of the SFDR. As of 13th June 2022, a number of our GSF funds have moved from Article 6 to Article 8 under our new 'Enhanced Integration' pillar. The above figures do not include these funds that have reclassified as Article 8.

Looking Beyond Returns for Positive Impact

"We seek out companies with sustainable business models and aim to avoid those with elevated ESG risks."



Paul Schofield
Head of Sustainable & Impact Equity & Lead Portfolio Manager
NN Investment Partners

Paul Schofield leads a team of 20 experienced investment professionals managing NN Investment Partners' Sustainable & Impact Equity range. "With over 20 years of experience in equity investing, I joined NN IP from another global asset manager, where I was Lead Portfolio Manager of a Sustainable Equity range alongside several other global equity strategies."

Active use of the voting process

Schofield explains how NN IP employs its value-chain research approach. "We seek out companies with sustainable business models and aim to avoid those with elevated ESG risks." In his view, company engagement is crucial. "All engagement activity with our investee companies is monitored and tracked in a central, proprietary database. NN IP's The Responsible Investing (RI) team acts as the main coordinator of engagement activities to ensure alignment and consistency."

The RI team also ensures consistency in ESG integration across all strategies. For shareholder meetings of companies held in our Sustainable and Impact Equity funds, voting is carried out manually by an in house Proxy Voting Committee which has portfolio managers and analysts as representatives, ensuring a clear link between voting and investment activities. "A key engagement and voting theme is board diversity. As a firm we believe that boards should draw on a wide range of relevant skills, backgrounds,

and perspectives," Schofield explains. By way of example, in recent years our engagement efforts with a leading provider of translation services - has contributed to the improvement of diversity of its management board."

Accuracy and transparency built in

According to Schofield, in the sustainable investment industry one of the largest risks within equities is a disconnect between claims being made versus outcomes achieved, which can lead to which can lead to concern, and behaviour we seek to avoid.

He points to the steps taken by NN IP to mitigate this risk: "We have embedded several measures in our investment process. Firstly, an impartial screen of the investable universe to prevent exposure to activities, behaviour and company practices that the strategy aims to avoid - this instils a degree of top down discipline as part of our process; secondly, we perform bottom-up due diligence on the prospective investments - this is imperative to understanding idiosyncratic issues and ensures the nature of the investment aligns with the stated strategy philosophy; thirdly, we provide transparent reporting of non-financial ESG exposures across the portfolio to reflect the criteria and inputs that inform the selection process; finally, we implement a rigorous active stewardship approach that aims to achieve a continuous improvement of the companies we invest in."



About NN Investment Partners

NN IP manages EUR282 billion of assets for investors worldwide. We see active, responsible investing (RI) as a way of benefiting our clients and society as a whole. We use data and technology to adapt our investment approach to changing markets which we believe are complex and not fully rational. We believe an adaptive approach creates long-term value. Fundamental analysis, real time data and artificial intelligence help us understand what affects our clients' assets. We invest responsibly, as this contributes to attractive returns and a sustainable future. Our investment solutions include: Fixed Income, Equity, Alternative Credit, Multi-Asset and Adaptive Investing.

Sustainable Investment Commitment

NNIP's firm-wide overarching sustainability goals in incorporating non-financial (ESG) parameters into our investment processes are based on the desires of: Putting Capital to Work and Improving Returns, in order to contribute to a sustainable future and risk-adjusted returns. NN IP's objective when managing clients' assets is to enhance long term value. Investing responsibly with regard to social and environmental issues and encouraging strong corporate governance is at the heart of our organisation's philosophy and has been incorporated into the company's core values. As active investors, we believe companies with well managed sustainability and corporate governance practices should perform better in the long run.

Integration & Resources

Information on E,S and G factors is incorporated in investment processes to improve the risk-return characteristics of portfolios. We set high standards for assessing and documenting ESG considerations across investment cases. We apply firm-wide norms-based restriction criteria, assess performance of ESG indicators / metrics and track for potential controversies related to material ESG issues. To identify material ESG issues at company, sector, and country level we use a proprietary Materiality Framework and ESG indicator (ESG lens). For each investment case - E,S,G factors are documented using a consistent approach, and engagement and voting recorded and monitored using in-house platform (Papyrus).

NN Investment Partners in Numbers

Total AUM (€m)	282,000 ¹
% SRI/ESG integrated	91%
equity	9%
fixed income	74%
other	8%
# ESG team	14 people
# Engagement team	14 people
Sustainable strategy since	²

¹ As of 31 December 2021

² The Green Bond strategy was launched in March 2016. The Global Sustainable Equity was launched in July 2000. Please note: NN IP offers various strategies each with specific launch/start date. Overall, as a firm NN IP has over 20 years experience in sustainable investing with sustainable strategies in place since this time.

Member / Signatory

- UN PRI
- Climate Action 100+
- Net Zero Asset Managers Initiative
- TCFD
- Equator Principles
- ICGN
- IIGCC
- Platform Living Wage Financial

Product offering

As at 31 December 2021 91% of AUM qualified as ESG Integrated, Sustainable or Impact. Our Sustainable & Impact Equity strategies are part of a range of investment capabilities, aiming to address the most pressing environmental and social challenges such as clean energy and education, along with a focus on one or more United Nations' Sustainable Development Goals, providing investors with a choice of goals to target.

ESG Supported by Strong Links with Academia

"We have a project team of more than 30 people who are working on making sure Robeco adheres to the new regulations."



Michiel Plakman
Head of Global Equity
Robeco

Michiel Plakman, Lead Portfolio Manager for the Robeco Sustainable Global Stars Equities strategy, describes how his investment team of six experienced portfolio managers operates. "We strive for an optimal synthesis of research, process and people to ensure that these performance drivers result in the selection of outperforming stocks, while a disciplined use of extensive checks and balances ensures efficient portfolio construction."

Many hands make light work of ESG

Robeco Global Equities team builds on more than 90 years of investment experience. Robeco launched its first global equity mutual fund (Robeco N.V.) in 1933, just four years after the company was founded. Plakman believes the firm's in-house resources help support its effective incorporation of rapidly evolving ESG factors and related reporting needs. "Increasing regulation and client demand drive need for better ESG data & reporting," he says.

"We have a project team of more than 30 people who are working on making sure Robeco adheres to the new regulations. Investment teams worked with the company's legal officers, Compliance department and external advisors and regulators to make sure all funds can meet the relevant criteria and disclosures."

"Furthermore, we bring to bear vast technical and subject-matter knowledge to overcome the various challenges within ESG data and ensure that we measure sustainability characteristics as best we can," Plakman continues.

Measurable sustainability performance boost

Plakman points to the importance of demonstrating the alpha contribution of ESG factors. "For Robeco Sustainable Global Stars we have been able to show the added value of our ESG integration approach to our investment results by multiplying the ESG valuation adjustment in basis points to the relative performance of the stock in any given year," he explains.

"Positive valuation adjustment and outperformance thus leads to a positive attribution, negative valuation adjustment and outperformance leads to negative attribution. ESG accounts for 20% of the 420 bps annualised outperformance over the period from 2017 to 2021, and ESG attributed positively in all years since we began tracking the data," Plakman concludes.

ROBECO

The Investment Engineers

About Robeco

Robeco is a pure play international asset manager founded in 1929. It has offices in 14 countries worldwide and is headquartered in Rotterdam, the Netherlands. A global leader in sustainable investing since 1995, its unique integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies for a broad range of asset classes. As per March 2022, Robeco had USD 218 billion in assets under management, of which USD 207 billion was committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V.

Sustainable Investment Commitment

Our key sustainability goals are:

- to develop a complete suite of innovative sustainable products
- Top brand recognition on sustainable investing
- To establish and implement an ambitious but realistic climate strategy
- Measuring positive and adverse impact on our funds
- Increase SI knowledge across the company

Integration & Resources

Robeco systematically incorporates ESG factors into its mainstream investment and portfolio construction processes. We are convinced that taking ESG criteria into account results in better-informed investment decisions.

Sustainability can have a major effect on corporate profitability, and therefore on valuations and the risk-adjusted return of investments. Firms that score low on sustainability factors will more likely suffer from a deterioration of their credit quality. The way in which we incorporate extra-financial factors into our investment processes is tailored to the characteristics of each individual investment strategy.

The Sustainable Investing Center of Expertise acts as a focal point within the company for all activities related to sustainable investing. It delivers sustainable investing expertise and insights to the investment teams, our clients and the broader market. This includes a special focus on two areas, climate change and the UN SDGs.

Robeco in Numbers

Total AUM (€m)	200,727
% SRI/ESG integrated equity	94%
fixed income	99%
# ESG team	50 people
# Engagement team	17 people
Sustainable strategy since	2014

Member / Signatory

- UN PRI
- Climate Action 100+
- CDP
- Net Zero Asset Manager Initiative
- Global Reporting Initiative (GRI)
- Global Impact investing Network
- TCFD
- UN Global Compact

Stewardship & Proxy voting

Robeco believes that engagement and voting are critical elements of a successful sustainable investing strategy and can improve a portfolio's risk-return profile. We target a relevant subset of companies globally in our equity and credit portfolios for a constructive dialogue on environmental, social and governance factors.

In 2021, we engaged with 226 companies on 270 cases. Engagement is standard for Robeco funds. The service can be provided for segregated mandates as well.

Proxy voting is the responsibility of the Active Ownership team, which works closely together with sustainability investing analysts and portfolio managers in Robeco offices around the world. This gives us a truly global approach for truly global issues.

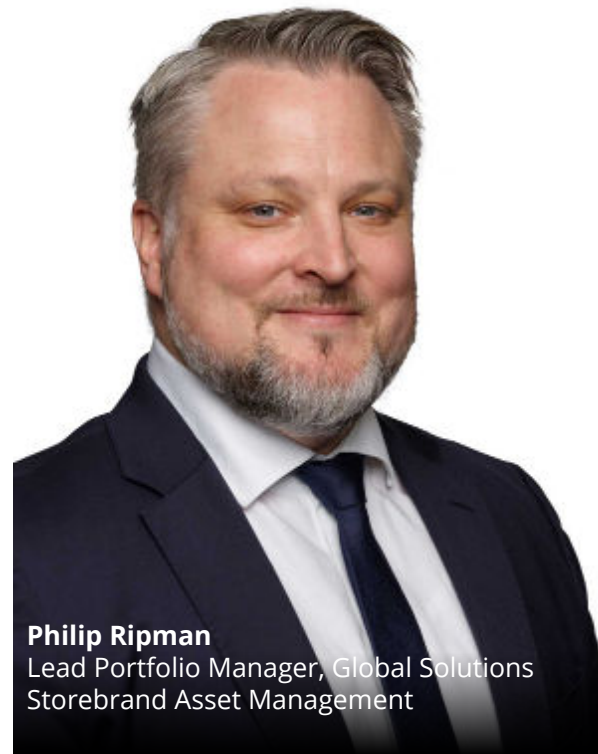
Product offering

- Article 6: 5 funds - 4%
- Article 8: 112 funds - 78%
- Article 9: 26 funds - 18%

Robeco Sustainable Global Stars Equities is a high-conviction, fundamental investment strategy, aiming to outperform the reference index MSCI World Index over a 3- to 5-year horizon. In addition to this, the strategy aims to have a better ESG profile and a significantly better environmental footprint than the index. The strategy targets long-term oriented investors with a focus on sustainability to further enhance the risk reward equation.

Adapting to an Ever-changing Landscape

"We employ a transparent and darwinistic approach to everything we do, with the acceptance that these are areas that are under constant development and change."



Philip Ripman
Lead Portfolio Manager, Global Solutions
Storebrand Asset Management

As lead portfolio manager for the Global Solutions strategy, Philip Ripman's core expertise is rooted in sustainability, climate strategy, and asset management in conjunction with political science and stability. Having previously held positions such as Group Head of Sustainability and Head of Responsible Investments he has been able to shape the group's climate and investment policy, the bedrock of Storebrand's investment approach.

Ripman introduces his team and strategy: "Global Solutions is a top-down thematic equity strategy investing in companies delivering products and services that address the SDGs. Our team consists of four subject matter experts, all with strong sustainability expertise across the fund's respective themes."

Expertise and transparency are essential

Ripman believes the complexities of ESG, and the sheer breadth of topics and themes requires comprehensive insight and understanding. "Our greatest guard against greenwashing are the people working with these issues. Integrity is a personal attribute which is employed when analysing and selecting companies that fit the mandate. The solutions we pick must be real solutions, and there must be transparency in the process. Transparency is the second vital factor," Ripman continues.

"We employ a transparent and darwinistic approach to everything we do, with the acceptance that these are areas that are under constant development and change. To succeed, we need the flexibility to continuously evolve because what was green 5 years ago is not necessarily green today. Communication to stakeholders then becomes vital in explaining how themes and topics are changing," Ripman explains.

Spotting opportunities in sustainability

"In our view the primary task is selecting the right companies," Ripman explains. "For us, if you strip away the terminology, what we are looking for are companies that provide solutions to societal issues through their products and services. Historically this has been a good place to be, from technology that revolutionizes energy production and distribution, to companies providing new and intelligent solutions to challenges in mobility, healthcare, communications and so on," he says.

Ripman adds a note of caution. "While sustainability far from guarantees success, it can be used as a tool to make better investment decisions, and to better identify companies that are aligned with society at large and therefore benefit from significant tailwinds connected to regulation, macro trends and political support."

storebrand Asset Management

About Storebrand Asset Management

Storebrand Asset Management (SAM), a leading Nordic provider of sustainable investment solutions across traditional and alternative asset classes. We invest for the future and fundamentally believe that investing in companies well positioned to deliver on the UN's SDGs, will deliver better risk-adjusted long-term returns for our clients. We have, since the mid-1990s, pushed the boundaries of sustainable investing as a part of our long-term vision. Sustainability is integrated into our values and vision, encompassing products, services, and the partnerships we forge to collectively strive for positive change.

Sustainable Investment Commitment

Storebrand Asset Management is committed to achieve net zero greenhouse gas emissions across all our assets under management by 2050, at the latest. Our long-term ambition is backed up by short-term strategies in line with the recommendations from the NZAOA, we have set 1) sub-portfolio targets, 2) financing targets and 3) engagement targets for 2025.

1. We will reduce our emissions by 32% from 2018 to 2025
2. We will finance 15% of total AUM in solution companies by 2025
3. We will engage CEOs of the 20 companies that generate the highest carbon footprint in our investment portfolios

Integration & Resources

Sustainability is an integral part of Storebrand's core business and we evaluate economic, social and environmental aspects before we make any decisions. Storebrand's ESG integration is divided into three distinct pillars:

1. **Exclusions:** Excluding companies on either a conduct or product basis
2. **Active Ownership:** Storebrand aims to be a driving force for lasting change in the way companies are managed, while ensuring the best possible return for customers and owner.
3. **Solution Companies:** Invest more in companies that significantly contribute to sustainable development without causing substantial harm to environment or society.

Storebrand Asset Management in Numbers

Total AUM (€m)	106,861
% SRI/ESG integrated	
equity	100%
fixed income	100%
real assets	100%
# ESG team	6 people
# Engagement team	6 people
Sustainable strategy since	1996

Member / Signatory

- UN PRI
- Climate Action 100+
- CDP
- Net Zero Asset Owner Alliance
- IIGCC
- The Montreal Pledge,
- The Portfolio Decarbonization Coalition

Stewardship & Proxy voting

Storebrand believes in exercising our rights as shareholders. We employ two main ways of doing this, either through voting at shareholder meetings or direct company engagement. The decision to engage with companies is based on our assessment of the significance of a particular matter, holding size, scope to effect change and opportunities to collaborate with other investors. If the outcome of engaging with companies fails to meet our expectations, the Storebrand Group may consider other actions, such as publicly expressing views and proposing resolutions at AGMs. If the company is on our observation list, we will make an exclusion assessment.

Product offering

- Article 6: 9%
- Article 8: 75%
- Article 9: 16%

Storebrand Global Solutions is one of SAM's flagship strategies, a top-down thematic equity strategy with an investment philosophy and framework rooted in the SDGs. The strategy is a key offering to our clients and enabler of the firm's net zero goals. As a founding member of the NZAOA we are committed to achieve net zero GHG emissions across all our AuM by 2050. A key tool to achieve this is by investing in solutions, i.e. companies significantly contributing to sustainable development

Detecting ESG Transformers

"We seek to clarify our overall approach to sustainability, which for us is a process rather than a state."



Daniel Ceccarelli
Senior Portfolio Manager
Union Investment

Following eight years as a specialist for German and European equities at CA Cheuvreux and Goldman Sachs, Daniel Ceccarelli joined Union Investment in July 2016, where he is senior portfolio manager in charge of managing global, concentrated equity strategies. Ceccarelli points to his long career in the industry so far: "Previously I worked for 10 years as a director at Credit Suisse's institutional investment advisory group with a focus on global equities. Before that, I started my career in 1997 in equity research at a private bank in Frankfurt. I studied business administration at the Hochschule Mainz and completed my education with an MBA at Warwick Business School."

Static and dynamic in-house ESG ratings

Faced with increased scrutiny of potential green washing in the investment industry, Ceccarelli points to his firm's efforts to be transparent. "At Union Investment, we aim to prevent these circumstances by only declaring Assets under Management as 'sustainable' where we apply one of our proprietary exclusion filters as adequate ESG data is not yet available for all asset classes, which would be a prerequisite to claim ESG integration for our entire fund range."

Ceccarelli explains how they view ESG ratings as a dynamic process: "We seek to clarify our overall approach to sustainability, which for us is a process rather than a state."

The latter means that in addition to identifying companies that we currently consider as sustainable through static instruments such as ESG filters and positive ESG criteria including our proprietary UniESG Score, we also look at so-called 'ESG transformers.' These will be companies that are on a credible path towards more sustainability in the future, as highlighted by our forward-looking UniESG Transformations Rating. Our view of sustainability as a process is complemented by our extensive engagement activities."

Plugging the ESG data gaps

Another problematic area with ESG investment is data provision, according to Ceccarelli. "To address completeness of data we use various external ESG data providers with different focusses. That allows us an almost 100% coverage of broad equity and fixed income universes. We also do our own ESG research. As most of the current ESG data is backward-looking, we try to compensate for this by looking at our ESG transformers, as I mentioned earlier. Also, regarding carbon footprinting, we have developed an AI-driven prognosis tool that helps to predict the future emissions path of a company, focusing on a 1.5° pathway."



About Union Investment

Union Investment was founded in 1956 as asset manager for the German Cooperative sector. Since that time, our stable ownership structure, with the strength of our main stakeholder DZ BANK AG, has allowed us to focus on solid, long-term client relationships characterised by mutual trust and openness. With AUM totalling EUR 433bn, including EUR 232bn for institutional clients, we are among the largest institutional asset managers in Europe (as at 29/04/2022). As an active asset manager we conduct rigorous fundamental analysis with the aim of exploiting information inefficiencies in capital markets in order to generate a risk-adjusted outperformance for our clients.

Sustainable Investment Commitment

With the help of our climate strategy and environmental management, which are an integral part of our Sustainability Code, we identify areas for action with which we are consistently reducing the CO₂ emissions of our operations. Our goal is to achieve climate neutrality by 2045 and a CO₂ reduction of 65% by 2030, compared to the base year 2009. Furthermore, Union Investment has resolved to bring greenhouse gas emissions in the securities assets under management and the real estate portfolio to net zero before 2050. We apply a basic firm-wide exclusion filter for all our portfolios. The excluded sectors are coal extraction and coal-fired power generation, controversial business practices and controversial weapons. These excluded sectors are constantly monitored and evaluated on a rolling basis.

Integration & Resources

We integrate ESG aspects in our entire investment process. Our proprietary SIRIS tool combines data from external ESG providers with our internal ESG research. Our central ESG Committee takes decisions at sector and/or company level that are binding for our entire portfolio management. Our proprietary UniESG-Score allows us to identify those companies and countries that are best positioned in terms of sustainability. In addition to the backward-looking UniESG Score, we have developed our proprietary forward-looking UniESG-TransformationsRating as our sustainable investment approach is placing increased emphasis on identifying the transformation potential of companies.

Union Investment in Numbers

Total AUM (€m)	440,700
% SRI/ESG integrated	
equity	29%
fixed income	35%
real assets	30%
# ESG team	19 people
# Engagement team	10 people
Sustainable strategy since	1990

Member / Signatory

- UN PRI
- CDP
- UN Global Compact
- Forum Nachhaltige Geldanlage
- Climate Bonds Initiative
- Eurosif
- LuxFlag
- German Corporate Governance Codex

Stewardship & Proxy voting

As a responsible and active asset manager, our stewardship approach focuses on constructive dialogue with the companies in which we invest and intensive activities at annual general meetings, including speaking and voting. The primary objective is to actively influence the company in terms of ESG practices and, thus, to contribute to a sustained increase in corporate value. Our approach consists of ongoing, constructive company dialogues (UnionVoice) as well as the exercise of shareholder voting rights (UnionVote). Our principles and processes have been laid down in our attached Engagement and Proxy Voting Policies.

Product offering

Our sustainable assets under management amount to 125,6 billion (as of 30/03/2022) including a growing number of Art. 8 and Art. 9 compliant funds as well as mandates.

ESG LEADERS FIXED INCOME



abrdn



Morgan Stanley
INVESTMENT MANAGEMENT



AEGON
Asset Management



Ninety
One



ARISTOTLE
CREDIT PARTNERS



NN investment
partners



COLUMBIA
THREADNEEDLE
INVESTMENTS
Your success. Our priority.



PineBridge®
INVESTMENTS



Invesco



ROBECO
The Investment Engineers



LGT Capital Partners



Union
Investment



MFS®
Investment Management



Vontobel



mirova
Investing in sustainability

Trailblazing Emerging Markets Debt Impact

“Simply focusing on external ESG ratings rather than the underlying impact a company is the biggest risk for greenwashing.”

Sam Bevan is an Emerging Markets Debt Investment Director at abrdrn. He is the lead manager of the Emerging Markets Sustainable Development Corporate Bond Strategy, an impactful mandate with a profit with purpose objective. Our capabilities can go much further than ESG risk mitigation to actively allocate towards companies creating a positive societal impact. Investment themes include reducing inequalities, climate solutions and making consumption and production more responsible.

Overcoming External ESG Ratings’ Shortcomings

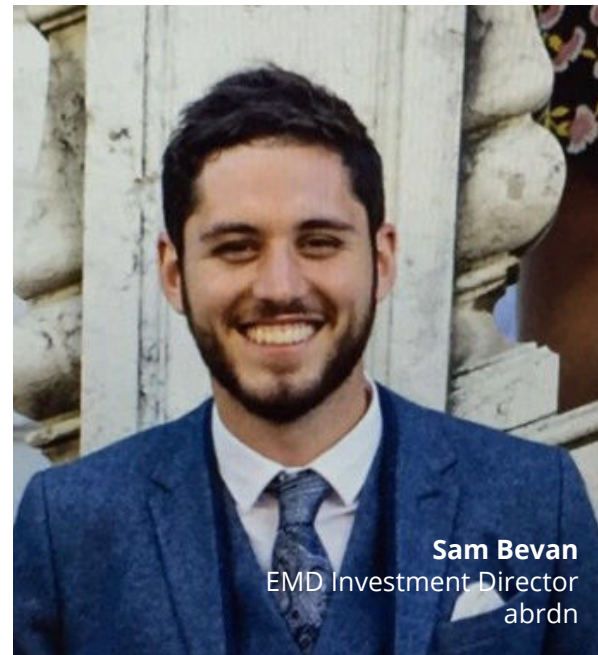
“Simply focusing on external ESG ratings rather than the underlying impact a company is the biggest risk for greenwashing,” Bevan argues. “A robust approach to sustainable investing focuses on the positive and negative impacts of the product/service a company produces and how they are produced,” he adds.

According to Bevan this is a shortcoming of external ESG ratings. “They focus too much on a tick-box approach and questionnaires to back out their scores and therefore bias towards large-cap, public companies. It’s also why we end up with the likes of Shell & British American Tobacco¹ being rated AA by MSCI,” Bevan continues.

To overcome these shortcomings, abrdrn uses a quantitative assessment of materiality for its sustainable development strategies. “To be eligible for investment, a minimum threshold of

¹ Company selected for illustrative purposes only to demonstrate the investment management style, and not as an investment recommendation or indication of performance.

² Company selected for illustrative purposes only to demonstrate the investment management style, and not as an investment recommendation or indication of performance.



Sam Bevan
EMD Investment Director
abrdrn

20% or greater of a company’s revenues, capex or opex must positively contribute

to a specific UN SDG. Negative externalities are also assessed. This ensures that the company’s net contribution is material and positive,” he says.

Engaging to Find the Right Impact Metrics

In addition, abrdrn’s sustainable development strategies focus on measuring impact. “For each company, at least three impact metrics are identified and tracked going forward. Where possible, these metrics are aligned to the KPIs set out by the UN’s 2030 goals. If a company fails to meet expectations in terms of impact, their eligibility will be reconsidered” Bevan explains.

“We engage actively and regularly with companies, focusing on ensuring that integrating sustainability is an increasing part of their strategy,” Bevan says. The asset manager also works with companies to improve the disclosure of their sustainability data and educate them on why this can be mutually beneficial.

“One example is private company Liquid² Telecom who invest in fibre networks in some of the most under-served African countries. Given formal ESG reporting does not exist, we actively engaged with the company and are helping develop their first public sustainability report that will include key impact metrics and be released annually,” Bevan concludes.



abrdrn Asset Management

We offer investment expertise across all key asset classes, regions and markets so that our clients can capture investment potential wherever it arises. By combining market and economic insight with technology and diverse perspectives, we look for optimal ways to help investors navigate the future and reach their financial goals. And by putting environmental, social and governance (ESG) considerations at the heart of our process, we can invest for a better future. By ensuring the assets we invest in are ready for and resilient to a world in transition, we act as guardians of our clients’ assets.

Sustainable Investment Commitment

In our own operations we have set a target to be net zero by 2040 with an interim target of reducing carbon emissions by 50% by 2025 vs a 2018 baseline. To support the transition to net zero, we have set the target to reduce the carbon intensity of the assets we invest in by 50% by 2030 vs a 2019 baseline. Assets initially in scope for contributing towards our 50% decarbonisation target by 2030 are listed Equities, listed Credit, Active Quants, Real Estate and selected Multi-Asset strategies. This is driven by data availability, maturity of methodologies and control over decision making. It is also worth noting that this target is measured as an average across all assets in scope, and that individual funds may or may not have specific decarbonisation targets as part of the investment process. We pledge to work with our top 50% of suppliers by spend, asking them to put in place net zero targets by 2025.

Integration & Resources

As active investors we aim to integrate ESG considerations into every stage of research, investment rating and selection, and portfolio construction. Where we believe we can influence or gain insight, we actively engage with the companies and assets in which we invest. We believe this will create long-term value, including in relation to ESG practice. Where we have rights, we also vote at AGMs of target companies to drive change. Leveraging our influence - we look to work closely with governments, regulators and industry bodies globally to advance policy, including that relating to social and environmental standards.

abrdrn Asset Management in Numbers

Total AUM (€m)	590,600 ¹
% ESG integrated	
active equities	100%
fixed income	100%
real assets	100%
# ESG team	29 people
# engagement team	17 people ²

¹ As at 30 June

² 8 of the engagement team are also within the ESG team

Member / Signatory

- UN PRI
- Climate Action 100+
- CDP
- Net Zero Asset Manager Initiative
- IIGCC
- UK Sustainable Investment and Finance Association (UKSIF)
- EuroSIF
- Asian Corporate Governance Association (ACGA)
- UN Global Compact
- Global Real Estate Sustainability Benchmark (GRESB)
- Farm Animal Investment Risk and Return (FAIRR)
- PRA/FCA Climate Financial Risk Forum

Stewardship & Proxy voting

We have a strong track record of active ownership aligned with stewardship best practice. This is built on our belief that it’s mutually beneficial for long-term investors and the investments that they make to have a relationship based on accountability, engagement and trust.

As Responsible Investors we use engagement to deliver better outcomes for our clients. Engagements are reviewed regularly by the Central ESG Investment Function and discussed with relevant investment desks as to how this may affect the underlying analysis on the company and its company note, and whether action needs to be taken in regards to investment/ divestment. Investment teams also keep a monitor of engagements relevant to each mandate and their relevant investment universe.

Product offering

33% of abrdrn’s pooled SICAV funds are Article 8 and Article 9 funds.¹

¹ Past performance does not predict future returns. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested

Tackling Unengaged Sovereigns

"To reward issuers in a fair manner, the selection of salient KPIs and the establishment of targets must be supported by scientific evidence."



Irina Kurochkina
Fixed Income Portfolio Manager
Aegon Asset Management

Based in the Netherlands, Irina Kurochkina, is a fixed income portfolio manager in the rates and money markets team and co-manager of the Global Sustainable Sovereign Bond Fund. She is also a member of Aegon AM's sustainable investment committee.

The Challenges of Engaging with Sovereigns

Even though sovereigns hold the key to accelerating change and tackling sustainability challenges, they are usually considered last when it comes to implementing responsible investment projects, according to Kurochkina. "The fact that engaging is difficult, or even impossible, makes the problem worse. In our view, this situation creates an unwarranted comfort that actually is detrimental to sustainability progress," she says.

"We tackle this challenge through a methodology based on the principles recommended by the United Nations, designed in a fair manner, and built on scientific grounds.

We are able to track past performance, evaluate an issuer's current policies and elaborate an assessment that is a determining factor in the asset allocation process of our Global Sustainable Sovereign Bond Fund," Kurochkina explains.

Tackling Data Sourcing with the UN SDGs

Kurochkina argues that Aegon Asset Management takes a distinct approach to finding evidence of non-traditional ESG characteristics, such as sustainability alignment, in a fixed income portfolio. "To reward issuers in a fair manner, the selection of salient KPIs and the establishment of targets must be supported by scientific evidence," she adds.

Sourcing, presentation, and evaluation of information are at the heart of Aegon's approach to ESG data, according to Kurochkina. "From our perspective, data should be sourced from public, reliable sources that disclose their data and methodology granularly. Data should also be expressed in a transparent and homogeneous way that facilitates interpretation and comparability. Last but not least, data should be evaluated in context and complemented with a qualitative view that should help overcoming biases," she adds.

"Our sustainability framework for sovereigns covers 100+ KPIs per issuer, that follow the recommendations made by the United Nations under their Sustainability Development Goals (UN SDGs) framework. Using globally accepted standards helps in the assessment of progress made towards tackling salient challenges over time, increasing the focus on key aspects of global development," Kurochkina concludes.



About Aegon Asset Management

Aegon is an asset management firm with a global client base within Institutional, intermediary and wholesale markets. Aegon specialises in active management applied through separate accounts, commingled funds, and client-specific solutions. Our team has expertise in fixed income, equities, real assets, alternatives, and multi-asset strategies. Aegon is a responsible investor, having been a signatory of the UN supported PRI since 2011. Since then, we have continually expanded ESG integration across investment strategies, strengthened our engagement and voting activities, increased our ESG capability and developed client-centric responsible investment strategies.

Sustainable Investment Commitment

Aegon AM is committed to:

- Integrating ESG factors and sustainability elements into the bottom-up, fundamental research process
- Being an active and engaged investor, both by directly engaging the companies we invest in and by collaborating with other investors to increase our influence on priority topics such as climate change
- Providing innovative and credible RI solutions to meet our clients' ESG objectives

Integration & Resources

Our research and investment teams integrate ESG financially material ESG factors into the bottom-up research process for fixed income and equity issuers. Aegon AM has a dedicated team of 17 RI specialists (March 2022), involved in research, product development, ESG integration, active ownership activities and RI policies and reporting. Aegon AM's responsible investment (RI) team acts as a source for all RI matters, and the AM Management Board oversees the implementation of the RI Framework and associated policies. Aegon AM uses third-party data provided by various data vendors to complement its proprietary analysis. ESG reports are currently produced for certain portfolios on a semi-annual basis. Aegon AM collaborates with clients to evaluate ESG reporting requirements tailored to their needs.

Aegon Asset Management in Numbers

Total AUM (€m)	177,600 ¹
# ESG team	17 people
Sustainable strategy since	2002

¹ As of December 31, 2021. Assets under management/ advisement excludes joint ventures.

Member / Signatory

- UN PRI
- Global Impact Investment Network
- Net Zero Asset Managers Initiative
- Farm Animal Investment Risk & Return
- Eumedion
- Climate Action 100
- Institutional Investors Group on Climate Change

Stewardship & Proxy voting

Our Active Ownership Policy aims to enhance long-term value creation by our investee companies and improve our clients' long-term risk-adjusted returns. We seek to work with relevant stakeholders and the companies in which we invest to address complex ESG challenges that are in line with our clients' interests. Our approach consists of four key pillars: screening and monitoring, engagement, voting and shareholder litigation. Our engagement is based on the UK and Dutch Stewardship Codes and the PRI. We may raise specific issues with companies, either directly or collectively with other shareholders (e.g, PRI, UK Investor Forum, IIGCC and Eumedion).

We consider and vote all shareholder meetings of UK and Dutch companies in which we invest. In most cases, this means the company must follow the best practice of the UK or Dutch Corporate Governance Codes. We record all votes cast and other RI activity, allowing us to monitor each company's progress.

Product offering

81% has been classified as article 8. Please see the SFDR statement of compliance on [our website](#)

Hunting for Sustainable SME Bonds

"If we see any major underperformance, we deep dive into ESG performance of the constituent issuers and then may make a decision to take names(s) out of the portfolio based on the findings."

Doug Lopez is the head of the Aristotle Credit Partners, LLC (Aristotle Credit) leveraged finance platform, providing strategic oversight of high yield bond portfolio management activities as well as serving as senior portfolio manager for all leveraged loan portfolios. Lopez is a member of the Executive Committee responsible for the overall management and strategic direction of Aristotle Credit. He is a graduate of the University of California, Berkeley MBA in Finance programme as well as a CFA charterholder.

Engaging with Below IG SMEs

According to Lopez, the lack of environmental, social and governance (ESG) data reporting, especially from below investment grade (IG) small and medium enterprises (SMEs), is the main challenge asset managers face given investors' increasing demands for more detailed quantitative comparisons and analysis. "To address this issue we have developed more proprietary screens and scoring methodologies combining our internal research inputs from direct engagement and various sources with our primary third-party ESG data provider," Lopez explains. "The primary model is updated quarterly and companies are assigned a quartile performance rating indicative of their ESG performance.

Portfolios are also scored and compared to the benchmark on a number of ESG metrics to provide more measurable information for our investors.



Doug Lopez, CFA
Principal, Portfolio Manager
Aristotle Credit Partners

We have continuously worked to increase our reporting of metrics with clear challenges remaining around sourcing high quality voluminous data," he adds.

A Two-Step Approach to ESG Analysis

Given the incipient status of ESG databases and the noise and lack of completeness inherent to such a condition, Aristotle Credit follows a two-pronged approach to ESG analysis.

"First we try to cross-validate the quantitative ESG data with qualitative analysis through our Corporate Engagement program wherein analysts talk directly to company management to find out the commitment being made by them to improve ESG performance and if scores are truly reflective of the same. Second, we also rate companies internally based on the engagement findings and these assessment scores, which are relatively free from the third-party data noise, help us solve the data issues to some extent," Lopez explains.

At the end of every quarter, Aristotle Credit runs the quantitative model and assesses the ESG performance of portfolios. "If we see any major underperformance, we deep dive into ESG performance of the constituent issuers and then may make a decision to take name(s) out of the portfolio based on the findings," Lopez concludes.



About Aristotle Credit Partners

Aristotle Credit registered as an investment adviser under the Investment Advisers Act of 1940, as amended in January 2014. Aristotle Credit specializes in managing fully integrated ESG corporate credit strategies that invest in high yield bonds, investment grade corporate bonds and bank loans. Aristotle Credit has been a signatory of the UN-supported PRI since November 27, 2015. ESG analysis is fully integrated into our traditional credit research process.

We believe that integrating ESG factors into our investment analysis, engagement and impact monitoring practices can positively influence corporate sustainability while enhancing our credit selection process and risk-adjusted performance.

Sustainable Investment Commitment

Aristotle Credit plans to take several specific steps to advance our commitment to responsible investment including the production of educational materials, additional focus on collaborative engagements and the development of customized corporate credit ESG solutions. We plan to increase our production of educational materials on responsible investment topics. We also plan to increase our active participation in collaborative engagements on a variety of responsible investment issues. Finally, we plan to work with our investors to help provide them customized solutions to meet specific responsible investing goals in the corporate credit space such as carbon-free and faith-based mandates.

Integration & Resources

Aristotle Credit has established its own ESG Evaluation Framework which combines in-house proprietary research with third-party resources to assign proprietary ESG scores to the credits we cover. Data provided by vendors adds information/value regarding a company's current state of ESG transparency and compliance. We supplement this data with our internal qualitative assessment of a company's forward looking ESG profile, through proactive outreach and engagement incorporating policies and plans to manage and mitigate a range of ESG factors.

Aristotle Credit Partners in Numbers

Total AUM (€m)	578,000 ¹
% SRI/ESG integrated fixed income	100%

¹ as of 30 June 22

Member / Signatory

- UN PRI
- UN Global Compact
- UN SDG
- EU Taxonomy
- TCFD
- SASB
- GRI
- ICGN
- ICCR

Stewardship & Proxy voting

Aristotle Credit believes that incorporating ESG factors into traditional credit analysis can lead to more prudent security selection decisions and improve the risk-adjusted returns of corporate credit portfolios. Our bottom-up, fundamentally driven research process incorporates ESG factors across all of our products, with a particular emphasis on corporate governance. Our process consists of a two-pronged approach and incorporates both positive ESG integration and negative screening into our analysis.

We believe engaging in dialogue with companies on their ESG practices can provide important insights and seek to further improve returns. Likewise, as a source of liquidity and capital to companies, we are uniquely positioned to communicate the importance investors place on their sustainability practices. To maximize the impact of our ESG engagement activity, we directly engage management teams on ESG issues while also participating in investor engagement pools managed by third-party service providers.

Product offering

Aristotle Credit's ESG process was developed with the ability to accommodate various corporate credit portfolios that may include high yield bonds, investment grade corporates and/or bank loans, or a combination of the three.

Bonds Geared Towards the Future

"We value how a business is looking to learn from past mistakes and build a more resilient entity going forward."



Benjamin Kelly
Director of Impact & ESG, Social Bond
Columbia Threadneedle

Benjamin Kelly joined Columbia Threadneedle from BlackRock's Investment Institute where he was focusing on thematic research and behavioural finance. Kelly is currently Director of Impact and ESG within the Social Bond franchise at Columbia Threadneedle. He leads on thematic research and idea generation for the impact strategies within fixed income.

Targeting the "S" in ESG with company engagement

Kelly explains how the social bond funds aim to deliver a corporate bond return coupled with social impact: "Within our social bond fund research process, we follow a three-step approach of financial analysis, evidence of controversies and impact analysis. ESG data analysis informs the overall impact assessment, but it isn't the ultimate driver of the investment decision." According to Kelly, the fund is seeking to identify positive social outcomes through the impact it generates in society.

"Where an issuer is scoring at an ESG level below the fund's aspirations, we will consider the controversies and engage. Our approach is more about how an issuer has responded to the controversy, for instance by providing a solution, rather than the controversy itself. We value how a business is looking to learn from past mistakes and build a more resilient entity going forward. If issuers fail to provide evidence of a correction mechanism to historical/current controversies, they are not deemed appropriate for the social bonds strategy."

Keep a close eye on sustainability bond KPIs

For Kelly, a significant risk of greenwashing relates to the growth of sustainability linked bonds. As he elaborates, "these are general corporate bonds with embedded sustainability KPIs. If the issuer fails to meet any or all of the KPIs, investors receive a step-up in the coupon. The concerns lie in the ambition of the KPIs. More specifically, where the targets are not ambitious, for instance where they simply reflect current business as usual activity."

In some cases, Kelly believes there is little additionality or impact being created in contrast to a Green/Sustainability/Social Bond. He suggests "detailed analysis of the KPIs is required to detect the magnitude of impact. The concern is when issuers jettison their ambitions for a specific use of proceeds issuance in favour of a sustainability linked bond as it's simply easier. We would favour more ambitious KPIs and step-ups with these instruments and then they will have a legitimate presence within the Sustainability focused bonds nexus," he concludes.

Kelly holds a BSc (hons) in Chemistry, an M.Litt in Management, Economics and International Relations and a PhD in Behavioural Economics, all from the University of St Andrews.



About Columbia Threadneedle

Columbia Threadneedle has over 50 dedicated responsible investment personnel across the globe. RI analysts are embedded within the central research team. They lead the research and assessment of environmental, social and corporate governance issues and support integration of RI across the business. They collaborate with Portfolio Managers and fundamental analysts and work across three principal workstreams: Thematic research, Engagement and Voting, and Policy and Strategy. In addition Columbia Threadneedle has experienced investment professionals running responsible strategies as well as RI SMEs in various support functions. The firm has an RI Governance structure to ensure effective oversight, delegation and escalation.

Sustainable Investment Commitment

In 2021, the firm set the goal of all global strategies achieving a minimum threshold of RI integration. Today, ESG factors are integrated within fundamental research. Since then the firm has continued to develop the range of RI Sustainable Outcomes funds, with the launch of the SO Global Equity and SO Pan European Equity Strategies. The firm also advanced its fund range with 60% of the assets in the Luxembourg SICAV range now categorised as Article 8 under SFDR. It has committed to reducing the carbon emissions of its business and its invested assets aligned with the Paris Agreement.

Integration & Resources

The 130-strong global research team, which includes ESG thematic analysts, focus solely on finding original, actionable insights. They focus on key sustainability themes which are the most investment-relevant and are aligned to the UN SDGs. Thematic analysts educate investment teams, collaborate with them to identify risks and opportunities, and engage with companies to enhance research insights. The suite of ESG analytics provide investment teams with a robust framework to assess material ESG risks and opportunities for thousands of companies worldwide. The analytics support firm's forward-looking research and help inform investment decision making and prioritise engagements.

Columbia Threadneedle in Numbers

Total AUM (€m)	528,400
% SRI/ESG integrated	7.87%
equity	8.77%
fixed income	8.64%
real assets	1.79%
# ESG team	14 people
# engagement team	7 people
Sustainable strategy since	2017 ¹

¹ Columbia Threadneedle Investments, as at 30 June 2022.

Member / Signatory

- UN PRI
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Investor Stewardship Group
- UK Woman in Finance Charter

Stewardship & Proxy voting

We dynamically interact with companies and organisations to enhance insights, drive change, and help create future value. As such, continuous monitoring, targeted engagements and strategic voting is core to our purpose

The stewardship capability serves to: i) gather insights on RI-related risks and opportunities that are additive to our fundamental research processes, and ii) influence changes in standards of operating practice at portfolio companies, when necessary and appropriate, through engagement and the exercise of voting rights.

Product offering

We have raised the bar, committing to integrate ESG across our global product range. We successfully transitioned 10 SICAV funds from SFDR Article 6 to Article 8 in Q4 2021, bringing our AuM in Article 8 funds to 60% of the Luxembourg SICAV range. We are in the process of migrating a further 9 SICAVs to Article 8, and are currently submitting applications to transition 3 Article 8 funds to Article 9.¹

¹ Subject to internal and regulatory approval.

ESG Rating Each Loan Independently

"ISSM excludes from the ESG portfolios any issuer whose management refuses to engage. The same also goes for those issuers for which appropriate ESG scores cannot be determined due to lack of data."



Kevin Petrovcik
Managing Director & Senior Client
Portfolio Manager
Invesco

Institutional, retail, and high net worth clients globally have entrusted more than USD 40 billion of their assets to Invesco to invest in senior secured bank loans. It is Kevin Petrovcik, Managing Director and Senior Client Portfolio Manager for Invesco Fixed Income, who oversees the ongoing product development, structuring and marketing of investment funds for senior loans, high yield, and alternative credit products within fixed income. The team of specialists supporting him, Invesco Senior Secured Management, Inc. (ISSM), is tasked with the nitty-gritty job of determining the initial eligibility of each asset for inclusion in any senior secured loan portfolio. To take this decision, the specialised analysts apply a fundamentals-based, bottom-up credit process.

Special care required

Petrovcik emphasises that investing in senior loans is a very different exercise from managing other fixed-income products. "These are private instruments," he says. "This means that there is only a small pool of the investable universe that are rated by outside ESG rating providers."

Invesco made a significant effort to develop a proprietary framework for rating each issuer from an ESG perspective during 2018-2019. "It was a prerequisite for Invesco to be able to offer an ESG product that would work with our clients' needs," explains Petrovcik. "As a result, the credit analysts of ISSM now have

the responsibility to independently rate each loan they also cover from an ESG perspective. They conduct due diligence reviews with issuers' management teams to inform a rigorous, multifaceted screening process in which each loan is measured on a scale of one to five. One indicates basically no ESG risk involved, whereas five means high risk. The analysis takes into consideration many different ESG factors," he adds.

Uncooperative issuers disqualified

Deriving an issuer-level ESG rating for unlisted credits is hardly a trivial exercise. Petrovcik explains the way ISSM makes it possible. "The ISSM analysts use a weighting schematic for the issuer's broad industry category," he says. "These ratings are averaged into an overall ESG score that is approved by ISSM's Investment Committee. They are not static, but subject to updates and reviews on at least an annual basis."

As always, engagement plays a crucial role in the process. "While management teams have generally been very receptive to ISSM's approach, facilitating active engagement with an issuer can sometimes present a challenge," admits the manager. "ISSM excludes from the ESG portfolios any issuer whose management refuses to engage. The same also goes for those issuers for which appropriate ESG scores cannot be determined due to lack of data," concludes Petrovcik.



About Invesco

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With 8,513 employees worldwide as of 31 March 2022, the firm directs all of its intellectual capital, global strength and operational stability toward helping investors achieve their long-term financial objectives. By delivering the combined power of the firm's distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to retail and institutional clients around the world. On the ground in more than 25 countries, the company is listed on the New York Stock Exchange under the symbol "IVZ".

Sustainable Investment Commitment

As a global investment management organisation, Invesco has a responsibility to help sustain a healthy, clean environment for future generations. Invesco has established programs in offices across the globe that recycle paper and other waste, reduce consumption of natural resources and conserve energy. In 2021, Invesco set a new 2019 baseline for its corporate emissions and aligned its reduction goals to SBTi. The firm's goal is to reduce its energy use and emissions output in line with the SBTi by 4.2% year on year, reaching 46 percent by 2030, to mitigate the effects of climate change.

Integration & Resources

Invesco's focus is on integrating ESG into the heart of its investment process, with the firm's investment teams taking decisions daily on how to manage this integration and how to use its leverage in important areas such as client engagement and proxy voting. Invesco also flexes this work around more specific client needs, using skills such as its self-indexing capabilities to provide the right ESG solutions.

Invesco has a centralised team of ESG investment professionals located in three regions (North America, Asia and EMEA). Created in 2013, the Global ESG team is responsible for leveraging best practices in ESG capabilities across Invesco including ESG integration, voting and engagement, supporting the distribution teams with client engagement and advising product teams on ESG innovation.

Invesco in Numbers

Total AUM (€m)	1,398,220
% SRI/ESG integrated equity	1.79%
fixed income	1.61%
real assets	0.71%
# ESG team	20 people
# engagement team	¹
Sustainable strategy since	1987 ²

¹ Engagement is conducted through investment teams
² Invesco's first ESG linked mandate was launched in 1987

Member / Signatory

- UN PRI
- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative

Stewardship & Proxy voting

Our commitment to environmental, social and governance (ESG) principles is a core element of our ambition to be the most client centric asset manager. We aspire to incorporate ESG considerations into all of our investment capabilities in the context of financial materiality and in the best interest of our clients. In our role as stewards of our clients' investments, we regard our stewardship activities, including engagement and the exercise of proxy voting rights as an essential component of our fiduciary duty to maximize long-term shareholder value.

Invesco engages directly with companies to better understand their positions and their future intentions and lobby for change where Invesco believes it is necessary. Although engagement as pure debt investors can be challenging, Invesco's ownership of both equity and debt can often be used to increase our voice as a stakeholder. Engagement is carried out on a case-by-case basis by relevant analysts and strategically with co-ordination through Invesco's Global ESG team.

Product offering

The Invesco Funds SICAV, which is the primary pooled fund offering for the EMEA region subject to SFDR, comprises 92 funds of which 82 are either Article 8 or 9.

Building a Sustainable Fixed Income Universe

"We are seeing a substantial expansion in the green, social and sustainability bond market, as such bonds will be playing a major role in the transition to a more sustainable economy."



Manuel Herold
Executive Director & Portfolio Manager,
Fixed Income Developed Markets
LGT Capital Partners

Manuel Herold is an Executive Director and portfolio manager within the Fixed Income Developed Markets team at LGT Capital Partners Ltd. (LGT CP). He joined the firm in 2015 and holds a Certificate in ESG Investing from CFA Society UK. Herold points to the team's experience: "The Fixed Income Developed Markets team consists of eleven investment professionals with research and portfolio management responsibilities. Together, they have an average of more than 21 years of experience and an average tenure at LGT CP of over 12 years. They are supported by a product specialist, independent risk managers and ESG quant modelling analysts."

A process founded on solid ESG data

Herold explains how LGT CP employs sustainability-related information within fixed income management: "ESG data stands at the beginning of our investment process to ensure a sustainable investment universe for our portfolio construction. Our investments process for all sustainable fixed income portfolios reduces the global investment universe by stages. The sustainability analysis is conducted using a proprietary scoring process which is based on meaningful Key Performance Indicators (KPIs) and our sophisticated and flexible screening tool known as the LGT ESG Cockpit."

Herold walks through the next step: "After applying our internal ESG exclusion and positive screening criteria, the remaining universe will represent the investment universe for our Portfolio Managers for portfolio construction. Our sustainable fixed income strategies are in the process of alignment to net zero," he adds. Most recently we have applied a new filter for the

utility sector to measure their carbon intensity exceeds the beyond 2-degree limit and where there is no Science Based Target initiative (SBTi) target commitment in place. This results in a reduction of investable companies in the energy and utilities sectors" he adds.

Making sure use-of-proceeds information is accurate

Herold cautions that the good news of a growing green bond market brings potential negative side-effects that have to be closely monitored: "We are seeing a substantial expansion in the green, social and sustainability bond market, as such bonds will be playing a major role in the clean energy transition. With this rapid expansion some companies have already been making exaggerated or misleading environmental claims to raise money from investors, and such investments should be avoided. Also of concern for potential greenwashing are sustainability linked bonds. The reason being that often the materiality of their key performance indicators has little or no relevance to the company's business model."

Herold points to the fact that LGT Capital Partners has developed an in-house procedure to assess the use of proceeds of such instruments and ensure their suitability to help deliver environmentally/socially friendly projects. "Before deciding on an investment, our portfolio managers are required to analyse these instruments, on pre-defined KPIs to avoid investments in controversial projects such as a Green Bond for for an oil refinery upgrade for example," he concludes.



About LGT Capital Partners

Founded in 1998, LGT Capital Partners (LGT CP) is a leading asset manager focusing on alternative investments and sustainability. The firm is owned by the Princely Family of Liechtenstein and manages USD 85 billion in assets under management for over 600 institutional clients. The firm acts as a principal investor in its own funds, including the large diversified endowment fund. An international team of over 650 employees is responsible for managing a range of investment solutions focused on private markets, liquid alternatives and multi-asset class solutions. Headquartered in Pfaeffikon (SZ), Switzerland, the firm has a global presence with investment offices in Europe, US and Asia.

Sustainable Investment Commitment

The consideration of ESG issues is an integral part of LGT CP's investment due diligence process, which was developed to align with the six Principles for Responsible Investment (PRI). Further, LGT CP supports the Paris Agreement to limit global warming to 1.5 degrees above pre-industrial times. To help achieve the climate targets, LGT CP has been actively managing the carbon footprint of its liquid portfolio for a number of years and has achieved substantially lower carbon emissions than respective broad market benchmarks. Recently, the Firm introduced a framework to directly assess whether its portfolios are aligned with the goals of the Paris Agreement. In addition, we aim to achieve net zero emissions for our portfolios by 2050 at the latest, including the LGT Endowment Strategy, a USD 17 billion portfolio the Firm manages for the Princely Family of Liechtenstein and clients who invest with them.

Integration & Resources

LGT CP commits significant team resources to ensuring that its business and portfolios adhere to high ESG standards. Towards this end, the ESG Committee coordinates the development of policies and procedures across investment management, reporting and client service. It has dedicated sub-committees for Liquid Markets, Private Markets, Diversity & Inclusion, Policy & Governance, Climate Action and Employee Volunteering, and it reports to the Executive Committee. ESG Committee members include two LGT CP managing partners (including the chief risk officer) and senior investment professionals from the Firm's various competence centers. The Sustainable Equity team is supported by three quantitative ESG analysts.

LGT Capital Partners in Numbers

Total AUM (€m)	89,142
% SRI/ESG integrated	
equity	87.01%
fixed income	64.52%
real assets	57.16%
# ESG team	36 people
Sustainable strategy since	2009

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Febelfin Fund Label
- IIGCN
- GIIN
- The Green Bond Principles
- Montreal Carbon Pledge

Stewardship & Proxy voting

Active ownership is an integral part of LGT CP's approach. The firm has a formal active ownership policy in place incorporating ESG issues. As sustainability is an integral part of our investment approach, LGT CP uses its position to try to influence the behaviors of companies. Efforts cover a wide range of issues, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance.

Product offering

LGT Sustainable Bond Global is an actively managed fixed income portfolio launched in November 2009. The fund invests globally primarily in investment-grade bonds issued by borrowers in the public and private sectors worldwide. These are selected based on fundamental analysis as well as sustainability criteria aiming to attain an attractive risk/return ratio by actively managing the asset allocation between corporate and government bonds in terms of duration, yield curve positioning and currency. Active ownership is an integral part of LGT CP's engagement approach. The firm has a formal active ownership policy in place incorporating ESG issues. As a sustainable investor, LGT CP uses its position to try to influence the behaviors of companies to act in a most favorable way for society, investors and other relevant stakeholders. LGT CP's efforts cover a wide range of issues, including strategy, financial and non-financial performance and risk, capital structure, social and environmental.

The Importance of Holistic ESG Integration

"At MFS we believe in ESG integration. This is much more about process and incorporating E, S, and G factors into the research of portfolio companies."

Pilar Gomez-Bravo is the Director Fixed Income Europe and the lead portfolio manager of the MFS Global Credit team where she focuses on overall risk-budgeting and asset allocation. Gomez-Bravo is responsible for ensuring the overall portfolio is aligned with the risk budget and that there are no overlapping or unintended risk exposures.

ESG Integration to Overcome Greenwashing

Gomez-Bravo warns that investors are overwhelmed by ESG-labelled fixed income funds and investment approaches. "The downside of these products is that they often limit the investment universe, while failing to integrate ESG factors into security selection," Gomez-Bravo notes, warning that failing to do so could leave managers exposed to greenwashing.

The Global Credit portfolio is constructed holistically, from the bottom-up, with ESG integrated across all investment segments, according to Gomez-Bravo. "At MFS we believe in ESG integration. This is much more about process and incorporating E, S, and G factors into the research of portfolio companies. This approach requires looking at non-financial ESG factors that could have a financial impact alongside traditional fundamental research examining financial factors," Gomez-Bravo says.

"It helps us find businesses with potentially more sustainable and durable returns.



Pilar Gomez-Bravo
Director Fixed Income Europe
MFS Investment Management

Ultimately, it offers a more robust risk management and provides a holistic view of a company reviewing everything that could have a material impact on its long-term sustainable valuation," she says.

Engaging with Volkswagen's Inaugural Green Bond

According to Gomez-Bravo, most of MFS's ESG insights are original and produced in house by the research team. These analysts are in charge of interfacing with companies to understand their ESG profile and growth path, and who have the freedom to disagree with third-party ESG data providers.

An illustrative example would include exposure to Volkswagen (VW). "Alongside traditional credit analysis, we engaged with VW management to ascertain how they wanted to improve credibility with stakeholders."

These discussions allowed Gomez-Bravo and her team to understand the importance of electric battery vehicle projects for VW's inaugural green bond. "We also met with a third-party ESG rating agency to discuss their weak ESG rating which we disagreed with. Volkswagen's debt was assigned a 1-Buy rating from our MFS credit analyst and a "green" ESG flag. Exposure to Volkswagen became a core portfolio position and performed well. The third party rating agency subsequently upgraded their ESG rating of the firm.



About MFS

Our approach combines collective expertise, long-term discipline and risk management to uncover investment opportunities that we believe will drive value for investors. We sustain our process through highly collaborative decision-making across our global research platform that generates both Fixed Income and Equity financial and non-financial ESG research (across all material factors) and a long-term conviction. Our collective expertise combines diverse viewpoints within a shared value system to make what we believe are the best investment decisions for clients.

Sustainable Investment Commitment

Our core purpose is to create value responsibly. We believe that incorporating ESG into our investment process is integral to skilled asset management and an essential part of our ability to achieve our clients' objectives. Our goal is for ESG considerations to impact our investment decision-making process in every instance that such factors could materially affect the long-term value of a business.

Integration & Resources

Our fundamental research analysts and portfolio managers are responsible for integrating all factors that could materially impact the outcome of the investment process—including ESG considerations. As part of this work, we have developed a comprehensive ESG integration strategy. The framework for this strategy is supported by both analytic and systematic elements, including:

- Collaboration across our platform to assess the materiality of ESG factors
- Thematic, sectoral, and regional ESG research
- ESG Sector Maps to evaluate and engage on ESG factors
- Annual portfolio ESG reviews
- Semi-annual portfolio risk reviews also assess various ESG metrics Research notes in our research system include ESG metrics and commentary

MFS in Numbers

Total AUM (€m)	572,282
% SRI/ESG integrated	
equity	97%
fixed income	97%
real assets	97%
# ESG team	17 people
# engagement team	17 people
Sustainable strategy since	2009

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Managers Initiative
- US Investor Stewardship Group
- Task Force on Climate-related Financial Disclosures
- Workforce Disclosure Initiative
- Thinking Ahead Institute

Stewardship & Proxy voting

The exercise of voting rights is overseen by our Proxy Voting Committee. MFS' policy is that proxy voting decisions are made in what we believe to be in the best long-term economic interests of clients. We believe that robust ownership practices can help protect and enhance long-term shareholder value. Such ownership practices include diligently exercising our voting rights as well as engaging with our portfolio companies on a variety of topics, including ESG issues.

We have entered into an agreement with ISS to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions.

Product offering

Currently, 26 of the 50 MFS' Luxembourg-domiciled funds in scope of SFDR are designated as Article 8 compliant.

The Veteran Green Bond Investor

“Mirova has developed a methodology to analyse and assess programs for green bond issuances – but also for social and sustainable bonds – which draws in particular on the framework of the Green Bond Principles.”



Charles Portier
Green Bond Portfolio Manager
Mirova Sweden

Charles Portier is a Green Bond Portfolio Manager at Mirova. He is a veteran of the green bonds market, investing in green bonds since 2012. His expertise has patent in his role as he is also a Board Member of the Green Bond Principles and co-chairs the working group on Social Bonds.

Bottom-Up and Top-Down ESG Integration

According to Portier, Mirova's approach to green bond analysis mixes the analysis of specific characteristics and micro attributes of specific issuers while also looking for issuers that are particularly well placed to profit from dominant macroeconomic, financial and sustainability trends.

“Our investment process combines bottom-up and top-down approaches with a thorough ESG analysis of both the issuers and the Green bond issues for the purpose of identifying the value in the Green Bond universe,” Portier says. “It aims to avoid any risk of weak issuance and greenwashing, performing a green bond ESG analysis according to Mirova's proprietary definition of Green Bonds, systematically engaging in dialogue with the issuer and monitoring the use of proceeds and its reporting,” he adds. Mirova's proprietary green bond analysis methodology dates back to 2014.

In addition to a full analysis of the issuer, each green bond is analyzed independently, focusing

¹ See our latest [Impact Report for the Green Bond strategy](#).

on the projects that the proceeds from the green bond are channelled towards and the eventual ESG impacts and risks related to these projects.

The Final Say on Sustainability

Mirova integrates ESG assessments at every step of the investment process, according to Portier. “Portfolio managers and analysts can discuss and engage with the ESG analysts, but the latter will have the final say on the Sustainability Opinion which defines the eligibility of a company for Mirova portfolios,” he explains.

According to Portier, Sustainability Opinions contain an analysis of a company's main ESG opportunities and risks. The assessment covers the entire life cycle of product development, from raw material extraction to consumer use and disposal, and focuses only on the most pertinent issues to each company.

“Mirova has developed a methodology to analyse and assess programs for green bond issuances – but also for social and sustainable bonds – which draws in particular on the framework of the Green Bond Principles.”

In addition to the ESG Sustainability Opinions and company rankings, the Sustainability Research team also produces industry and thematic reports discussing trends, conditions and strategies in green bond markets,” Portier concludes.



About Mirova

A committed player and a leading player in sustainable finance, Mirova is a conviction-based company that offers investment solutions combining the search for financial performance with environmental and social impact. As “[Mission-led company](#)”, thanks to multidisciplinary teams united around the same vision, the variety of our areas of expertise, and our ability to innovate and create partnerships with the best experts, we seek to direct capital towards the needs of investment in a real, sustainable and value-creating economy. Our internationally recognised BCorp™¹ certification attests to our environmental and social commitment.

¹ See our [report here](#).

Sustainable Investment Commitment

As a pioneer and leader in SRI with almost 30 years of experience in this field, Mirova is deeply involved in the implementation of ESG investment strategies. Our societal role as an asset management company goes beyond fiduciary responsibility: it is part of a desire to transform the economy towards a fairer and more sustainable model. Through this approach, Mirova aims to increase its positive impact on environmental issues, but also on the reduction of inequalities.

Integration & Resources

Mirova's ESG assessment is present in every step of the investment process. In portfolio construction, we strive to maximize exposure to companies with a positive impact on the Sustainable Development Goals (SDGs), defined by the United Nations. Portfolio managers and analysts can discuss and engage with the ESG analysts, but the ESG analysts will have the final say on the Sustainability opinion, resulting from [our proprietary methodology](#), which defines the eligibility of a company for Mirova portfolios.

Mirova's in-house Sustainability Research team, comprised of 17 analysts, is fully dedicated to ESG issues (identification of sustainable opportunities and risks, assessment of issuers' ESG practices, voting and engagement activities, lobbying, sustainability opinions, etc.). The team is one of the largest dedicated ESG Research teams in Europe. The team provides the investment team with unparalleled insights into the ESG aspects of the Green Bond universe.

Mirova in Numbers

Total AUM (€m) ¹	28,640
% SRI/ESG integrated	
equity	72%
fixed income	16%
real assets	12%
# ESG team	17 people
# engagement team	17 people
Sustainable strategy since	1994

¹ as of 31 December 2021

Member / Signatory

- UN PRI, Environmental & Social Steering Committee
- Fracking Steering Committee
- Human Rights Steering Committee
- The Nominations Steering Committee
- Net Zero Asset Managers Initiative
- GIIN
- TCFD
- ICMA-GBP
- Climate Bond Initiative
- Taskforce on Nature-related Disclosure¹

¹ Full list available in [Mirova's engagement report](#) (p.38-41).

Stewardship & Proxy voting

Mirova's Sustainability Research Team is responsible for [engagement](#) and [voting](#) activities, and forms an integral part of our responsible investment approach. As a firm, Mirova puts sustainable development at the core of its investment strategy to seek sustained performance for its clients over the long term. Engagement and voting, in addition to the integration of ESG issues into our investment decisions, are part of a primary focus of our responsible investment policy. By promoting better environmental, social, and governance practices, directly and indirectly, our approaches seek to create long-term value from an economic, environmental, and social point of view.

Product offering

- 100% Article 9¹

¹ as of March 2022

ESG Key to Credit Analysis

"We use engagement as a source of ESG data, especially when a company's ESG trajectory might not yet be reflected in public reporting and third-party ratings."



Navindu Katugampola is the Global Head of Sustainability for Morgan Stanley Investment Management (MSIM) and the Global Head of Sustainable Investing for MSIM Fixed Income and Liquidity teams. He also co-chairs MSIM's Sustainability Council. He joined the firm in 2004 and has 17 years of industry experience: "I was previously Head of Green & Sustainability Bond Origination for Morgan Stanley's Global Capital Markets group. In this role I helped issuers raise over \$80Bn in Green, Social & Sustainability Bonds and served on both the Executive Committee and the Advisory Council of the ICMA Green and Social Bond Principles."

ESG has a material impact on bond risk

As Katugampola points out, "MSIM has a diverse portfolio of clients with a broad spectrum of needs. We believe our independent investment teams structure gives us the agility and perspective to understand and meet the plurality of our clients' needs and objectives." With regard to fixed income, Katugampola explains their approach: "Our investment process integrates and relies on ESG data as an important part of our evaluation of issuers and securities. We believe that ESG factors have the ability to impact the fundamental risk of a bond and, in turn, its price and liquidity."

Katugampola illustrates his point with an example: "We use engagement as a source of ESG data, especially when a company's ESG trajectory might not yet be reflected in public reporting and third-party ratings. As an

example, we had engaged with a US midstream company in 2021, given the company had not published emissions reduction targets or diversity targets. The company's reporting had only focused on Scope 1 emissions, and our engagement highlighted there was no clear intention to set emissions or diversity targets. Our analyst believes the lack of progress on ESG is putting some discount to valuation and has recommended a more cautious position on this name."

Managing and sharing ESG data

"Investors are increasingly demanding bespoke reporting requirements given the different global regulations they need to comply with, explains Katugampola. "MSIM is taking both a combination of standard and customised approaches to meeting client needs and demands. Internally we have built our team into 4 verticals - Sustainability Solutions/Product, Sustainability Regulation, ESG Data/Technology, Stewardship - as a centralised function to support growing needs. We also leverage market intelligence through industry associations and guidance from external counsel and consultants. Investors are increasingly demanding further transparency around sustainability and stewardship factors and our investment teams are taking various approaches to providing enhanced transparency such as through developing fund-level ESG factcards and team level engagement reports.

Morgan Stanley

INVESTMENT MANAGEMENT

About Morgan Stanley IM

MSIM is a global asset manager delivering innovative investment solutions to a wide range of investors and institutions including corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments and consultant partners worldwide. With over four decades of asset management experience, our investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. MSIM offers its clients personalized attention, the intelligence and creativity of some of the brightest professionals in the industry, and access to the global resources of Morgan Stanley.

Sustainable Investment Commitment

Given our belief in the contribution of ESG and Sustainability to investment performance, we expect to continue to expand the depth and breadth of our ESG integration efforts through building out our customised ESG client solutions, increasing regulatory readiness, enhancing ESG data and technology, improving governance and integrity, focusing on climate & DEI, and broadening our collaborative initiatives.

In addition, we want to expand our suite of ESG solutions and products by collaborating with our clients to better understand their needs and ESG priorities.

Integration & Resources

MSIM adopts a tailored approach to ESG integration and stewardship whereby public and private investment teams are ultimately responsible for exercising their judgement to identify and integrate materially relevant risks and opportunities into their investment decision-making process, including due diligence and research, valuation, asset selection, portfolio construction, and ongoing engagement and investment monitoring. Investment teams assess materiality of ESG integration and stewardship through the consideration of various factors, such as investment philosophy, asset class, the nature of the issuer, the size of our holding, the exposure to sustainability risk and the investment time horizon.

Morgan Stanley IM in Numbers

central MSIM Sustainability team 7 people¹
Global stewardship team 5 people²

¹ as at 30 September
² as at 30 September

Member / Signatory

- UN PRI
- CDP
- UK Stewardship Code
- 30% Club
- FAIRR
- Institutional Limited Partners Association (ILPA) – Diversity in Action
- One Planet Summit Asset Managers Initiative
- WBA

Stewardship & Proxy voting

We consider good corporate governance as central to our business model. As active owners, part of our investment approach focuses on well-governed companies with long-term, sustainable business models. As we believe that ESG issues can influence risk and return, we consider these factors, when relevant, in evaluating and engaging with portfolio companies. The work of MSIM's Global Stewardship Team demonstrates our dedication to proxy voting and shareholder engagement as part of overall good governance. The team works closely with the investment teams on matters of proxy voting, governance analysis and engagement, as well as related social and environmental issues.

Keeping Track of Country ESG Risk

"When assessing ESG risks we strongly believe in a qualitative assessment of the trend of a country."



Peter Eerdmans
Head Fixed Income & Co-Head of Emerging Market Sovereign & FX
Ninety One

Peter Eerdmans is Head Fixed Income and Co-Head of Emerging Market Sovereign & FX at Ninety One. "I am jointly responsible with Werner Gey van Pittius for all global emerging market sovereign debt strategies. I am also in charge of top-down analysis within the team as well as being a joint portfolio manager on this EM sustainable strategy." Eerdmans joined the firm in 2005 from Watson Wyatt, where he was responsible for bond and currency manager research. Prior to this, he spent six years as a senior portfolio manager responsible for global bond management at Robeco, where he helped develop the credit process.

The decarbonisation puzzle

According to Eerdmans, one of the most demanding challenges they face is clients wanting to decarbonise their portfolios. "We see it as very much going against the needed efforts to decarbonise the world. We believe we need to keep investing in those countries that need it most. Moving portfolios to net zero is not moving to a net zero world. In fact, disinvestment from emerging markets will mean a slower path to net zero as they can't afford to change without funding. For these reasons we developed a sovereign net zero index to rank countries based on a similar methodology to Germanwatch, expanding the universe to include all available emerging market data."

Eerdmans continues: "The net zero index exposure below shows EM scores somewhat better. There are still some countries in GBI-EM with very low scores, but overall EMs are closer to fair transition pathways, exhibit lower carbon per capita and do not underperform in renewables."

Looking at country-level ESG risk

For Eerdmans, the issue of decarbonisation is part of the overall challenge of managing sovereign ESG risk. "When assessing ESG risks we strongly believe in a qualitative assessment of the trend of a country. We use our proprietary ESG trend score to assess the ESG risk for each country. If a country is doing well and heading in a positive direction, we view it as a positive scoring country even if it comes from a low ESG starting point. A country with perhaps better ESG levels but that is going the wrong way, is scored poorly. These scores have a 50% weighting in our investment scorecards – currencies, local rates and sovereign credit."

Eerdmans concludes that "all other things being equal, markets with improving ESG scores will be higher up the scorecard rankings than those that are deteriorating. Within the sustainable debt fund, any country that scores -1 or worse, unless it is a Green, Social, Sustainable or Supranational bond will be excluded from the portfolio."



About NinetyOne

Ninety One was established in South Africa in 1991, as Investec Asset Management. We are a specialist active investment manager listed on the London and Johannesburg Stock Exchanges, managing USD 189.4 billion as at March 31, 2022. We offer strategies across equities, fixed income, multi-asset and alternative to institutions and advisors around the world. Creating resilient portfolios needs a different approach to finding opportunities and assessing their defensive potential. With our emerging markets roots and a commitment to developing specialist investment teams, we truly bring a different perspective to active and sustainable investing.

Sustainable Investment Commitment

A main focus for Ninety One is delivering on our commitments to the goal of net zero carbon emissions by 2050. Our key principles are to use the entire asset pool, to focus on emissions pathways and to prioritise high emitting companies that need time to transition. We will also work on continue to develop our range of investment solutions that focus on the energy transition and sustainability more broadly. We believe one of the ways to reduce our own risk is by engaging deeply in areas where companies of importance can improve their targets and contribution to Net Zero.

Integration & Resources

We seek high quality ESG integration standards across all our strategies, ensuring the range of ESG risks and opportunities are assessed and priced for. The investment teams are supported by dedicated ESG specialists across our Sustainability team and Investment Risk team. In addition, our Sustainability Committee oversees the wider sustainability ecosystem in the business (investment integration, advocacy, corporate transition to net zero etc.) with the support of the sustainability team, investment risk team, sustainability specialists and proxy voting specialists.

NinetyOne in Numbers

Total AUM (€m)	1,700 ¹
% SRI/ESG integrated	100%
# ESG team	12 people
# engagement team	5 people
Sustainable strategy since	2008 ²

¹ as at March-22

² first impact funds in Africa

Member / Signatory

- UN PRI
- Impact Investing Institute
- Climate Action 100+
- Emerging Markets Investor Alliance
- The Carbon Disclosure Project
- Net Zero Asset Managers Initiative
- Say on Climate
- Transition Pathway Initiative

Stewardship & Proxy voting

The analyst covering a company and the portfolio manager, in collaboration with the engagement and proxy voting team are responsible for making voting decisions, and for engaging with companies.

Typically, the analyst and portfolio manager are best placed to establish key areas for engagement with portfolio companies, and will work with the engagement and proxy voting team to coordinate such engagement.

Product offering

Of our Global Strategy Fund range as at March-22, 1.3% are categorised under Article 8 and 3.8% are categorised under Article 9 of the SFDR. As of 13th June 2022, a number of our GSF funds have moved from Article 6 to Article 8 under our new 'Enhanced Integration' pillar.

The above figures do not include these funds that have reclassified as Article 8.

Green Bonds Under the Microscope

"We start the conversation prior to a bond's issuance and focus on building up a mutually beneficial relationship with the issuer."



Bram Bos
Co-Lead Portfolio Manager
Green, Social and Impact Bonds
NN Investment Partners

Bram Bos is Co-Lead Portfolio Manager for Green, Social and Impact Bonds for NN IP's Green Bonds strategy. With a long career in fixed income, he feels well suited for the role. "My professional experience since the start of my career in 2001, has centred around Fixed Income Portfolio Management. In 2015 I joined NN IP as a Senior Portfolio Manager, and in 2016 I became Co-Lead Portfolio Manager for Green Bonds," he starts.

"I am responsible for helping manage our Green Bond portfolios and guiding our Green Bond team to ensure strategies are on track. Aside from the management and selection of Green Bonds, I contribute to the integration of ESG in fixed income portfolios and am passionate about unlocking innovation to enable new investment solutions," Bos adds.

Maintaining close contact with portfolio companies

Bos described his team's forensic approach: "The Green Bond team meets with nearly every issuer we are considering as a potential investment. We start the conversation prior to a bond's issuance and focus on building up a mutually beneficial relationship with the issuer. This provides us with insights into their business and strategy and the information we need to carry out a bond-level assessment."

As Bos explains, this works both ways: "Increasingly, issuers reach out to us before tapping the market, when they are compiling their green bond framework.

This trend has been accelerated by regulation, especially throughout the European market and with the introduction of the EU taxonomy. Engagement also allows us to advise current and prospective issuers on best market practices to boost their sustainability and enhance reporting. This guidance can range from improving the governance process for the selection of eligible projects to setting selection criteria thresholds for each category of use of proceeds."

Strict portfolio eligibility criteria

For Bos, "overstating an ESG profile, is a risk for every sustainable or impact strategy, and this also applies to green bonds." He goes on to caution that "sometimes the term greenwashing, in my view is wrongly used. For NN IP's green bond strategy we have assessed all global green bonds and concluded that about 30% do not meet our eligibility criteria. I would not say that this 30% is all greenwashing.

The number of real cases of greenwashing in green bonds is in our view limited. To avoid greenwashing in green bonds, NN IP's dedicated Green Bond team analyse both the green projects financed with the green bond, as well as the issuer and in doing this also verify alignment between the two."



About NN Investment Partners

NN IP manages EUR282 billion of assets for investors worldwide. We see active, responsible investing (RI) as a way of benefiting our clients and society as a whole. We use data and technology to adapt our investment approach to changing markets which we believe are complex and not fully rational. We believe an adaptive approach creates long-term value. Fundamental analysis, real time data and artificial intelligence help us understand what affects our clients' assets. We invest responsibly, as this contributes to attractive returns and a sustainable future. Our investment solutions include: Fixed Income, Equity, Alternative Credit, Multi-Asset and Adaptive Investing.

Sustainable Investment Commitment

NN IP manages EUR282 billion of assets for investors worldwide. We see active, responsible investing (RI) as a way of benefiting our clients and society as a whole. We use data and technology to adapt our investment approach to changing markets which we believe are complex and not fully rational. We believe an adaptive approach creates long-term value. Fundamental analysis, real time data and artificial intelligence help us understand what affects our clients' assets. We invest responsibly, as this contributes to attractive returns and a sustainable future. Our investment solutions include: Fixed Income, Equity, Alternative Credit, Multi-Asset and Adaptive Investing.

Integration & Resources

Information on E,S and G factors is incorporated in investment processes to improve the risk-return characteristics of portfolios. We set high standards for assessing and documenting ESG considerations across investment cases. We apply firm-wide norms-based restriction criteria, assess performance of ESG indicators / metrics and track for potential controversies related to material ESG issues. To identify material ESG issues at company, sector, and country level we use a proprietary Materiality Framework and ESG indicator (ESG lens). For each investment case - E,S,G factors are documented using a consistent approach, and engagement and voting recorded and monitored using in-house platform (Papyrus).

NN Investment Partners in Numbers

Total AUM (€m)	282,000 ¹
% SRI/ESG integrated	91%
equity	10.1%
fixed income	73.5%
other	8%
# ESG team	14 people
# engagement team	14 people
Sustainable strategy since	²

¹ As of 31 December 2021

² The Green Bond strategy was launched in March 2016. The Global Sustainable Equity was launched in July 2000. Please note: NN IP offers various strategies each with specific launch/start date. Overall, as a firm NN IP has over 20 years experience in sustainable investing with sustainable strategies in place since this time.

Member / Signatory

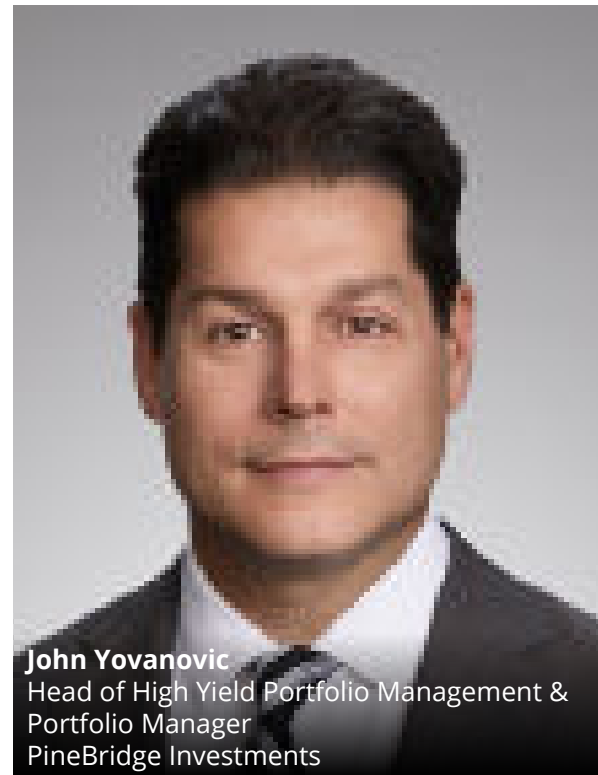
- UN PRI
- Climate Action 100+
- Net Zero Asset Managers Initiative
- TCFD,
- Equator Principles
- ICGN
- IIGCC
- Platform Living Wage Financial

Product offering

As at 31 December 2021 91% of AUM qualified as ESG Integrated, Sustainable or Impact. Our Green Bond strategies are part of our Impact range, aiming to address the most pressing environmental and social challenges such as clean energy and education, along with a focus on one or more United Nations' Sustainable Development Goals, providing investors with a choice of goals to target.

Open Dialogue for Sustainable Value Creation

"The evaluation of ESG risk factors and issuer engagement on ESG are vital aspects of our commitment to responsible investing."



John Yovanovic
Head of High Yield Portfolio Management & Portfolio Manager
PineBridge Investments

John Yovanovic joined the firm in 2000 and is Managing Director and Portfolio Manager, leading the team responsible for management of high yield bond portfolios. Mr. Yovanovic became Portfolio Manager of High Yield in 2005 and was previously a senior research analyst and head of AIG's high yield trading desk; while in investment research, he served as the energy/utilities group head. Earlier, Mr. Yovanovic was a senior research analyst and trader at Mentor Investment Advisors. Mr. Yovanovic started his career in equity research at VanKampen Funds. He has a BBA from the University of Houston and is a CFA charterholder.

Making a difference through engagement

Companies within the leveraged finance universe tend to lag on ESG transparency and disclosure, increasing the risk of greenwashing. To combat this, we seek dialogue with an issuer to gather data and other information about its ESG policies and management of ESG risks. We encourage adoption of a formal ESG policy and responsible business strategies in support of sustainability, provide guidance on appropriate and measurable disclosures in line with public peers, and request that the issuer provide annual updates of the LSTA ESG Diligence Questionnaire or its equivalent, among other things. Our objective is to support them in improving their ESG practices, ESG risk management and the

development of sustainable business models over time. When an issuer does not respond in a sufficient manner to our stated expectations and requests for improvement on issues of concern to PineBridge or its clients, the analyst will review the matter with Credit Committee.

Pushing for ESG progress

We view the evaluation of ESG risk factors and issuer engagement on ESG as vital aspects of our commitment to responsible investing. We believe that open dialogue on ESG with the management teams of our investment universe provides an effective way to improve ESG disclosure, drive positive change, mitigate risks, and encourage transparency, and participate in long-term and sustainable value creation. While we recognize the legal limitations lenders have to bring about change in an issuer's business practices, we believe we can make a difference via engagement. Moreover, we can question management and suggest changes in the issuer's business practices and procedures to reduce the financial impact of known risks.

As an example, one of our credit analysts had a one-on-one meeting with the management team of a large owner-managed petrol forecourt operator in the UK to discuss actions that were being taken to improve governance.



About Pinebridge Investments

PineBridge Investments ("PineBridge" or the "firm") is a private global asset manager focused on active, high-conviction investing with strategies spanning developed and emerging markets, as well as traditional and alternative asset classes. PineBridge was formed in March 2010, when it was purchased by Pacific Century Group, a private investment group with interests in Technology, Media & Telecommunications, Financial Services and Property. PineBridge was previously part of the investment advisory and asset management businesses of American International Group, Inc. ("AIG"). The firm's legacy in investment management dates back to the 1960s managing assets for AIG insurance companies globally.

Sustainable Investment Commitment

PineBridge's key sustainability goals are: Focusing on measuring and reducing our carbon footprint for operations and investments; aiming to lay the groundwork for a robust Year One Net Zero Asset Managers Initiative Action Plan to form the pillar for succeeding steps toward achieving our net-zero goal by 2050 or sooner; furthering our progress on D&I with the intention of evolving our efforts to encompass diversity, equity, and inclusion ("DEI"). Additionally, given the emergence of various sustainable investing standards and best practices, we will deepen our collaboration with industry groups including IIGCC, SASB, TCFD and share our progress as standards evolve.

Integration & Resources

Delegation of ESG responsibilities to individual investment teams reflects PineBridge's belief that the most effective consideration of individual ESG factors can differ materially across our diverse range of asset classes, geographies, sectors, and specific investments. PineBridge considers its investment teams best placed to decide on the most appropriate manner to integrate ESG into their investment process in line with their activities, the investment time horizon, and specific investment opportunities. The firm's efforts in responsible investment and ESG issues are managed by its ESG Investment Committee which reports to the Corporate Responsibility Steering Committee of the firm.

PineBridge in Numbers

Total AUM (€m)	135,100 ¹
% SRI/ESG integrated	
equity	5.5%
fixed income	45.3%
real assets	0%
# ESG team	4 people
# engagement team	² N/A
Sustainable strategy since	2015

¹ as of 30 June 2022
² Engagement is conducted by investment professionals.

Member / Signatory

- UN Global Compact
- Net Zero Asset Managers Initiative
- UN PRI
- The Institutional Investors Group on Climate Change
- Sustainability Accounting
- Standards Board Advisory Group

Stewardship & Proxy voting

For listed equity assets, the firm utilizes proxy voting procedures that are reasonably designed to ensure that we vote proxies in the best interests of our clients. These procedures are overseen by a Stewardship Committee and are monitored by our Compliance Team. Institutional Shareholder Services ("ISS"), is engaged by PineBridge to consult on and administer proxy policies.

The firm's investment teams seek to engage with investee companies on financially material issues where relevant and the mechanisms for such engagement vary across asset classes. Within LFG we seek dialogue with an issuer to gather data and other information about its ESG policies and management of ESG risks. While we recognize the legal limitations that lenders have to bring about change in an issuer's policies, we believe we can make a difference via engagement.

Product offering

Of our EU domiciled funds, approximately 90% by AUM of PineBridge funds are classified as Article 8 funds as of 30 June 2022.

Why the SDGs Are Good for Business

“Increasing regulation and client demand drive the need for better ESG data & reporting.”



Reinout Schapers
Portfolio Manager, Global SDG Credits
Robeco

“The UN Sustainable Development Goals (SDGs) have made it possible to earn financial returns while also making a real difference to people’s lives,” says Reinout Schapers, one of the lead managers of Robeco’s SDG Credit Income strategy. Robeco was one of the first asset managers to launch a fund targeting this arena in May 2018. Together with Victor Verberk, CIO Fixed Income and Sustainability at Robeco, Schapers is responsible for the innovative way of managing corporate fixed income, incorporating rigorous screening of credits based on their contribution to the SDGs.

The SDG Credits strategy aims to outperform the Bloomberg Barclays Corporate Bond Index while making a positive contribution to the achievement of the UN SDGs. “We attempt to capture market inefficiencies through the use of two performance drivers: credit issuer selection and credit beta positioning,” explains Verberk. “Bonds with a negative SDG score are excluded, while only bonds with a positive or neutral SDG score are eligible for the SDG credit portfolios.”

The added power of ESG data

Schapers explains how sustainability marries well with traditional credit analysis: “ESG criteria are integrated in our investment analysis as part of the F-score of every issuer in the portfolio. ESG analysis forms a perfect addition to the team’s regular in-depth financial analysis. The reason



Victor Verberk
CIO Fixed Income, Global SDG Credits
Robeco

for this is that it perfectly matches the basic need to avoid the losers in credit management. For example, a very weak corporate governance track record can lead to serious downside such as fraud or default but a good one will probably never lead to an improvement in credit quality,” he adds.

Keeping up with regulatory demands

“Increasing regulation and client demand drive the need for better ESG data & reporting,” explains Verberk. “We have a project team of more than 30 people working on making sure Robeco adheres to the new regulations. Investment teams work together with the company’s legal officers, compliance department and external advisors and regulators to make sure all funds can meet the relevant criteria and disclosures. Furthermore, we strive to accumulate a vast technical and subject-matter knowledge to overcome the various challenges within ESG data and ensure that we measure sustainability characteristics as best we can.”

“We understand that being pioneers means going into uncharted territory. Being at the frontier of sustainable investing means pushing boundaries and continuously learning. We’re committed to doing this, to help contribute to a better future,” concludes Verberk.



About Robeco

Robeco is a pure play international asset manager founded in 1929. It has offices in 14 countries worldwide and is headquartered in Rotterdam, the Netherlands. A global leader in sustainable investing since 1995, its unique integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies for a broad range of asset classes. As per March 2022, Robeco had USD 218 billion in assets under management, of which USD 207 billion was committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V.

Sustainable Investment Commitment

Our key sustainability goals are:

- To develop a complete suite of innovative sustainable products
- Top brand recognition on sustainable investing
- To establish and implement an ambitious but realistic climate strategy
- Measuring positive and adverse impact on our funds
- Increase SI knowledge across the company

Integration & Resources

Robeco systematically incorporates ESG factors into its mainstream investment and portfolio construction processes. We are convinced that taking ESG criteria into account results in better-informed investment decisions.

Sustainability can have a major effect on corporate profitability, and therefore on valuations and the risk-adjusted return of investments. Firms that score low on sustainability factors will more likely suffer from a deterioration of their credit quality.

The way in which we incorporate extra-financial factors into our investment processes is tailored to the characteristics of each individual investment strategy.

Robeco in Numbers

Total AUM (€m)	200,727
% SRI/ESG integrated	
equity	94%
fixed income	99%
# ESG team	50 people
# engagement team	17 people
Sustainable strategy since	2014

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Global Reporting Initiative (GRI)
- Global Impact investing Network
- TCFD
- UN Global Compact

Stewardship & Proxy voting

Robeco believes that engagement and voting are critical elements of a successful sustainable investing strategy and can improve a portfolio’s risk-return profile. We target a relevant subset of companies globally in our equity and credit portfolios for a constructive dialogue on environmental, social and governance factors. In 2021, we engaged with 226 companies on 270 cases. Engagement is standard for Robeco funds. The service can be provided for segregated mandates as well.

Proxy voting is the responsibility of the Active Ownership team, which works closely together with sustainability investing analysts and portfolio managers in Robeco offices around the world. This gives us a truly global approach for truly global issues.

Product offering

- ¹Article 6: 5 funds - 4%
- Article 8: 112 funds - 78%
- Article 9: 26 funds - 18%

Robeco Sustainable Global Stars Equities is a high-conviction, fundamental investment strategy, aiming to outperform the reference index MSCI World Index over a 3- to 5-year horizon. In addition to this, the strategy aims to have a better ESG profile and a significantly better environmental footprint than the index. The strategy targets long-term oriented investors with a focus on sustainability to further enhance the risk reward equation.

¹ Data as per Dec 2021

Tracking Carbon with Artificial Intelligence

“We have developed our proprietary machine-learning-based MALINA Carbon Tracker too. It helps predict CO₂ emission trajectories both for absolute emissions and for CO₂ intensities for companies.”

Union Investment’s sustainable convertibles fund is the largest fund of its kind in Europe. The fund’s lead portfolio manager, Sven Hölzer, has a long and distinguished career in this somewhat less-known part of the fixed-income universe.

Before joining Union Investment in 2008, he worked for Warburg Invest, managing fixed income and convertible bonds portfolios with an absolute return profile. Hölzer has managed convertible bonds also at Cominvest, following years as an investment adviser at Commerzbank.

Filtering out on ESG grounds

According to Hölzer, sustainability considerations now permeate even the narrow field of convertibles. “Our investment universe is limited by the applicable ESG exclusion filters and binding decisions of the ESG Committee,” he says.

“Our research process always starts with reviewing the investment universe by applying sustainability filters as well, alongside the usual criteria like liquidity, credit quality and profile analysis. During this phase, approximately 35% of the entire universe is discarded and cannot be invested in,” explains Hölzer.

A recent example of direct ESG considerations with portfolio implications was the exclusion of Russian issuers from the portfolios’ investable assets. “Since 25 February 2022, it is prohibited Union-wide to invest in Russian titles,” says Hölzer.



Sven Hölzer
Lead PM, Sustainable Convertibles Fund
Union Investment

Looking back, but forward too

Hölzer finds the increasing demand to integrate both backward- and forward-looking sustainability approaches into the investment process challenging yet meaningful. “In terms of backwards-looking indicators, we are already tracking the absolute CO₂ emissions as well as CO₂ intensity measures relative to revenues, enterprise value and sold products,” he explains.

Backwards-looking metrics are, however, hardly enough to evaluate issuers fundamentally. “In addition, we have developed our proprietary machine-learning-based MALINA Carbon Tracker tool,” shares Hölzer. Enlisting the help of artificial intelligence gives the managers a chance to glimpse into the future of their investments. “The MALINA Carbon Tracker helps predict CO₂ emission trajectories both for absolute emissions and for CO₂ intensities for companies. It can also automatically translate a diverse range of CO₂-reduction targets into annual reductions. In this way, the machine learning-based model can help us assess the probability with which an issuer will reach its own CO₂-reduction target or other predefined reduction targets in the next reporting year,” he adds.

Another tool that helps Union Investment’s managers look into their investments’ sustainable future is the proprietary UniESG-Transforming-Rating. “It helps us to identify companies that transform themselves or other companies towards a greener future,” Hölzer concludes.



About Union Investment

Union Investment was founded in 1956 as asset manager for the German Cooperative sector. Since that time, our stable ownership structure, with the strength of our main stakeholder DZ BANK AG, has allowed us to focus on solid, long-term client relationships characterised by mutual trust and openness. With AuM totalling EUR 433bn, including EUR 232bn for institutional clients, we are among the largest institutional asset managers in Europe (as at 29/04/2022). As an active asset manager we conduct rigorous fundamental analysis with the aim of exploiting information inefficiencies in capital markets in order to generate a risk-adjusted outperformance for our clients.

Sustainable Investment Commitment

With the help of our climate strategy and environmental management, which are an integral part of our Sustainability Code, we identify areas for action with which we are consistently reducing the CO₂ emissions of our operations. Our goal is to achieve climate neutrality by 2045 and a CO₂ reduction of 65% by 2030, compared to the base year 2009. Furthermore, Union Investment has resolved to bring greenhouse gas emissions in the securities assets under management and the real estate portfolio to net zero before 2050. We apply a basic firm-wide exclusion filter for all our portfolios. The excluded sectors are coal extraction and coal-fired power generation, controversial business practices and controversial weapons. These excluded sectors are constantly monitored and evaluated on a rolling basis.

Integration & Resources

We integrate ESG aspects in our entire investment process. Our proprietary SIRIS tool combines data from external ESG providers with our internal ESG research. Our central ESG Committee takes decisions at sector and/or company level that are binding for our entire portfolio management. Our proprietary UniESG-Score allows us to identify those companies and countries that are best positioned in terms of sustainability. In addition to the backward-looking UniESG Score, we have developed our proprietary forward-looking UniESG-TransformationsRating as our sustainable investment approach is placing increased emphasis on identifying the transformation potential of companies.

Union Investment in Numbers

Total AUM (€m)	440,700
% SRI/ESG integrated	
equity	29%
fixed income	35%
real assets	30%
# ESG team	19 people
# engagement team	10 people
Sustainable strategy since	1990

Member / Signatory

- UN PRI
- CDP
- UN Global Compact
- Forum Nachhaltige Geldanlage
- Climate Bonds Initiative
- Eurosif
- LuxFlag
- German Corporate Governance Codex

Stewardship & Proxy voting

As a responsible and active asset manager, our stewardship approach focuses on constructive dialogue with the companies in which we invest and intensive activities at annual general meetings, including speaking and voting. The primary objective is to actively influence the company in terms of ESG practices and, thus, to contribute to a sustained increase in corporate value.

Our approach consist of ongoing, constructive company dialogues (UnionVoice) as well as the exercise of shareholder voting rights (UnionVote). Our principles and processes have been laid down in our attached Engagement and Proxy Voting Policies.

Product offering

Our sustainable assets under management amount to 125,6 billion (as of 30/03/2022) including a growing number of Art. 8 and Art. 9 compliant funds as well as mandates.

No Shortcuts for Active Bond Managers

"Many issuers are failing to adequately disclose data for investors to gauge the success of sustainability initiatives, both for individual bonds and companies' sustainable practices more broadly."



Chris Bowie
Partner and Portfolio Manager
TwentyFour AM, Vontobel Group

As a partner at TwentyFour Asset Management, one of Vontobel Asset Management's boutiques, Chris Bowie has the overall responsibility for the Outcome Driven business line. He is also a member of the firm's Asset Allocation Committee and the ESG Committee. Day-to-day, Bowie is the lead manager for the Sustainable Short Term Bond Income Fund, an actively managed short-term bond fund with strict risk parameters.

Scores that matter

"Our fund uses a tailored mix of positive and negative ESG screening designed to reward companies for sound ESG practices," shares Bowie. "The negative screen rules out the usual suspects among sectors, such as alcohol, tobacco, and gambling. Importantly, we then add a positive screen: Bond issuers must score at least 34/100 to be included in our sustainable portfolios," he explains.

At TwentyFour, portfolio managers are responsible for performing a thorough ESG analysis on every asset they consider adding to the portfolio. "As active managers, we would never rely solely on third-party ESG data for the overall score," says Bowie.

"Our active approach allows us to assign more weight to nuanced considerations such as momentum and controversies. Tesla, for example, has a healthy raw score of 56, but its

controversies score of just eight, due partly to governance concerns related to the amount of power concentrated in the hands of CEO Elon Musk, drags its overall score down to around 30, below our threshold of 34," he adds.

Actively avoiding greenwashing

Bowie is concerned about the lack of definitive standards for bond issuers, which is the most significant source of greenwashing in fixed income. "Many issuers are failing to adequately disclose data for investors to gauge the success of sustainability initiatives, both for individual bonds and companies' sustainable practices more broadly," he says.

Active management is, according to Bowie, the way to tackle this challenge. "Passive strategies tracking ESG or sustainable benchmarks are often compelled to buy certain green bonds regardless of pricing or terms, but as active managers, we can judge on a case-by-case basis how 'green' these assets really are," he says.

To illustrate this, Bowie uses the example of a green bond issued by Repsol in 2017. "At first sight, the issue fulfilled the green bond criteria.

However, closer inspection revealed that the bond proceeds, although earmarked for improving the efficiency of carbon-intensive assets, were, in fact, increasing emissions in absolute terms. It pays to be active," concludes Bowie.

Vontobel

About Vontobel

Vontobel Asset Management ("VAM") is an active asset manager with global reach and a multi-boutique approach. Each of our investment boutiques draws on specialized investment talent, a strong performance culture and robust risk management. We seek to deliver leading-edge solutions to both institutional and private clients via our distribution partners. Our commitment to active management empowers us to invest on the basis of our convictions. We aim to deliver value through our diverse and highly specialized teams. A strong and stable shareholder structure guarantees our entrepreneurial independence and protects the long-term mindset that guides our decision-making.

Sustainable Investment Commitment

Our six sustainability commitments:

- **Net-zero by 2030:** In our own investments and operations
- **Equality, diversity and inclusion:** Implement practices advancing equality
- **Transparency:** Transparent disclosures and reporting
- **Client Advisory:** Advise clients about ESG opportunities
- **Providing ESG investment solutions:** ESG offering across all Client Units
- **Emphasize ESG criteria in our investment decisions:** ESG considerations implemented in investment process

Integration & Resources

Our ESG Integration philosophy is the common ground of all our ESG investing solutions and reflects our conviction about ESG:

- We do not rely on a single source of information and we strive to build a holistic picture on trends and companies.
- We conduct our own ESG research and leverage several sources of information.
- We believe that active ownership adds value between investors and management.
- We believe our messaging must match our investment process and provide an honest picture to our clients.
- We monitor ESG risks and controversies on a continuous basis.

Vontobel in Numbers

Total AUM (€m)	138,000
% SRI/ESG integrated equity	25%
fixed income	25%
# ESG team	30+ people
# engagement team	
Sustainable strategy since	1998

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Global Impact investing Network
- UN Global Compact
- UK Stewardship Code 2020
- Swiss Sustainable Finance (SSF)

Stewardship & Proxy voting

As a signatory to the UN PRI, Vontobel commits to being an active owner and to incorporate environmental, social, and corporate governance issues into its ownership policies and practices. We believe this is important for the development of sustainable economies, societies, and the environment, and that material ESG issues can impact the future success of a company and, therefore, its investment potential. At the same time, we are convinced that voting and engagement can have a positive influence on a company's values and behavior and strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment.

At Vontobel Asset Management, we consider engagement to be an important element of our investment activities. As an active manager, we prefer to engage with the managements of investee companies directly. We believe in the direct contact between investee company management teams and investment professionals such as portfolio managers and analysts who have the specific expert knowledge and understanding of the context in which the company has been selected as an investment.

Product offering

Of the Vontobel Asset Management funds domiciled in Europe, 4% of AUM qualifies as Article 9 and 76% as Article 8 compliant (as of February 2022).

ESG LEADERS REAL ASSETS

CBRE Investment
Management

M&G
Investments

Hines

Morgan Stanley
INVESTMENT MANAGEMENT

Invesco

storebrand
Asset Management

**VAN LANSCHOT
KEMPEN**

A Real Assets Portfolio for the 21st Century

"We have made an effort to build a 21st-century CBRE portfolio of private infrastructure assets that are resilient to economic cycles and are forecast to grow in an evolving economic landscape"

As Head of Sustainability and Innovation for CBRE Investment Management, Helen Gurfel has overall responsibility for sustainability. Her leadership is pivotal as a member of the firm's Executive Committee, nearly all private Investment Committees and one of our Risk Management Committees. Gurfel heads a team of six additional dedicated ESG professionals based in Europe and the U.S. that support the firm's global platform. She also co-chairs the firm's Global Sustainability Council. Gurfel is also a member of the GRESB Real Estate Standards Committee and a member of the Sustainability Policy Advisory Committee ("SPAC") of the Real Estate Roundtable.

Investor-operator approach facilitates sustainability

CBRE IM's investor-operator model is integral to the success of the firm's sustainability efforts. The investor-operator model allows the firm to embed sustainability across the investment process from acquisition through asset management. "A focus on sustainability is critical because it can enhance returns, mitigate risk and preserve asset value," according to Gurfel. "There are great synergies between operational excellence and sustainability performance, and we find that optimizing operations can simultaneously unlock environmental and financial benefits."

Data-driven ESG assessment

"To provide decision-useful data for our investment teams, we developed a proprietary set of



Helen Gurfel
Head of Sustainability & Innovation
CBRE Investment Management

tools and processes to ensure consistent evaluation of investments across the global platform including transition and physical climate risk metrics and scenario analysis," Gurfel explains.

As an example, the firm's Indirect Real Estate Strategies' proprietary ESG Assessment Framework is used during due diligence and for monitoring underlying funds and operating partners. "The Framework includes an ESG questionnaire, an analysis of the responses and a review of a manager's GRESB and PRI reports, along with results from transition and physical climate risk tools," Gurfel said.

Finding resilient long-term investments

At CBRE IM, sustainability factors are an alpha driver, not just a filter. "As an example, our Private Infrastructure group focuses on digital infrastructure, power and renewables, sustainable transportation, and smart grid investments, all resilient sectors set for long-term growth," explains Gurfel. "For instance, we invested in a Nordic ferry company and worked with its management to replace diesel-generated propulsion with technologies such as electric battery- and hydrogen-powered vessels to lower both costs and emissions."

"We have worked to build a 21st-century CBRE IM portfolio of private infrastructure assets that are resilient to economic cycles and are forecast to grow in an evolving economic landscape, and we are taking a similar approach with other strategies," concludes Gurfel.



About CBRE Investments

CBRE Investment Management ("CBRE IM") delivers sustainable real assets investment solutions across a range of strategies and risk profiles in the Americas, Europe and Asia. One of the world's leading real assets managers, our team is responsible for \$146.8 billion of assets under management ("AUM") for more than 780 institutional investors, as of March 31, 2022. We specialize in holistic real assets solutions within and across five real asset investment categories, with a distinct multidimensional approach to driving performance and long-term value. Our focus on delivering results is driven by our values, entrepreneurial spirit and our clients' diverse needs.

Sustainable Investment Commitment

Our Sustainability Vision has ambitious goals for the next two decades, including commitments to achieve our aspirations by 2040. The Vision is centered around three themes:

- **Climate:** Addressing climate-related risks and opportunities by seeking to deliver net-zero carbon performance and physical resilience for Scopes 1 and 2 by 2040 and Scopes 1,2 and 3 by 2050 and reducing carbon for our corporate offices in line with SBTi by 2035.
- **People:** Championing diversity, equity, inclusion and the wellbeing of our people and other stakeholders.
- **Influence:** Engaging with and positively influencing key stakeholders where we do not have direct management control.

Integration & Resources

CBRE Investment Management's Global ESG Policy and Sustainability Vision cover our approach to ESG for all strategies and AUM, as well as our net zero carbon and other ESG-related targets¹. We integrate ESG factors into all aspects of the investment process including portfolio construction, risk management and identification of opportunities to create alpha.

Our Global Sustainability Council provides strategic direction and the Firm's six Sustainability Committees (covering corporate operations, direct private real estate, indirect private real estate, private infrastructure, listed securities and credit) provide guidance to and share best practices with leadership, portfolio management, acquisitions and asset management.

¹ <https://www.cbreim.com/en/about-us/sustainability>

CBRE in numbers

Total AUM (€m) ¹	140,119
% SRI/ESG integrated equity	13%
real assets	100%
# ESG team	7 people
Sustainable strategy since	2009

¹ As of June 30, 2022

Member / Signatory

- UN PRI
- GRESB (participated in 2009 pilot)
- TCFD
- Net Zero Asset Manager Initiative
- UNEP Financial Initiative
- The Association of Real Estate Funds
- ESG and Impact Investing Committee
- Aldersgate Group
- Institutional Investors Group on Climate Change
- All-Party Parliamentary Group on ESG

Stewardship & Proxy voting

We look to engage with all of our stakeholders, including tenants, employees, clients, operating partners, portfolio companies, our supply chain and communities to drive positive outcomes to influence and help them improve their sustainability performance and to share best practices.

For direct real estate, we engage with property management teams as well as with tenants and the community. Our tenant and community engagement may include:

- Tenant/Resident Satisfaction Surveys
- Tenant Data Collection
- Corporate Collaboration
- Green Leases
- Sustainability Guides and Workshops

Product offering

In 2021, CBRE Investment Management successfully earned GRESB Green Stars for 54 portfolios, including 22 portfolios that earned either 5-stars or 4-stars indicating top ESG portfolio performance.

As of June 30, 2022, the Firm had eight funds classified as either Article 8 or 9. These funds account for a total of EUR 18.2 billion of AUM, or 13% of the firm's total AUM globally. We operate two impact funds that invest in affordable housing which have defined social objectives as well as financial targets.

Committed to ESG Leadership

“Investors are often instrumental in identifying benchmarks and governance frameworks they would like us to apply to provide further transparency in our ESG performance.”

As European Head of ESG, Daniel Chang ensures that Hines’ new initiatives focused on addressing carbon emissions and social equity in the built environment are embedded across the old continent. “In Europe, we have created a dedicated ESG team that is passionate about making a difference for our environment and investments and seeks to integrate our approach within the wider organisation,” he reveals. Chang began his career at Hines in July 1999 as an assistant construction manager, following a BS in Architecture, an MS in Urban Planning and an MBA. He gradually shifted towards development management and eventually transitioned into portfolio management.

The importance of governance frameworks and benchmarks

“Investors are often instrumental in identifying benchmarks and governance frameworks they would like us to apply to provide further transparency in our ESG performance,” shares Chang. “Having said that, as these systems are often not fully developed and their requirements are not always apparent, it can prove challenging to agree to report or comply with them without knowing how they will evolve.”

To address this challenge, Hines has adopted a number of market-recognised governance frameworks and benchmarks, such as CRREM and GRESB. “In this way, we can ensure that we hold ourselves accountable for disclosing our



Daniel Chang
Manager Director, ESG Hines Europe
Hines

ambitious objectives and reporting our progress against them,” explains Chang.

Standing on sound scientific grounds

When assessing potential investments in terms of physical and transition risk, the choice of tools and methods is essential. “For physical climate risks, we have been obtaining climate resilience risk studies for each of our assets from a specialist service provider named ‘Moody’s Four Twenty Seven’ (427),” explains Chang. “Utilising the 427 data-driven Climate Risk Scoring Methodology, we can characterise risk levels through scores for six climate hazards comprised of 21 underlying risk indicators,” he adds.

“Further, for operational assets and climate-related transition risks, we have used low-carbon transition scenario analysis through CRREM. This helps us to identify what the pathway to both 2°C and 1.5°C policy scenarios from 2020 to 2050 look like and identify whether there are any imminent stranding risks,” says Chang.

“Hines is committed to being an ESG leader across our investment portfolio. We believe it can help us deliver superior investment and asset performance, and it pushes us to collaborate more meaningfully with our stakeholders and communities on issues that are important to us and to them,” concludes Chang.

Hines

About Hines

Hines is one of the world’s largest privately owned and family led global real estate investment managers. Founded by Gerald D. Hines in 1957, the firm has a longtime commitment to the principles and practices behind what is now ESG, with a foundational focus on efficiency, quality and value in the built environment. Hines’ deep expertise in real estate acquisition, development and management across product sectors – including office, living, retail, and industrial and logistics – has helped the firm and investment partners realise enduring success.

Sustainable Investment Commitment

Within Hines’ ESG Framework, the firm has identified 16 focus areas across the three ESG pillars where Hines strives to solve the pressing challenges the world is facing and align with investor and client goals. For more details please visit Hines’ [website](#). Additionally, in June of 2022, Hines announced a science-based target for net-zero operational carbon in our building portfolio by 2040.

In 2022, Hines began working on a new initiative with the Urban Land Institute (ULI) that is designed to support the European built environment’s journey to carbon neutrality. Hines also partnered with Arizona State University to create a curriculum tailored to Hines employees to educate them on the firm’s net zero operational carbon target and how they will work together to achieve it.

Integration & Resources

Hines believes making ESG a priority helps its investment team stay ahead of the curve. Hines strives to exceed local legislation and policies related to energy use, carbon emissions and water, waste and labour impacts to manage risk, build resilience and meet investor expectations. Hines also began the process of integrating ESG into its investment decisions more formally and strategically through updates to its Investment Committee’s asset review template. The template’s new ESG section drills down on environmental impacts and climate risks as well as community and social impacts, and will be used to screen all Hines investment opportunities.

Hines in Numbers

Total AUM (€m)	80,668 ¹
% SRI/ESG integrated real assets	95%
# ESG team	14 FTE
Sustainable strategy since	early 1990’s

¹ as of year-end 2021

Member / Signatory

- UN PRI
- Science Based Target Initiative
- GRESB
- ULI
- International Well Building Institute
- USGBC
- DGNB
- UKGBC

Stewardship & Proxy voting

Hines general approach to engaging its key stakeholders includes:

- **Employees:** Conduct Global Employee Engagement Surveys or pulse surveys as needed; performance reviews, with regular check-ins; management orientation; webcasts with CEO and other leadership; ongoing intranet communications and internal conferences.
- **Investors:** Conduct regular surveys; meetings through investor conferences; quarterly reporting; ongoing investor interviews.
- **Tenants:** Conduct regular surveys; tenant education, and programs that promote sustainability, such as Hines GREEN OFFICE™.
- **Communities:** Ongoing participation and support in community events; volunteer opportunities.
- **Industry:** Ongoing participation in industry events and sharing best practices.

Product offering

As of Q1 2022, Hines offers six institutional fund financial products, with three falling under Article 8 of SFDR and three falling under Article 6 of SFDR.

Managing ESG with Tangible Results

"From a transitional risk perspective, we consider both the regulatory impact on assets from an environmental perspective as well as energy performance as it may contribute to our energy reduction or net zero objectives."



Maximilian Kufer
Head of ESG, Private Markets
Invesco

Invesco's Head of ESG for Private markets, Maximilian Kufer, is a globally recognised expert in the field of sustainable real assets. He serves as a member of the ULI Sustainability Council, GRESB Infrastructure Debt advisory group, as well as GRI ESG and Impact Investing Committee. In his position at Invesco, Kufer oversees the integration of ESG for the firm's global real asset portfolio and private alternative strategies and heads the internal ESG committee for real estate. His role involves both client engagement as well as providing strategic guidance to investment teams regarding ESG integration.

Managing what you can measure

"With our approach to ESG, we often state that what we measure we can manage," shares Kufer. He is convinced that measuring is the best way to prevent greenwashing. "The real estate sector is a tangible asset class. As a result, when considering ESG, the potential outcomes can be directly measured when we achieve improved certifications, reductions in our carbon footprint, or increase in data collection coverage," explains Kufer.

Kufer points out disclosures as another way to defend the sustainable integrity of the firm. "Through our integrated approach to responsible investment management and annual disclosure via benchmarks such as GRESB as well as dedicated ESG reports at the fund level, we ensure that we are practising good governance and demonstrating progress against our stated objectives," says Kufer.

Targeting net zero carbon emissions

Integrating climate scenario analysis into the investment process is essential to Kufer and his team's work. "Throughout the investment process, potential assets are screened against several indicative factors that relate to climate scenario analysis from both a transition risk and physical risk perspective," he explains. "These indicators are part of the overall analysis when considering the risk and opportunity of a potential asset within the portfolio. We try to assess how this investment may contribute to our sustainability objectives, notably, targeting net zero carbon emissions," he adds.

"More specifically, for physical risk during the investment process, we utilise tools to identify any risk to a series of risk factors such as flooding, earthquake, wildfire, heat stress, among others," continues Kufer. "From a transitional risk perspective, we consider both the regulatory impact on assets from an environmental perspective as well as energy performance as it may contribute to our energy reduction or net zero objectives," he adds.

"At Invesco, we recognise that ESG matters greatly to our clients, communities, and stakeholders. It matters to us," concludes Kufer.



About Invesco

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With 8,513 employees worldwide as of 31 March 2022, the firm directs all of its intellectual capital, global strength and operational stability toward helping investors achieve their long-term financial objectives. By delivering the combined power of the firm's distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to retail and institutional clients around the world. On the ground in more than 25 countries, the company is listed on the New York Stock Exchange under the symbol "IVZ".

Sustainable Investment Commitment

As a global investment management organisation, Invesco has a responsibility to help sustain a healthy, clean environment for future generations. Invesco has established programs in offices across the globe that recycle paper and other waste, reduce consumption of natural resources and conserve energy. In 2021, Invesco set a new 2019 baseline for its corporate emissions and aligned its reduction goals to SBTi. The firm's goal is to reduce its energy use and emissions output in line with the SBTi by 4.2 percent year on year, reaching 46 percent by 2030, to mitigate the effects of climate change.

Integration & Resources

Invesco's focus is on integrating ESG into the heart of its investment process, with the firm's investment teams taking decisions daily on how to manage this integration and how to use its leverage in important areas such as client engagement and proxy voting. Invesco also flexes this work around more specific client needs, using skills such as its self-indexing capabilities to provide the right ESG solutions.

Invesco has a centralised team of ESG investment professionals located in three regions (North America, Asia and EMEA). Created in 2013, the Global ESG team is responsible for leveraging best practices in ESG capabilities across Invesco including ESG integration, voting and engagement, supporting the distribution teams with client engagement and advising product teams on ESG innovation.

Invesco in Numbers

Total AUM (€m)	1,398,220
% SRI/ESG integrated	
equity	1.79%
fixed income	1.61%
real assets	0.71%
# ESG team	20 people
# engagement team	1
Sustainable strategy since	1987 ²

¹ Engagement is conducted through investment teams
² Invesco's first ESG linked mandate was launched in 1987

Member / Signatory

- UN PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative

Stewardship & Proxy voting

Our commitment to environmental, social and governance (ESG) principles is a core element of our ambition to be the most client centric asset manager. We aspire to incorporate ESG considerations into all of our investment capabilities in the context of financial materiality and in the best interest of our clients. In our role as stewards of our clients' investments, we regard our stewardship activities, including engagement and the exercise of proxy voting rights as an essential component of our fiduciary duty to maximize long-term shareholder value.

Invesco engages directly with companies to better understand their positions and their future intentions and lobby for change where Invesco believes it is necessary. Although engagement as pure debt investors can be challenging, Invesco's ownership of both equity and debt can often be used to increase our voice as a stakeholder.

Product offering

The Invesco Funds SICAV, which is the primary pooled fund offering for the EMEA region subject to SFDR, comprises 92 funds of which 82 are either Article 8 or 9.

ESG-driven Alpha in Real Assets

“The source of increasing greenwashing is the underlying confusion when it comes to what can be counted as green or sustainable investing.”



Egbert Nijmeijer
Co-Head of Real Assets
Van Lanschot Kempen

As a visiting lecturer at the Harvard Business School Real Estate management programme, Egbert Nijmeijer, the Co-Head of Kempen’s Real Assets team, is well suited to coordinate the real estate research projects conducted by Harvard and Kempen in tandem. Nijmeijer gained some invaluable insights into the direct real estate market working in the development finance department of Bouwfonds. Those insights, combined with years of experience as an equity portfolio manager at Robeco, made him a welcome addition to Kempen in 2011. Nijmeijer is now managing both Global and European Listed Property strategies for Kempen.

Integrating climate impact into long-term valuations

“ESG is integrated as one of the four-factor exposures that drive alpha creation in Kempen’s Real Assets Strategy, aligned with our focus on long-term returns,” says Nijmeijer. “In Real Assets, a poor ESG score impairs a company’s risk profile and impacts long-term returns. We look for companies that integrate climate risks and opportunities into their organisation and contribute to a low-carbon economy.”

“The market struggles to underwrite physical asset risk and sometimes fails to integrate climate impact into long-term valuations,” explains the manager. “Our data-led investment process integrates ESG aspects effectively by assigning higher maintenance Capex assumptions to real estate companies with lower sustainability scores and higher climate risk. We monitor

the global real estate investment universe for companies with negative excesses, such as environmental pollution measured by CO2 emission levels to initiate engagement.”

Regulatory standards as a remedy for greenwashing

Sustainability is high on Nijmeijer’s mind, and he sounds concerned about greenwashing risks. “The source of increasing greenwashing is the underlying confusion when it comes to what can be counted as green or sustainable investing,” he explains. “There has historically been no clear definition, even among the various sustainable labels, about what counts as ‘ethical’, ‘green’, ‘sustainable’ or ‘impact investing,’” he adds.

Nijmeijer is hopeful, however. “The trend is positive, with the introduction of the EU’s sustainable finance taxonomy, ecolabels, and climate benchmarks,” he says. “Kempen fully supports these new regulatory standards, which will help clarify which investments can correctly be described as green or sustainable and whether funds can be considered low-carbon and Paris-aligned.” However, he is not a fan of the associated boom in ESG data provisions. “Millions of data points from thousands of sources are not helping,” he says. “The data quality is affected by varying estimation methodologies and limited information. We have an ongoing dialogue with ESG data providers and proactively give constructive feedback,” concludes Nijmeijer.



About Van Lanschot Kempen

Kempen Capital Management is a specialist asset management company – a strong player in niche markets. The basic philosophy behind Kempen’s offering is a strong belief in maintaining focus. This sharp investment vision has led us to a select group of strategies that place us among the top of our international league in Sustainable Equity, Real Assets, Small-caps, High Dividend, Credit and Alternative Strategies. Kempen Capital Management is a fully owned subsidiary of Van Lanschot Kempen N.V. which is the oldest independent Dutch bank with a history dating back to 1737.

Sustainable Investment Commitment

At Kempen, we’re focusing on making a meaningful contribution in:

- **Climate and biodiversity:** helping our environment to recover faster by contributing to energy transition and biodiversity;
- **Smart and circular economy:** helping our investee companies to contribute to a smart, circular and inclusive economy;
- **Living better for longer:** helping our clients and society to live longer and in better health.

By enhancing the sustainability profile of our products and services, we aim to move towards more sustainable investing. In the future, we intend to raise the bar higher and confirm sustainable investing as the new normal.

Integration & Resources

Our long-term investment worldview combined with in-depth analysis allow us to leverage our integrated active ownership approach to consistently encourage positive change. This means integrating material governance and sustainability factors in our investment decisions and constructive engagement. Kempen’s proprietary ESG Score for companies builds on external data providers, with a layer of our own assessment and a particular focus on climate and governance issues. Our ESG Score is a critical tool for analysing ESG risks of a company in a structured and disciplined way, by indicating the absolute risk and comparable between companies in different sectors of the economy.

Van Lanschot Kempen in Numbers

Total AUM (€m)	83,200
% SRI/ESG integrated	
equity	100%
fixed income	100%
real assets	100%
# ESG team	10 people
# engagement team	10 people
Sustainable strategy since	2008

Member / Signatory

- UN PRI
- CDP
- UN Global Compact
- Forum Ethibel
- FCLT
- Net Zero Asset Managers Initiative
- Climate Action 100+
- ICGN
- IIGCC
- TCFD
- GIIN
- Impact Investing Institute
- Paris Pledge
- Partnership for Biodiversity
- PBAF
- Platform Living Wage Financials

Stewardship & Proxy voting

Kempen’s belief is that effective stewardship adds financial value to our clients, and it is one of the key reasons that our clients appoint us.

We have set carbon footprint reduction targets for 2025, 2030 and 2050. In addition, we aim to reduce our carbon footprint by 7% a year in line with the Paris Agreement goals. Although the easiest way to reach this target is to sell our shares in the most polluting companies, we prefer to take the more impactful route by actively engaging as a shareholder with investee companies.

Product offering

89% of Kempen’s investment strategies qualify as Article 9 or Article 8. The remainder are manager-of-manager funds, principally comprised of illiquid investments.

Enlisting the Support of ESG Experts

"Our investors are seeking more and more ESG-related information and data on the portfolios in which they are invested, often at the most granular level with increased frequency."



Richard van den Berg
Fund Manager, Asia Property Fund
M&G Investments

Richard van den Berg is Fund Manager for M&G's Asia Property Fund, which invests in core real estate in Asia Pacific, and holds a diversified portfolio of real estate assets, seeking to outperform the market through portfolio construction, stock selection and proactive asset management. He has been involved in Asian real estate management since 1989, with previous roles in Hong Kong at the Mass Transit Railway Corporation, Rodamco Asia, ING Real Estate and CBRE Global Investors in Asia.

Increasing client demand for ESG

"Our investors are increasingly seeking ESG-related information on the portfolios in which they are invested, often at the most granular level and with high frequency," explains van den Berg. "This has created a significant resource and process challenge, particularly as each request is bespoke and requires specific answers. In response, we have significantly enhanced our ESG data management systems," he adds.

Outsourcing, a part of the solution

Assessing potential investments' physical and transition risks is a challenging task in the complex area that the fund operates in. M&G's fund managers are happy to enlist the expertise of specialists who can help them cope with the challenge. "In 2021, we appointed real estate specialists EVORA Global and their software platform SIERA to lead the management, analysis, and reporting of ESG data across real estate assets under management,"

says van den Berg. "This built on our existing capability and has led to better integration of ESG and asset management processes, improving data quality for client reporting. Our ESG consultants are a great help when it comes to tracking asset-level ESG data. Evora also supports the fund in the preparation of reporting outputs for the GRESB Real Estate Assessment, greenhouse gas assessment, and INREV aligned environmental reporting," he adds.

M&G Real Estate has also appointed insurer Marsh to support the managers in the assessment of asset exposure to climate-related physical risks as part of a global portfolio screening exercise.

"In addition, we work closely with our local external asset and property managers and third-party consultants to implement ESG initiatives across the portfolio and at the asset level. Our most significant property managers are monitored for their performance in relation to our sustainability requirements under the service level agreement," says van den Berg.

Cooperating across asset classes

Outsourcing part of the work to experts is, however, not enough. "Separately, we have also sought to ensure that knowledge of ESG strategy is shared across the investment business so that all client-facing teams understand the strategic priorities and are able to articulate our approach," concludes van den Berg.



About M&G Investments

M&G Investments is a global asset manager with a long history investing and innovating across both public and private markets. We're part of M&G plc, an international savings and investment business with the ambition to deliver long term value for our investors, while working together to create a more positive future. As an active manager we build solutions around what matters most to our clients whether it be investing for growth or income, to meet future liabilities, protect capital or invest responsibly. We offer access to a broad range of capabilities that span both public and private assets including fixed income, equities, multi-asset, real estate, infrastructure and private equity.

Sustainable Investment Commitment

M&G has been a signatory to the United Nations Principles for Responsible Investment (PRI) since January 2013 and has committed to adhere to the Principles. We believe the Principles are consistent with both M&G's longstanding values and the independence of investment teams' investment processes. In line with principles 2, 3, and 4 of our commitment, we seek to encourage best practices in the interest of both our clients and the wider market. M&G is willing to act collectively with other UK and overseas investors, and we are supportive of collaborative engagements organised by representative bodies such as the Investor Forum.

Integration & Resources

We believe that ESG issues tend to materialise over the long-term, hence this approach is aligned with our investment horizon. Materiality is a key consideration, meaning we focus on the most relevant ESG issues for individual sectors and companies. We consider an integration approach, where ESG issues are considered in the investment process alongside all other material factors, to be most appropriate in addressing ESG factors and other long-term risks and opportunities. We continue to develop our research and engagement process, having previously adopted the Sustainable Accounting Standards Board (SASB) framework to structure our research and engagement activity.

M&G Investments in Numbers

Total AUM (€m)	357,981
% SRI/ESG integrated	
equity	28.55%
fixed income	54.12%
real assets	17.33%
# ESG team	39 people
# engagement team	39 people
Sustainable strategy since	2013

Member / Signatory

- UN PRI
- Climate Action 100+
- Net Zero Asset Manager Initiative
- GIIN
- 30% Club
- Green Bond Principles
- The Investment Association

Stewardship & Proxy voting

An active and informed voting policy is an integral part of our investment philosophy. Voting should never be separated from the underlying investment management activity. By exercising our votes, we seek both to add value and to protect our interests as shareholders. We consider the issues, meet the management, if necessary, and vote accordingly. We seek to vote on all resolutions at shareholder meetings of our active holdings, as well as our UK passive holdings, with voting rationale disclosed quarterly on our website.

M&G actively engages with investee companies to better understand the ESG risks and opportunities they are facing, and to encourage positive change where appropriate. This may include, inter alia, encouraging greater disclosure around climate metrics, for example, asking for ESG factors to feed into remuneration or seeking board ownership for material ESG issues.

Product offering

As of 30 June 2022, 10.25% of M&G's investment strategies qualify as Article 9 or Article 8.

Climate Resilience: An Investment Imperative in Real Assets

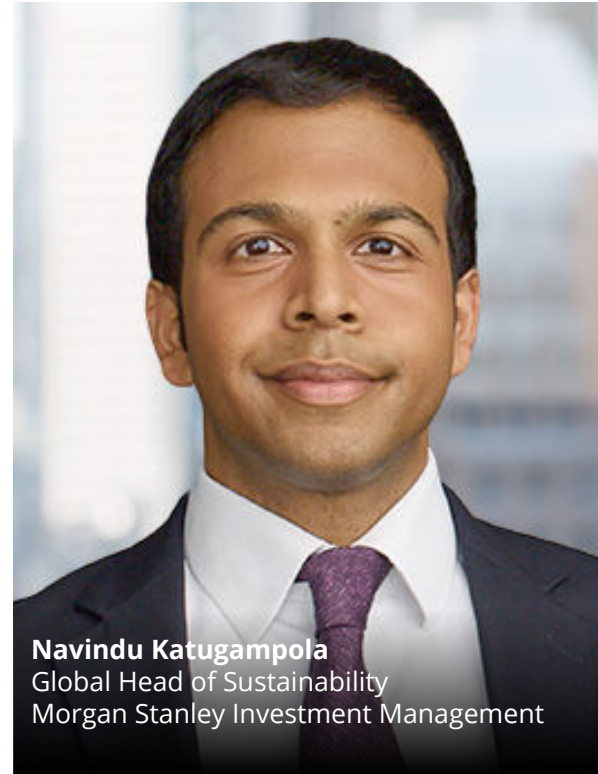
"Considering resilience across an asset's lifecycle can help investors and asset managers make better decisions, minimize risk and capture opportunities."

A true Morgan Stanley veteran, Navindu Katugampola has helped issuers raise over USD 80 billion in green, social and sustainability bonds over the years. While heading the group's Global Capital Markets Green and Sustainability Bond Origination, he also took the time to serve on the Executive Committee and the Advisory Council of the ICMA Green and Social Bond Principles.

Today, Katugampola is the Global Head of Sustainability for Morgan Stanley Investment Management (MSIM) and the Global Head of Sustainable Investing for MSIM Fixed Income and Liquidity teams. He also co-chairs MSIM's Sustainability Council.

Clients demand bespoke sustainability reporting

Katugampola notes MSIM has a diverse portfolio of clients. With its independent investment teams, MSIM is structured in a way that allows for agility and perspective when understanding and meeting the plurality of its clients' needs and objectives. "Investors are increasingly asking for bespoke reporting, given the different global regulations they need to comply with. They want more transparency around sustainability and stewardship factors." MSIM uses a combination of standard and customised solutions to meet these growing client demands. "To support the needs of our clients, our team is built into four verticals: Sustainability Solutions/Product, Sustainability Regulation, ESG Data/Technology,



Navindu Katugampola
Global Head of Sustainability
Morgan Stanley Investment Management

and Stewardship," explains Katugampola. "To provide enhanced transparency, our teams have developed fund level ESG fact cards and team-level engagement reports.

We also leverage market intelligence through industry associations and guidance from external counsel and consultants," he adds.

Choose your climate risk data providers carefully

In 2021, MSIM Real Assets partnered with Morgan Stanley's Institute for Sustainable Investing to compare the outputs of select leading physical climate risk data providers. The results were highly varied. The report, Climate-Related Risk Data for Real Assets, provides a framework for assessing physical climate risk tools and cautions against taking a one-size-fits all approach when assessing the data.

Making resilience part of the risk-return equation

Climate resilience is fast becoming an investment imperative in real assets. "Considering resilience across an asset's lifecycle can help investors and asset managers make better decisions, minimise risk and capture the opportunities that climate-resilient buildings and infrastructure will increasingly offer," Katugampola concludes.

Morgan Stanley

INVESTMENT MANAGEMENT

About Morgan Stanley IM

MSIM is a global asset manager delivering innovative investment solutions to a wide range of investors and institutions including corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments and consultant partners worldwide. With over four decades of asset management experience, our investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. MSIM offers its clients personalized attention, the intelligence and creativity of some of the brightest professionals in the industry, and access to the global resources of Morgan Stanley.

Sustainable Investment Commitment

Given our belief in the contribution of ESG and Sustainability to investment performance, we expect to continue to expand the depth and breadth of our ESG integration efforts through building out our customised ESG client solutions, increasing regulatory readiness, enhancing ESG data and technology, improving governance and integrity, focusing on climate & DEI, and broadening our collaborative initiatives.

In addition, we want to expand our suite of ESG solutions and products by collaborating with our clients to better understand their needs and ESG priorities.

Integration & Resources

MSIM adopts a tailored approach to ESG integration and stewardship whereby public and private investment teams are ultimately responsible for exercising their judgement to identify and integrate materially relevant risks and opportunities into their investment decision-making process, including due diligence and research, valuation, asset selection, portfolio construction, and ongoing engagement and investment monitoring. Investment teams assess materiality of ESG integration and stewardship through the consideration of various factors, such as investment philosophy, asset class, the nature of the issuer, the size of our holding, the exposure to sustainability risk and the investment time horizon.

Morgan Stanley IM in Numbers

central MSIM Sustainability team 7 people¹
Global stewardship team 5 people²

¹ as at 30 September
² as at 30 September

Member / Signatory

- UN PRI
- CDP
- UK Stewardship Code
- 30% Club
- FAIRR
- Institutional Limited Partners Association (ILPA) – Diversity in Action
- One Planet Summit Asset Managers Initiative
- WBA

Stewardship & Proxy voting

We consider good corporate governance as central to our business model. As active owners, part of our investment approach focuses on well-governed companies with long-term, sustainable business models. As we believe that ESG issues can influence risk and return, we consider these factors, when relevant, in evaluating and engaging with portfolio companies. The work of MSIM's Global Stewardship Team demonstrates our dedication to proxy voting and shareholder engagement as part of overall good governance. The team works closely with the investment teams on matters of proxy voting, governance analysis and engagement, as well as related social and environmental issues.

Building Core Infrastructure for a Sustainable Future

"A topic we focus on right now is how to further develop our sustainability and impact reporting to deliver the high-quality data our clients need in order to comply with the upcoming regulation."



Jo Gullhaugen
Head of Infrastructure Investments
Storebrand Asset Management

"I have worked with alternative investments for most of my career," says Jo Gullhaugen, Head of Infrastructure Investments at Storebrand Asset Management (SAM). "For the past eight years, I have focused primarily on real assets, real estate and infrastructure."

Before joining SAM, Gullhaugen held several senior positions: Head of Real Estate at Oslo-based pension insurer PKH, COO at Oslo Areal and Head of Research at UNION Gruppen.

Betting on long-term sustainable infrastructure

Gullhaugen is the lead manager for Storebrand Infrastructure Fund, a strategy investing in core sustainable infrastructure. In this role, he is supported by internal resources and two strategic partners, counting some 80 experienced professionals.

"Storebrand Infrastructure Fund contributes to the green transition through long-term investments in focus areas such as offshore and onshore wind, solar, biomass, district heating, power transmission and distribution, battery storage and electric transportation," explains Gullhaugen.

"In addition, social and governance concerns are also key in the asset management process.

All investments must comply with Storebrand's extensive Sustainable Investment Policy."

Ensuring high-quality reporting

"A topic we focus on right now is how to further develop our sustainability and impact reporting to deliver the high-quality data our clients need in order to comply with the upcoming regulation," says Gullhaugen.

"As ESG is already an integrated part of the investment process at SAM, it is mainly a matter of structuring the information and ensuring we can measure and quantify the key topics," he adds.

"We urge our strategic partners to work on this issue, too. They are allocating significant resources to ensure high-quality reporting," says Gullhaugen. For instance, our leading sourcing partner, AIP, has a due diligence framework that fully integrates ESG throughout the investment process. It consists of 43 specific risk factors that are analysed for each project.

To define these factors, AIP uses universally accepted principles and standards. The materiality of each ESG risk factor is carefully assessed."



About Storebrand

Storebrand Asset Management (SAM), a leading Nordic provider of sustainable investment solutions across traditional and alternative asset classes. We invest for the future and fundamentally believe that investing in companies well positioned to deliver on the UN's SDGs, will deliver better risk-adjusted long-term returns for our clients. We have, since the mid-1990s, pushed the boundaries of sustainable investing as a part of our long-term vision. Sustainability is integrated into our values and vision, encompassing products, services, and the partnerships we forge to collectively strive for positive change.

Sustainable Investment Commitment

Storebrand Asset Management is committed to achieve net zero greenhouse gas emissions across all our assets under management by 2050, at the latest. Our long-term ambition is backed up by short-term strategies in line with the recommendations from the NZAOA, we have set 1) sub-portfolio targets, 2) financing targets and 3) engagement targets for 2025:

1. We will reduce our emissions by 32% from 2018 to 2025
2. We will finance 15% of total AUM in solution companies by 2025
3. We will engage CEOs of the 20 companies that generate the highest carbon footprint in our investment portfolios

Integration & Resources

Sustainability is an integral part of Storebrand's core business and we evaluate economic, social and environmental aspects before we make any decisions. Storebrand's ESG integration is divided into three distinct pillars:

- **Exclusions:** Excluding companies on either a conduct or product basis
- **Active Ownership:** Storebrand aims to be a driving force for lasting change in the way companies are managed, while ensuring the best possible return for customers and owner.
- **Solution companies:** Invest more in companies that significantly contribute to sustainable development without causing substantial harm to environment or society

Storebrand in Numbers

Total AUM (€m)	106,861
% SRI/ESG integrated	
equity	100%
fixed income	100%
real assets	100%
# ESG team	6 people
# engagement team	6 people
Sustainable strategy since	1996

Member / Signatory

- UN PRI
- Climate Action 100+
- CDP
- Net Zero Asset Owner Alliance
- IIGCC
- The Montreal Pledge,
- The Portfolio Decarbonization Coalition

Stewardship & Proxy voting

Storebrand believes in exercising our rights as shareholders. We employ two main ways of doing this, either through voting at shareholder meetings or direct company engagement. The decision to engage with companies is based on our assessment of the significance of a particular matter, holding size, scope to effect change and opportunities to collaborate with other investors. If the outcome of engaging with companies fails to meet our expectations, the Storebrand Group may consider other actions, such as publicly expressing views and proposing resolutions at AGMs. If the company is on our observation list, we will make an exclusion assessment.

Product offering

Storebrand Global Solutions is one of SAM's flagship strategies, a top-down thematic equity strategy with an investment philosophy and framework rooted in the SDGs. The strategy is a key offering to our clients and enabler of the firm's net zero goals. As a founding member of the NZAOA we are committed to achieve net zero GHG emissions across all our AuM by 2050. A key tool to achieve this is by investing in solutions, i.e. companies significantly contributing to sustainable development

Performance Table

ESG LEADERS - EQUITY

Portfolio Details											
Performance	As of year-end, Gross, USD, Annulized										
			Absolut return			Relative return			3Y annualized		
Strategy Name	Benchmark	#Pos.	2021	3yr	5yr	2021	3yr	5yr	Standard Deviation	Sharpe Ratio	Tracking Error
ABN AMRO FGR - Aegon Global Impact Equities	MSCI World TR Net	44	30.32%	N/A	N/A	-10.75%	N/A	N/A	12.24%	1.67	5.88
Aegon Global Sustainable Sovereign Bond Strategy	ICE BofA Global Government Index (Hedged to EUR)	100	-0.37% ¹	N/A	N/A	-0.48% ²	N/A	N/A	N/A	N/A	N/A
Brown Advisory Global Leaders Strategy	FTSE All-World Index (net)	32	17.64%	24.34	20.50	-0.76	4.11	6.23	17.21	1.36	1.25
Brown Advisory U.S. Large-Cap Sustainable	Russell 1000® Growth Index (net)	33	30.85%	35.69	27.70	3.25	1.62	2.38	16.98	1.60	2.05
Fidelity Funds - Sustainable Asia Equity Fund A-ACC-Euro	MSCI AC Asia ex Japan Index (Net)	61 ³	-1.7	7.9	8	3	2	3.6	17.52 ⁴	0.3 ⁵	3.78 ⁶
Kempen Global Sustainable Equity	MSCI World (nett. div.)		27.71%	13.69%	12.97%	4.84%	2.97%	2.55%	19.47%	0.73	4.76%
Kempen European Sustainable Equity	MSCI Europe (Nett Total Return)		23.72%	10.05%	NA	6.38%	4.94%	NA	19.72%	0.54	5.92%
Kempen Sustainable Smallcap	MSCI Europe Small Cap TR (nett. div.)		19.19%	6.46%	4.81%	3.57%	0.56%	-0.60%	25.11%	0.28	4.66%
Kempen Global High Dividend	MSCI World (nett. div.)		21.39%	5.45%	7.30%	-0.35%	-4.49%	-2.60%	21.07%	0.28	9.53%
Morgan Stanley - Global Sustain	MSCI World Index Net Index (USD)	38	20.26%	22.45%	N/A	-1.56%	0.75%	N/A	14.61%	1.47	7.75%
Morgan Stanley - EM Leaders	MSCI Emerging Markets Net Index (USD)	31	3.88%	28.50%	19.04%	6.42%	17.56%	9.17%	20.78%	1.33	10.71%
Ninety One Emerging Markets Hard Currency Debt	JPMorgan EMBI Global Diversified	-	-2.6	7.1	5.6	-0.8	1.2	0.9	13.6	0.5	3.4
Ninety One Global Environment Strategy	MSCI AC World Index NDR	-	12.6	35.6	n/a	-5.9	15.2	n/a	19.8	1.7	9.1
NN (L) European Sustainable	MSCI Europe (NR)	43	17.43	25.21	15.82	1.13	10.31	5.68	17.47	1.38	7.12
NN (L) Global Sustainable Equity	MSCI World (NR)	53	27.58	32.97	21.54	5.76	11.27	6.50	17.27	1.85	5.66
NN (L) Global Impact Opportunities	BM Agnostic	39	12.07	21.97	16.68	-	-	-	17.18	1.22	-
UniNachhaltig Aktien Global	MSCI WORLD	77	32.88	23.02	15.1	0.51	0.97	2.85	-	1.71	3.68
UniInstitutional SDG Equities	MSCI ACWI	68	14.97	24.05	-	-14.53	3.727	-	-	1.73	7

¹ Fund launch date: 13 October 2021

² Fund launch date: 13 October 2021

³ as of May 31st 2022

⁴ as of May 31st 2022

⁵ as of May 31st 2022

⁶ as of May 31st 2022

Performance Table

ESG LEADERS - FIXED INCOME

Portfolio Details											
Performance	As of year-end, Gross, USD, Annulized										
			Absolut return			Relative return			3Y annualized		
Strategy Name	Benchmark	#Pos.	2021	3yr	5yr	2021	3yr	5yr	Standard Deviation	Sharpe Ratio	Tracking Error
Aegon Global Sustainable Sovereign Bond Strategy	ICE BofA Global Government Index (Hedged to EUR)	100	-0.37%	N/A	N/A	-0.48%	N/A	N/A	N/A	N/A	N/A
Invesco - US Senior Loan ESG Fund (Class G) ¹	Credit Suisse Leveraged Loan Index	650	6.23	N/A	N/A	0.83	N/A	N/A	N/A	N/A	N/A
Invesco - EU Senior Loan ESG Fund - (Class G) ²	Credit Suisse Western European Leveraged Loan Index	331	6.71	N/A	N/A	2.08	N/A	N/A	N/A	N/A	N/A
MFS Global Credit	Bloomberg Global Aggregate Credit*		-1.78	8.30	6.22	1.43	2.65	1.75	7.58	0.98	1.45
MFS Emerging Markets Corporate Debt	JP Morgan CEMBI Broad Diversified*		1.35	--	--	0.44	--	--	--	--	--
MFS Euro Credit	Bloomberg Euro Aggregate Credit - Corporate (EUR Hedged)*		-6.25	5.13	--	1.70	2.67	--	8.97	0.47	0.84
MFS Global Aggregate Core	Bloomberg Global Aggregate (USD Unhedged)*		-4.62	4.71	4.11	0.09	1.11	0.75	5.17	0.74	1.34
MFS Global High Yield	ICE BofA Global High Yield - Constrained Index (USD Hedged)*		3.87	8.02	5.96	0.83	0.11	0.07	8.67	0.82	1.25
MFS U.S. Taxable Municipal Fixed Income	75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index*		2.69	7.01	--	1.60	0.26	--	5.80	1.05	1.41
Mirova ³ Global Green Bond Fund ⁴	Bloomberg MSCI Global Green Bond Index (EUR Hedged)	139	-9.73%	11.14%	20.80%	0.22%	3.03%	2.17%	8.63%	0.53	2.04%
Mirova Euro Green and Sustainable Bond Fund	Bloomberg Euro Aggregate 500MM Index	135	-9.26%	11.83%	21.67%	0.47%	5.25%	4.90%	8.51%	0.58	2.55%
Mirova Euro Green and Sustainable Corporate Bond Fund	Bloomberg Euro Aggregate Corporate Index	166	-7.76%	9.63%	19.12%	0.20%	2.06%	1.22%	9.04%	0.41	0.88%

¹ 3 Year and 5 year figures are unavailable as the Fund incepted on 12 July 2019.

² 3 Year and 5 year figures are unavailable as the Fund incepted on 21 January 2020

³ Past performance is a not a reliable indicator of future performance. Source: Mirova, as of 31 December 2021.

⁴ Mirova Global Green Bond Fund, Mirova Euro Green and Sustainable Bond Fund and Mirova Euro Green and Sustainable Corporate Bond Fund are sub-funds of the Luxembourg SICAV Mirova Funds, approved by the Luxembourg Commission for the Supervision of the Financial Sector (the "CSSF"). Natixis Investment Managers International is the management company, and has delegated financial management to Mirova.

* The Fund's benchmark is indicated for performance comparison only.

Performance Table (2)

ESG LEADERS - FIXED INCOME

Portfolio Details											
Performance	As of year-end, Gross, USD, Annulized										
			Absolut return			Relative return			3Y annualized		
Strategy Name	Benchmark	#Pos.	2021	3yr	5yr	2021	3yr	5yr	Standard Deviation	Sharpe Ratio	Tracking Error
MSIM - Sustainable Euro Strategic Bond	Bloomberg Eur-Aggregate (USD)	211	-9.37%	N/A	N/A	0.34%	N/A	N/A	N/A	N/A	N/A
MSIM - Short Maturity Euro Bond	Bloomberg Euro-Aggregate: Treasury 1-3 Years Index	165	-6.92%	0.62	2.1	0.79%	0.93%	0.75%	6.69%	-0.1	1.54%
MSIM - Eaton Vance Emerging Markets Debt Opportunities	J.P. Morgan EMB (JEMB) Hard Currency / Local currency 50-50	169	2.40%	9.81%	7.82%	7.05%	5.52%	3.86%	10.54%	0.74	3.57%
Ninety One Emerging Markets Blended Debt Strategy	50% JPM GBI-EM Global Diversified, 25% JPM EMBI Global Diversified, 25% JPM CEMBI Broad Diversified (pre 011219 50,30,20)	-	-4.3	5.9	5.2	0.4	1.6	1.2	12.2	0.4	2.5
Ninety One Emerging Markets Local Currency Dynamic Debt	JPMorgan GBI-EM Global Diversified	-	-7.3	3.8	4.0	1.5	1.7	1.2	12.4	0.2	1.3
Ninety One Emerging Markets Hard Currency Debt	JPMorgan EMBI Global Diversified	-	-2.6	7.1	5.6	-0.8	1.2	0.9	13.6	0.5	3.4
Ninety One Emerging Markets Local Currency Total Return	JPMorgan GBI-EM Global Diversified	-	-7.7	4.6	4.8	1.1	2.5	1.9	9.8	0.4	2.2
Ninety One Emerging Markets Corporate Debt	JPMorgan CEMBI Broad Diversified	-	-0.8	8.5	6.6	-1.7	1.5	1.2	10.1	0.7	2.8
Ninety One Emerging Markets Investment Grade Corporate Debt	JPM CEMBI Broad Diversified Inv.Grade	-	-1.0	9.1	6.9	-1.1	2.5	1.9	8.0	1.0	2.3
Ninety One All China Bond	Bloomberg Global Aggregate ¹	-	4.1	7.9	7.7	-4.3	0.3	1.0	5.2	1.4	2.6
NN (L) Green Bond	Bloomberg Barclays Euro Green Bond (NR)	111	-9.84	2.94	4.03	0.35	0.28	0.30	8.02	0.23	0.69
NN (L) Euro Sustainable Credit	Bloomberg Barclays Euro-Aggregate Corporate	212	-7.65	3.03	3.89	0.30	0.56	0.54	8.64	0.23	0.31
NN (L) Euro Sustainable Credit (ex financials)	Bloomberg Barclays Euro-Aggregate Corporate ex Financials ²	121	-7.97	2.90	3.71	0.22	0.42	0.43	8.56	0.21	0.21
"UniInstitutional Global Convertibles Sustainable EUR A"	"Refinitiv Global CB Focus Hedged (EUR)"	284	1.79	11.48	7.14	3.59	2.28	2.28	-	1.33	2.03

¹ Chinese Renminbi Index (pre 30/08/2019 iBoxx ALBI Offshore China, pre 01/05/2016 HSBC OS RMB Overall, pre 01/01/2015 CNHDR)

² Bloomberg Barclays Euro-Aggregate until 15 Dec 2011

Performance Table

ESG LEADERS - REAL ASSETS

Portfolio Details											
Performance	As of year-end, Gross, USD, Annulized										
			Absolut return			Relative return			3Y annualized		
Strategy Name	Benchmark	#Pos.	2021	3yr	5yr	2021	3yr	5yr	Standard Deviation	Sharpe Ratio	Tracking Error
Hines European Core Fund	MSCI pan-European Property Funds Index	35	11.68%	6.14%	7.54%	+2.48%	+0.96%	+1.88%	N/A	N/A	N/A
Invesco - Global Real Assets Fund (GREF)	None	226	13.04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kempen Global Property	FTSE EPRA/NAREIT Developed Index		26.10%	4.45%	7.00%	0.00%	0.50%	1.82%	18.97%	0.26	2.76%
Kempen European Property	FTSE EPRA Europe Daily Capped		15.20%	5.12%	6.57%	5.17%	4.42%	3.50%	20.97%	0.27	3.20%
Kempen Global Listed Infrastructure	FTSE Core Infrastructure 50/50 Index		13.31%	9.38%	NA	-1.36%	2.65%	NA	15.74%	0.63	2.43%



Disclaimers

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ESG Disclosures

Many of American Century's investment strategies are subject to the incorporation of ESG factors into the investment process employed by each strategy's portfolio managers. When portfolio managers incorporate Environmental, Social and Governance (ESG) factors into an investment strategy, they may consider those issues in conjunction with traditional financial analysis. When selecting investments, portfolio managers may incorporate ESG factors into the portfolio's existing asset class, time horizon, and objectives. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.

ESG Definitions

ESG Integrated: An investment strategy that integrates Environmental, Social and Governance ("ESG") factors aims to make investment decisions through the analysis of ESG factors alongside other financial variables in an effort to deliver superior, long-term, risk-adjusted returns. The degree to which ESG integration impacts a portfolio's holdings may vary based on the portfolio manager's materiality assessment. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.

ESG Focused: An investment strategy that focuses on Environmental, Social and Governance factors ("ESG") seeks to invest, under normal market conditions, in securities that meet certain ESG criteria or standards in an effort to promote sustainable characteristics, in addition to seeking superior, long-term, risk-adjusted returns. This investment focus may limit the investment opportunities available to a portfolio. Therefore, the portfolio may underperform or perform differently than other portfolios that do not have an ESG investment focus. ESG-focused investment strategies include but are not limited to impact, best-in-class, positive screening, exclusionary, and thematic approaches.

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Morgan Stanley

INVESTMENT MANAGEMENT

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