SPECIAL EDITION
SEPTEMBER 2024

NORDSIP
NORDIC SUSTAINABLE INVESTMENTS

# SUSTAINABLE LEADERS

## GLOBAL FUND SEARCH 2024

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GLOBALFUND SEARCH

# TABLE of CONTENTS

## SUSTAINABLE LEADERS - EQUITY

# SUSTAINABLE LEADERS - FIXED INCOME



# SUSTAINABLE LEADERS - REAL ASSETS

# Introducing
# **The Sustainable Leaders**

Sustainable investing remains one of the most critical themes in the investment landscape today. However, it continues to be a challenging area for investors to navigate. Which asset managers are leading the charge? What strategies truly embody commitment to sustainability? And how are they addressing the complex questions within the sustainability space?

To address these challenges and more, we have updated our handbook to facilitate meaningful dialogue between investors and asset managers. This resource aims to provide institutional allocators with an enhanced overview of the sustainable investment product landscape. This latest edition is a collaboration between Global Fund Search and NordSIP, and we trust it will be an invaluable tool in your ongoing efforts with sustainable investing.

Kasper Steen Andersen
Founder & CEO
Global Fund Search

Aline Reichenberg Gustafsson, CFA
Editor-in-Chief
NordSIP

In today's landscape, recognised sustainability leadership status has evolved from a nice-to-have for sustainable asset managers to a significant statement of commitment. As ESG scepticism grows louder, it is crucial for advocates to demonstrate that they remain steadfast in their principles. The rising polarisation of these issues underscores the importance of maintaining high standards and avoiding greenwashing more than ever.

To support institutional investors in navigating the complex field of sustainability, NordSIP once again partnered with Global Fund Search to update this handbook on not just 'ESG', but now 'Sustainable' Leaders more broadly. In this third edition, we have preserved the original concept for the sake of continuity. As before, institutional demand remains the key criterion for selecting the Sustainable Leaders featured in this publication. Only those managers who have excelled in sustainability-related searches are invited to participate.

We continue to use a standardised template to help readers assess and compare managers' sustainability commitments and how they fulfil them. Recognizing that there is no one-size-fits-all solution to all investors' needs, the handbook presents a wide range of alternatives. The selected managers vary in their approaches to integrating sustainability into their processes, their methods of stewardship, and the sustainable strategies they offer. What unites them all, however, is their shared commitment. By providing a platform for Sustainable Leaders to showcase this dedication to sustainability in a systematic and comparable way, we hope to empower you to make more informed decisions.

# SUSTAINABLE LEADERS

## EQUITY

- aegon asset management
- Fidelity International
- MFS 100 years
- Artemis The Profit Hunter
- Fisher Investments Europe
- Parnassus Investments
- Boston Common Asset Management
- Goldman Sachs Asset Management
- Sands Capital
- Brown Advisory Thoughtful Investing.
- GW&K Investment Management
- Stewart Investors
- cardano
- Harding Loevner
- Storebrand
- Columbia Threadneedle Investments
- LGT Capital Partners
- Van Lanschot Kempen
- Mackenzie Investments

# Dividends and Sustainability: No Longer a Trade Off

***"Areas like semiconductors and power management have seen huge dividend growth in recent years, as the megatrends these companies are exposed to create long-term demand drivers and help them to generate significant free cash flow."***

**Iain Snedden**
Senior Investment Product Specialist
Aegon Asset Management

We believe sustainable companies are well placed to deliver growing dividends over time. Investors have traditionally thought purely of high growth companies when it comes to ESG but that impression is changing and there is an ever increasing opportunity set of companies that can provide attractive dividend yields and strong ESG characteristics – it is no longer a choice between one or the other.

Our Global Equity Income Fund has been running for almost 12 years and over that time, the fund has illustrated this change to a more positive ESG profile in the dividend world. In the early days of the fund's life, you would have found a number of holdings from industries such as alcohol, tobacco, defence and energy. Indeed, at one point the fund's largest holding was a tobacco company. These industries are renowned for offering attractive dividends, but they certainly do not lend themselves to strong ESG characteristics.

The portfolio has changed in recent years though. Gone are the tobacco, alcohol and defence stocks and there is just one energy stock in the portfolio – TotalEnergies, which is investing heavily in renewables and energy transition projects. Instead, the portfolio now contains a range of companies with strong ESG characteristics, such as healthcare companies discovering treatments for serious diseases, semiconductor companies producing the chips that are at the heart of advanced technologies and industrial power management firms that are helping make buildings and industries cleaner and more energy efficient.

Make no mistake, this change in the portfolio is not a tick box exercise to improve its ESG profile, it is rooted in our philosophy of investing in companies that can pay stable and growing dividends over time. Areas like semiconductors and power management have seen huge dividend growth in recent years, as the megatrends these companies are exposed to create long-term demand drivers and help them to generate significant free cash flow. Indeed, looking across the global equity landscape, the tech sector has delivered very strong dividend growth rates in recent years. Consequently, the portfolio's ESG evolution has not had any impact at all on its ability to generate a premium dividend yield versus the market.

In terms of practical implementation, we integrate ESG factors into all of our equity research and this ensures we consider the ESG risks and opportunities that each company faces and how these link into our overall fundamental view.

In addition, the fund is classified as Article 8 under SFDR and targets having a weighting of 20% higher than the MSCI ACWI in stocks ranked AAA and AA for ESG by MSCI. This is a mark that it comfortably exceeds.



aegon asset management

### About Aegon Asset Management

Aegon AM is an asset management firm with a global client base within Institutional, intermediary and wholesale markets, and specializes in active management. 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 financially material ESG factors into the bottom-up research process for fixed income and equity holdings. Aegon AM has a dedicated team of 21 RI specialists (December 2023), involved in research, product development, ESG integration, active ownership activities and RI policies and reporting. Aegon AM's RI team acts as a source for all RI matters and works closely with the various investment teams to provide training, insights, information and data that would otherwise not be available in order to build holistic analysis for all investment research. The AM Management Board oversees the implementation of the RI Framework and associated policies.

### Aegon Asset Management in Numbers

| | |
|---|---|
| Total AUM (€m) | 314 000 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 137 000 |
| #Stewardship team | 21 people |
| #Impact Equity team | 14 people |

### Member / Signatory

- UNPRI
- Climate Action 100+
- Net Zero Asset Managers Initiative
- CDP
- Global Impact Investing Network (GIIN)
- Institutional Investors Group on Climate Change (IIGCC)
- Dutch Association of Investors for Sustainable Development

### 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.

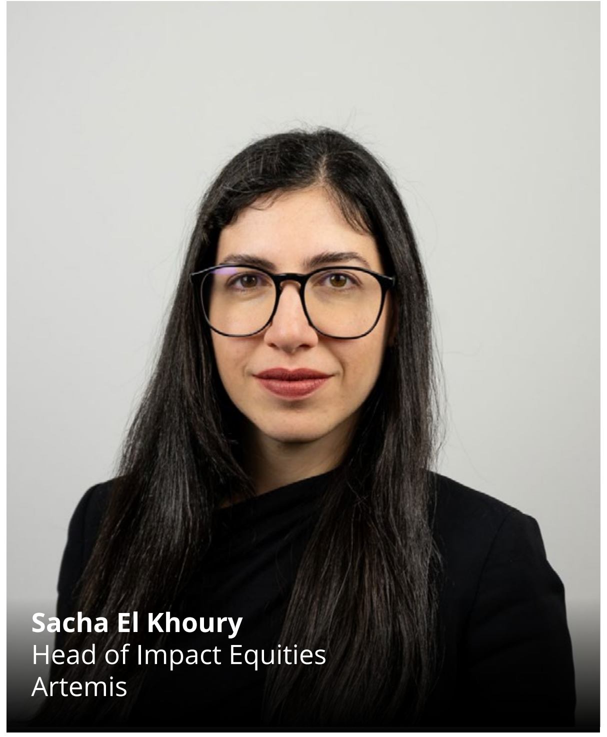
Our engagement is based on the UK and Dutch Stewardship Codes and the PRI. We consider and vote all shareholder meetings of UK and Dutch companies in which we invest, as well as companies from other countries where we hold >0.1% of the outstanding share capital.

### Product offering

- Global Sustainable Sovereign Fund
- Global Sustainable Equity Fund
- Climate Transition Fund
- Sustainable Real Estate Fund

# Aligning Profit and Purpose

***"We believe engagement is likely to be more successful when the outcomes pursued are aligned to issues that are material to corporates' risk and opportunity set."***



**Sacha El Khoury**
Head of Impact Equities
Artemis

Sacha is Head of Impact Equities at Artemis She is focused on how we as investors drive positive impact. "Listed equities may be late to impact investing, but we believe it is the asset class with the greatest reach and scale to help the world meet the UN's Sustainable Development Goals."

**Our mission**

Our mission is to deliver attractive financial returns alongside positive non-financial outcomes. We adopt a holistic approach to impact investing that emphasises investor impact. Rather than focusing solely on the products that companies sell, we aim to achieve our objective by investing in companies that have significant potential to make a positive impact by improving their overall enterprise impact. We believe that companies that progress the SDGs will benefit from superior returns over the long term, whether they benefit from growth tailwinds to their topline, or whether they address risks and opportunities in their operations, conduct and footprint. Our ambition is to accelerate this impact through our investor contribution, by engaging with firms to drive positive impact in the most material environmental and social issues.

**Engagement alpha**

As active owners and impact investors, we have the unique opportunity and responsibility to influence the companies we hold. A patient approach to engagement, through constructive dialogue, can be very productive in driving positive delta in impact - and real-world outcomes.

We seek a consultative partnership with the firms we engage with. We believe engagement is likely to be more successful when the outcomes pursued are aligned to issues that are material to corporates' risk and opportunity set.



**About Artemis**

Artemis is an independent, owner-managed investment boutique. We aspire to positively impact the environment and communities in which we work and live. As part of this the Artemis Charitable Foundation receives a fixed percentage of the firm's revenues which are then passed on to staff-chosen charities.

Beyond investing, our Sustainability Committee helps integrate the firm's sustainability policies. External carbon auditors assess our operations, and we continue to implement best practices to move closer to our Net Zero carbon emission targets.

**Sustainable Investment Commitment**

We are conscious of our environmental duties, both as responsible investors as well as consumers of the earth's scarce resources. Our fund managers incorporate ESG factors in a way best suited to the specific investment approach of their funds.

As consumers, we measure our annual carbon footprint and seek ways to reduce our environmental impact. We are members of Planet Mark, a certification program recognising commitment to continuous improvement in sustainability and reduced carbon emissions.

**Integration & Resources**

Each fund management team drives integration and embeds ESG analysis within their broader investment processes. Additional resources include:

- Our independent stewardship team provides support in implementing Artemis' voting and engagement policies. They also analyse our portfolios' ESG KPIs including their carbon footprint.
- Our managers have access to ESG research platforms including MSCI, Sustainalytics and TruValue.

Beyond investing, the Sustainability Committee helps ensure our policies and actions – as investors, consumers and community stakeholders – are consistent with our long-term sustainability goals.

**Artemis in Numbers**

| | |
|---|---|
| Total AUM (€m) | 28,845 |
| Total AUM in "Article 8" or "Article 9" strategies | ~ €885 |
| #Stewardship team | 4 people |
| #Impact Equity team | 4 people |
| Sustainable investment Sustainable strategy since | 16 March, 2005 |

**Member / Signatory**

- UNPRI
- NZAMI
- UK Stewardship Code
- UK Investment Association
- Investor Forum
- IFRS Sustainability Alliance
- Climate Action 100+
- IIGCC
- Transition Pathway Initiative

**Stewardship & Proxy voting**

Our approach to stewardship means that both collaborative and strategy-level engagements inform our overall approach. At a strategy level, our engagement reflects our fund managers' evaluations of material issues. Engagement is often collaborative across both investment teams and the industry.

As active managers, we generally invest in companies where we are more likely to support management's approach on a range of issues. However, we will vote against management when our support is not warranted. Where we have a significant shareholding we aim to contact the company first.

**Product offering**

Almost all Artemis investment strategies include ESG integration measures from full integration in each step of the investment process to exclusion, positive inclusion/best of class, active ownership and other tactics. We offer a range of Article 8 and Article 9 products covering the major equity and fixed income categories. We also offer more focused or thematic ESG funds including an Impact Equity Fund and a Paris-Aligned Global Equity fund.

# Finding Solutions Throughout the Value Chain

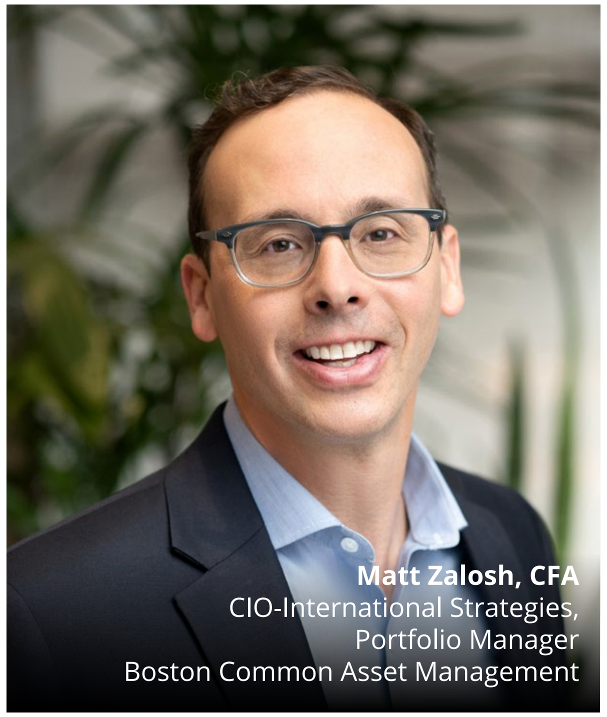
***"We engage with portfolio companies on material ESG issues that we believe have the potential to improve long-term fundamentals."***

As Chief Investment Officer of Boston Common's International Equity strategies and co-portfolio manager of the Global Impact strategy, Matt Zalosh embraces the regional dynamism across global markets. "My two decades of experience in ESG investing and travel throughout Europe, Asia, and Latin America have informed my global approach to portfolio construction." Boston Common's global investment strategies build off this international orientation and the firm's two decades of ESG leadership to pursue positive portfolio impact and investment alpha.

Zalosh and his team believe consumer preferences, regulatory systems, and corporations increasingly recognize the importance of ESG factors. "Stakeholders are creating a virtuous cycle. Customers prefer green products, governments are imposing costs on negative externalities, and managements are achieving financial success by embedding sustainability in operational strategies," Zalosh says.

**ESG Integration**

"We integrate ESG analysis into all phases of the investment process—as an input in quantitative screening, in exploring cross-sectoral sustainability themes to generate investment ideas, and through comprehensive ESG research of each company under consideration." Zalosh continues, emphasizing the amplifying effects of ESG integration and company stewardship: "We engage with portfolio companies on material ESG issues that we believe have the potential to improve long-term fundamentals."



**Matt Zalosh, CFA**
CIO-International Strategies,
Portfolio Manager
Boston Common Asset Management

**Seeking Solutions**

According to Zalosh, Boston Common prioritizes impact investment themes, notably climate change and earth renewal. "The world is in the early stages of a massive economic transformation. To transition to net zero, countries will likely focus on renewable energy, electrification, and resource efficiency. We address all three by identifying the most attractive investment opportunities across each supply chain. Additional impact investment themes have helped identify companies with strong access to health and financial inclusion profiles. Across each area, we look for strong ESG characteristics as markers of high-quality companies positioned to adapt and succeed long-term."

**About Boston Common Asset Management**

Boston Common Asset Management LLC ("Boston Common" or "BCAM") is a diverse, women-led, and majority women- and employee-owned investor with a dual mandate to generate competitive investment returns and positive societal and environmental impacts. An active, ESG-integrated, global equity manager and leader in shareholder engagement since 2003, Boston Common challenges companies across industries to devote resources and innovation toward social equity and earth renewal. Headquartered in Boston, its investment strategies totaled $4.5 billion in AUM as of March 31, 2024.

**Sustainable Investment Commitment**

Believing ESG factors influence long-term value and mitigate risk, we seek to identify future-prepared companies, focusing on what companies provide, how it's provided, and how it's managed. Our founding members were ESG investing pioneers in the US who have helped define industry standards for best practices. We have encouraged groups like the CFA Institute to incorporate ESG analysis into its curriculum and have presented at industry conferences such as PRI in Person. Team members have held leadership positions with UNPRI, US SIF, The Forum for Sustainable and Responsible Investing, the Sustainable Investment Research Analyst Network, and the Interfaith Center on Corporate Responsibility.

**Integration & Resources**

We believe integrating bottom-up ESG analysis enhances research-driven conviction and identifies risks and opportunities that may not be reflected in valuation. ESG integration is thus central to our process. Potential holdings undergo ESG and financial review, and shareholder engagement efforts inform a holistic understanding of a company. ESG Research team members work alongside financial analysts as part of our ESG-Integrated Investment Team. A key member of the team, Leah Turino, serves as Head of ESG Integration, a cross-functional position that exists to ensure continued development, repeatability, and articulation of our ESG integration strategy and processes

**Boston Common AM in Numbers**

| | |
|---|---|
| Total AUM (€m) | 4,134.87 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 1,020.70 |
| #ESG team | 9 |
| #Engagement team | 4 |
| Sustainable strategy since | 31 December, 2002 |

**Member / Signatory**

- Net Zero Asset Managers Initiative
- UN PRI
- CDP
- Science-Based Target Initiative
- Finance for Biodiversity Pledge
- Investors for Sustainable Solar
- Climate Action 100+
- Finance Sector Deforestation Action
- Platform for Carbon Accounting Financials
- Investor Environmental Health Network

**Stewardship & Proxy voting**

Equity investors have a unique opportunity to use their voices as stewards of capital, accelerating society's pivot toward solutions. Our stewardship efforts target sustained, proactive investor engagement, objective measurement/data, and ecosystem development to support best practices. Proxy voting and engagement approaches are designed to foster long-term thinking. We seek company transparency and accountability to support ESG frameworks, and we encourage companies to address sustainability risks and opportunities, often through pursuing sustained dialogue. We report our efforts quarterly and annually, noting meaningful impacts across products, processes, and policies.

**Product offering**

We believe investing in "solutions" companies is essential to generate impact, which derive ≥50% of revenue from activities that address nine Impact Investment Themes:

- Eco-efficiency/Recycling
- Renewable Energy
- Sustainable Transport/Electric Vehicles
- Water Quality/Waste Management
- Healthier/Organic Products
- Access to Health/Nutrition
- Inclusive/Sustainable Finance
- Education/ Communication Empowerment
- Community Investing

100% of the Global Impact strategy (63% solutions) qualifies under Article 9, and 100% of the US Value Equity strategy (28% solutions) qualifies under Article 8; these strategies total ≈25% of firm AUM.

# Finding Sustainable Opportunities in the Value Space

**Mike Poggi, CFA**
Portfolio Manager, U.S. Large-Cap Sustainable Value Strategy
Brown Advisory

***"Our engagement approach reflects our broader investment approach: performance-driven, long-term focussed, and collaborative."***

Mike Poggi, CFA has managed the U.S. Large-Cap Sustainable Value Strategy since its inception in September 2022. He joined Brown Advisory in 2003 as an equity research analyst and has covered multiple sectors in his career. Mike is supported by a team of fundamental, sustainable investment, and investigative analysts across Brown Advisory's U.S. and U.K. offices.

Brown Advisory has over 13-years' experience in sustainable investing and over 20 years in value investing. Our equity research team of 48 colleagues has deep expertise in fundamental and sustainable investment research. It also includes two dedicated 'investigative analysts' who function more as investigative journalists, undertaking primary research and providing rich insights into industries or specific companies to help us deepen our understanding of the value a company creates or the changing dynamics of an industry.

Our U.S. Large-Cap Sustainable Value Strategy is characterised by a combination of value investing principles and the proactive integration of sustainable investment research. Our primary goal is to deliver investment returns for our clients, and we believe that by integrating sustainable investment research alongside fundamental research, we can find businesses that our peers might have overlooked.

We focus on companies with durable fundamental strengths, attractive valuations, capital discipline and that possess, or are on route to possessing what we call a "Sustainable Cash Flow Advantage" or "SCFA". An SCFA relates to a company's potential to extend the durability and stability of its cash flows through its people (i.e., attracting and retaining a driven workforce), its processes (by operating efficiently and sustainably), and products (creating sustainability-focused products/services).

Our portfolio not only includes companies in typically sustainable sectors but also those more commonly considered to be in transition, such as energy and financials. Within such industries and with companies that are at an earlier stage in their sustainability journey, we believe engagement is especially important.

Our engagement approach reflects our broader investment approach: performance-driven, long-term focussed, and collaborative. We prioritise understanding potential financial outcomes and SCFAs and work with companies to understand their risks or opportunities.

Our preferred outcomes are to strengthen or validate an investment thesis or a company's SCFA. While our engagements may indirectly lead to enhanced policies or better corporate practices that positively impact the climate, natural capital, human capital, and/or governance practices, our main focus is on actionable investment decisions. Post-engagement, we assess an investment thesis's status to determine our actions - initiating or adding to the position if the thesis is stronger or escalating our engagement if weaker. Ultimately, our engagement strategy is to promote activities underappreciated by the market and drive long-term financial performance for our clients.



Brown ADVISORY
Thoughtful Investing.

### About Brown Advisory

Brown Advisory delivers a range of sustainable investment strategies to help our clients achieve their objectives with concentrated, active portfolios driven by fundamental and sustainable investment research. The firm's sustainable investment research analysts are embedded within our research teams. We employ a robust research approach, incorporating analysis of sustainability-related risks while identifying companies with sustainable drivers. These are defined as investments that can improve their financial outcomes or competitive advantages through sustainability-related activities (e.g., responsibly managing resources, climate solutions).

### Sustainable Investment Commitment

Brown Advisory has a long history of serving clients focused on sustainable investing and we are deeply committed to the space. This commitment is demonstrated through strengthening our current sustainable strategies and the development of new strategies, most recently of the U.S. Large Cap Sustainable Value Strategy described in this article, as well as the firm's Global Sustainable Total Return Bond Strategy.

### Integration & Resources

Brown Advisory has 11 sustainable investment research analysts who provide bottom-up analysis throughout an investment's lifecycle. These analysts are experts in specific sectors and seek to understand an investment's structure and fundamental characteristics, focusing on how sustainability factors impact financial results.

Sustainable Investment Research is delivered to portfolio managers in four main formats: Risk Assessments, Opportunity Assessments, Labelled Bond Assessments and Thematic or Sector-Focused Research

### Brown Advisory in Numbers

| | |
|---|---|
| Total AUM (€m) | 142,991,889.1 |
| Total AUM in "Article 8" strategies (€m) | 12,512.4 |
| # ESG team | 16 people |
| Sustainable strategy since | 2009 |

### Member / Signatory

- Principles for Responsible Investment
- Net Zero Asset Managers Initiative
- UK Stewardship Code
- IFRS Sustainability Alliance (formerly SASB)
- Climate Action 100+
- CDP
- Ceres
- Task Force on Climate-Related Financial Disclosures

### Stewardship & Proxy voting

We seek to engage many existing and prospective companies and issuers on sustainability topics. We engage with the aim of enhancing due diligence by (1) identifying risks and encouraging companies to responsibly manage them and (2) to encouraging leadership and capitalise on opportunities. We may also advise stakeholders to promote action on material sustainability issues. We take the responsibility to vote proxies on behalf of our clients seriously, and seek to vote proxies on a case-by-case basis, supporting proposals that we believe are in the best interest of long-term shareholder value. The Proxy voting records of our UCITS and Mutual Funds are published on Brown Advisory's website.

### Product offering

Brown Advisory has 12 UCITS Funds which classify as Article 8.

# Leading in Sustainable Innovation

*"Active enagement with companies and voting on all shareholder meetings of companies in portfolio is done in order to stimulate them in the transtion to a sustainable society."*

**Hilde Veelaert**
Chief Investment Officer Public Markets
Cardano

Hilde Veelaert is Chief Investment Officer at Cardano since 2020, with focus on public markets since 2023. She started working as a portfolio manager for European equities at Cardano in 2003 and became Head of Equities in 2011 where she developed the enhanced index equity strategy in which Cardano to date manages almost EUR 17 billion. Hilde started her career in 1994 as portfolio manager at AXA Bank in Belgium and later at AXA IM in The Hague and Paris.

She has a great passion for sustainable investing and has been a pioneer in integrating ESG factors in listed investments.

The ESG Transition Enhanced Index Equity Strategy Hilde helped creating with a trackrecord since 2008, strives to track the broad benchmark as closely as possible using aproximately 85% of the companies of the benchmark.

Approximately 15% is excluded on fundamental principals or lack of adaptivity towards a sustainable society. We perform an optimization in the portfolio, to reallocate this 15% using multiple risk factors next to CO2 and water, in order mimimize tracking error (currently at around 60-70 basispoints against broad benchmarks).

Active enagement with companies and voting on all shareholder meetings of companies in portfolio is done in order to stimulate them in the transtion to a sustainable society. Investors who seek broad market exposure and want to invest in companies who have or will transition to a sustainable society, while having positive real world impact and low costs, should definitely consider Cardano's index strategy.

## cardano

### About Cardano

We believe it is our fiduciary duty to support the transition to a sustainable society. We adopt a holistic and forward-thinking approach to all the companies and countries in which we invest.

We have implemented a sustainable investment policy for the past three decades integrated across all funds and mandates and also act as a leader in impact investing – and launched our first impact investment fund in 2007

### Sustainable Investment Commitment

We support the Paris Climate Agreement of limiting global warming to +1.5°C versus preindustrial levels. We do this by committing our investment portfolios to net zero greenhouse gas emissions by 2050. We support global emissions reduction of 50% by 2030, with baseline year 2019. This informs our asset-class decarbonisation targets.

In our direct equity and credit portfolios, we aim to achieve water-neutrality by 2030. In our direct equity and credit investment portfolios, we aim to reach zero net deforestation by 2030

### Integration & Resources

On top of the exclusion policy we structurally integrate environmental, social and governance elements which are reflected in a relative company score (ESG score).1 This score reflects ESG risks that are financially material to the company as well as the company's performance on our focus themes; climate, water and land.

The market value weighted ESG score of the portfolio should (at all times) be higher than the market value weighted ESG score of the benchmark.

### Cardano in Numbers

| | |
|---|---|
| Total AUM (€m) | 60.3 billion |
| Total AUM in "Article 8" strategies (€m) | 20.5 billion |
| # ESG team | 25 people |
| #Engagement team | 4 people |
| Sustainable strategy since | 1995 |

### Member / Signatory

- Access to Medicine Foundation
- Access to Nutrition Initiative
- Finance for Biodiversity Pledge
- Share Action
- Science Based Targets Initiative
- Taskforce Nature Related Financial Discl.
- Climate Action 100+
- Finance for Biodiversity Pledge
- ICMA
- CDP
- IIGCC
- Net Zero Asset Managers Initiative
- CERES
- Partnership for Biodiversity Accounting Financials
- Partnership for Carbon Accounting Financials
- Platform for Living Wage Financials
- PRI

### Stewardship & Proxy voting

The basis of our policy is that companies have to comply with our socio-ethical investment principles and our seven Material Sustainability Drivers. This plays an important role in the risk management of our investments, in stimulating behavioural change through conducting engagements and voting at shareholders meetings.

Clear targets are set and milestones are formulated during an engagement process, in order to monitor change.

### Product offering

95% of fund assets are Article 8 and 5% of fund asset are Article 9

### Flagship funds:

- Financial Inclusion Fund (Article 9)
- ESG Transition Enhanced Index Equity (Article 8)
- Green, Social & Sustainable Euro Credit (Article 8)

# Sustainable Outcomes with Financial Returns

***"We believe that our eight sustainable themes not only tackle some of the biggest challenges facing the world today but also encapsulate some of the market's biggest secular investment growth themes."***


As one of the senior portfolio managers on the Global equity team at Columbia Threadneedle Investments, having joined the team in 2007, I've been fortunate to see both the size and range of our global strategies grow strongly. A key determinant of this success has been the financial returns we have delivered for our investors, which for all our strategies is underpinned by a common investment philosophy – that investment returns can be achieved by investing in businesses with sustainable competitive moats which aim to manifest in sustainable high returns on capital, often underappreciated by the market.

In November 2018, we launched a new strategy, the Sustainable Outcomes Global Equity strategy, which is underpinned by this same investment philosophy. For this strategy we also identified eight sustainable themes which guide our investment towards those companies helping to make the world healthier, more equal, and greener. We have adopted a holistic approach to sustainable investing encapsulating 3 key pillars: Materiality (the percentage of a company's current sales generated from products with a positive outcome), Intentionality (a company's strategic priority to grow that sustainable contribution over time) and Integrity (how sustainable a company's business operations are in delivering these outcomes).

We believe a key differentiator of this strategy is this dual focus on sustainability in outcomes and financial returns in the companies we invest – we fundamentally believe that the economics have to be attractive for a sustainable solution to grow in its market. It is this investment approach that has enabled us to deliver strong, benchmark by 2.7% beating performance since fund inception – evidence that positive sustainable outcomes and financial returns need not be mutually exclusive.

**Employing sustainability factors as an alpha driver**

We believe that our eight sustainable themes not only tackle some of the biggest challenges facing the world today but also encapsulate some of the market's biggest secular investment growth themes. We use these sustainable themes to identify those companies that are benefitting the most from these strong secular tailwinds. By adopting a long-term approach to investing, we have used periods of rotation in the market to capture alpha.

For example, the energy crisis in 2022 saw many clean technology stocks collapse as investors shifted to fossil fuels – but we believed that this crisis would in fact accelerate investment into clean energy infrastructure. This crisis, combined with strong government policies, such as Inflation Reduction Act in the US, has in fact triggered a capital investment supercycle with clean energy investment hitting a record high of $1.8 trillion in 2023 to which we were positively exposed.

**About Columbia Threadneedle Investments**

We strive to be responsible stewards of our clients' assets leveraging:

- **Intense research to integrate ESG factors into our investment process** (over 200 investment analysts/research associates, proprietary ESG methodology and tools)
- **Connected teams delivering best ideas** (45+ RI specialists working alongside portfolio managers, sharing research across asset classes)
- **Effective engagement** serving as an additive to our research supplementing data gaps and improving understanding of ESG risks and opportunities.
- **Shaping the market** (we strive to be a responsible business and act with purpose on corporate commitments)
- **Culture of continuous improvement** where innovative thinking is a standard

**Sustainable Investment Commitment**

We are long-standing signatories of established responsible investment standards and codes. We are a signatory to the Net Zero Asset Managers (NZAM) Initiative and aim to reach net zero carbon emissions by 2050 or sooner across all AUM and our business operations. During 2023, we were collaborators in 45 industry initiatives and delivered 13 Viewpoints to highlight to clients our research and engagement on material ESG issues. We also play a thoughtful and proactive role in public policy development through engagement with regulators and policymakers on key issues.

**Integration & Resources**

Material ESG factors are incorporated within investment research and ongoing portfolio monitoring. Our ESG integration tools are designed to enhance and inform the integration of ESG considerations and include:

- ESG Materiality ratings (leveraging SASB®)
- Net Zero Framework
- SGD mapping tool
- Carbon Analytics
- Good Governance Model
- Exclusion framework
- Controversy Rating
- ESG Thematic Insights
- PAIs Model

We have 45+ RI specialists with expertise across thematic research, engagement, voting, data, reporting, product development, and screening for specialist ESG portfolios.

**Columbia Threadneedle Investments in Numbers**

| | |
|---|---|
| Total AUM (€) | 607 billion |
| Total AUM in "Article 8" or "Article 9" strategies (€) | 31,685.2 mn |
| #ESG team | 48 people |
| #Engagement team | |
| Sustainable strategy since | 1984 |

[1] Please see appendix

**Member / Signatory**

- UN PRI
- UK, Taiwan, and Japan Stewardship Codes
- Net Zero Asset Managers' Initiative
- Climate Action 100+
- CDP
- Science Based Targets initiative
- Transition Pathway Initiative
- Investor Alliance for Human Rights
- Nature Action 100
- TCFD
- TNFD

**Stewardship & Proxy voting**

Our primary approach to engagement is constructive, confidential dialogue, typically interacting on our own with key decision makers. We also engage with other investors, non-governmental organisations (NGOs) or industry groups where doing so is deemed to be in the best long-term economic interest of our clients. We set clear, actionable engagement objectives.

We use voting to drive change that is in our clients' best long-term economic interests. Our proxy voting specialists are structured on a regional basis to reflect local nuances in company law and best practices codes.

**Product offering**

As at 31 March 2024, in total we manage EUR 31.5 bn across portfolios classified as Art 8 & 9 (5.22% of global AUM).

In 1984, we launched our Responsible UK Equity fund – Europe's first social and environmentally screened fund. In 2014, we launched the UK's first daily liquid social bond strategy, and we have built out the franchise with European and Global strategies.

Our responsible range also includes Global, UK and Pan-European Sustainable Outcomes Strategies as well as Responsible Global Equity, Sustainable Opportunities and SDG Engagement Global Equity Strategies amongst others.

# Enhancing Sustainability with Systematic Investing

*"We therefore run structured, engagement-based processes to help drive positive long-term changes in sustainable behaviour while helping our clients achieve their financial objectives."*

**Hiten Savani**
Portfolio Manager
Fidelity International

Developments in ESG-related regulatory standards are driving a paradigm shift in investment frameworks globally, with companies increasingly being compelled to account for sustainability factors in their decision making. Investors are also becoming more aware and are seeking to influence corporate behaviour through engagement. We therefore run structured, engagement-based processes to help drive positive long-term changes in sustainable behaviour while helping our clients achieve their financial objectives.

Our recent ESG Analyst Survey, which aggregates the insights of our global team of bottom-up researchers, highlighted the fact that engagement remains far more productive than divestment when it comes to tackling issues of corporate sustainability. Most our analysts report that companies they cover are keen to discuss ways in which they can improve on sustainability issues.

By engaging with companies on such issues, investors can use their influence to affect corporate practices for the better. A proactive approach recognises that many companies with unsustainable behaviour still play important economic roles, but require knowledge and affordable capital to improve. Meanwhile, using ESG factors to exclude companies from 'green' portfolios and avoid controversies passes up the opportunity to drive positive change and earn benefits when companies improve.

Our global team of bottom-up research and specialist sustainability analysts therefore assess and quantify companies' credentials across several sustainability areas through initiatives like our proprietary ESG Ratings. These provide a granular source of forward-looking information about businesses' sustainability credentials and when combined with the technology and repeatable risk-managed processes that underpin our systematic investing capabilities, they allow us to create tailored portfolios that can target a range of sustainable outcomes.

This approach has distinct advantages. Firstly, traditional ESG ratings typically focus on past and present performance, rely more on company disclosures, and lack standardisation. Our Ratings are designed specifically to be comparable across sectors and geographies, and are based on the bottom-up research and result-orientated corporate engagement activity of our global team. These characteristics make them better suited to informing investment decision making and driving positive change, rather than acting as a 'box-ticking exercise' regarding ESG integration.

The consideration of ESG factors often also requires a long-term perspective, which might not necessarily tie in with a shareholder's investment horizon. However, we undertake corporate engagement on a firmwide basis via structured, ongoing basis across our global research team, allowing clients to influence more sustainable corporate outcomes through our partnership across any timeframe. It can take time for market valuations to reflect a company's contribution to a more sustainable world. However, by prioritising companies that are committed to improved sustainable credentials, investors can help create a more sustainable world while also exposing their portfolios to positive sustainable revaluation optionality.



### About 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

A range of tools are integrated into our research platform to identify non-financial risks and opportunities, serving as an additional source of insight to support investment decisions. We consider insights from third parties, but proprietary fundamental research sits at the heart of our approach. This also supports the prioritisation of our stewardship activities and the development of solutions that meet our clients' objectives and evolving regulatory requirements. Our three key proprietary tools - ESG Ratings, SDG Tool and Climate Rating - are complementary with our financial research and rating.

### Fidelity International in Numbers

| | |
|---|---|
| Total AUM (€m) | 377, 778 |
| Total AUM in "Article 8" or "Article 9" strategies | 151,9 USD bn |
| #ESG team | 38 |
| 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. 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

- Fidelity International manages 131 Article 8 AUM: €138.95 bn (37 %)
- Fidelity International manages 13 Article 9 AUM: €1.85 bn (0,5%)

Source: Fidelity International, as at 31 March 2024

# Client Collaboration Through Co-Engagement

**Anita Green**
Vice President - Investor Responsibility and Engagement
Fisher Investments

***"Fisher Investments facilitates the engagements by conducting background research, handling meeting logistics and leading the dialogue."***

Vice President of Investor Responsibility & Engagement Anita Green leads strategic development and implementation of the ESG corporate engagement programme at Fisher Investments. Anita has more than three decades of experience in Responsible Investment and has served on the boards of the Interfaith Center on Corporate Responsibility and the US SIF: the Forum for Sustainable and Responsible Investment.

"As the head of Fisher Investments' corporate ESG Engagement Programme, I work closely with our Research Analysts in designing, implementing, conducting and furthering the firm's engagement efforts. Beyond guiding and conducting corporate engagements, I regularly meet with clients to discuss our engagement efforts including our co-engagements and their impacts and outcomes."

**Co-Engagements**

We engage companies as part of our fundamental analysis, and to clarify or express concerns regarding potential ESG issues. Through engagement, we meet with management to discuss issues we believe are pertinent to the company or to gain a better understanding of its industry. Information learned from engagement is incorporated into our fundamental analysis.

An increasing number of regulations and reporting standards are creating heightened expectations on asset owners and asset managers to demonstrate meaningful progress on engagement with investee companies. In reality, many asset owners do not have the resources to develop engagement staff or find it difficult to assess if their asset managers are performing in line with expectations. At Fisher Investments, we specialise in client co-engagements – a collaboration that allows clients to gain first-hand experience on how corporate engagement can lead to positive outcomes. Our clients appreciate the transparency into how we work on their behalf, and it enables them to strengthen their stewardship reporting.

**Flexible Process Designed to Meet Client Needs**

Fisher Investments formulates engagement priorities on an annual basis to focus our attention on the most important ESG issues facing company holdings across all portfolios. In co-engagement, clients partner with us to determine which financially material ESG issues they are most interested in engaging on and we use this to identify specific companies in their portfolio as targets for co-engagement. Fisher Investments facilitates the engagements by conducting background research, handling meeting logistics and leading the dialogue. Clients choose the level of participation that suits their needs. Some simply sign onto a Fisher-driven engagement, whereas others select the company(ies) to engage and join us in the meetings. Along the way, we give our clients customised write ups that they can use in communications with their own stakeholders – investment teams, board of directors, pension participants, etc.

**Enhancing the Client Experience**

Our clients tell us they value the opportunity to participate in co-engagement. It adds depth to their responsible investment programmes, connects their objectives with their investments, and provides unique insight into their managers' stewardship capabilities.

FISHER INVESTMENTS EUROPE®

**About Fisher Investments**

Fisher Investments Ireland Limited, trading as Fisher Investments Europe, is wholly owned by Fisher Asset Management, LLC, trading as Fisher Investments (FI). As a leading independent investment adviser, our culture is deeply rooted in developing new, innovative approaches to asset management and delivering unparalleled service to our clients. Top-down, macroeconomic analysis is heavily imbedded in our investment process. In fact, it is nearly impossible to separate sustainability from macroeconomics considering the degree to which government spending, legislation and regulation, NGO initiatives, and corporate behaviour, is focused on sustainability.

**Sustainable Investment Commitment**

Our commitment to improving our ESG capabilities embeds Sustainable Investing into Fisher Investments' culture. Our Responsible Investment programme, led by our Portfolio Management and Institutional Groups, places stewardship in the dual realms of investment management and client service. In addition to our dedicated professional staff specialising in responsible investing, we create customised ESG and sustainability research pieces and educational materials for our clients and produce commentary on investment management innovation. We pride ourselves on our commitment to education and making special efforts to present our views on global markets regularly.

**Integration & Resources**

Our top-down approach is well-suited to accommodate ESG integration and effective stewardship. Our approach has enabled us to expand the depth of our responsible investment capabilities. We offer a wide range of ESG strategies, including impact-related strategies, which incorporate UN SDGs. Fisher Investments integrates ESG factors throughout the investment process. Many responsible investment topics are actually macro themes and our team of six Research Specialists (including a member of the firm's portfolio management team) dedicated to ESG analysis routinely assess a range of governance factors and off balance sheet risks as part of our securities selection analysis.

**Fisher Investments in Numbers**

| | |
|---|---|
| Total AUM (€m) | 47,898.66 |
| Total AUM in "Article 8" or "Article 9" strategies | 17,428.47[1] |
| #ESG team | 6 |
| Sustainable strategy since | 2005 |
| Engagement team | 5 |

[1] Overall, €17,428.47 million AUM with ESG/SRI/ Impact guidelines including Article 9 Funds (€2.76 million) & Article 8 Funds (€1,420.08 million).

**Member / Signatory**

- UNPRI
- Acceptance of the Japanese Stewardship Code
- UN Global Compact
- Carbon Disclosure Project
- Climate Action 100+
- TCFD
- UK Stewardship Code
- Institutional Investors Group on Climate Change

**Stewardship & Proxy voting**

Our Investor Responsibility and Engagement team and our Research Analysts work together to identify ESG risks/opportunities and conduct engagement. We hold meetings with company management to discuss pertinent issues we feel are critical to analysing the company or better understanding peers or relevant industry factors and our engagement selection methodology produces insights that shape the engagement objectives. We also engage with companies on proxy voting issues and we are partnered with Institutional Shareholder Services to create a voting policy consistent with FI's ESG policies which is made available to clients.

**Product offering**

FI considers financially material ESG factors throughout the investment process, from both a top-down and bottom-up perspective, across most assets it manages. FI offers many solutions for ESG clients, including but not limited to the following:

- FIIG Global Sustainable Equity Impact ESG Fund (Article 9)
- FIIG Global Equity ESG
- FIIG US Sustainable Equity Impact ESG
- FIIG US Equity ESG
- FIIG Emerging Markets (EM) Paris-Aligned
- FIIG EM Responsible Ex-Fossil Fuels

52% of FI's UCITS Funds classified as Article 8 or 9 Funds. Overall, the firm holds €17,428.47 million in AUM with ESG/SRI/ Impact guidelines, including Article 9 Funds (€2.76 million) & Article 8 Funds (€1,420.08 million).

# Transition: Driving Real-World Impact

***"As investors we strongly believe that certain transitioning companies can be considered undervalued relative to their justified worth, given what we perceive to be penalization of their climate transition risk."***

**Kevin Martens**
Portfolio Manager, Fundamental Equity
Goldman Sachs Asset Management

The companies that have a heavy environmental footprint today will play the biggest role in driving real-world decarbonization and progress towards net zero, alongside other environmental targets.

As investors we strongly believe that certain transitioning companies can be considered undervalued relative to their justified worth, given what we perceive to be penalization of their climate transition risk.

This creates an exciting opportunity, as there are many businesses that are currently perceived as laggards, predominantly due to their sector of operation, for which there are growing abatement technologies and operational cost synergies that can be leveraged via transition.

Such underappreciation creates mispricing and alpha potential – as in the context of environmental transition, many of these companies will still be relevant in the future green economy and may even be critical in enabling sustainability commitments.

There is already compelling evidence that the market is more willing to place a premium valuation on companies that are making greater transition progress than their peers in areas such as climate-linked compensation incentives, emissions performance, and capital allocation alignment.

We strongly believe there is a particular opportunity to identify companies in these areas that are predominantly high quality, mature, value-orientated, which exhibit strong free-cash-flow yields and potentially attractive valuations.

This can be attractive for investors seeking a balanced approach to their sustainable equity allocations, which can often be growth-oriented.

Kevin is a managing director and portfolio manager in Fundamental Equity within Goldman Sachs Asset Management. In this role, he co-manages the global environmental transition strategy and US equity environmental, social and governance strategy.

Kevin also has broad research responsibilities for the Industrials and Basic Materials sectors across the US large- and mid-cap equity strategies, which provides a strong and unique perspective with which to identify brown-to-green environmental transition opportunities.

### About Goldman Sachs AM

At Goldman Sachs, our sustainability strategy is centered on how we can help our clients achieve their sustainability objectives. We believe environmental, social, and governance (ESG) factors can be important tools for identifying investment risk and capturing opportunities on behalf of our clients. We have significantly increased our assets where ESG or sustainability factors are an important component. Since December 2019, our assets in explicit ESG investment strategies have grown from $73.5bn to $327.6bn, December 2023.

*Asset Under Supervision (AUS) figures are for explicit ESG investment strategies only where ESG or sustainability factors are an important component.

### Sustainable Investment Commitment

As a firm, Goldman Sachs is focused on two long term imperatives: accelerating the climate transition and driving inclusive economic growth. Underpinning these dual and interconnected themes are 9 subthemes that we believe map closely to the UN Sustainable Development Goals, namely:
- Clean Energy
- Sustainable Transport
- Sustainable Food & Agriculture
- Waste & Materials
- Ecosystem Services
- Accessible & Innovative Healthcare
- Financial Inclusion
- Accessible & Affordable Education
- Communities

Industry initiatives include Climate Action 100+, UN PRI and the SASB Investment Advisory Group.

### Integration & Resources

To determine our eligible universe, we check if the selected bonds adhere to the Green Bond Principles as formulated by the International Capital Market Association. Furthermore, we do not invest in issuers involved in activities including the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining and/or oil sands production. We have over 200 professionals who spend the majority of their time on sustainability related research, portfolio management, stewardship, engineering, and risk management.[1]

[1] As of 31 December 2023.

### Goldman Sachs AM in Numbers

| | |
|---|---|
| Total AUM (€m) | 2,397,409 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 79,731 |
| #ESG team | 200 people |

### Member / Signatory

**Goldman Sachs:**
- UN Principles for Responsible Banking
- Net Zero Banking Alliance (and GFANZ)
- TCFD
- OS-Climate
- CDP
- The Climate Group (RE100, EV100, EP100)
- World Resources Institute's Corporate Consultative Group
- Climate Finance Leadership Initiative

**Goldman Sachs Asset Management:**
- UN PRI
- Climate Bonds Initiative
- Climate Action 100+
- International Capital Market Association
- One Planet Sovereign Wealth Fund Framework
- Institutional Investors Group on Climate Change
- Sustainability Accounting Standards Board

### Stewardship & Proxy voting

At Goldman Sachs Asset Management, we are committed to promoting and exercising effective stewardship among the companies represented in the portfolios we manage on behalf of our investing clients. We publish the annual Goldman Sachs Asset Management Stewardship Report that provides information and examples related to our proxy voting and engagement efforts. More details on our voting activities, engagement activities and the associated reporting, can be found in Our Approach to Stewardship and Global Proxy Voting Policy and on our website.

### Product offering

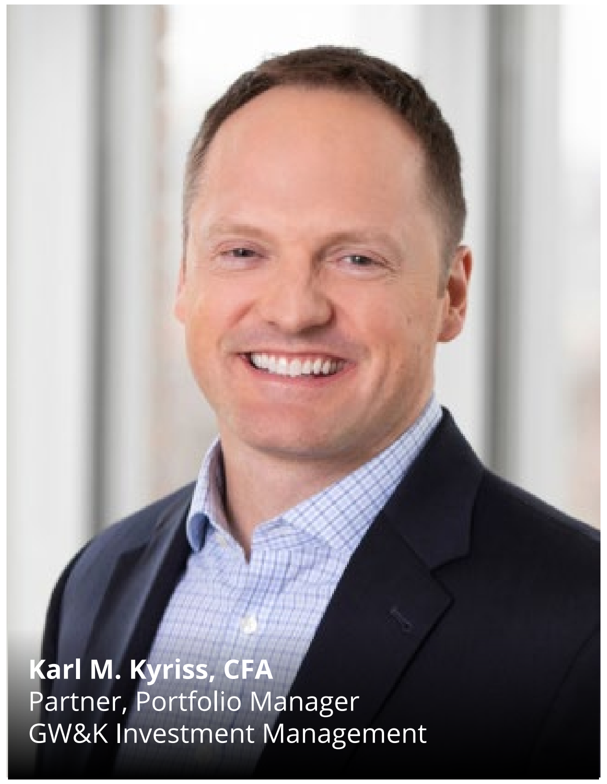
Total AUM in "Article 8" and "Article 9" strategies[1]
- US $85,422 mln.
- Article 8 only US $77,285 mln
- Article 9 only US $8,138 mln[2]

Flagship investment products include:
- XIG Imprint
- Environmental Impact Equity
- Green Bonds

[1] Source: Morningstar. Data excludes non-UCITS and Money
[2] As of 31 December 2023. Includes Luxembourg and Ireland domiciled UCITS funds. Data excludes non-UCITS and Money Market funds.

# Supporting Clients' Sustainability Initiatives

***"GW&K takes a pragmatic, risk-based approach in applying ESG factors into our Strategy's investment analysis. Since the Strategy seeks high-quality companies, our selection criteria naturally focuses on issues including transparency, risk management, governance, and management skill and integrity."***



**Karl M. Kyriss, CFA**
Partner, Portfolio Manager
GW&K Investment Management

Portfolio manager Karl Kyriss joined GW&K in 2014 to develop and lead the firm's global small cap efforts with co-portfolio manager Reid Galas. GW&K's Global Small Cap Strategy was created from the ground-up to leverage the unique opportunity set in this large, but often underfollowed universe. The team follows a bottom-up, fundamental research-driven process and speaks with hundreds of management teams per year to understand company strategy and capital allocation plans. GW&K takes a pragmatic, risk-based approach in applying ESG factors into our Strategy's investment analysis. Since the Strategy seeks high-quality companies, our selection criteria naturally focuses on issues including transparency, risk management, governance, and management skill and integrity.

**ESG as a means of Risk Mitigation**

It is GW&K's policy to put our clients' interests first and foremost when making investment decisions. We service a unique, global client base with various, often evolving investment objectives. Preservation of capital through comprehensive risk management is critical to our role as a fiduciary. We consider several risk factors throughout the investment process, including a company's governance policies and sustainability initiatives. Robust governance practices ensure transparency, ethical behavior, and accountability. This can mitigate risks related to fraud, corruption, and mismanagement, thereby protecting shareholder interests and maintaining investor confidence. We combine third-party research, company reports, management discussions, and analyst judgement in evaluating the overall impact sustainability and governance factors may have on each company's investment thesis. Throughout the investment holding period, our research analysts monitor the company's governance practices and progress in meeting sustainability targets. We also regularly engage with company management to discuss business strategy and any ESG issues that might have been identified.

**ESG Integration in Proxy Voting**

GW&K is frequently delegated the authority to vote proxies for the equity securities held in our client accounts. Our investment professionals actively partake in the firm's proxy voting on behalf of these clients. GW&K generally adopts Glass Lewis' "Investment Manager Policy" guidelines; however, depending on a client's preference we have the ability to apply Glass Lewis' proxy voting thematic guidelines such as Glass Lewis' "Socially Responsible Policy" guidelines when voting proxies.

Additionally, in instances when a proxy ballot item does not fall within the Glass Lewis guidelines or where we determine that voting in accordance with the Glass Lewis recommendation is not advisable or consistent with our role as a client fiduciary, the portfolio managers, with the support of GW&K's Legal & Compliance department and other personnel, will review the relevant facts and circumstances and determine how to vote the particular proxy ballot item.

**GW&K in Numbers**

| | |
|---|---|
| Total AUM (€) | 48098 |
| Total AUM in "Article 8" or "Article 9" strategies | 2138 |
| Sustainable strategy since | 2019 |

**About GW&K**

GW&K is a Boston-based investment firm with a half century of creating long-term, trusted client relationships. We believe that responsible corporate behavior with respect to ESG factors can lead to positive and sustainable long-term financial performance. Our approach is to incorporate ESG factors as part of our fundamental process to further help make what GW&K believes are well-informed investment decisions – it is recurring, repeatable, and consistent with how we invest.

**Member / Signatory**

- UN PRI
- Investment Adviser Association (IAA)
- Paris Agreement
- Investor Stewardship Group (ISG)
- CEO Action for Diversity & Inclusion Forum
- CFA Diversity, Equity and Inclusion Code
- ClimatePartner

**Sustainable Investment Commitment**

GW&K believes responsible corporate behavior with respect to ESG factors can lead to positive and sustainable long-term financial performance. As active managers, many ESG factors have been long-standing elements of our proprietary bottom-up fundamental analysis and aligns with our pursuit of quality investments.

In addition, we believe that ESG considerations can help to further mitigate risk while providing downside protection. GW&K maintains an ESG committee that focuses on discussing important ESG initiatives, current and potential investments, performance, and ongoing risks.

**Stewardship & Proxy voting**

Direct engagement with company management on a broad range of issues, including ESG consideration, is important to our fundamental investment process. Connecting with and visiting with company management is an integral part of our research process, as it allows us to hear insights directly from companies and issuers and to engage regarding business strategies, current market conditions, competitive positioning, business outlook, and ESG topics including plans for sustaining future growth.

**Integration & Resources**

GW&K's approach is to integrate ESG factors among many other fundamental, technical, and valuation factors we analyze. Our ESG process is recurring, data oriented, and integrated into the investment process.

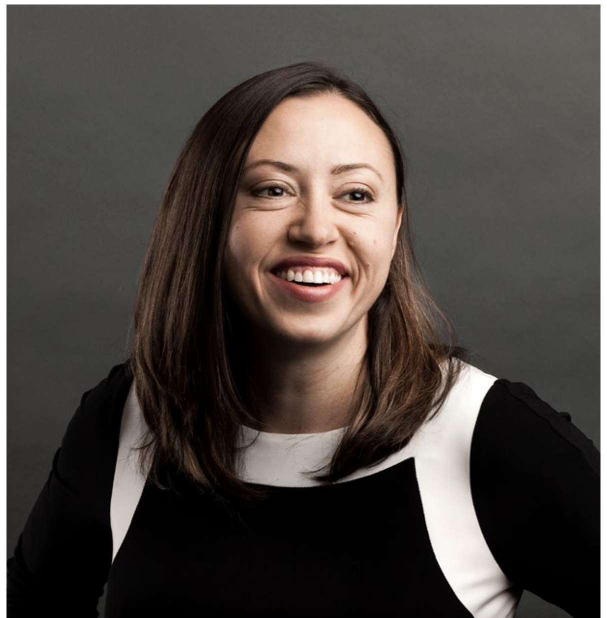
Our analysts review and address controversy reports and company and industry flags, as well as engage with management to understand and address issues with a focus on portfolio risk and improvement.Additionally, GW&K maintains an ESG Committee that focuses on a broad range of sustainability topics across the firm.

**Product offering**

GW&K's Global Small Cap Strategy adheres to Article 8 requirements under SFDR. As of March 31, 2024, 10.6% of GW&K's equity assets under management adhered to Article 8 requirements. We do not currently manage any Article 9 strategies.

# Seeking Sustainable Growth Worldwide

***"For over 30 years, we've applied our fundamental knowledge of companies to customize separately managed accounts to help clients pursue their individual investment goals."***



**Maria Lernerman, CFA**
Portfolio Manager, Analyst, Partner
Harding Loevner

Analyst and Portfolio Manager Maria Lernerman, CFA has over 20 years of industry experience. Prior to joining Harding Loevner in 2015, Maria held vice president and equity research positions at Franklin Templeton; additionally, she worked as an equity research associate at Citigroup Asset Management. At Harding Loevner, her responsibilities include overseeing the Global Paris-Aligned Equity and International Carbon Transition Equity strategies. Maria is also an ESG analyst and analyst of consumer discretionary companies. She holds a GARP Sustainability and Climate Risk Certificate and a CFA UK Certificate in ESG Investing.

### Our Approach to Sustainability

"At Harding Loevner, we work to grow clients' capital by only investing in financially strong, well-managed companies with sustainable competitive advantages. To identify companies belonging to this rarified group, we use a research-intensive, bottom-up investment process that combines the expertise of our industry and regional analysts with a highly structured analytical framework designed to ensure we cover key factors that impact returns on capital over the long term.

We think ESG risks and opportunities are among those factors that may impact the long-term sustainability of a company's business and cash flows. Our research therefore includes assessing financially material ESG issues that may influence the ability of a company to meet our high-quality, durable-growth criteria. One outcome of our process is that our strategies historically have relatively low exposure to the carbon-intensive Utilities and Energy sectors, where we tend to find fewer quality growth companies in which to invest."

### Helping Clients Achieve Their Goals

"For over 30 years, we've applied our fundamental knowledge of companies to customize separately managed accounts to help clients pursue their individual investment goals. Harding Loevner's products include two strategies---Global Paris-Aligned (GPA) Equity and International Carbon Transition Equity---which hold only companies that we believe have a viable path toward achieving net zero greenhouse gas emissions by 2050. Both strategies are available via pooled vehicles.

Across all strategies at Harding Loevner, we adhere to the same rigorous fundamental research process to invest in quality growth companies. In the GPA Equity strategy, we exclude companies with fossil-fuel reserves or significant fossil-fuel-related revenues. We also have developed analytical tools, including a net zero investment framework adapted from the IIGCC, to assess companies' ongoing alignment with the Paris Agreement goals. Once we select companies for the GPA portfolio, we continue to assess their progress toward alignment with the Paris Agreement and engage with management to help ensure their continued progress.



### About Harding Loevner

Since 1989, Harding Loevner has specialized in equity investing across global, international, and emerging markets for clients worldwide. We seek to achieve superior risk-adjusted returns for our clients by building portfolios that meet four key criteria: Competitive Advantage; Quality Management; Financial Strength; and Sustainable Growth. ESG risks and opportunities are among the factors that may impact a company's continued ability to meet these criteria. Our analysts therefore consider such risks and opportunities at each stage of their research.

### Sustainable Investment Commitment

Sustainability is core to how we manage our investments and our firm.

- We seek to invest in companies committed to sustainable business practices in the pursuit of long-term growth.
- We engage with managements to understand the potential impact of ESG risks and opportunities on long-term returns.
- We design strategies, customize portfolios, and vote proxies to meet client needs.
- We recruit and develop our staff with a belief that having employees with diverse backgrounds is crucial to sustaining our firm's vitality and decision-making quality.
- We seek to minimize our own contributions to climate change – we offset our entire Scope 1 and 2 emissions, as well as those from business travel.

### Integration & Resources

The assessment of ESG risks and opportunities is integrated into our investment process. We use proprietary research tools including our ESG Scorecard to systematically assess the potential impact of multiple ESG-related concerns (like carbon emissions, labor practices, and board independence) on each business's sustainability. Our ESG Dashboard helps PMs stay aware of ESG-related exposures in their portfolios.

Harding Loevner's single team of analysts, not a separate ESG team, is responsible for incorporating ESG issues into our research. We think the analyst of each company is best equipped to discern and evaluate the materiality of ESG-related factors. Two ESG experts support the team.

### Harding Loevner in Numbers

| | |
|---|---|
| Total AUM ($m) | 47600[1] |
| Total AUM in "Article 8" strategies ($m) | 664 |
| #ESG team | 3 people[2] |
| #Engagement team | 33 people[3] |
| Sustainable strategy since | 2022[4] |

[1] AUM is as of 31/3/24. Includes both the Global Paris Aligned and International Carbon Transition Equity strategies (the former is available via a UCITS)
[2] In addition to 3 ESG specialists, all of Harding Loevner's 33 analysts assess ESG risks and opportunities in their investment research.
[3] All of the firm's analysts engage with companies and cast proxy votes as part of their research and monitoring of companies.
[4] Global Paris Aligned Equity strategy (2022) - International Carbon Transition Equity strategy (2022) - Customized portfolios for separate accounts (1994)

### Member / Signatory

- PRI
- UK Stewardship Code
- TCFD
- CDP Worldwide
- CFA Institute's DEI Code
- Active Managers Council

### Stewardship & Proxy voting

We regularly engage with company managements to understand the potential impact of ESG risks and opportunities on their long-term returns. We encourage them to adopt practices that foster sustainable growth and to consider issues like energy transition, diversity, and cybersecurity. Additionally, we promote high standards of corporate behavior and disclosure when casting proxy votes. We also seek to help clients achieve their own sustainability goals. Our clients can request their shares be voted according to their own values and priorities. We also engage managements on their behalf.

### Product offering

Harding Loevner offers 15 strategies across three broad equity categories: global, international, and emerging markets equity. Our products include two climate-related strategies:

- Global Paris Aligned (GPA) Equity
- International Carbon Transition Equity.

Both are available as segregated accounts.

The GPA Equity strategy is also available via an Ireland-based UCITS that is classified as an Article 8 sub-fund.

# Active Ownership – an Important Way to Influence

***"Engagement is a two-way dialogue which allows us to drive positive impact on ESG matters and to achieve our common goal of net zero by 2050, or sooner."***

**Adrian Doswald**
Executive Director and Senior Product Specialist Sustainable Equities Strategies
LGT Capital Partners

Adrian Doswald is an Executive Director and Senior Product Specialist for Sustainable Equities Strategies at LGT Capital Partners (LGT CP). He joined the firm from Vontobel Asset Management in 2007 and since 2014, he has been responsible for the promotion of sustainable equities products globally. Doswald holds a degree in Business Information Systems FH with a specialization in Banking & Finance from the Zurich University of Applied Sciences. He is a member of the LGT ESG Committee and a Certified ESG Analyst (CESGA).

The Sustainable Equities team at LGT CP consists of eight investment professionals. They have on average more than 16 years of experience and an average tenure at the firm of over 12 years. They are supported by product specialists, independent risk managers and ESG quant modelling analysts.

**Active management requires active ownership**

"Pursuing engagements and active ownership is a vital part of our investment approach for sustainable equities strategies," explains Doswald. "It is our responsibility as sustainable investors to use our position to influence the behaviors of companies, so they act in the most favorable way for society, investors and other relevant stakeholders." LGT CP's sector specialists within the Sustainable Equities investment team are responsible for engaging with firms to gain a holistic view and deep understanding of each investment's risk and opportunities.

Since 2009, LGT CP has been managing sustainable equities strategies. Whilst engaging in dialogue with companies on ESG matters has always been part of the investment process, our engagement efforts have significantly evolved over the past 5 years. Our focus is on outcome-oriented engagements which are measurable and traceable. We have now also implemented a structured engagement selection process to strategically prioritize engagements and efficiently allocate our resources[1].

After joining Climate Action 100+ in 2022, LGT CP continues to work together with other investors wherever engagement objectives are aligned, as we believe there is a higher chance of achieving results through a collective effort. In 2023 we joined Nature Action 100, the Net Zero Engagement Initiative as well as PRI Advance, the largest social stewardship initiative.

**Exercising voting rights**

Exercising our voting rights in line with our sustainable investments objectives and principles is a key aspect of our active ownership efforts. We closely follow the SRI International Proxy Voting Guidelines. Whenever possible, we use our voting rights as shareholders to:

- Improve the level of reporting disclosure
- Align management compensation to ESG key performance indicators and emission targets
- Support strategic measures to accelerate or adapt to a low-carbon business model.

Furthermore, we aim to provide transparency around our voting activities and publish a monthly report and an annual report with detailed information on our voting instructions and the rationale for all voting items.

[1] Also see our Active Ownership Report.



**About LGT Capital Partners**

Founded in 1998, LGT Capital Partners is a leading global specialist in alternative investing with over USD 100 billion in assets under management and more than 700 institutional clients in 44 countries. An international team of over 800 professionals is responsible for managing a wide range of investment programs focusing on private markets, multi-alternatives and diversifying strategies, as well as sustainable and impact strategies. Headquartered in Pfaeffikon (SZ), Switzerland, the firm operates 15 offices globally.

Our commitment to ESG began in 2003, when we started integrating a responsible investment clause into the governing documents of our investment programs.

**Sustainable Investment Commitment**

We value the importance of integrating ESG factors into our investment processes and fundamentally believe this is aligned with the aim of achieving long-term positive financial performance for our investors.

We believe this will help improve our portfolio companies and enhance behavior in a wide range of markets and industries. We were early signatories of the UN PRI in 2008 and joined the Net Zero Asset Manager initiative in 2021, showing our commitment to Net Zero by 2050 or sooner.

**Integration & Resources**

In 2009, LGT CP launched its dedicated sustainable fixed income and equities offerings along with the firm's proprietary ESG analytics tool. LGT CP commits significant resources to ensuring that its business and portfolios adhere to high ESG standards. The ESG Committee coordinates the efforts across investment management, reporting and client service and reports to the Executive Committee.

The firm encourages sustainable behavior of staff through sustainability goals and by setting incentives in relation to remuneration structure of each staff member.

**LGT Capital Partners in Numbers**

| | |
|---|---|
| Total AUM (€m) | >100 billion |
| Total AUM in "Article 8" or "Article 9" strategies | 34 billion |
| #ESG team | 12 people |
| #Engagement team | 1 person |
| Sustainable strategy since | 2009 |

**Member / Signatory**

- Principles for Responsible Investment
- Net Zero Asset Managers initiative
- Climate Action 100+
- Institutional Investors Group on Climate Change
- ESG Data Convergence Initiative
- Global Impact Investor Network
- European Sustainable Investment Forum
- Carbon Disclosure Project
- Swiss Sustainable Finance
- ICMA Green and Social Bond Principles
- Net Zero Engagement Initiative
- Nature Action 100

**Stewardship & Proxy voting**

Active ownership is an integral part of LGT CP's investment approach. The firm has a formal Active Ownership policy in place. It is our responsibility as sustainable investors to use our position to try to influence the behaviors of companies to act in the most favorable way for society, investors and other relevant stakeholders. LGT CP closely follows the SRI International Proxy Voting Guidelines provided by the Institutional Shareholder Services. The ultimate voting decision lies with the investment team.

**Product offering**

As of Q1 2024, LGT CP had 32% of its AuM in Article 8 strategies and 1% in Article 9 strategies. Our sustainable fixed income and equities strategies are aiming to address environmental and social challenges with a focus on overall positive impact on the UN SDGs. The investment objective is to invest sustainably while outperforming the respective benchmark.

# Is the Energy Transition Facing a Bottleneck?

***"When the dust settles, America's power needs and the consequent capital expenditure will be staggering." - Warren Buffet[1]***

**John Cook, CIM & Gregory Payne, PhD, CFA**
**Portfolio Managers, Team Co-Leads**
Mackenzie Investments

The Mackenzie Greenchip Team possesses a deep and unique private equity heritage combined with a practical, hands-on mentality, with a mix of financial and engineering backgrounds perfectly tailored for an energy transition strategy. Their investment thesis has always been centered around a "trifecta of forces including demographic changes, resource scarcity and environmental degradation", all of which have accelerated the need for environmental solutions. In recent years, other challenges have emerged for the energy transition, particularly regarding underinvestment in the global electricity grid. "It is impossible to overstate the importance of robust and reliable regional electricity delivery," says Greg Payne, Portfolio Manager and Greenchip Team Co-Lead. In coming decades, the global grid will either become the linchpin of the energy transition or its greatest bottleneck.

In their landmark report, Electricity Grids and Secure Energy Transitions, the IEA argued the current annual investment of about $300 billion will need to increase to about $600 billion by 2030, and then reach $800 billion per annum between 2040 and 2050. Unsurprisingly, many companies within the supply chain of the grid stand to benefit from this opportunity.

**Equipment providers**

Recently, Payne and team Co-Lead John Cook have found attractively valued opportunities in the higher voltage space. Companies like Siemens Energy, Hitachi and Mitsubishi Electric all manufacture high voltage power supplies. In the case of Siemens, the world's second largest provider of such equipment (after Hitachi-ABB; both are Greenchip holdings), backlog has more than doubled since 2021 and is equivalent to four years of sales at current rates.

**Utilities & Cables and wire**

Global power utilities and their regulators are also turning in the direction of higher voltage projects driven both by investment opportunity and necessity. While they are all major developers and operators of generating plants, about 40% of their earnings, on average, comes from transmission and distribution. In addition to purchasing transmission equipment, utilities need heavy-duty cabling to connect offshore wind developments, replace overhead transmission corridors, bury lines to reduce weather-driven outages, and for interconnections between different electric grid systems. Interconnections enable more import/export of electricity to be utilized for balancing regional variation in intermittent renewable production.

**Engineering and construction**

Finally, engineering, procurement and construction (EPC) firms stand to benefit from increasing investments in the grid. Historically, transmission and distribution have been small divisions in larger EPC firms. Increasingly, grid EPC work is covered by highly specialized firms with significant barriers to entry. While the business drivers are similar to transmission utilities, EPC returns are earned up-front and can come with significantly higher profit margins. That said, these earnings can be more volatile, and diversification remains important.

* Berkshire Hathaway 2024 Annual Letter.
** All dollar values are in USD.



**About Mackenzie Investments**

Mackenzie Investments, founded in 1967, is a leading global asset manager, headquartered in Toronto with additional investment teams in Boston, Dublin and Hong Kong. As part of IGM Financial Inc., a subsidiary of Power Corporation with a history dating back to 1925, Mackenzie benefits from the financial stability of a deep corporate structure while maintaining a multiboutique investment management profile. We provide investment management and related services through diversified investment solutions relying on proprietary investment research and experienced investment professionals to deliver various product offerings. Mackenzie has institutional clients in Canada, the US, Europe, and China.

**Sustainable Investment Commitment**

Our approach to sustainable investing aligns with our culture and how we manage our business. We hold ourselves to the same standard we expect from the companies we invest in. We attract people who believe in our purpose – and you can find them across our company and our investment boutiques, applying their skills and passion in different functions. Our approach to being a responsible organization is founded on four key sustainability categories:

1. Leading with sustainability
2. Extend sustainability to our commitments
3. Prioritize sustainability education and
4. Collaborating with our peers on sustainability through partnerships such as Climate Engagement Canada (CEC).

**Integration & Resources**

Investment teams at Mackenzie are required to implement the Sustainable Investing policy which outlines the firm's expectations to integrate material ESG factors into the investment process. We use a combination of third-party ESG data and proprietary research to monitor, assess, report and action ESG risks and opportunities. Additionally, a dedicated team of responsible investing experts provides ongoing monitoring and reporting along with developing ESG related capabilities, policies, training, best practices, and measurement that are available to investment management professionals.

**Mackenzie Investments in Numbers**

| | |
|---|---|
| Total AUM (€m) | 131,392 |
| #ESG team | 11 people |
| #Engagement team | 2 people |
| Sustainable strategy since | 2017 |

**Member / Signatory**

- UN PRI
- RIA Canada
- Ceres
- CDP
- Climate Engagement Canada
- Net Zero Asset Manager Alliance
- Climate Action 100+
- Transition Pathway Initiative
- Women's Empowerment Principles (WEP)
- BlackNorth Initiative
- ICGN

**Stewardship & Proxy voting**

Our approach to stewardship includes the following :

- **Company-specific engagements:** Engaging with companies on material risks that are specific to a company or portfolio
- **Programmatic engagements:** Engaging with companies to address a systemic risk or opportunity, generally coordinated as a firm-wide initiative and complemented with stewardship partner Federated Hermes Equity Ownership Services
- **Collaborative engagements:** Engaging alongside other investors to address systemic risks, which currently include Climate Engagement Canada and Climate Action 100+
- **Proxy voting:** Generally voting in line with the Glass Lewis ESG Guidelines except where they differ from Mackenzie's own published guidelines

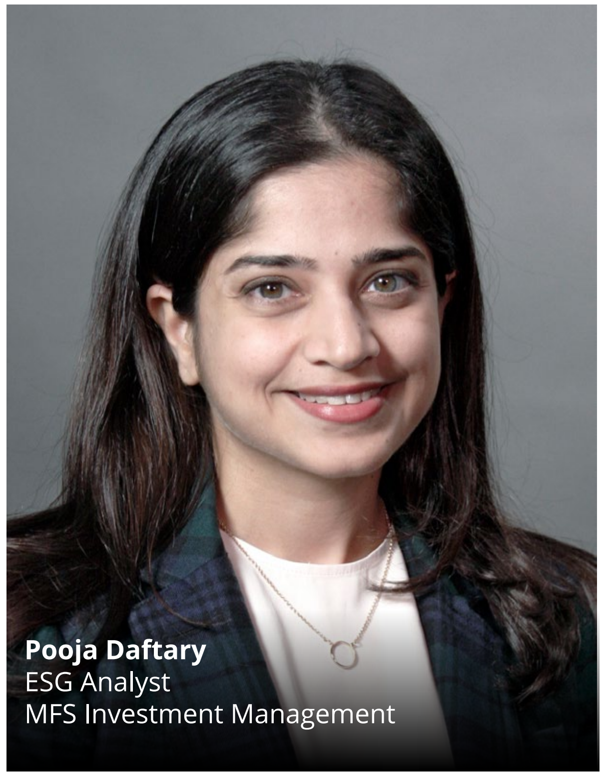
**Product offering**

We do not have currently EU domiciled funds and therefore none that are qualified and reporting as Article 6, 8 or 9 under SFDR. With that being said, the Greenchip strategy has been independently assessed as meeting the requirements of Article 9 under SFDR and we have established infrastructure to meet disclosure and reporting requirements.

As at December 2023, 95% of Mackenzie's total assets were either ESG-integrated or dedicated sustainable investment funds.

# Natural Capital: Assessing Financial Materiality

***"Investors seeking to analyze natural capital risks in their investment strategy can start from a broad portfolio perspective before narrowing in."***



**Pooja Daftary**
ESG Analyst
MFS Investment Management

Pooja Daftary is an ESG analyst at MFS. Her primary role involves working with our analysts and portfolio managers to integrate ESG issues into the investment decision-making process.

Investors seeking to analyze natural capital risks in their investment strategy can start from a broad portfolio perspective before narrowing in. We start by evaluating our position sizes so we can understand where we have the greatest exposure and then consider where natural capital risk is the most material within those sectors. For example, the food supply chain has a very high dependency on natural resources but also a great impact on them. At the issuer level, we consider how financially material natural capital is by understanding the dependence on natural resources for operations, goods and services and figuring out the hotspots within those supply chains. This involves identifying where the supply chains are located, whether they could disrupt operations for companies we own, investigating if companies are taking proactive measures to mitigate risks to their business and also seeing how exposed they are to risks further down the supply chain.

Following our assessment, we craft an engagement strategy with companies based on due diligence rather than advising them on specific actions:

- Are senior management even thinking about natural capital risks and opportunities?
- Have they identified and stress tested weak links in their supply chain?
- Are they investing capital and R&D to fix potential issues?
- And are they seeking to do this at scale?

**Challenges in integrating natural capital analysis**

From our experience, there are three major challenges. First, there may be a complex supply or value chain for impacted sectors. Our research into the food sector helped us to understand that brands are heavily reliant on grain trading companies to purchase raw materials, meaning brands have little visibility at the farmer level.

Second, regulations are different across the globe. This means companies set their own policies based on the regulations of geographies in which they or their supply chains operate. Understanding and following regulations is a critical part of the integration process as it helps to size and time the risks as well as provides context with which to engage with companies.

The third challenge is understanding the financial implications of the companies investing to solve natural capital crises before they hit the bottom line. It can be difficult for companies to provide guidance on the capex or R&D needed as they may not know what those figures are. It's complex but linking it back to financial materiality for an individual company is key because we are looking at major systemic issues for many companies and countries.



MFS 100 years

**MFS Investment Management in Numbers**

| | |
|---|---|
| Total AUM (€b) | 582,250 |
| Total AUM in "Article 8" or "Article 9" strategies | 24,980 |
| #ESG team | 20 people |

**About MFS Investment Management**

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

Our approach is characterized by our robust ESG integration framework, carefully considered proxy voting policies and thoughtful issuer engagement.

**Sustainable Investment Commitment**

In 2009, we issued the MFS Policy on Responsible Investing and Engagement to ensure the systematic integration of financially material sustainability topics into our investment process. Additionally,

MFS is signatory to multiple collaborative organizations and initiatives that promote engagement on sustainability topics. Please refer to MFS' Annual Sustainability Report available on our website for more details.

**Integration & Resources**

Sustainability factors are integrated at all levels of the investment process, across all business and product lines. We believe that incorporating sustainability into our investment process is integral to skilled asset management.

We have developed a robust ESG integration framework that encompasses our global investment platform and relies on every member of our investment team to ensure we are effectively considering all factors that could be material to the long-term value of issuers.

**Member / Signatory**

We believe that working with other industry participants on collaborative engagement initiatives is often helpful in understanding sustainable issues and the challenges that the integration of those issues into the investment process pose.

- Net Zero Asset Managers Initiative
- Climate Action 100+
- Principles for Responsible Investment (PRI)
- United Nations Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)
- Workforce Disclosure Initiative
- Thinking Ahead Institute
- Carbon Disclosure Project (CDP)
- Ceres Investor Network
- The ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risk)

**Stewardship & Proxy voting**

Our goal when engaging is to exchange views on sustainability topics that represent material risks or opportunities for companies or issuers, and to effect positive change on such issues. Our engagement approach is driven by strong collaboration between all members of our investment platform, and through our participation in collaborative industry initiatives. Our engagements take place consistently, and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings and more.

**Product offering**

87.5% of eligible, Luxembourg-domiciled funds AUM qualify as Article 8.

# Investing for Climate Resilience

***"We have held constructive dialogues with the management teams of our portfolio companies about setting science-based emission-reduction targets and working to lower emissions and increase energy efficiency."***

**Marian Macindoe,** Managing Director, Sustainable Investment Strategy
**Robert Klaber,** Director of ESG Research, Portfolio Manager
Parnassus Investments

Evaluating a potential investment's opportunities and risks through a sustainability lens has been an integral part of the Parnassus investment process for 40 years. We are working with our portfolio companies to improve their climate resilience. We aim to build portfolios of companies that are likely to be resilient in a changing climate through quality management and long-term strategic planning. These companies are not only working towards a low-carbon world but are also well-positioned to address extreme weather events.

**Engagement as a Risk Assessment Tool**

In 2023, extreme weather events like wildfires and record-breaking heatwaves have become the new normal. These events have disrupted lives, causing loss of loved ones and property. Businesses and financial markets are also at risk. Companies are now evaluating their resilience to these climate changes and developing robust plans to mitigate their impacts. Companies face two main types of climate risk that can be financially material—physical risks and transition risks. Physical risks include the impacts of a changing climate on a company's assets, employee base and operations. Transition risks include the impacts from adapting a business to reduce its use of fossil fuels and support a low-carbon economy. We consider transition risks separately from physical risks because transition risks tend to be related to regulatory impacts or the risk of stranded assets resulting from the company's ability to reduce carbon emissions. Physical risks are more systemic as they may affect assets and workforces of companies whether they are decarbonized or not.

Examples of business impacts from different types of climate events include increased costs due to damage to facilities from storms, stressed cooling systems from heatwaves, water scarcity from prolonged droughts and operational disruptions from wildfires.

When evaluating potential investments for climate risks, we consider each company relative to its industry. Companies with significant real estate holdings and/or manufacturing facilities will have more risk than companies offering business services that do not produce physical goods. We assess a company's climate resilience typically by looking at how well it can handle the risk of a climate event and shift operations to other locations, considering both the impact to operations and their employees. We have held constructive dialogues with the management teams of our portfolio companies about setting science-based emission-reduction targets and working to lower emissions and increase energy efficiency.

**Resiliency Matters**

In conclusion, as the increase in extreme weather incidents is unlikely to abate, it's crucial for companies to develop robust plans to address and mitigate the impacts of these climate changes. We are committed to working with our portfolio companies to improve their climate resilience and navigate these risks.

PARNASSUS INVESTMENTS®

**About Parnassus Investments**

Since 1984, Parnassus Investments has invested differently. We believe that identifying good companies that are financially strong and care for human and natural resources is a better way to invest to create enduring value.

Our investment team pursues outperformance by owning concentrated portfolios of high-quality companies with increasingly relevant products or services, durable competitive advantages, strong management teams and sustainable business practices that are likely to thrive in a healthy economy and be resilient in a downturn.

**Sustainable Investment Commitment**

We believe that sustainability-related factors are relevant to our assessment of quality and could have an impact on the risk or returns of an investment as well as proxy voting and engagement strategies.

We evaluate factors that we think help companies to succeed and create enduring value for investors, including corporate governance and business ethics; employee pay, benefits, health, safety and corporate culture; stakeholder relations; product quality and safety; customers and supply chain; and climate change and environmental impact.

**Integration & Resources**

Parnassus investment analysts seek to identify high quality companies with sustainable business practices, avoiding companies exhibiting problematic governance or negative stakeholder relationships and environmental performance. We examine material risks, which may be financial and/or reputational, and consider positive factors that may differentiate a company from its peers. This assessment is integrated as part of a holistic review that describes the overall investment thesis and evaluates fundamental attributes of the company across Parnassus quality characteristics. We measure portfolio outcomes across a variety of sustainability themes.

**Parnassus Investments in Numbers**

| | |
|---|---|
| Total AUM (€m) | 42,146 |
| % of AUM Sustainable: | 42,146 |
| # Engagement team | 4 people |
| Sustainable strategy since | 1984[1] |

[1] All data are as of 31/12/2023

**Member / Signatory**

- UN PRI
- TCFD
- CDP
- Ceres
- US SIF
- Council of Institutional Investors
- Investor Environmental Health Network (IEHN)
- Interfaith Centre on Corporate Responsibility (ICCR)

**Stewardship & Proxy voting**

Our investment team integrates sustainability-related risks and opportunities into investment decision making, proxy voting, and engagement strategies. We use strategic engagements with company management teams to encourage improvements in strategy, execution, governance and mitigation of risks. We may also use shareholder proposals that recommend specific positive changes at the portfolio companies. Parnassus's Sustainable Investment Policy, describes our approach and outlines the conduct we believe will help companies succeed and create enduring value for investors.

**Product offering**

Parnassus manages six investment strategies, focused on the US markets:

- Core Equity (US Large Cap Core)
- Value Equity (US Large Cap Value)
- Growth Equity (US Large Cap Growth)
- Mid Cap (US Mid Cap Core)
- Mid Cap Growth (US Mid Cap Growth)
- Fixed Income (US Core Plus Fixed Income)

Parnassus serves as a subadvisor in a UCITS vehicle for European fund investors that is offered by ABN AMRO. This product is based on our Core Equity strategy and is called the ABN Amro Parnassus US ESG Equities strategy. It is classified as Article 8.

# Integrating ESG Factors in Investment Decisions

***"We seek to identify the most material issues in the portfolio and then work intensively on those issues with the analysts and the portfolio management team to create a research and engagement strategy."***

Karin Riechenberg
Director of Stewardship
Sands Capital

Director of Stewardship Karin Riechenberg joined Sands Capital in 2020. She primarily focuses on guiding the execution of the stewardship program across the firm. Riechenberg is responsible for overseeing the environmental, social, and governance (ESG) analysis conducted by investment professionals, providing accountability and context in that process. "We seek to identify the most material issues in the portfolio and then work intensively on those issues with the analysts and the portfolio management team to create a research and engagement strategy," Riechenberg explains.

**Incorporating Material ESG Issues**

The potential of material ESG factors to affect the sustainability of a company's value-creating capacity is considered during the investment decision-making process. Sands Capital uses a systematic, teamwide approach to analyze ESG issues in investments. "Our approach contrasts starkly with the more formulaic system of box-checking used in some of the industry. That approach is often viewed as backward-looking and may not factor in the nuances associated with actual companies," says Riechenberg. While it uses third-party research to flag areas of concern, Sands Capital believes third-party research sometimes lacks context. "We believe our analysts are best able to judge how they should evaluate our portfolio businesses," Riechenberg continues. "We think it is far more important to understand the intentions behind practices and actions. And, these intentions can only be measured by fundamental research and actual engagement, not simply metrics."

The company's research analysts prepare proprietary ESG reports on the relevant factors affecting the businesses they cover. Based on the materiality assessment, these analysts identify opportunity and risk topics that will be addressed during their engagements with management teams. Research analysts are expected to update these reports regularly or in response to a significant controversy or ESG-related impairment to the business.

**Leveraging Domain Expertise**

Voting decisions are typically directed by the lead research analyst at Sands Capital and often informed by supporting members of the investment research team and core stewardship team. The firm believes its lead analysts are the most knowledgeable about the companies they cover and, consequently, are best suited to evaluate each proposal in the context of its long-term investment case. The research analysts at Sands Capital carefully consider the short- and long-term implications of each proposal and seek to vote shares in the best interest of its clients and other long-term shareowners.

To form the voting decisions, analysts typically consider company proxy documents, proprietary research on the business, recent discussions with management, and third-party analysis throughout the process. "We receive reports from several independent proxy advisors that may help us summarize information from the companies' proxy documents," Riechenberg mentions. "While we do consider proxy advisors' guidance, we do not delegate our voting or default to their recommendations in our voting decisions. Instead, we make decisions based on our research and according to our proxy voting policy."



SANDS CAPITAL

**About Sands Capital**

Sands Capital is a specialist investment manager that focuses on active, long-term growth investing. We employ deep, fundamental, business-focused research to seek to identify high-quality, leading growth franchises featuring sustainable business models and typically operating in attractive areas of innovation. Through a range of investment strategies, we primarily serve institutional asset owners through separately managed-accounts and pooled-fund portfolios designed to concentrate investment in a relatively small, select group of businesses in which we have a high level of conviction.

**Sustainable Investment Commitment**

As a steward of long-term client capital, we have a fiduciary responsibility to consider the full range of risks and opportunities that have the potential to influence investment outcomes. We believe ESG practices may play a material role in shaping a company's growth trajectory, among other factors. Therefore, we seek to own exceptional businesses that recognize and thoughtfully manage ESG impacts with an aim of maximizing shareholder value creation over the long term.

**Integration & Resources**

ESG research and active ownership responsibilities are horizontally integrated across our global research team. We believe that keeping ESG research, engagement, and proxy voting in the hands of the research analysts aligns with our deep understanding of our portfolio companies and yields positive outcomes. Our research analysts prepare ESG reports on the relevant factors affecting the businesses they cover. We employ five dedicated ESG professionals. Four are investment professionals who act as consultants to our global research team. A fifth member of the team supports the development and production of marketing and client reporting for the stewardship program.

**Sands Capital in Numbers**

| | |
|---|---|
| Total AUM (€m) | 46,734[1] |
| Total AUM in "Article 8" or "Article 9" strategies | 6,143[1] |
| #ESG team | 5 people |
| #Engagement team | 4 people |

[1] as of 3/31/24

**Member / Signatory**

- UN PRI
- UKSIF
- IFRS Sustainability Alliance
- CII
- ICGN
- TCFD
- CDP
- ISDE
- UK Stewardship Code

**Stewardship & Proxy voting**

We view engagement as a valuable tool to better understand management's long-term strategic vision. Therefore, we meet regularly with companies to discuss how they manage ESG risks, opportunities and other issues. Voting is an important part of our commitment to being an active, long-term business owner and to fulfilling our fiduciary duty. Our evaluation typically includes consultation with key investment professionals, reviewing proxy documents, proprietary research on the business, recent discussions with management, and third-party analysis. While we do consider independent proxy advisors' guidance, we do not delegate our voting or rely on their guidance in our voting decisions.

**Product offering**

Sands Capital has five UCITS Funds which classify as Article 8.

# Biodiversity and How We Select Companies

**Clare Wood**
Portfolio Specialist
Stewart Investors

***"A result of our investment philosophy means that we avoid companies that have a significant negative impact on the natural environment, as stated in our position on harmful and controversial products and services."***

Our investment approach favours companies that provide products and services that meet basic needs, solve difficult problems and seek to do more with less. A result of our investment philosophy means that we avoid companies that have a significant negative impact on the natural environment, as stated in our position on harmful and controversial products and services.[1]

There are no sectors excluded solely on biodiversity grounds. Instead, each company is assessed according to how it is working to reduce the environmental impact of its operations and supply chains, or actively contributing to better environmental outcomes through its products and services.

Examples of companies that meet basic needs are those providing healthy foods, medicines and basic care. We invest in companies that seek to provide high quality products while carefully managing their resources including:

- Slowing the rate of land degradation, land-use change and loss of forests and other natural habitats
- Securing the livelihoods of people at the bottom of the pyramid through financial inclusion and innovative supply chains
- Many of our investee companies integrate circular economy principles and support the efficient use of resources including:
- Reducing waste and improving waste management.
- Increasing the use of renewable and cleaner energy technologies
- Reducing greenhouse gas emissions and water, air and other environmental pollution

There are many examples of companies that demonstrate the range of contributions that a company can make, depending on the sector they are operating in, that can be found by accessing the Portfolio Explorer tool[2] on the Stewart Investors website.

Given the interconnected nature of environmental issues such as climate change, biodiversity loss, pollution and water use, we map each company's products and services to the solutions identified and researched by Project Drawdown[3].

This helps us to understand how the companies we invest in are contributing to environmental outcomes such as forest protection, plant-rich diets, food waste and conservation agriculture.

[1] Our position on harmful and controversial products and services
[2] Portfolio Explorer Tool
[3] Project Drawdown



### About Stewart Investors

Founded in 1988, Stewart Investors manage Worldwide, Emerging Markets, Asia Pacific, European and Indian Subcontinent equity investment strategies. Pioneers of sustainable investing, they launched their first sustainability fund in 2005, and to this day sustainability remains integral to their investment process. They believe companies that deliver benefits to society and the environment face fewer risks over the long term and are therefore better placed to deliver positive returns to shareholders. Their investment philosophy centres around the principle of good stewardship - careful, considered and responsible management of clients' funds - with sustainability at the heart of this process.

### Sustainable Investment Commitment

At Stewart Investors, we believe that companies that deliver benefits to society and the environment face fewer risks over the long term and are therefore better placed to deliver positive returns to shareholders. Sustainability is fully integrated into the management of risk and return. We only invest in high-quality companies that contribute to, and benefit from, sustainable development, achieving positive social and environmental outcomes. All members of the investment team sign our Hippocratic Oath, pledging to uphold the principles of stewardship. We avoid companies that do not contribute to sustainable development and we engage with companies to improve sustainability outcomes.

### Integration & Resources

Sustainability is core to our investment philosophy and integrated into our investment process. We do not have a separate team that looks at sustainability – all members of the investment team are ESG/RI specialists and are responsible for all company analysis including sustainability/ESG, identifying engagement priorities, monitoring and engaging investee companies and making all voting decisions. The investment team focus on the sustainability of each company's products and services as well as operational ESG factors. All investee companies contribute to improving human development, while many also contribute to positive environmental outcomes.

### Stewart Investors in Numbers

| | |
|---|---|
| Total AUM (€m) | 17,227[1] |
| Total AUM in "Article 8" or "Article 9" strategies | 17,227[1] |
| #ESG team | 13 people |
| #Engagement team | 13 people |
| Sustainable strategy since | 2005 |

[1] at 31 March 2024

### Member / Signatory

- Principles for responsible investment (PRI)
- Asian Corporate Governance Association
- CDP Climate change
- Global Impact Investors Network (GIIN)
- UK Stewardship Code
- Farm Animal Investment Risk and Return (FAIRR)
- Net Zero Asset Managers Initiative

### Stewardship & Proxy voting

Engagement is fully integrated into the responsibilities of the investment team and contributes invaluable insights into our understanding of each company. Our conviction in each company is influenced by our engagement activities and the response of management to our engagement efforts. We vote on all proposals at annual and extraordinary general meetings. We consider each proxy vote individually and on its own merits in the context of our knowledge about that particular company. This process is not outsourced to an external provider or separate team. We vote against management to influence companies to improve E, S and G issues, particularly when engagement has been unproductive.

### Product offering

100% of our strategies are aligned to Article 9. We manage sustainability rather than thematic strategies, however, our investee companies are selected from the bottom-up and have exposure to a broad range of themes including climate action, renewable energy, energy, waste and water efficiency, health and wellbeing, financial inclusion, education and employment, fair wages, sanitation, diversity, equity and inclusion.

With history stretching back to 1988, and with assets representing two-thirds of overall AUM our Asia Pacific strategy is arguably Stewart Investors most well established investment product. The product aims to offer positive returns with a focus on downside protection.

# Accounting for Climate Change in Diversified Equity Portfolios

*"These days, the relevance of climate change is taken for granted. To stay competitive in this segment, we need to continuously improve how we capture the climate change exposure of companies, and how we translate that into a specific portfolio."*

**Henrik Wold Nilsen**
Senior Portfolio Manager
Storebrand Asset Management

Having completed a PhD in high-energy physics in Germany, Henrik Wold Nilsen returned back to his native Norway to join Storebrand Asset Management as a portfolio manager for systematic, global equity strategies. Henrik is part of a team consisting of four highly experienced PMs who manages around 45 bn Euros, split between low-tracking error mandates with an emphasis on sustainability, and quantitative factor strategies. The ESG Plus Equity fund range, a core part of the team's strategies, builds on market-cap weighting, tilted in the direction of companies that are expected to benefit from a successful energy transition, and away from those that are expected to lose. When the strategy was launched in 2016, this approach filled a gap in the market.

In the early days of the strategy, competition was limited, and client dialogue was centered around asset owners' need to take climate change into account or not. These days, the relevance of climate change is taken for granted. To stay competitive in this segment, we need to continuously improve how we capture the climate change exposure of companies, and how we translate that into a specific portfolio.

The most recent improvement has been how the strategy gives exposure to companies producing products and services which directly help solving the climate crisis.

Having relied on a more ad-hoc approach in the past for identifying candidates to our climate solution company list, we in 2023 moved over to an AI-based approach for using the universe of thematic, climate solutions funds on the market to back out a consensus view of which companies hold a climate solutions status. Having this list of candidates, we apply our own, in-house analysis of each company to condense this long-list into the list of companies used in our funds.

In total, the global developed version of the fund includes a 12% allocation to a list of over 150 climate solutions companies, most from outside of the large/mid-cap universe. The EM version of the strategy has a 15% allocation to around 300 such companies, reflecting China's dominance of low-carbon value chains.

This is the rationale behind Storebrand's choice of managing all sustainability-related strategies according to in-house developed models instead of outsourcing strategy creation to index providers. Indices are static by nature, whereas self-made models can easily be improved over time.

In the distant past, index and passive were terms associated with market-cap weighting. These days, increasingly complex strategies, packed with subjective choices of large consequence for financial risk, are wrapped as indices and sold as "passive" products. While there has been an abundance of regulatory scrutiny on sustainability claims, this dilution of the words "passive" and "index" has not received the attention I think it deserves. That passive equals diversified, low risk or little need for due diligence is not the case anymore.

Since inception in 2016, the ESG Plus fund range of climate-tilted, market-cap centric equity funds has grown more than ten-fold in AUM, from below 1 billion to currently above €11bn .



Storebrand

### 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

SAM has five core sustainable investment commitments which aligns to our on our purpose of delivering the best results for our clients by cultivating long-term financial value, a thriving society and a healthy planet.

1. 15% of AUM in solutions (2025)
2. Reduce portfolio emissions by 32% (2025) – reach Net Zero by 2050
3. 42% of portfolio aligned with SBTi (2027) – reach 100% by 2040
4. Assess nature risk and set biodiversity targets (2025)
5. Zero commodity-driven deforestation (2025)

### Integration & Resources

Sustainability is an integral part of Storebrand's core business. Our main objective is to contribute to real world impact and long-term value creation for the companies we are invested in.

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) | 109,000 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | approx 85% in Art 8 |
| #ESG team | 6 people |
| #Engagement team | 6 people |
| Sustainable strategy since | 1996 |

### Member / Signatory

- UN PRI (Founding signatory)
- Science-Based Target Initiative
- United Nations-convened Net-Zero Asset Owner Alliance
- Net Zero Asset Managers Initiative
- Climate Action 100+
- TNFD
- Finance for Biodiversity Pledge
- The Institutional Investors Group on Climate Change (IIGCC)
- The Portfolio Decarbonization Coalition
- CDP

### 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

Share of article 9 funds: Approx. 9%

Share of article 8 funds: Approx. 85%

Storebrand Global ESG Plus is one of SAM's flagship strategies, a low cost, core equity exposure for climate aware-investors. Consideration of climate risks through specialist portfolio management and ongoing climate research provides clients an avenue and enabler to decarbonizing their portfolios, furthering their efforts towards their Net Zero targets and commitments.

# Progress Through Collaboration

***"To assess the ESG credentials of a company, we not only look at external ESG data but combine these with our own opinion formed by research and extensive engagement."***

Ingmar Schaefer joined Van Lanschot Kempen Investment Management in 2016 as a senior portfolio manager for the European Sustainable Small Caps strategy. Before joining Van Lanschot Kempen Investment Management Ingmar worked as an equity investor for 12 years.

### Getting to know small caps

There's a saying in Dutch, Kom verder, which has many meanings including 'progress through collaboration'. This hands-on style encapsulates how we invest in promising smaller companies. And it's what we've been doing for close to 30 years. When we find the right companies, we spent time getting to know what makes their leaders tick. This deep understanding helps us build concentrated portfolios. In this way, we support, challenge and help small caps achieve their full potential. A large part of our efforts is committed to sustainability. Because we believe that companies in transition are more likely to outperform their peers long-term. But this doesn't simply mean avoiding controversial sectors. In fact, we embrace the opportunity to actively engage and guide companies to sustainable success.

### Passing the blush test

We aim to guide our clients through some of the major transitions towards a more sustainable economy. Transitions in energy, food and materials. This cannot be achieved by considering one simple metric such as excluding low-rated companies or maintaining a minimum percentage of sustainable investments. We believe ESG should be integrated in all steps of the investment process. We apply a broad set of exclusion criteria and also avoid companies that technically meet our criteria but do not pass the

**Ingmar Schaefer**
Senior Portfolio Manager
Van Lanschot Kempen

'blush test'. This means that we are well able to explain why a company is part of a sustainable portfolio.

### Full ESG Scoring

To assess the ESG credentials of a company, we not only look at external ESG data but combine these with our own opinion formed by research and extensive engagement. Through this proprietary Sustainable Risk scoring approach, scores become more forward-looking and consistent. We engage on all material ESG matters, in each case – for all our portfolios - we engage with the companies representing 50% of the portfolio's carbon emissions.

An assumption is often made that investors simply exclude the worst performers based on their given ratings, or that they may solely invest in the best performers. However, by doing so, they miss the fact that ratings do not tell the whole story on sustainability performance, nor do they say much on the trajectory (better or worse) that a company is on. We therefore believe it is important to document our own opinion on the current status and the company's plans to improve. The Sustainable Risk Score provides a clear framework with 21 material risk factors that we can also engage on. In our portfolios we have seen many companies that have been upgraded in their rating partly on the back of our engagement on the items these companies can improve.

Particularly for small-cap companies, engagement can be very powerful. From a client perspective and also from a regulatory point of view, the focus will be on proof points that show the fund manager's analysis and portfolio action in navigating through the main transitions we face.



### Van Lanschot Kempen in Numbers

| | |
|---|---|
| Total AUM (€m) | 104.7 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 45.3 |
| #ESG team | 7 people |
| Sustainable strategy since | 2008 |

### About Van Lanschot Kempen

At Van Lanschot Kempen Investment Management, we search for the hard-to-access asset classes often missed by our competitors. We believe that's where our specialist teams can bring the most knowledge, add the most value and deliver a competitive edge.

We work hard to support and challenge the companies we invest in. Helping to guide their transition to the sustainable economy. In particular, through what we believe are the two key transitions of our times – energy and food.

### Member / Signatory

- Climate Action 100+
- Dutch Fund and Asset Management Association (DUFAS)
- IIGCC, GIIN
- GRESB
- Nature Action 100
- Net Zero Asset Managers Initiative
- Platform for Biodiversity Accounting Financials (PBAF)
- PRI Advance
- Principles for Responsible Investment (PRI)
- UN Global Compact

### Sustainable Investment Commitment

We see sustainability as a responsibility and opportunity to create positive impact and return over the long run. We focus on areas where we are best equipped to make a meaningful contribution.

Climate and biodiversity: helping our environment to recover faster by contributing to energy transition and biodiversity. We aim for a 7% annual carbon emission reduction in our portfolios.

Living better for longer: helping our clients and society to live longer and in better health.

### Stewardship & Proxy voting

We believe that effective stewardship adds financial value to our clients. We engage with our portfolio companies, encouraging positive change.

Aiming to be a net-zero investor by 2050, we have directed a substantial part of our voting and engagement efforts towards climate-related issues. Although the easiest way to reach our target would be to disinvest from the most polluting companies, we prefer to take the more impactful route through active ownership and invest with an objective to achieve positive impact.

### Integration & Resources

Sustainability is fully integrated into our activities. We organise our sustainable efforts around four pillars: Exclusion, ESG Integration, Active Ownership, and Positive Impact. Our Portfolio Managers and the Sustainability and Impact Investing team engage with companies on a wide array of topics to mitigate sustainability related risks and unlock opportunities. Based on fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score through our proprietary Sustainability Risk Score.

### Product offering

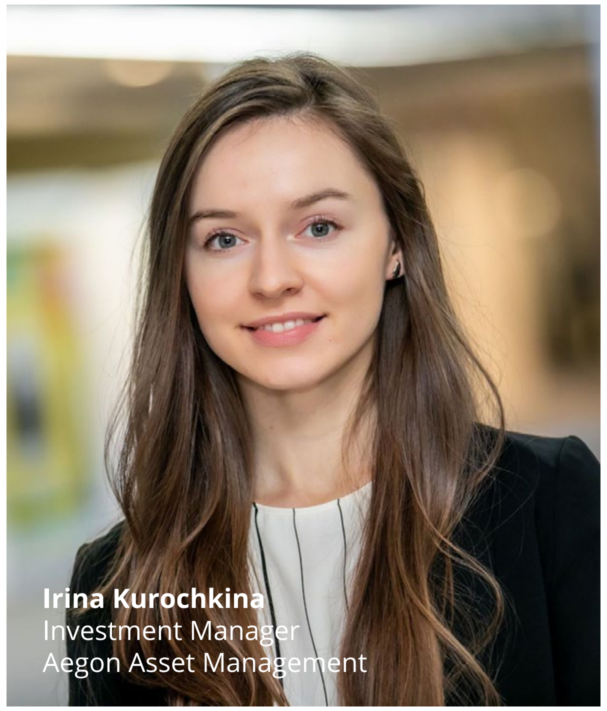
96% of VLK's investment strategies qualify as Article 9 or Article 8. Proprietary strategies with an impact focus are Kempen SDG Farmland Fund which aims to achieve attractive long-term returns by globally investing in farmland and agricultural properties, and the Global Impact Pool which aims to address global challenges whilst also meeting clients' risk-return requirements.

# SUSTAINABLE LEADERS

## FIXED INCOME

# Global Sustainable Sovereign Bond Strategy

***"We can rely on comprehensive and reliable data sources when it comes to public data that allows us to track each country's progress towards each SDG."***



**Irina Kurochkina**
Investment Manager
Aegon Asset Management

Government bonds allow investors to align investments with sustainability at scale while ensuring credibility through the lens of government commitments and transparent disclosures.

Irina Kurochkina is a portfolio manager of the Aegon Global Sustainable Sovereign Bond strategy and is part of the Fixed Income team based in the Netherlands. Irina has a focus on sustainability and ESG integration in government bond portfolios and is a voting member in the firm's Fixed Income Sustainable Investment Committee for sovereigns. She is a member of the PRI Sovereign Debt Advisory Committee. Irina holds the CFA Institute's Certificate in ESG Investing and is a CFA charterholder.

**Credibility of sustainable investing in sovereigns**

Sovereign bonds as an asset class are the traditional benchmark for other assets when it comes to risk and return characteristics, and their role in sustainable investing is fundamental as well. Governments are responsible for creating a groundwork for sustainable development, designing the rules and stimulus mechanisms for all other economic agents like companies, investors, and households. With the current challenges from inflation to geopolitics, policymakers shift their focus on short-term decisions that may jeopardize long-term sustainable development, so investors need extra attention on investments in their government bond portfolios. Sovereign debt is the largest investment universe so the impact of incorporating the sustainability alignment can be done with the large scape. Moreover, governments have long-term debt profiles, so it is important to look beyond short-term trends and ensure long lasting sustainability of a country. At Aegon AM, we assess all countries based on the UN Sustainable Development Goals to determine the strength of their commitments toward progress on social and environmental challenges. We can rely on comprehensive and reliable data sources when it comes to public data that allows us to track each country's progress towards each SDG. We then attach weights to each SDG target according to its salience for the country's relative income level, such as climate action being more important in developed markets while no hunger being more pressing for developing countries. Our investment strategy is focused on building a diversified portfolio of the most sustainable sovereign issuers that can demonstrate progress towards the most important SDGs for their income class, and therefore giving our clients confidence that their capital is being directed towards positive SDG progress.

**Advancing sustainability disclosures**

Our thorough sustainability research and robust decision-making process allowed us to reclassify the Aegon Global Sustainable Sovereign Bond Fund from Article 8 to Article 9 under the EU's Sustainable Finance Disclosure Regulation (SFDR). The fund was launched in 2021 and from inception had the sustainability integration process consistent with SFDR disclosure requirements applicable to the asset class. The reclassification of the Aegon Global Sustainable Sovereign Bond Fund as an Article 9 fund reflects an evolution in our understanding and implementation of this important regulation, while increasing our transparency and accountability to clients seeking more sustainable investments' disclosures.



aegon asset management

**About Aegon Asset Management**

Aegon is an asset management firm with a global client base within Institutional, intermediary and wholesale markets, and specializes in active management. 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. More recently in 2022, our focus was on managing climate-related risks and accelerating the low carbon transition

**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 financially material ESG factors into the bottom-up research process for fixed income and equity holdings. Aegon AM has a dedicated team of 21 RI specialists (December 2023), involved in research, product development, ESG integration, active ownership activities and RI policies and reporting. Aegon AM's RI team acts as a source for all RI matters and works closely with the various investment teams to provide training, insights, information and data that would otherwise not be available in order to build holistic analysis for all investment research. The AM Management Board oversees the implementation of the RI Framework and associated policies.

**Aegon Asset Management in Numbers**

| | |
|---|---|
| Total AUM (€m) | 314 000 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 137 000 |
| #Stewardship team | 21 people |
| #Impact Equity team | 14 people |

**Member / Signatory**

- UNPRI
- Climate Action 100+
- Net Zero Asset Managers Initiative
- CDP
- Global Impact Investing Network (GIIN)
- Institutional Investors Group on Climate Change (IIGCC)
- Dutch Association of Investors for Sustainable Development

**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 consider and vote all shareholder meetings of UK and Dutch companies in which we invest, as well as companies from other countries where we hold >0.1% of the outstanding share capital.

**Product offering**

- Global Sustainable Sovereign Fund
- Global Sustainable Equity Fund
- Climate Transition Fund
- Sustainable Real Estate Fund

# Momentum Builds for Climate-Transition Investing

*"We see climate as a source of both risk and return that should be considered alongside all other performance factors."*


**Henrietta Pacquement**
Head of the Sustainability & the Global Fixed Income team
Allspring Global Investments

Henrietta Pacquement is head of both the Global Fixed Income team and the Sustainability team at Allspring Global Investments. She is responsible for the portfolio management of the company's innovative climate transition credit strategies alongside its Global and European investment-grade strategies. "The transition to net-zero emissions touches virtually every aspect of the economy. We take an inclusive approach, so we're looking across sectors to build our portfolios. We don't rely on exclusions, which we think is quite a blunt process. Fixed income has a huge role to play to fund the change needed".

**Climate-aware investing**

Sustainability factors affect virtually every aspect of the economy. It's logical that investors today prioritise identifying and managing climate risks in particular. They also realise that, to compete and attract capital, firms must have thoughtful, robust strategies to manage climate and other sustainability trends. Allspring brings highly developed sustainability research and investment capabilities to determine which firms are leading or lagging in their efforts. We see climate as a source of both risk and return that should be considered alongside all other performance factors. That means evaluating risk and return with an eye to both climate's physical effects, such as floods and droughts, as well as strategic and competitive effects like decarbonisation's impact on markets and geopolitics.

**Allspring's climate-transition strategies**

The transition to net-zero emissions touches a broad range of industries and companies. It is one of the world's most transformational and persistent thematics, requiring significant capital (McKinsey forecast USD9-10tr per year between now and 2050, that's 7-8% of global GDP p.a.). We take an inclusive approach, looking across sectors to build our portfolios. Our proprietary Climate Transition Framework, created in 2019, is a valuable tool to enhance investment decision-making for our climate transition strategies. The framework identifies a broad range of risks and opportunities that might affect a company's competitiveness, including:

- Business model
- Technology risk
- Physical risk
- Regulatory risk

We combine proprietary technology and data with company and third-party data sets to assess a company's climate-related risks and opportunities alongside other investment factors. Our fundamental, research-driven approach helps distinguish companies that are leading on climate transition from those that are lagging in decarbonising the real economy. It also helps inform our engagement efforts with companies we invest in.

**Changing landscape for investors**

Increased regulations are meaningfully improving company disclosures, which helps asset managers gain a better understanding of the companies they invest in, and it helps investors better understand funds they are purchasing. Interoperability is key to bridge the gap among different sets of regulatory standards and frameworks around the world. The Task Force on Climate-related Financial Disclosures (TCFD) is one of the initiatives in this area. Allspring's inaugural 2023 TCFD report covers a range of information about our climate-related efforts—from our climate governance structure to the metrics and targets we use for relevant strategies.



Allspring Global Investments

**About Allspring Global Investments**

Allspring Global Investments seeks to inspire a new era of investing that pursues both financial returns and positive outcomes. With a singular focus on asset management, our investment capabilities span both fundamental and systematic fixed income and equities, liquid alternatives, multi-asset solutions and sustainable investing. With sustainability as a key strategic pillar, it is our goal to provide a thoughtful approach to sustainable investing, and we consider material environmental, social and governance (ESG) issues and sustainability themes across relevant investment strategies, where appropriate.

**Sustainable Investment Commitment**

As a signatory to PRI since 2015, we focus on being both good investors and good stewards of society and the planet. We see climate and other sustainability considerations as meaningful investment risk factors and alpha opportunities. As such, sustainability is embedded across our investment and risk culture. Further, we are committed to integrating sustainability in how we operate our firm and partner with our clients to achieve their investment and sustainability objectives. Thought leadership has been led by our Climate Change and Water Working Group (CCWWG), which produces research and collaborates with investment teams to integrate climate risks into investment decisions.

**Integration & Resources**

Allspring considers material ESG risks as we believe these contribute to our top priority: generating positive investment outcomes for our clients. To fully assess ESG and climate risks, we built proprietary frameworks—ESGiQ and Climate Transition Framework, respectively—which embed insights gleaned from deep fundamental research into our investment process. Our broader platform also benefits from our dedicated Sustainable Investment team, which helps our specialized investment teams' integration of material sustainability issues in the investment process, where appropriate. ESG and climate risk assessments inform, but do not drive, our analysts' fundamental opinion and relative-value assessments.

**Allspring Global Investments in Numbers**

| | |
|---|---|
| Total AUM (€m) | 525B |
| Total AUM in "Article 8" or "Article 9" strategies | €1.7B |
| # ESG team | 13 people |
| #Engagement team | 4 people |
| Sustainable strategy since | 2020 |

**Member / Signatory**

- Principles for Responsible Investment (PRI) since 2015
- IFRS Sustainability Alliance
- Institutional Investors Group on Climate Change (IIGCC)
- Advisory Group for Assessing Sovereign Climate-related Opportunities and Risks (ASCOR)
- Carbon Disclosure Project (CDP)
- Task Force on Nature-related Financial Disclosures (TNFD) Forum
- FAIRR Initiative

**Stewardship & Proxy voting**

We embrace responsible, active ownership by engaging with investee companies and through voting proxies—and by doing both in a manner that we believe will maximize the long-term value of our investments.

The inclusive approach of our company-wide Stewardship Platform is a key differentiator. The Stewardship team organizes and leads companywide engagements that also include many of our specialized investment teams. By bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure, we leverage both the deep fundamental research and perspectives of our investment teams and the ESG expertise of our Stewardship team.

**Product offering**

Allspring manages $4.7B across the Climate Transition suite & ~$1.7B in Article 8 funds (as 31 March 2024). Article 8 funds represents 92% of our UCITS assets (as of 31 May 2024).

**Flagship funds:**

- Climate Transition Global Investment Grade Credit
- Climate Transition Global High Yield Credit
- Climate Transition Global Buy and Maintain Credit
- Climate Transition Global Equity

# Proactive ESG Integration

***“One of the core foundations of our credit process is the search for sustainable cashflow with which to repay our investment."***

**David Ennett**
Portfolio Manager, Artemis Global High Yield
Artemis

David has led Artemis’ High Yield strategies since he joined Artemis in 2019. He has been involved in the high yield and leverage finance segments since 2001. He is a CFA Charterholder.

Firstly, and most importantly, we do not believe that there is a trade-off between ESG analysis and the delivery of strong investment performance. We integrate ESG analysis into our investment process because we expect it will lead to better financial results.

We consider ESG factors to be a critical part of the investment process and build the analysis of these into our research. As credit investors, we are focused on managing the downside risk of the Fund’s investments and we consider ESG factors in this context. Specifically, we assess environmental and social factors alongside other risks, which include operational, legal and political/regulatory risks. Governance is incorporated into a broader analysis of the shareholder structure and the management.

While shareholders are often aligned with management, creditors are not necessarily so, and so it is vital that we consider governance alongside the particular incentives faced by management and the shareholders. These include the management's compensation structure and any known aims of the shareholders (for example, private equity sponsors often have incentives to act against the interests of creditors even where governance is otherwise good).

One of the core foundations of our credit process is the search for sustainable cashflow with which to repay our investment. Factors that endanger the cashflow profile of a company, be they traditional or ESG factors, are equally important in assessing risks to an investment. As such, we do not seek to separate the assessment of more traditional economic factors and ESG; they are one and the same.

**About Artemis**

Artemis is an independent, owner-managed investment boutique. We aspire to positively impact the environment and communities in which we work and live. As part of this the Artemis Charitable Foundation receives a fixed percentage of the firm’s revenues which are then passed on to staff-chosen charities.

Beyond investing, our Sustainability Committee helps integrate the firm’s sustainability policies. External carbon auditors assess our operations, and we continue to implement best practices to move closer to our Net Zero carbon emission targets.

**Sustainable Investment Commitment**

We are conscious of our environmental duties, both as responsible investors as well as consumers of the earth’s scarce resources. Our fund managers incorporate ESG factors in a way best suited to the specific investment approach of their funds.

As consumers, we measure our annual carbon footprint and seek ways to reduce our environmental impact. We are members of Planet Mark, a certification program recognising commitment to continuous improvement in sustainability and reduced carbon emissions.

**Integration & Resources**

Each fund management team drives integration and embeds ESG analysis within their broader investment processes. Additional resources include:

- Our independent stewardship team provides support in implementing Artemis’ voting and engagement policies. They also analyse our portfolios’ ESG KPIs including their carbon footprint.
- Our managers have access to ESG research platforms including MSCI, Sustainalytics and TruValue.

Beyond investing, the Sustainability Committee helps ensure our policies and actions – as investors, consumers and community stakeholders – are consistent with our long-term sustainability goals.

**Artemis in Numbers**

| | |
|---|---|
| Total AUM (€m) | 28,845 |
| Total AUM in "Article 8" or "Article 9" strategies | ~ €885 |
| #Stewardship team | 4 people |
| #Impact Equity team | 4 people |
| Sustainable investment products avaiable since | 16 March, 2005 |

**Member / Signatory**

- UNPRI
- NZAMI
- UK Stewardship Code
- UK Investment Association
- Investor Forum
- IFRS Sustainability Alliance
- Climate Action 100+
- IIGCC
- Transition Pathway Initiative

**Stewardship & Proxy voting**

Our approach to stewardship means that both collaborative and strategy-level engagements inform our overall approach. At a strategy level, our engagement reflects our fund managers’ evaluations of material issues. Engagement is often collaborative across both investment teams and the industry.

As active managers, we generally invest in companies where we are more likely to support management’s approach on a range of issues. However, we will vote against management when our support is not warranted. Where we have a significant shareholding we aim to contact the company first.

**Product offering**

Almost all Artemis investment strategies include ESG integration measures from full integration in each step of the investment process to exclusion, positive inclusion/best of class, active ownership and other tactics. We offer a range of Article 8 and Article 9 products covering the major equity and fixed income categories. We also offer more focused or thematic ESG funds including an Impact Equity Fund and a Paris-Aligned Global Equity fund.

# Sustainability Meets Opportunity

**You Singhal**
Investment Director
Capital Group.

***"We believe that companies contributing positively to sustainable development goals through their products and services can deliver superior long-term investment results."***

You Singhal is an Investment Director at Capital Group and has 16 years of industry experience. She covers Capital Group's sustainable strategies, including Capital Group Sustainable Global Corporate Bond strategy.

Our sustainable investment philosophy is an extension of Capital Group's investment philosophy of investing with a genuine long-term perspective and basing investment decisions on fundamental, bottom-up research. This approach aligns with the long-term time horizons over which sustainable investment themes will unfold. Our sustainable strategies are intentionally global and designed to capture multiple sustainable investment themes, rather than a narrow focus. This provides access to a larger and more durable opportunity set and enables us to build diversified portfolios which offer the potential for better risk-adjusted returns relative to single-themed funds.

We believe that companies contributing positively to environmental or social objectives through their products and services can deliver superior long-term investment results. The sustainable strategies invest in both 'aligned companies' those that currently have significant positive impacts on environmental and social challenges and also 'transitioning companies' - those making meaningful changes that will have a growing contribution.

We believe that investing in these transitioning companies, which are focused on hard-to-abate areas or making significant investments in innovative solutions, is critical to achieving the significant ambitions of the sustainable development goals.

We have developed seven sustainable investment themes using a rigorous and collaborative process. We explored the intersection between the progress required to move toward a more sustainable future — informed by priorities outlined in the UN SDGs — with the universe of companies that could be a part of moving the world forward. This identified seven durable themes that we believe positively align to the UN SDGs, offer compelling long-term investment opportunities and include a sufficiently large investment universe for us to try to add value through our research-driven investment approach.

The themes include: health & wellbeing, energy transition, sustainable cities & communities, responsible consumption, education & information access, financial inclusion, clean water and sanitation. Over time, as existing global challenges are addressed and new ones emerge, our themes may evolve to capture new investment opportunities.

CAPITAL GROUP™

### About Capital Group

Capital Group is one of the world's largest independent investment managers. For 90+ years, we've been committed to our mission: to improve people's lives through successful investing. We seek to invest in companies and issuers that we believe are well positioned for the future. We are also committed to operating sustainably in our own operations by reducing greenhouse gas emissions and integrating environmental considerations into our business practices. We're committed to achieving carbon neutrality in our business operations by 2025

### Sustainable Investment Commitment

Our Sustainability & Social Responsibility programmes include:

- A commitment to a diverse, equitable and inclusive workforce at all levels, with senior-level accountability.
- Expanding access to financial services and promoting greater diversity across our industry.
- Reducing environmental impact through sustainable business practices.
- As a participant in the United Nations Global Compact, we've committed to embedding the Principles into our corporate operations. We also support the UN Sustainable Development Goals through our business practices.

### Integration & Resources

Our ESG integration process enhances our bottom-up, fundamental research and emphasises materiality at the individual issuer level. Investment professionals around the globe embed material ESG considerations into their research. They leverage our 45+ ESG team, including Global Stewardship & Engagement professionals and 20+ data scientists focused on proprietary research, tools and analysis.

Investment professionals have access to leading third-party ESG research, such as MSCI and Sustainalytics, and our proprietary sector investment frameworks, which reflect material ESG considerations in 25+ sectors.

### Capital Group in Numbers

| | |
|---|---|
| Total AUM (€m) | 2,505,691.3 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 20,320.90 |
| #ESG team | 46 people |
| #Engagement team | 17 people |
| Sustainable strategy since | 2024 |

### Member / Signatory

- PRI
- UN Global Compact
- Net Zero Asset Manager Initiative
- TCFD
- CDP (formerly the Carbon Disclosure Project)
- FAIRR Initiative
- International Sustainability Standards Board
- UK Stewardship Code
- Eumedion Corporate Governance
- Forum of European Asset Managers

### Stewardship & Proxy voting

Effective stewardship exemplifies our commitment to strong ESG practices. Our approach is made more powerful by the fact that our engagement and proxy voting is led by our investment professionals. Our commitment to rigorous global research and individual accountability means only the highest conviction ideas make it into our portfolios. As such, our starting point is generally to be supportive of management. We aim to vote all proxies in accounts for which Capital Group has proxy voting authority wherever possible.

### Product offering

We offer 10 SFDR Article 8 funds (€20.3bn AUM, 56% of our Luxembourg fund AUM) that extend beyond our ESG integration process to implement ESG and norms-based screens and, in some cases, a carbon footprint target.

We also offer three multi-thematic sustainable funds – global equity, global corporate bond and global balanced – that invest in companies/issuers that are either majority-aligned to the UN Sustainable Development Goals (SDGs) or are credibly transitioning their business to higher positive alignment over the long term.

# Delivering Impact in Fixed Income

***"To achieve financial return and alpha, we first reference a broad investment grade market index, to evidence our belief that impact investing does not sacrifice financial risk nor financial return versus a traditional credit fund."***

**Tammie Tang**
Senior Portfolio Manager, Fixed Income
Columbia Threadneedle Investments

Tammie Tang – leads Columbia Threadneedle Investment's impact strategies for fixed income. Whereby she delivers the financial return and risk profile aligned with a traditional broad investment grade credit fund, whilst also aiming to deliver positive social impact and social outcomes for people and communities in Europe and Globally.

Tammie and her team have been committed to the wider work of advancing the potential of the bond market, since the world's largest asset class offers capital allocators both scale and ability to target precise or selected outcomes and selected populations in need.

According to the Global Impact Investing Network, impact investments are investments made with the intention to generate positive, measurable social or environmental impact alongside financial return. Thus, twin components of financial return and impact are embedded into the investment objective.

**Delivering twin objectives?**

With twin objectives, we necessarily have twin in-depth proprietary research processes. One for the financial return and one for social impact.

To achieve financial return and alpha, we first reference a broad investment grade market index, to evidence our belief that impact investing does not sacrifice financial risk nor financial return versus a traditional credit fund.

Our proprietary financial research process starts with our in-depth 'bottom-up' issuer level analysis, which is led by our team of fundamental analysts, who consider an issuer's forward-looking credit quality and trajectory, so to give an ultimate financial investment proposition noting its pricing and risk expectation.

To achieve social impact and social 'alpha' we also employ in-depth proprietary research. This is not just done at issuer level, but importantly at the underlying bond or 'use-of-proceeds' level. Our approach considers inputs including the social outcome area (which can range from affordable and quality housing to affordable and quality healthcare and education), as well as the population targeted or benefitting, and our ability to support primary market issuance, so as to support engaged and responsive issuers, and our views of impact 'additionality'.

Our approach then gives us proprietary classifications of impact according to tiers of impact 'intentionality' and 'intensity'. Our portfolio construction stage will then consider the balance of research from both proprietary lenses.

COLUMBIA THREADNEEDLE INVESTMENTS®

**About Columbia Threadneedle Investments**

We strive to be responsible stewards of our clients' assets leveraging:

- **Intense research to integrate ESG factors into our investment process** (over 200 investment analysts/research associates, proprietary ESG methodology and tools)
- **Connected teams delivering best ideas** (45+ RI specialists working alongside portfolio managers, sharing research across asset classes)
- **Effective engagement** serving as an additive to our research supplementing data gaps and improving understanding of ESG risks and opportunities.
- **Shaping the market** (we strive to be a responsible business and act with purpose on corporate commitments)
- **Culture of continuous improvement** where innovative thinking is a standard

**Sustainable Investment Commitment**

We are long-standing signatories of established responsible investment standards and codes. We are a signatory to the Net Zero Asset Managers (NZAM) Initiative and aim to reach net zero carbon emissions by 2050 or sooner across all AUM and our business operations. During 2023, we were collaborators in 45 industry initiatives and delivered 13 Viewpoints to highlight to clients our research and engagement on material ESG issues. We also play a thoughtful and proactive role in public policy development through engagement with regulators and policymakers on key issues.

**Integration & Resources**

Material ESG factors are incorporated within investment research and ongoing portfolio monitoring. Our ESG integration tools are designed to enhance and inform the integration of ESG considerations and include:

- ESG Materiality ratings (leveraging SASB®)
- Net Zero Framework
- SGD mapping tool
- Carbon Analytics
- Good Governance Model
- Exclusion framework
- Controversy Rating
- ESG Thematic Insights
- PAIs Model

We have 45+ RI specialists with expertise across thematic research, engagement, voting, data, reporting, product development, and screening for specialist ESG portfolios.

**Columbia Threadneedle Investments in Numbers**

| | |
|---|---|
| Total AUM (€) | 607 billion |
| Total AUM in "Article 8" or "Article 9" strategies (€) | 31,685.2 mn |
| #ESG team | 48 people |
| #Engagement team | [1] |
| Sustainable strategy since | 1984 |

[1] Please see appendix

**Member / Signatory**

- UN PRI
- UK, Taiwan, and Japan Stewardship Codes
- Net Zero Asset Managers' Initiative
- Climate Action 100+
- CDP
- Science Based Targets initiative
- Transition Pathway Initiative
- Investor Alliance for Human Rights
- Nature Action 100
- TCFD
- TNFD

**Stewardship & Proxy voting**

Engaging in two-way dialogue with issuers can supplement gaps in our data and help us gain a better understanding of how ESG risks and opportunities are managed. Our primary approach to engagement is constructive, confidential dialogue, typically interacting on our own with key decision makers. We also engage with other investors, non-governmental organisations (NGOs) or industry groups where doing so is deemed to be in the best long-term economic interest of our clients. We set clear, actionable engagement objectives. Within our social bond strategies, our engagement is focused on: developing the market, monitoring existing holdings, responding to controversies and collaborative initiatives

**Product offering**

As at 31 March 2024, in total we manage EUR 31.5 bn across portfolios classified as Art 8 & 9 (5.22% of global AUM).

In 2014, we launched the UK's first daily liquid social bond strategy focusing on UK based outcomes, and we have since built out the franchise with European and Global strategies. The CT (Lux) European Social Bond fund and the CT (Lux) Global Social Bond funds are available in SICAV format.

# Green Bonds Expanding Impact

*"Our Green, Social and Impact Bonds team has developed a proprietary investment process that allows us to identify issuers that have credible transition strategies and are making measurable environmental and/or social impact."*

**Bram Bos**
Portfolio Manager, Global Head of Green, Social & Impact Bonds
Goldman Sachs Asset Management

At Goldman Sachs Asset Management, we have long believed that building a more sustainable economy will require decades of concerted effort. More capital will be needed to drive the low-carbon transition, especially in high-emission, hard-to-abate sectors such as construction, energy and transportation. To make the economy more inclusive, investment must be stepped up in key areas such as education, healthcare and job creation. Solving these complex problems will create opportunities for investors across sectors and asset classes. The global bond market will be an important source of financing to drive this economic transformation. Yet until recently, investors seeking to make an environmental or social impact with their fixed income allocations without sacrificing liquidity and returns had few options. The emergence of green, social and sustainability bonds into the investing mainstream is changing that. Thanks to their rapid growth and the expanding range of mutual funds offering exposure to these products, investors can use them to replace a portion of the conventional bonds in their fixed income portfolios while seeking to achieve their climate ambitions.

**The role of green bonds**

As Green bonds' seek to have transparent use-of-proceeds structure and their focus on delivering measurable environmental benefits can make them an effective tool for issuers to finance the climate transition. For investors, green bonds exhibit similar risk and return characteristics as traditional bonds, while helping improve a portfolio's alignment with global climate initiatives such as the UN Sustainable Development Goals.

Like conventional bonds, green bonds come in investment and non-investment grade, though most corporate green bonds are investment grade. The credit profile of a green bond is the same as that of a traditional bond from the same issuer, and green bond holders have the same recourse to the issuer. In terms of yield, there is no significant difference between green and non-green bonds.

**Engagement in Fixed Income**

As asset managers, we are the bridge between issuers of labeled bonds and fixed income investors seeking to advance the sustainable transition. Our Green, Social and Impact Bonds team has developed a proprietary investment process that allows us to identify issuers that have credible transition strategies and are making measurable environmental and/or social impact. We are committed to communication with issuers and syndicates to promote the development of the labeled bond market.

Bram is a managing director and portfolio manager in Fixed Income and Liquidity Solutions within Goldman Sachs Asset Management. Bram is the Global Head of Green, Social & Impact Bonds where he launched his first dedicated green bond fund in 2016 and now manages EUR 11.3 billion of green and social bond portfolios across aggregate, corporate and government-related fixed income sectors in multiple currencies. Bram's interest in sustainable investing came after working as an FX portfolio manager in Asia, where his desire to have a positive impact while generating returns for clients led to the green bond market.



Goldman Sachs Asset Management

**About Goldman Sachs AM**

At Goldman Sachs, our sustainability strategy is centered on how we can help our clients achieve their sustainability objectives. We believe environmental, social, and governance (ESG) factors can be important tools for identifying investment risk and capturing opportunities on behalf of our clients. We have significantly increased our assets where ESG or sustainability factors are an important component. Since December 2019, our assets in explicit ESG investment strategies have grown from $73.5bn to $327.6bn, December 2023.

*Asset Under Supervision (AUS) figures are for explicit ESG investment strategies only where ESG or sustainability factors are an important component.

**Sustainable Investment Commitment**

As a firm, Goldman Sachs is focused on two long term imperatives: accelerating the climate transition and driving inclusive economic growth. Underpinning these dual and interconnected themes are 9 subthemes that we believe map closely to the UN Sustainable Development Goals, namely:

- Clean Energy
- Sustainable Transport
- Sustainable Food & Agriculture
- Waste & Materials
- Ecosystem Services
- Accessible & Innovative Healthcare
- Financial Inclusion
- Accessible & Affordable Education
- Communities

Industry initiatives include Climate Action 100+, UN PRI and the SASB Investment Advisory Group.

**Integration & Resources**

To determine our eligible universe, we check if the selected bonds adhere to the Green Bond Principles as formulated by the International Capital Market Association. Furthermore, we do not invest in issuers involved in activities including the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining and/or oil sands production. We have over 200 professionals who spend the majority of their time on sustainability related research, portfolio management, stewardship, engineering, and risk management.[1]

[1] As of 31 December 2023.

**Goldman Sachs AM in Numbers**

| | |
|---|---|
| Total AUM (€m) | 2,397,409 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 79,731 |
| #ESG team | 200 people |

**Member / Signatory**

**Goldman Sachs:**

- UN Principles for Responsible Banking
- Net Zero Banking Alliance (and GFANZ)
- TCFD
- OS-Climate
- CDP
- The Climate Group (RE100, EV100, EP100)
- World Resources Institute's Corporate Consultative Group
- Climate Finance Leadership Initiative

**Goldman Sachs Asset Management:**

- UN PRI
- Climate Bonds Initiative
- Climate Action 100+
- International Capital Market Association
- One Planet Sovereign Wealth Fund Framework
- Institutional Investors Group on Climate Change
- Sustainability Accounting Standards Board

**Stewardship & Proxy voting**

At Goldman Sachs Asset Management, we are committed to promoting and exercising effective stewardship among the companies represented in the portfolios we manage on behalf of our investing clients. We publish the annual Goldman Sachs Asset Management Stewardship Report that provides information and examples related to our proxy voting and engagement efforts. More details on our voting activities, engagement activities and the associated reporting, can be found in Our Approach to Stewardship and Global Proxy Voting Policy and on our website.

**Product offering**

Total AUM in "Article 8" and "Article 9" strategies[1]

- US $85,422 mln.
- Article 8 only US $77,285 mln
- Article 9 only US $8,138 mln[2]

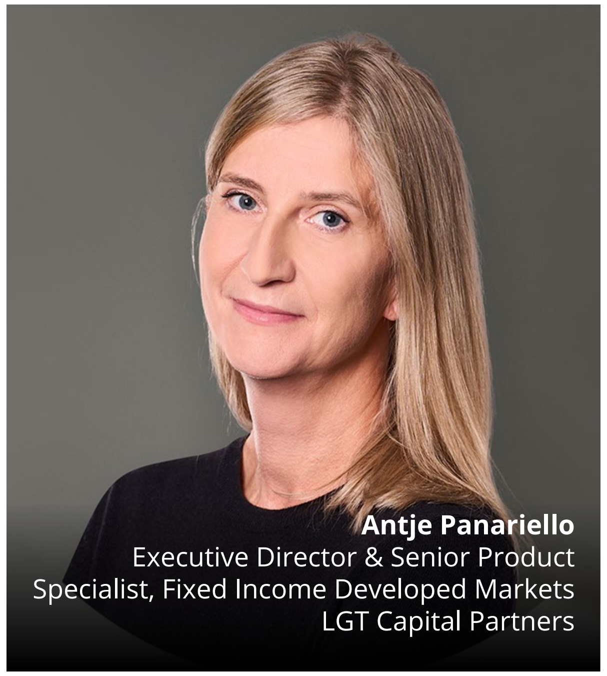
Flagship investment products include:

- XIG Imprint
- Environmental Impact Equity
- Green Bonds

[1] Source: Morningstar. Data excludes non-UCITS and Money
[2] As of 31 December 2023. Includes Luxembourg and Ireland domiciled UCITS funds. Data excludes non-UCITS and Money Market funds.

# Engagement in Fixed Income - A Chance to Influence

***"Engagement is a two-way dialogue which allows us to drive positive impact on ESG matters and to achieve our common goal of net zero by 2050, or sooner."***



**Antje Panariello**
Executive Director & Senior Product Specialist, Fixed Income Developed Markets
LGT Capital Partners

Antje Panariello is an Executive Director and Senior Product Specialist within the Fixed Income Developed Markets team at LGT Capital Partners (LGT CP). She joined the firm in 2019 after working at the United Nations and other global financial institutions. Panariello holds a master's degree in business administration from the University of Klagenfurt, a master's degree in international business Analysis from the University of Northampton, a CFA certificate in ESG Investing and a sustainable finance diploma from the Institute for Sustainable Leadership from the University of Cambridge. The Fixed Income Developed Markets team at LGT CP consists of 10 investment professionals. They have on average more than 21 years of experience and an average tenure at the firm of over 12 years.

**Active management requires active ownership**

"Engaging with companies is a fundamental pillar of our investment process for sustainable fixed income strategies," explains Panariello. "As an active asset manager, it is our responsibility to use our position to influence the behaviors of the businesses we invest in, to make sure they act in the most favorable way for society and consequently investors. It does not mean principle before profit; it means long-term value creation in a sustainable way", she continues. Since 2009, LGT CP has been managing sustainable fixed income strategies. Whilst engaging in dialogue with companies on ESG matters has always been part of the investment process, our engagement efforts have significantly evolved over the past 5 years. Our focus is on outcome-oriented engagements which are measurable and traceable.

We have now also implemented a structured engagement selection process to strategically prioritize engagements and efficiently allocate our resources[1].

**Further expanding collaborative engagement opportunities**

After joining Climate Action 100+ in 2022, LGT CP continues to work together with other investors wherever engagement objectives are aligned, as we believe there is a higher chance of achieving results through a collective effort. In 2023 we joined Nature Action 100, the Net Zero Engagement Initiative as well as PRI Advance, the largest social stewardship initiative.

**Green and social financing remain crucial**

As a signatory of the Net Zero Asset Management Initiative, we have committed to align our investments to the Paris Agreement. In line with this commitment, we manage our sustainable fixed income funds with a minimum allocation of 50% use-of-proceed bonds. Such bonds play a significant role in financing the urgently needed energy transition. Whilst the impact bond issuance market is growing, issuance has slowed down and finance flows appear to be far below the level required to achieve the goals set out in the Paris Agreement.

"While our own efforts particularly in fixed income involve engagements to promote green and social financing under solid frameworks, we would welcome a collective engagement initiative to achieve the desired influential outcome," says Panariello.

[1] Also see our Active Ownership Report



LGT CAPITAL PARTNERS

**About LGT Capital Partners**

Founded in 1998, LGT Capital Partners is a leading global specialist in alternative investing with over USD 100 billion in assets under management and more than 700 institutional clients in 44 countries. An international team of over 800 professionals is responsible for managing a wide range of investment programs focusing on private markets, multi-alternatives and diversifying strategies, as well as sustainable and impact strategies. Headquartered in Pfaeffikon (SZ), Switzerland, the firm operates 15 offices globally.

Our commitment to ESG began in 2003, when we started integrating a responsible investment clause into the governing documents of our investment programs.

**Sustainable Investment Commitment**

We value the importance of integrating ESG factors into our investment processes and fundamentally believe this is aligned with the aim of achieving long-term positive financial performance for our investors.

We believe this will help improve our portfolio companies and enhance behavior in a wide range of markets and industries. We were early signatories of the UN PRI in 2008 and joined the Net Zero Asset Manager initiative in 2021, showing our commitment to Net Zero by 2050 or sooner.

**Integration & Resources**

In 2009, LGT CP launched its dedicated sustainable fixed income and equities offerings along with the firm's proprietary ESG analytics tool. LGT CP commits significant resources to ensuring that its business and portfolios adhere to high ESG standards. The ESG Committee coordinates the efforts across investment management, reporting and client service and reports to the Executive Committee.

The firm encourages sustainable behavior of staff through sustainability goals and by setting incentives in relation to remuneration structure of each staff member.

**LGT Capital Partners in Numbers**

| | |
|---|---|
| Total AUM (€m) | >100 billion |
| Total AUM in "Article 8" or "Article 9" strategies | 34 billion |
| #ESG team | 12 people |
| #Engagement team | 1 person |
| Sustainable strategy since | 2009 |

**Member / Signatory**

- Principles for Responsible Investment
- Net Zero Asset Managers initiative
- Climate Action 100+
- Institutional Investors Group on Climate Change
- ESG Data Convergence Initiative
- Global Impact Investor Network
- European Sustainable Investment Forum
- Carbon Disclosure Project
- Swiss Sustainable Finance
- ICMA Green and Social Bond Principles
- Net Zero Engagement Initiative
- Nature Action 100

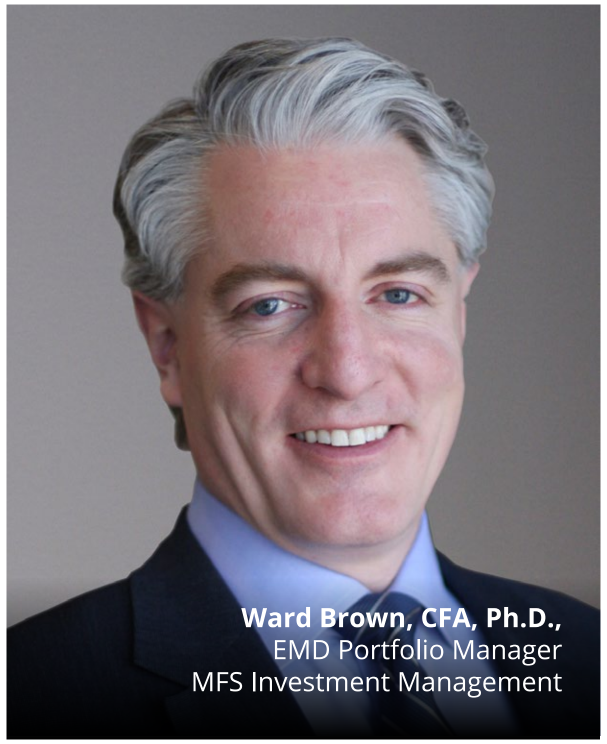
**Stewardship & Proxy voting**

Active ownership is an integral part of LGT CP's investment approach. The firm has a formal Active Ownership policy in place. It is our responsibility as sustainable investors to use our position to try to influence the behaviors of companies to act in the most favorable way for society, investors and other relevant stakeholders. LGT CP closely follows the SRI International Proxy Voting Guidelines provided by the Institutional Shareholder Services. The ultimate voting decision lies with the investment team.

**Product offering**

As of Q1 2024, LGT CP had 32% of its AuM in Article 8 strategies and 1% in Article 9 strategies. Our sustainable fixed income and equities strategies are aiming to address environmental and social challenges with a focus on overall positive impact on the UN SDGs. The investment objective is to invest sustainably while outperforming the respective benchmark.

# EMD: Navigating ESG Risk and Uncertainty



**Ward Brown, CFA, Ph.D.,**
EMD Portfolio Manager
MFS Investment Management

***"Using an array of metrics, we have constructed an ESG dashboard which our analysts and portfolio managers may use in the investment decision–making process."***

Ward Brown is an investment officer and EMD portfolio manager at MFS. His management duties include MFS' emerging market debt strategies and institutional accounts, in addition to conducting macroeconomic research and individual credit analysis.

Understanding material ESG factors is an important aspect of assessing investments in emerging market issuers in view of their vulnerability to climate change and other social and governance factors. For example, the energy transition in emerging markets has its own unique dynamic and risks that need to be taken into account in the investment process. We model these risks with the help of our EM ESG dashboard and other tools and engage with issuers to better understand how these factors affect them as part of our long-term active approach.

Using an array of metrics, we have constructed an ESG dashboard which our analysts and portfolio managers may use in the investment decision–making process. This tool allows our portfolio managers to understand the range of material risks and opportunities beyond financial reports, allowing them to track and compare ESG performance across issuers over time on a consistent standardized basis and relative to the level of development of a country. When using the dashboard, our focus is typically on two key questions:

**A. Relative performance:** Which issuers fare better (or worse) on ESG factors relative to their peers or in the case of sovereigns, relative to what their level of development would suggest?

**B. Directionality:** Which direction are ESG metrics trending in?

The ESG data we rely on in our dashboard is compiled from a variety of credible data sources chosen for their broad availability across emerging markets as well as their depth and spread across time.

### Weighing the E, S and G

Traditional ESG data sets tend to use static weightings for environmental, social and governance factors — for example, using equal weightings of 1/3, 1/3 and 1/3. Our ESG dashboard on the other hand applies weightings and relevance to factors derived from quantitatively back-tested correlations over time. Since materiality is not a static phenomenon, we consistently run these regressions to determine if spread materiality is changing and subsequently consider these changes in our weightings.

While there is broad consensus in emerging market investing that governance is the most important pillar, social factors, such as education and health are also crucial with environmental factors slowly increasing in relevance. We currently use base weightings of 15%, 35% and 50%, respectively, for environmental, social and governance factors in our dashboard which our analysts can adjust further to accurately reflect their perceived level of relevance to each issuer.

### MFS Investment Management in Numbers

| | |
|---|---|
| Total AUM (€b) | 582,250 |
| Total AUM in "Article 8" or "Article 9" strategies | 24,980 |
| #ESG team | 20 people |

### About MFS Investment Management

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

Our approach is characterized by our robust ESG integration framework, carefully considered proxy voting policies and thoughtful issuer engagement.

### Sustainable Investment Commitment

In 2009, we issued the MFS Policy on Responsible Investing and Engagement to ensure the systematic integration of financially material sustainability topics into our investment process. Additionally,

MFS is signatory to multiple collaborative organizations and initiatives that promote engagement on sustainability topics. Please refer to MFS' Annual Sustainability Report available on our website for more details.

### Integration & Resources

Sustainability factors are integrated at all levels of the investment process, across all business and product lines. We believe that incorporating sustainability into our investment process is integral to skilled asset management.

We have developed a robust ESG integration framework that encompasses our global investment platform and relies on every member of our investment team to ensure we are effectively considering all factors that could be material to the long-term value of issuers.

### Member / Signatory

We believe that working with other industry participants on collaborative engagement initiatives is often helpful in understanding sustainable issues and the challenges that the integration of those issues into the investment process pose.

- Net Zero Asset Managers Initiative
- Climate Action 100+
- Principles for Responsible Investment (PRI)
- United Nations Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)
- Workforce Disclosure Initiative
- Thinking Ahead Institute
- Carbon Disclosure Project (CDP)
- Ceres Investor Network
- The ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risk)

### Stewardship & Proxy voting

Our goal when engaging is to exchange views on sustainability topics that represent material risks or opportunities for companies or issuers, and to effect positive change on such issues. Our engagement approach is driven by strong collaboration between all members of our investment platform, and through our participation in collaborative industry initiatives. Our engagements take place consistently, and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings and more.

### Product offering

87.5% of eligible, Luxembourg-domiciled funds AUM qualify as Article 8.

# Making an Impact with Fixed Income

*"At Nuveen, we have been refining our impact bond framework for more than 15 years with a focus on transparency and disclosure."*


**Stephen M. Liberatore, CFA**
Portfolio Manager, Head of ESG/Impact, Global Fixed Income
Nuveen

Steve is the lead portfolio manager for Nuveen's fixed income strategies that incorporate Environmental, Social and Governance (ESG) criteria and Impact investments. He is also a member of the Investment Committee. Steve served on the ICMA Green Bond Principles Advisory Council and was a member of the initial executive committee.

The market for publicly traded bonds that provide intentional, direct and measurable social and/or environmental impact has evolved significantly. Investors seeking to incorporate impact goals into their fixed income portfolios now have a deeper and more diverse opportunity set. Over the past ten years, the impact bond market has grown rapidly to approach or even exceed the size of many established bond markets. The breadth of issuers has multiplied substantially, the range of tenors increased, and the uses of capital have broadened across social and/or environmental concerns. Improvements in reporting and the development of frameworks and regulations across the industry have also helped investors allocate capital and track the real-world results of their investments with more precision.

Today, there are ample opportunities for investors seeking compelling risk-adjusted absolute and relative returns while financing initiatives that are driving positive environmental and/or social outcomes. At Nuveen, we have been refining our impact bond framework for more than 15 years with a focus on transparency and disclosure. We have identified several best practices for investors focused on expanding their exposure to impact bonds.

### 1.Start with intentionality

Identify the specific causes or areas of social and/or environmental impact your institution wants to focus its efforts on. In developing our fixed income impact framework at Nuveen, we engaged our clients in discussions and evaluated the opportunities across bond market sectors. We then decided to direct impact capital across four themes: affordable housing, community and economic development, renewable energy and climate change, and natural resources.

### 2. Make impact direct and measurable

An institution needs to provide clarity on how it will deliver on its impact intentions. At Nuveen, we use the following guidelines for impact bonds:

- **Direct:** The capital raised must fund specific projects or initiatives that deliver a clearly defined environmental and/or social benefit, including pure-play issuers; typically, general purpose debt does not meet this standard.
- **Measurable:** The issuer must be able and willing to disclose key performance indicators through impact reporting for the project or initiative. Such disclosure enables investors to assess efficacy on a financial and outcome basis.

### 3.Prioritize engagement with issuers

Engagement with issuers is an essential aspect of Nuveen's approach to responsible investing broadly and impact investing particularly. As one of the world's largest fixed income managers, we maintain strong relationships with issuers, underwriters, policy makers, ratings agencies and asset owners. We use these relationships to engage in ongoing dialogues about how to structure bonds, what characteristics are needed to satisfy investor demand and the appropriate level and quality of impact disclosure and reporting.

nuveen
A TIAA Company

### About Nuveen

Nuveen is a global asset manager with more than $1.3 trillion in total AUM and over 50 years of experience in responsible investing. The firm's centralized RI team consists of subject matter experts that are specialized by asset class and/or role to deliver on Nuveen's three key RI principles: ESG integration, stewardship, and impact. Data capabilities, product innovation, robust governance matrix, dedicated team structure, and collaboration with industry stakeholders all contribute to Nuveen's leading approach to sustainable investing.

### Sustainable Investment Commitment

Nuveen has several initiatives in place aimed at reducing carbon emissions, including our own operations, assets managed by Nuveen Real Estate, and assets owned and managed in the General Account of our parent company (TIAA). These initiatives aim to achieve net zero emissions by 2040, 2040 & 2050, respectively. Since making these commitments, the firm has deployed numerous resources across asset classes including internal and external consultants, advanced data set onboarding, and enhancing our internal sustainability expertise.

### Integration & Resources

Our global fixed income impact strategy intentionally invests in securities across four specific impact themes: affordable housing, community and economic development, renewable energy and climate change, and natural resources. Within these four themes, the Nuveen team clearly defines the impact objectives, eligible project types and outcomes to be expected. Through the framework, we are able to articulate how the investments in the strategy directly lead to positive outcomes for stakeholders.

### Nuveen in Numbers

| | |
|---|---|
| Total AUM ($m) | 1,334,338 |
| Total AUM in "Article 8" or "Article 9" strategies ($m) | 16,000 |
| #ESG team | 33 |
| Sustainable strategy since | 1990 |

### Member / Signatory

- Carbon Disclosure Project (CDP)
- Ceres
- Global Impact Investing Network (GIIN)
- Green Bond Principles
- Japanese Stewardship Code
- Operating Principles for Impact Management
- Responsible Investment Association Australasia
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Principles for Responsible Investment (PRI)

### Stewardship & Proxy voting

Our approach to stewardship is rooted in our fiduciary duty to our clients and is designed to gain investment-relevant information and meaningfully advance transparency, accountability and, where appropriate, real-world impact among issuers across our portfolios. We set clear expectations for companies and for ourselves on what we seek to achieve through targeted engagement initiatives. Our proxy voting follows the same framework, and, since 2020, our rationales for shareholder proposal votes at S&P 500 companies are publicly available on our website.

### Product offering

As of Q1 2024, Nuveen's Article 8 and 9 strategies accounted for nearly $16 billion in assets under management (AUM). This represents 19% of our Responsible Investing AUM, and 1.2% of total firm AUM.

Our RI capabilities include over 40 strategies across fixed income, equities, real assets, and private capital asset classes. In 2023, Nuveen's fixed income impact team was named Investment Team of the Year by Environmental finance.

* Total RI AUM $83,881 Million.

At a firm level, Nuveen's ESG integration activities are implemented in collaboration between the central RI team, investment teams, and embedded subject matter experts with a focus on identifying financially material ESG themes and factors and facilitating access to ESG information. Members of the RI team work closely with investment analysts, portfolio managers, risk management professionals and others across the organization to drive scale and quality of ESG data and resources available to our investment teams.

# Responsible Investing: Our Fixed Income Approach

***"Within our security selection process, our team assesses ESG risks and changing dynamics across each sector of the fixed income market."***

**John Yovanovic, CFA**
Portfolio Manager, Co-Head of Leveraged Finance
PineBridge Investments

PineBridge Investments recognizes that environmental, social, and governance (ESG) factors create opportunities and risks for our clients' investment portfolios. We deliver an ESG-integrated investment process spanning our investment platform that seeks to assess the long-term impact of relevant ESG factors on asset valuations across industry sectors.

Our approach focuses on how companies plan to address ESG factors specific to their business that may help reduce the risk of adverse outcomes and support enterprise valuations over time.

Our Responsible Investing Approach is defined by three key components:

1. Evaluation of ESG factors is incorporated into our initial analysis and ongoing monitoring of investments where appropriate, as externalities related to environmental, social, and governance risks can ultimately have a material impact on financial and investment performance.
2. We believe asset selection and monitoring should consider a full review of a company's risks and encourage a proactive effort to mitigate those risks over time.
3. When we refer to engagement, we mean purposeful, targeted communication on particular risk areas that we believe will be drivers of long-term value.

**Incorporating ESG in the investment process**

Within our high yield strategies, our teams of investment professionals integrate ESG within the investment process and recognize that the inclusion of these factors mitigates investment risks and may provide opportunities to enhance investment performance. Inclusion of ESG factors bolsters our intensive credit research process, which independently rates credit risks, fundamental trends, and market valuations at each point along the capital structure to identify alpha opportunities in this dynamic asset class.

With a pool of more than US$1.3 trillion in assets as of year-end 2023 (according to Bank of American and JP Morgan), we believe the high yield market offers a fertile opportunity set to add value in portfolios.

PineBridge® INVESTMENTS

**About PineBridge Investments**

PineBridge Investments 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.

We are committed to strengthening and refining our ESG approach and remain convinced that the deferral to individual teams to establish specific policies and processes most appropriate to their investment activity is key to our success.

**Sustainable Investment Commitment**

PineBridge engages in a number of external commitment frameworks that are aligned with our internal corporate responsibility priorities and policies. We believe that working with industry partners and initiatives can help drive desired outcomes beyond what any one firm can do, particularly in codifying standards and norms.

PineBridge carefully considers each global and regional commitment framework for alignment with our approach and the best interests of our clients.

**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 asset classes, geographies, sectors and specific investments. PineBridge investment teams incorporate ESG into their investment process in line with their objectives and specific investment opportunities. Where investment teams integrate ESG scoring within their due diligence this is done using internal and external resources.

**PineBridge Investments in Numbers**

| | |
|---|---|
| Total AUM (€m) | 168,155.13 |
| Total AUM in "Article 8" or "Article 9" strategies | 7,720.23 |
| # ESG team | [1] |
| #Engagement team | [2] |
| Sustainable strategy since | 2020[3] |

[1] ESG is incorporated in all the roles of all investment professionals.
[2] Engagement is conducted by investment professionals
[3] PineBridge first established ESG funds in 2020 with an ESG fund range for the Taiwan market on its Taiwan fund platform.

**Member / Signatory**

- Principles for Responsible Investment (PRI)
- Net Zero Asset Managers Initiative (NZAM)
- UN Global Compact (UNGC)
- UK Stewardship Code
- UK Modern Slavery Act 2015
- Australian Modern Slavery Act 2018
- Japan Stewardship Code
- Taiwan Stewardship Code Membership:
- Swiss Sustainable Finance Initiative
- The Institutional Investors Group on Climate Change ("IIGCC")
- Sustainability Accounting Standards Board's ("SASB")

**Stewardship & Proxy voting**

PineBridge believes change drives investment performance, and our role as active managers is to nurture change through corporate engagement to enhance investment results. Stewardship is a vital aspect of managing assets on behalf of our clients' and it is an important component of ESG incorporation that benefits both PineBridge and the companies and entities in which we invest. PineBridge views proxy voting as an important right of shareholders and clients and votes proxies in the best interest of its clients.

**Product offering**

59% of the UCITS fund range are Article 8.

# Paris Aligned Investing in High Yield

***"Building on sector pathway research we have developed forward-looking analytics to evaluate how companies are both contributing to and mitigating climate change."***

**Sander Bus**
**CIO High Yield, Portfolio Manager**
**Robeco**

Sander Bus is CIO and Portfolio Manager High Yield in the Credit team. He has been dedicated to High Yield at Robeco since 1998 and has been active in the industry since 1996.

Robeco Climate Global High Yield Bonds is an actively managed fund that invests in high yield corporate bonds. The selection of these bonds is mainly based on fundamental analysis. The fund aims to reduce the carbon footprint of the portfolio and thereby contribute towards the goals of the Paris agreement to keep the maximum global temperature rise well-below 2ºC. The fund invests in worldwide bonds and other marketable debt securities and instruments (which may include short dated fixed or floating rate securities) issued or guaranteed by OECD member states and by companies based in OECD countries. The fund's objective is also to provide long term capital growth.

The Climate Global High Yield Bonds strategy is aimed at actively lowering carbon footprints via high yield investments, measured against a Paris Aligned Benchmark by Solactive. The strategy harnesses the potential sustainability impact of asset owners, from a bondholder's perspective. Robeco's new Climate High Yield Bonds fund is therefore particularly suitable for the strategic asset allocation of pension funds, insurance companies as well as retail investors.

This strategy offers access to the high yield market with a significantly lower carbon impact than traditional high yield products. Our quality-tilted investment approach coupled with climate-focused considerations make Robeco Climate Global High Yield Bonds a unique and impactful choice.

ESG is an integrated part of the investment process. The Credit analysts take their own deep sector knowledge and understanding of the relevant ESG trends as a starting point for ESG research but also use the analysis from our sustainability team, for example the proprietary SDG and climate scores. We use external providers such as Sustainalytics to validate and supplement our proprietary sustainability analysis.

Building on sector pathway research we have developed forward-looking analytics to evaluate how companies are both contributing to and mitigating climate change. These proprietary climate scores give positive scores to climate leaders and negative scores to climate laggards. The scores take into account GHG Emissions, a company's contribution to climate solutions and a company's GHG reduction target and the credibility of this target.

**Balancing financial performance with ESG performance**

We focus on identifying financially relevant sustainability factors. Therefore we have created sectorial materiality frameworks to ensure that we integrate financially material sustainability factors into our investment process. This allows us to make unique and better-informed investment decisions for the long-term.



**ROBECO**
**The Investment Engineers**

**About Robeco**

Founded in 1929, Robeco is an international active asset manager focusing on a combination of fundamental, sustainable and quantitative investment strategies. We generate return on investment for our clients, contributing to economic stability in the form of, for example, pension payments and investments in companies that generate employment. With our research-centric approach we simultaneously aim to take part in addressing the societal challenges of our time, such as climate change, biodiversity and social equality.

**Sustainable Investment Commitment**

Our Sustainable Investing strategy consists of six pillars:

- Sustainable investing solutions for all clients
- High-quality sustainable investing intellectual property
- Create real world impact
- Build partnerships
- Maintain license to operate
- Integrating sustainability in business operations

With Open Access, we offer a platform that allows investors and other stakeholders to view the intellectual property that underpins our SI strategies. With respect to partnerships with academia our purpose is to confirm Robeco's leadership position in sustainable investing, to further develop our sustainable investment proposition and continue our focus on innovation.

**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. Our Sustainable Investing Center of Expertise delivers sustainable investing expertise and insights to the investment teams, our clients and the broader market. This includes a special focus on climate change, the UN SDGs, biodiversity and human rights. All investment teams undergo an annual quality control on their ESG integration work. The Head of Sustainability Integration uses a quality control framework that is applied on randomly selected investment cases.

**Robeco in Numbers**

| | |
|---|---|
| Total AUM (€m) | 194,023 |
| Total AUM in "Article 8" or "Article 9" strategies | 113,522 |
| #ESG team | 52 |
| #Engagement team | 19 |
| Sustainable strategy since | 1995 |

**Member / Signatory**

- PRI
- CDP
- Climate Action 100+
- Net Zero Asset Manager Initiative
- Global Reporting Initiative (GRI)
- Global Impact Investing Network (GIIN)
- TFCD
- United Nations Global Compact
- Institutional Investors Group on Climate Change
- Partnership for Carbon Accounting Financials
- International Corporate Governance network

**Stewardship & Proxy voting**

We believe that our engagement with companies on financially material sustainability issues will have a positive impact on our investment results and on society. Robeco actively uses its ownership rights to engage with companies on behalf of our clients. Improvements in sustainable corporate behavior can result in an improved risk return profile of our investments. In 2023, we engaged with 292 companies on 319 cases. Engagement is standard for Robeco funds. Proxy voting is part of Robeco's Active Ownership approach. We have been voting on behalf of our clients since 1998. We vote at almost all possible meetings relevant to our holdings, regardless of region or company.

**Product offering**

98% of all our funds qualify as Article 9 or Article 8. Thematic strategies:

**Equities**

- Circular Economy
- Fashion Engagement
- Net Zero 2050 Climate Equities
- SDG Engagement Equities
- SDG Equities
- Smart Energy
- Smart Materials
- Sustainable Water

**Fixed Income**

- Climate Global Bonds
- Climate Global Credits
- Climate Global High Yield
- Green Bonds
- SDG Credits
- SDG Credit Income
- SDG High Yield
- SDG & Climate Multi-Factor Credits

# A Prudent Approach to Credit Management

***"We recognised that the young people, protesting for the climate are the consumers, policy makers and investors of tomorrow, and they deserve a fund that is equally forward-thinking."***

**Saida Eggerstedt**
Head of Sustainable Credit
Schroders

Saida Eggerstedt joined Schroders in 2019 as the Head of Sustainable Credit. She champions a holistic investment approach that takes into account all stakeholders, including bond holders, employees, suppliers, and customers. With a diverse portfolio constructed of various sized companies with different credit ratings, her investment philosophy is rooted in sustainability. Starting out as an equity manager Saida moved on to the credit side after some time off on a parental leave. "Coming back, I was yearning for new challenges and the credit side looked like a good opportunity to get into a growing and more complex investment area. Women managers in credit were rare in those days, so that seemed like an intriguing factor and gave me an extra boost during those early days.

My initial foray into sustainability was during my tenure managing funds for Dutch and French clients in Edinburgh, where we did exclusions of weapons and engaged with companies against oil sands. I also analysed credit volatility through the lens of governance."

### Integrating ESG

Over time, her passion for ESG and green bonds grew and today they are an integral part of her credit portfolio. "Engaging to gain insights, influencing long-term disclosure, and aiming for performance through sustainability is part of our style. We continuously make smaller improvements and learn from our broader team on both credit and sustainability sides. This often leads to positive performance despite having credible exclusions in the sustainability and theme funds.

I believe that viewing investments through the lens of sustainability themes allows for a comprehensive examination of the entire value chain and the enablers of change. It also opens up the opportunity to explore larger socio-economic trends, as reflected in the UN SDGs. This perspective not only brings new investment ideas and leads to more diversification, but it also helps us to understand the drivers of specific sectors or subsectors, leading to relative value opportunities. We leverage these themes for engagements as well as sustainability regulation alignment."

### Seeking solutions

We seek investable solutions to real life issues. One good example is our carbon neutral credit fund that was inspired by the urgency of the 2019 'Climate Strike' protests and inspired us to design a product that addresses decarbonisation unambiguously. We recognised that the young people, protesting for the climate are the consumers, policy makers and investors of tomorrow, and they deserve a fund that is equally forward-thinking. Our challenge was to build a global credit portfolio that aims to be carbon neutral well before the year 2050 and has the potential to outperform a standard global credit benchmark. I'm quite happy with how we have succeeded in that: Our fund is not only targeting carbon neutrality by 2025 but is also committed to reducing all types of carbon emissions in the long run. With the month-by-month performance of the fund aligning consistently with the global credit market, we're also delivering outperformance without taking on undue risk compared to the rest of the market."



Schroders

### About Schroders

Schroders is an investment manager with broad expertise across public and private markets, investing on behalf of savers and investors globally. Schroders has over 200 legal entities operating in over 38 locations across Europe, Middle East and Africa, the Americas and the Asia Pacific region. Our international presence supports us in understanding the needs of our clients and delivering them the right expertise from across the business.

Our continued product innovation programme helps us to maintain our strong position in sustainability – a key ambition along with being a strong solutions provider for our clients globally.

### Sustainable Investment Commitment

Our purpose is to provide excellent investment performance to our clients through active decision making. In our view, sustainability risks and industrial trends are intrinsically linked to the performance of many investments over the long term. Investee companies and assets face competitive pressures from a wide range of sources, on a larger scale and at a faster pace than ever before. Investment teams no longer have a choice over whether to seek exposure to sustainability risks and opportunities; all portfolios may be impacted.

We believe that considering sustainability factors across the investment strategies we manage, in line with those strategies' investment objectives.

### Integration & Resources

We integrate ESG considerations into our research and investment decisions across Investment teams and asset classes with the aim of maximising risk-adjusted returns for our clients. For us, ESG integration is the process of identifying, analysing and incorporating relevant and material ESG factors into investment decisions as well as the ongoing monitoring of portfolios and engagement with investee company or assets' management teams.

### Schroders in Numbers

| | |
|---|---|
| Total AUM (€m)[1] | 866,414 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 80.4 |
| #ESG team | +45 |

[1] Figures as at 31 December 2023

### Member / Signatory

- CDP
- Climate Action 100+
- Climate Financial Risk forum
- IFRS ISSB Investor Advisory Group (IIAG)
- Institutional Investors Group on Climate Change (IIGCC)
- International Corporate Governance Network (ICGN)
- Investors Against Slavery and Trafficking (APAC)
- Investor Alliance for Human Rights
- Net Zero Asset Managers Initiative
- Principles for Responsible Investment (UN PRI)
- PRI Advance
- Science Based Targets initiative (SBTi)
- UN Global Compact
- UN Race to Net Zero

### Stewardship & Proxy voting

Active ownership encompasses our engagement and voting activities. We manage investments across a wide range of asset classes, which bring different ownership rights and opportunities for influence. As an active manager, with hundreds of experienced and insightful analysts and fund managers around the world, we engage thoughtfully and constructively with the companies in which we invest. Our active ownership priorities seek to reflect the combined perspectives of our clients, fund managers, investment analysts and sustainability specialists across the firm, supported centrally by our Sustainable Investment team.

### Product offering

Schroders offers more than 250 Article 8 and 9 products covering major equity, fixed income, and multi-asset categories. Our investment strategies cover many approaches, including full ESG integration in each step of the investment process to best-in-class, positive inclusion, active ownership, thematic, and Impact, among others. In Fixed Income, we offer a range of Sustainable-driven strategies, as well as thematic and Impact strategies, such as Social Impact Credit and Carbon Neutral Credit.

# Solutions that Empower Investors

***"The ability to develop flexible and tailored solutions in today's dynamic and fast changing world is crucial to meet the variety of unique needs and risks investors face."***

**Rupert Cadbury**
Senior Sustainable Investment Strategist
State Street Global Advisors

Rupert's entry into the world of sustainable investing started at Leeds University studying the Economics of Famine. Today Rupert is a Senior Sustainable Investment Strategist working in the asset management arm of State Street Corporation.

Rupert joined State Street Global Advisors in June 2013 and in his role works closely with institutional clients, advisors and consultants on fixed income and equity sustainable investment strategies, research and portfolio implementation investment insights.

To help investors meet investment needs and objectives, we offer a wide spectrum of investment strategies from which our clients may choose. Whether our clients are focused on risk management, responding to new regulations, making investments that align with their values, or seeking to enhance long-term performance, our sustainable investing capabilities can support clients in achieving their sustainability objectives and investment goals.

Most notably for us as an asset manager, when it comes to climate-thematic investing, there is no one approach to the investment framework that works for all investors. The ability to develop flexible and tailored solutions in today's dynamic and fast changing world is crucial to meet the variety of unique needs and risks investors face.

Through collaboration, data-driven analysis, and a commitment to sustainability, investors can pursue financial objectives while seeking to contribute to a more resilient and sustainable future.

While some investors may be familiar with the proprietary State Street Sustainable Climate Equity Strategy and State Street Sustainable Climate US and Euro Corporate Bond Strategies, these are just some examples of the climate-thematic indexing and smart beta investment solutions which we offer.

Similarly, we also offer alpha seeking investment solutions such as the State Street Global Climate Transition Equity Strategy a forward-thinking high conviction portfolio that is managed by our Fundamental Equity Team.



### State Street Global Advisors in Numbers

| | |
|---|---|
| Total AUM ($m) | 4,340,000 |
| Total AUM in "Article 8" or "Article 9" strategies ($m) | 69,000 |
| #ESG team | 20 |
| #Engagement team | 19 |

### About State Street Global Advisors

We see ourselves as a strategic partner and an enabler to our clients with sustainable investment objectives. Our process includes inputs from across the organisation, not just the sustainable investment strategists team. We include insights and expertise from research teams, traders and portfolio managers, investment strategists, risk management, data analytics and reporting.

### Member / Signatory

- Climate Bonds Initiative (CBI)
- IFRS Sustainability Alliance
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- One Planet Asset Manager Initiative
- Task Force on Climate Related Financial Disclosures (TCFD)
- Transition Pathway Initiative
- UN Principles for Responsible Investment (PRI)

### Sustainable Investment Commitment

We partner with many academic and research institutions to learn, research, and implement the most innovative and advanced solutions for sustainable investing, e.g., George Serafeim, The Charles M. Williams Professor of Business Administration at Harvard Business School. We promote awareness and insights, in various ways, including the publication of thought leadership content on our website.

### Stewardship & Proxy voting

Our Asset Stewardship Program is focused on engagement with portfolio companies to promote robust governance, including board oversight, and disclosures. The program has three principles:

- Effective Board Oversight
- Disclosure
- Shareholder Protection

With these Stewardship Principles as a foundation, we will work to address matters which relate to the promotion of long-term shareholder value creation. Our 2023 Asset Stewardship Report is available here.

### Integration & Resources

We provide a wide range of thoughtfully designed and precisely executed sustainable investing options across pooled vehicles, including our global ETF platform, and fully customizable separately managed accounts (SMAs). This breadth allows investors to build exposures that align with their specific objectives and views. With our advanced analytics, investment insights, and reporting capabilities, we seek to ensure investors have access to the information and tools they need to assess sustainability characteristics in their portfolios.

### Product offering

**Article 8:**

SFDR Classification Article 8 Pooled Products AUM: $69 billion[1]% of AUM = 45%

Data is calculated for EU domiciled funds managed by State Street Global Advisors Europe Limited. AUM is sourced from the relevant Fund Administrator as at 31st March, 2024 and includes Fund of Funds.

[1] This figure is presented as of March 31, 2024 and includes ETF AUM of $1,360.89 billion USD of which approximately $65.87 billion USD is in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

# SUSTAINABLE LEADERS

## REAL ASSETS

BNP PARIBAS ASSET MANAGEMENT

mirova Investing in sustainability | An affiliate of NATIXIS INVESTMENT MANAGERS

CBRE Investment Management

VAN LANSCHOT KEMPEN

# The Evolving World of Real Assets

*“When we decide to invest in a new sector, we have access to industry experts that can provide us with insight, even local market insight, throughout Europe."*

**Karen Azoulay**
**Head of Real Assets**
BNP Paribas Asset Management

Karen Azoulay is the Head of Real Assets at BNP Paribas Asset Management. She joined the company in April 2017 and in January 2023 took on a wider role heading up the Real Assets division of the Private Assets platform.

“As Head of Real Assets, I am responsible for leading the infrastructure and real estate strategies within the Private Assets platform of BNP Paribas Asset Management. Our Real Assets division has EUR 3.5 billion of assets under management with capital commitments from over 50 LPs. A key element of our investment philosophy and style is that ESG considerations are paramount for sustained long-term value. The team remain at the forefront of impact investing, completing numerous transactions in the renewables space such as solar power plants and onshore wind farms, as well as a notable deal in electric vehicle charging – all promoting energy transition.”

**Financing the energy transition**

We have been very active in energy transition since the early days. Combined with the access we have to the wider group, this puts us in a strong position because we have access to industrial experts dedicated to each sector. When we decide to invest in a new sector, we have access to industry experts that can provide us with insight, even local market insight, throughout Europe.

It is very important to have access to this local market knowledge before investing in those sectors. And when we invest ahead of market trends, that is when we pick the best assets.

**Diversification remains key**

“We are focusing on several sectors, such as renewable energy, green mobility, and circular economy, as well as new energy transition-related sectors such as battery storage, hydrogen, and carbon captures. One may think that if you invest in SFDR 9, then you will only invest in renewable energy, and that’s not the case at all. We can invest across different sectors. We keep that diversification as a key feature.”



**About BNP Paribas Asset Management**

BNP Paribas Asset Management (BNPP AM) manages EUR 562 billion of assets and benefits from the expertise of 500+ investment professionals and around 400 client servicing specialists, serving individual, corporate and institutional clients in 66 countries, as at 31 March 2024. Sustainability is core to BNPP AM’s strategy and investment philosophy. Among the leaders in thematic investment in Europe[1], BNPP AM intends to contribute to a successful Energy transition, healthy Ecosystems, and greater Equality in our societies (our “3Es”).

[1] Source: 2nd in Europe on sustainable thematic strategies, according to an analysis made by BNP Paribas Asset Management based on Morningstar data as at 31/12/2023

**BNP Paribas Asset Management in Numbers**

| | |
|---|---|
| Total AUM (€m) | 562000 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 281500 |
| #ESG team | 36 people |
| Sustainable strategy since | 2002 |

**Member / Signatory**

- Principles for Responsible Investment (PRI)
- Climate Action 100+
- Net Zero Asset Managers initiative
- Nature Action 100
- CDP
- Asia Investor Group on Climate Change
- (AIGCC)
- Global Network Initiative (GNI)
- ICGN
- IIGCC
- Partnership for Biodiversity Accounting
- Financials (PBAF)

*We are part of more than 40 initiatives.

**Sustainable Investment Commitment**

BNPP AM’s Global Sustainability Strategy (GSS), launched in 2019 and updated in 2024, outlines our approach to sustainability. In the GSS, we stated our objective “to make a substantive contribution to the low carbon energy transition”, and that one of the ways to do so was by encouraging our investee companies to align their strategies with the goals of the Paris Agreement. We contribute to several industry initiatives, including the Global Research Alliance for Sustainable Finance and Investment (GRASFI), among others.

**Stewardship & Proxy voting**

We engage with corporate, agency, (sub-) sovereign issuers as well as regulators and policymakers across all regions on key ESG issues and in line with our 3Es[1]. We undertake our engagement individually, as well as collaboratively. Our approach to voting is governed by a set of principles which underpin our expectations of the companies we invest in and act as our guidance in carrying out our ownership duties.

[1] Energy transition’, ‘Environmental sustainability’, ‘Equality and inclusive growth

**Integration & Resources**

We accomplish ESG integration through our ESG Integration Guidelines and through the development of proprietary sustainability research. Our proprietary ESG scoring framework is covering more than 13,000 issuers and is helping to generate robust ESG insights for better-informed decisions. We monitor the ESG score and carbon footprint of investments against their benchmarks with the aim of outperforming on each. We also recently launched our proprietary Sustainable Development Goals (SDG) scoring framework.

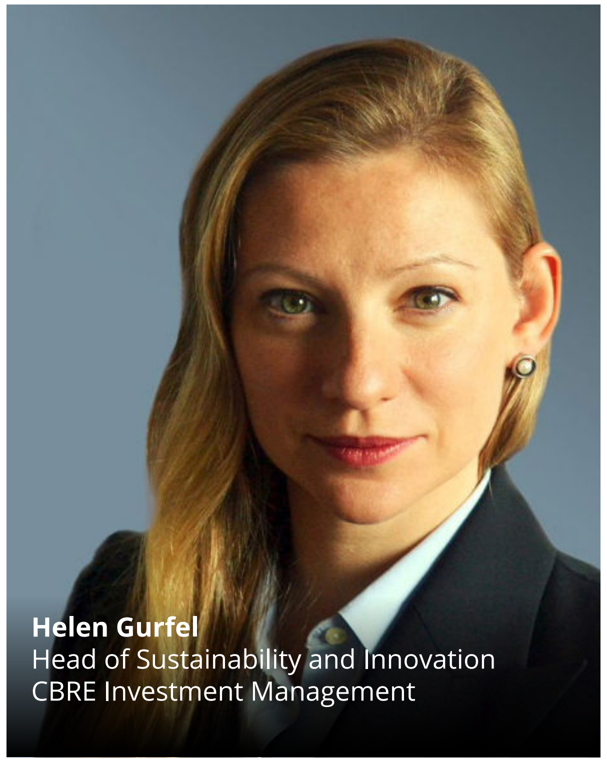
**Product offering**

90% our European domiciled open-ended funds’ assets are classified as Article 8 or Article 9 according to the SFDR[1]. Our goal is to integrate sustainability dimensions across our investment strategies. For investors wishing to go further, we also offer solutions: promoting environmental and/or social characteristics; receiving one or several labels; or having a sustainability’s objective (for example sustainable thematic strategies).

[1] As at March 2024

# A Real Assets Portfolio for the Future

*"To provide decision-useful data for our investment teams, we developed a proprietary set of tools and processes to ensure consistent evaluation of investments across the global platform."*



**Helen Gurfel**
Head of Sustainability and Innovation
CBRE Investment Management

As Head of Sustainability and Innovation for CBRE Investment Management, Helen Gurfel has overall responsibility for sustainability and setting the sustainability agenda for the firm. Her leadership is pivotal as a member of the firm's Executive

Committee and strategy Investment Committees. Gurfel heads a team of 14 fully dedicated sustainability professionals and 120 Sustainability Ambassadors from across the global business as of March 31, 2024, that support the firm's global sustainability efforts. She also co-chairs the firm's Global Sustainability Council. Gurfel is also a member of the GRESB Real Estate Standards Committee and 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. Our unique ability to see investment management through the eyes of real estate and infrastructure investors and users means we have the expertise

to deliver on all aspects of an investment's lifecycle and align client investment objectives with users' needs and preferences across portfolios and sector specialties. "We believe a focus on sustainability is essential for managing risk, maximizing longterm investment returns and helping preserve our planet for future generations," according to Gurfel. We also believe there are synergies between operational excellence and sustainability performance. We find that optimizing operations can simultaneously unlock environmental and financial benefits.

**Data-driven sustainability assessment**

"To provide decision-useful data for our investment teams, we developed a proprietary set of tools and processes to ensure consistent evaluation of investments across the global platform," Gurfel explains. "As an example, the firm's Direct and Indirect Private Real Estate strategies use our proprietary Sustainability Scorecard to measure progress in meeting sustainability key performance indicators and targets as well as to manage related risks. We have a three-step strategic approach for addressing physical climate risks and are pursuing a decarbonization program to create actionable carbon transition pathways," Gurfel says.

**Finding resilient long-term investments**

At CBRE IM, sustainability factors are an alpha driver, not just a filter. "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 dieselgenerated propulsion with technologies such as electric battery- and hydrogen-powered vessels to lower both costs and emissions."

**Future proofing our portfolio**

"We have sought to build a 21st-century portfolio using CBRE IM's distinct multidimensional approach to drive enduring client outcomes," concludes Gurfel

**About CBRE Investment Management**

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 $144.0 billion (€130.5 billion) of assets under management (AUM) for approximately 800 institutional investors, as of March 31, 2024. We specialize in holistic real assets solutions within and across five real asset investment categories, with a distinct

multidimensional approach, which creates enduring outcomes for our clients by driving end-to-end value, transforming knowledge into action and focusing on the future.

**Sustainable Investment Commitment**

Our Sustainability Vision focuses on three key areas:

1. **Climate:** We seek to address climate risks and enhance investment return opportunities by focusing on delivering net zero GHG performance and physical resilience.
2. **People:** Our people are at the forefront of our thinking as we work toward DE&I strategic goals. We also have a strong commitment to advancing long-term change in our industry.
3. **Influence:** We seek to engage and inspire those we work with to embrace sustainability, which informs our engagement with key stakeholders and our involvement in industry working groups to help shape and advance sustainability in the industry.

**Integration & Resources**

We integrate sustainability factors into our 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 five Sustainability Committees (covering corporate operations, direct private real estate, indirect private real estate, private infrastructure and listed securities) provide guidance to and share best practices with leadership, portfolio management, acquisitions and asset management.

**CBRE Investment in Numbers**

| | |
|---|---|
| Total AUM (€m) | 130,500 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 16.482 |
| #ESG team | 14 people |
| Sustainable strategy since | 2009 |

**Member / Signatory**

- PRI
- GRESB (participated in 2009 pilot)
- TCFD
- UK Stewardship Code
- INREV
- Association of Real Estate Funds
- The Aldersgate Group
- Institutional Investors Group on Climate Change
- Net Zero Asset Managers Initiative
- Sustainability Policy Advisory Committee of the Real Estate Roundtable

**Stewardship & Proxy voting**

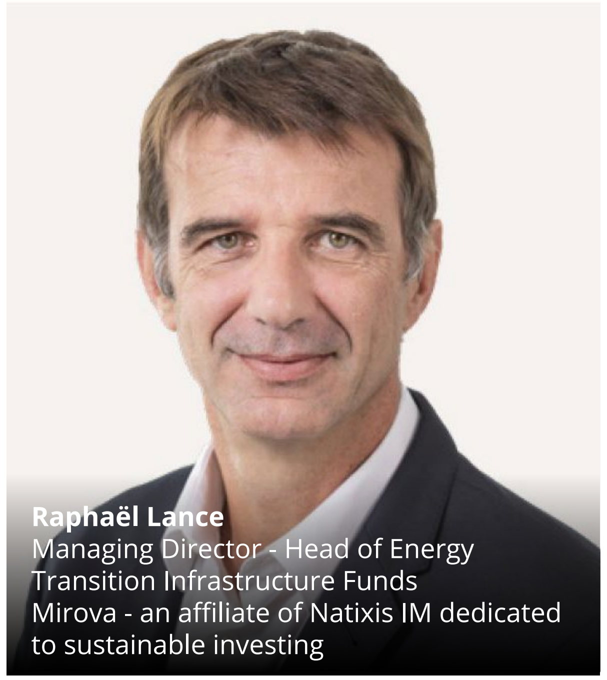
We believe that the right kind of engagement creates a multiplier effect of positive change. The purpose of sustainability engagement is to promote positive action, identify and manage risks and opportunities and help ensure continued performance improvement. We engage with investee companies, managers and funds for our indirect strategies and with occupiers and property managers for our direct private real estate strategy.

**Product offering**

CBRE IM offers global and regionally focused funds and separate accounts for institutional investors for direct private real estate, indirect private real estate, private infrastructure and listed real assets.

For private real estate, the firm has six Article 8 funds (of which four are actively fundraising and two Article 9 funds as of March 31, 2024. The two Article 9 funds invest in affordable housing in the UK and Europe. In addition to the above, CBRE IM also has a newly launched direct value-add real estate fund investing in retail, office and logistics assets across Europe which has neen classified as an Article 8 fund.

# Energy Transition: Time to Consolidate



**Raphaël Lance**
Managing Director - Head of Energy Transition Infrastructure Funds
Mirova - an affiliate of Natixis IM dedicated to sustainable investing

***"Today, Mirova's portfolios feature key technologies such as energy storage, biogas, hydro power, hydrogen, and electric mobility."***

Energy transition has accelerated beyond expectation in the last five years, with private investment into renewable projects leading the charge. We believe this is a time to consolidate and for investors to optimize their offerings. For us, that means consolidating our innovation of the last few years and reaping the benefits, without overextending ourselves.

**An intense period of innovation**

Mirova is an early energy transition pioneer. From its €50mn investment in French wind farms in 2002, we have now funded more than €3.8bn in global energy transition projects[1]. Today, Mirova's portfolios feature key technologies such as energy storage, biogas, hydro power, hydrogen, and electric mobility.

**Time to double down**

After this period of intense innovation and development, the prevailing economic and financial climate means it is now time to consolidate. We will use Mirova's experience of the last two years to bed in all the innovation and focus on optimizing performance. Mirova now has €30.9bn AUM across its portfolios, with €3.8bn in energy transition[2]. Our recent impact report shows we have financed more than 1,000 projects in 48 countries and funded 7.3GW of renewable energy installations[3]. As a result, more than 660,000 people have new or improved energy access. With higher interest rates and more business uncertainty, Mirova is doubling down on its approach.

**Diversification through private equity**

More expensive financing provides an opportunity for investors to buy directly into development companies, as well as finance individual projects. Many fast-growing development companies are finding it harder to self-fund or obtain funding from traditional sources, and are willing to trade equity for a capital injection. To meet this need, we have added a private equity element to our portfolios, which is now accounting for almost half of our allocations and becoming a strong additional driver of performance.

**Deal flow momentum**

Competition for individual projects is increasing as the energy transition sector matures, but the pool of projects is deepening too. There is currently a lot of fundraising and newcomers. Fortunately, there is also great financial need, with hundreds of billions needed for energy transition, mobility transition, the decarbonization of industry, and an accompanying focus on emerging hydrogen projects. In addition, while high interest rates reduce liquidity overall, energy transition has moved to the top of investors' agendas.

**Potential for risk-adjusted outperformance**

For experienced investors who understand the risks, the returns on offer from energy transition should comfortably outperform those of traditional assets on a risk-adjusted basis. In the last few years, Mirova has targeted 8%–9% IRR, but this has now risen alongside higher power prices. Performance could be further boosted by the private equity component. It's more volatile, but successful investments can return 5x the money, and overall, IRRs in our portfolios have improved. Of course, we've been doing this for over 20 years, and this is the time for experienced professionals – not a job for debutants in the current environment.

[1 2 3] Source: Mirova, 31 March 2024.

mirova
An affiliate of NATIXIS INVESTMENT MANAGERS

**About Mirova (an affiliate of Natixis Investment Managers**

Mirova is a global asset management company dedicated to sustainable investing and an affiliate of Natixis Investment Managers. At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact.

Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific.

**Sustainable Investment Commitment**

Mirova is fully dedicated to responsible investing. Its philosophy is based on the conviction that the integration of sustainable development makes it possible to offer investors solutions that create long-term value, not only through better risk management, but also to identify investment opportunities in a constantly changing world.

Whether it is investments in stocks or bonds, listed or unlisted, in companies or projects, all of Mirova's investments share the same approach: to reconcile the creation of economic, environmental and social value. Mirova's investable universes at the heart of the investment process focus exclusively on companies and projects with satisfactory ESG performance.

**Integration & Resources**

All of Mirova's resources are allocated towards taking ESG criteria into account in its investment strategy. Mirova's Sustainability Research team has developed proprietary Impact and ESG assessment methodology.

**Mirova in Numbers[1]**

| | |
|---|---|
| Total AUM (€m) | 30.9bn |
| Total AUM in "Article 8" or "Article 9" strategies | [1] |
| #ESG team | [2] |

[*] All data as of 31 March 2024.
[1] €25.9bn in listed assets and €5.0bn in private assets
[2] 241 multidisciplinary professionals including 21 Impact & ESG experts

**Member / Signatory**

Mirova is a mission-driven company, labelled B Corp[1]

- **International:** UN PRI, Ceres, GIIN, USISIF, HKGFA
- **Europe:** Eurosif, EVPA
- **France:** AFG, Fair, FIR, Institut de la Finance Durable
- **Green & Social bonds:** ICMA, The Green Bonds Principles, Climate Bonds Initiative
- **Unlisted investments:** France Invest, Solidarité renouvelables
- **Low-carbon investments:** CDP, ICROA, IETA, TCFD, NZAM, GFANZ, Climate 100+
- **Natural capital and biodiversity:** Act4Nature, CPIC, TNFD, Finance for Biodiversity pledge, Tropical Forest Alliance, Sustainable Markets Initiative

[1] The reference to a ranking or a label does not prejudge the future performance of the funds or its managers.

**Stewardship & Proxy Voting**

Mirova firmly believes that a financial services company must have an impact on the economy not only through the allocation of capital, but also through engagement actions, both collective and individual, targeting companies and regulators alike. In general, we use our expertise to encourage the adoption of strategies and policies in line with the Sustainable Development Goals (SDGs). Finally, Mirova targets regulators, local and professional organisations and, increasingly, civil society. Our aim is to advocate for regulations and standards conducive to the development of top-quality sustainable finance.

**Product offering**

All our funds[1] are classified Article 9 under SFDR regulation. The firm has developed a global approach to responsible investing covering all asset classes and investment solutions. Mirova's fund range is designed for all types of investors, both professional and non-professional.

[1] For the funds exclusively managed by Mirova and covered by the SFDR regulation.

# Farming for a Better Future

*"In a healthy soil, plants can efficiently draw carbon from the atmosphere and sequester it: thus helping mitigate global warming."*

**Richard Jacobs**
Co-head Private Markets
Van Lanschot Kempen Investment Management

Many problems facing our society today, are somehow linked to the agricultural sector. Think climate change, deteriorating soil quality, declining biodiversity and (in)sufficient food production. Regenerative farming can offer comprehensive solutions for several of these issues. Richard Jacobs, investing pioneer in regenerative farming and co-head of Kempen Private Markets, talks about how this works in practice.

**Regenerative vs conventional**

'Conventional farming practice typically works 'against' nature: killing weeds, killing fungi. In contrast, regenerative farming helps restore nature by taking advantage of the natural tendencies of ecosystems to regenerate when disturbed. It seeks to improve soil fertility, water management and biodiversity with the goal of increasing yields while reducing environmental impacts by using fewer resources.' An important effect of regenerative practices is the heightened ability of soil to capture carbon. Jacobs: 'In a healthy soil, plants can efficiently draw carbon from the atmosphere and sequester it: thus helping mitigate global warming.'

**Urgent need for change**

The need for a different take on farming is undeniable. 'Over the past decades there have been huge gains in crop yields, amongst others through the use of artificial fertilisers. But soil health and fertility have deteriorated and biodiversity loss has reached a critical stage. Resources are finite and there are growing concerns about how to feed growing population. Also, agriculture is responsible for about a quarter of global greenhouse gas emission.

**Regenerative farming in practice**

Several key principle in the regenerative practice - circular farming, using cover crops, no tilling and promoting biodiversity – aim to protect and regenerate the soil, not taking more than we give back. Once ignored and disturbed, it takes time to restore soil balance and re-establish the symbioses between plants, bacteria and fungi. This is what regenerative farming is about, says Jacobs: 'Embracing natural solutions and adding tools that help the natural system to thrive.' 'We cooperate with farmers globally, ranging from potato growers in the US, organic vegetable farmers in Denmark to tree nut growers in Australia', Jacobs says. 'They all demonstrate that regenerative practices can offer significant benefits whether they be financial or ecological. We think that investors should play a more significant role in helping to transform agriculture to a regenerative system.'

**Worldwide access to sustainable land ownership**

The mission of the Kempen SDG Farmland Strategy is to acquire land with the right properties for healthy and sustainable yields, where we deploy regenerative or nature inclusive farming techniques that contribute to the UN Sustainable Development Goals (SDGs). Our experienced team, with a background in farming, works within a network of aligned local partners for sourcing and managing the assets.We aim to deliver a return from an attractive combination of income from rent or crop yields and an increase in land value. Investors can rely on farmland being a hard asset without depreciation, profiting from the growing scarcity of productive soils worldwide.

**Van Lanschot Kempen in Numbers**

| | |
|---|---|
| Total AUM (€m) | 104.7 |
| Total AUM in "Article 8" or "Article 9" strategies (€m) | 45.3 |
| #ESG team | 7 people |
| Sustainable strategy since | 2008 |

**About Van Lanschot Kempen**

At Van Lanschot Kempen Investment Management, we search for the hard-to-access asset classes often missed by our competitors. We believe that's where our specialist teams can bring the most knowledge, add the most value and deliver a competitive edge.

We work hard to support and challenge the companies we invest in. Helping to guide their transition to the sustainable economy. In particular, through what we believe are the two key transitions of our times – energy and food.

**Member / Signatory**

- Climate Action 100+
- Dutch Fund and Asset Management Association (DUFAS)
- IIGCC, GIIN
- GRESB
- Nature Action 100
- Net Zero Asset Managers Initiative
- Platform for Biodiversity Accounting Financials (PBAF)
- PRI Advance
- Principles for Responsible Investment (PRI)
- UN Global Compact

**Sustainable Investment Commitment**

We see sustainability as a responsibility and opportunity to create positive impact and return over the long run. We focus on areas where we are best equipped to make a meaningful contribution.

**Climate and biodiversity:** helping our environment to recover faster by contributing to energy transition and biodiversity. We aim for a 7% annual carbon emission reduction in our portfolios.

**Living better for longer:** helping our clients and society to live longer and in better health.

**Stewardship & Proxy voting**

We believe that effective stewardship adds financial value to our clients. We engage with our portfolio companies, encouraging positive change.

Aiming to be a net-zero investor by 2050, we have directed a substantial part of our voting and engagement efforts towards climate-related issues. Although the easiest way to reach our target would be to disinvest from the most polluting companies, we prefer to take the more impactful route through active ownership and invest with an objective to achieve positive impact.

**Integration & Resources**

Sustainability is fully integrated into our activities. We organise our sustainable efforts around four pillars: Exclusion, ESG Integration, Active Ownership, and Positive Impact. Our Portfolio Managers and the Sustainability and Impact Investing team engage with companies on a wide array of topics to mitigate sustainability related risks and unlock opportunities. Based on fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score through our proprietary Sustainability Risk Score.

**Product offering**

96% of VLK's investment strategies qualify as Article 9 or Article 8. Proprietary strategies with an impact focus are Kempen SDG Farmland Fund which aims to achieve attractive long-term returns by globally investing in farmland and agricultural properties, and the Global Impact Pool which aims to address global challenges whilst also meeting clients' risk-return requirements.

## Disclaimers

All data as at 31 March 2024

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Additionally, GW&K's global small cap team members, Karl M. Kyriss, CFA, Partner, Equity Portfolio Manager and Matthew V. Spiegel, CFA, Principal, Equity Research Analyst both hold the CFA Institute Certificate in ESG Investing.

[1] GW&K Company Profile
[2] GW&K Global Small Cap Factsheet
[3] Global SMall Cap Strategy

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Compliance code: 375091-OTU-2050079
Date of first use: 13 June 2024

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Information Classification: Limited

6683801.1.1.EMEA.INST Exp: 30/06/2025

NordSIP Handbooks are published by
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