Responsible Investment Policy 2022-2023

Anthos Fund & Asset Management

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Contents

0. Policy review record

V0 2019
Original policy

V1 2021-2022
RI policy 2.0 – replaced RI policy of 2019 to include more detailed commitments and ambitions.

V2 2022-2023
Changes in this version compared to V1:

General updates

- Text adjustments to remove typos and clear up sentences, strengthen the message, remove double sentences.
- Add that we also consider opportunities in our ESG integration, not just risks.
- Clarified text around fund of funds and exclusions

RI Policy Targets and ambitions

- Adjusted "targets" to "ambition" – to better reflect the comply or explain nature in our implementation.
- Adjusted text in several targets to align better with the actual ambition and process.
- One of the targets has been adjusted to remove "divest when funds have more than >5% exposure" which is more of a technical approach on how to manage the exposure rather than a target.
- We also added the ambition to expand reporting exposure in other asset classes.

Voluntary requirements

- Removed Children's rights and Business as it was considered too specific, for which we have not developed an approach yet. To be revised during the development of a human rights policy.
- Added the Investor Alliance for Human Rights
- Added the IIGCC (Institutional Investors Group on Climate Change).

Governance and Remuneration

- Updated with a clearer Risk role for the second line of defence.
- Updated with the general remuneration KPIs (key performance indicators) for 2022 and the comply or explain principle.

1. Scope

This document describes Anthos Fund & Asset Management's (Anthos') approach to responsible investment (RI). It explains the processes and beliefs that guide us in meeting our clients' needs and values, and how we integrate these values into our investment decisions.

The RI policy applies to all assets managed by Anthos. It also applies to every asset category and to all assets under management (AUM), including all assets managed on behalf of third-party. We strive to implement the policy consistently, but deviations inrelation to the policy's scope may apply in the following areas:

1. Proprietary assets of Anthos, which may have additional or different requirements in specific areas (for example, related to exclusions or target ambitions);
2. Segregated mandates from clients. These segregated accounts managed for individual clients may have client-specific requirements;
3. Assets managed by external asset managers. While Anthos outlines what it expects of its external managers in this policy, and expects external managers to implement and monitor the key principles of this policy for the assets they manage, exceptions may arise.

2. Purpose and values

Anthos is part of COFRA Holding, which has been family-owned for six generations and is united around the common purpose of amazing its customers and being a force for good. At Anthos, we share this purpose, recognising that successful investments can have both attractive returns and a lasting positive impact on society and the environment. For generations, we have been entrusted with the responsibility of providing comprehensive values-based asset management services for the Brenninkmeijer family, their philanthropic activities and related pension funds. Our approach is inspired by our values of sustainability, human dignity, and good corporate citizenship.

Our mission is to offer only to select like-minded investors trustworthy advice, and holistic values-based asset management solutions, accessing the best managers globally to outperform while contributing to the common good.

Our ambition is to provide leadership in responsible investment, which we term "values-based investing," guided by our focus on sustainability, human dignity, and good corporate citizenship. Sustainability is about meeting the needs of current generations without compromising the needs of future generations. This is needed if we are to make sound investment returns in the long term and enable the income from these returns to be enjoyed for generations to come. Human dignity recognises the inherent worth of every individual and is reflected in human rights, labour conditions, respect for life, ethics, and justice. Good corporate citizenship is about understanding and enhancing our own corporate, environmental, andsocial impact, about being a responsible investor and about expecting the same good corporate governance from our investees.

3. Investment beliefs

All our activities are guided by Anthos' investment beliefs, based on our values.

We invest with current and future generations in mind

- We make long-term sustainable investment decisions that make us a better investor and a trusted partner.

We can have a positive impact on the world through impact investing

- ESG issues are financially material and we need to take responsibility for the impact we have on the world, both in line with the family's values and as a PRI signatory.

We foster diversity of opinion and autonomy in decision-making

- This gives us the flexibility and knowledge needed to avoid unwanted risks and to seize opportunities in changing market circumstances.

We actively partner with a global community of like-minded investment managers

- Our vast and diverse proprietary network, covering the breadth and scope of family entities, gives us access to and credibility with high-quality managers.

We take a total portfolio approach linked to client objectives and risk appetite

- Prudent investing requires a balanced approach to risk/return, diversification across asset classes and a total portfolio approach that links clients' investment objectives to their risk appetite.

Our primary investment objective is to deliver attractive risk-adjusted financial returns. Responsible investment is part of our fiduciary role and we believe that it does not require us to sacrifice returns in the long term. Moreover, and along with the value of broad diversification, responsible investment and effective stewardship can deliver attractive and sustainable risk-adjusted returns into the longer-term future.

Through our investments, we indirectly generate both positive and negative outcomes for the world. Our responsible investment approach helps us understand how we are connected to these outcomes and what we can do to minimise the negative and maximise the positive.

4. ESG positions and sustainability outcomes

We look at ESG from the perspective of risk and opportunities in the portfolio and impact on the world. Stemming from ourvalues, in discussion with our stakeholders and in reflection of our commitment to international standards, we have identified sustainability, human dignity and good corporate governance practices as core focus themes from a risk, opportunities and an impact perspective. These broad themes guide our expectations of the external managers and companies we invest in, aligned with and beyond the international norms and conventions. We describe these in more detail in our ESG Positions and Exclusions Policy.

Our core values of sustainability, human dignity and good corporate citizenship translate into three impact areas of focus. These, in turn, are aligned with the Sustainable Development Goals (SDG) Agenda 2030. We use this SDG framework to map our investments to sustainability outcomes.

Our Values	Areas of Impact focus
Good Corporate Citizenship	**Inspiring change through collaboration and field building** **Rethinking the economy** SDGs: Decent work and economic growth, industry, innovation and infrastructure, reduced inequalities and responsible consumption and production.
Human Dignity	**Elevating people and communities** SDGs: No poverty, sustainable cities, peace, justice and strong institutions, affordable and clean energy, good health and wellbeing, high-quality education, gender equality, zero hunger.
Sustainability	**Protecting the environment** SDGs: Life on land, life below water, clean water and sanitation, climate action

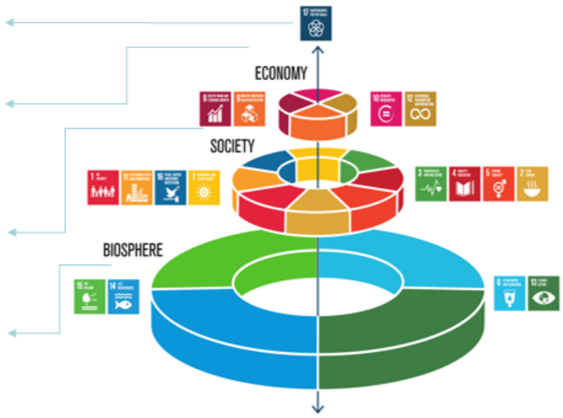


Figure 1: Infographic from Stockholm Resilience Centre, representation of SDGs in three layers.

The way we implement our ESG positions and the delivery of our sustainability outcomes, to minimise the negative and maximise the positive impact of all assets under this policy, is based on:

1. Excluding products and activities that do not align with our values and violate international norms;
2. Integrating ESG considerations into our investment decision-making from both a risk and an opportunities perspective;
3. Engaging with external investment managers and companies to improve their approach and manage their impact;
4. Investing in and selecting products, services or business activities that can have a positive impact or that align with the SDGs and related themes.

These approaches all have their merits in various parts of the investment universe, and the extent to which they are applied may vary depending on the asset class. These will be described in more detail below.

5. Responsible investment objectives

Our overall responsible investment ambition is to avoid harm and minimize the potential negative impact of all our investments. Also, to have a growing portion of assets generating sustainable outcomes and with a measurable and significant positive impact. Our responsible investment objective is to employ our invested capital to fulfil our purpose and values, enhance financial value and generate a positive social impact where possible. These objectives are discussed in more detail below.

Fulfilling our purpose and values

Values-based investing also involves choosing where we do not want to invest. We follow international standards and our values of human dignity, sustainability, and good corporate citizenship to exclude or avoid investments in companies not aligned with these values.

Responsible investors face a choice: to withhold investment from companies whose businesses conflict with the investors' values, or to invest knowing this conflict exists, but with the intention of steering the company towards more sustainable conduct. Our preferred approach is to focus on ESG integration and stewardship (engagement and voting). We see exclusions as a last resort and reserved for those issues that we feel that we cannot change, or to be applied after failed engagement.

We do not invest in managers whose core objective of their strategy is to allocate capital to activities that we view as harmful to society or the environment. Since we invest in pooled funds, it is not possible to fully implement our exclusion list but we actively engage with managers to explain our values and share our perspective on responsible investing for the long term. We screen all funds in our listed equity, corporate bonds, and absolute return portfolios at least once every year and report the percentage exposure to companies on our exclusion list on a look-through basis. In our private equity and real estate portfolios we aim to include the exclusion list in the contracts and have an excuse or opt out. The extent to which our exclusion list is implemented will therefore reflect the characteristics of various asset classes. Further details of our approach to exclusions is provided in the ESG Positions and Exclusions Policy.

Purpose and values targets and ambitions:

- Attain and maintain the highest level of responsible investment implementation assessed by the PRI.
- 0% of AUM exposure to issuers on the exclusion list in segregated mandates and not more than 5% exposure to issuers per asset class on the exclusion list in pooled funds. Report an estimated or reported exclusion exposure for all asset classes.
- 100% of staff trained on relevant RI or Impact topics annually.

Enhancing financial value

Anthos believes that ESG issues are financially material and that integrating such considerations into investment decisions will lead to better and more sustainable risk-adjusted financial returns (through lower risks and/or higher returns). Therefore, Anthos scores its external investment managers on their ESG policies and practices and, all other things being equal, will select managers with the best-in-class ESG performance or engage with lower-scoring managers to help them improve. Alongside this focus on ESG integration, we also promote a greater focus on sustainability and ESG factors by engaging with our external investment managers and with listed companies through our external engagement service provider.

Enhancing financial value targets and ambitions:

- Achieve net-zero emissions by 2040 in line with the Paris Agreement's preferred goal to limit global warming to well below 1.5 degrees Celsius.
- All new funds are assessed pre-investment for quality of ESG integration and impact (selection process).
- Annually, all funds are monitored and/or engaged on improving their ESG integration and impact (monitoring process).

Generating positive social and environmental impact

We understand that our investments have an impact on the society and the environment. Our aim, for all our investments, is to minimise the negative and to achieve an additional and measurable positive impact. We use the norms of the Impact Management Project (IMP) as a guideline to assess and improve the type of potential impact of our investments and we aim to align all our investments to the Paris Agreement. See Section 6.4 and the Appendix for more information on this framework and the terms and definitions used.

Generating positive impact targets and ambitions:

- Maximise positive impact: Increase the impact allocation of "Benefit Stakeholders" or "Contribute to Solutions" to 25% for all AUM by 2025.
- Minimise negative impact: Decrease the allocation to funds that "May or Do CauseHarm" to no more than 5% exposure in all AUM by 2025.
- Measure impact alignment to the SDGs across all asset classes and report impact performance by 2025.

6. Implementation of our RI objectives

Implementation: exclusions

We follow international standards and our values of human dignity, sustainability and good corporate citizenship so as to exclude or avoid investment in companies with a certain level revenue coming from the following industries (typically, the threshold level is about 5-10% of revenues): controversial or conventional weapons, small arms and military contracting, gambling, tobacco, adult entertainment, thermal coal, oil sands and Arctic drilling, and those in violation of the UN (United Nations) Global Compact Principles and OECD (Organisation for Economic Cooperation and Development) guidelines after failed engagement. Wherever possible, we also exclude government bonds issued by countries on the EU/UN sanctions list, as monitored by ourdata provider. More information on our approach is available in the ESG Positions and Exclusions Policy. The exclusion policy is updated regularly as more information becomes available and we continue to align our positions with our values and ambitions.

Implementation: ESG integration

We take a company-wide and multi-asset approach to sustainability and responsible investment. We invest in equities, fixed income, private equity and debt, real estate, and absolute return strategies. This policy applies to all our assets under management, and the way it is implemented reflects the characteristics of the various asset classes. Integrating ESG factors into our investment process considers both sides of the double materiality (financial and environmental/social) and is aligned across the various assetclasses through our ESG + IMP scorecard and other tools that we use to screen and analyse our portfolios.

Given that most Anthos' assets are managed by external investment managers, we use our ESG integration framework to engage with our managers and to understand how they define and assess ESG risks applying to the companies they invest in. Depending on the nature and gravity of individual cases, breaches of our ESG positions can trigger additional engagement or redemption.

Except in the case of government bonds, our investments through external investment managers are channelled via segregated investment mandates or pooled funds. As an indirect investor in segregated mandates and funds, ESG integration means carefully selecting the funds we invest in and the external investment managers we partner with. This process is described in the diagram below.

We use our RI Policy as the minimum standard for our own funds, and can, when requested, add to it, in line with our clients' values and preferences

In our strategic asset allocation process we take into account opportunities and risks relating to ESG issues. This includes climate change scenario analysis.

We evaluate relevant funds and managers using our proprietary ESG + IMP scorecard. Where applicable we use side letters with an excuse clause for exclusions & reporting expectations.

We continuously monitor ESG risk management and reporting of our external managers. We engage with our managers to encourage them to improve their ESG integration approach.

We publicly report on our responsible investment actions and outcomes through our Annual RI Report and the PRI reporting framework. We also publish a TCFD report and SFDR disclosures on our website.

Figure 2: ESG integration in our investment process

Our analysts and portfolio managers incorporate the risks and opportunities pertaining to ESG and impact investing issues from the very start of the selection process. For this purpose, we have developed a proprietary ESG + IMP scorecard based on the due diligence questionnaire in the UN Principles of Responsible Investment (UN PRI (Principles for Responsible Investment)) and on guidance from the Impact Management Project (IMP). This scorecard helps us to systematically assess and rank managers from laggard to leader, while also creating alignment across the various asset classes. The IMP scorecard helps us assess the type of potential impact the fund aims to have.

In support of our aim to be a force for good, we not only invest through managers rated as leaders, but also recognise our ability to positively influence the system by working with lower-rated external investment managers to encourage them to address specific issues for the benefit of our clients and the broader financial system. The ESG+ IMP scorecard supports a structured approach to these post-investment monitoring and engagement activities. For details of what we expect from our external investment managers, please see the Appendix 10.4.

Implementation: stewardship (engagement and voting)

Stewardship is a key element of our responsible investment policy because we believe in the steering power of capital and that investing it can contribute positively to society and the environment. We aim to achieve this by engaging with i) external investment managers, and ii) the underlying companies, and iii) by exercising our voting rights through our external managers. Our Engagement and Voting policy, which applies to all our asset classes, provides more detailed information on our approach, including our client and stakeholder engagement.

i. Engagement with external investment managers

We believe that effective stewardship and integrating ESG factors into investment decisions can lead to better and more sustainable risk-adjusted returns. As an indirect investor, we seek to positively influence the system through which we invest and so engage with our external investment managers. Such engagements are constructive and undertaken in a spirit of partnership, where we work together to bring about positive change, which is both in our interests and those of our clients. The ESG + IMP scorecard supports a structured dialogue and engagement, with the aim of achieving specific objectives relating to the sustainability of the individual organisations and of improving the quality of managers' investment processes and stewardship activities.

ii. Engagement with companies and policymakers

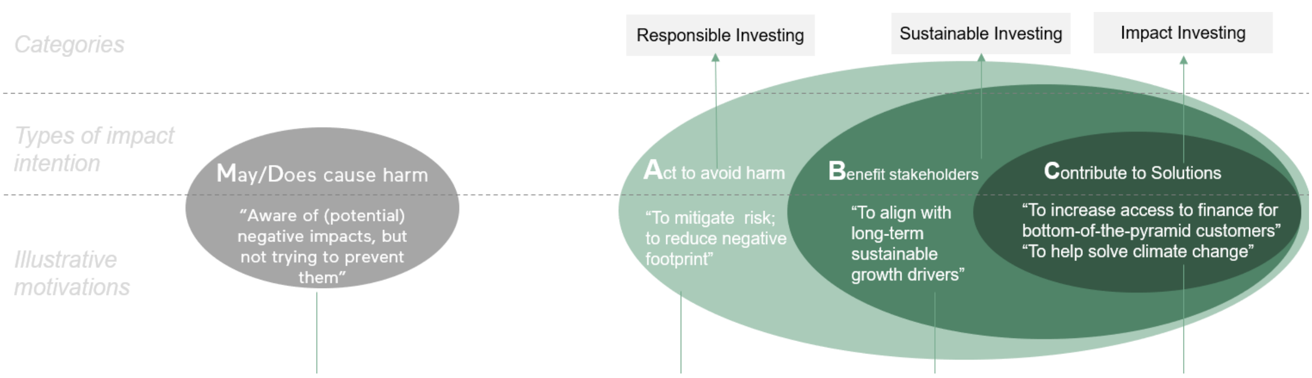
While continuing to encourage improvements in the policies and engagement quality of our external investment managers, we also ensure that the companies in our portfolios are engaged with one voice, based on one methodology and aligned with our own policy. We therefore outsource our direct company engagement to an external engagement service provider as this increases our influence and the focus on specific themes. We can also screen our portfolios for potential and actual adverse impacts and sustainability risks. We then address these aspects through our engagement provider in collaboration with others. We closely monitor and sometimes participate in engagement with our provider. We report to our clients on the outcomes of our engagement quarterly and annually. We also use the insights in our dialogue with our external investment managers and to further inform our approach to exclusions and ESG integration.

iii. Voting

We expect all our external equity managers to have policies and well-developed governance on voting. We monitor and engage with them on their voting policy and how they implement this. We focus specifically on aligning our managers' voting policy to their own sustainability objectives in cases where we feel there may be a discrepancy.

Implementation: generating positive impact

All investments have an impact on the world or people, either negative or positive. We use the IMP norms to make a distinction and recognise the whole spectrum of impact. We distinguish between traditional investments, which do not take account of environmental and social characteristics and "may/do cause harm;" responsible or ESG investments, which "act to avoid harm;" sustainable investments, which "benefit stakeholders", and impact investments, which "contribute to solutions". For more information on the definitions, please referto the Appendix 10.2.



Impact investments

We define impact investments as investments in solutions that meet defined financial risk and return requirements and support the generation of measurable and significant positive social and/or environmental impact for underserved stakeholders through products and services, or sometimes through acknowledged transformational leadership. We believe there are opportunities in this area that can positively benefit financial returns, while also contributing to the common good.

We assess the nature of this impact and categorise it using the IMP norms. We have also developed a methodology to assess funds qualifying for impact across the different asset classes, linked to the SDGs.

Assessments are recorded in the ESG + IMP scorecard, which supports our external investment manager selection and monitoring activities. In this way we seek to understand the impacts of our investment portfolio across all asset classes, with the aim of minimising the negative and enhancing the positive impacts. We provide more information on our impact approach in our Positive & Impact Investment Policy.

7. Regulatory factors and voluntary requirements, global frameworks, thought leadership

Given the rapidly increasing regulations in the field of responsible investment, we strive to keep our RI policy and implementation up-to-date. Our RI policy reflects the risk perspectives and requirements resulting from applicable legislation such as the Sustainable Finance Disclosure Regulation (SFDR), which forms part of the EU's Sustainable Finance Action Plan. We are going to publish a separate document that will show our approach and how we use the tools from RI to support the implementation of SFDR.

We also strive to anticipate legislation and regulations and to contribute to positive systemic change by collaborating and voluntarily participating in the following industry initiatives:

- UN Principles of Responsible Investment (UN PRI) (since 2019)
- Dutch Climate Agreement (2019)
- Clean, Renewable and Environmental Opportunities (CREO) Syndicate
- Global Impact Investing Network (GIIN) (2020)
- Partnership for Carbon Accounting Financials (2020)
- Impact Frontiers (2021)
- The Institutional Investors Group on Climate Change (2021)
- Investor Alliance for Human Rights (2022)

Recognising the importance of global standards for managing the negative and increasing the positive impact, we support the managers we invest in and expect them to support the UN SDGs and make progress towards complying with global norms and recommendations such as:

- OECD Guidelines for Multinational Enterprises and more specifically for institutional investors
- OECD Principles for Corporate Governance
- UN Global Compact
- Universal Declaration of Human Rights

- UN Guiding Principles on Business and Human Rights

We support integrated reporting as described by the International Integrated Reporting Council (IIRC), as well as recommending the Sustainability Accounting Standards Board (SASB) framework as a starting point for determining financially material issues, and the Global Reporting Initiative (GRI) for sustainable reporting. We also promote the adopting of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

We seek to be leaders in thought and action on responsible and impact investment. This work, which is co-ordinated by our central RI team in close collaboration with our investment teams and other parts of the COFRA organisation, focuses on relevant topics related to sustainability themes and the risks and opportunities facing the investment industry. We are also proud to report that our clients have been leaders in preparing position papers on various themes, and that we have drawn these into our strategy and positioning on responsible investment.

8. Reporting

We publicly report on our responsible investment actions and outcomes through our Annual RI Report and the PRI reporting framework, in which we address developments and progress made towards our specified ESG targets, including climate metrics in alignment with our commitment to the Dutch Climate Agreement and our commitment to achieving net-zero emissions by 2040. We also provide an annual TCFD report containing details of climate-related financial disclosures on governance, strategy, risk management, and metrics and targets used to assess the risks and opportunities related to climate change.

Our client reporting on responsible investing has a quarterly cycle: as well as the standard performance and risk reporting, our Quarterly Reporting Package provides progress updates on our Responsible Investment Implementation Plan, outlining its strategic objectives, achievements, and industry initiatives inthe past quarter and ESG activities for each asset class. We also provide mandate monitoring of compliance with the exclusion lists on a quarterly basis. During our quarterly review meetings, we also discuss ESG integration, stewardship (engagement and voting) and impact investing initiatives implemented by Anthos and its external investment managers, as well as industry initiatives Anthos has been involved in. Details of this policy and other relevant disclosures required under the EU SFDR are available on our website.

9. Governance of Responsible Investment

We believe a sound governance structure is key to achieving our responsible investment objectives. We have a fiduciary duty to act responsibly on behalf of our clients. Our responsible investment policy provides a solid structure for making and implementing well-informed decisions.

Our governance structure ensures that responsible investment is systematically integrated into our organisation and that there is effective ownership by all relevant departments:

- The Board and the management team have formal oversight and accountability for implementing thispolicy;

- Our investment teams are responsible for integrating sustainability and ESG considerations into the process for manager selection and investment decision-making;
- Our responsible investment team works closely with the Investment & Strategy Research (ISR) team and the other investment teams by undertaking research and ensuring these teams are provided withinput and guidance on best practices for sustainability, ESG integration and stewardship. In addition,the RI director is responsible for driving the RI strategy and for maintaining and evolving our proprietary responsible investment and impact tools in close collaboration with our investment teams;
- The Operations department supports RI implementation in our systeminfrastructure and processes;
- The Risk Management and Compliance departments execute (2nd line) monitoring of the execution of RI-related processes and compliance with internal policies as well as applicable laws and regulations.
- Our Client Advisory & Solutions team works closely with our clients to support and guide them in implementing RI.

At Anthos we work through cross-departmental working groups convened around specific issues such as climate, SFDR and regulatory changes, and the measurement of impact. We provide annually training on responsible investment for all our staff and assess their responsible investment capabilities and training needs every two years.

Including responsible investment in remuneration

As part of our incentive scheme and remuneration policy, we have integrated the following measures into the performance targets for our investment professionals. They are currently based on the comply or explain principle:

- Contribute to the climate ambition of Anthos: include in targets per asset class, DD, monitoring, engagement and reporting.
- Contribute to the PRI and leadership ambition of Anthos
- Actively participate and contribute to industry initiatives on RI.

Conflicts of interest

We aim to identify, record and manage all conflicts of interest that may arise in relation to our engagement or voting activities, our investments and our business in general. We believe that effective management of conflicts of interest is consistent with our fiduciary responsibilities and the interests of our clients and other key stakeholders. Our policy on conflicts of interest, which is available on request, applies to all Anthos employees, the Board of Directors, any person directly or indirectly linked to Anthos by control, and to service providers in the event of outsourcing.

Ownership, approval and review

This RI policy and its related documents are owned by our Investment Department and approved by Anthos Fund & Asset Management’s Board of Directors. This policy is reviewed annually and updated as required.

10. Appendix

10.1 Overview of documents related to the policy

We have set out an overview of how the policy and the additional documents relate to each other.

10.2 General definitions and Impact Management Project (IMP)

The IMP provides a forum for building global consensus on measuring, managing and reporting impacts on sustainability. It is relevant for enterprises and investors who want to manage ESG risks, as well as for those also wanting to contribute positively to global goals. The IMP convenes a community of over 2,000 practitioners to measure and manage impact by sharing best practices, delving into technical issues and identifying areas where further consensus is required. We provide the definitions for facilitating a better discussion and understanding of the terms used.

At Anthos we use the IMP to assess and understand the impact of the funds we choose to invest in. As well as this being part of our due diligence process, we use it to set strategic goals indicating where we want our impact to be. We believe that even a small move of our portfolio towards sustainable and impact investments across different asset classes will provide our clients with better overall investment portfolios and at the same time help to achieve the positive impact that we want to see in the world.

Traditional Investments (IMP: May/Does Cause Harm)

"Does Cause Harm" refers to an asset that is part of a fundamentally harmful industry and which no ESG or negative impact mitigation efforts could ever transform into classification as "Acting to Avoid Harm".

"May Cause Harm" means proven evidence of harmful activities with no mitigation plan in place, or the absence of policies, processes or activities to measure, monitor and mitigate the negative impacts caused by the asset (in the absence of monitoring, managing the impact is unlikely).

Responsible Investment (IMP: Act to Avoid Harm)

A strategy and practice to mitigate the negative impact of an investor's portfolio. This can be done by, for example, incorporating ESG factors into investment decisions, by screening out investments in harmful industries or by actively working to mitigate/offset/compensate negative impacts caused by the investment. Responsible investors usually expect risk-adjusted financial returns. In impact mapping terms, using the IMP norms, this classification corresponds to "Acting to Avoid Harm".

Sustainable Investment (IMP: Benefit Stakeholders)

A strategy and practice not only to be a responsible investor (i.e. mitigating the potential negative impacts of an investment), but also to seek investments intended to generate positive outcomes for a wide range of stakeholders. This can be done by, for example, positively screening investments labelled as "Sustainable" by the EU Taxonomy, or by investing in industries that traditionally provide positive outcomes (e.g. healthcare, education and products promoting energy efficiency). Sustainable investors usually expect risk-adjusted financial returns. In impact mapping terms, using the IMP norms, this classification corresponds to "Benefiting Stakeholders".

Impact Investment (IMP: Contribute to Solutions)

A strategy and practice not only to be a sustainable investor, but also to seek investments intended to generate measurable significant positive, social and environmental impact for otherwise underserved stakeholders. This can be done by, for example, investing in companies whose products and services provide positive outcomes for underserved stakeholders, including the planet (e.g. by providing access to healthcare for vulnerable patients, or solutions that significantly reduce or mitigate Co2 emissions). Investing in companies that can be considered transformational leaders, given their significant involvement in actions contributing to positive outcomes, can also be regarded as impact investments. Depending on the investor's position, impact investments may or may not require commercial risk-adjusted financial returns. In impact mapping terms, using the IMP norms, this classification corresponds to "Contributing to Solutions".

10.3 Impact-related terms

All investments have an impact, whether negative or positive, or intended or unintended. The IMP norms give further guidance on this. In this report we use the following terms:

Impact Mapping: for a total overview

The process of identifying the key impacts of an asset or group of assets and classifying them according to the best practices established by the Impact Management Project. This mapping allows managers to understand whether an investment is consistent with a responsible, sustainable or impact investment or whether, on the contrary, it is potentially harming people and the planet. It also helps investors and clients to gain a portfolio-level understanding of their impact on people and the planet.

Impact Allocation: for strategic planning

The distribution of assets across the investment universe expressed as "May or Does cause harm", "Act to Avoid Harm", "Benefit Stakeholders", "Contribute to Solutions" (impact performance) and mapped across the portfolio. It indicates the extent to which each type of impact (i.e. impact performance) is reflected across the portfolio. Ideally, this takes account of the current/actual impact allocation, as well as the potential/desired impact allocation, so that we can assess the efficacy of our impact-related portfolio management.

Impact Potential: for selecting relevant funds

The expected optimal impact performance of an asset. The risk and return profile or business model may mean the optimal impact performance is to "Act to Avoid Harm", to "Benefit Stakeholders" or to "Contribute to Solutions". C is not, therefore, the optimal performance expected from every fund, but simply a label of where that fund's impact potential lies.

Impact Influence: for stewardship (engagement and voting)

The asset manager's range of tactics (e.g. shareholder activism or providing flexible capital to improve impact) for use in helping to boost an asset's performance.

10.4 Summary of the ESG + IMP scorecard and our external investment manager expectations

Our general expectations of our external investment managers, which expectations form part of our assessment,include:

Purpose, culture and governance

- Managers should aim to align their culture and describe their purpose to support effective ESG integration and stewardship. Diversity, equity and Inclusion is one of the themes we track and expect to see progress on;
- Managers should develop a strong company-level policy on responsible investment that is aligned with their investment strategy and further detailed for the specific asset class;
- Managers should have clear RI governance in place to support effective integration of sustainability, ESG factors in risk management and stewardship;
- We strongly encourage managers to join industry organisations such as the PRI as this helps to further develop practice and thought.

ESG integration

- Exclusion policy for companies involved in controversial weapons and for government bonds issued by countries on the UN/EU sanctions list for the arms trade;
- Carefully considered process for integrating financially material ESG issues into the investment and decision-making processes;
- Carefully considered process for managing investment externalities or investments' negative impact on the environment and society;
- Focus themes, such as a strategic plan for integrating climate change into investments, and the ambition tocontribute to achieving the Paris Agreement goals.

Stewardship and positive investment

- Good-quality engagement and voting processes and transparency of outcomes specific to the funds we invest in;
- Managers able to show how voting aligns with the stewardship activities and investment policy across the board;
- For positive investment funds, a clear theory of change and a process for measuring and managing impact.

Reporting

- Strong and well-developed monitoring and reporting specific to the funds we invest in and allowing us to obtain a transparent view of the processes and outcomes/impacts of the investments.