Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Anthos Fund & Asset Management B.V.
(LEI: 724500604XSTP9D0NU75)

Summary

Anthos Fund & Asset Management B.V. (Anthos) considers principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Anthos. Sustainability factors are environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. This PAI statement describes how Anthos considers principal adverse impacts of its investment decisions on sustainability factors, as required by the Sustainable Finance Disclosure Regulation (SFDR). This statement applies as of 1 July 2022.

For the years 2022 and beyond, Anthos will be required to report on a chosen set of PAI indicators, aggregated across its investments for that year. PAI indicators are a way of measuring how our investment decisions negatively impact sustainability factors. Anthos will report on 18 mandatory and 3 optional PAI indicators relating to greenhouse gas emissions, biodiversity, water, waste, and social indicators applicable to companies, sovereigns and supranational organisations, and real estate assets.

What does it mean to identify principal adverse impacts for a fund of fund manager?
Anthos is a fund of fund manager. This means we invest in segregated mandates and investment funds managed by external investment managers, so we and our clients benefit from the expertise of some of the world's leading investment managers across asset classes. This also means that our impact is usually indirect, through the investment funds that we invest in, aligning with the impact of the underlying investments made by those investment funds. Whether positive or negative, in order to identify our impact we need to look at two levels: primary and secondary.

1. Our primary approach, assessing the ESG investment practices implemented by the external investment managers, and more specifically obtaining information from them on the potential adverse impacts they make through their investment fund's underlying investments.
2. Our secondary, in development approach, directly assessing the impact of the investment fund's underlying investments by obtaining "look-through" portfolio data, and using available data where possible (e.g. carbon metrics, exclusion exposures, controversies) for these underlying investments.

Description of the principal adverse impacts on sustainability factors

Principal adverse impacts are defined as negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice made by financial market participants, such as Anthos.

Anthos will measure and report on 18 mandatory PAI indicators, as stated in Appendix 1, and on three optional PAI indicators, as stated in Appendix 2.

Anthos is currently in the process of acquiring additional data to meet reporting obligations under the SFDR. As more relevant data become available, we will enhance our current methodologies to measure and monitor principal adverse sustainability impacts in our current (direct and indirect) investments.

Principal adverse impacts of a fund of fund manager

As a fund of fund manager, we identify and monitor the potential adverse impacts of the investment funds we invest in by:

1. Assessing the ESG investment practices implemented by the external investment managers of these investment funds, and more specifically obtaining information from them on the potential adverse impacts they make through their investment fund's underlying investments.
   Pre-investment, we screen these external investment managers on a wide scope of criteria, of which some of the criteria described below allow us to assess how these investment managers address their impact. We score the investment manager on each of those criteria and aim to invest in investment funds of highly scored investment managers only and engage with them on the criteria for which they obtained a lower score.

Criteria	**Explanation**	**Linked Anthos Policy**
Purpose & values	We assess the values and purpose of the external investment manager.	ESG Positions
Integration of ESG in investment process	We assess the external investment manager's ESG policy, targets and commitments, methodologies, due diligence process, ESG tooling, RI team, etcetera.	RI Policy
Principal Adverse Impact/ Negative impact	We assess how the external investment manager evaluates, monitors, managers or remediates the impact of its investment fund's portfolio on the world and the tools and methodologies to perform its assessment	RI Policy
Exclusions	We assess the exclusions policy of the external investment manager and to which extent it aligns with our preferred exclusions	Exclusion Policy
Engagement Policy	We assess the engagement policy of the external investment manager, the themes the external investment manager engages on, the methods used and the objectives defined for engagement	Engagement Policy

Voting & Stewardship policies	When applicable, we assess the voting and stewardship policy of the external investment manager and to which extent it aligns with our ESG position.	Engagement Policy
Exit strategies	We assess if the external investment manager has an exit strategy and how ESG factors are considered when planning an exit	RI policy
Manager's approach on DEI	We assess whether the external investment manager incorporates diversity, equity and inclusions considerations for itself as well as in its investment fund management. We review the DEI programs, targets and commitments, engagement on DEI and reporting available.	ESG positions
Manager's approach on climate change	We assess whether the external investment manager incorporates climate change considerations for itself as well as in its investment fund management. We review the climate positions, the commitments and reduction targets, the associated strategy, the assessments of the climate risks, the engagement initiatives on climate, data transparency and the reporting available.	Climate Position Paper
Impact Intention	We assess whether the external investment manager has the intention to avoid to cause harm, or to benefits stakeholders or contribute to solutions in its investments practices	Anthos Positive and Impact Investment

2. Performing additional checks by looking through to the underlying investments of the investment funds we invest in to identify potential negative impacts we may have through these underlying investments:
   a. On a yearly basis, we screen the portfolios of the investment funds, using available data where possible (listed equities portfolios and fixed income portfolios) against our exclusion list to monitor our exposure to sectors in our exclusions list. We describe these in the next paragraph.
      Overall, for segregated mandates our target is to have 0% exposure to companies on our exclusion list, and for investments fund to have no more than 5% exposure to companies on our exclusion list. See ESG positions and Exclusion policy.
   b. On a periodic basis, for one of our clients we screen their portfolios on controversies so they can assess the potential or actual negative impact in line with their commitment to the IMVB covenant and evaluate if actions need to be taken based on the severity of the controversies.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Our Responsible Investment (RI) policy, along with updated processes, tools and structures, add rigor and a systematic method across the whole investment cycle. They make us consistent across asset classes in the way we choose our external investment managers, engage with them and measure how they perform. Our RI policy is reflected in our ESG Scorecard. Our ESG scorecard helps us choose and assess how well our external investment managers integrate responsible investment principles and good governance into their investment process. We use it to assess and engage with them. The ESG scorecard is based on guidelines from the PRI and, for real estate, GRESB. We have used it since 2020 to help Anthos' portfolio managers be consistent throughout their relationships with the external investment managers, from choosing them to assessing their progress in integrating responsible investment. The result is a score on four levels: 'laggard', 'novice', 'professional' and 'leader'.

To complement our RI policy, we also have formalised our positions on a number of topics. See our ESG Positions and Exclusion Policy for more detail.

We are only able to fully implement our exclusion list when we invest through segregated mandates. However, Anthos mainly invests in investment funds of external investment managers, where our ability to implement our exclusion list is more limited. Nevertheless, we aim to report exposure to excluded categories within these investment funds, and will engage with the external investment managers to exclude specific categories from the investment funds we are interested in investing in. Overall, for segregated mandates our target is to have 0% of AuM exposure to companies on our exclusion list, and for investments funds no more than 5% AuM to companies on our exclusion list.

We recognise three main reasons for exclusions, which align with some of the principal adverse impacts, especially where the reason is international norm violations or products and processes with inherent negative impacts like coal, oil sands and Arctic drilling. Below our exclusions in more detail:

1. **Legal expectations and international norms:**

Exclusion	**Screening criteria (Sustainalytics)**	**% of revenue excluded**
Controversial weapons	Nuclear weapons, Biological and chemical weapons, depleted uranium, anti-personnel mines, cluster weapons, white phosphorous,	>0% revenue coming from these products
Conventional weapons	Small arms and military contracting	>=5% revenue coming from these activities
Global standards after failed engagement	Violation of OECD guidelines for MNEs, UN Guiding Principles on Business and Human Rights, UN Global Compact, etc.	Sustainalytics assessment of violation of these global standards.

Sovereign bonds of countries with EU/UN sanctions	Armed embargo	Sustainalytics assessment of whether the sanction can be considered “against the central government”

2. **Values and beliefs:**

Exclusion	**Screening criteria (Sustainalytics)**	**% of revenue excluded**
Tobacco	Tobacco products Tobacco retail	>0% revenue products >= 5% revenue retail
Adult entertainment	Production Distribution	>=5% production or retail
Gambling	Operations, specialised equipment, supporting products	>=5% production or retail

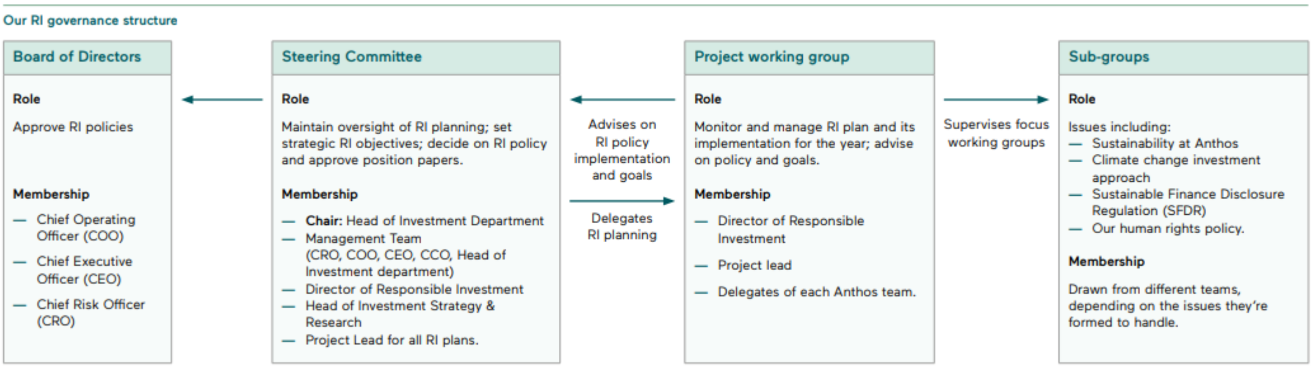
3. **Climate net zero 2040:**

Exclusion	**Screening criteria (Sustainalytics)**	**% of revenue excluded**
Thermal coal	Extraction and Power generation	>=10% revenue coming from these products
Oil sands	Extraction	>=5% revenue coming from these activities
Arctic drilling (exploration of oil & gas)	Extraction	>=5% revenue coming from these activities

Governance

The Anthos board of directors has oversight of our Responsible Investment Policy and how we implement strategy. The latest version of the Responsible Investment Policy was approved by the Anthos board of directors in 2021. Our RI Director is responsible for driving RI strategy and maintaining our responsible investment and impact tools, alongside our investment teams. Our investment teams are responsible for integrating sustainability and ESG into their investment decisions, while our Responsible Investment team and Investment & Strategy Research team make sure they get input and guidance on best practices for sustainability, ESG integration and stewardship. The Risk, Compliance and Operations departments support RI implementation in our systems infrastructure and processes.

Below you can see the RI governance structure in 2021. In 2022, the steering committee is replaced by an RI Committee, chaired by the Director RI and with cross-functional team from across all relevant departments as members of the committee. The RI committee reports to the Anthos management team and the board of directors.



Methodology to select the PAI indicators

The SFDR regulatory technical standards (SFDR RTS) define 64 different PAI indicators, which indicate the severity of negative material effects on sustainability factors caused by the investments and investment decisions made by financial market participants such as Anthos. Of these 64 PAI indicators, 47 relate to investments in companies, 10 relate to investments in sovereign and supranational entities and 7 relate to investments in real estate assets. The SFDR RTS require that Anthos reports on 18 specific PAI indicators, see Appendix 1. In addition, Anthos has to report on a minimum of 2 PAI indicators taken from a set of 46 optional PAI indicators.

The set of 46 optional PAI indicators has been analysed and compared to the ESG position paper of Anthos. In this ESG position paper, which was approved by the Anthos board of directors in 2021, Anthos has communicated its position on the following topics:

- Sustainability
- Climate Change
- Fossil fuels: thermal coal, oil sands, arctic exploitation
- Nuclear Energy
- Deforestation
- Biodiversity
- Human Dignity
- Human Rights
- Labour Rights
- Opioids
- Controversial weapons
- Conventional weapons
- Gambling
- Tobacco
- Pornography/adult entertainment
- Good corporate citizenship

Our positions are translated into our other policies and processes. More details can be found in the ESG position paper and Exclusion Policy.
Of the 46 optional PAI indicators, 3 optional PAI indicators are chosen to report upon for SFDR for now. As we are currently working on our Human Rights approach and how to integrate it further in our investment process, we selected, those PAI indicators shall bring Anthos a complementary point of view on our value 'human dignity':

- Lack of a human rights policy

- Incidents of discrimination
- Lack of due diligence

Engagement policies

As a fund of fund manager, Anthos invests in segregated mandates and investment funds managed by external investment managers, and we rely on these external investment managers for engagement and voting. However, we believe we also need to address active ownership through additional engagement activities, either via a service provider or, where possible, directly. This enhances investor stewardship and the pursuit of responsible investment.
We have high expectations of our external investment managers and incorporate ESG considerations into the entire external investment manager due diligence and relationship lifecycle. We expect our external investment managers to be signatories of the Principles for Responsible Investment (PRI) and to support the Principles of the European Fund and Asset Management Association (EFAMA) Stewardship Code or a similar guidance, which clearly outlines engagement and voting good practices for direct investors.

Internally, engagement is carried out by Anthos's portfolio managers, who assess the ESG integration capacity and quality of the external investment managers of the investment funds we invest in. We also engage via an external engagement service provider that engages on our clients' behalf, even when we do not appear as shareholders at the companies in question. In this way we give our voice to the pool of like-minded investors wanting meaningful change.

In addition to Anthos' own proprietary engagements, our external engagement provider engages with more than 300 companies on human and labour rights and on environmental and business ethics issues, both on our behalf and on behalf of other investors.

More information on our engagement process and objectives can be found in our Stewardship Policy.

References to international standards

Anthos is a signatory to the Principles for Responsible Investment and has actively implemented all six principles into our investment decision-making process and philosophy. We also support one of our clients in implementing its commitment to the IRBC1 agreement, which aligns well with our values of sustainability, human dignity and good corporate citizenship.

In addition, we aim to adhere to international initiatives and guidance, such as the OECD Guidelines for Institutional Investors, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact, while also continuing to take steps to strengthen our due diligence and our monitoring of and engagement with these standards.

Anthos has committed to the Dutch Climate Agreement, which means reporting on carbon emissions and setting reduction targets in line with the Paris Agreement. We have also committed to net-zero GHG emissions in our portfolios by 2040 and are currently in the process of defining a climate pathway per asset class to achieve this ambition. We have published our first TCFD report in 2022, set out near-term reduction targets for 2030 and are monitoring other forward-looking indicators: engagement, % of companies with (SBTi) climate targets in the underlying portfolios, projected temperature change impact of the portfolio and what % of the portfolio is invested in companies that provide solutions to tackle climate challenges. For our operations, Scope 1 and Scope 2 we already started offsetting our emissions, and are looking into reduction strategies and possibilities. We align with our broader organisation and the SBTi target for 2030 in terms of operating emissions. Engagement on climate strategy and transparency with our external investment managers and underlying companies is an important element of the targets that we set as a fund of fund manager.

Appendix 1 : Mandatory PAIs

Sustainability topics	#	PAI Indicator	Applies to	Metric	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas (GHG) emissions	1	GHG emissions	Companies	Scope 1, Scope 2 and Scope 3 (from Jan. 2023)	For our own operations Scope 1 and Scope 2, we are carbon neutral via offsets and together with the COFRA Group working on reduction policies. For our Scope 3, emissions since 2021 we committed to become net zero by 2040. As part of our due diligence and engagement process, we assess the climate policy, commitments and reporting of our external investment managers and engage on the topic with them. Our engagement service provider also engages on our behalf on the topic of climate change with the underlying companies in the listed equity and fixed income portfolio. We have also joined CDP and IIGCC and their collaborative engagements on the topic of climate. Next steps: define near term targets and start reporting beyond our listed equities, corporate bonds and real estate asset classes.
	2	Carbon footprint	Companies	Carbon footprint	
	3	GHG intensity	Companies	GHG Emissions per million EUR of revenue	
	4	Exposure to companies active in the fossil fuel sector	Companies	Share of investments in companies active in the fossil fuel sector	
	5	Share of non-renewable energy consumption and production	Companies	Share of non-renewable energy production from non-renewable energy sources compared to renewable energy sources	
	6	Energy consumption intensity per high impact climate sector	Companies	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Companies	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	We have formulated our position on the topic of biodiversity in our ESG positions policy. Our engagement service provider engages on our behalf on the topic of biodiversity loss with our underlying companies. In the future, we intend to investigate how to integrate this topic further into our investment approach.
Water	8	Emissions to water	Companies	Tonnes of emissions to water generated per million EUR invested	We will start reporting on this PAI indicator, and develop a position if our stakeholder double materiality assessment of ESG issues also prioritises water.

Waste	9	Hazardous waste ratio	Companies	Tonnes of hazardous waste generated per million EUR invested	Same as above.
Human Rights	10	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Companies	Share of investments in investee companies that have been involved in these violations	Human Dignity is one of our core values. We have formulated our position on the topic of human rights in our ESG positions policy. On a yearly basis, we screen our equity and fixed income portfolios for exposure to violators of the OECD Guidelines and the UN Global Compact principles. We also screen those portfolios for potential controversies. Where possible we exclude after failed engagement (by our engagement service provider) the violators that do not improve. We are currently working on improving our approach to human rights and expect to publish a Human Rights Policy in 2023.
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Companies	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations	
Diversity, Equity & Inclusion	12	Unadjusted gender pay gap	Companies	Average unadjusted gender pay gap of investee companies	As part of our due diligence and engagement process, we assess the DE&I policy, commitments and reporting of our external investment managers and engage on the topic. We don't exclude poor performers as we are still in the learning stage on the topic but we are discussing it with our external investment managers. Our engagement service provider engages on the topic as a part of their thematic engagement related to Human capital.
	13	Board gender diversity	Companies	Average ratio of female to male board members	
Human Rights	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Companies	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Part of our ESG positions and exclusions policy we exclude companies that have any involvement in controversial weapons, when this is possible. Most of the time it is not possible due to the fact that we invest indirectly in companies, through external investment managers, but we do then engage with the external investment manager prior to investing. For a large part of our investment funds the regulation prevents them to invest in cluster weapons, for the other types of controversial weapons we report

					exposure annually in our Responsible Investment Report.
Greenhouse gas (GHG) emissions	15	GHG intensity	sovereigns and supra-nationals	GHG intensity of investee countries	At the moment we don't report the GHG emissions exposure of our sovereign debt portfolio, due to discussions over the methodology. We plan to start reporting in 2023 following the PCAF methodology.
Human Rights	16	Investee countries subject to social violations	sovereigns and supra-nationals	Number of investee countries subject to social violations(absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	At the moment we exclude investments where possible in countries that have sanctions from the EU/UN based on arms embargo against the central government, according to our data provider. This doesn't include other more specific social violations. We will be exploring this based on the data from the PAI indicators and assessing how to include it in our processes.
Greenhouse gas (GHG) emissions	17	Exposure to fossil fuels through real estate assets	Real Estate	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	At the moment we don't report the exposure to fossil fuels through our real estate portfolio. We will be using data where available from GRESB, and collecting other data where not available to improve this in 2023.
	18	Exposure to energy-inefficient real estate assets	Real Estate	Share of investments in energy-inefficient real estate assets	See above.

Appendix 2 : Optional PAIs

Sustainability topics	#	PAI Indicator	Applies to	Metric	Actions taken, and actions planned and targets set for the next reference period
Human Rights	1	Incidents of discrimination	Companies	Number of incidents of discrimination reported in investee companies expressed as a weighted average	At the moment we don't use this data in our processes, we will be improving this in 2023 as part of the implementation of our Human Rights policy.

	2	Lack of a human rights policy	Companies	Share of investments in entities without a human rights policy	
	3	Lack of due diligence	Companies	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	