

2022 TCFD report

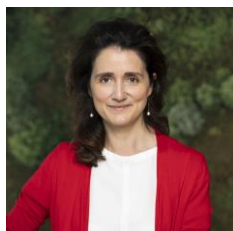
Anthos Fund & Asset Management's climate-
related disclosures



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1 To our stakeholders



Jelena Stamenkova
van Rumpt, Director
of Responsible
Investment

Anthos Fund & Asset Management ('Anthos') is pleased to present its first update to its TCFD report, which aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD'). Our inaugural report, published in 2022, marked a pivotal moment in our journey, reflecting the progressive integration of climate risks and target considerations within Anthos in 2021. Today, we publish this updated version, recognising the substantial advancements made in refining and developing our climate-centric approach throughout the year 2022. This report demonstrates our commitment to inform our stakeholders with insights into our strategies for navigating climate-related risks and capitalising on the opportunities inherent across our diverse portfolio.

The marriage of mainstream investing and climate considerations has come a long way in recent years. The investment industry has realised its role in addressing climate change, resulting in the development of initiatives and frameworks for integrating climate considerations in decision making. Partnerships and sector initiatives have emerged, definitions and metrics for climate data have developed, frameworks to integrate climate considerations into decision-making have been established, and commitments to climate-neutral goals have been made.

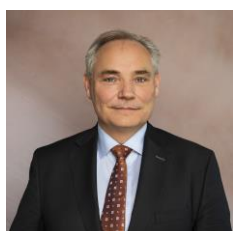
In this context, 2022 felt like the closing year of the first phase and the beginning of the next phase of the industry's efforts; with focus shifting from development to implementation. This is evident from the release of the updated Global Greenhouse Gas (GHG) Accounting and Reporting Standard for the Financial Industry and the guidance for implementation by Dutch financial organisations. Similarly, the Institutional Investors' Group on Climate Change body has moved from discussing methods to tackling climate change by showcasing members' actual integration of climate considerations.

This was no different for Anthos. After the development of our climate frameworks, we shifted focus to expand these capabilities to asset classes initially not covered. We translated our climate ambition and pathway into a framework of tangible and attainable targets for the different portfolios. By developing tangible targets, we hope to increase the likelihood of staying on track of our commitment to achieve a climate-neutral portfolio by 2040.

This 2022 update of our TCFD report contains the same topics as the first version, however significant developments can be found in section 4, where we further refine governance, the addition of section 5.1.1, where we describe the framework helping us move from ambition to tangible targets for the different portfolios, section 6 shows further climate integration in the second line risk management process, and an expanded section 7 describes metrics and targets.




Bastiaan Pluijmers,
MD CPM, Climate
lead



Jacco Maters, Chief
Executive Officer

2 Executive summary

Anthos climate strategy aligns with the Paris Agreement	Interim targets and monitoring for Anthos operations and investments
<p>Net zero GHG emissions for all AuM by 2040</p> <p>Align with the ambition to limit global warming to well below 1.5°C</p> <p>Carbon neutral for Scope 1, 2 and (direct) 3 from 2020</p>	<p>25% reduction by 2025 and 50% reduction of the carbon budgets (expressed in tCO₂e/€ m) for each asset class by 2030</p> <p>100% of investments covered as soon as data and methods are available</p>
<p>Initiatives we support</p>  <p>1) Scope 1 & 2</p>	<p>Targets for AuM</p> <p>Exclude companies with more than 10% of revenue from thermal coal or oil sands or 5% from Arctic drilling; in external funds exposure should be less than 5%</p> <p>Increase coverage of investments with formal (SBTi) targets; target coverage in 2040: 100%</p> <p>Increase reported emission figures of our investments to 90% by 2030</p> <p>Carbon neutral for operations</p> <p>Carbon neutral for Scope 1, 2 and (direct) 3 from 2020</p>

3 Introduction

As an asset manager, and a fund of funds, we aim to identify and invest in funds that understand the impacts and the risks and opportunities in the market related to climate change. We are aiming for net zero emissions for our AuM by 2040 in order to support the global targets and limit global warming to 1.5°C by 2050 or sooner. Our investment strategy for achieving net zero emissions focuses on two objectives: (1) decarbonising our investments, and (2) increasing our allocation to climate solutions. As a signatory of the Climate Agreement for the Dutch Financial Sector, we are committed to reducing our emissions. The Climate Agreement for the Dutch Financial Sector is targeting a 49% reduction in GHG emissions by 2030, compared to the 1990 levels, and a 95% reduction by 2050.

In preparing this report, we were guided by the TCFD's recommendations regarding the reporting structure: governance, strategy, risk management, and metrics & targets.



Figure 1: Reporting framework for climate risk in the financial sector

4 Governance

This section details the following recommended TCFD disclosures:

- Describe the board's oversight of climate-related risks and opportunities;
- Describe management's role in assessing and managing climate-related risks and opportunities.

This section specifies the departments directly engaged in climate-related issues and decision-making, and how other departments are indirectly involved in this area. Reporting lines from departments focused on climate-related issues to the Board of Directors and the rest of the organisation are also detailed, as are the actions taken when issues are reported.

Climate change considerations in terms of risks and opportunities are part of Anthos' larger system of responsible investment (RI) governance. In 2021, we strengthened oversight of the topic by including representatives of the Board of Directors and the Management Team in the RI Steering Committee meetings, held twice a month. After establishing a clear direction of RI integration, clear governance and identifying the first steps to strategically integrate RI top-down, it was time to bring RI integration closer to the day-to-day investment activities. One of the ways to execute this was to replace the RI Steering

Committee with the RI Committee with individual stakeholders acting as thematic ‘leads,’ responsible for overseeing integration of the relevant themes in 2022. This committee was also joined by the Head of Investment Department who sits in the management team, to ensure a clear connection and reporting lines to the management team and the board. The RI committee further strengthened RI integration by establishing a clear climate approach, establishing annual reporting and disclosure cycles and rolling out different projects across the organisation. In 2023, the RI committee was succeeded by the RI working group, thereby transitioning from a project approach to an integrated line approach. In the RI working group, all relevant departments and disciplines are represented, it is chaired by the RI Director and is structurally joined by the Head of Investment Department to secure the reporting line to the management team and the Board. This governance structure ensures that RI is systematically integrated into our organisation, with effective ownership by all the relevant departments.

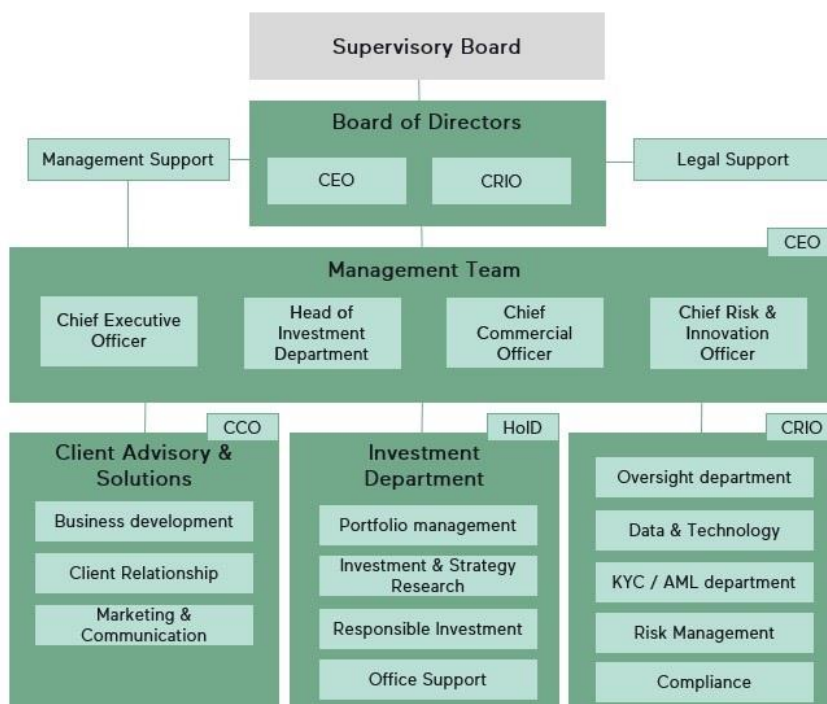


Figure 2: Company organisation

- The **Board of Directors** (CEO and CRIO) has ultimate responsibility for the company's RI policy and all underlying views, as well as for the company's position on climate change. Specifically with regards to climate, the Board:
 - bears ultimate responsibility for the climate policy
 - is responsible for defining climate goals and setting emission targets, both for our own operations and for the investments
 - will monitor progress on climate goals and emission targets and reports to the various stakeholders through different reporting channels, including but not limited to, the annual RI Report and the annual TCFD report.
- The **Management Team (MT)** oversees the actual integration and implementation of the climate positions and climate targets within the firm, the investment strategies and products.
- The **Investment teams** within the **Investment Department** are responsible for the actual integration of the climate considerations into investment decision-making, manager selection and portfolio construction thereby:
 - managing climate risks

- being aware of opportunities that arise due to climate change and resulting legislation and capitalise on these where possible.
 - ensuring the portfolios perform in line with the set emission reduction targets over time.
- The **Responsible Investment (RI) team** supports the organisation with input and guidance on best practices on climate policy and governance. The RI team is responsible for driving the RI strategy and for helping the investment teams maintain and evolve proprietary RI and impact tools in close collaboration with the ISR team and the other relevant teams across Anthos.
 - The **Investment & Strategy Research team** supports the investment teams with analysis of investments and portfolios that provide the team with actionable climate insights which inform investment decision-making, manager selection and portfolio construction.
 - The **Risk & Compliance department** execute (2nd line) monitoring of the execution of RI-related processes and compliance with internal policies as well as applicable laws and regulations.
 - The **Client Advisory & Solutions** team works closely with our clients to support and guide their view on integration of climate risks and target setting.

5 Strategy

This section provides details on the following recommended TCFD disclosures:

- Climate-related risks and opportunities identified over the short, medium and long term;
- Impact of climate-related risks and opportunities on businesses, strategy and financial planning;
- Resilience of the organisation's strategy and business plans with regard to different scenarios.

In line with the concept of double materiality, integrating climate considerations into our business follows two complementary lines of thought.

First, there are climate ambitions. At Anthos, we believe we must take responsibility for the impact we have on the world. With regard to climate change, we are therefore aspiring to achieve net zero emissions by 2040 to support the global goals and to limit global warming to 1.5°C by 2050 or sooner.

Second, we acknowledge that climate change is already very much in progress and entails risks that have not traditionally been considered. We believe these carbon risks are financially material, certainly in the medium to long term. If, therefore, we are to continue achieving good financial results, we have to mitigate climate risks and identify climate-related opportunities. We also see this to be our fiduciary duty. To address these aspirations and challenges, we have designed a climate framework that sets us on the path to net zero by 2040 and effectively manages the associated climate-related risks and opportunities.

5.1 The context of Anthos

An effective framework for achieving net zero has to align with our business activities and the context in which we operate in. Anthos is an asset manager and investment adviser that manages asset allocations with a great variety of asset classes and invests almost exclusively through external investment funds. This implies that the framework has to be effective in addressing climate goals, risks and opportunities from a fund-of-funds perspective (i.e. a structure that lacks direct influence on the underlying companies invested in). What's more, the great variety of asset classes we invest in implies that methods have to be applicable to a wider range of investment types, while also acknowledging that not every method will be applicable to every portfolio (owing, for example, to data issues, transparency limitations, or to the very nature of the investment).

As well as operating in-house funds, Anthos also manages portfolios on behalf of our clients. It is therefore also imperative to recognise that, in this case, it is ultimately the client's decision where to invest their capital. The disclosure framework has therefore been integrated into the processes for managing our in-house funds and, in the case of clients for whom we manage portfolios, provides a starting point for discussions and for working towards alignment with our objectives to reduce emissions. In 2022, we are well aligned with our clients towards the 2040 net zero ambition.

When considering our investment strategy, we apply two key considerations to frame our decisions: our investment values and our investment plans. To translate our climate policies into investment decisions, we articulated the following climate principles that guide our portfolio decisions:

1. Climate change presents portfolio opportunities for active investors;
2. The integration applies a top-down portfolio perspective, one framework applicable to all, with pragmatic asset class-specific implementation;
3. We pursue a beyond-exclusions strategy because we believe that engagement is a more effective lever of influence than a purely exclusionary approach. Integration of ESG risks and opportunities into asset allocation, manager selection, engagement and investment for a positive real-world impact are therefore our primary instruments for integrating climate change into our investment strategy;
4. We encourage positive investments – for example, in renewable energy and in technologies that enhance energy efficiency and support resilience and adaptation – across all asset classes;
5. We integrate our net zero climate ambitions in all asset classes and investment strategies to the extent possible and we continuously look for ways to integrate the net zero climate ambition when there is no clear cut solution yet.

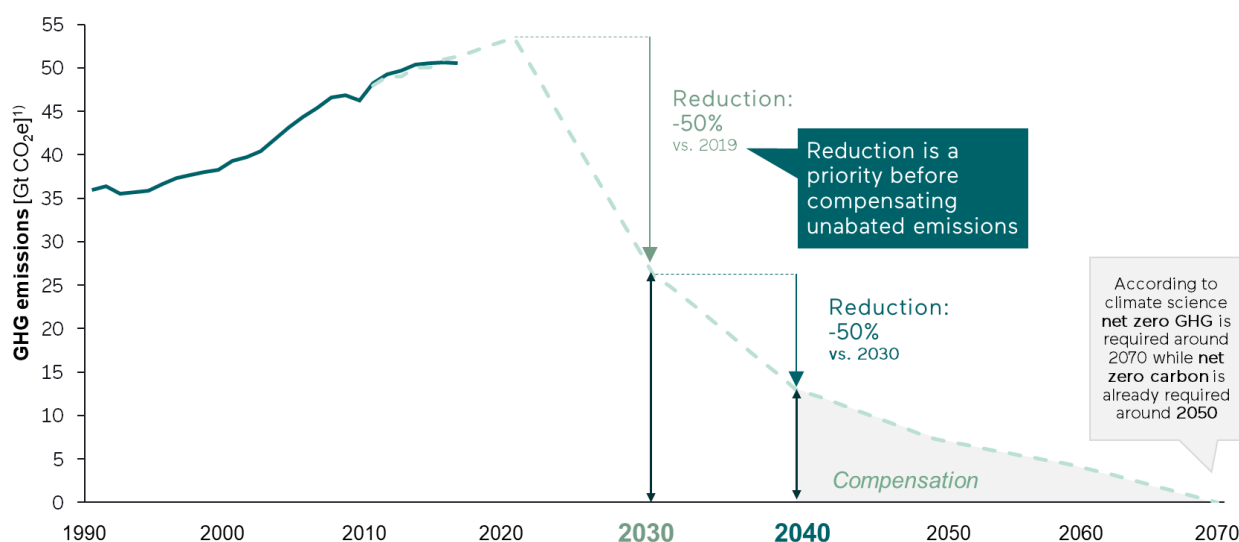


Figure 3: GHG emission reduction pathway (1.5 °C scenario) and targets

Source: Climate action tracker, COFRA, Roland Berger

Our ambition with setting a net zero target is to achieve the Paris Agreement goal to keep global warming well below 1.5°C. The pathway for this ambition is shown in figure 4, which follows an overall 50% reduction target by 2030 (baseline year 2019), and a further 50% reduction by 2040. The baseline is calculated for portfolios as at 31 December 2019 or benchmarks (references). We calculated and set our target using reported and estimated emissions. It is notable that we find estimates to be challenging for steering conversations with both managers and clients, so we only measure reported emissions against the targets. Being cognizant of the fact that, in the best case scenario, the majority of the global economy will follow the 2050 target year stated in the Paris agreement, Anthos most likely has to deal with residual carbon emissions in the portfolios for which we will develop a compensation strategy.

5.1.1 From Net-Zero ambition to implementation

To implement the ambition into attainable targets for the investment portfolios, the ambition first has to be translated into decarbonisation pathways and targets. The framework is applicable to all asset classes with difference in implementation, and contains three target types to account for measured emissions, for the coverage of reported vs estimated or unknown emissions and to incorporate forward-looking guidance in the framework. We chose a multidimensional target framework, as we find it important to incentivise and steer on all of these efforts. Increasing the number of managers and underlying issuers that report on emissions is important for improving and focusing our engagement efforts. We cannot engage with our managers on industry estimates as these are not specific enough for the portfolio. With more data we can improve our engagement efforts. We target 90% of portfolio assets to have reported emissions available by 2030.

To add nuance to the decarbonisation pathway, account for actual decarbonisation efforts and provide forward guidance about what to expect from the portfolio, a coverage target of SBTi-accredited target programs (or equivalent initiatives for non-company based asset classes) is added to the framework. We target 100% of investments to have a validated emission target program in place by 2040, and a steady increase to 100% over the years leading up to 2040.

The extent to which the targets can be established is very data-dependent: it is subject to data availability. When data availability is an issue for an asset class, it is exempted from the specific target that cannot be measured. However, when the necessary information becomes available, these asset classes will automatically fall under the respective target setting.

Benchmark relative approach

To establish the decarbonisation pathway, we use the economic intensity (GHG Emissions per million euros invested) for target setting. The main consideration for choosing this metric is that it is not influenced by external asset in- and outflows (e.g. total GHG emission targets get distorted by these dynamics) and it makes for easy comparison between assets, investments and portfolios (e.g. total GHG emissions are AuM dependent and as such do not provide direct comparison options). We monitor the absolute emissions as these are important for the total impact of the portfolio. For the decarbonisation pathway, 2019 is the baseline year and decided upon a benchmark-relative approach. This approach uses an acceptable proxy or benchmark to establish the baseline measurement against, which is the opposite of a self-decarbonisation approach that uses a baseline measurement on the portfolio itself.

In our opinion, the benchmark-relative approach provides a number of advantages over the self-decarbonisation approach:

- When active investment portfolios are established after 2019, it is very difficult to establish a fair baseline measurement when using the self-decarbonisation approach, while proxies or benchmarks can be often established for the baseline year.
- When choosing the self-decarbonisation approach, implicitly portfolios that are already very clean by design in the baseline year are penalised versus portfolios that are very dirty as they both have to realise the same decarbonisation in percentages. A benchmark-relative approach accounts for these differences.

With the described building blocks, a decarbonisation pathway is established for every portfolio. In summary:

- Decarbonisation is measured by economic intensity
- The baseline year of the pathway is 2019
- The baseline measurement for 2019 is based on the benchmark or a representative proxy

- The pathway follows: -50% per the end of 2030 (or annually -6.1%), -50% per end of 2040 (-6.7% annually), and zero GHG emissions after 2040, and till 2050 a compensation strategy when residual emissions are present, after 2050 net zero without the use of a compensation strategy.

Note that it might be necessary to re-establish the decarbonisation pathway by recalculating the baseline intensity of 2019. In the benchmark approach, this generally is triggered if the chosen benchmark/proxy is not reflective of the portfolio or investment strategy anymore. Annually, Anthos re-assesses if the benchmark/proxies are still reflective of the portfolio or investment strategy.

Reasons for re-baselining are, but not limited to:

- Substantial changes in data coverage, availability, or quality
- A significant shift in the fund's sectoral or industry exposure
- A benchmark change

5.2 Integrating climate risks and opportunities into the investment strategy

A climate-conscious investment strategy starts by identifying the risks and opportunities. We have devised our strategy by following the TCFD guidance and assessed the impact of the risks and opportunities over the short, medium and long term for Anthos. We believe scenario analysis is the best tool for these assessments. A climate scenario is a forecast used to assess the resilience of our strategy regarding climate-related risks and opportunities. The climate scenario analysis is intended to provide insight into:

- The potential cost of achieving significant reductions in our portfolios' GHG emissions in various policy, technological and socio-economic scenarios;
- The warming potential of our current portfolios if no additional efforts are made to curb GHG emissions and/or to contribute to technological or other climate solutions;
- Where the biggest opportunities lie regarding capital allocation decisions to reduce our portfolios' future GHG emissions and/or increase exposure to GHG reductions from technology and innovation.

We have chosen to adopt the MSCI Climate Value-at-Risk ('Climate VaR') framework for our scenario analysis as it is the most effectively aligned approach for measuring our contributions to keeping global warming below 1.5°C and is also aligned with the risk taxonomy and recommendations of the TCFD.

As well as the quantitative insights into climate risks and opportunities in the investment portfolios derived from scenario analysis, qualitative considerations are also important for investing in opportunities. Allocation targets for sustainable investments have been set, and we are developing models for identifying solution-based investments on an ongoing basis.

5.2.1 Key risks

The key risks for our business and their potential financial impact comprise (1) transition risks, and (2) physical risks. Each risk type is detailed below, with mitigation strategies identified.

Transition risks

Risk type		Potential financial impact	Time horizon	Risk level	Mitigation strategies
Policy & legal	Enhanced emissions reporting obligations	Higher compliance costs	Short	Low	Establishment of robust carbon foot printing and reporting practices Active involvement in related initiatives (e.g. PRI, PCAF, SBTi)

Risk type		Potential financial impact	Time horizon	Risk level	Mitigation strategies
	Increased pricing of greenhouse gas emissions	Cost increases (e.g. higher energy prices and travel expenses)	Short/medium	High	Commitment to reduction targets in line with 1.5°C scenario for platform and portfolio emissions
	Exposure to litigation	Reduced demand for products and services as a result of fines and court judgements	Medium	Low	Implementation of ESG scorecard to ensure investments align with internal values and external scrutiny Implementation of enhanced exclusion criteria for thermal coal, oil sands and Arctic drilling
Technology	Costs of transitioning to lower emissions technology	Increased capital investments in new technology; increased costs of adopting/deploying new practices and processes	Short	Medium	Identification of stranded assets and fossil fuels in portfolios using MSCI climate data Exclusion criteria on fossil fuels and allocation target for climate solutions and green investments
Market	Significant shift in client preferences	Reduced revenue due to decreased demand for our services	Short/medium	Low	Client engagement on environmental topics through workshops Facilitation of clients' climate ambitions and creation of transparency
	Climate-related risks impacting the market	Abrupt and unexpected market impacts reduce the value of AuM, thus impacting on clients and reducing investment management revenue	Short	Medium	Transition risks assessed under various scenarios using MSCI's Climate VaR module and communicated to clients Reduction of exposure to stranded assets through exclusion criteria
Reputation	Increased stakeholder concerns or negative stakeholder feedback	Reduced revenue from decreased client demand or from negative impacts on workforce management and planning (i.e. lower employee attraction and retention)	Short/medium	Medium	Client workshops on the topics of climate and responsible investing Employee workshops on incorporating climate-related topics into day-to-day work
	Stigmatisation of sector	Reduced capital inflow due to bad reputation of asset management sector	Medium	Low	Facilitation of sector-wide change through participation in initiatives and working groups, e.g. SBTi, PCAF, PRI

Physical risks

Risk type		Potential financial impact	Time horizon	Risk level	Mitigation strategies
Acute	Increased severity of extreme weather events such as cyclones and floods	Write-offs and early retirement of existing assets (e.g. damage to property and assets in high-risk locations)	Medium	Medium	Physical climate risks of portfolios assessed under various scenarios using MSCI's Climate VaR module and communicated to clients
Chronic	Effects from longer-term shifts in climate patterns, e.g. sea level rise and heat waves	Loss of portfolio value due to changing weather patterns (e.g. unsuitable climate for certain crops or additional costs from increased heat waves)	Long	Low	Physical climate risks of portfolios assessed under various scenarios using MSCI's Climate VaR module and communicated to clients

5.2.2 Key opportunities

In addition to risks, we have identified key opportunities for our business and their potential financial upsides:

Opportunity type		Potential financial upside	Time horizon	Impact level	Strategy
Products and services	Development and/or expansion of low-emission products; provision of tailored products and services	Increased revenue through demand for lower-emission products and services; improved competitive position, reflecting shifting client preferences	Short	High	Establishment of net zero funds to align with client demands Increase investments in sectors that encourage the transition
Markets	Access to new markets	Increased revenue through access to new and emerging markets (diversification of financial assets)	Short	Medium	Increase investments in markets that encourage the transition
Energy source	Investment in climate solutions	Increase profitability by investing in renewable energy	Short	Medium	Increase investments in climate solutions to facilitate and profit from the energy transition
Resource efficiency	Use of more efficient modes of transport	Reduced operating costs; benefits for workforce and reputation	Short	Low	Establishment of a mobility policy, with COFRA, to promote more sustainable modes of travel

5.2.3 Resilience of our strategy, using scenario analysis

The scenario analysis (the climate 'value at risk' method) uses a quantitative approach to provide a forward-looking, return-based valuation assessment for measuring climate-related risks and opportunities for the investments in our portfolios. The quantitative model offers insights into how climate change could affect company valuations across a range of scenario outcomes on a 15-year time horizon. In addition, it indicates our portfolios' warming potential, a forward-looking metric that shows the global temperature scenario to which the portfolio is best aligned. This metric is based on the current business activities and emission-reduction targets of the underlying investments if no additional efforts are made to curb GHG emissions or to contribute to climate solutions (technological or otherwise).

Climate Value-at-Risk ('VaR')

Broadly speaking, we distinguish three approaches to assessing the degree of climate sensitivity in investment portfolios: top-down (or 'macro') approaches, sector-level (or 'meso') approaches and bottom-up (or 'micro') approaches. The MSCI Climate VaR framework used by Anthos provides a coherent methodology, with models and inputs from all three approaches to estimate future climate-related costs and revenues at the securities level. The integration of these three approaches, combined with a strong focus on security-level analysis, makes the method particularly relevant for our active asset management strategies.

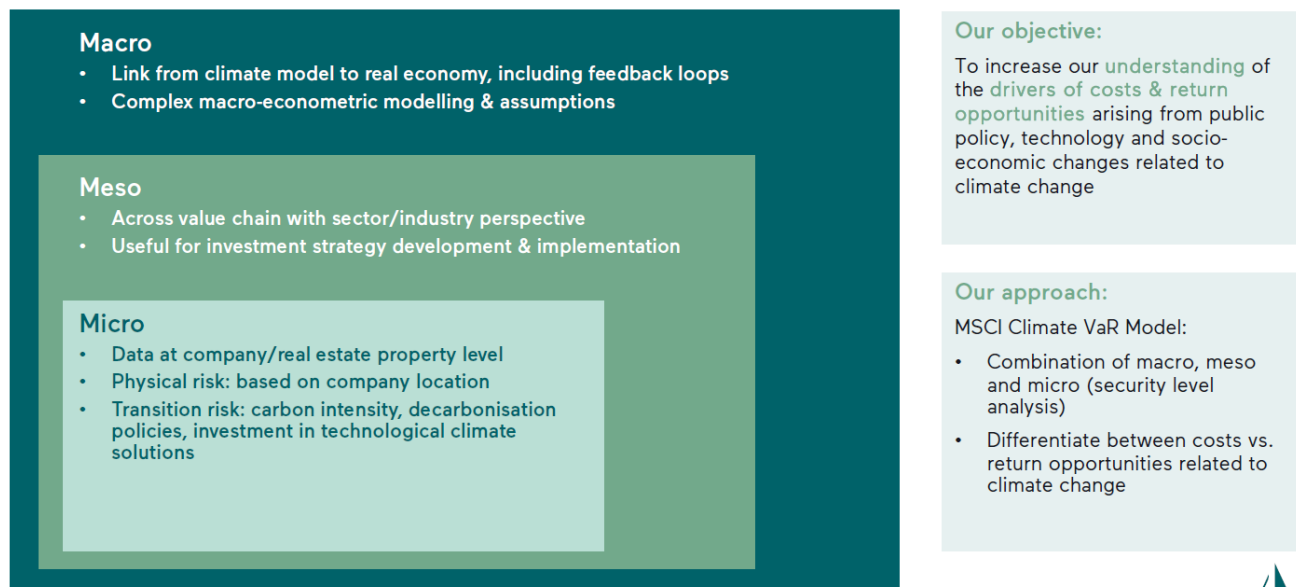


Figure 6: Overview of Climate VaR approach

The approach relies on three core pillars and produces Climate VaR figures for each pillar and each company:

- **Physical risks:** Potential costs due to physical hazards or climate change-related perils. The physical risks provide insight into how the geolocations of a company contribute, and how vulnerable (or sensitive) the economic activity of the company is, to certain perils (e.g. a transport company will be more affected by snowstorms than an IT company). Two different scenarios – an aggressive and a moderate weather scenario – can be chosen to estimate the physical risks for a portfolio.
- **Transition risks:** Potential costs of compliance with climate change policies that countries enact in order to decarbonise. The drivers (components) of this risk are the policy effects on emissions directly related to the economic activity (Scope 1); the pass-through policy effects on electricity production and prices (Scope 2), and the policy risks for the whole value chain in which a company operates (Scope 3, divided into upstream and downstream effects). Many different scenario pathways can be chosen to estimate the transition costs.

- **Technological opportunities:** Opportunities born out of the changes required to meet the transition to a low-carbon economy, based on current low-carbon revenues and company specific patents. The scenarios for estimating the technological opportunities are the same as those used for the transition risks.

In short, the Climate VaR figures for each scenario are the total present value of modelled expected future cashflows (estimated based on scenario inputs) as a percentage of the current enterprise value. In other words, Climate VaR shows the cumulative performance likely to be incurred in a chosen scenario due to climate change. While the MSCI model of climate change risks and opportunities extends all the way to 2080, our analysis focuses on the first 15 years. We believe this medium-term carve-out of the MSCI data is sensible because the modelling for the first 15 years is more precise, while policy transition risks and technological opportunities are likely to materialise in the next decade or two, and the duration of an equity security is 15-20 years.

Anthos has identified three policy scenarios as being the most relevant for tracking the climate transition and technological opportunities: the 1.5°C scenario, the 2.0°C scenario and the 2.0°C late-action scenario. Note that Anthos has committed to keeping global warming below 1.5°C by 2040. All three scenarios project a peak in emissions in 2020. Both the 1.5°C and 2.0°C scenarios project a sharp decrease in GHG emissions after 2030, with the 1.5°C scenario becoming emission-neutral by 2055 and the 2.0°C scenario by 2100. In the 2.0°C late-action scenario, the transition only starts accelerating to more or less converge with the 1.5°C scenario in 2030.

Implied Temperature Rise

Endorsed by the TCFD and developed by MSCI's Portfolio Alignment Team, we require the Implied Temperature Rise metric (ITR) of our investments and portfolios to be measured. The metric provides guidance on the extent to which assets and portfolios are aligned with a net-zero GHG emissions reduction ambition that would limit average temperature rise to 1.5°C by 2050. The ITR, expressed in °C, estimates the global rise in average temperature by 2100 and later if the global economy were to overshoot (or undershoot) its remaining carbon budget to the same extent as the company or portfolio in question.

5.3 Bottom-up implementation

Anthos is a fund-of-fund investor, which has implications for a decarbonisation approach as there is a degree of separation between us and the carbon-emitting companies (via external managers). Our point of true influence therefore lies not with the carbon-emitting companies themselves, but with the fund managers that we select to carry out their investment program. For this reason, the integration of climate considerations in the investment strategy focusses on the external funds and selection of these funds. To the extent possible and with the data available, we analyse emissions data to understand what drives the emissions of the different funds. We identify where the highest emissions come from, and identify where the greatest reductions can be made. This then informs how we act and how we use our three 'action levers' to influence and steer emissions reductions within our portfolios through:

- Integration: Manager selection and engagement;
- Allocation to sustainable and impact investments;
- Exclusions.

5.3.1 Integration: manager selection and engagement

With established targets, the investment strategy has to start steering the portfolio in the right way according the earlier described three 'action levers.' With the first lever, we achieve portfolio resilience and improvement by selecting the right funds and managers and by actively engaging with them.

We select managers with a deep understanding of portfolio construction and management and good integration of ESG issues. This selection process relies on our assessment of their policies and management systems as assessed with our ESG scorecard. In the case of listed funds, which offer

greater data accessibility, we leverage specific information from MSCI to evaluate carbon emission risks, transition risks, and exposure to high-risk companies for each fund or manager. This comprehensive approach, combined with our experience, ensures an effective engagement. For further insights into our manager expectations concerning ESG integration and stewardship, please refer to our Responsible Investment and Stewardship policies.

As part of our ESG scorecard assessment, we label each fund manager as a 'laggard, novice, professional or leader.' The decision on whether to invest with a manager is taken not only on the basis of this classification, but also takes account of whether managers are taking steps to improve and work on further integration, and we prefer such managers to those showing no interest in the topic.

We expect leaders to establish fund- and operational-level carbon reduction targets and to engage with portfolio companies to set targets in line with the Science Based Targets initiative (SBTi). We believe that membership of and active participation in relevant industry initiatives adds to the quality and knowledge of the manager. We expect a systematic assessment of climate risk exposure as part of investment decision-making and regular portfolio company carbon foot printing, with clear targets and improvement actions being set. Lastly, we expect data collected to be used to manage emissions reductions and reporting back to us to be increasingly transparent.

In addition to selecting the right funds and managers, we use our ESG scorecard to actively engage with funds and managers as well. For each fund and manager, we aim to create a dashboard containing climate-related characteristics and detail the fund's performance, i.e. the highest carbon-intensive investments in the fund and the exposure of the investments that have set science-based targets. This information effectively guides our selection of and engagement with managers. We believe this engagement is crucial and expect this from all our external managers. However, we have also selected an external engagement service provider to engage directly with companies on our behalf in respect of this and other highly relevant ESG themes.

5.3.2 Allocation: Sustainable and impact investments

We seek to invest in sectors and funds that support the climate transition and align with two of our three main areas of focus for impact creation: 'Protecting the environment' and 'Elevating people and communities'. In 2020, we started measuring the exposure to green solutions via look through in the underlying listed companies, as defined by MSCI's Low Carbon Transition Risk assessment methodology. We expect to increase these measurements going forward as they are part of our broader target to increase our investments in sustainable or impact funds. We also map the different types of impact funds we invest in by using the Impact Management Project norms, as shown in figure 5. Our target for 2025 is to increase our investments to 25% of AuM in the types of funds that benefit stakeholders and contribute to solutions, while also increasing our overall investments in green solutions.



Figure 5: Impact Management Project categories

5.3.3 Exclusions: Minimising negative impact and risk

In general, and in line with international standards, we aim to exclude or avoid companies that do harm to our values of human dignity, sustainability and good corporate citizenship (see our RI Policy and the Exclusion Policy for more details). With specific regard to the climate goals, our focus is moving away from companies generating revenue from thermal coal, oil sands or arctic drilling. According to the International Energy Agency (IEA) scenario analysis (2020), no new investments in coal plants, coal mines or oil & gas fields can be allowed on the 1.5°C trajectory. Given that we cannot directly exclude, we monitor the exposure to these criteria described in our exclusion policy:

- Thermal coal, because it is more carbon-intensive than other fossil fuel sources, but also more easily replaced. The risks of continuing exposure to thermal coal at this point in the transition outweigh the benefits. We therefore exclude companies exposed to coal extraction and generation, with a **10% revenue threshold**;
- Oil sands, because these activities have various adverse effects on the environment: they are extremely carbon-intensive, pollute air and land, and also involve various human rights-related controversies. We exclude companies that extract oil sands, with a **10% revenue threshold**;
- Involvement in Arctic drilling, because it exposes companies to reputational and financial risks. Exploring for oil and natural gas in the Arctic faces opposition from environmental groups, both with regard to global climate change and the increased risk of environmental disasters. We believe it's a threat to fragile Arctic ecosystems, habitat destruction and water pollution. We therefore exclude companies involved in oil and gas exploration in the Arctic regions, with a **5% revenue threshold**.

As previously mentioned, we seek to engage with our external managers, especially those active in demand-side companies such as those in the transport or construction sectors, or manufacturing industry. Actively engaging with such companies on aligning their energy goals with the goal of transitioning to a low-carbon economy helps move the needle, as does asking for more transparency and sustained action from such companies. Lastly, we are seeking to increase exposure to companies that provide solutions and are better-positioned for the energy transition.

6 Risk management

This section provides details on the following recommended TCFD disclosures:

- Processes for identifying and assessing climate-related risks;
- Processes for managing climate-related risks (including mitigation, transfer, acceptance and control);
- Integration of processes related to identifying, assessing and managing climate-related risks into overall risk management.

A solid and strong risk management process is key for mitigating risk, both for our own business and also for our clients. In this section, we describe the processes involved in climate-related risk management and how we have integrated this into our overall risk management process.

6.1 Identifying and assessing climate-related risks

To manage risk, it must first be identified. To stay relevant and take advantage of the latest insights in the rapidly developing field of climate risk, we work with and seek out industry initiatives such as the PRI, PCAF, IIGCC, CDP and DUFAS. To embed new insights and views within the organisation, we prepare position papers and review policy reports. In 2022, an elaborate ESG risk assessment was carried out by the Risk Management department of Anthos in collaboration with the RI Director, to identify and define specific ESG risks that should be taken into account in our overall risk management process. Also in this year we wrote our climate handbook, an overarching document bundling all used climate definitions, technical standards and proprietary developed frameworks at Anthos. Lastly, we formulated our first

climate-specific policy, containing specific requirements on emission measurement and our targeting framework.

Our investment managers discuss climate risk topics with the external managers. These discussions, in turn, enable us to devise frameworks and include climate risk in day-to-day work in an effective manner. In addition, we continually keep track of and meet leading data and model providers in the market to ensure that the data we use is of the highest quality. Lastly, our TCFD reporting efforts challenge us to consider and identify the climate risks and opportunities to which our organisation is exposed.

6.2 Measuring climate-related risks

The climate risks and measures relevant to our risk management process can be derived from our investment strategy:

- Our targeting framework provides us with tangible targets and measures, which enable us to monitor progress towards achieving the net zero carbon emission goals so as to make sure we do not deviate too far, or depart altogether, from our commitments. In addition, we track a suite of other metrics, as described in section 7, that provide forward-looking guidance on what to expect from our investments on decarbonisation.
- To measure specific climate risks, we use the MSCI Climate Value at Risk (VaR) scenario methodology, which provides a framework for identifying portfolio concentration issues both in exposure to physical risks and to transition risks. We rely on our managers and discuss with them how they approach climate risk, making sure that their views are integrated at their level and, through engagement, also have an influence at the company level, where the effects are felt and the change needs to happen.

6.3 Managing climate-related risks

Climate change cannot be tackled in isolation. As we predominantly invest through external funds, one of our most important tools in managing climate risk, alongside data analysis and monitoring, is fund selection and engagement as described in section 5. This involves integrating our climate ambitions into our investment process through manager selection, engagement, allocation and exclusions. These activities, together with the involvement of clients, stakeholders, peers and policymakers, and additional company-level engagement are key to our risk-mitigation strategy on climate change.

6.3.1 Clients, stakeholders and peers

We regularly discuss climate risks and targets with our clients and other stakeholders to inform and share knowledge with them, as well as to learn from them. The workshops are an opportunity for us to share our latest insights into developments in climate change and to explain how Anthos is working to address them. For us, it is crucial to take our clients, who are the final decision-makers for a large share of our assets, on this path with us and also include their views, ambitions concerns and create a common path ahead.

Our engagement with peers is based on our belief that a global problem such as climate change requires a global approach. We need industry-wide frameworks to increase transparency and ultimately build a more stable financial industry. This, in turn, will reduce the risk of severe disruption from climate change. Therefore, we are proactively working with collaboration initiatives, such as PCAF, the Institutional Investors' Group on Climate Change (IIGCC) and DUFAS. See Appendix 8.2 for a list of all the collaboration initiatives we support.

6.3.2 Investee companies – thematic engagement

While our primary focus of engagement as a fund of funds is the engagement with our external managers as described above in section 5, we also wish to engage on relevant topics with companies in the broader universe. We do this through a specialised engagement service provider. This expands our influence and allows us to contribute to themes that are important to our clients and to society as a

whole. In addition, since the start of 2022, we actively support the Carbon Disclosure Project (CDP) in their collective engagement efforts focused on carbon disclosures and SBTi target setting.

In 2022, through our engagement service provider, we not only engaged with companies facing serious controversies or material risks related to climate change, but also became part of three smaller (in terms of the number of companies), but more focused thematic engagements related to our value of sustainability and climate change:

- (1) The **'Feeding the future'** engagement, the objective of which is to contribute to a more sustainable trajectory for the future of food, with a focus on responsible stewardship of land and other natural resources and supporting a sector-wide transition to more sustainable business models;
- (2) The recently started engagement on **'Climate change: sustainable forests and finance'**, the objective of which is to address climate risk and advocate for reductions in direct and indirect emissions in global forest systems, with a focus on companies, customers and financiers;
- (3) The **'Responsible cleantech'** engagement, the objective of which is to catalyse more sustainable production of some of the most popular cleantech solutions.

6.3.3 External investment managers and fund monitoring

Monitoring climate risk at the external investment manager level is done both qualitatively, through ESG scorecards, research and dialogue, and quantitatively, using data. To structure our monitoring efforts, we implemented our ESG scorecard in 2020. In 2021, we added further focus by including the integration of climate into the investment process as a separate section in the scorecard. We are now supplementing this with a dashboard that includes various metrics intended to give our portfolio managers better information for engaging with and monitoring external managers. We are continually improving this dashboard so that decisions can reflect the results of the monitoring. Our main focus at present is on developing or improving on the following:

- Staying on track to achieve our climate goals by actively tracking developments in each fund's aggregated carbon emissions over time and its contribution to our total carbon footprint;
- Addressing the portfolios where we have less reported emissions available, as having company specific measured emissions vs industry specific ones really helps engagement with our external managers.
- Recognising that changing how companies treat climate issues starts primarily at the company level. We therefore measure a fund's coverage of investments that have set formal targets and actively advocate increasing exposure to companies with SBTi and/or CDP targets. We can do this for most of the illiquid strategies.
- Targeting our engagement efforts at the companies that really matter. Where possible we aim to track a number of largest carbon emitters to discuss when engaging with our managers;
- Monitor our exposure to companies generating revenue from thermal coal, oil sands or Arctic drilling activities. This data is used to engage with external investment managers on these topics and report transparently.
- Implementing asset class-specific approaches to measure and engage with investment managers. This means, for example, requiring our real estate investment managers to subscribe to the GRESB Assessment. Our funds' annual GRESB scores are reviewed as part of our monitoring efforts to ensure that our real estate investments meet our standards.

6.4 Integration of climate risk management into Anthos' Enterprise Risk Management

Anthos has developed an Enterprise Risk Management (ERM) framework that encompasses relevant risks faced by Anthos in executing its strategy. The risks faced by clients through the investments Anthos manages on their behalf are an integral part of this. Climate risks are included in our risk taxonomy (depicted below) as part of Product Risk - RI & Sustainability risk. The purpose of the risk taxonomy is to

support effective and efficient risk management by creating a common risk vocabulary and providing a risk classification.



Figure 8: Anthos risk taxonomy

To identify and assess the materiality of sustainability risks, we performed an assessment based on the double materiality principle: sustainability risks coming to our investments that potentially can have financial impact (sustainability risks) and risks to society and the environment coming from our portfolios (stakeholder impacts). In the Anthos Risk taxonomy, the management of the climate risks is included as part of RI & Sustainability Risk (4.4). Climate risks is one of the most measurable risks, especially for the listed investments. All identified risks are managed by the responsible investment tools and practices used in the portfolio management process as described in the Portfolio Management Policy, which are guided by the principles as defined in the Responsible Investment policy and related documentation that are part of Anthos' formal policy house.

In our ERM framework – which monitors whether the right processes are in place to mitigate the risks we identify in the first line of defence and that these are executed correctly – we evaluate the risk that RI or sustainability considerations are not sufficiently incorporated in the design or execution of the services and products we offer. Processes relating to the management of climate risks are monitored as part of the RI & sustainability risk identified in this taxonomy and are therefore subject to the risk management cycle executed by Anthos, which in general terms encompasses the identification, assessment, management and monitoring of risk. In section 5, the (more granular) climate risk types are identified, the potential size and probability of their financial impact is assessed, and mitigation strategies are described to manage these risks in the context of the fund-of-fund management approach taken by Anthos.

The measurement and monitoring of climate-related risks as described in section 5 and in this section above is currently executed by the Investment Strategy & Research team (ISR). We expect that – as the maturity level of this activity evolves and modelling becomes more stabilised – the execution of this activity will transfer to the Risk Management team, which will take a formal role in the monitoring of specific climate risks. Risk Management does, however, monitor the execution of the risk management process steps as described above, by tracking a set of Key Risk Indicators (KRIs) related to RI and sustainability risk process (e.g. number of funds assessed with our scorecard, number of engagement with managers, etc.) and reporting the outcomes to Anthos' Business Risk Committee (BRC) and MT in its quarterly Enterprise Risk Report.

7 Metrics & targets

This section provides details on the following recommended TCFD disclosures:

- Metrics used to assess climate-related risks and opportunities in line with strategy and risk management;
- GHG emissions (Scope 1, 2 and 3) and related risks;
- Targets used to manage climate-related risks and opportunities and performance against these targets.

The approaches and frameworks for integrating the climate-related risks, opportunities and goals described in the strategy (section 5) and risk management (section 6) rely on measures, targets and limits. All the metrics used in our climate framework are explained in this section, which also considers last year's GHG emissions and openly discusses the targets we have set and the progress we are making towards achieving these targets.

7.1 Metrics & targets

7.1.1 Measuring emissions

A number of basic principles are used at Anthos in measuring emissions, which are the following:

- Measured emissions should always follow the globally accepted Global GHG Accounting and Reporting Standard framework, and cover the seven greenhouse gasses as described by the Kyoto Protocol.
- The framework and definitions of emissions leads to significant amounts of double counting in emissions. This happens between the different emission dimensions (scope 1, 2 and 3), but also between asset classes. For this reason we measure and target the following emissions all strictly separate from each other:
 - Scope 1 & 2 for corporates
 - Scope 3 for corporates
 - Scope 1 to 3 for Real Estate
 - Scope 1 to 3 for Sovereigns
- Measurement of portfolio emissions is done on a quarterly basis
- The attribution factor used to calculate the ownership of GHG emissions:

Asset Class	Attribution factor
Listed companies	Dividing the invested value (equity and/or debt held) by the Enterprise Value including Cash (EVIC)
Private companies	Dividing the invested value (equity + debt held) by the total outstanding equity + total Outstanding debt value
Real estate	Dividing the outstanding amount (the value of the loan or investment on the financial institution's balance sheet) by the property value at origination of the investment.
Sovereign debt	The Purchase Power Parity (PPP)-adjusted GDP for sovereigns to scale ones debt exposure to a bond.

7.1.2 Climate Metrics

What	Measure	Aim
Absolute Emissions	Metric Tonnes of GHG emissions = tCO ₂ e	Reporting; getting insights on total climate effect of an investment/portfolio
Economic Emission Intensity	Metric Tonnes of GHG emissions per € million Invested = tCO ₂ e/€ MLN	Reporting; getting insight on climate effect per euro invested as well as being able to directly compare emission across portfolios. Target setting: follow the established decarbonization pathway for every portfolio
Weighted Average Carbon Intensity (WACI) (Companies)	Weighted Average of Metric Tonnes of GHG emissions per € million sales = tCO ₂ e/€ MLN	Reporting; getting insight into efficiency of a portfolio per euro earned, to understand exposure to carbon intensive industries (only Companies)
Floor Area Weighted Average Carbon Intensity (Real Estate)	Weighted Average of Metric Tonnes of GHG emissions per m ² of property = tCO ₂ e/ m ²	Reporting; getting insight into efficiency of a portfolio per square meter property, to understand exposure to carbon intensive real estate (only Real Estate)
Data Quality Breakdown	<ul style="list-style-type: none"> • % exposure to assets with availability of: reported emissions over the last calendar year (t) and the attribution factor • % exposure to assets with availability of: reported emissions available over the calendar year (t-1) and the attribution factor • % exposure to assets with availability of: estimated emissions over the last calendar year (t) and the attribution factor • % exposure to assets without availability of: any emission figures and/or and the attribution factor. 	Reporting; getting insights in the reliability of the estimated carbon numbers and how representative they are for the portfolios, assess how it is these figures will still change Target Setting: getting the % exposure of reported to 90% by 2030
Target coverage	<ul style="list-style-type: none"> • % exposure to assets that have short term (SBTi or equivalent) approved emissions reduction program. • % exposure to assets that have long term (SBTi or equivalent) approved emissions reduction program. 	Reporting; getting insights in what to expect of the investments in the future Target Setting: getting the % exposure of approved reduction programs to 100% by 2040
Implied Temperature Rise	°C average global temperature rise by 2100 if the global economy would perform the same on decarbonization as the investment	Reporting; getting insights in what to expect of the investments in the future
Physical risk	VaR figure, expressed in expected return attributable to physical risks for aggressive weather development scenarios	Reporting: getting insights in climate risks
Transition risk	Policy VaR figure, expressed in expected return attributable to legal and development costs necessary to be compliant with climate policies at international, national, state level etc.. in three scenarios' pathways: 1.5°C, 2°C and late-action 2°C	Reporting: getting insights in climate risks
Technological Opportunities	Expected return attributable to opportunities the climate transition brings, in three scenarios' pathways: 1.5°C, 2°C and late-action 2°C	Reporting: getting insights in climate opportunities
Low Carbon Transition Score	Score from 1 to 10, indicating if a company can be considered a climate solution, neutral, risky of stranded.	Reporting: getting insights in how the portfolio is distributed from stranded assets to solutions and everything in between.

7.2 GHG emissions (Scope 1, 2 and 3)

Where Anthos has the data available, Anthos measures the Scope 1, 2 and 3 emissions, as shown below. The largest component in our total company emissions comprises Scope 3 emissions (these include the Scope 1 and 2 emissions of the companies in our investment portfolios). For the moment we are not including Scope 3 from the companies in our portfolios. We intend to do this as the data becomes better available. While in the table below we report on economic intensity, we are monitoring and reporting Absolute emissions for all of the portfolios where we have data, directly to our clients.

	Scope 1	Scope 2	Scope 3*
2022	29,5	17,0	318,0

*Scope 3 for Anthos includes business travel, employee commuting but also the carbon footprint of the investments.

Total emissions in 2022 [tCO₂e]; Carbon metrics ©2022 MSCI ESG Research LLC. Reproduced by permission.

Scope 1 & 2	% of total AuM	Of which, CO ₂ e reported	Of which, CO ₂ e estimated	Unknown	Economic intensity (tCO ₂ e/€ m investments)	Physical Intensity*
Listed Equities	33%	77%	20%	2%	25	
Investment Grade bonds	4%	60%	14%	25%	32,8	
Corporate high-yield	5%	42%	28%	30%	126,8	
Developed Sovereign Bonds	11%		99%		138	N/A
Global Real Estate	10%		67%	21%	11	
Private Equity	11%		73%	16%	40	N/A
Multi-asset Impact	3%	17%	37%	9%	9	N/A

* Weighted Average Carbon Intensity for companies, Floor Area Weighted Average Carbon Intensity for real Estate

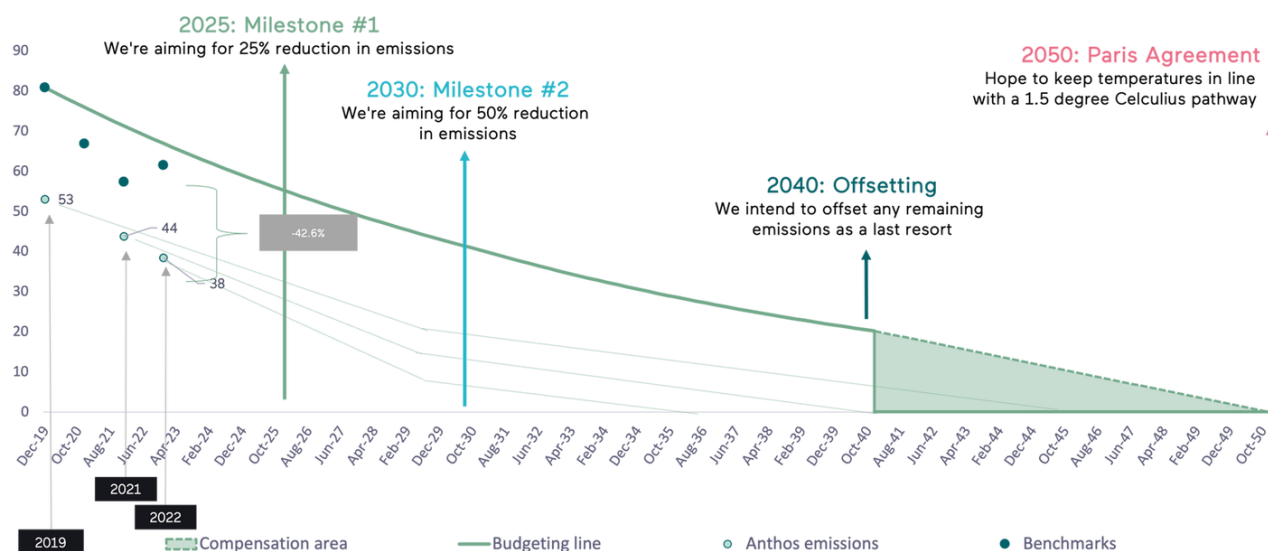
Total Scope 1 and 2 GHG emissions in Anthos' portfolios for 2022

Carbon metrics ©2022 MSCI ESG Research LLC. Reproduced by permission.

7.3 Target setting for our investments

For the total portfolios emissions that are known, we track the path since 2019 and assessed how this fares versus our net-zero ambition pathway.

Anthos net-zero ambition pathway carbon emissions (Ton CO₂e/€ m Inv):



Data as on 31 December 2022.

Carbon metrics ©2022 MSCI ESG Research LLC. Reproduced by permission.

How to read this figure

The 'Anthos emissions' dots represent Anthos' reported emissions which make up 40% of total assets under management and encompasses listed equities and listed corporate debt (European investment grade and global high yield). The 'budgeting line' represents the maximum threshold of emissions to enable these portfolios to reach net-zero. The 'baseline' and 'budgeting point' labels represent the threshold emissions we calculated for these portfolios to reach net-zero – our carbon budget. The 'compensation area' from 2040 onwards represents the expectation that we will need to offset any remaining emissions using natural capital solutions. 'Benchmarks' represents the total emissions of the respective benchmarks for the equities and listed debt portfolios: MSCI World, MSCI ACWI, Bloomberg Barclays Euro Agg, and Bloomberg Barclays Global high yield, respectively.

7.4 Setting science-based reduction targets for our direct emissions (Scope 1 and 2)

Under the umbrella of its parent company, COFRA Holding, Anthos has aligned with COFRA's commitment to set a science-based reduction target for our Scope 1 and 2 emissions in 2030. The Science Based Targets initiative (SBTi) is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Its aim is to mobilise the private sector by providing guidance and support in setting clear climate goals. Science-based targets are defined as targets in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. The SBTi framework is the right fit for us as it ensures we follow best practices on our path to carbon neutrality and that we do so in line with the latest scientific insights. By committing to this initiative, we can future-proof our growth, cut costs, stay ahead of new regulation and spur innovation within our organisation.

8 Appendix

8.1 Key TCFD definitions for the risk & opportunity matrices

Risks: A risk is defined as any potential negative impact on a business stemming from the failure to understand climate change risks. Examples of such risks include increased regulatory requirements and regulatory costs, additional capital expenditure associated with asset damage, disruption to the supply chain, reputational risks, and exit strategy risk associated with future investors who may be increasingly climate aware.

Transition risks: The TCFD recommendations state that 'Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.'

- **Policy & legal risk:** In general, policy takes one of two directions: policy that attempts to constrain actions that contribute to the adverse effects of climate change, or policy that seeks to promote adaptation to climate change. Examples of the latter include carbon-pricing mechanisms to reduce GHG emissions and encouraging more water efficiency. The significance of the risk of policy changes will depend on the nature and timing of such changes. Legal/litigation risks are becoming increasingly important. Recent years have seen a substantial increase in climate-related litigation claims (e.g. the Urgenda lawsuit against the Dutch government). Reasons for such litigation include the failure of organisations to mitigate impacts of climate change, failure to adapt to climate change, and insufficient disclosure of material financial risks.
- **Technological risk:** Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system can have a significant impact on organisations. To the extent that new technologies displace old systems and disrupt some parts of the existing economic system, winners and losers will emerge. Examples include the increased adoption of renewable energy, energy efficiency, electric vehicles, etc.
- **Market risk:** Markets are complex and the impact of climate change can have a variety of outcomes. One of the major ways markets could be impacted is through a significant shift in supply and demand for certain commodities, products and services as climate-related risks and opportunities are increasingly taken into account.
- **Reputational risk:** Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy.

Physical risk: The TCFD recommendations state that 'Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.'

- **Acute risk:** The TCFD recommendations define acute risks as 'those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.'
- **Chronic risk:** The TCFD recommendations define chronic risks as 'longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.'

Opportunities: Actively managing the uncertainties surrounding climate change may result in opportunities. Examples include understanding supply chain exposure and taking early action to enable an organisation to better withstand climate shocks and outperform less-prepared competitors, improving operational efficiencies and resilience by implementing energy and water efficiency measures to reduce consumption, and accessing additional financing in climate finance and carbon markets.

8.2 Collaborations supporting our climate strategy and targets

Organisation	Abbreviation	Summary
Partnership for Carbon Accounting Financials	PCAF	PCAF has developed GHG accounting methodologies that apply to any financial institution. The following asset classes are currently covered by the methodology: listed equity and corporate bonds, business loans and unlisted equity, project finance, mortgages, commercial real estate and motor vehicle loans.
Institutional Investors Group on Climate Change	IIGCC	The IIGCC works with business, policymakers and fellow investors to help define the investment practices, policies and corporate behaviours required to address climate change. It has defined programme areas to address key issues, works closely with other investor groups, and plays a leading role in global investor initiatives on climate change.
Dutch Fund and Asset Management Association	DUFAS	The Dutch Fund and Asset Management Association has 50 members, ranging from large (e.g. pension funds) to small, specialised asset managers. DUFAS aims to improve the investment knowledge of the general public and to help implement industry standards. It also advocates for a unified European market, with equal regulation for asset managers.
Climate Commitment for the Dutch Financial Sector	N/A	The Climate Commitment for the Dutch Financial sector is an agreement between many organisations and companies in the Netherlands to combat climate change. The government's central goal in the National Climate Agreement is to reduce GHG emissions in the Netherlands by 49% by 2030, compared to the 1990 levels.
Principles for Responsible Investment	PRI	In its focus on making ESG part of investment decisions, ownership and reporting, the PRI provides useful guidance for standardising and improving our approach across our asset classes. As well as echoing our values, the PRI helps us to speak our industry's emerging RI language and frame our activities, including choosing and engaging with our investment managers. Reporting to the PRI also helps us to see where we stand relative to our industry.
Global Real Estate Sustainability Benchmark	GRESB	GRESB Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments, and are aligned with international reporting frameworks such as GRI, PRI, SASB and DJSI, TCFD recommendations, the Paris Agreement, UN SDGs, and

		regional and national disclosure guidelines and regulations.
Impact Management Project	IMP	The IMP provides a forum for building a global consensus on measuring, managing and reporting sustainability. It is relevant for enterprises and investors wanting to manage ESG risks, as well as for those wanting to contribute to global goals.
Science Based Targets initiative The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set science-based emission-reduction targets.	SBTi	We have joined a private equity working group with the aim of co-creating a reduction methodology for Anthos as a largely fund-of-funds investor. Under the umbrella of its parent company, COFRA, Anthos has committed to set a science-based reduction target for our Scope 1 and 2 emissions by 2030 in line with the 1.5°C pathway.

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