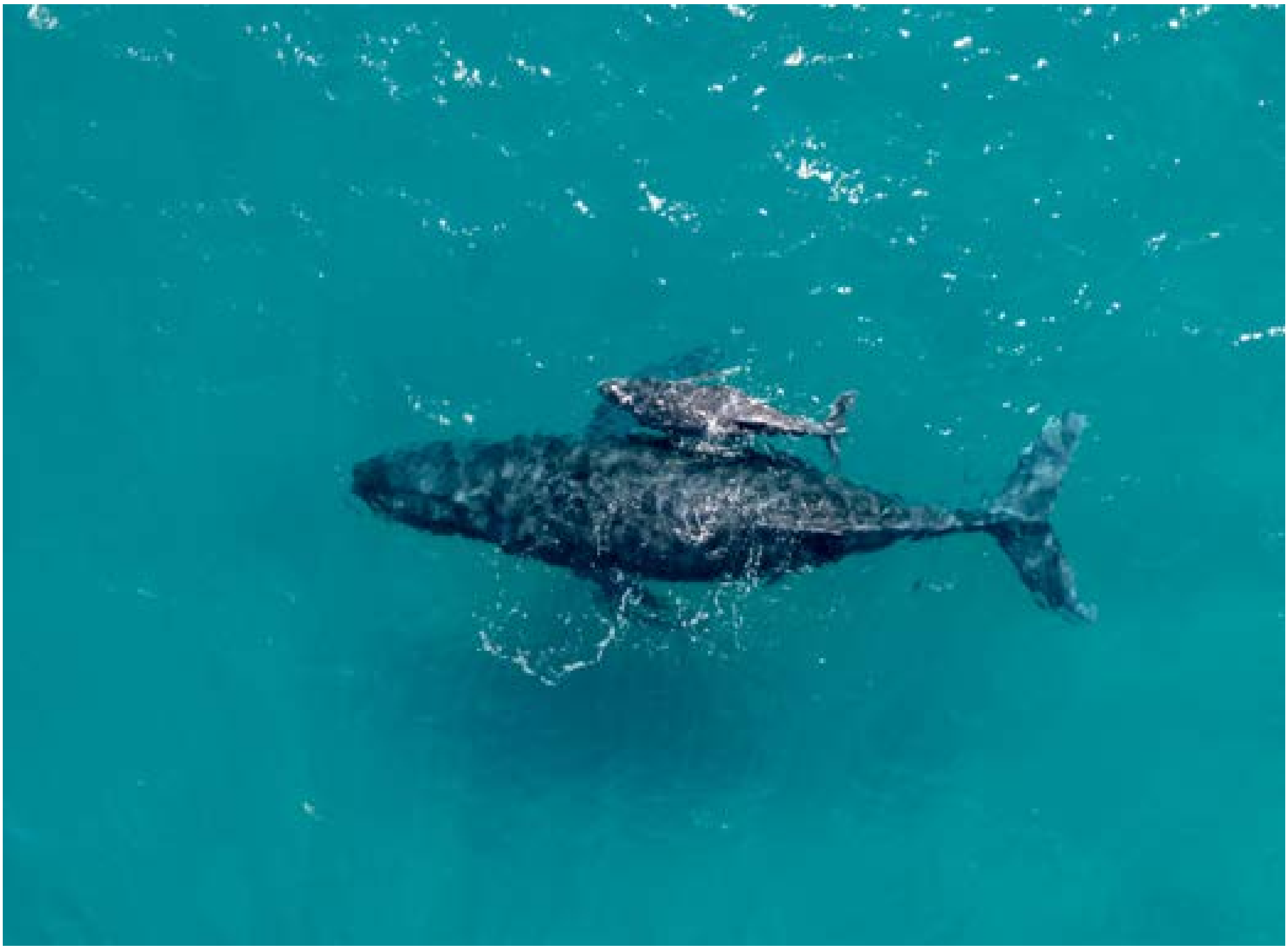
Responsible Investment Report 2023

ANTHOS
Fund & Asset Management

Contents



Letter from the CEO

Dear Investors,

It is easy to view the world through a lens of despair. However, I encourage us all to look instead through a lens of hope. History has shown that in times of great challenge, hope can guide us forward. Today, there is evidence that the world is making progress. It may be slower than we desire, but progress is happening. Let us assess that through our three core values:

Sustainability is about investing with current and future generations in mind. Climate change and environmental degradation are among the biggest challenges we face today. By investing in funds that actively aim to improve their impact on the world, we hope to preserve our planet for generations to come. We aspire for our investment strategies to achieve net zero by 2040.

While 2023 saw record-breaking heatwaves and extreme weather events, it also saw an 8% rise in publicly listed companies setting decarbonisation targets.[1] Nearly half of global public companies now have decarbonisation targets, including many top emitters. This progress is driven by collective initiatives and campaigns pushing for change, many of which we support.[2] Our portfolios have increasingly robust carbon measurement capabilities, covering listed equities, fixed income, sovereign bonds, private equity, and real estate. For our absolute return portfolios which hold alternative investments, we follow the latest guidance from the Standards Board for Alternative Investments (SBAI) and Carbon Disclosure Project (CDP) to drive progress in this complex space.

Measurement is crucial for understanding how to influence positive change within our portfolios and as a firm. In 2023, our fixed-income team replaced a significant allocation in the high-yield bond portfolios with less carbon-intensive investments. This resulted in a sizeable drop in emissions intensity for our portfolios. Our equities team's sustained efforts have lowered the carbon intensity of our portfolios too – by approximately 13 tons of emissions for every € million invested since 2019. In 2023, the real estate portfolio made meaningful progress on its climate and nature-related initiatives with managers reducing their funds' life-cycle emissions footprint, increasing the proportion of buildings meeting green building certifications, reducing water consumption, and increasing the proportion of waste diverted from landfill.[3]

"We recognise the importance of our role in enabling faster change by transitioning our clients' portfolios to investments that do not harm the environment or society while also achieving solid financial returns."

Jacco Maters
CEO, Anthos Fund & Asset Management

We further developed tools to look through portfolios at the underlying holdings to better assess sustainability risks and opportunities. For example, knowing which companies align with the United Nations' Sustainable Development Goals (SDGs) (positively or negatively), or assessing which companies we are exposed to on our exclusions list. This empowers us to engage meaningfully with our managers in alignment with our values. These are significant steps toward our net zero ambition and overarching commitment to sustainability, and we are learning and growing all the time.

[1]MSCI Net-Zero Tracker Report, 2023.
[2]For partnerships and collaborations we support (See p57)
[3]For various methodologies and evidence, see pages 39-44, and 53-59, respectively.

Human dignity is inherent to all humans. Every person has value, deserves great respect, and must be free from slavery, manipulation, and exploitation. We uphold the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights as our minimum standard.

I am proud of the strides we have made in incorporating human dignity and respecting human rights into our business and investments. However, human dignity is at risk globally, and we have a long way to go. At Anthos, we are doing our part. Beginning at home, in 2023 we developed a new diversity, equity, and inclusion (DEI) policy as a first step, striving to ensure fair and equal pay across staff with no gender pay gap. We are fortunate to learn from and collaborate with a network of businesses and charities within the COFRA ecosystem, some of whom dedicate their mission to protecting and enhancing human rights.

On Human Rights Day in 2023, we published our first Human Rights Policy and conducted workshops throughout the year to educate and inspire our investment team. For Anthos, we concluded that our most salient issues are: just transition and adaptation; living wage; and DEI[4]. These efforts are part of our broader commitment to ensuring that our investments support a fair and inclusive transition to sustainable economies.

Good corporate citizenship means embracing our own corporate environmental and social impact, being a responsible investor, and aligning our investment process with our purpose and values. We partner only with responsible investors who share our values.

I am proud to report that we achieved 4 stars in the 2022-2023 United Nations Principles for Responsible Investment (PRI) assessment in all investment categories[5]. Our mission is to provide holistic, values-based asset management solutions to like-minded investors, outperform benchmarks, and contribute to the common good. Our responsible investment strategy is designed to make this mission tangible, helping our investors align their portfolios with their values. Opening ourselves up to judgment and being validated by the PRI shows that we are doing what we promise.

A world in transition

In a world undergoing challenging transitions, the collective desire for positive change is driving real progress, albeit slower than we'd like. I believe the destination will be a greener, more inclusive, and more sustainable world. Through calm, determined steps and steadfast hope, investors can do their part to accelerate the journey toward this goal. As a mid-sized asset management firm, we recognise the importance of our role in enabling faster change by transitioning our clients' portfolios to investments that do not harm the environment or society while also achieving solid financial returns. We are driven by ambition and innovation, acting quickly and decisively, and working with our clients and partners to ensure their investments align with our shared values and principles.

In our Annual Responsible Investment Report 2023, we hope to show steadfast steps on our journey to investing more responsibly in a world undergoing challenging transitions. We are not perfect, but we hope to be transparent so that others may learn from our experiences. Responsible investing has always been about being a force for good in line with our core values of sustainability, human dignity, and good corporate citizenship. If that resonates with you, join us in conversation to see how, together, we can tackle the responsible investment challenges and opportunities that a world in transition presents.

Sincerely,
Jacco Maters

[4]For detailed descriptions and our Human Rights commitment activities (see p46)
[5]The PRI assessment evaluates signatories' implementation of responsible investment principles and their integration of environmental, social, and governance (ESG) factors into investment practices. The scoring methodology rates responses across various modules on a scale from 1 to 5 stars, reflecting performance against key indicators and best practice criteria (see p14). For more information, visit UN PRI.

Interview with the Head of Responsible Investment

"Our role is to identify the winners in financial returns and sustainability. This task is challenging but essential to help our clients invest in line with their values and ambitions to be a force for good."

Jelena Stamenkova van Rumpt
Head of Responsible Investment

Given the changes happening in the world, including several challenging transitions, what did you focus on in 2023 and what were some of the achievements you were proud of?

In 2023, our focus was on consolidating our values, ambitions, and the realities of what we see in our portfolios, striving to achieve seamless RI integration and reporting. We made significant progress, particularly in consolidating data streams, building effective monitoring dashboards, and understanding the relationship between our ambitions and the performance of our funds. Our role is to identify the winners in financial returns and sustainability. This task is challenging but essential to help our clients invest in line with their values and ambitions to be a force for good. After this year of significant consolidation, I believe we have strengthened our capabilities to achieve this.

Our clients can take comfort in the following to evidence these bolstered RI capabilities: Anthos' PRI assessment results, reporting to Sustainable Financial Disclosure Regulation (SFDR)[6] Article 8/9 for many of our investment products, the below-benchmark carbon emissions for listed portfolios, in addition to the assessments we report on to measure RI integration and impact potential for all our investment strategies.

None of this could have been achieved without the collective determination and enthusiasm of the entire team at Anthos, which I believe reflects our commitment to responsible investment.

What were some RI challenges in 2023?

Market dynamics were challenging for sustainable funds and the broader responsible investment community in 2023. While equity markets performed well financially, our research found that the availability of funds providing both above-market returns and strong sustainability metrics was more limited compared to previous years. Nevertheless, we observed the emergence of specialised funds addressing specific themes like climate transition finance.

For our fund-of-funds portfolios, we need to manage ambition for RI with our fiduciary duty to generate risk-adjusted financial returns. As fund-of-funds investors, we are reliant on the offerings in the market though we strive to influence that offering by supporting and sometimes anchoring new, promising funds.

Using our assessment tools to map the impact potential of our portfolios, we saw these challenges play out as the overall allocation to sustainable or impact funds has remained fairly consistent over the past three years. Reflecting on one of the RI ambitions we first set back in 2020, which was to strive for 25% of all assets under management to be invested in sustainable or impact funds by 2025, we started to investigate whether this

[6]The SFDR (Sustainable Finance Disclosure Regulation) mandates that financial market participants disclose how they integrate ESG factors into their investment decisions, aiming to enhance transparency and prevent greenwashing. Article 6 outlines requirements for financial products promoting ESG characteristics, Article 8 covers products with sustainable investment objectives, and Article 9 pertains to products with a specific sustainable investment strategy. For more information, visit Anthos' SFDR disclosure documents on our website.

dot-on-the-horizon ambition was realistic given the lack of suitable funds in the market. At the same time, setting and striving for such ambitions, using innovative assessment frameworks like the Impact Management Project (IMP)[7], has taught us a great deal about how to understand the sustainability characteristics of our portfolios. The opportunity now lies in pushing that understanding further, leaning on the support and guidance of the latest regulations, industry standards, and data/technology solutions.

All good things take time, and while Anthos is in many ways a start-up, we also have the patience and tenacity of a 100-year-old business. We believe this combination will help us steadily transition our portfolios to have the impact our clients wish their investments to make on the world.

The world of sustainability, and specifically definitions and regulations, can be overwhelming for many. What is your key message to clients?

I recently read a book about the art of communicating from Thich Nhat Hanh[8]. The key messages that stayed with me have to do with the guidelines for the right speech and the criteria for communicating. The principles come more naturally: Tell the truth, be consistent, do not exaggerate, and don't use violent words. The challenge is often in how to deliver this, and the instruction is to use the language of the world and tell the message in a way that people understand, otherwise you will only end up talking to people like you. So to our clients and others who find themselves puzzled by all the abbreviations, regulations, and guidance, I say you are not alone and you are in the driving seat. All of these regulations are made to give you more information and better transparency to your investments in terms of sustainability. So keep being interested, and keep challenging us to explain this in a way that is easy for you to understand.

As you read through this report, we hope you see our efforts to cut through the complexity and communicate by these principles.

What are you most hopeful for in 2024-2025 and what developments at Anthos are you most excited by?

I am excited about the data and technology tools we have built to analyse not just the underlying funds in our portfolios, but their underlying holdings too. In this way, we can move on from ESG integration and strategy assessment to engagement based on deeper portfolio insights.

In addition, our efforts to respect human rights across our value chain continue. We are also having exciting discussions about new sustainable offerings with our clients and discussing what our RI strategy 2025–2030 will be.

On regulations, I am hoping that the new guidelines for fund names by the European Securities and Markets Authority (ESMA)[9] and the continuously developing legislation will bring more clarity for our clients and will also make it possible for us to focus less on interpreting the law and more on making a difference in their portfolios.

In summary, a year of significant consolidation and progress. One that I'm convinced prepares us to pursue higher ground.

Sincerely,
Jelena Stamenkova van Rumpt

[7]The IMP (Impact Management Project) provides a common framework and language for assessing, measuring, and managing impact across investment portfolios. Anthos has adapted elements of this framework to suit our specific purposes (see p16-18).
[8]Thich Nhat Hanh, The Art of Communicating (William Morrow Paperbacks, 2013).
[9]ESMA, the European Securities and Markets Authority, is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets. ESMA's new guidelines on fund names emphasize that ESG- and sustainability-related terms should be substantiated by evidence of sustainability characteristics or objectives reflected consistently in investment policies. For further details, visit ESMA's website for the "Public Statement Update on the guidelines on funds' names using ESG or sustainability-related terms" at ESMA EU.

2023 in numbers

As Anthos

4*
achieved in PRI assessment: Policy, Governance and Strategy module[10]

100%
staff trained on RI

12
RI-integrated and impact professionals

5
RI policies and guidelines updated annually (inc. new DEI and Human Rights policies).

Investment portfolios

88
managers engaged on ESG

83%
AuM classify as SFDR Article 8/9[11]

1
dedicated multi-asset impact strategy

7
asset classes across listed, private, alternatives and impact

4*
achieved in PRI assessment: Indirect investments and confidence-building measures modulese[10]

Underlying assets

6.7%
alignment with SDGs in corporate fixed income (benchmark: 5.2%)

1.8%
exposure to excluded companies (threshold 5%)[12]

15.4%
alignment with SDGs in equities (benchmark: 13.9%)

Real-world impact[13]

2040
net zero ambition

45.8
tCO_2e/€m invested carbon intensity for investment grade bonds portfolios (benchmark: 79)

22.3
tCO_2e/€m invested carbon intensity for equity portfolios (benchmark: 46.9)

673.05
tCO_2e Anthos corporate carbon emissions

136.9
tCO_2e/€m invested carbon intensity for global high yield bonds portfolios (benchmark: 142.1)

[10]For PRI assessment details (see p14).
[11]For AuM breakdown by SFDR classification (see p9)
[12]For 2023 exclusions reporting (see p33).
[13]For details about our carbon emission methodology (see relevant chapter on our Climate commitment and the appendix).

Global investment in the energy transition hit $1.8 trillion in 2023, up 17% on the previous year and a new record.

- According to BloombergNEF's Energy Transition Investment Trends Report, January 2024.

The structural growth trends of the energy transition are well under way.

Our RI approach

At Anthos, our responsible investing approach embodies a nearly century-long commitment to sustainability, human dignity, and good corporate citizenship, aiming to enhance positive impacts while mitigating negative ones in our investment portfolios.

Anthos is a values-based asset manager, striving to invest in line with our core values of sustainability, human dignity, and good corporate citizenship. Our overarching RI objective is to gradually decrease the negative impact and increase the positive impact of our investment portfolios on the world and society.

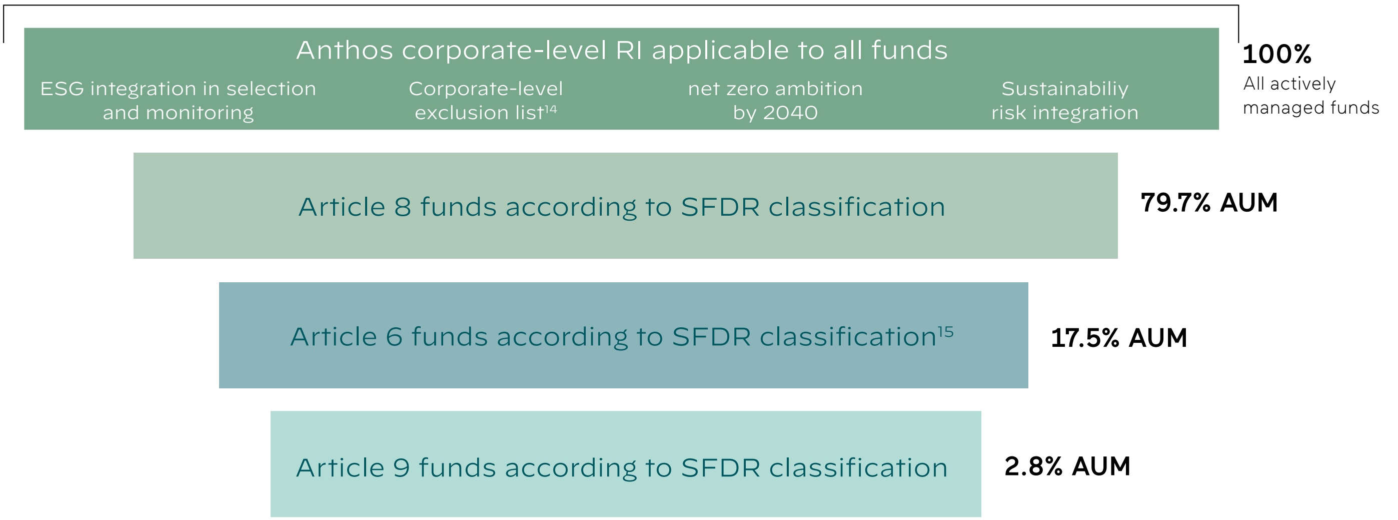
Our approach is based on a long heritage stretching nearly 100 years of investing responsibly on behalf of the Brenninkmeijer family. In recent years, our approach has resonated with other investors who are seeking holistic investment solutions that align with their values.

In practice, that means we adhere to the principle of double materiality, recognising both the financial impacts of ESG factors on investments and the effects of investments on society and the environment.

Our RI policy integrates these principles, ensuring that our funds meet ESG performance standards and manage sustainability risks. This policy includes firm-level systems and processes, strategy-specific approaches, and further guidelines for sustainability themes for which we are always evolving our approaches. All of our policies are available to read on our website.

A comprehensive RI Framework including various forms of RI

Anthos total AuM 100%



Source: Anthos Fund & Asset Management, as at 31 December 2023. 0,3% is not in scope, referring to currency hedging positions.

[14]Anthos exclusion list is available here, for 2023 reporting (see p33).
[15]Article 6 exposure reflects: our absolute return portfolios where clear and accepted sustainability standards are lacking, certain mixed (multi-asset) funds that invest in our own master funds (which are SFDR 8) but without binding elements, or direct investments in three sovereign bonds for which we don't develop ESG criteria. For more on Athos' SFDR disclosures, visit our website.

Governance of RI at Anthos

We believe a sound governance structure is key to achieving our RI objectives.

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

- The Board of Directors and the Management Team have formal oversight and accountability for implementing Anthos' RI policy;
- Our investment teams are responsible for integrating sustainability and ESG considerations into the process for manager selection and investment decision-making;
- Our RI team works closely with the Investment & Strategy Research (ISR) team and the other investment teams by undertaking research and ensuring these teams are provided with input and guidance on best practices for sustainability, ESG integration, and stewardship. In addition, the Head of RI handles driving the RI strategy and for maintaining and evolving our proprietary RI and impact tools in close collaboration with our investment teams.
- The Oversight department supports RI implementation in our system infrastructure and processes.
- The Risk Management and Compliance departments execute monitoring of the execution of RI-related processes and compliance with internal policies as well as applicable laws and regulations[16].
- Our Client Advisory & Solutions team collaborates closely with our clients to support and guide them in implementing RI principles.

At Anthos we work through cross-departmental working groups convened around specific issues such as climate, human rights, SFDR and regulatory changes, the measurement of impact, and other relevant topics.

In 2023:

- An RI working group was responsible for driving the 2023 RI Roadmap and the progress against Anthos' RI ambition and targets. This working group, chaired by the Head of RI also included the Head of Investment Department, representatives from the portfolio managers as well as the investment analyst team and the Head of Data & Technology.

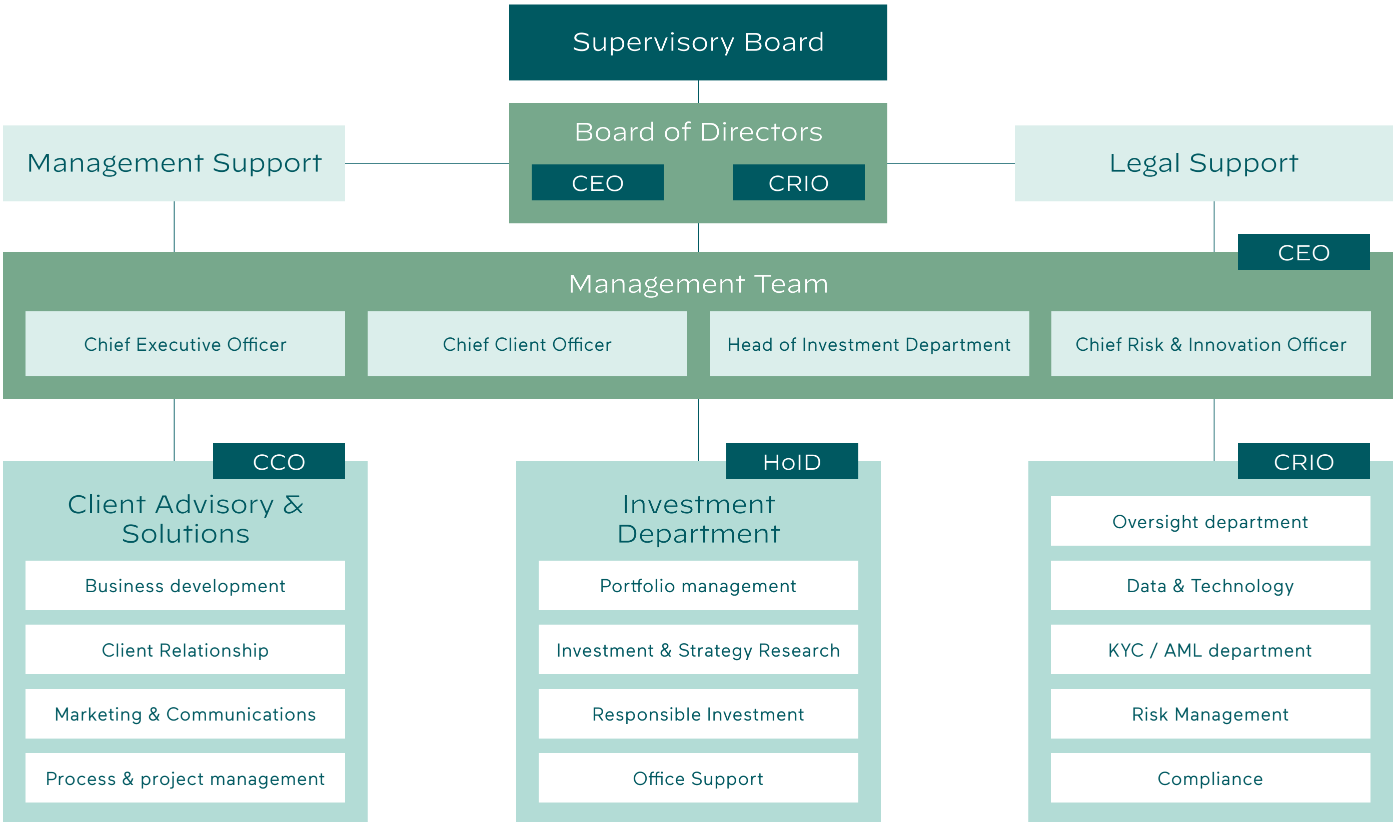


Figure 1: Anthos governance structure

[16]Anthos' risk management framework is based on the three lines model, where each line has distinct responsibilities aimed at managing risks and ensuring integrity. First Line: Directly involved in business decisions and processes, managing risk levels while prioritising stakeholder interests. Second Line: Oversees risk management and compliance independently, reporting findings to the Board. Has an escalation line to the Supervisory Board for independence. Third Line: Conducts independent assurance and challenges to risk management processes. COFRA Group Internal Audit provides oversight, with specific responsibilities outlined in a separate Internal Audit Charter.

Remuneration and incentives for integrating RI

Anthos has implemented a remuneration policy in compliance with the relevant EU regulation[17]. As part of our incentive scheme and remuneration policy, we have integrated the following sustainability-related measures into the key performance indicators (KPIs) for our investment professionals:

- Be ahead of the curve in implementing RI as part of overall portfolio construction;
- Contribute to the Multi-Asset Impact strategy to generate ideas and assess opportunities;
- Contribute to integrating climate change, ESG, and impact considerations into the Multi-Asset portfolio construction and investment strategy implementation.

Within the investment team specifically, we have integrated KPIs linked to the annual RI roadmap and the RI policy targets, including the management team, portfolio managers, and ISR team. These are designed to incentivise investments in funds that have good policies for implementing ESG issues from both risk and values perspectives. They incentivise researching options for investing in sustainable and impact funds, as well as systematically engaging with external managers to improve the management of these ESG issues in the underlying investments.

Anthos believes that performance metrics should be consistent with the creation of sustainable long-term value and achieving superior performance. They should also support the strategic objectives of the company and should include any relevant ESG considerations.

ESG and sustainability risk management

Anthos has developed an Enterprise Risk Management (ERM) framework that addresses the relevant risks encountered while executing its strategy. This framework also includes the risks faced by clients through the investments managed by Anthos on their behalf. Anthos acknowledges its responsibility for the sound risk management of its clients' investments, ensuring that all investments are based on a well-considered assessment of risk and return. This assessment includes monitoring ESG and sustainability risks. Climate risks are categorised in our risk taxonomy (see Figure 2) 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 clear risk classification.

In 2023:

- Key RI risk indicators were included in the first and second-line risk monitoring in the course of 2023 to monitor Anthos' progress against the RI policy targets. Those were reviewed quarterly by the Business Risk Committee (BRC), which plays an advisory and monitoring role, ensuring the effectiveness of the company's risk management framework. It includes members such as the Head of Risk, Head of Investment Department, and other key department heads, focusing on various aspects like issue and incident management, investment risk reports, and overseeing the implementation of the Risk management policy. The BRC's purpose is to provide guidance and oversight on all components of Anthos' risk management to align with the company's strategic objectives.
- Our equity and fixed Income portfolios' greenhouse gas emissions are also included in the first-line monitoring dashboard and monitored against Anthos' net zero pathway.
- The climate risks and opportunities – presented on p.44 – initially identified by Anthos' Climate lead and the Head of RI were reviewed by the Chief Risk and Innovation Officer (CRIO), non-financial risk manager and the RI team as part of the Taskforce for Climate Financial Disclosure (TCFD) reporting process.

Enterprise Risk				
1. Strategic & business risk	2. Operational risk	3. Compliance risk	4. Product risk	5. Capital risk
1.1 Reputation risk	2.1 Process risk	3.1 Regulatory risk	4.1 Market risk	5.1 Profitability risk
1.2 Organisational Change risk	2.2 IT risk	3.2 Integrty risk	4.2 Liquidity risk	5.2 Balance sheet risk
1.3 HR Risk	2.3 Outsourcing risk		4.3 Counterparty risk	
1.4 Business Environment risk	2.4 Data integrity risk		4.4 RI & Sustainability risk	
1.5 Business Concentration risk	2.5 Business continuity risk		4.5 Mandate risk	
1.6 Client risk			4.6 Performance risk	
			4.7 Manager selection risk	

Figure 2: Anthos risk taxonomy

[17]ESMA: European Securities and Markets Authority, MiFID II: Markets in Financial Instruments Directive II, SFDR: Sustainable Finance Disclosure Regulation, AIFMD: Alternative Investment Fund Managers Directive, Wft: Wet op het financieel toezicht (Financial Supervision Act, in the Netherlands), FSA: Financial Services Authority.

Advancing our strategy

Anthos is dedicated to comprehensively understanding our impact across the value chain, leveraging our core values to drive ambitious responsible investing goals and strive to foster positive change in society and the environment.

RI ambitions and targets

With our three core values as our compass, our RI ambition aims to understand the double materiality of our investment activities: understanding and mitigating the risks coming from the ESG issues on our investments; and aiming for our investments to have less negative impact and more positive impact in the world and society.

In 2020, Anthos set a number of ambitions to help us achieve our overall RI ambition. In 2023, we reviewed the effectiveness of these ambitions and the methodologies that underpin them. On the whole, we believe that the ambitions we set to be achieved in 2025 are still serving the purpose of steep learning, and further integrating ESG and managing sustainability risks across our investment processes.

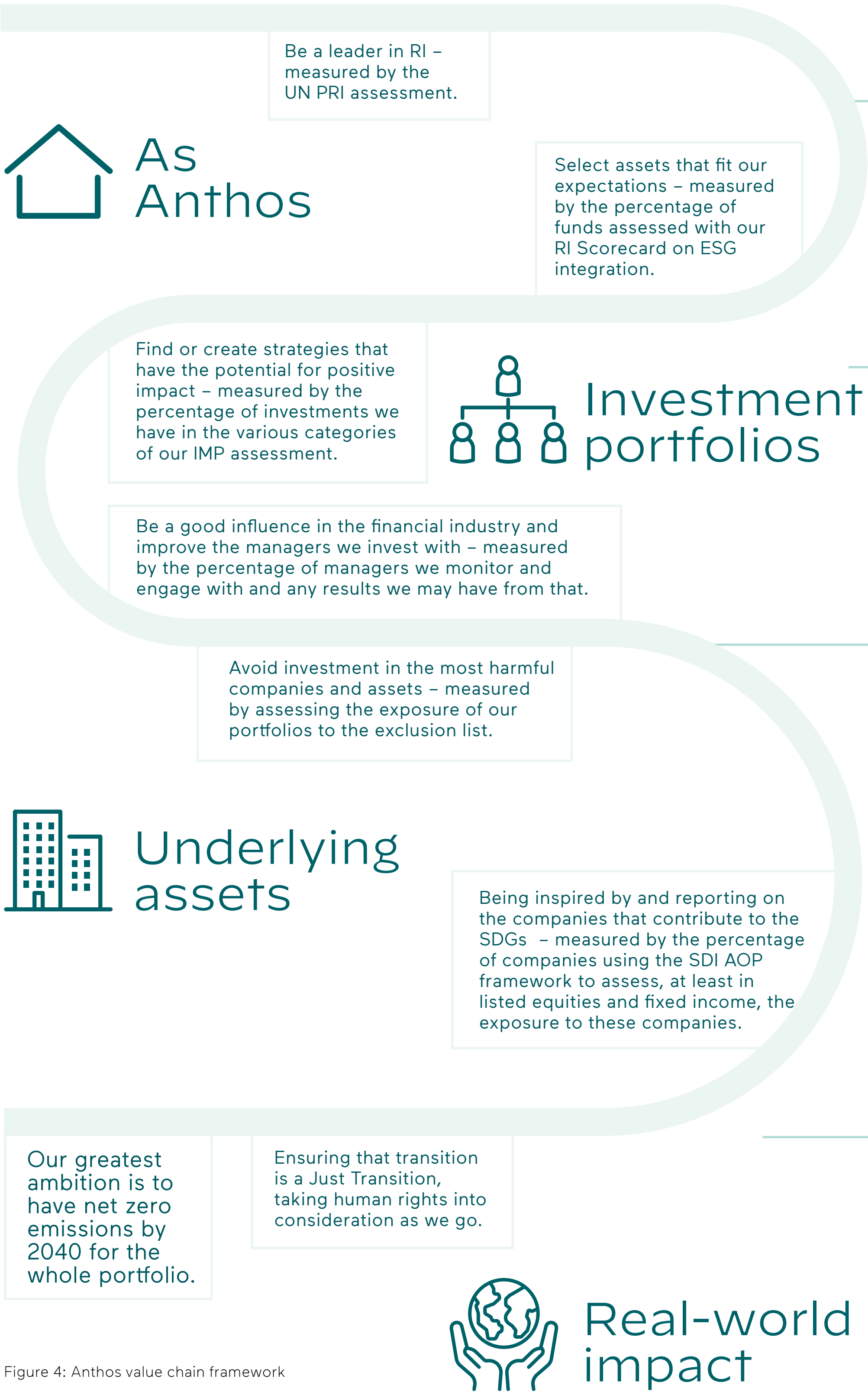
Where do we stand after the consolidation year?	
1. Climate: net zero by 2040	• TCFD reporting: since 2023, we have incorporated this reporting into this Responsible Investment report. • Creation of in-depth climate handbook, with asset-class specific action plans. • Emission calculation methodologies for most asset classes. • Monitoring dashboards for equities and fixed income portfolios.
2. Leadership: highest level PRI	• Achieved 4 stars across all categories.[18]
3. Training: 100% staff trained on RI	• Achieved, including 2-day human rights workshops for all investment teams, TCFD governance, SFDR awareness, and IMM for SDGs (Duke uni), and various PRI academy trainings.
4. ESG Integration: all funds assessed on ESG	• At the end of 2023, assets under management not covered by our assessment <1%. • The scorecard is now a mandatory step in the DD proces. • Scorecard quality review by RI monitored by Risk in a dashboard. • Research on availability and quality of look-through ESG data.
5. Stewardship 100%	• Engaged with nearly 100% in-scope external managers[19]
6. Exclusion: <5%	• Less than 5% exposure to exclusions list (equities and fixed income)[20]
7. Negative impact: <5% 8. Positive impact: >25%	• Using the IMP methodology, allocation to external funds classified as Bs and Cs is ~12%. Allocation to M/Ds is also ~12%. This reflects availability in the market and also reflects the data challenges present in absolute return strategies.[21]
9. SDG alignment: map our AuM	• Using the SDI AOP platform, we integrate SDG alignment data analysis for equities and fixed income portfolios.[22]

Figure 3: Anthos' RI policy ambitions and targets

[18]For further details (see p14)
[19]For details about methodologies, including what is in and out of scope (see p15).
[20]For details about our 2023 exclusions reporting (p33).
[21]Using the IMP methodology, "Bs and Cs" refer to funds that aim to benefit stakeholders or contribute to solutions. M/Ds refer to funds that may/do cause harm. For more details about the IMP methodology (see p16-18).
[22]For more information on the SDI AOP platform and our alignment with the SDGs (see p35).

Turning ambitions into actions

The ambitions we set a few years ago when determining our sustainability strategy are outlined in our RI policy. When setting ambitions and targets, it is important to set them at the right level where you want the outcome to occur, and the change is only possible if the action is performed by the right people in the right place. As a fund-of-funds manager, we believe that we can make an impact, and this is how we try to describe the various types of activities, ambitions, and targets we have set that help us influence positive change in the world:



As Anthos: the biggest control we have is on what kind of activities and ambitions we set for our own way of working – our own behaviour.

Investment portfolios: the next layer is the external managers we invest in and the funds we select.

Underlying assets: the next level is looking through at the underlying assets. It is challenging for a fund-of-funds investor to get access to all the underlying assets in the funds we invest in, let alone influence them. However, we make the effort to know so we can use it to monitor the external managers and better understand our investments.

We aim to use all the above levers to reach these real-world ambitions. In addition, the energy transition must be a just transition which is one of the salient issues of our human rights policy. Just transition is defined by the International Labour Organisation as "greening the economy that has to happen in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind." In this way, our commitment to Human Rights is also a vital part of our work.

Taken together, this would be a measurable effect of our efforts and investments in the real world. But we cannot get there ourselves, as for this we rely on the whole economy changing, we also rely on our partners, the external managers, the underlying companies, and also the regulators in various countries. More about our commitments to climate and human rights in the relevant chapter.

Figure 4: Anthos value chain framework

As Anthos

As a fund-of-funds manager, we recognise that our journey towards responsible investing begins at the top level of the value chain with our own practices. Committed to leading the financial industry in responsible investing, Anthos adheres to best-in-class practices, and driving positive change through rigorous RI assessments and active engagement with underlying managers in our portfolios.

UN-backed Principles for RI Assessment

Our ambition is to be an RI leader, which can help us drive the change we want to see in the financial industry. A leader, among other things, requires best-in-class practices in integrating the principles of RI. The PRI is perhaps the most credible organisation that assesses RI practices across the financial industry, which is why we value its accreditation when assessing our ambition to be a leader.

We are pleased to report that Anthos achieved 4 stars across all categories in the 2022-2023 PRI Assessment. This marks a significant improvement from the pilot assessment in 2021. Our scores increased to 83 in the Policy, Governance, and Strategy module and 76 in the Fixed Income and Hedge Funds module. We also maintained high scores in the Listed Equity module despite changes in the assessment criteria.

Key achievements include enhancing our climate approach and TCFD reporting. We integrated climate change and human rights guidance into our investment processes. Our RI Scorecard now more effectively assesses and monitors external managers' ESG practices. We increased engagement with other investors on ESG issues through various initiatives, amplifying our influence on topics like climate change, diversity, and human rights.

Looking ahead, we are developing our processes and always aim for further improvement when it comes to RI integration across our portfolios.

Module	Anthos Score	Anthos Stars	Median Stars	Median comparrison
Policy, Governance and Strategy	83	★★★★☆	★★★☆☆	▲
Indirect - Listed Equity - Passive	66	★★★★☆	★★★☆☆	▲
Indirect - Listed Equity - Active	67	★★★★☆	★★★☆☆	▲
Indirect - Fixed Income - Passive	74	★★★★☆	★★★☆☆	▲
Indirect - Fixed Income - Active	76	★★★★☆	★★★☆☆	▲
Indirect - Private Equity	76	★★★★☆	★★★☆☆	▲
Indirect - Real Estate	76	★★★★☆	★★★☆☆	▲
Indirect - Hedge Funds	76	★★★★☆	★★★☆☆	▲
Confidence Building Measures	80	★★★★☆	★★★★☆	=

Figure 5: Anthos PRI assessment.
The PRI assessment evaluates signatories' implementation of responsible investment principles and their integration of environmental, social, and governance (ESG) factors into investment practices. The scoring methodology rates responses across various modules on a scale from 1 to 5 stars, reflecting performance against key indicators and best practice criteria.

For more information on the PRI assessment methodology, visit their website

Selecting investments that make less negative, and more positive, impact on the world

Manager and fund selection is a key lever of influence for Anthos, allowing us to choose who we invest with and how. Our RI Scorecard is the primary tool we use to assess funds and managers on ESG integration and impact intention. This comprehensive questionnaire evaluates how managers incorporate ESG risks and opportunities into their portfolios and assesses the fund's impact intention. Moreover, our RI Scorecard serves as a powerful engagement tool, enabling us to actively work with managers to enhance their ESG practices.

In 2023, we assessed nearly 100% of applicable funds using the RI Scorecard, as documented in our due diligence memos before investments. We also enhanced our process to use the full RI Scorecard for due diligence. Annually, we monitor and engage with all relevant funds to improve their ESG integration and impact.

We made significant progress in 2023 by incorporating RI Scorecard insights into a dashboard that portfolio managers and the RI team can use to monitor overall portfolio exposure to laggards and leaders, as well as the types of funds in terms of impact potential.

In Figure 6, we show the average RI score for all in-scope managers where a fund that has not formalised its position on sustainability or responsible investments is considered a laggard, and a fund with strong governance policies and requirements, a sustainable risk assessment as part of their investment process and developed stewardship and monitoring approaches is considered a professional or a leader. As can be seen, the average score shows strong ESG integration though many differences exist between asset classes. In the investment portfolios chapter, we provide more in-depth insight for each asset class.

Average RI scores for all in-scope managers	
ESG Score	3.4
Policy Score	3.5
ESG Integration Score	3.4
Active Ownership Score	3.4
Diversity Equity Inclusion Score	3.4
Climate Change Score	3.3

Figure 6: Average RI score for all assets under management. About the scores: 0.0 – 1.4 Laggard 1.5 – 2.4 – Novice 2.5 – 3.4 – Professional 3.5 – 4 – Leader. For more on our RI Scorecard methodology, see the descriptions below on p.16.

About our RI and IMP scoring methodology

Anthos' RI and IMP scorecard is a proprietary tool used by investment teams at Anthos to score the sustainability credentials of underlying managers and strategies during due diligence and post-investment for engagement and monitoring. The scorecard assessment is based on the guidance by the Principles for Responsible Investment (PRI), the OECD guidelines for institutional investors, the Global Real Estate Sustainability Benchmark (GRESB) and guidance from the Impact Management Project (IMP) for impact.

Anthos' RI Scorecard explained:

- **Leader:** The thought leaders, influencers, and proactive implementers. Leaders voluntarily set standards and develop new approaches and solutions to society's problems.
- **Professional:** Fully compliant with regulations, professionals sign up to global commitments and implement clients' policies without complaint. They have sufficient resources and good, practical governance.
- **Novice:** Novices refers to managers that are aware of the importance of integrating ESG issues, and are starting to formulate policies and processes. Some have good integration but are lacking in the documentation or facing data gathering challenges. They do what is required legally, and often have gaps in their RI approach.
- **Laggard:** Laggards may think RI and sustainability issues are important, but outside the remit of how they invest. They don't have much to show in terms of ESG integration and lack willingness to change.
- **Not applicable:** Cash; FX positions; other cash instruments; FX hedge; money market funds (unless it is in an impact fund); direct government bonds; direct real estate; legacy assets.

Anthos' IMP assessments explained:

- **Act to avoid harm (A):** Seeks to mitigate the negative impact of an investor's portfolio, by for example incorporating ESG factors into investment decisions, accounting for and mitigating negative impact, engagement, and other activities to avoid harm.
- **Benefit stakeholders (B):** Seeks investments intended to generate positive outcomes for a wide range of stakeholders. This can be done by, for example, positively screening for investments that are sustainable for the world either by consistently mitigating their negative and providing positive contributions or by being in industries that traditionally provide positive outcomes, e.g. healthcare, or education.
- **Contributes to solutions (C):** Seeks investments intended to generate measurable significant positive, social and environmental impact for otherwise underserved stakeholders, including the environment.
- **May/Does cause harm (M/D):** The absence of policies, processes or activities to measure, monitor and mitigate the negative impacts caused by the asset.
- **Not reviewed:** The remaining funds face challenges ranging from data issues in that particular asset class, to legacy funds, to methodology mismatch for those strategies that employ complex methodologies which require further study before we can use the IMP methodology.
- **Not applicable: Cash:** FX positions; other cash instruments; FX hedge; money market funds (unless it is in an impact fund); direct government bonds; direct real estate; legacy assets.

RI and IMP scores over time

In Figures 7 and 8, we provide a summary of ESG and IMP development over the past three years. As can be seen, the ESG component shows a consistently strong profile of Leaders and Professionals, with less Novices in 2023 than previous years. Meanwhile, assets deemed Not Applicable have somewhat increased in 2023.

For the IMP (impact intention), the clear majority of Anthos investments sit within Act to avoid harm. There are a few investments that are classified as Benefiting stakeholders or Contributing to solutions; notably not just within the muti-asset impact portfolios, but also in our other portfolios that report under SFDR 8. Some M/Ds remain, which is mainly within the absolute return strategies due to nuances with that specific asset class.

ESG

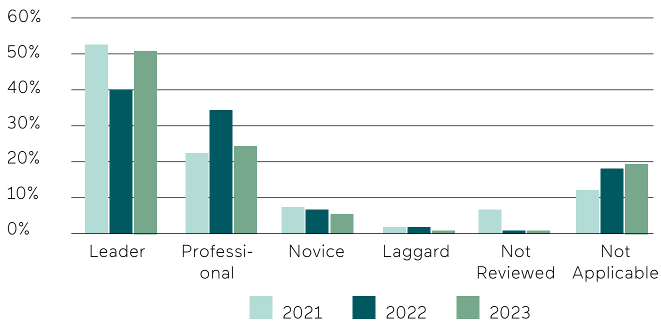


Figure 7: Aggregate ESG scores for Anthos total AuM.
Source: Anthos Fund & Asset Management, as at 31 December 2023.

IMP (impact potential)

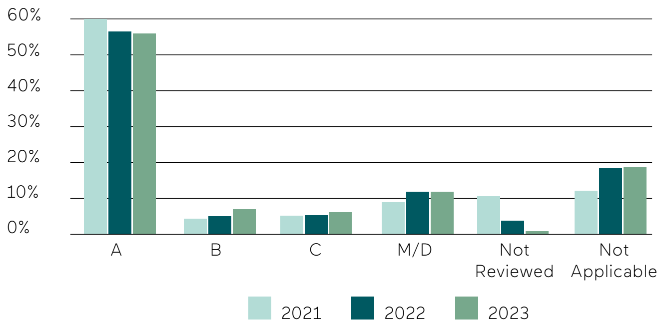


Figure 8: Aggregate IMP classications for Anthos total AuM.
Source: Anthos Fund & Asset Management, as at 31 December 2023.

Steering capital toward sustainability: adapting Impact Management Project (IMP) norms for a multi-asset fund-of-funds approach

Introduction

At Anthos, our overarching RI ambition is to gradually minimise the negative and increase the positive impact of all our investment portfolios on the world and society. The Impact Management Project (IMP) norms provide a structured approach to measuring, managing, and optimising social and environmental impact. These norms are designed to help organisations and investors understand and communicate the impacts of their activities and investments[23].

Anthos began using a component of the IMP norms in 2020 to strive to understand the potential impact of our portfolios. Through measurement, we sought to learn how we could steer capital toward more sustainable investments for each asset class, in line with our overarching RI objective.

The component of the norms we were inspired by is called the Impact Management Project (IMP) ABC model, which helps classify investments based on their impact intention:

- A (Act to Avoid Harm): Reducing or mitigating negative outcomes.
- B (Benefit Stakeholders): Generating positive outcomes for stakeholders.
- C (Contribute to Solutions): Addressing social or environmental challenges with significant, measurable impact.

Since 2019, we have mapped our portfolios with the model by including relevant assessments as part of our RI due diligence and monitoring activities. One of the reasons why we liked this model is the fact we could adapt it as "one language" for all asset classes. However, we learned that the implementation compatibility and suitability varied across the board. Going forward, also taking into consideration how the field and regulation backdrop evolves, we will continue to develop our approach and assess if this is still the preferred methodology alongside other tools we use to steer capital towards sustainability.

Below, we share some of our key findings from using our adapted version of the IMP ABC model:

- Anthos has identified sustainable offerings that also meet financial return objectives across asset classes, with significant variation in availability.
- The growth of such offerings has slowed due to several factors including stricter regulations, macroeconomic and investment environment, and shifting investor sentiment, amongst others.
- Using the IMP framework to assess the potential impact of a fund strategy provides useful insight. Corroborating an assessment with additional insights about the underlying assets (via specialised datasets), provides more tangible levers to influence change.
- As fund selectors, we recognise that setting top-down ambitions with such frameworks can become challenging when we are highly dependent on market developments and depth of the universe.

For more granular detail of the nuanced insights per asset class, see the next chapter, Investment portfolios.

[23]Anthos adapted the one part of the IMP norms to assess the underlying funds in our fund-of-funds portfolios, where the IMP norms were originally intended to assess companies. For further information on the ABC framework and the broader IMP norms, refer to the ABCs of enterprise impact, housed on Impact Frontiers website.

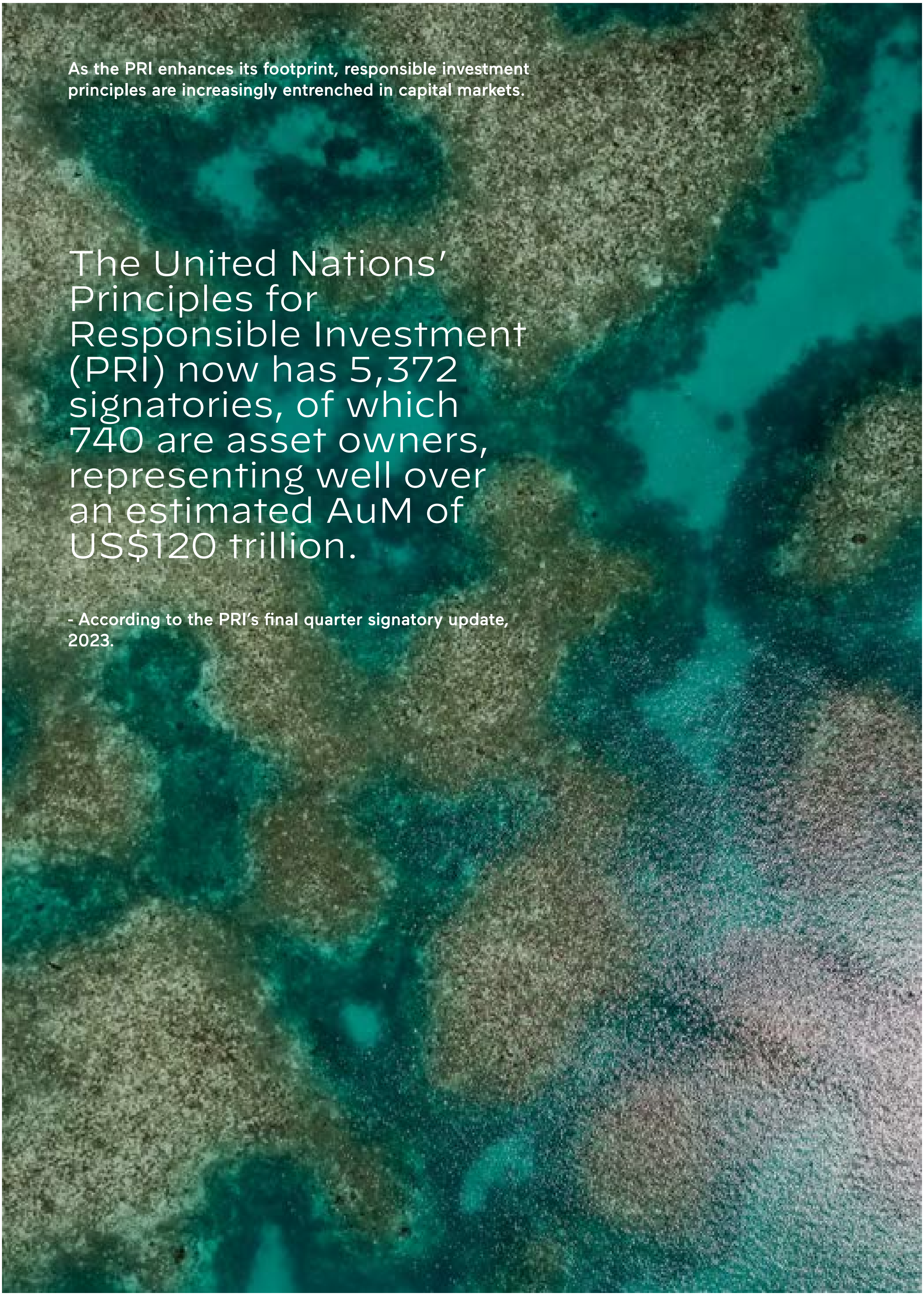
Conclusion

Having first mapped our investments using the IMP framework in 2020 for 86% of the funds we were invested in, we decided to set an ambition to invest in more B and C funds – 25% by 2025 to align with our overarching RI ambition.

Over the years, the insight gained from striving to reach this goal has increased our understanding of market availability, how different asset classes approach sustainable investment, and where there are opportunities to engage and innovate with ambitious managers. Using the IMP norms has therefore been a useful tool for navigation to date.

It has also taught us where the limits and obstacles lie with using a narrow lens to explore the broad spectrum of sustainable investments, which has inspired us to add more tools to our repertoire. For example, we have invested heavily in additional resources to look through portfolios at the underlying holdings, including their carbon emissions, alignment with the SDGs, and their business activities. Tangible insight into a company's business activities, and whether that aligns with consensus definitions of being sustainable or not, is a powerful lever to influence change with our underlying managers. This, coupled with increasing guidance from regulations like SFDR and ESMA's new sustainability fund criteria, is helping to expand our view of the portfolios considerably.

In 2024, we will assess what the best strategy will be to achieve our RI objectives for 2025 – 2030. Within that context, we will assess the methodologies and approaches to succeed in our efforts, given the expansion of our capabilities and the ever-evolving regulatory guidance and market developments. We are excited by entering into the next chapter of our RI development at Anthos and look forward to reporting our findings and lessons as we go.



As the PRI enhances its footprint, responsible investment principles are increasingly entrenched in capital markets.

The United Nations' Principles for Responsible Investment (PRI) now has 5,372 signatories, of which 740 are asset owners, representing well over an estimated AuM of US$120 trillion.

- According to the PRI's final quarter signatory update, 2023.

Investment portfolios

In this chapter, we delve into the second level of our value chain – the investment portfolios across varied asset classes. Here, our approach merges top-down strategies with active bottom-up management of ESG risks and opportunities.

Anthos' fund-of-funds investment portfolios span equities, fixed income, private real estate, absolute return strategies, private equity, and multi-asset impact investments. In this chapter, we demonstrate how we use our Responsible Investment (RI) Scorecard and the Impact Management Project (IMP) framework to measure ESG integration and impact intention across our investment portfolios. For each asset class, we try to give some real-life examples of underlying funds that map to specific categories and also state some of the nuanced challenges for each asset class. For key definitions and methodologies, please refer to page 16. To learn more about our RI and impact methodologies, see our policy house documents and explainer articles on Anthos' website.

Equities

Boudewijn de Haan
Managing Director
Equities

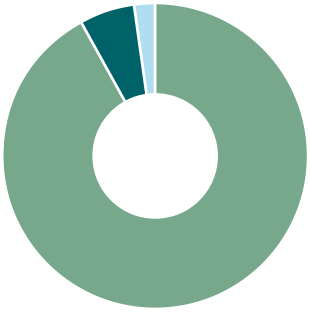
Lennart Frijns
Managing Director
Equities

We are pleased to report that 82% of the equity portfolio is invested in funds that are acting to avoid harm to the environment and society. Additionally, 19% of the equity portfolio is invested in funds that actively benefit stakeholders or contribute to solutions for environmental and social challenges (the remaining 2% not assessed is allocated to an ETF, which is out of scope). See Figure 10.

Drilling into the details

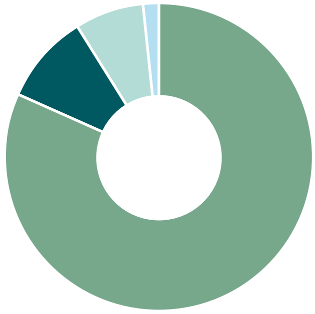
One fund that actively contributes to combatting climate change is a global, concentrated equity fund focusing on decarbonisation by targeting companies with strong growth potential, sustainable returns, and competitive advantages. Examples include Novozymes, which manufactures enzymes for various applications to reduce emissions, increase energy efficiency, and improve yields; and Schneider Electric, which specialises in providing solutions for a low-carbon, electrified, digitised, and decentralised power grid. In 2022, the estimated carbon reduction for the portfolio companies totalled 1.5 billion tonnes (based on financial year 2021 data), equivalent to removing approximately 15 million fully-loaded cargo ships' worth of carbon emissions from the atmosphere in a single year.

Another fund in which we invest benefits stakeholders by applying stringent ESG criteria, resulting in a significantly lower carbon emissions intensity for the portfolio compared to the reference universe. For instance, the fund has a robust carbon-related exclusions policy and filtering process, aligning with our own exclusions policy. Portfolio companies include Big Tech US firms considered leaders in their climate action plans like Microsoft and Visa Inc, and European companies such as SAP SE, which also focuses on reducing carbon emissions. In 2023, we wanted to investigate whether our original assessment of this fund's sustainability profile was too conservative. We worked closely with our RI team and the manager to assess the underlying assets' alignment to the SDGs using a specialist data platform. We also assessed the underlying assets' potential negative impact by looking at third-party data, such as "known controversies" and the Principal Adverse Impact (PAI) statements, which are a part of SFDR reporting. We concluded that this fund was outperforming its peer benchmark significantly, as a result of their stricter selection criteria.



Leader	92.7%
Professional	5.7%
Novice	0%
Laggard	0%
Not Reviewed	1.6%

Figure 9: ESG assessment



Acts to avoid harm	81.8%
Benefits stakeholders	9.4%
Contributes to solutions	7.3%
May/does cause harm	0%
Not Reviewed	1.5%

Figure 10: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023. For definitions and methodologies (see p16). Reflects total AuM of the asset class.

We are committed to supporting managers whose performance aligns with our ambition to achieve strong financial and impact results. However, we recognise the need to balance risk and protect our clients' interests. Therefore, we rigorously assess each fund's financial and sustainability performance during selection and continuously monitor it post-onboarding. While we aim to support impact funds, we may adjust our focus to navigate various market conditions. In the long run, we believe these funds will do well in line with the transition to a more sustainable economy.

Progressing with our climate strategy

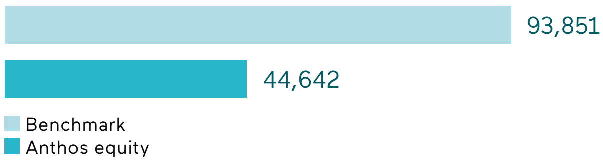
As part of our climate strategy, we are pleased to have reduced the carbon intensity of our equity portfolio investments by approximately 13 tons of greenhouse gas emissions for every € million invested compared with the 2019 baseline year. This reduction contributes positively to our carbon footprint and aligns with our commitment to be net zero across investments by 2040[24].

[24]For details about our equities carbon emissions and methodologies (see the relevant chapter and refer to the appendix).

The majority of the funds in our portfolio are funds that aim for superior risk-adjusted returns that are also acting to avoid harm by integrating ESG factors into investment decisions, having robust exclusion policies, and increasingly, setting net zero targets (Figure 10). For example, one fund we recently onboarded is a Japanese equity fund investing in companies that leverage their capital and intangible assets to maximise cost efficiency and earnings potential. Portfolio companies include Canon, Sanrio, and Orix.

We use our proprietary RI Scorecard to evaluate and monitor ESG integration across all our managers. (Figure 9) We are pleased to report that 93% of our equities portfolio consists of leaders in ESG integration and sustainability risk management. Specifically, 60% of underlying funds have leading climate approaches, 82% have set net zero ambitions by 2050 or sooner, and 48% exclude fossil fuels[25].

Total carbon emissions (Scope 1 + 2)tCO_2e



Economic intensity tCO_2e/€m invested

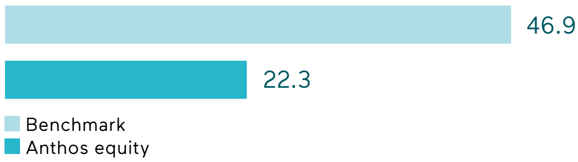


Figure 11: Anthos equity carbon emissions vs benchmark
Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.
Benchmark: MSCI World ACWI
Reflects reported and estimated emissions.
For details about methodologies (see p39- onwards and appendix).

[25]Further information is available on request.

Fixed income

We are pleased to report that 71% of the fixed-income portfolios are invested in funds that are acting to avoid environmental and social harm. Additionally, 9% of the portfolios are allocated to funds benefitting stakeholders, and 8% to funds contributing to environmental and social solutions – notably, a new fund onboarded in 2023. See Figure 13.

We also note that 12% of the fixed-income portfolios is allocated to funds that are classified as in the "may/do cause harm" category. In large part, this has to do with the emerging market debt portfolio where there are significant challenges to overcome when it comes to assessing sustainability metrics in general (see below, on decarbonisation). In addition, from time to time we invest in passive ETF funds which follow the index; we do not assign an impact potential to passive funds.

Onboarding a responsible global high yield fund

The newly onboarded fund that contributes to environmental solutions is distinct for several reasons. Firstly, it's not a European green bond fund with potentially lower yields; instead, it's a global high-yield responsible fund prioritising superior returns while advancing towards a low-carbon economy. This fund sets explicit carbon intensity targets and upholds a strict exclusions policy, including fossil fuels, tobacco, aerospace and defence, and issuers failing the UN Global Compact Principles.

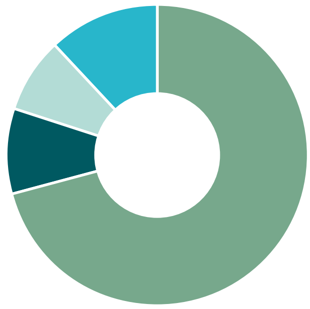
While this new fund is a leader in responsibility and environmental solutions, we emphasise that our primary selection criterion remains its strong financial performance. Its alignment with our ambition to decarbonise portfolios by 2040 is an added benefit. Importantly, onboarding this fund significantly reduced the carbon intensity of our clients' high-yield bond portfolios, and our early investment also secured a fee advantage for our clients. Such high-quality funds, with superior financial return objectives and sustainable impact objectives in the global high-yield space are rare.

Hicham Zemmouri Rochdi
Managing Director Bonds

Rodrigo Araya Arancibia
Managing Director Bonds

Leader	48.3%
Professional	51.8%
Novice	0%
Laggard	0%
Not Reviewed	0%

Figure 12: ESG assessment



Acts to avoid harm	70.6%
Benefits stakeholders	9.4%
Contributes to solutions	7.9%
May/does cause harm	11.8%
Not Reviewed	0%

Figure 13: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023. For definitions and methodologies (see p16). Reflects total AuM of the asset class.

Navigating emerging market debt challenges

Another noteworthy fund focuses on emerging market debt, investing in sovereign bonds across democratically governed emerging markets. By excluding countries with low democracy levels, this fund diverges from the benchmark which creates additional bias and risk in the portfolio which must be managed. In 2023, that led to outperformance for this fund due to certain country exclusions where that country performed poorly, however, the reverse can also be true. That said, we expect this fund to outperform as low levels of democracy are often coupled with weak institutions and low-quality governance. Evidence shows this leads to below-market returns as those states often have excessive fiscal deficits, high inflation, and depreciating currencies.

Our selection criteria prioritise managers demonstrating expertise in robust fundamental research, managing bias risks, and actively engaging with issuers.

Decarbonising emerging market debt portfolios poses significant challenges due to industrialisation dependence, financial constraints, and lack of infrastructure as just a few factors. Decarbonising the broader fixed income universe also presents complexities, including diverse issuers and limited influence over emissions as compared to equity shareholders. Strategies like investing in green bonds, integrating ESG criteria, and engaging with issuers are key. To take advantage of these trends in Europe, in 2023 we launched a new strategy to invest in the European global aggregate bonds universe.

Through our RI Scorecard and other assessment tools, we try to ensure that our investment managers adhere to the highest standards of ESG principles. In 2023, 48% of funds were considered leaders in ESG integration and sustainability risk management. The remaining 52% were considered professionals in their efforts. See Figure 12.

Using all levers to influence change

When it comes to improving the ESG performance of the portfolios, selection and engagement are our primary levers, but divestment remains a tool when engagement fails, particularly when managers' practices contradict our RI principles.

In addition to this, we actively participate in discussions. For example, we actively engage with industry groups like the Institutional Investors Group on Climate Change (IIGCC) to enhance industry standards, measurement practices, and engagement recommendations when it comes to carbon accounting issues with emerging market sovereign debt. We believe in transparency and accountability in our investment decisions. Our goal is to not only achieve financial returns for our clients but also to contribute positively to environmental and social outcomes when that aligns with our primary performance objectives. Ultimately, we believe those portfolios that can do both are going to be the most powerful tools to transition investors' fixed-income allocations to be better for the environment and society.

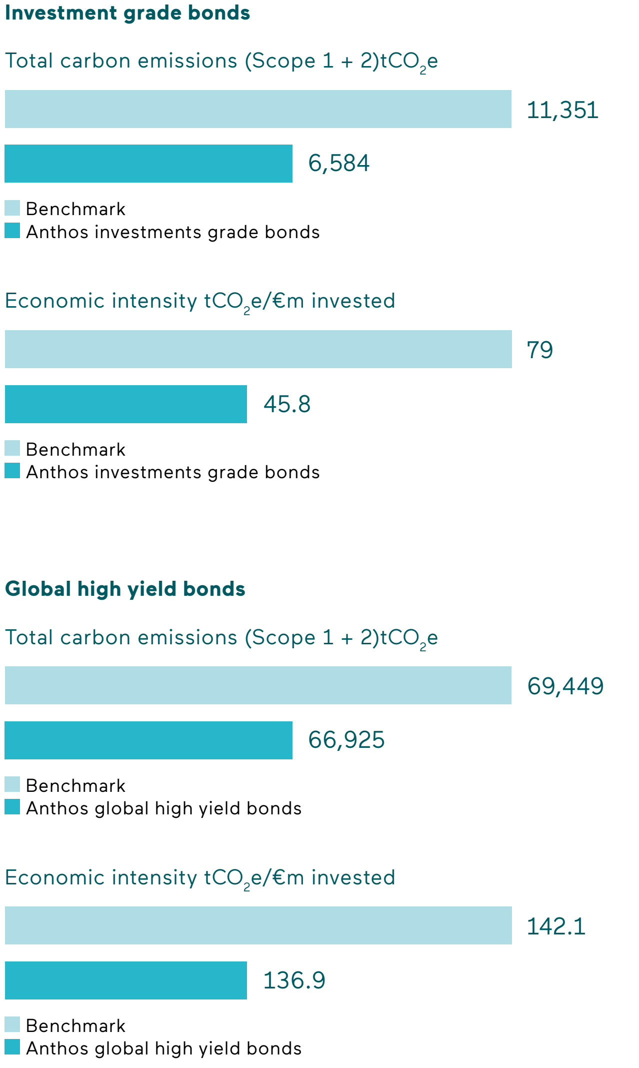


Figure 14: Anthos corporate fixed income carbon emissions vs benchmarks
Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.
Benchmark: MSCI World ACWI
Reflects reported and estimated emissions.
For details about methodologies (see p39- onwards and appendix).

Real estate

John Linck
Managing Director Real Estate

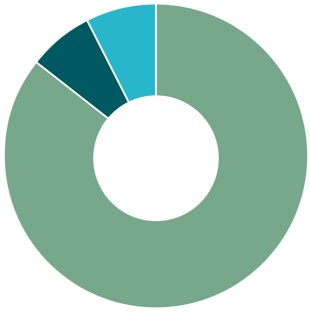
Tjeerd Jansen
Managing Director Real Estate

We are pleased to report that 86% of the real estate portfolio is allocated to funds that are acting to avoid harm to the environment and society. A further 7% is allocated to funds that are benefitting stakeholders. We are also pleased to report that the allocation to funds that may/do cause harm has reduced from 17% in 2022 to 7% in 2023. This reflects the rotation away from legacy assets that do not align with our ESG and RI approach, with our focus now on ensuring that existing managers continue to maintain strong ESG performance, manage risks, capitalise on sustainability opportunities and future proof the portfolio. See Figure 16.

With the high-interest rate environment of 2023, it was a challenging financial year for the real estate sector globally. We noted a bifurcation within the investment universe were ESG leaders continued to execute on their ambitious strategies, supported by strong teams, resources, and reporting. Smaller managers with less mature ESG teams and strategies, however, pared back their ESG efforts, narrowing their focus to the most financially material ESG issues. Pleasingly, Anthos' Real Estate Portfolio has maintained its strong ESG performance and commitment to continuous improvement at the fund and asset-level.

Leader	57.0%
Professional	37.0%
Novice	6.0%
Laggard	0%
Not Reviewed	0%

Figure 15: ESG assessment



Acts to avoid harm	86%
Benefits stakeholders	7.0%
Contributes to solutions	0%
May/does cause harm	7.0%
Not Reviewed	0%

Figure 16: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023.
For definitions and methodologies (see p16).
Reflects total AuM of the asset class.

Financial materiality of ESG issues is key

This year, with real estate managers facing a number of macroeconomic headwinds, the focus on the financial materiality of ESG issues was paramount. Our managers integrate material ESG issues into investment analysis and decision-making processes, formally evaluating risks and opportunities with integration into management decision-making. ESG-factors can lead to value erosion in a number of ways, as shown in Figure 17.

ESG Factors	Financial Impact Examples
Additional capital expenditures	Equipment upgrades to improve energy performance
Increased costs	Higher insurance premiums due to physical risk factors
Future income uncertainty	Tenant and leasing disruption due to extreme weather events
Obsolescence risk	Buildings that do not meet minimum energy performance standards set by legislation

Figure 17: Examples of ESG Factors (Anthos adaption, UNPRI)

For real estate investments, financially material ESG issues include energy management, water and waste management, physical impacts of climate change, biodiversity and labour practices through the supply chain. Through our ESG assessments and engagements in 2023, we focused on ensuring that these issues were addressed by our managers. Anthos has been an investor of GRESB (formerly the Global Real Estate Sustainability Benchmark) and we use GRESB's portfolio assessment and carbon emissions data tools support to support our ESG integration activities by providing more transparent and comparable data across funds, helping us to identify areas of opportunity and risk in our portfolio.

The Anthos real estate portfolios scored above the GRESB and Peer Average on the GRESB benchmark, which assesses performance on material ESG components such as governance, management, GHG emissions, energy, water, waste, tenants and community. While all portfolios scored 'Green Star' recognition, a metric of strong absolute performance, there was wide dispersion in GRESB scores, particularly in relation to emissions intensity. For funds that scored particularly well on an ESG issue, we engaged to establish a benchmark of best practice, and then actively monitored and engaged with funds where they were lagging on material issues to co-develop a roadmap to improve performance. This ensures that the portfolio maintains strong ESG performance in line with market, regulatory and stakeholder expectations, and future proofs the portfolio against climate transition risks and stranding of assets.

Moving from commitment to action

In 2023 we saw our managers move from establishing commitments and targets to implementing ESG initiatives, and we see this reflected in their progression against targets at the fund and asset level, as well as their improved ESG data transparency. We also saw ESG initiatives moving from one-off initiatives to structural sustainable development practices, with increased take up of sustainable development principles through the investment lifecycle and asset management as 'business as usual'. The systematic implementation of emissions and natural resource-related initiatives saw managers' increase the percentage of their energy consumption from renewable sources, reducing their GHG emissions footprint, reducing their water consumption and the proportion of waste diverted from landfill. For example, one of our European logistics managers is piloting a low-carbon project that started construction in October 2023. It aims to reduce emissions by bringing together several lower-carbon materials and sustainable design features. ESG progress across the portfolio was seen in relation to climate change mitigation, adaptation, circular economy transition, labour rights and supply chain transparency initiatives.

An example of a fund in the portfolio that benefits stakeholders is a Dutch residential fund that invests in high-quality, affordable, and sustainable homes, investing in line with responsible principles. It has a 5-star GRESB rating and detailed specific climate-related KPIs to track progress towards energy-efficiency and emissions objectives. The fund also reports expected capex associated with ESG enhancements in a transparent and commercial manner. What's more, the fund promotes environmental and social characteristics and is classified as an SFDR Article 8 fund. The fund supports four of the UN SDGs: Affordable and clean energy, Decent work and economic growth, Sustainable cities and communities, and Climate action.

A focus on the climate: a risk and opportunity

Real Estate (directly and indirectly) is responsible for about 40% of all greenhouse gas (GHG) emissions globally (UNEP FI, 2022). As a result, the ambition to achieve net zero demands major changes to the sector and presents various transition risks, such as declining market attractiveness for unsustainable buildings, increasing regulation and disclosure requirements, future energy use intensity requirements, building retrofit requirements, as well as opportunities to capitalise on and future proof assets, deploy additional renewable energy and energy efficiency solutions to its customers. We recognise that climate risk (physical and transition risks) threaten real estate asset cashflows as well as the future value of the assets themselves. Climate change is therefore one of the portfolio's most material financial risk and opportunity and, therefore, integration of climate-related issues into our investment-decision making is critical to delivering sustainable, long-term returns. In 2024, we plan to further focus on our most material risk and opportunity, climate change and decarbonisation, as we roll out climate strategies for each of our funds, coupled with a focus on creating social value within the communities in which we invest and their associated supply chains.

86 / 100

GRESB Score — Green Star

GRESB Average 80 | Peer Average 81

30 / 30

Management Score

GRESB Average 28 | Benchmark Average 28

56 / 70

Performance Score

GRESB Average 52 | Peer Average 52

ESG Breakdown

49 / 62

Environmental

GRESB Average 45 | Benchmark Average 45

18 / 18

Social

GRESB Average 17 | Benchmark Average 17

20 / 20

Governance

GRESB Average 18 | Benchmark Average 18

Absolute return strategies

"Absolute return strategies" encompass a diverse array of alternative investment strategies managed by various experts. At Anthos, we construct portfolios with a diversified mix of managers and strategies to achieve our goal of positive returns ("absolute returns") regardless of the direction of equity and fixed-income markets. For example, global macro strategies invest based on managers' top-down economic and political views, including interest rates, currencies, commodities, and equities. Trend-following strategies aim to capture market trends using algorithmic or quantitative methods to spot trends across asset classes. Assessing this broad universe and our portfolios on ESG and sustainability metrics is significantly complex.

These challenges are reflected in the metrics we choose to report at Anthos, particularly using the IMP methodology. According to this framework, 68% of our portfolio is invested in funds that may cause environmental or social harm, while 30% is invested in funds that act to avoid harm. Notably, 3% of the portfolio is invested in funds benefitting stakeholders. See Figure 19.

Adapting our assessments for absolute return strategies

Along other aspects, our approach includes qualitative assessments of company culture. Notably, many managers avoid investments in coal mines, Arctic drilling, and weapons without formal restrictions, reflecting a spirit of unconstrained investing. We are aligning our PRI questionnaire more consistently with those for equities and fixed income, including relevant questions based on whether managers invest in equities, bonds, or commodities. This alignment involves a separate section on derivatives and shorting. Additionally, we are expanding our work on the Carbon Disclosure Project concerning shorting.

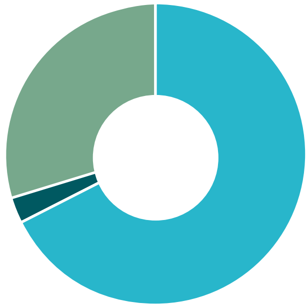
The Standard Board for Alternative Investments (SBAI)'s principles for greenhouse gas emissions accounting are relevant to our asset class. These principles emphasise comprehensive emissions measurement, standardised methodologies, transparency in reporting, regular monitoring, engagement with stakeholders, integration with investment processes, target setting, and continuous improvement. For example, when exclusion of unsustainable companies is believed to result in a higher cost of capital for those businesses, shorting their stock would result in an even higher cost of capital. This underscores that every action, including short selling, has an impact.

Reinoud van Ieperen Bokhorst
Managing Director Absolute Return Strategies

Matthew Kaplan
Managing Director Absolute Return Strategies

Leader	19.0%
Professional	52.0%
Novice	28.0%
Laggard	0%
Not Reviewed	0%

Figure 18: ESG assessment



Acts to avoid harm	29.5%
Benefits stakeholders	2.8%
Contributes to solutions	0%
May/does cause harm	67.7%
Not Reviewed	0%

Figure 19: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023.
For definitions and methodologies (see p16).
Reflects total AuM of the asset class.

Investing in energy transition strategies

One notable investment made in 2023 was an energy transition fund, which includes investments in battery metals essential for energy transition solutions. Despite its benefits, managers are not required to report under SFDR Article 8 or 9 to maintain flexibility. The senior management team of this fund engages with top mining companies on environmental management, health and safety, and anti-corruption, highlighting the complexity of defining sustainable investing in this space.

We believe that being a responsible investor in the absolute return space involves focusing on governance, social impacts, and fair market practices. We seek managers who can navigate such complexities effectively, where ESG risks are addressed alongside ensuring robust financial returns.

Our engagement strategy captures exclusion agreements in side letters, ensuring transparency. In terms of ESG teams and resources, the firm's size often dictates priorities, with risk management typically coming first unless the firm is emission-driven.

We discuss our exclusion list with every manager and share our Responsible Investment Policy including our values-based investment restrictions. Even if investment managers have RI policies with certain differences from ours, we are able to align our investment in an alternative investment fund through a side letter agreement. An example is a side letter we signed with one manager to cover our investment in their Dislocation and Structured Risk Transfer strategies. In this side letter, the manager and Anthos acknowledge there are nuanced differences between our RI policies and our intention to collaborate and share insights as signatories to the PRI. The manager then offers Anthos the right to opt out of investments that are on our exclusion list.

We aim to diversify ESG risk alongside financial risk across the portfolio. Environmental concerns are prevalent due to global trends and policy support, which helps protect profitability. Social dimensions, such as social housing, pose challenges in balancing risk-adjusted returns with beneficiary needs. Overall, our strategy ensures a balanced integration of ESG considerations, contributing to sustainable and responsible investing practices across our absolute return strategies.

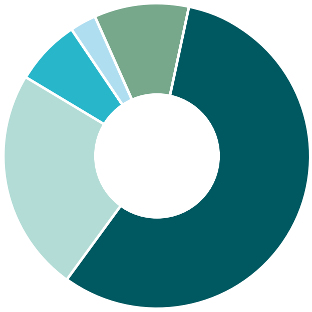
Private equity

We are pleased to report that 58% of the private equity portfolio is invested in funds that are acting to avoid harm. A further 7% of the portfolio is invested in funds that are benefitting stakeholders and even contributing to environmental and social solutions. We also note that 36% of the portfolio is invested in funds that "may or does cause harm category," according to our IMP-inspired methodology. See Figure 21.

The private equity portfolio indirectly invests in about 500 companies, each of which has an impact on the world and society. We strive to embed the best RI integration we can to understand whether that impact is positive or negative, though there are many complexities in the private equity space such as data collection issues, inconsistency in reporting standards, and the size of managers and the companies they invest in being too small for them to warrant large amounts of dedicated resources to investigate. In this way, using the IMP framework has its limitations in the lower-mid market private equity space since many funds cannot either prove or disprove their impact potential on the world (and so we take the conservative assumption that they may be harmful).

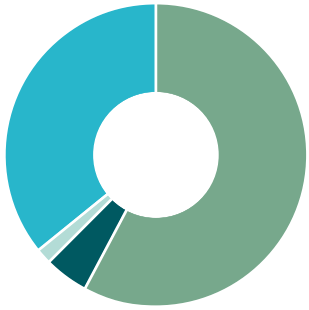
Steven van de Wall
Managing Director Private Equity

Yorick Groen
Managing Director Private Equity



Leader	10.0%
Professional	58.0%
Novice	24.0%
Laggard	6.0%
Not Reviewed	3.0%

Figure 20: ESG assessment



Acts to avoid harm	58.1%
Benefits stakeholders	4.5%
Contributes to solutions	1.8%
May/does cause harm	35.6%
Not Reviewed	0%

Figure 21: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023. For definitions and methodologies (see p16).
Reflects total AuM of the asset class.

Efforts to increase ESG integration

In this asset class, the priority is therefore to increase ESG and RI integration before we can assess impact. In 2023, we sought to increase the coverage of the portfolio assessed using our RI Scorecard to 100%. We also aimed for all new funds to be PRI signatories (currently about 70% are), to have a minimum RI Scorecard assessment score, to all have RI policies and ESG reporting in place, and finally to initiate an "improve or leave" plan for any funds or managers with a sub-par RI assessment score. With these measures in place, we expect to have a better understanding of the portfolio when it comes to ESG integration so we can understand and manage sustainability risks and opportunities, engage with managers on improvements, and communicate the sustainability performance of our clients' investments more concretely. We think that this top-down, holistic view complements a deep and thorough understanding of the managers and company holdings in the portfolio from the bottom up.

Different types of funds in the portfolio

One example of a fund that is contributing to environmental solutions is a fund that invests globally in companies that optimise operational performance and strives to deliver long-term decarbonisation plans. They aim for more than 60% reduction in GHG emissions at the product, service, or asset level compared to the market incumbent. In 2023, the manager reported a 10.8 m metric tonnes CO2e reduction and 424 k metric tonnes of waste reduction (for all their funds, not just the one we're invested in). They monitor over 100 KPIs aligned with leading market standards. One of the things we like most about this fund is that it tackles the industrial sectors of the economy that are complex to decarbonise and often overlooked (59% of global CO_2 emissions are produced by the industrial sector). We are very supportive of such funds that see decarbonisation as an opportunity to improve business models.

Importantly, the private equity portfolio mainly invests in funds that are acting to avoid harm. For example, more traditional buy-and-build managers that focus on optimising the operations of small and medium-sized companies in their preferred sector and region. We strive to engage with these managers to improve their ESG integration and reporting using our RI Scorecard and at times will exercise our side letter exclusions so we do not participate in deals that go against Anthos' exclusions policy.

For those funds that may be harmful according to the IMP framework, one example is a fund that seeks to leverage AI, digital transformation, and human capital to accelerate growth and create long-term value. Some example companies include insurance services and human capital software platforms. Using our RI Scorecard, this manager classifies as a novice in terms of policy rating, ESG integration, DEI, and climate change though it is a professional with active ownership. We have used these results to engage with the manager and learn more about some of the issues at hand. After investigation, it's clear they implement ESG in innovative ways, such as eliminating bias in the hiring process, or understanding the energy required for AI and mitigating with specific models to consumer less energy. We continue to engage with the manager on these topics and use the knowledge to better understand how to assess and address ESG issues across the private equity portfolio.

Our strategy in action

Ultimately, these things together show our strategy in action: we are building diversified portfolios with managers who do different things and who do them well. A robust RI integration framework to analyse and assess these managers consistently and possibly learn new insights that can help engage managers to improve their practices is useful. Having a deep and active involvement with each underlying manager in our portfolios and understanding the portfolio companies' business models and how different ESG issues might impact them and vice versa their impact on the world is vital.

We are pleased to note that the overall average RI score is improving from year to year. Coupling this with strong financial results, we think this shows that it is possible to invest in a diversified private equity portfolio with strong RI credentials.

Multi-asset impact

Dimple Sahni
Managing Director
Multi-Asset Impact

Johanna Brenninkmeijer
Managing Director
Multi-Asset Impact

Diana Wesselius
Managing Director
Multi-Asset Impact

Impact investments, as defined by the Global Impact Investing Network (the GIIN) in 2009, "are investments made into companies, organisations and funds with the intention to generate measurable social and environmental impact alongside a financial return.

In 2023, we are pleased to report that 100% of the multi-asset impact portfolio was allocated to funds that either benefit stakeholders or contribute to environmental and societal solutions, based on the Impact Management Project (IMP) methodology. See Figure 23. This aligns with the portfolio's objective to generate positive, measurable social and/or environmental impact alongside market-rate financial returns.

Using our RI Scorecard, we assessed all the funds within our portfolio and noted significant improvements in the integration of ESG criteria by fund managers. Many managers progressed from being professionals to leaders in ESG integration, reflecting our ongoing efforts to promote and support high standards of RI practices. See Figure 22.

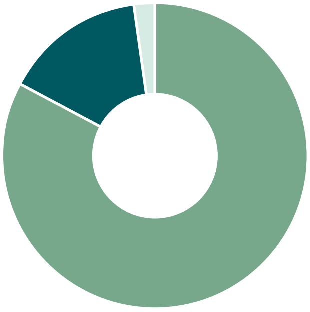


Figure 22: ESG assessment

Figure 23: IMP assessment

Source: Anthos Fund & Asset Management. As at 31 December 2023.
For definitions and methodologies (see p16).
Reflects total AuM of the asset class.

Real assets allocation and Africa infrastructure focus

One of the key developments in the year was our investment in an infrastructure fund in Africa, aligned with our strategic asset allocation which includes a real asset component in our multi-asset impact portfolios. This decision was driven by several factors:

- Need for solutions: Africa's significant infrastructure deficits are a key bottleneck for socio-economic development on the continent, necessitating innovative finance solutions, which this fund aims to provide.
- Geographical focus: The fund's primary focus is Africa, where we wanted to address our underweight positioning to this region.
- Diverse portfolio: The fund's portfolio provides exposure to a variety of infrastructure projects, such as solar energy, cold storage facilities, telecom towers, and transportation corridors.
- Infrastructure over renewable energy: While renewable energy investments are valuable, our choice for a fund investing in broader infrastructure was influenced by the perceived higher risk of investing in a focussed energy strategy in Africa, and the wish for diversification beyond energy only. The fund that was added to the portfolio has been selected based on the fund manager's track record, their leadership in implementing ESG in their processes and in their engagements with the portfolio companies, their ambition to reduce carbon emissions in each of their investments, and the fund's presence throughout the region.
- Size and influence: We excluded investments over 1 billion euros in size to maintain a level of influence over the projects.

At the end of Q1 2024, the fund had invested in five notable projects: an integrated energy company in South Africa, a logistics company improving amongst others border crossing efficiencies in the Southern Africa region, a rural-urban road upgrade project in Kenya, a cold storage platform in South Africa and Namibia, and a telecom tower platform with operations in Nigeria and Congo. All these projects highlight the fund's potential for significant positive impact in regions with substantial infrastructure needs.

Impact measurement: achievements and challenges

We made progress in further defining our philosophy regarding the SDGs and sustainability outcomes. After initiating this project last year, we concluded that for a multi-impact and multi-asset impact strategy, the SDGs are output-agnostic. Therefore, we aim to fully invest in line with our three core values and are working to define concrete impact metrics that are both measurable and in alignment with our values.

Our engagement with fund managers, guided by the SFDR Article 9 requirements, aims to ensure they strive to be best-in-class while acknowledging the unique challenges faced by smaller funds. Principal Adverse Impact (PAI) statements, a regulatory requirement under the SFDR, have been instrumental in enhancing transparency regarding the negative effects of investment decisions on sustainability factors.

Despite the successes, several challenges remain in unlisted markets, particularly in developing economies. As an example, smaller private asset funds often lack comprehensive data, making it difficult to estimate emissions data across asset classes. To address this challenge, we are beginning to work with our managers on using proxy metrics that could add further insight.

Understanding impact on the ground in Asia

In 2023, the team travelled to Asia to attend several Limited Partner Advisory Committee (LPAC) meetings hosted by underlying impact managers based there. For one of these, the fund's Annual General Meeting (AGM) provided real-world insights into the portfolio across various themes including financial inclusion, healthcare, education and logistics and distribution. After engaging with all the portfolio companies in the fund, we conducted several site visits to understand the impact being generated on the ground:

Evermos, a Muslim values-aligned social commerce platform that empowers local SMEs in lower-tier towns using a reseller-centric model to promote and sell products listed on the platform. The company received the 3G Excellence in Women Empowerment Award 2023 and also received the Asia Pacific Stevie Award for Excellence in Social Impact.

Ricult is an innovative agricultural platform that provides in and pre-harvest financing to farmers, improving their access to credit and resources, thereby enhancing agricultural productivity and supporting sustainable livelihoods.

For the year 2022, this fund reported the following impact outcomes: over 10,000 farmers gained access to finance and technology, over 4,000 low-income individuals achieved access to healthcare, and over 107,000 entrepreneurs gained access to a commerce platform that enabled them to earn a livelihood and increase their incomes.[26]

[26]Information available on request.

Underlying assets

As we progress in responsible investing, we're steadily strengthening our capabilities at the asset level. Beyond manager selection, we're delving deeper into portfolio constituents, use data insights and strategic engagements to drive positive change.

As a fund-of-funds investor, we initially focus our actions on the managers and the funds or strategies we select using the RI Scorecard and IMP assessments. At the same time, we work to get access to the underlying assets in those portfolios. We are increasingly using these insights to test whether the stated strategy of the manager matches our expectations. For example, we used our Sustainable Development Investments Asset Owner Platform (SDI AOP)[27] data set to test the exposure of companies aligned with the SDGs in our equities portfolio. Or, by understanding the top-emitting companies in our portfolios, we can have more targeted conversations with the managers who continue to hold them. Whether those companies have SBTi-aligned climate transition plans, for instance.

The same goes for any companies that are on our exclusions list especially if the allocation to those companies increases with any particular manager. We want to know why that is and whether it's in line with their RI policies or not.

In addition, we use the datasets that help us understand what makes a company sustainable. For example, if it is positively aligned with the SDGs. That way we can engage positively with our managers on their company holdings and also learn ourselves what sort of assets count as being sustainable.

The following pages outline our summarised findings for exclusions and mapping investments against SDGs

Exclusions should remain at less than our 5% threshold

Anthos aims to avoid or lower exposure to excluded categories by selecting managers with similar policies and values as our own. Should we identify exposure, we engage with the fund managers wherever possible to avoid or even exclude the relevant categories or companies. Overall, our target is to have 0% of AuM exposure to exclusions in segregated mandates and no more than 5% exposure to issuers on the exclusion list in each portfolio.

This year, we expanded our reporting to include private equity and impact investments, in addition to equities and fixed income. The only areas not covered are the absolute return asset class, due to insufficient look-through data, and the real estate team, as the exclusion list is not applicable to investees and we do not currently monitor the tenant layer.

The overall conclusion is that we remained well below our exclusion threshold in 2023, with details below.

Please refer to our exclusions policy for more information (link)

	Excluded % of total AUM	Coverage
Company exclusions	1.8%	73.4%
Country exclusions	0.0%	99.8%
Available for: Equites, Fixed income, Private Equity, Impact.		

Figure 24: Anthos exclusions exposure.
Powered by Sustainalytics, As at 31 December 2023.

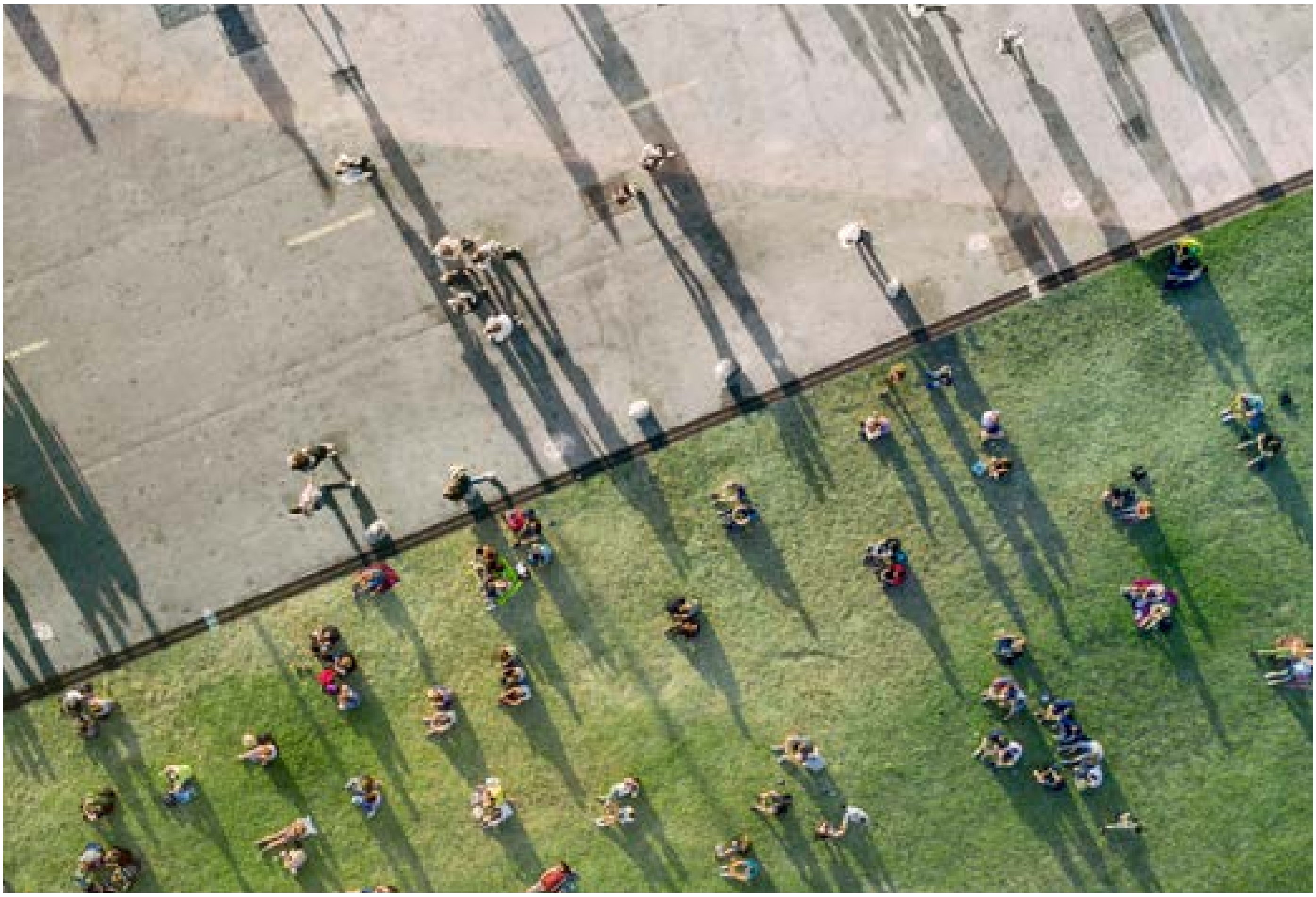
	Excluded % of total AUM
Equities	2.5%
Fixed Income	1.0%
Impact Investments	0.0%
Private Equity	1.0%

Figure 25: Anthos exclusions exposure per available asset class.
Powered by Sustainalytics, As at 31 December 2023.

[27]The Sustainable Development Investments Asset Owner Platform (SDI AOP) is a collaborative initiative aimed at promoting sustainable investment practices among asset owners. It provides tools and resources to integrate sustainability into investment decisions and supports the alignment of investment portfolios with the United Nations Sustainable Development Goals (SDGs). For more information, visit SDI AOP's official website.

Criteria	Equities	Fixed Income	Impact Investments	Private Equity	Grand Total
Adult Entertainment					
Anti-Personnel Mines					
Arctic Oil & Gas					
Bioweapons					
Cluster Weapons					
Depleted Uranium	0.1%	0.0%			0.1%
UN Global Compact violators	0.0%	0.0%		0.0%	0.0%
Gambling	0.1%	0.2%		0.1%	0.4%
Military Contracting	0.9%	0.1%		0.0%	1.0%
Nuclear Weapons	0.2%	0.0%			0.2%
Oil Sands	0.0%				0.0%
Small Arms	0.0%				0.0%
Thermal Coal	0.0%	0.0%			0.0%
Tobacco	0.0%	0.0%			0.0%
White Phosphorus	0.1%				0.1%
Total	**1.4%**	**0.3%**		**0.1%**	**1.8%**

Figure 26: Anthos exclusions per available asset class.
Powered by Sustainalytics, As at 31 December 2023.



Alignment with Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Mapping investments to the SDG framework helps to align our investments with global priorities and action plans. By increasing our level of understanding as to how investments align with the SDGs we hope to be able to guide our clients if they want to align their investments with (certain) SGDs.

In 2022, we joined the SDI AOP which combines human and artificial intelligence to produce a way to map investments to the SDGs. It does this by focusing on revenues derived from specific products and services that contribute to the SDGs, based on a well-developed taxonomy.

In 2023, we continued to explore this platform as a means to better understand the sustainability characteristics of our listed equities and corporate fixed income portfolios. Our analysis revealed that 15.4% of our equities portfolio is aligned with the SDGs, primarily SDG3: "good health and wellbeing". This compares with the benchmark's total alignment of 13.9%. This improved insight enhances our ability to guide clients in aligning their investments with specific SGDs.

We recognise the conservative limitations of the taxonomy. For example, our allocation to a listed real estate investment trust (REIT) strategy, which we believe contributes to SDG 11 (sustainable cities) due to its focus on real assets and advanced ESG practices, is not reflected in the current mapping. As we venture into more complex asset classes, we are curious to see whether the results reflect our own intel derived from deep due diligence of the investments.

Of the 15.4% invested capital aligned with the SDGs, this number only reflects companies that, through their revenues coming from specific products and services, align with a relevant sub-goal of the SDGs. This includes 'majority' and 'decisive' assets, which means that the companies are involved in positive activities for more than 50% of the total revenues for 'majority' assets and between 10% and 50% for 'decisive' assets. Companies where the SDI percentage was less than 10%, or that were involved in disqualifying (negative) activities for more than 10% of the total revenue are left out in the analysis. The coverage of the equities portfolio that was not able to be mapped has reduced from 8% to less than 2%. Those remaining assets not able to be mapped included cash, REITs, and some other instruments where the data did not result in a match.

We are exploring whether the coverage for fixed income portfolios may be increased and will report relevant findings to our stakeholders as we go.

Total level SDG alignment (% of asset class)	Revenue aligned weight		Coverage
	Positive	Negative	
Equities	15.4%	2.8%	98.2%
Corporate Fixed Income	6.7%	6.9%	40.7%

Figure 27: Total SDG alignment
Source: SDI AOP and Anthos Fund & Asset Management, As at 31 December 2023.

The revenue aligned weight is calculated by multiplying the weight of a company in the portfolio(s) or fund with the percentage of revenue of the company that is contributing positively or negatively to one or more SDG's. The outcome is the actual % that is contributing or detracting to the sustainable development goals.

Revenue aligned weight per SDG	Equities		Corporate Fixed Income	
	Positive	Negative	Positive	Negative
SDG1	0.2%			
SDG2	0.2%		0.2%	
SDG3	10.6%	0.1%	3.8%	1.4%
SDG4	0.4%		0.1%	
SDG5				
SDG6	0.2%		0.0%	
SDG7	2.3%	2.4%	1.2%	5.1%
SDG8				
SDG9	0.3%		0.7%	
SDG10				
SDG11	0.4%		0.1%	
SDG12	0.5%	0.1%	0.3%	0.2%
SDG13	0.0%		0.0%	
SDG14	0.2%		0.1%	
SDG15	0.1%		0.1%	
SDG16		0.3%		0.2%
SDG17				

Figure 28: Revenue-aligned weight per SDG.
Source: SDI AOP and Anthos Fund & Asset Management, As at 31 December 2023.

[28]The SDGs are a collection of 17 global goals set by the United Nations General Assembly in 2015. They aim to address various social, economic, and environmental challenges worldwide, including poverty, inequality, climate change, environmental degradation, peace, and justice. Each goal has specific targets to be achieved by 2030, providing a blueprint for a more sustainable future for all. For more information, visit UN Sustainable Development Goals.

Engagement by Sustainalytics to influence companies directly

In addition to the engagement by the external managers we select, Anthos also aims to influence companies through the engagements provided by Sustainalytics. The three types of engagement perfectly align with our values and the ambition to lower the negative and increase the positive impact of our portfolios.

These engagements address companies that violate global standards, they aim to improve the risk profile of the companies in the portfolio and engaging for a better impact in relevant thematic engagements. Anthos also provides the opportunity for its clients to directly support engagement letters to the non-responsive companies and its portfolio managers address these, where relevant, with the external managers that are invested directly in these companies.

Engagement program	Results
Global Standards commitment: Engagement with companies about the negative impact and possible or actual violations of the UN Global Compact standards and the thematic chapters of the OECD guidelines.	129 companies engaged 81 of those in Anthos portfolios • Of the 81, business ethics, labour rights, human rights and environment were the top themes.
Material risk engagement: Targeting high-risk companies on all ESG topics.	348 companies engaged 301 of those in Anthos portfolios • Of those 1301, carbon emissions measurement, product governance, ESG risk assessment and disclosure, and waste were the top themes.
Thematic engagement programmes: Aimed at improving the impact of companies through engagement and on specific themes. The six themes we focus on: future food supply, sustainable afforestation and financing and climate change, responsible cleantech, modern slavery, improving human rights, and human capital and the future of the labour process.	311 companies engaged 229 of those in Anthos portfolios • Of those 229, biodiversity and natural capital, SDGs, human rights and tomorrow's board were the top themes.

Figure 29: Engagement programs and results

Powered by Sustainalytics, 2023

See what share of companies and types of engagement by:

Topic

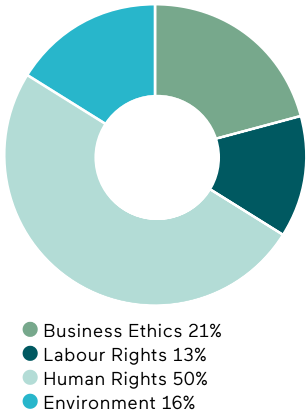


Figure 30: Types of engagements with companies
Powered by Sustainalytics, 2023

By number of companies

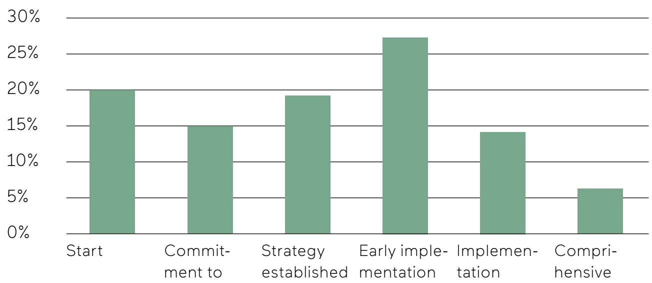
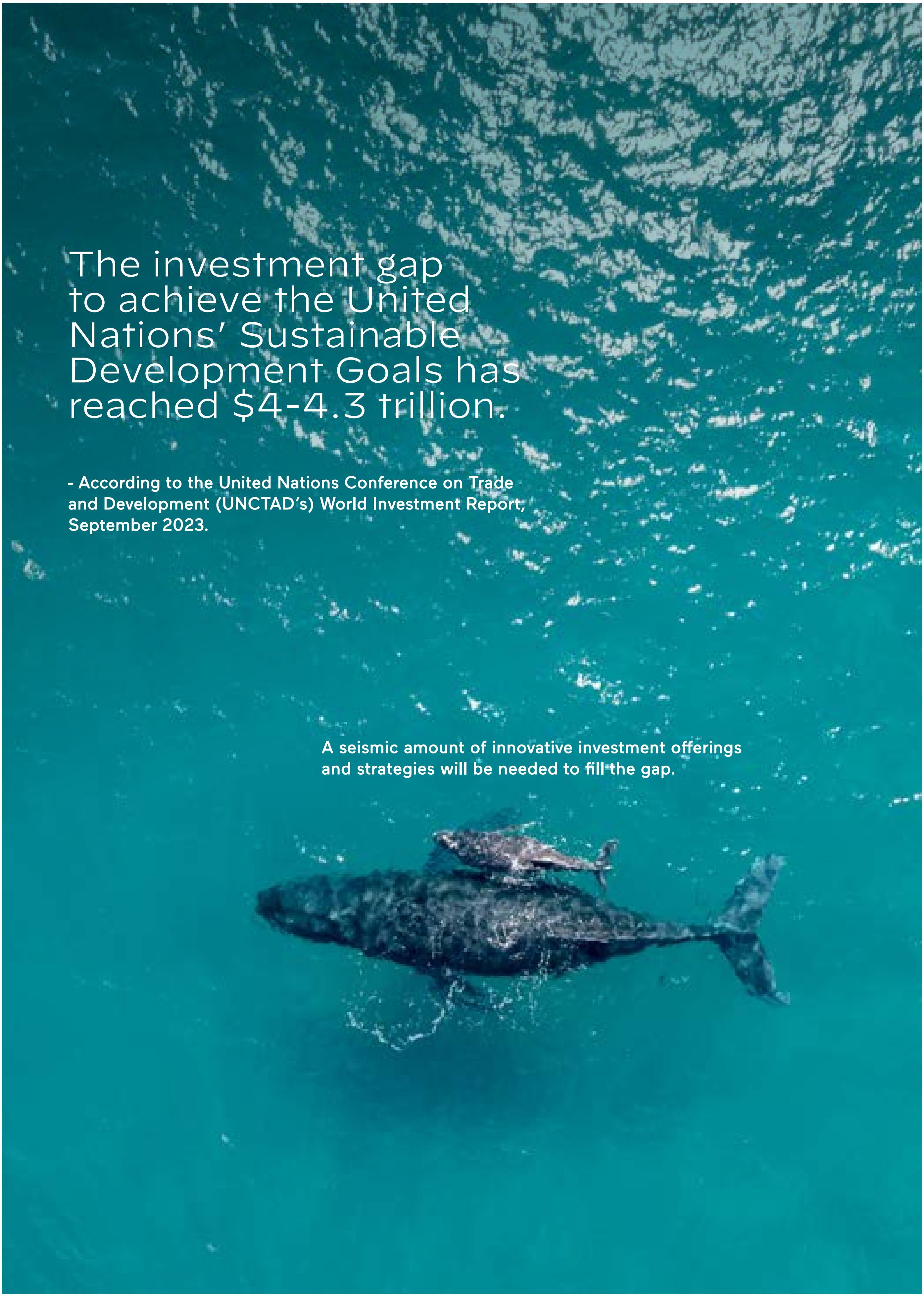


Figure 31: Engagement stage
Powered by Sustainalytics, 2023



The investment gap to achieve the United Nations' Sustainable Development Goals has reached $4-4.3 trillion.

- According to the United Nations Conference on Trade and Development (UNCTAD's) World Investment Report, September 2023.

A seismic amount of innovative investment offerings and strategies will be needed to fill the gap.

Our commitment to Climate and Human Rights

Our values underpin our investment approach. Our climate and human rights commitments show how we intend to make real-world progress on two of these values.

Climate change

Companies that thrived in the past may not necessarily guarantee future success. Nowadays, management of ESG factors are essentialfor all companies.

We believe that by recognising and adapting to this shift, we can provide long-term value for our clients and broader stakeholders. We accomplish this by integrating sustainability into our business practices—through our commitment to sustainable investment, responsibly managing our corporate impact, and fostering a positive and thriving corporate culture.

We want our influence and actions to accelerate real-world impact when it comes to addressing climate change. We want to lead the transition to a low-carbon economy through our investment activities and the action that we take within our own operations. Our net zero ambition plan puts us on a 1.5 degree emissions reduction pathway and will help us reach net zero across our value chain by 2040.

The vast majority of our GHG emissions exposure comes from the investments we manage on behalf of clients. How we manage the climate risks within our portfolios and influence the transition of the companies in which we invest via external funds to a sustainable future, will be integral to ensuring our continued success. Despite our primary lever of influence and impact being the transition of our clients' investments, we also believe we should lead by example through our own operations with ambitious targets and actions.

Anthos is an asset manager 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).

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).

Anthos' climate principles

- The energy transition presents portfolio opportunities for active investors;
- The climate integration applies a top-down portfolio perspective, one framework applicable to all, with pragmatic asset class-specific implementation;
- 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 risks into our investment strategy;
- 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;
- 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.

Bottom up implementation

As part of our RI Scorecard assessment, we label each fund manager as a 'laggard, novice, professional or leader.' On their ESG implementation, but also specifically on climate. 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 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 RI 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.

Anthos' net zero ambition

Anthos is dedicated to achieving net zero emissions by 2040, reflecting its commitment to climate responsibility and aligning with global warming limits. Our ambition with setting a net zero target is to achieve the Paris Agreement goal to keep global warming well below 1.5°C.[29] The pathway for this ambition is shown in Figure 34, which follows an overall 50% reduction target by 2030 (baseline year 2019), and a further 50% reduction by 2040.[30]

Being cognisant 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.

Coverage ambition

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.[31] For this reason, we also target 90% of portfolio assets to have reported emissions available by 2030. Increasing the number of managers and underlying issuers that report on emissions is important for improving and focusing our engagement efforts, as we find engagement on industry estimates not specific enough for our portfolio.

Resilience of the climate strategy: Climate scenario analysis

We believe scenario analysis is the best tool for climate risk 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.

[29] Please refer to more information on our benchmark relative approach in appendix.
[30] The baseline is calculated for portfolios as at 31 December 2019 or benchmarks (references).
[31] 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.

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 1.5ºC and is also aligned with the risk taxonomy and recommendations of the TCFD.

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 1.5ºC scenario, the 2.0ºC scenario and the 2.0ºC late-action scenario. Note that Anthos has committed to keeping global warming below 1.5ºC by 2040. All three scenarios project a peak in emissions in 2020. Both the 1.5ºC and 2.0ºC scenarios project a sharp decrease in GHG emissions after 2030, with the 1.5ºC scenario becoming emission-neutral by 2055 and the 2.0ºC scenario by 2100. In the 2.0ºC late action scenario, the transition only starts accelerating to more or less converge with the 1.5ºC scenario in 2030.

Metrics and targets used to assess and manage climate-related risks and opportunities

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 (direct)*	Scope 3 (indirect corporates)	Scope 3 (indirect sovereigns)
25.7	193.3	454.1	156,780	174,474

Figure 32: Total Anthos emissions in 2023 [tCO_2e]; Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

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

Scope 1 & 2	% of total AuM	Of which, CO_2e reported	Of which, CO_2e estimated	Unknown	Economic intensity (tCO_2e/€ m investments)	Physical Intensity*
Listed Equities	33%	86%	11%	1%	22.3	
Investment Grade bonds	2%	53%	11%	34%	45.8	
Corporate high yield	8%	40%	24%	36%	136.9	
Developed market sovereign bonds	4%	0%	99%	1%	130.8	N/A
Emerging market sovereign bonds	12%	0%	96%	0%	317.1	
Global Real Estate	8%	81%	15%	0%	5	
Private Equity	11%	0%	77%	16%	49.7	N/A
Multi-asset Impact	3%	28%	37%	9%	10	N/A

Figure 33: Total Scope 1 and 2 GHG emissions in Anthos' portfolios for 2023

*Weighted Average Carbon Intensity for companies, Floor Area Weighted Average Carbon Intensity for Real Estate
Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

Anthos emissions since 2019

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

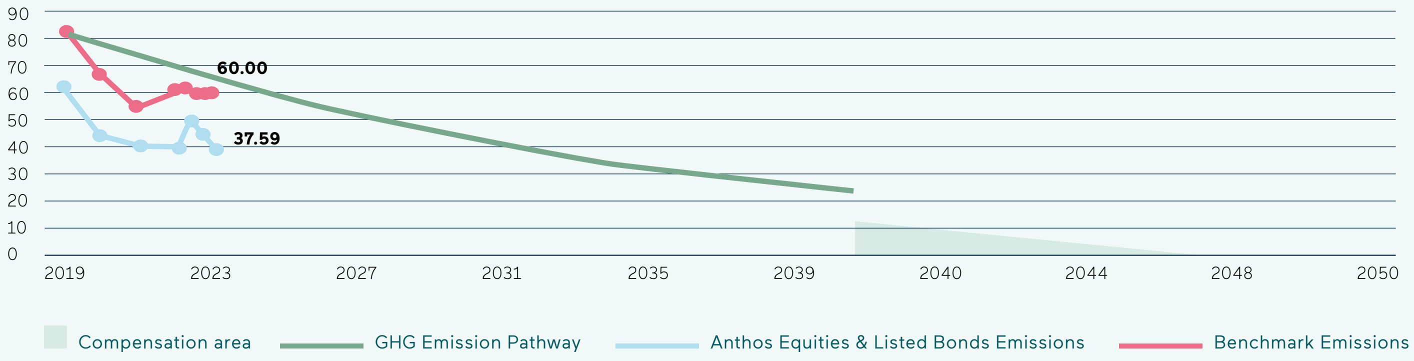


Figure 34: Anthos total reported emissions pathway
Source: Anthos Fund & Asset Management. As at 31 December 2023.
Reflects only reported emissions. Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

Target setting for our investments

For the total portfolios emissions that are known and reported, we track the path since 2019 and assessed how this fares versus our net zero ambition pathway. This represents about 30% of our total AuM, reflecting the reported emissions in listed equities and fixed income corporate portfolios. We do not include the estimated emissions in our target and therefore they are not in Figure 34. We report all emissions including the estimated ones in Figure 33.

Equities emissions since 2019

Scope 1&2 (t CO2e/€ m Inv.)

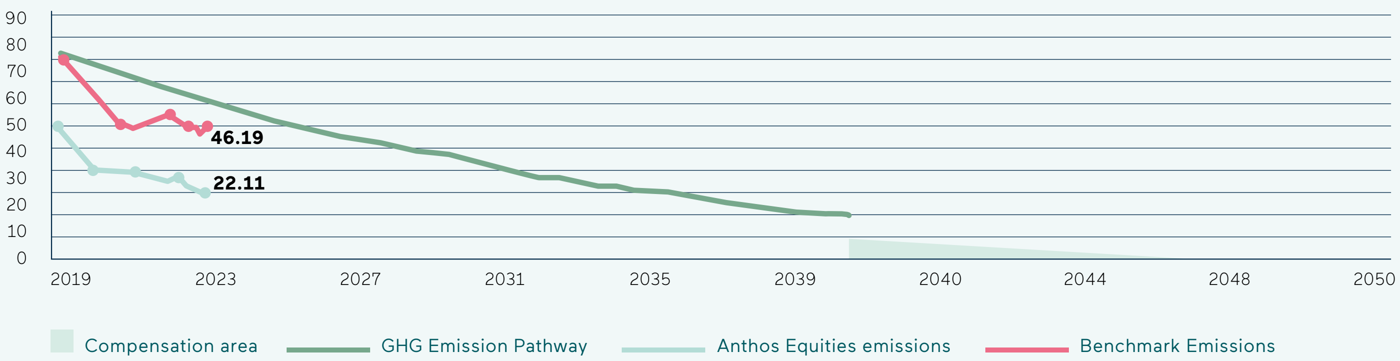


Figure 35: Anthos total reported equities emissions pathway
Source: Anthos Fund & Asset Management. As at 31 December 2023.
Reflects only reported emissions. Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

Emissions dropped significantly due to global lockdowns. Subsequently, emissions increased more for the benchmark than for Anthos. This was largely because 40% of companies in our equity portfolios are SBTi companies, much higher than the benchmark. We believe this positively influenced the carbon emissions of our equity portfolios. As shown, we are well below the budget line and on track with our net zero pathway target.

Fixed income – investment grade

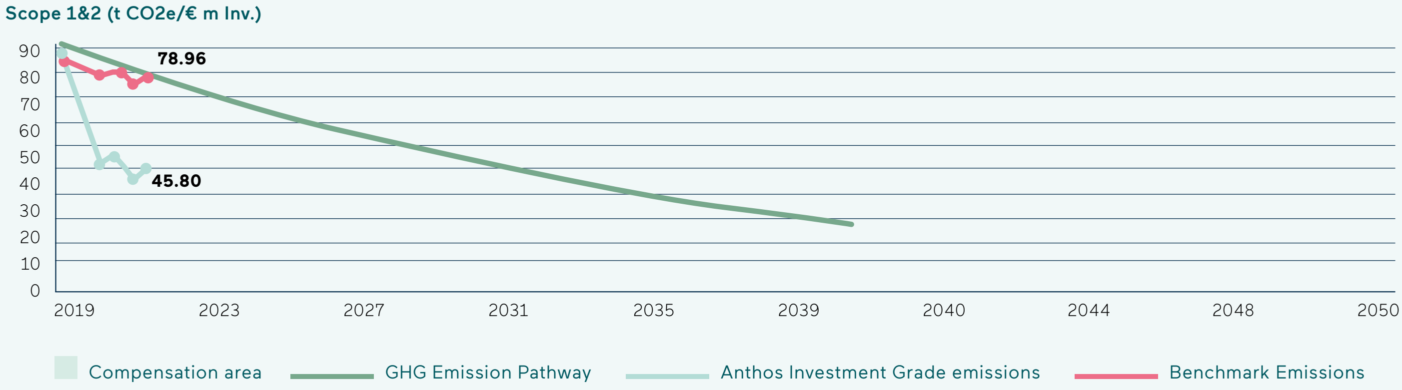


Figure 36: Anthos total reported investment grade bonds emissions pathway
Source: Anthos Fund & Asset Management. As at 31 December 2023.
Reflects only reported emissions. Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

The investment grade universe includes many "carbon-lite" sectors, such as banks, rather than heavy-emitting sectors like industrials, explaining the minimal production decline. Anthos' emissions outperform the benchmark significantly due to our active selection of managers and funds with net zero strategies and low-carbon characteristics. As illustrated, we are well below the budget line and on track to meet our net zero pathway target.

Fixed income – high yield

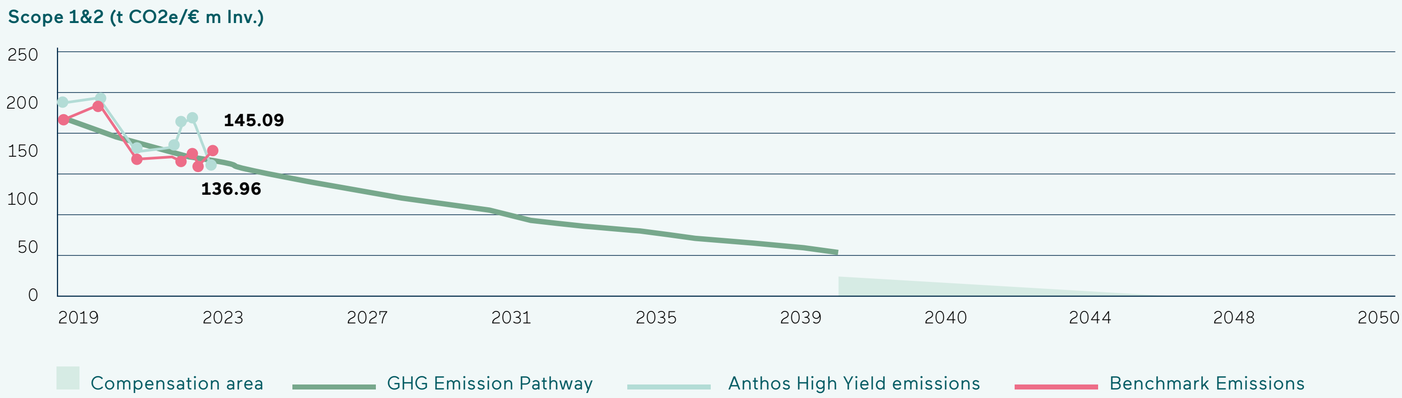


Figure 37: Anthos total reported high yield bonds emissions pathway
Source: Anthos Fund & Asset Management. As at 31 December 2023.
Reflects only reported emissions. Carbon metrics ©2023 MSCI ESG Research LLC. Reproduced by permission.

Anthos' high yield portfolios have 75% exposure to US high yield and 25% exposure to Europe, leading to more exposure to traditional, high-emission sectors like industrials and energy compared to the standard benchmark. The Anthos emission line shows a drop during the global Covid lockdowns, followed by a spike as economies recovered. To improve the carbon emissions of the high yield portfolios, our managers decided to sell higher-emitting funds and invest in more sustainable funds that incorporate climate risks into their investment process.

In focus: climate risks & opportunities

There is an important distinction to make between the impact we hope to make on the world and the ESG issues that can pose both risks and opportunities to our investments. This is the principle of double materiality, and we assess both at Anthos.

Below, we outline the key risks and opportunities that we have identified for Anthos, including the potential financial value at risk, or positive financial upside, the time horizon for that risk, the impact level and our strategy for managing such risks and opportunities.

Key risks

Risk category	Transitional - Policy & legal	Transitional - Policy & legal	Transitional - Policy & legal	Transitional - Technology	Transitional - Market	Transitional - Reputation	Transitional - Reputation	Physical - Acute	Physical - Chronic
Risk	Enhanced emissions reporting obligations H	Increased pricing of greenhouse gas emissions M	Exposure to litigation M	Costs of transitioning to lower emissions technology L	Significant shift in client preferences M	Increased stakeholder concerns or negative stakeholder feedback F	Stigmatisation of sector L	Increased severity of extreme weather events such as cyclones and floods F	Effects from longer-term shifts in climate patterns, e.g. sea level rise and heat waves F
Description	Increased reporting obligations may need more resources, pressure on Net-0 goals, risk of non-compliance.	Higher carbon pricing reduces emissions globally, but unanticipated increases may lead to financial underperformance.	Possible legal action for climate impacts or non-compliance with regulations, potentially resulting in fines.	Adopting greener technologies may lead to financial costs, and investing in companies ill-equipped for low-carbon transition may result in underperformance.	Climate development may lead to clients preferring more sustainable products, impacting demand for current offerings.	Stakeholders' perception of Anthos as a climate laggard, coupled with bad press and industry critiques, can lead to loss of trust and clients.	The risk that certain industries may be viewed negatively due to their environmental impact, affecting investment and operations.	Climate-induced extreme weather damages Anthos's properties, disrupts investments, destabilises markets, impacting financial performance.	Gradual climate changes, like rising temperatures, can devalue properties, affect crop viability, and raise operational costs. This impacts invested companies' supply chains.
Likelihood	Certain	Possible	Possible	Possible	Possible	Unlikely	Likely	Possible	Possible
Impacts	Medium High to high	Medium High	High	Low or Medium Low	Medium	High	Very Low	Medium - Very High (likely to increase with time)	Medium (Likely to increase with time)
Time period	Short/ Medium	Short/ Medium	Medium	Short	Medium	Short/ Medium	Short/ Medium	Short	Long
Management response	Implementing strong carbon foot printing and reporting: ISR and D&T collaborate on climate analysis; COFRA group flags regulations to Anthos teams; Engage in initiatives like PRI, PCAF, SBTi; Engage regulators via industry bodies like DUFAS.	Committed to 1.5C scenario reduction targets for platform and portfolio emissions, monitored through GHG reductions tracking. Invest with ESG-equipped external managers, monitored via their ESG scores.	ESG scorecard aligns investments with internal values; Strengthened exclusion criteria: no thermal coal, oil sands, or Arctic drilling; GHG emissions below benchmark, decreasing; Committed to Net-0 emissions.	Identify stranded assets and fossil fuels with MSCI climate data; External managers excel in ESG risk integration.	The risk of having products that are not in line with client preferences is a risk we monitor through the normal product development cycle.	Client engagement on environmental topics through workshops; Monitoring of emissions and climate commitments; Employee workshops on incorporating climate-related topics into day-to-day work.	Facilitation of sector-wide change through participation in initiatives and working groups, e.g. SBTi, PCAF, PRI; Keep delivering on our ambition to be an RI leader and remain transparent about our activities.	We invest with managers with strong ESG integration and consider ESG risks in our diverse portfolio construction. At Anthos level, we conduct CVAR Analysis on climate risks, reviewing them annually and exploring other scenarios.	We invest with ESG-focused managers, inherent in our diversified portfolio. Anthos conducts CVAR Analysis on climate risks annually, exploring various scenarios.

Inherent risk: H (high) M (material) F (fair) L (low)

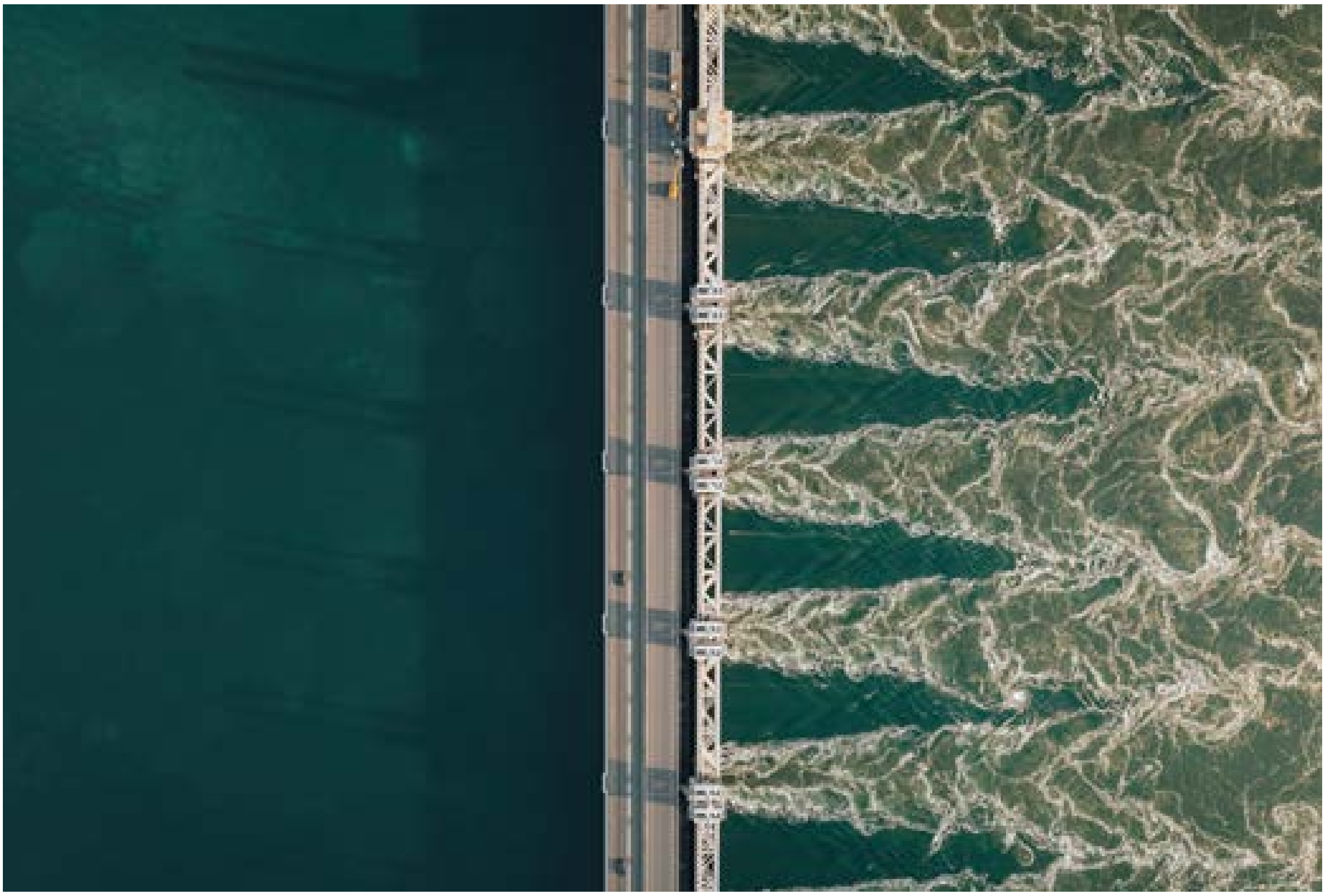
Figure 38: Key climate risks for Anthos.

Key opportunities

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	H	Establishment of net zero funds to align with client demands
Energy source	Investment in climate solutions	Increase profitability by investing in renewable energy	Short	M	Increased 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	L	Establishment of a mobility policy, with COFRA, to promote more sustainable modes of travel

H (high) M (material) F (fair) L (low)

Figure 39: Key climate opportunities for Anthos.



Human Rights

At the heart of our ethos lies a profound commitment to one of our core values: Human Dignity, inspired by the Universal Declaration of Human Rights (UDHR), which asserts that "All human beings are born free and equal in dignity and rights."

Our commitment to Human Rights

In 2023, Anthos finalised and published its Human Rights policy, which is shared on our website, addressing the human rights that can be touched by Anthos as an employer, procurer, and the most relevant due to the size of activity, as an investor. Anthos is dedicated to upholding human rights across its operations, supply chain, and investments. We share core values with our parent organisation, COFRA, including a steadfast commitment to Human Dignity. Our employee handbook emphasises the creation of a respectful and inclusive workplace where all individuals can thrive. For example, Anthos has adopted a whistleblowing policy for many years, upgrading it in 2023 to reflect the latest regulatory requirements. What's more, in 2023 we adopted a new Diversity, Equity, and Inclusion (DEI) policy in alignment with our value of human dignity. Finally, we maintain an active workers' council to ensure employee representation.

Embedding Human Rights in our business

The ultimate responsibility for implementing Anthos's RI policy, including human rights considerations, lies with our Board. Day-to-day oversight and coordination are managed by our investment, Human Resources, and Operations departments, ensuring comprehensive integration of human rights principles across all aspects of our business. The RI team reports to the head of the investment department and collaborates across departments to help with the further implementation of its policy.

Anthos adheres to stringent Anti-Money Laundering and Know-your-customer (KYC) assessments for business relations, including an adverse media check to identify any involvement in human rights violations. We include questions on human rights during our due diligence on potential investments, monitor the practices of our external managers, and report on the exclusion of Global Compact violators after a failed engagement.

Human rights in investments – determining salient issues

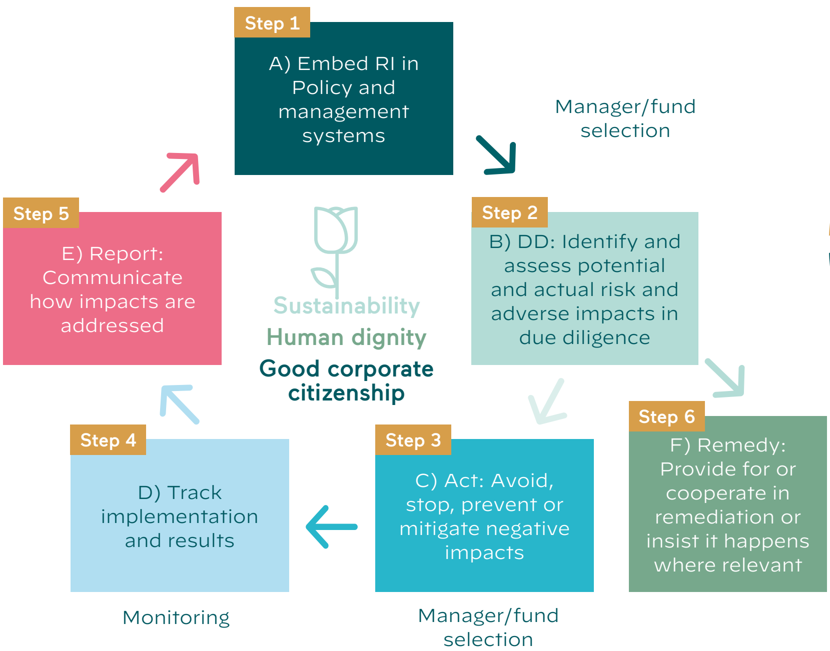
Large global portfolios will be exposed to any number of potential or actual human rights issue, and this is why the prioritisation of the salient human right issues is key, where the focus is on prioritising by risk to people and environment rather than the risk to the business, as is the usual understanding of material risk when investing. Also, due diligence in the context of human rights is an ongoing, proactive, reactive, and process-oriented activity. This is slightly different than what investors usually mean when they use the words "due diligence," often as a one-off process before investment. Taking these differences into account, and using the relevant guidance, we have started on our journey to improve our process.

The UNGPs guide how to prioritise Human Rights issues that have severe impact, high likelihood, and irremediability, also known as "salient human rights issues." And the OECD guidelines provide the six-step approach to human rights due diligence and process. As a fund-of-fund investor, Anthos assesses whether the managers we invest with are considering their potential or actual negative impacts, using UNGPs or other guidelines and including human rights due diligence in their investment process. This is part of our due diligence pre-investment but also engagement during ownership.

In 2022, we partnered with the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, Shift, to develop educational workshops with our colleagues to better understand human rights in the investment context and to take steps toward our commitment to Human Rights. Based on this work, we created a roadmap that is aligned with the OECD (Organisation for Economic Co-operation and Development) Guidelines for MNEs (Multinational Enterprises) on Responsible Business Conduct (RBC) and for Institutional Investors on RBC.[32]

We pushed forward with this work in 2023, enlisting consultant PwC to develop a salience analysis, which sought to understand the issues most prominent to Anthos and where the results would enable us to create our first Human Rights policy. The end-to-end project took place throughout the year, with many dialogues with underlying fund managers whom we considered leaders in human rights considerations, research undertaken about the relevant guidance, and the development of a two-day salience workshop for the investment department to investigate the salient issues within each asset class (listed equities, fixed income, private real estate, private equity, multi-asset impact, and absolute return strategies).

Anthos RI roadmap and mapping to investment process



OECD six guiding principles

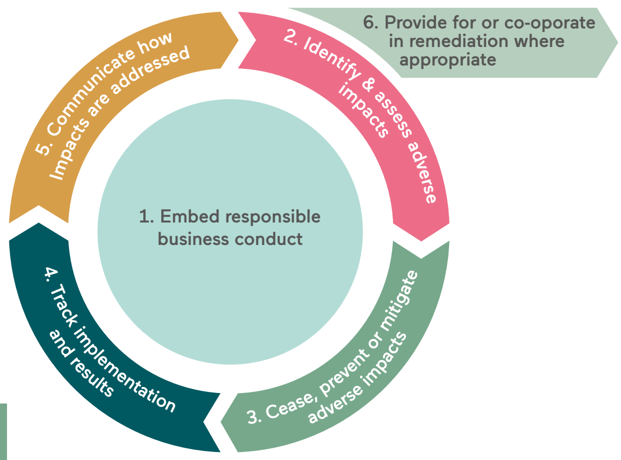


Figure 40: Anthos RI roadmap and OECD guiding principles.
Source: Anthos Fund & Asset Management and OECD, 2023.

[32]The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines) are the most comprehensive international standard on RBC. The OECD Guidelines reflect the expectation from governments to businesses on how to act responsibly. They cover all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition, and taxation.

In partnership with external experts, Anthos' portfolio managers practiced how to prioritise and refine their approach to integrating human rights considerations into investment practices. To inform Anthos' Human Rights policy, outputs from the salience workshop were combined with a top-down focus on the firm's three values and layered with the interlinking challenges of climate change and inequality.

As we hope we've demonstrated in this report, Anthos strives to understand the influence we can have most across our entire value chain: As a firm, through our fund-of-funds investment portfolios, and by understanding the insights gleaned from "looking through" our portfolios at the underlying companies/ assets/issuers. From our position as a fund-of-funds investor, we identified that while determining salient issues by sector and country gives good insight into the exposure to these issues, our greatest influence lever is what we can do within our investment portfolios: our focus needs to be towards selecting or engaging with our external managers with a thorough human rights due diligence and monitoring process. In the meantime, we will work on developing deeper insights about the salient issues within each investment portfolio to figure out the topics needed to monitor and engage with specific underlying managers.

Our process to identify Anthos' salient human rights issues included setting a long and short list, and voting per asset class

Processes to determine salient topics for Anthos

Long list of human rights topics → Short list of potential salient topics → Salient topics per asset class → Validated salient topics

To run the salience analysis for each asset class, we took into account the exposure analysis (location and sector) then identified relevant rights and vulnerable groups and used the guidance from the PRI Human rights for investors and the guidance from the Investor Alliance for Human Rights.

During the workshops we worked from the final long list of 15 human rights.
We also assessed what kind of involvement would Anthos have to a human rights issues in its value chain. We found that for most of the cases this will be "not linked" or "directly linked".

A short recap: how close / far is Anthos away from negative human rights impacts as an investor?

Attribution = How closely connected is / would the company be to the human rights impact

Not linked
The company is neither taking direct action to contribute to the harm nor is linked through business relationships causing harm.

Directly linked
The company is not taking direct action to contribute to the harm but is linked through business relationships where the actions of other businesses are causing harm via design of products and services.

Contributing
The company's actions are furthering or enabeling the actions of others to inflict harm via its upstream or downstream business relationship.

Causing
The company's actions are directly responsible for the inflicting harm on the rights of others.

Fund of funds have generally lower level of attribution. This is also the case at Anthos.

The long list: Here is a comprehensive list of all the human rights issues most relevant to our investment portfolios and underlying assets

Civil & Political rights

1. Non-discrimination
2. Civil and political rights
3. Freedom of association (including right to join a union)
4. Freedom of expression
5. Freedom of thought, conscience and relegion
6. Data privacy and security

Child labour and forced labour

7. Child labour
8. Forced or compulsory, including human trafficking

Rights of indigenous communities

9. Rights of indigenous communities

Working conditions (incl migrant workforce)

10. Living wage
11. Work-life balance
12. Occupational health and safety

Economic, social & cultural rights

13. Right to health, including access to healthcare and medicines
14. Right to education
15. Right to own property, including land rights

Taking into account the exposure to sectors, and geographies we could come up with a list of issues for the current portfolio and the underlying assets. For example, we noted that freedom of association and living wage were some of the salient issues for equities and fixed income listed portfolios, for the real assets right to own property, occupational health and safety, but also data privacy and non-discrimination for private equity. In the end, we concluded that these are good insights.

These insights and the top-down values resulted in our three salient issues on an entity level:

- **Just transition and adaptation**
  This means transitioning towards environmentally sustainable economies that are fair and inclusive for all by creating decent work opportunities, reducing inequality, and leaving no one behind including workers, communities, indigenous people, people with disabilities, small businesses. It tackles various human rights including freedom of association and collective bargaining. This work fits into our efforts towards net zero and decarbonization of the economy.

Related key policies and guidelines

Key policies and guidelines include the RI policy – net zero by 2040, taking into account human rights and do no significant harm, exclusion policy. We have an annual RI plan and systematically and continuously strive to improve and keep integrating these topics in the investment process. The investment teams have KPIs related to the fulfillment of the RI plan every year.

- **Living wage**
  Providing a living wage is an essential aspect of decent work, making sure that all workers and their families can live in dignity. It is a complex issue where both governments and businesses must play a role across the supply chains and where there is still work to be done in definitions and monitoring. We note increased action on these critical issues in the acceleration towards achieving the SDGs and will also work to raise awareness to this important 'enabling right' that can impact other fundamental human rights including children's rights and gender equality.

Related key policies and guidelines
We are reviewing relevant collaboration on the topic, and work to include these questions with our managers going forward.

- **Diversity, equity, and inclusion (DEI)**
  As part of good governance and social issues, is already part of our RI assessment, as we believe that this can improve the social and the human capital of the organisations we work with and the underlying investees in our portfolios.

Related key policies and guidelines
For our business, we implemented a DEI policy in 2023. For investments, we include questions on DEI in our RI Scorecard to assess our managers. At the request of some clients, we also assess how many managers adopt the OECD guidelines.

We are reviewing relevant collaboration on the topic, and work to include these questions towards our managers going forward.

A group of 12 of the world's largest companies have shown that transformative change in respecting human rights is possible in five years.

- According to the Corporate Human Rights Benchmark, 2023.

Their efforts show what's possible when companies prioritise policies, processes, and progress.

Appendix

Climate-related methodologies and disclosures

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
- MSCI CVAR

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.

Macro

- Link from climate model to real economy, including feedback loops
- Complex macro-econometric modelling & assumptions

Meso

Across value chain with sector/industry perspective
Useful for investment strategy development & implementation

Micro

- Data at company/real estate property level
- Physical risk: based on company location
- Transition risk: carbon intensity, decarbonisation policies, investment in technological climate solutions

Our objective:

To increase our understanding of the drivers of costs & return opportunities arising from public policy, technology and socio-economic changes related to climate change.

Our approach:

MSCI Climate VaR Model:

- Combination of macro, meso and micro (security level analysis)
- Differentiate between costs vs. return opportunities related to climate change

Figure 41: Overview of Climate VaR approach

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

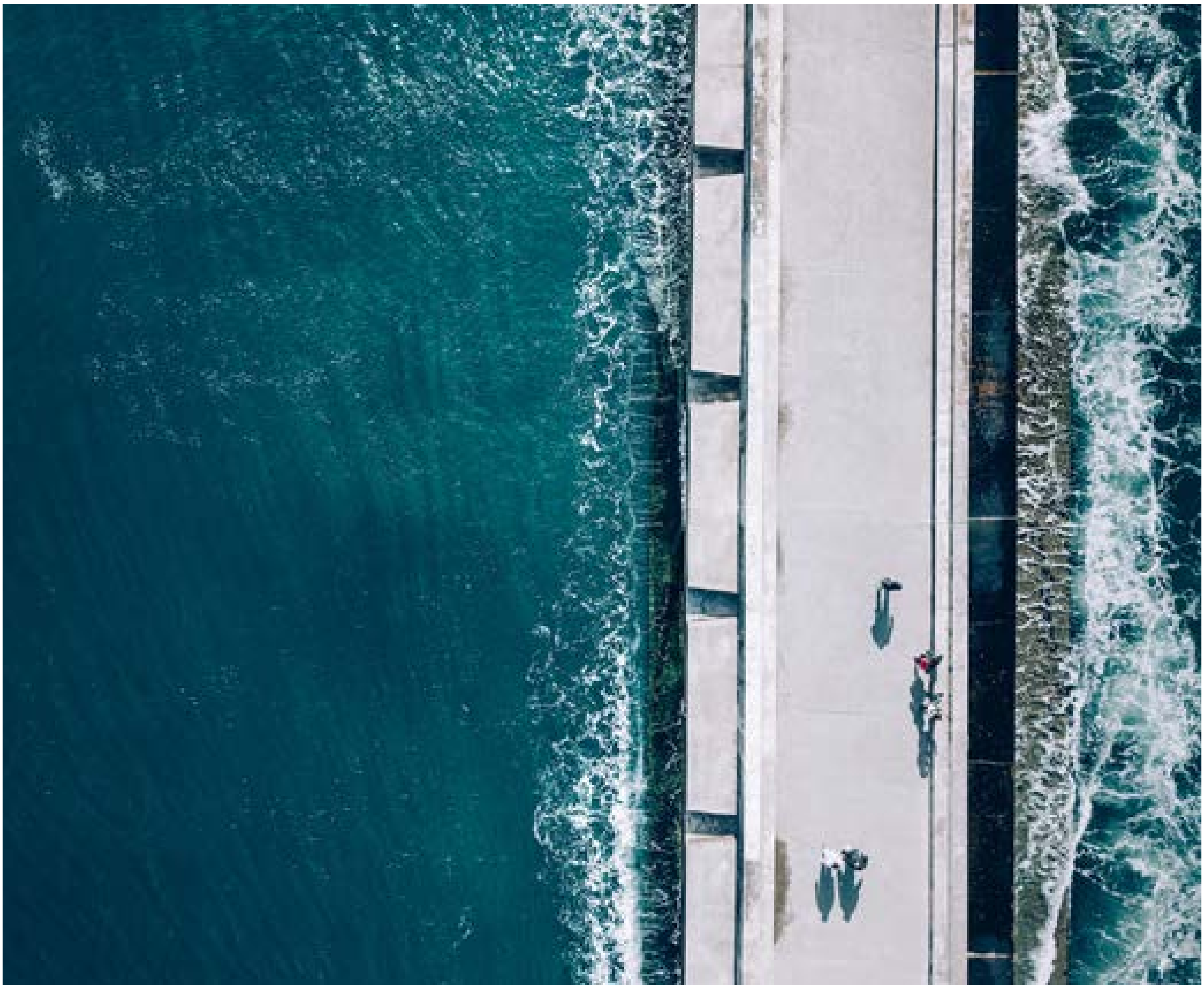
- **Physical risks:** Potential costs due to physical hazards or climate change-related perils. The physical risks provide insight into how the geolocations of a company contribute, and how vulnerable (or sensitive) the economic activity of the company is, to certain perils (e.g. a transport company 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.

Metrics and measurement methods

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.



Climate Metrics[33]

What	Measure	Aim
Absolute Emissions	Metric Tonnes of GHG emissions = tCO_2e	Reporting; getting insights on total climate effect of an investment/portfolio
Economic Emission Intensity	Metric Tonnes of GHG emissions per € million Invested = tCO_2e/€ 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_2e/€ 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_2e/ 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	• % 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
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: 1.5ºC, 2ºC and late-action 2ºC	Reporting: getting insights in climate risks
Technological Opportunities	Expected return attributable to opportunities the climate transition brings, in three scenarios' pathways: 1.5ºC, 2ºC and late-action 2ºC	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.

[33]Anthos uses all of these metrics as part of our proprietary climate strategy with further detail available on request.

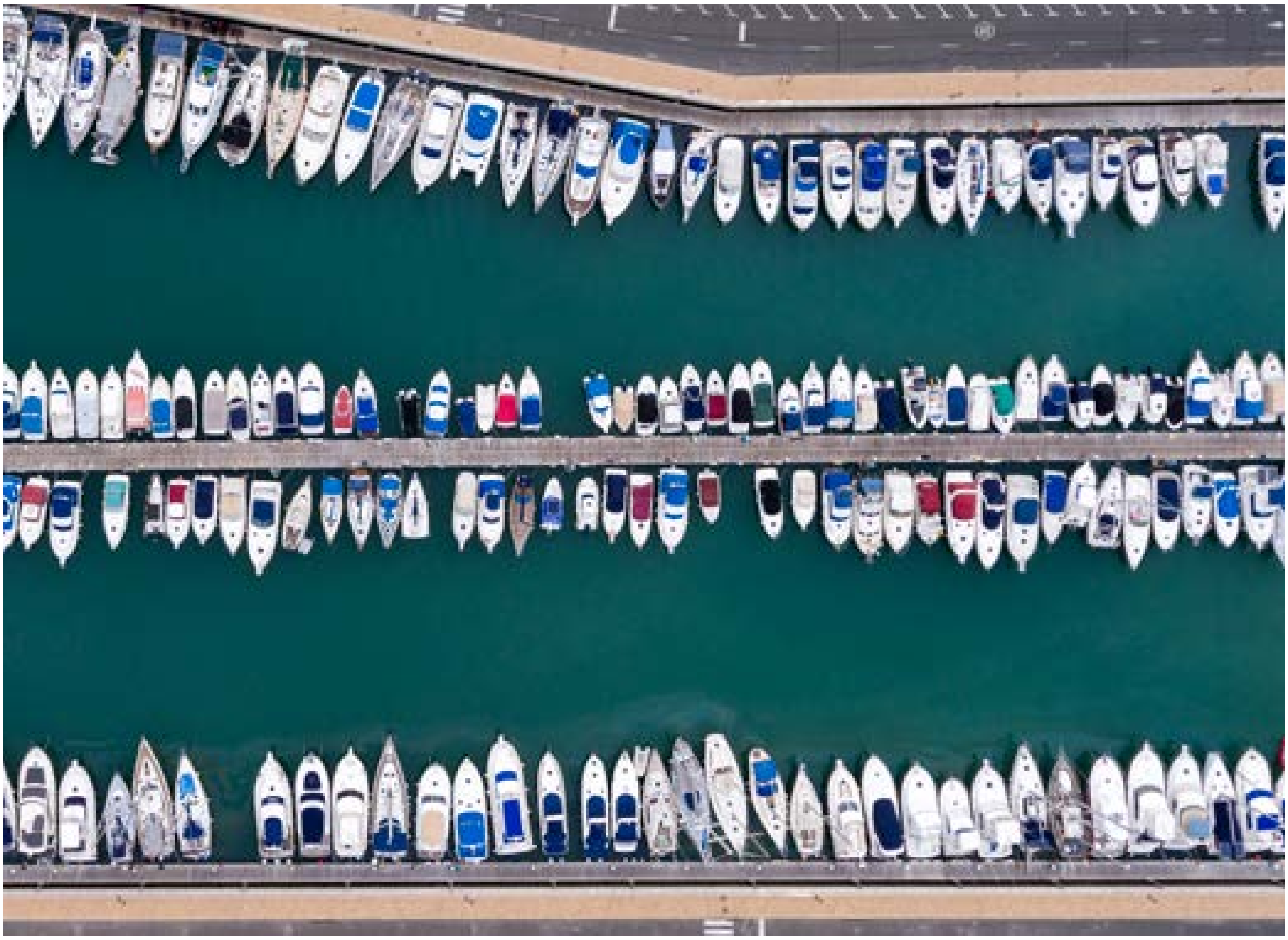
Collaborations and initiatives supporting our RI strategy and ambitions

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. Anthos is active in the DUFAS working groups on the implementation of SFDR and guidance on other EU regulations.
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.
Global Impact Investing Network	GIIN	We take part in their annual conference, speaking about impact practitioner topics.
Task Force on Climate-related Financial Disclosures	TCFD	The Financial Stability Board established the TCFD to de-velop recommendations for more effective climate-related disclosures that could promote more informed investment decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the finan-cial system's exposures to climate-related risks. In 2023 we have continued to volun-tarily align our climate-related reporting with its recommen-dations.
Clean, Renewable and Environmental Opportunities Syndicate	CREO	CREO is an NYC-headquartered 501(c)3 public charity working to invest and catalyse $1 trillion of capital into climate and sustainability solutions towards the decar-bonization transition by 2025.
Investor Alliance for Human Rights		The Investor Alliance for Hu-man Rights is a collective action platform for responsible investment that is grounded in respect for people's funda-mental rights. We are a membership-based, non-profit initiative focusing on the in-vestor responsibility to respect human rights, corporate engagements that drive respon-sible business conduct, and standard-setting activities that push for robust business and human rights policies.

Anthos corporate emissions

Emission category	Scope	Anthos corporate emissions (tCO2e)
Fuel combustion	Scope 1	14.42
Company vehicles	Scope 1	11.25
Total Scope 1	**Scope 1**	**25.67**
Purchased electricity (market-based)	Scope 2	43.40
Total Scope 2	**Scope 2**	**43.40**
Fuel- and energy- related activities	Scope 3	58.57
Business travel	Scope 3	372.96
Employee commuting	Scope 3	22.56
Upstream leased assets	Scope 3	149.89
Total Scope 3	**Scope 3**	**603.98**
Total Emission		**673.05**

Source: Anthos Fund & Asset Management. As at 31 December 2023.
Note: Last year, we have undertaken a comprehensive review of our Greenhouse Gas (GHG) accounting methodology. As a result of this review, we have made a significant change in our approach to energy consumption accounting. We have now segregated energy consumption into two distinct categories: individual consumption (falling under Scope 1 and 2) and communal area consumption (falling under Scope 3 Upstream Leased Asset). This is a departure from our previous methodology, where total energy consumption was accounted for under Scope 1 and 2. This modification aligns with the guidelines provided by the GHG Protocol.



TCFD reporting guidance

In 2023, we merged our TCFD reporting into this Annual RI Report. The below table is a guide to help understand where we have incorporated the relevant reporting requirements.

TCFD recommendation disclosures			Where reported
Governance Disclose the organization's governance around climate-related issues and opportunities	a.	Describe the board's oversight of climate related risks and opportunities.	Governance of RI at Anthos, p10 ESG and Sustainability risk management p11
	b.	Describe the management's role in assessing and managing climate related risks and opportunities.	Governance of RI at Anthos, p10 ESG and Sustainability risk management p11
Strategy Disclose the actual and potential impacts of climate related risks and opportunities on the organization's business, strategy and financial planning where such information is material.	a.	Describe the climate related-risks and opportunities the organization has identified over the short, medium and long-term.	Climate risks & opportunities, p44-45
	b.	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Climate risks & opportunities, p44-45
	c.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario.	Resilience of the climate strategy: Climate scenario analysis , p40
Risk management Disclose how the organization identifies and assesses and manages climate-related risks.	a.	Describe the organization's processes for identifying and assessing climate-related risks.	ESG and Sustainability risk management p11
	b.	Describe the organization's processes for managing climate-related risks.	ESG and Sustainability risk management p11
	c.	Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	ESG and Sustainability risk management p11
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.	a.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and targets used to assess and manage climate-related risks and opportunities, p42
	b.	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Metrics and targets used to assess and manage climate-related risks and opportunities, p42
	c.	Describe the targets used by the organization to manage climate related-risks and opportunities and performance against targets.	Metrics and targets used to assess and manage climate-related risks and opportunities, p42

Figure 41: TCFD recommendation disclosures

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