Responsible Investment Report 2020

ANTHOS
Fund & Asset Management

Over nearly a century, we have invested based on a simple belief that we can contribute to the common good.

We are a values-based and responsible investor. We are motivated, as we always have been, by the desire not just to invest for financial returns but to make a positive impact on the world.

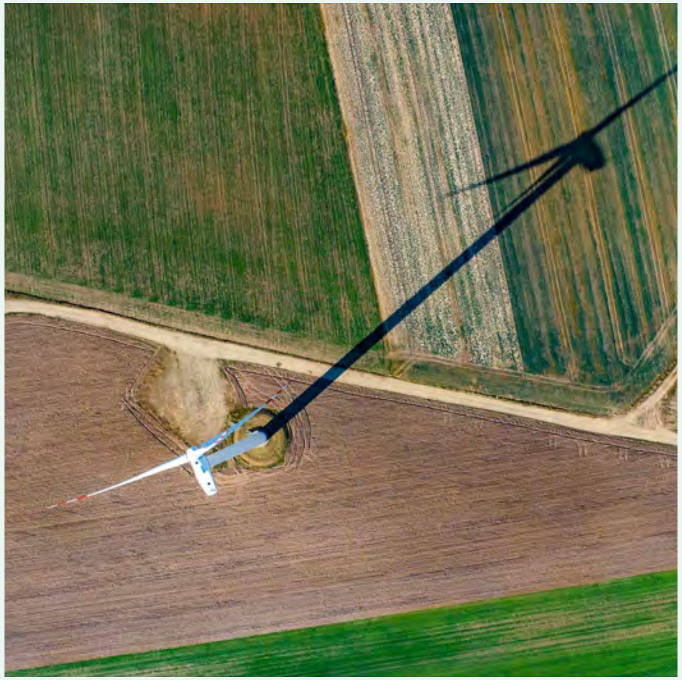
In our first annual Responsible Investment Report, we are proud to show how we put our beliefs and values into practice.

CONTENTS

PART 1

Who we are

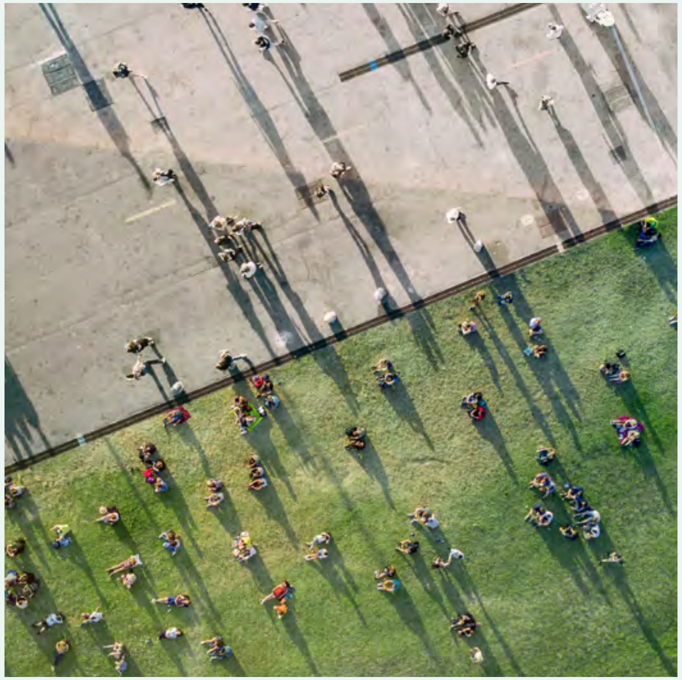
As a values-based investor, we are pleased to see others embracing the values we hold dear



PART 2

How we invest

Our managers share our values and belief in investing for the common good



PART 3

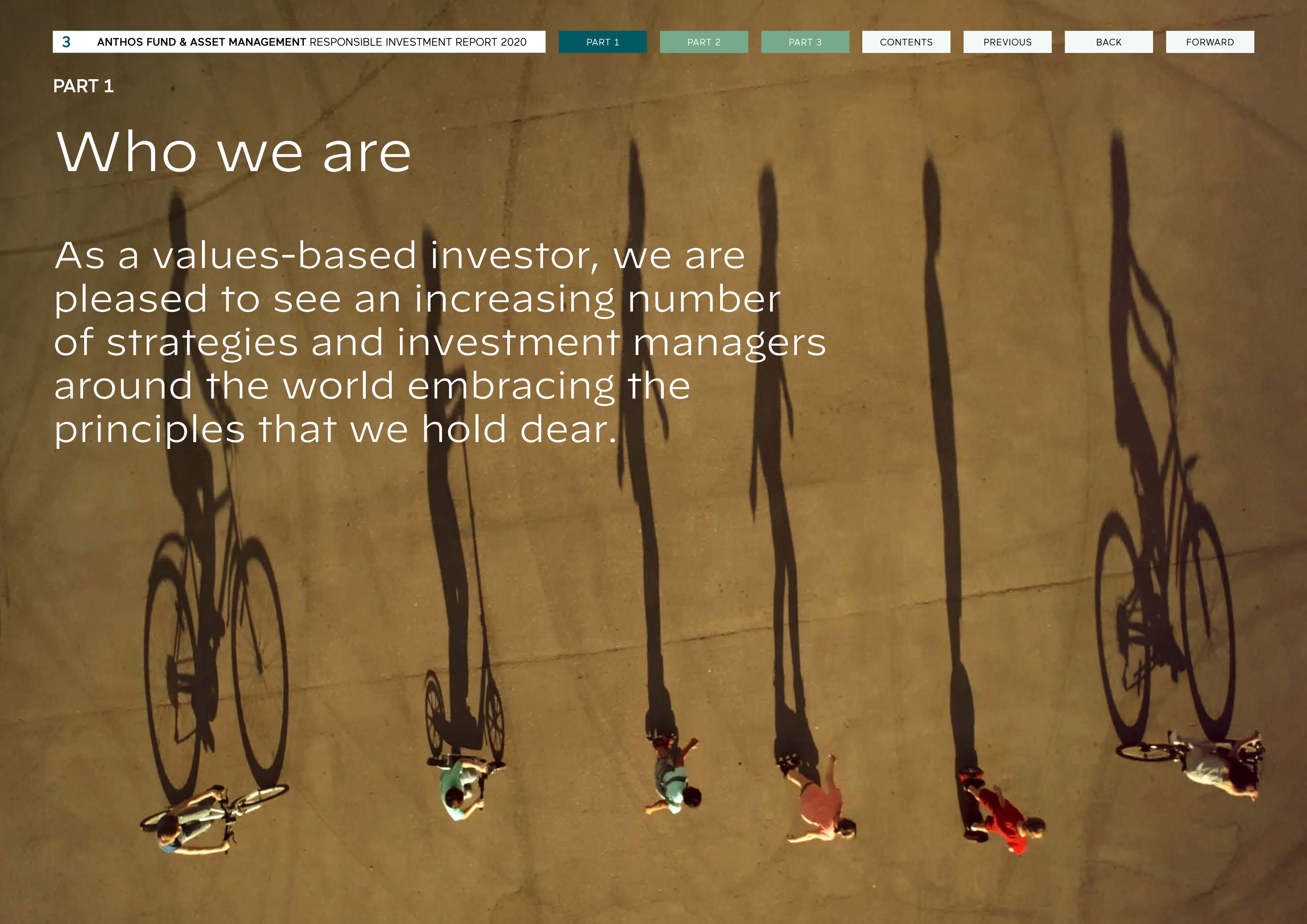
Our investment approach in action

Good investment returns are sustainable returns

PART 1

Who we are

As a values-based investor, we are pleased to see an increasing number of strategies and investment managers around the world embracing the principles that we hold dear.



Doing well by doing good

Anthos Fund & Asset Management is part of COFRA, a diversified group of businesses that is part of the Brenninkmeijer family enterprise. Since our foundation in 1929, our approach has been inspired by the family's values: human dignity, sustainability and good corporate citizenship. We are the asset manager for the Brenninkmeijer family, its philanthropies, and for pension funds of COFRA group entities. We strive for a positive, lasting impact on society and the environment. Our people are driven by the desire to meet the needs of today without compromising the opportunities and needs of tomorrow.

Commemorating the founding of COFRA by Clemens and August Brenninkmeijer, whose initials named the C&A retail business. Records show that dedicating a portion of the profits to charity has been part of the company spirit from the beginning.

Anthos was founded to invest the wealth of the Brenninkmeijer family, whose social values have anchored our approach from the beginning.

We began to take a more proactive approach to environment, social and governance (ESG) issues in our portfolio, beyond 'negative screening' for companies we wanted to exclude.

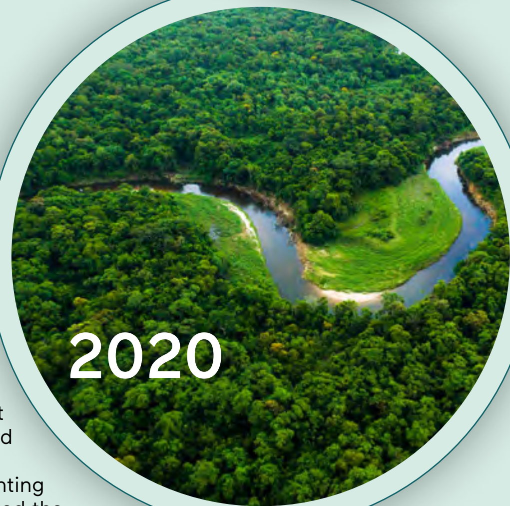
We made our first impact investments.

We brought our investment beliefs and implementation together in our first Responsible Investment policy.

2019

PRI Principles for Responsible Investment

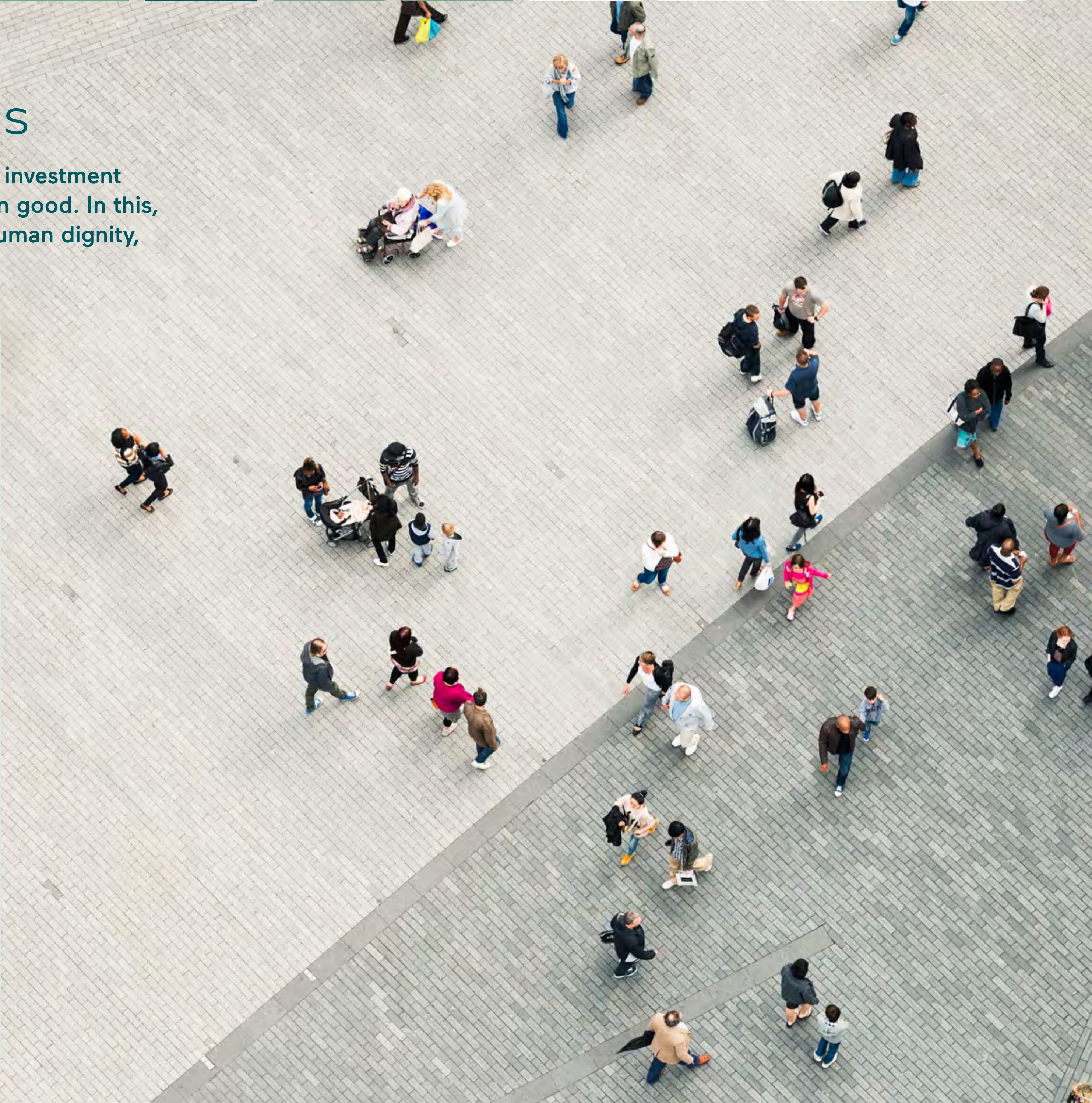
We became a signatory of the UN-backed Principles for Responsible Investment (PRI) and the Dutch Climate Agreement.



We reported to PRI for the first time, scoring A for strategy and governance. Also, we joined Partnership for Carbon Accounting Financials (PCAF) and supported the Task Force on Climate-related Financial Disclosures (TCFD).

Guided by our values

We have a long track record of outperforming investment benchmarks while contributing to the common good. In this, we are guided by three fundamental values: human dignity, sustainability and good corporate citizenship.



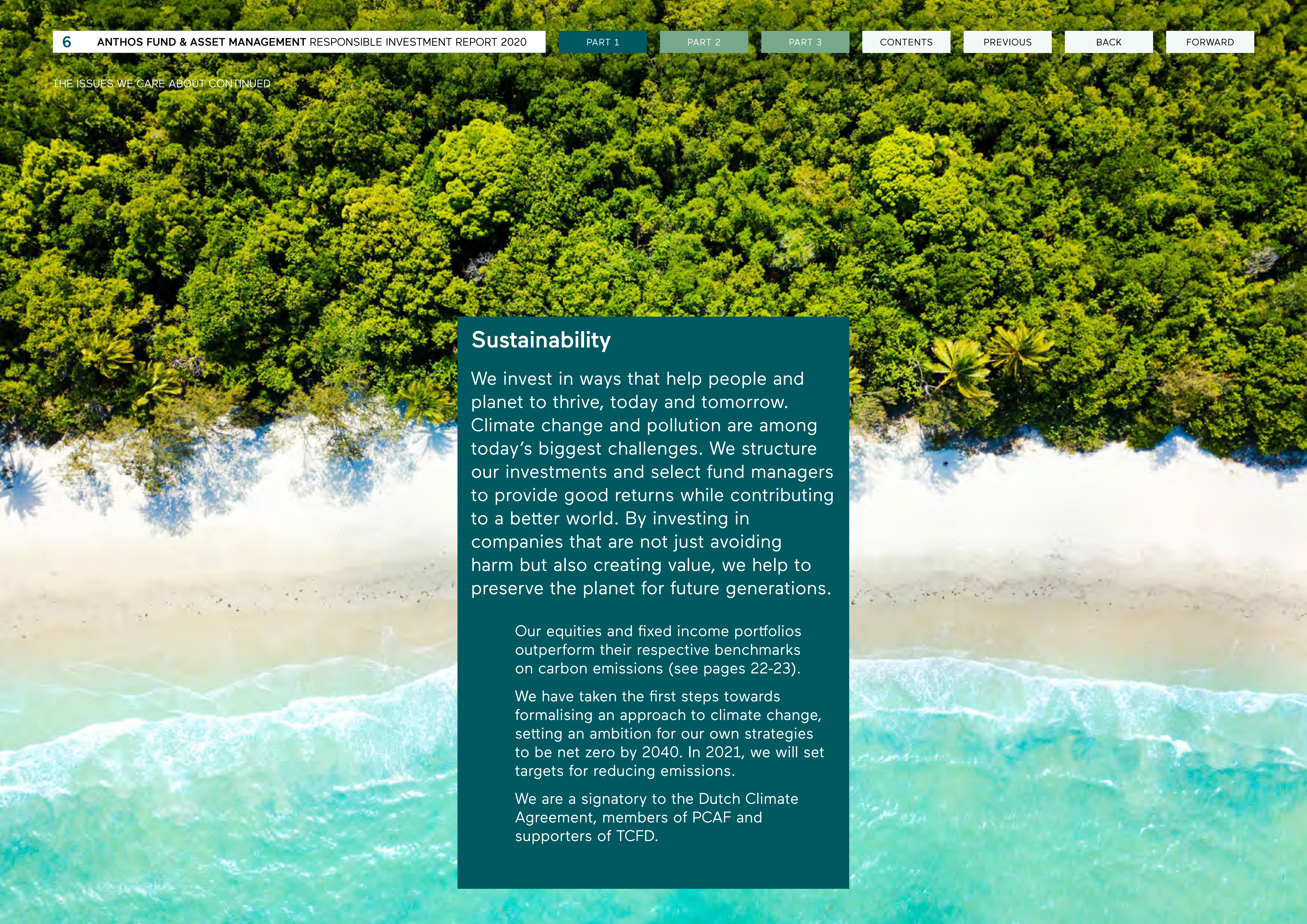
Human dignity

We recognise the inherent worth of every individual. Human dignity is a basic human right: universal, inviolable and inalienable.

The UN Guiding Principles on Business and Human Rights (UNGP) is the framework we use to safeguard human dignity and follow the Universal Declaration of Human Rights.

In our investments, where we can, we exclude weapons, tobacco, gambling and adult entertainment, because of their negative impact on human rights and human dignity.

Our impact-investing mandate focuses on themes that promote the value of human dignity, including population development and poverty alleviation.



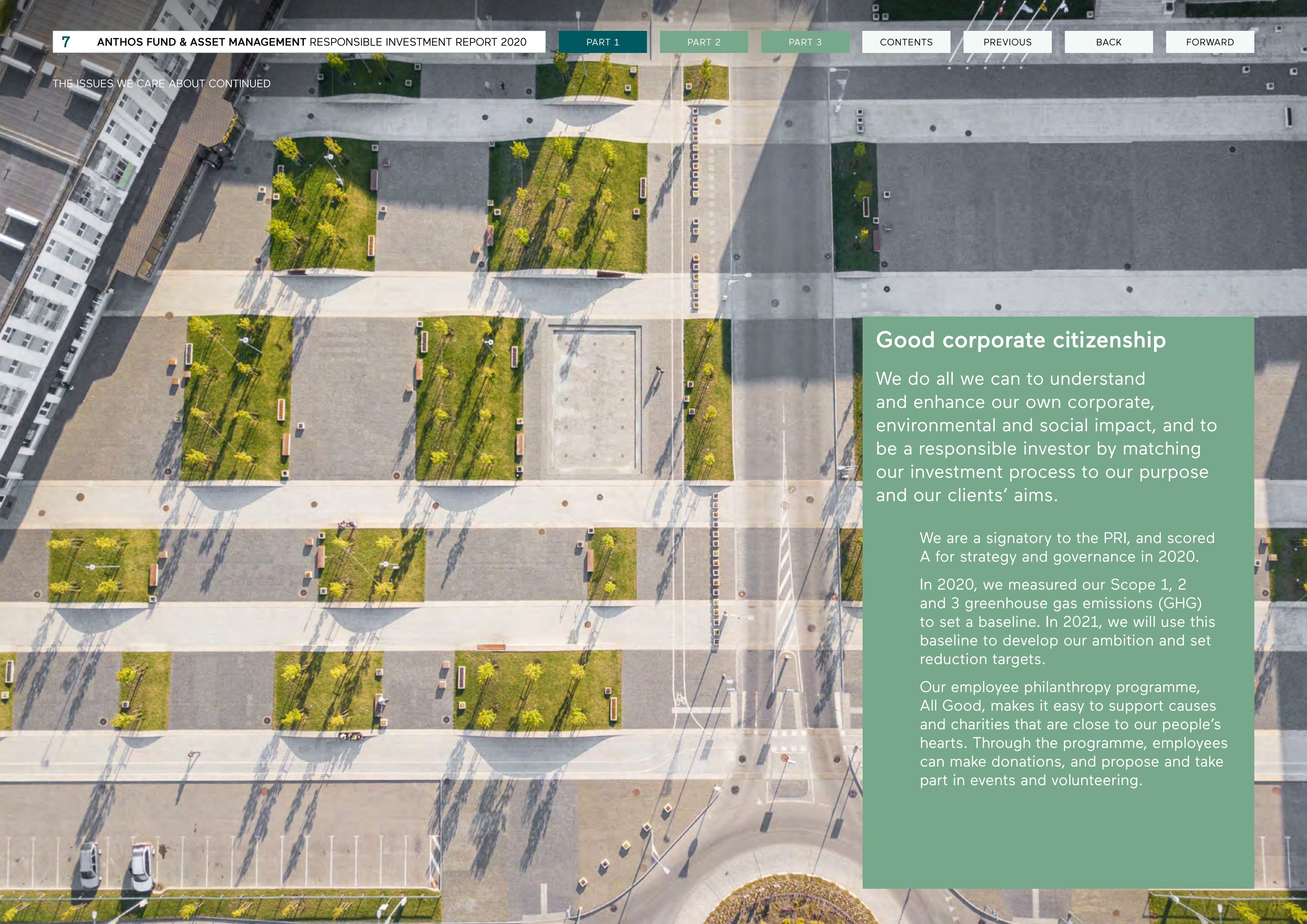
Sustainability

We invest in ways that help people and planet to thrive, today and tomorrow. Climate change and pollution are among today's biggest challenges. We structure our investments and select fund managers to provide good returns while contributing to a better world. By investing in companies that are not just avoiding harm but also creating value, we help to preserve the planet for future generations.

Our equities and fixed income portfolios outperform their respective benchmarks on carbon emissions (see pages 22-23).

We have taken the first steps towards formalising an approach to climate change, setting an ambition for our own strategies to be net zero by 2040. In 2021, we will set targets for reducing emissions.

We are a signatory to the Dutch Climate Agreement, members of PCAF and supporters of TCFD.



Good corporate citizenship

We do all we can to understand and enhance our own corporate, environmental and social impact, and to be a responsible investor by matching our investment process to our purpose and our clients' aims.

We are a signatory to the PRI, and scored A for strategy and governance in 2020.

In 2020, we measured our Scope 1, 2 and 3 greenhouse gas emissions (GHG) to set a baseline. In 2021, we will use this baseline to develop our ambition and set reduction targets.

Our employee philanthropy programme, All Good, makes it easy to support causes and charities that are close to our people's hearts. Through the programme, employees can make donations, and propose and take part in events and volunteering.

FROM OUR CHIEF EXECUTIVE OFFICER

Contributing to the common good

Everyone in the investment world will tell you that mandates are an important part of their work. They embody the client's interests and wishes, and enshrine the asset manager's remit. For us at Anthos Fund & Asset Management, the Brenninkmeijer family values give us a very clear mandate: to aim to be a force for good in the world in what we do and how we do it.

> "Whatever we choose to invest in, there's an effect in the real world. We must make that a positive one."

This means we must look for a return on financial investments, and also contribute to making the world a better place through our investment choices. This sets the tone for others to follow and makes sure that our investments match our values.

This dual mission informs everything we do, from how we research and choose our investments and the fund managers we work with, to how we engage with them and assess their performance.

Striving for a positive impact

A strong commitment to this mission is what drew me, like many of my colleagues, to join Anthos. It is possible to seek financial returns and be just as dedicated to taking responsibility for the world around us. It reminds us every day that whatever we choose to invest in, there is an effect in the real world. We strive for that effect to be positive, helping communities to thrive and preserving the planet's delicate natural balance. And by investing, we can make that positive outcome more likely today and for future generations.

While we have always sought to invest responsibly at Anthos, we are witnessing a sea-change in our industry. Awareness is growing of the positive role investment can play and we are pleased to see investors embrace the principles that we hold dear.

Sharing our story with new audiences

This trend also makes fresh demands on us to continue to look forward and evolve. After all, we are a multi-generation asset manager, so we understand the need to look beyond the horizon. We welcome the challenge to adapt to the emerging institutional and regulatory structures of responsible investment. They let us share our story in a way that we hope resonates with investors who are increasingly attuned to the idea that good returns and doing good are perfectly compatible. And they let us share our knowledge in a way that helps us all raise the bar in our profession.

In 2020, we took several important steps. We introduced our new scorecard to assess our external fund managers and work with them to make environmental, social and governance (ESG) an even bigger part of their approach. We assessed ourselves along similar lines and, given our history at the forefront of responsible investment, set an ambition to underline our industry leadership in 2022. We have also prepared ourselves for the new EU Sustainable Finance Disclosure Regulation and its requirement to report on how our investments take account of sustainability and promote it.

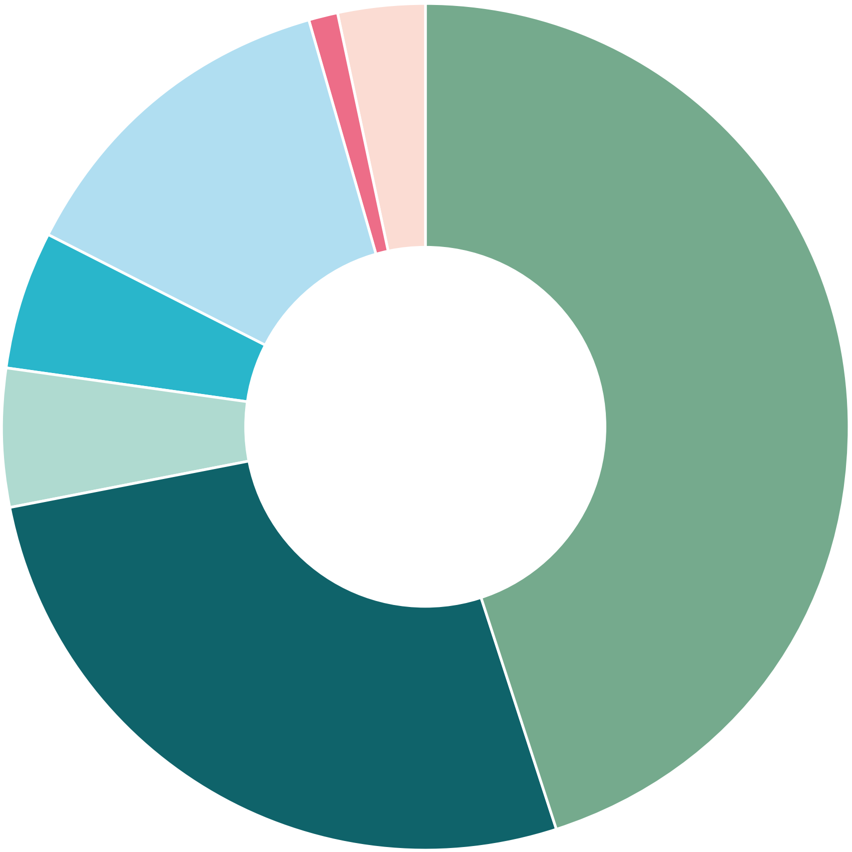
Ours is a story nearly 100 years in the making, though until now it has been a family story. It is now time to share it with a wider audience. And it is time to look forward to an exciting future as we evolve our ways of working and look to make an even more positive impact with our investments.

Jacco Maters
CEO

OUR INVESTMENTS AT A GLANCE

A diverse, global portfolio

Our portfolio includes equities, fixed income, global real estate, private equity and absolute return strategies. We also engage in impact investing to look for specific social and environmental returns. And we invest around the world, in both developed and developing markets.



Portfolio by asset class

- Equities **45.1%**
- Fixed income **26.8%**
- Global real estate **5.4%**
- Private equity **5.3%**
- Absolute return strategies **13.0%**
- Investing for impact **1.1%**
- Other **3.2%**

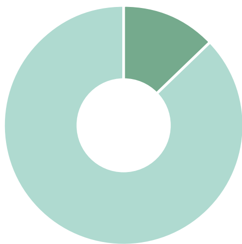
Memberships

Global Impact Investing Network (GIIN)

Clean, Renewable and Environmental Opportunities (CREO) – family office investors

Partnership for Carbon Accounting Financials (PCAF)

Principles for Responsible Investment (PRI)

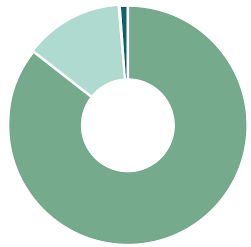


Direct and indirect investments

- Direct **12.8%**
- Indirect **87.2%**

Segregated mandates and funds

- Direct allocation **9.1%**
- Segregated mandate(s) **37.5%**
- Pooled fund(s) or investment(s) **53.4%**



Developed, emerging and frontier split

- Developed **85.7%**
- Emerging **13.0%**
- Frontier **0.3%**
- Other **1.0%**

PART 2

How we invest

Our managers share our values and belief in investing for the common good.

Adding rigour to instinct

Responsible investment has become a field with its own evolving language and conventions around ESG issues. There is a clear need to continue clarifying and codifying the basics. We have come a long way by working with voluntary and industry-wide initiatives like the PRI, Global Real Estate Sustainability Benchmark (GRESB) and Impact Management Project (IMP). New EU regulation is now taking the next step to improve transparency and understanding across the industry.

"We're evolving our approach in ways that will make us even better at turning our values into the right investment outcomes."

ESG is the industry's way of recognising that investment risks and returns are about more than financial performance. Taking account of these issues makes the investment industry better at what it does.

Our commitment to responsible and values-based investing goes back many years. Even so, our guiding values map clearly on to ESG: our commitment to sustainability is the 'E', our concern for human dignity is the 'S', and the importance we give to good corporate citizenship and governance is the 'G'.

Building further on strong foundations

Our Responsible Investment (RI) policy, along with updated processes, tools and structures, add rigour and a systematic method across the whole investment cycle. They make us consistent across asset classes in the way we choose our external fund managers, engage with them and measure how they perform. We are continuing to improve reporting on how our investments perform and match our values and ambitions. This gives us a backbone of consistent practices across Anthos to go alongside our tried and tested approach as responsible investors.

In 2020, we focused on developing and implementing our approach to climate change, enhancing our manager selection process and due diligence, and improving our reporting to clients. We also:

- obtained data showing that our listed equity and fixed income investments outperform benchmarks on greenhouse gas emissions
- set up a cross-functional Climate Change Advisory Group and defined the responsibilities of our board and the management team to provide guidance, and set our ambition and commitment to contribute to reducing climate change
- set up governance in line with TCFD recommendations and prepared to report accordingly
- created an ESG scorecard to give us an overview of our managers alongside our PRI reporting
- reported for the first time to the PRI, scoring A for ESG integration in strategy and governance, and created our first 'State of Play' report for clients.

We also started to prepare for the EU's Sustainable Finance Disclosure Regulation (SFDR). This means we will report on these matters (including at financial product level):

- how we integrate sustainability risks into our investment decision-making process
- our due diligence policies on the main adverse sustainability impacts of our investment decisions
- how our remuneration policy integrates sustainability risks.

Managing our impact

Regulation like SFDR will mean that asset managers will not just be able to say their investments are sustainable. They will have to show that they are. For us, this is a really positive development that makes our efforts to further institutionalise what we do all the more important. To manage our impact we first need to understand it. In 2020, we adopted the Impact Management Project's 'ABC' framework to map all our investments, based on whether they avoid harm, benefit stakeholders or contribute solutions (see page 14). The framework maps to the SFDR's reporting categories, which will help us build products and select funds that fit our ambitions – and our clients'. In 2021, we are fine tuning this to fit in with our ESG scorecard and due diligence, and will use it to select investments and set our ambition for impact.

Jelena Stamenkova van Rumpt
Director of Responsible Investment

Our approach

Reliable method, responsible results

- Investing in externally managed strategies, diversified across asset classes, to spread risk and produce positive outcomes in as many areas as possible
- A responsible approach to investment, mapped against the Impact Management Project's 'ABC' framework
- Signatories to key external frameworks, including PRI and GRESB
- ESG scorecard for rating our managers, and ourselves.

See pages 13-16

Matching our investments to our values

Looking for like-mindedness

- Investment teams guided by common principles for integrating ESG
- Choosing and monitoring our managers based on two objectives: a better portfolio and a better world
- Influencing corporate behaviour through stewardship
- Exclusions as a last resort.

See pages 17-19

Governance

Holding ourselves to account

- Developing a more structured and robust approach to RI governance through our Steering Committee, project working group and focused sub-groups
- Being a responsible employer and integrating sustainability-related measures into remuneration and incentives.

See page 20

OUR INVESTMENT APPROACH

Reliable method, responsible results

We are an indirect asset manager. This means we invest largely in external managers' funds. In turn, this means we and our clients benefit from the experience, instincts and methods of some of the world's best asset managers across multiple asset classes. Also, by being part of bigger funds, we enhance our overall impact by using our influence to contribute to the common good.

Our approach is diversified across asset classes, including equities, global real estate, fixed income, private equity and absolute return strategies. We also engage in impact investing to look for specific social and environmental returns. And we invest around the world, in both developed and developing markets. We do this in various ways, from taking clients' instructions to invest in specific assets to acting as their Outsourced Chief Investment Officer (O-CIO).

Our broad-based approach helps us spread risk across our portfolio, while also enabling us to use our influence to produce positive outcomes in as many areas as possible.

What responsible investment means to us

Our portfolio is a blend of:

- **Responsible investment:** we choose managers based on how they integrate ESG, how they engage with companies they invest in and what their voting record is. We also exclude investments from specific sectors (see pages 17-19).
- **Sustainable investment:** we look for managers who go a step beyond basic ESG to have a positive effect on issues like climate change and the transition to a low-carbon economy.
- **Impact investment:** we choose managers who invest positively to make an impact in line with the UN Sustainable Development Goals (SDGs), from alleviating poverty to reducing inequality. As well as investing mainly in funds, we also invest directly to support these goals.

Our investment policy enshrines our belief that good investment returns are sustainable returns, and that capital – invested in the right way – contributes positively to society and the environment.

Mapping our investments

In 2020, we built on this thinking by using the Impact Management Project's (IMP) 'ABC' framework to map all our investments. The framework assesses which investments 'may do harm', then categorises the others into three groups that broadly match our responsible, sustainable and impact categories explained on page 13.

- **Act to avoid harm**
  Investments that have an RI policy score well on our ESG scorecard (see page 15) because they integrate ESG in their investment process. These investments have exclusions to make sure that minimum standards are safeguarded and their managers engage to make sure they are mitigating their negative impact.
- **Benefit stakeholders**
  Investments that, as well as acting to avoid harm, also have objectives to contribute to a specific theme but are not yet able to fully measure or report on the impact. These have the potential to become impact investments.
- **Contribute to solutions**
  Investments that aim to contribute to solutions by investing in businesses that use all their capabilities to solve social or environmental problems, like helping under-served communities, or protecting the environment. These are often measurable, or the fund at least has an ambition to track and report impact.

The IMP norms allow us and our clients to have a strategic view of their portfolio and discuss the impact they want it to have. They give us transparency and an opportunity to match investments with ambition. They also help us map our products to the SFDR's reporting requirements.

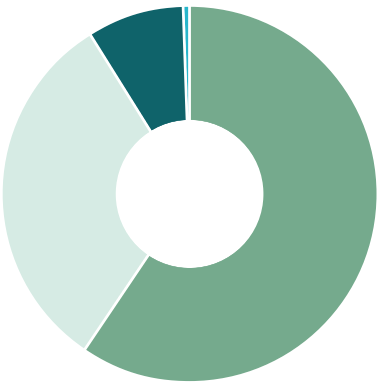
Our mapping shows, unsurprisingly, that our investments fall mostly into IMP's 'Act to avoid harm' category. Using our ESG scorecard, we add nuance to this very large category by differentiating leaders from laggards. For instance, leaders often do much more than simply have an RI policy. They engage with, monitor and report on investees and integrate both material ESG risks and negative impacts on human rights or the environment. Some of our investments are also in the 'may cause harm' category. A large part of this is from the absolute return strategies asset class, where a lack of transparency makes ABC mapping uncertain. We also have some long-standing illiquid investments. But this insight gives us an opportunity to improve, and the categories give our investment managers clarity on what kind of strategies we favour.

Currently we have mapped about 85.8% of our total portfolio. The 14.2% not mapped represents government bonds and legacy vehicles.

		May/does cause harm	Act to avoid harm	Benefit stakeholders	Contribute to solutions	
0	Purely financial goals	14.1%				**14.1%**
1	Signal that impact matters	0.1%	8.6%	0.1%		**8.8%**
2	Signal that impact matters + engage actively		55.1%	3.4%	4.0%	**62.5%**
3	Signal that impact matters + grow markets				0.3%	**0.3%**
4	Signal that impact matters + engage; + grow markets					
5	Signal that impact matters + grow markets; + flexible capital				0.1%	**0.1%**
	Total	**14.2%**	**63.7%**	**3.5%**	**4.4%**	

This 'ABC' framework, now increasingly popular with asset managers, is based on one we developed ourselves to guide our own approach to impact investing. We are pleased to see it becoming more prominent in the investment world, and to map our investments back to it.

This will become an increasingly important tool in assessing the outcomes our investments achieve. In impact investing it also helps us engage with managers, for instance on what is really creating impact as a 'C' and what it will take to move an investment from 'B' to 'C'.



Total portfolio ESG scores (%AUM)
- Leader **59.5%**
- Professional **31.7%**
- Novice **8.5%**
- Laggard **0.3%**

Following through on our beliefs

To help us turn our commitment to investing for the common good into the best possible, measurable outcomes, we have used other external frameworks to structure and assess what we do. For instance, our belief in the fundamentals of responsible investment made it a natural step for us to become signatories to the PRI in 2019. In their focus on making ESG part of investment decisions, ownership and reporting, the principles offer useful guidance for standardising and improving our approach across our asset classes.

As well as echoing our values, the PRI help us speak our industry's emerging RI language, which brings several advantages. They are a way to frame our activity, like choosing our fund managers and engaging with them. And reporting to the PRI helps us see where we stand relative to our industry. In global real estate, we also use the Global Real Estate Sustainability Benchmark (GRESB) in this way.

Scoring our managers

The PRI and GRESB are the basis for our ESG scorecard, which we started to implement in 2020. It is a tool to help us be consistent all the way through our relationship with our managers, plotting progress in every part of integrating ESG on four levels: laggard, novice, professional and leader. From our initial ESG scorecard assessment of our assets under management (AUM), we found that 91.2% are invested in funds controlled by managers who are a 'leader' or 'professional' (see pie chart).

The assessment covers:

Policy, governance and leadership	ESG integration	Monitoring, active ownership and reporting
Leaders have a clear culture and purpose, corporate social responsibility reporting standards, and RI policy at corporate and asset class level, with board oversight and strategic targets. They also have staff dedicated to ESG, and evaluate staff and management on ESG performance and leadership, with key performance indicators (KPIs). They train staff to recognise and manage ESG risks and opportunities, and engage with the industry and invested companies.	Leaders can show how they integrate ESG through a systematic process that they can report on. They also discuss screening with clients, and have reliable systems for assessing material ESG issues. They have a formal human rights policy and can show how they implement it. They report on sustainability issues that affect their investments, as well as society more broadly, and they look for specific positive outcomes for people and planet.	Equities leaders engage on improving transparency and corporate strategy. Private markets leaders set ESG performance goals with investees, based on documented KPIs. Leaders can show how they connect underlying assets to ESG performance. They also compile greenhouse gas data and ask companies to report in line with standards like TCFD and GRESB. Reporting includes detailed explanations by asset class and expected ESG impacts, and outcomes from investment decision criteria.

The scorecard helps us in the early stages of due diligence and choosing managers, through to assessing how thorough and effective they are in making ESG part of their work. This highlights ways in which we can help them improve, and assess how they are progressing.

It lets us go beyond simple 'yes/no' answers and gives a thorough understanding of how managers see ESG and use it. The scorecard is a tool to standardise what we do and frames our conversations with managers, and it gives our managers clarity about what we want to see and how to deliver it. This means we both benefit.

The scorecard allows us to have more focused conversations, and tells us which managers need most help and more regular engagement. It also creates a way for managers to learn from each other as good practice emerges.

Practising what we preach

We also make sure that what we expect from others, we practise ourselves. To score our own work and plot our progress, we use a framework similar to the ESG scorecard, informed by the PRI framework, the OECD guidelines for institutional investors, and the GRESB framework. It covers:

- RI in policy and strategy
- RI governance and resources
- ESG integration
- monitoring, engagement and voting
- industry initiatives, collaboration and communication
- reporting/transparency.

This gives us a clear idea of where we need to improve and what objectives to set ourselves. In 2020, we achieved 'professional' in all these categories, except monitoring, engagement and voting. And by 2022, we aim to reach the 'leader' level across the board.

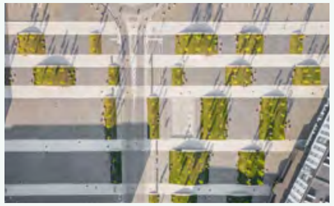
> As soon as we started to use the scorecard, managers responded positively. It has created a new conversation between our teams and our managers. It has confirmed the strengths of some we had already chosen and revealed that some were more advanced on ESG than we thought.

Looking for like-mindedness

Our values


Human dignity


Sustainability


Good corporate governance

All our investment teams use their own judgement and methods to assemble and manage their portfolios, but they all share common principles when it comes to making ESG part of investments.

Making ESG part of our investments

We invest mainly through external funds, so selecting like-minded fund managers, and then monitoring and engaging with them, is a crucial part of how we keep ESG issues central to our work.

Choosing fund managers

We select fund managers based on factors including their investment process, how their investments have performed and their costs. But just as important is their commitment to ESG issues. Our ESG scorecard is a new part of our due diligence process in assessing fund managers.

In this process, we also ask managers to follow our RI policy or explain why they can't. We look for managers with an RI policy and an investment process that takes ESG factors into account. We also look at engagement and voting records. And ideally, our managers will be PRI signatories.

Our ESG scorecard gives us early insights into where managers' processes and policies might fall short of what we are looking for. For instance, a manager might have an RI policy, but not be able to demonstrate how they implement it through detailed reporting. By spotting this early, we can engage constructively before selecting a manager to encourage the change we want to see, making investment more likely.

Stewardship: engagement, monitoring and voting

Our engagement has two main objectives:

A better portfolio – influencing financial markets to better embed material ESG risks in the investment process. We believe that ESG issues can be financially material and need to be considered in a systematic way. We aim to influence our managers to improve transparency and ESG integration in their investment strategy, process and engagement. We expect this to lead to a better portfolio and a more stable financial return.

A better world – decreasing the main negative impacts in our portfolio, and creating a more positive impact through engagement. Most of our investments are through pooled funds, but we still want to take responsibility for their potential and actual adverse impacts. This is linked to our ambition to follow the OECD Guidelines and the UNGPs. As well as minimising negative impacts, we aim to have a positive impact on the world by engaging in specific topics in line with the SDGs, and our values.

We engage with:

- fund managers, based on our ESG scorecard
- companies and policy makers through external service providers
- clients and stakeholders.

Our managers are closer to the real economy, where we want to see change happen. Selecting managers that take into account both sustainability risks and opportunities in a meaningful way is key to our investment process.

For our actively managed fund investments, we engage with our external managers, and our managers engage and vote with the invested companies.

By February 2021, about half of our equities managers were able to report for 2020 on the strategies we invest in. This is an improvement on previous years, when most would be able to report only on a firm level. For fixed income, we see improvement in engagement reporting, though it is still in its infancy and this is why we are improving our own engagement on this topic.

Monitoring our managers' engagement and voting

Our managers' engagement and voting on sustainability risks and adverse impacts adds substantially to our impact on the world and makes us a more active owner of assets. All our external managers have well-developed policies for engagement and voting. We engage with them to make sure the reporting improves and becomes specific enough for us to compare and aggregate their results.

Engagement themes

Most of our external managers focus engagement on financially material issues or sustainability risks. Some of these overlap with principal adverse impacts, like climate change or labour practices. While it is difficult to aggregate and report on precise numbers of engagements, we have collated a qualitative assessment showing the most common topics, and giving us an overview of voting activities.

Managers engaged roughly 5,500 times on different levels, with many of the same companies.

- **Environment:** roughly 1,500 engagements were on topics such as climate change and environmental pollution. More specific topics included environmental supply chain, GHG reduction, TCFD reporting, environmental policies, alignment to Paris Agreement targets and climate strategy.
- **Social:** about 600 engagements were on issues including COVID-19, diversity and inclusion, labour practices and health and safety. Most of the focus was on financially material social risks, as well as principal adverse impacts from modern slavery, child labour and community rights.
- **Governance:** about 1,000 engagements were on governance, historically a common theme, as many managers engage with companies before voting in Annual General Meetings (AGMs). Engagement themes match the AGM agenda: board structure, general governance and accounting, shareholder rights, say on pay/remuneration, and also more ethical issues, like anti-corruption, diversity and culture.

Voting through our external managers

Voting is only relevant to equities, and all our external managers have policies and well-developed governance around it, mostly voting through proxy service providers. They voted in about 15,000 meetings in 2020.

Reporting still varies. The best managers report in more detail with overviews specific to the strategies we invest in. The less developed approach is a quarterly report combining all the separate votes for each company, without a contextualising summary. We believe this will improve. Most proxy voting guidelines are informed by the ICGN Global Corporate Governance Standards and the OECD Principles of Corporate Governance, and take local market standards into account.

The reports tell us that, on average, managers voted for management proposals in 87% of cases and against in 13%. We will discuss the outcomes with the managers who differ from this trend to understand their reasoning.

The most common voting topics, and the biggest sources of votes against management, were: director elections, executive pay, mergers, non-salary compensation and preferred shares.

Engagement and voting are most common in the US, followed by Europe, Asia and Australia.

Voting directly

Direct voting only applies for clients who invest in a segregated mandate. We provide voting for them through a proxy service. Sometimes our clients have a direct relationship or organise this through the external manager responsible for the mandate. The voting guidelines are always in line with the Dutch Stewardship Code, and standards that we set with our voting service provider.

Excluding investments

Responsible investors face a choice. They can withhold investment from companies whose business conflicts with their values or detracts from the outcomes they want. Or they can invest knowing this conflict exists and try to steer the company towards more sustainable conduct.

We believe that to bring about the change we want to see in the world, we should not strive to keep our portfolio clean just by avoiding investments in areas that don't match our values. This is why we see exclusion as a minimum standard reserved only for issues that we feel that we cannot change through engagement, or as a last resort once we have done all we can to make ESG part of an investment. Following international standards, in line with our values of human dignity, sustainability and good corporate citizenship, we aim to exclude or avoid companies with exposure to these industries beyond a level we can tolerate:

- controversial weapons
- conventional weapons
- gambling
- tobacco
- adult entertainment.

When investing in pooled funds in some asset classes, it might not be possible to exclude these fully. But we do monitor them and engage with our managers to keep them to a minimum. Also, we ask managers to consider adding our exclusions to their product exclusion list or, in the case of private equity, providing an excuse clause in the side-letters before investment.

Holding ourselves to account

The values we apply to our investments are just as relevant to how we govern ourselves. As part of adding rigour and method to our investment practices, we are doing the same with our internal governance. This includes our approach to remuneration, where we are streamlining arrangements so that our RI principles are reflected in how we reward our people.

Our governance structure

In 2020, we established a more structured approach to our RI governance, to help make sure we apply our principles consistently across the whole of Anthos. The Steering Committee, chaired by the Head of our Investment Department, is supported by a project working group that monitors, manages and drives implementation of our RI plan and advises on policy and goals. The working group comprises the RI Director, project lead and delegates from each Anthos team. The Steering Committee is supported by various sub-groups convened around emerging issues.

Steering Committee

Chair
Head of Investment Department

Membership
Management Team, Director of Responsible Investment, Head of Investment & Strategy Research, and Project Lead (for all RI plans).

Role
- Maintains oversight of RI planning
- Sets strategic RI objectives, and decides on and approves RI policy and related position papers.

Project working group

Membership
Director of Responsible Investment, Project Lead, delegates from each Anthos team.

Role
- Monitors, manages and drives implementation of the RI plan for the year
- Advises on policy and goals.

Focused sub-groups

Membership
Different teams, depending on the subject matter.

Role
- Sustainable Finance Disclosure Regulation (SFDR)
- Climate Change Advisory Group
- Impact Committee
- Sustainability at Anthos.

A responsible employer

We include a statement in all our job postings committing us to diversity, equity and inclusion. We check our job description language and requirements to make sure they are inclusive and equitable.

Including responsible investment in remuneration

We have a remuneration policy in line with the relevant EU regulation. As part of our incentive scheme and remuneration policy, we have integrated these sustainability-related measures into the KPIs for our investment professionals:

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

PART 3

Our investment approach in action

We believe that good investment returns are sustainable returns.

Equities

Equities accounts for 45% of Anthos' assets under management. That makes it our biggest asset class.

To contribute to being a force for good, we invest responsibly and sustainably. We rely largely on external fund managers. So the choice of those managers, and how we engage with them, is critical.

When we choose managers, we are very specific about three things: their investment process, how they treat ESG in their portfolio, and their costs. We look for evidence that the process is repeatable and consistent, and that there is continuity independent of individual team members. Also, we look at the track record when it comes to investment returns. All our managers are PRI signatories, with an average rating of A. This makes it more likely that they have an RI policy and that ESG issues will be a factor in their investment process and how they build their portfolios.

Engaging with managers

Engaging with managers is crucial. And by documenting all our engagement meetings, we resolve issues more quickly. That might mean making ESG a bigger factor across managers' funds, or improving their reporting.

We are seeing some telling results. For example, our equities portfolio out-performs MSCI benchmarks for carbon emissions and carbon intensity by capital invested. We are less exposed to sectors with higher carbon intensity, like energy and consumer staples, and more exposed to those with low intensity, like IT. We are also less exposed than the benchmark to climate risks associated with stranded assets and the transition to a low-carbon economy, and more exposed to companies looking for solutions.

Robert Helderman
Managing Director
Equities

"Responsible investors must always think carefully about what they will and will not invest in, and where possible conflicts with their values lie. On the whole, we would rather influence a fund by investing in it. If it means an energy company speeds up its transition from fossil fuels to renewables, we have had a bigger positive effect as an investor than if we had turned our back.

In 2020, a fund manager launched a sustainable fund after taking our feedback. We switched to it from another of their funds. They took most of our exclusions into account, but kept one. Later in the year, they made the one remaining exclusion too."

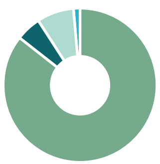
Boudewijn de Haan
Managing Director
Equities

"ESG has figured in our investment approach since well before it became part of investment industry language. Because we have always used it to assess investment risks and returns, we have been early investors in some important funds, including Hermes Impact Opportunity Fund, Generation Global and the Morgan Stanley Global Sustain Fund, as well as the Ninety One Global Environment Fund. Now that understanding of ESG has evolved, there are even more possibilities to combine looking for good returns with seeking a positive impact on the world."

PRI scores

Strategy and governance	Listed equity – incorporation	Active ownership	Active ownership – engagement band	Active ownership – (proxy) voting band
A+	A+	A+	A+	A

IMP categorisation

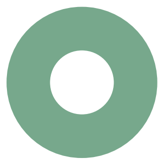


- May cause harm **0%**
- Act to avoid harm **85.6%**
- Benefit stakeholders **5.4%**
- Contribute to solutions **7.7%**
- Out of scope **1.3%**

Strategies

- Active – quantitative **6.5%**
- Active – fundamental **52.7%**
- Active – infrastructure **4.5%**
- Passive **36.3%**

PRI signatories (% AUM)



- PRI signatories **100%**

Total carbon emissions (Scope 1+2) ($ktCO_2e$)

Carbon intensity (tCO_2e/EUR sales)

Fixed income

The overwhelming majority of our fixed income portfolio is aligned with our RI policy. It is invested through managers with an ESG policy that we see as effective, or through mandates with customised RI benchmarks using exclusions.

All our listed fixed income managers are PRI signatories, with an average score of A+ for governance and A on implementation. In 2020, our ESG scorecard added a new dimension to how we select and assess our managers and engage with them using a structured approach. It means we can look closely at how their ESG policies work in practice and translate them into investment decisions and risk analysis.

This has been a big help to us. It has made our methods and analysis consistent, as well as allowing a more effective direct comparison between managers and their practices.

Approximately 3% of the portfolio is invested with managers in the IMP category 'Benefit stakeholders'. Not only do they integrate ESG in their investment process, their investments have objectives to contribute to a specific theme, but are not yet able to fully measure or report on the impact. Their strategies focus on climate change and social goals, alongside active engagement.

Outperforming benchmarks

By focusing on RI principles and ESG risks in our approach, we ultimately aim to produce good financial returns in the medium to long term. Sustainalytics concludes that the ESG risk in our listed investments is 18% lower than its benchmark. Also, our listed holdings outperform the Investment Grade benchmark for climate impact, measured in carbon emissions and carbon intensity. So there are social and environmental returns too.

Hicham Zemmouri Rochdi
Managing Director
Fixed Income

"Engaging with our managers is important, especially in this asset class, as bond holders do not have the same influence over companies as shareholders. This makes it even more vital to choose managers with an approach that is in step with our values."

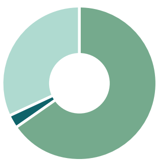
Rodrigo Araya Arancibia
Managing Director
Fixed Income

"Being a force for good through our investments is both a challenge and an opportunity. A blanket exclusion policy undermines returns and stops us bringing change through engagement. This is why we prefer to work with managers who share our ethos and work towards the same goals."

PRI scores

Strategy and governance	Implement	Active ownership
A+	A	A

IMP categorisation

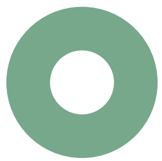


- May cause harm **0.8%**
- Act to avoid harm **64.7%**
- Benefit stakeholders **3.1%**
- Contribute to solutions **0.0%**
- Out of scope **31.4%** (government bonds and cash)

Strategies

- Sovereign bonds **57.0%**
- Corporate bonds (High Yield) **22.0%**
- Corporate bonds (Investment Grade) **21.0%**

PRI signatories (% AUM)



- PRI signatories **100%**

Total carbon emissions (Scope 1+2) ($ktCO_2e$)

Carbon intensity (tCO_2e/EUR sales)

Total carbon emissions (Scope 1+2) ($ktCO_2e$)

Carbon intensity (tCO_2e/EUR sales)

Global real estate

Real estate is a vital part of responsible investment. It meets basic social needs, from affordable housing to offices or shopping centres.

Through design, planning and architecture, real estate can improve the fabric of urban environments and make cities more livable. Buildings have an environmental impact through the energy and resources it takes to build, run and travel to and from them. These all contribute to emissions. Buildings can also have an impact on wellness.

As investors, we are accountable for that positive or negative impact. We can be involved in real estate in more ways than before, by backing anything from student accommodation and housing for the elderly to medical facilities. Each investment is a chance to contribute to a positive, responsible outcome.

Around 33% of our portfolio is directly invested in buildings, and 67% is invested in non-listed or private real estate vehicles.

Tracking our ESG performance

ESG measurement and monitoring is an important way to control investment outcomes. We joined the GRESB in 2018 to access reliable data on the ESG performance of our underlying assets. We also use GRESB participation in our side-letter to would-be managers.

GRESB benchmarks score the portfolio for RI. Percentage scores are an overall measure of ESG performance, and our overall portfolio score exceeds the GRESB average. So do our scores for implementation and measurement, and management and policy. Of our fund investments, around 75% are invested with GRESB participants and almost 67% with PRI signatories.

Our ESG scorecard is a key part of choosing and engaging with managers. We use it in our due diligence, and to track goals and any gaps in their ESG approach, as well as reviewing the fund's results.

Around 10% of the portfolio is invested in countries where ESG is less developed, like India and Vietnam. Here, we pay more attention to social issues. For instance, before investing in development projects, we will visit construction sites to see that they are safe, well organised and use no child labour.

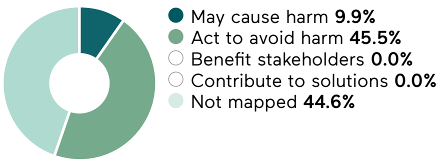
John Linck
Managing Director
Global Real Estate

"ESG is rapidly gaining ground with real estate managers. All our managers are including ESG considerations more and more in their investment approach and in their reporting. We can't take sole credit for this, because other investors engage too. But our activity is part of the reason why managers have to be able to show they're really committed to ESG."

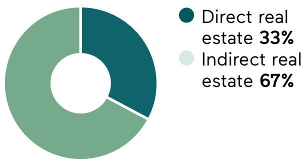
Robert Lie
Managing Director
Global Real Estate

"ESG helps us to be a responsible real estate investor and a force for good. It also makes business sense. A more sustainable building is more attractive to tenants and investors. Such a building is more likely to be futureproof because it anticipates future regulations and taxation. So responsible investing supports financial objectives."

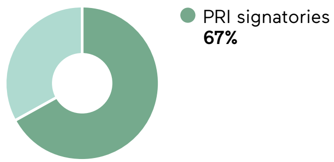
IMP categorisation



Strategies



PRI signatories (% AUM)



GRESB scores of our external managers

Overall score	Management score	Performance score
78/100	28/30	50/70
GRESB average: 70/100	GRESB average: 27/30	GRESB average: 49/70

Private equity

Private equity is a lifeline for innovation. It can be the catalyst for new ideas and technologies that answer unmet needs, or improve what a business already does. Investing can move businesses forward, as well as society as a whole.

Steven van de Wall
Managing Director
Private Equity

"We want to create value by focusing on the financial issues that matter, while at the same time being a responsible investor. We see our managers as partners in pursuing this, and work with them to make ESG a bigger factor in their investments."

The vast majority of our portfolio is invested through funds where, through side-letters, we exclude sectors in line with our exclusion policy, like weapons, tobacco and adult entertainment. We invest mainly in EUR 250m-600m mid-market buy-out funds, in global or developed markets, and have some exposure to distressed credit funds and special situations funds. Our managers invest in businesses with positive earnings and the potential to scale up, become leaner or improve in other ways.

We like operationally-focused managers with a solid track record in segments where they can find a premium. At this moment, we are particularly interested in managers who target companies that do not have asset-heavy balance sheets, for instance in IT and healthcare.

Managing risk, seeing opportunity

ESG is important to us when we choose investments. ESG factors can help mitigate risks in a private equity portfolio, as well as reveal opportunities. These could be companies involved in creating solutions to sustainability challenges or ones that are managing their climate risks well.

We use Sustainalytics sector ESG risk ratings to see if investments are potentially exposed to ESG risks that could affect returns. Then our ESG scorecard helps us see how their ESG practices and RI policy manage those risks. We also use the scorecard to work with managers on how to protect value and enhance returns.

While only around 24% of our managers are PRI signatories, the number of PRI signatories in private equity is growing. The larger funds were the first movers. And, encouraged by investors, smaller ones are following suit, especially in Europe. For us, this is a sign that private equity is beginning the move towards RI.

The IMP categorisation chart below shows a large amount of funds in the 'may cause harm' category. This does not mean that they are necessarily causing harm, rather that they have not yet vocalised any intention beyond financial return and level of risk.

Our mapping and ESG scorecard analysis shows that these funds will need to ramp up their efforts in formalising and professionalising their RI intention and work. This is something we are engaging with them on.

Engaging with managers more widely is also becoming more important, and is starting to yield results. For example, one of our managers recently announced they intended to start a new fund, and while returns on their existing funds were good, we were concerned about the lack of a strong ESG proposition. As a result of our engagement, the manager created and implemented an RI policy and will from now on give much more attention to ESG-orientated investing. This means we will now also invest in their new fund.

IMP categorisation

May cause harm **52.0%**
Act to avoid harm **29.3%**
Benefit stakeholders **0.0%**
Contribute to solutions **0.5%**
Not mapped **18.2%**

PRI signatories (% AUM)

PRI signatories **24%**

Absolute return strategies

We want to achieve exceptional investment performance while incorporating RI principles and integrating ESG considerations at both the overall portfolio level and with all our external managers.

Our portfolios include allocations to ESG-focused strategies that are designed around important environmental and social themes. We do this because we expect them to achieve exceptional investment returns and to amplify our values and RI principles. We also see these funds benefiting as capital moves in the long term towards activities that tackle global sustainability challenges.

This overlap between investment performance and ESG is visible now. For example, we have seen excellent results from a fund investing in the most resource-efficient companies across all sectors and taking short positions on the most inefficient users of energy and water and the biggest producers of waste.

Capitalising on a changing mood

We will selectively support launches of new ESG-focused funds where we expect compelling returns. Conversely, we do not invest where a core part of strategies is to allocate capital to activities that are detrimental to society or the environment. Increasingly, managers are in step with this policy, avoiding investment in industries, like firearms or tobacco, and setting targets for carbon neutrality.

Absolute return managers are increasingly embracing RI principles. While it can be challenging to influence absolute return managers on RI, we sense the mood is changing and managers are open to debate. In addition to investing in ESG-focused strategies, we partner with managers to enhance their reporting and run their portfolios using systems that provide data on ESG issues.

In 2021, we plan to continue on this path, evaluating the ESG characteristics of our managers and working with them to improve their ESG analysis, better align their investment decisions with ESG objectives and enhance ESG reporting.

As with private equity, the IMP categorisation chart below shows that most funds in this portfolio fall into the 'may cause harm' category. This does not mean that they are necessarily causing harm, rather that they have not yet vocalised any intention beyond financial return and level of risk. We are working with absolute return managers in our portfolio to improve this.

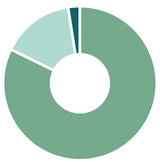
Reinoud van Ieperen Bokhorst
Managing Director
Absolute Return Strategies

"Managers of absolute return strategies are becoming much more open to incorporating ESG into their work, and see us as partners in making these changes. While reporting is the toughest challenge, some of our biggest successes have come with managers creating responsible investment and ESG policies."

Matthew Kaplan
Managing Director
Absolute Return Strategies

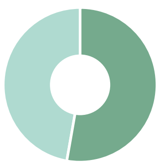
"We work with our managers on incorporating ESG into their investment processes not just because it's good for the world, but because it leads to better investment outcomes."

IMP categorisation



- May cause harm **81.8%**
- Act to avoid harm **15.2%**
- Benefit stakeholders **0.6%**
- Contribute to solutions **0.0%**
- Not mapped **2.4%**

PRI signatories (% AUM)



- PRI signatories **53%**

Investing for impact

We aim to make investments that yield competitive returns while contributing to the common good through social impact and change.

We have been investing for impact since 2012. In that time, our approach has evolved. We have moved from opportunistic funds and direct, private investments for grassroots impact through the Brenninkmeijer family's endowment to a multi-asset, global, strategic approach through funds that look for returns as well as systemic impact. We have also broadened from emerging markets to take a more global approach.

While we still invest directly, fund-based investment across all our asset classes now accounts for the majority of our impact investing. This reflects wider changes in impact investing, which give us new options in liquid asset classes, such as green bonds, as well as real assets like affordable and social housing and renewable infrastructure.

In 2021, we will make a further tangible commitment to this approach through a new multi-asset impact fund, which draws on what we have learned in the past.

Intentionality	Additionality	Materiality	Measurability	Impact risk	Engagement
Has the intention to achieve social or environmental goals, with a clear theory of change or transmission mechanism executed in line with Anthos' values.	An investment must increase the quantity or quality of the fund's social outcomes beyond what would otherwise have occurred (i.e. if a particular investment had not been made).	Positive outcomes are of material significance to the beneficiaries. Impact generation accounts for a material proportion of the fund's overall commercial activities.	Measuring and managing the process of creating social and environmental impact in order to maximise and optimise it.	Negative externalities or unintended consequences have been carefully considered. Proposed mitigants are also in place for these impact risks.	Clear forms of influence or engagement are explicitly stated, as well as evidence on how they are helping impact leaders, as well as transitioning companies to achieve their impact goals.

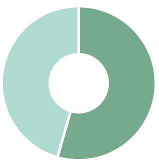
How we choose our impact investments

We use a set of criteria (left) to target our capital in the best way. They help us make sure we allocate capital where it is needed most and can have the biggest effect. The criteria gauge the intention behind the investment, and the difference it makes to social outcomes, as well as how measurable this contribution is and how well risks are managed. To be classed as impact investing, an investment proposal must meet all six criteria.

Dimple Sahni
Managing Director
Impact Fund Portfolios

"Impact investing has changed a lot, particularly in the last few years. The COVID-19 pandemic has demonstrated the potential of impact investing by showing the interconnectedness of inequity in healthcare and climate change, as well as racial and social injustice. We feel the best way to address this opportunity is a mixture of systemic investing, where we can influence larger companies, and grassroots investing where we affect outcomes more immediately. This is diversified financial risk and return, and impact risk and return."

IMP categorisation



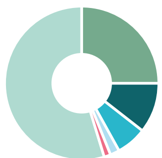
- May cause harm **0.0%**
- Act to avoid harm **54.5%***
- Benefit stakeholders **0.0%**
- Contribute to solutions **45.5%**

* ESG MMF

Strategy allocation

- Private equity **21.3%**
- Private debt **19.6%**
- Listed debt **4.6%**
- ESG MMF **54.5%**

Thematic breakdown



- Access to credit **25.1%**
- Access to energy **10.5%**
- Access to education **6.6%**
- Access to information **1.8%**
- Access to healthcare **1.5%**
- Not mapped **54.5%**

Regional allocation

- Developed **8.0%**
- Emerging markets **22.3%**
- Frontier markets **15.2%**
- ESG MMF **54.5%**

INVESTING FOR IMPACT CONTINUED

Andreas Ernst
Managing Director and Head of Skopos Impact Funds

"Our most important objective has always been to invest in line with our values of human dignity and sustainability, and to find the right vehicles to do that effectively. We have now found a balance between risk and results that puts us on a firm footing to generate financial returns alongside social gains."

Impact mandate fit: core thematic areas				
Population development	**Poverty alleviation**	**Resilient climate**	**WASH***	**Access to finance**
Contributes to dealing with demographic change and/ or population explosion. Provides access to healthcare, housing, relevant technology, etc.	Contributes to reducing vulnerability, supporting economic independence by improving education, food supply and access to information, etc.	Contributes to dealing with the causes and consequences of climate change.	Contributes to the supply, processing and distribution of water. Assures access to sanitation and hygiene.	Provides financial services and technologies serving the individuals and businesses at the bottom of the pyramid.
Sub-themes				
Healthcare	Education	Clean energy	Water suppliers	Fintech
Gender lens	IT	Clean air	Water treatment	Banks
Housing	Media	Real assets	Water distribution	Microfinance
E-mobility	Food and agri	Sustainable land/ forestry	Sanitation	Insurers
Corresponding SDGs				

*WASH – water, sanitation, hygiene

How we spread our impact investments

It is important to us for our capital to have a wide range of impacts. We use the SDGs to make sure we achieve a tangible impact across a broad range of issues that affect people, planet and prosperity.

We have chosen our impact investment themes to link to the vast majority of the 17 SDGs, as they are a widely recognised framework that covers a broad range of social needs and environmental challenges. Each of our five themes links to one or more of the SDGs, with sub-themes under each.

Our direct impact investments focus on areas including circular economy businesses and sustainable infrastructure, and on solving a specific problem. Our approach here has evolved from looking for social outcomes by being first to invest in unfunded areas to looking at specific impact theses. An example of this is our investment in a clean energy fund where the results include decent employment, educational opportunities through social giving and avoided CO_2 emissions.

How we measure impact

We measure impact using an impact scorecard to forecast and collect data annually. This gives us quantitative and qualitative data to plot financial returns and social impact at the fund level. We are working on a method to aggregate impact across our different investments that is aligned to our investment approach and gives insight into impact on the ground.

Our criteria for choosing impact investments have become the basis for the IMP framework now used by more and more asset managers to map their funds. Using the framework's 'ABC' categories allows us to frame our ambitions and plot our progress in terms of how much our investments benefit stakeholders and contribute to solutions to social and environmental challenges (see the table on page 14). We use this framework to measure the impact of all our investments, not only impact investments.

Appendices

Asset classes
– exposure to excluded industries

Here, we set out how our various asset classes are exposed to excluded industries. This exposure is very low in all cases. Where we invest for our clients in mandates, exposure to excluded industries and products is zero by default. Where we invest via external funds this is beyond our control. We still actively seek to keep such exposures at a minimum and we monitor such levels, both ex ante and ex post. Here we set out such exposures for the various asset classes.

	Exposure to exclusion criteria[1]	Nuclear weapons	Biological and chemical weapons	Military contracting weapons	Small arms	Gambling	Tobacco	Adult entertainment	Depleted uranium	Anti-personnel mines	Cluster weapons
Equities	0.92%	0.27%	0.00%	0.55%	0.00%	0.08%	0.06%	0.00%	0.20%	0.00%	0.00%
Fixed income – high yield	1.66%	0.18%	0.00%	0.89%	0.07%	0.76%	0.52%	0.41%	0.00%	0.00%	0.00%
Fixed income – investment grade	0.27%	0.05%	0.00%	0.11%	0.00%	0.00%	0.16%	0.00%	0.00%	0.00%	0.00%

Powered by Sustainalytics

	Country screening
Fixed income – emerging markets debt	8.25%[2]
Fixed income – sovereign debt	0.00%

Powered by Sustainalytics

	Exposure to exclusion criteria	
Absolute return strategies	**Gross (long)**	**Net (long – short)**
	3.03%	2.01%

1 Note that the 'Total Exposure to Exclusion Criteria' may not equal the sum of the individual exposures to the exclusion criteria, as one investment/company can have exposure to multiple exclusion criteria.

2 The exposure in EMD is due to the exposure to Russia, related to EU sanctions against Russia. It is next to impossible to invest in pooled funds that exclude Russia as a country.

Dutch Climate Agreement reporting

financial year 2020

1	**Measuring CO_2e impact**	
1.1	**Is the CO_2e impact being measured?**	**Partly** We report equities and fixed income AUM which is >70% of the total. These are all part of the assets we manage on behalf of our clients via external managers. In Equities >90% of the portfolio is covered. For fixed income we report Investment Grade (>80% coverage) and High Yield (>65% coverage). We do not report the sovereign bonds direct or indirect this year, which is a substantial part of the fixed income portfolio we manage. We are taking part in a PCAF working group on the topic to better understand the best methodology to do this. Cash is assumed to have zero emissions.
2	**How is it measured?**	
2.1	**Which CO_2e impact indicator(s) does the institution use to monitor the performance of the overall portfolio?**	The included measures are: i) Total carbon emissions ii) Carbon intensity iii) Weighted average carbon intensity.
2.1.1	**Which measurement method is being used for these indicators?**	About 70% of the CO_2e data for equities and 50% for fixed income is based on reported values (source: MSCI ESG Research). For companies that have reported in the past, a company specific model is used to estimate the carbon data as described in MSCI's 2019 Carbon Emissions Estimation document. This company specific model uses the previously reported carbon emissions and revenues to calculate carbon intensity and uses current revenues to make an estimate of the current carbon emissions. In cases where companies have no historically reported CO_2e data, then an industry specific model is used in order to derive carbon intensity from industry averages.
2.2	**Which attribution method is being used (per asset class)?**	For the attribution of CO_2e emissions, we are following the PCAF method, meaning we use the enterprise value, including cash, to determine the percentage ownership.
2.3	**What data sources are being used? And which data providers?**	The reported CO_2e intensities in MSCI ESG Research are based on USD. The USD sales figures were used to calculate these intensities to EUR using the WMCO Fixing rates. We then used these EUR sales figures to recalculate carbon intensities based on per EUR sales. CO_2e emissions data, as well as the EVICs and sales data are all extracted from MSCI ESG Research.
2.4	**Describe the quality of used data to measure the CO_2e impact (per asset class)**	**For Equities:** About 70% of the CO_2e data is based on actual reported data (PCAF Score 1–2 see below example from PCAF). 5% of the data is modelled based on previous reported company specific data (PCAF Score 1–3), while the rest (approximately 20%), is modelled based on industry averages (PCAF Score 3). **For Fixed Income Investment Grade:** About ~76% of the CO_2e data in the Investment Grade portfolio is based on actual reported data (PCAF Score 1–2). 2% of the data is modelled based on previous reported company specific data (PCAF Score 1–3), 5% is modelled based on industry averages (PCAF Score 3) and 17.3% has no coverage. **For Fixed Income High Yield:** About ~33% of the CO_2e data in the High Yield portfolio is based on actual reported data (PCAF Score 1–2). 4% of the data is modelled based on previous reported company specific data (PCAF Score 1–3). About 30% is modelled based on industry averages (PCAF Score 3) and about 33% has no coverage.

3	What is being measured?	
3.1	**What is the scope of the CO_2e reporting?**	For Equities, the CO_2e reporting concerns the total equity portfolio, including the active, passive and infrastructure portfolios. This is using the lookthrough of the underlying investee companies that our external managers invest in. For fixed income, it concerns the corporate part, investment grade and High Yield bonds. The emerging markets local debt and return/matching portfolios are left out of scope.
3.2	**What are the relevant investments and financing?**	CO_2e contributions are estimated using the EUR amount invested in each company (using lookthrough).
3.3	**What scope is being reported on (from the perspective of investments/financing)?**	For this analysis we took Scope 1 (Direct) and Scope 2 (Upstream) emissions into account.

4 The disclosure on the CO_2e impact should contain the following information

Holdings/equities	% total AUM	Of which relevant	Of which CO_2e impact reported	tCO_2e emissions – Scope 1	tCO_2e emissions – Scope 2	tCO_2e emissions – Total	Carbon intensity Scope 1 + 2	Weighted intensity Scope 1 + 2
Total Equities	47%	98%	98%	146,906	44,756	191,662	156.4	152.5
Total FI	27%							
Corporate IG		30%	83%	19,766	5,370	25,136	134.5	119.9
Fixed Income Corporate HY		32%	67%	88,777	18,053	106,830	338.6	298.4

PCAF data quality scorecard

Certain
(5-10% error margin in estimations)

Uncertain
(40-50% error margin in estimations)

SCORE 1	Audited GHG emissions data or actual primary energy data
SCORE 2	Non-audited GHG emissions data or actual primary energy data
SCORE 3	Average data that is peer/(sub)-sector specific
SCORE 4	Proxy data on the basis of region or country
SCORE 5	Estimated data with very limited support

Disclaimers

Disclaimer

This document is being furnished on a confidential basis for informational and discussion purposes only and does not constitute an offer, marketing or solicitation in any jurisdiction. It has been compiled by Anthos Fund & Asset Management B.V. ('Anthos') and may not be reproduced or distributed to others without the prior written consent of Anthos.

Anthos (trade register number 34258108) is authorised by the Netherlands Authority for the Financial Markets. This document is solely intended for professional investors within the meaning of the Dutch Act on the Financial Supervision or persons which are authorised to receive such information under any other applicable laws. This document is not intended for any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the offering of foreign financial services is not permitted, such as US citizens and residents, or where the services of Anthos are not available. No registrations or other notifications have been made by Anthos to its competent regulatory authorities in connection with this document.

No opinion or information expressed in this document constitutes a solicitation, an offer or a recommendation to buy, sell or dispose of any investment, to engage in any other transaction or to provide any investment advice or service. Before making an investment in an Anthos product, any person doing so should carefully read the available legal documentation prepared by Anthos.

Although Anthos aims to provide accurate, complete and up-to-date information, obtained from sources of information believed to be reliable, no warranty or declaration, either explicit or implicit, is given as to the accuracy or completeness of such information.

The value of investments may fluctuate, and past performance is no guarantee of future results. Any forward-looking statements are no guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict.

Disclaimer MSCI

Although Anthos Fund & Asset Management's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the 'ESG Parties'), obtain information (the 'Information') from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Invest forward,
inspire change.

Contact details

Anthos Fund & Asset Management B.V.
Jachthavenweg 111
1081 KM Amsterdam

P.O. Box 7871
1008 AB Amsterdam
The Netherlands

anthosam.com

Published [June 2021]

ANTHOS
Fund & Asset Management