

'ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Espiria SDG Solutions  
5299003AK8NV14B44W83

Legal entity identifier:

## Sustainable investment objective

### Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective: 10 %**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective: 10%**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent was the sustainable investment objective of this financial product met?

The Sub-Fund's objective is to generate a positive social and environmental impact and achieve significant capital appreciation over the long-term through investing in companies that contribute to one or several of the UN's Sustainable Development Goals (UN SDGs) in their offering of products and services. Contribution is measured via revenue, capital expenditure, operating expenditure and/or research and development linked to the UN SDGs and should exceed 20% to be considered.

To achieve the investment objective, the Sub-Fund focuses on the most urgent sustainable transition needs in connection with the 12 UN SDGs and 48 investable

UN SDG targets, grouped under five themes: sustainable food and ecosystems, circular economy, health and empowerment, energy transition, and connectivity and infrastructure. Each of these five themes has specific UN SDG related objectives (see examples below). Each UN SDG target can be categorised as either an environmental or a social objective, depending on whether the expected positive impact primarily relates to environmental or social outcomes.

<b>Theme</b>	<b>Sustainability Objectives (examples)</b>
<i>Sustainable Food &amp; Ecosystems</i>	<ul style="list-style-type: none"> <li>• Increased food productivity (for small-scale producers)</li> <li>• End all forms of malnutrition</li> <li>• Sustainable, resilient, climate smart practice in food production</li> </ul>
<i>Circular Economy</i>	<ul style="list-style-type: none"> <li>• Water pollution reduction, untreated wastewater minimised</li> <li>• Natural resources (raw materials) being efficiently used and sustainably managed</li> <li>• Reduced waste generation through prevention, reduction, recycling and reuse</li> </ul>
<i>Health &amp; Empowerment</i>	<ul style="list-style-type: none"> <li>• End epidemic and communicable diseases</li> <li>• Non-communicable disease prevention to reduce premature mortality and improved mental health</li> <li>• Access to financial risk protection, essential healthcare services, medicines and vaccines that are affordable</li> <li>• Access to basic education for all, effective learning outcomes</li> </ul>
<i>Energy Transition</i>	<ul style="list-style-type: none"> <li>• The share of renewable energy in the global energy mix substantially increased</li> <li>• Energy efficiency significantly increased</li> </ul>
<i>Connectivity &amp; Infrastructure</i>	<ul style="list-style-type: none"> <li>• Sustainable, affordable, safe and accessible transport system</li> <li>• Upgraded infrastructure and more efficient and sustainable industrial retrofit</li> <li>• Integration of SMEs into value chains and markets</li> </ul>

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective for the Sub-Fund.

The Sub-Fund defines SDG Solution companies as companies that through their products and services contribute to at least one identified material UN SDG target. The contribution is measured on a set of pre-determined qualitative and quantitative criteria, referencing both financial thresholds and impact-related measures covered by the proprietary Espiria Impact Assessment (EIA) framework implemented by the Investment Manager. The use of EIA aims to ensure the contribution of each holding is both *justifiable* – with an impact thesis, and *measurable* – with selected outcome KPIs that are monitored over time.

<b>UN SDG Target</b>	<b>Brief Description<sup>1</sup></b>
1.4	Equal access to economic resources and basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
2.2	End all forms of malnutrition
2.3	Increase agricultural productivity and incomes of small-scale food producers
2.4	Sustainable, resilient, climate smart practice in food production and agricultural practices
3.4	Reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
3.8	Access to financial risk protection, essential healthcare services, medicines and vaccines that are affordable
4.3	Access to affordable and quality technical, vocational and tertiary education
4.5	Eliminate gender disparities, ensure equal access to all levels of education/ training for the vulnerable
7.2	The share of renewable energy in the global energy mix substantially increase
7.3	Energy efficiency significantly increased
9.1	Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
9.3	Resource (incl. financial services) access to SMEs and their integration into value chain and markets
9.4	Upgraded infrastructure and industrial retrofit to be more resource-use efficient and environmentally sound (e.g. technologies, industrial processes)
11.2	Sustainable, affordable, safe and accessible transport system, improving road safety (notably by expanding public transport)

<sup>1</sup> Based on the UN SDG target full description

11.3	Inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management
12.2	Natural resources (raw materials) being efficiently used and sustainably managed
12.5	Reduced waste generation through prevention, reduction, recycling and reuse
14.1	Marine pollution prevention/reduction

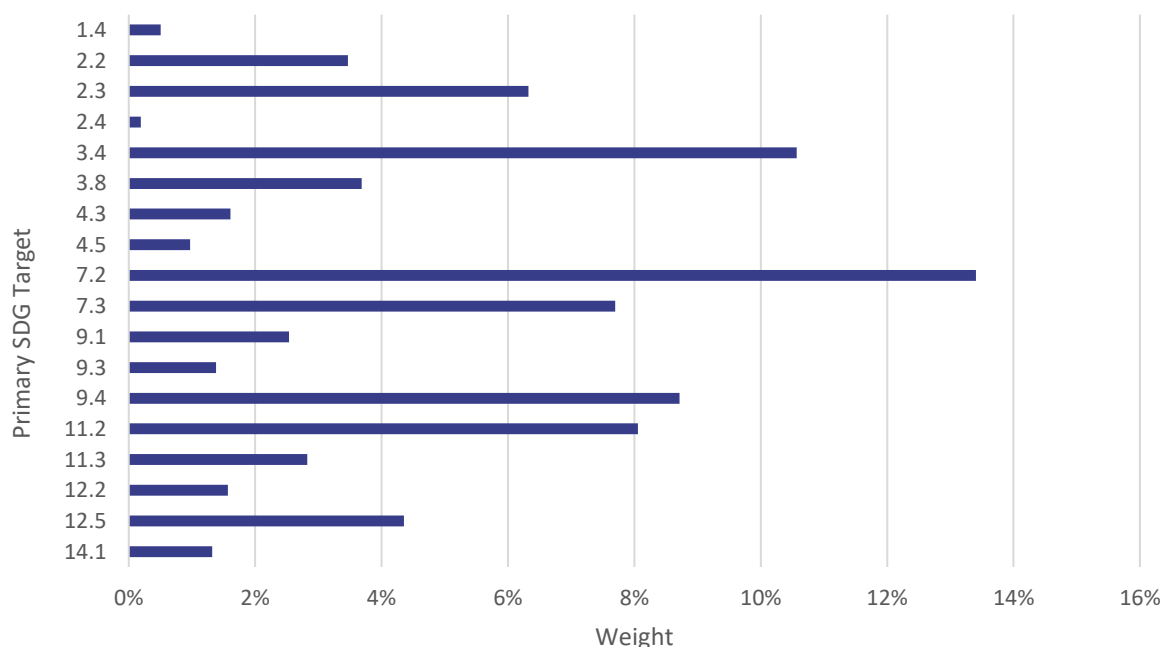
The sustainability indicators (outcome KPIs in the EIA framework) used to measure SDG contribution of each investment are selected based on the associated impact thesis, therefore the sustainability indicators are case-specific and may vary from one investment to another. However, common indicators may also be used – especially for investments under the same theme.

● **How did the sustainability indicators perform?**

The Investment Manager mainly considers investee companies’ primary SDG target, and continuously monitors the percentage of investees’ revenues directly addressing such target. As end of 2022, 79.2% of the invested assets are considered to address just one primary SDG target, with the remaining 19% addressing one primary plus one secondary SDG target – given a higher level of business diversification.

18 SDG targets were addressed as the primary target by the Fund’s investments (summarized in table and chart below)

Portfolio Composition by Primary SDG Target



The Asset Manager assesses and measures how each investment contributes to SDG on the basis of each stand-alone case, but selective common indicators within each theme are also used to monitor the Fund's overall performance in attaining its sustainability objectives. Below indicators are aggregated to demonstrate the Fund's performance as the end of 2022, whenever such indicators are relevant for more than one company under the same theme, and data is available. Only company self-reported data is used, i.e. no estimates.

<b>Theme</b>	<b>SDG Target</b>	<b>Sustainability Indicators (Outcome KPIs)</b>	<b>Portfolio Performance (2022<sup>2</sup>)</b>
<i>Sustainable Food &amp; Ecosystem</i>	2.3	Actively engaged farming hectares under management for yield enhancement	148 million hectares
<i>Circular Economy</i>	12.5	% of secondary (recycled) materials in inputs	55-100%
<i>Health &amp; Empowerment</i>	1.4	<ul style="list-style-type: none"> <li>• Number of people with access to ultra-micro and micro financing products</li> <li>• Number of women with access to ultra-micro and micro financing products</li> </ul>	35 million  13.5 million
	3.8	Number of patients covered by access to medicine program	3.42 million
	4.5	Number of people reached with digital education access	118 million
<i>Energy Transition</i>	7.2	<ul style="list-style-type: none"> <li>• Renewable energy capacity installed</li> <li>• Renewable energy capacity enabled</li> <li>• Renewable energy generated for use and sale</li> </ul>	2,121 MW  104,733 MW  33,400 GWh
	7.3	CO2 equivalent avoided for customers	93 million tonnes

<sup>2</sup> 2022 data are used whenever available, otherwise 2021 data were used in calculations.

<i>Connectivity &amp; Infrastructure</i>	11.2	• Number of fully electric vehicles sold	977,889 units
		• Avoided tailpipe CO2 equivalent	27.38 million tonnes

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Investment Manager ensures that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective in two ways:

***1. EQSS Do-No-Significant-Harm (DNSH) Assessment***

The Investment Manager has implemented a proprietary sustainability integrated framework, the Espiria Quality & Sustainability Score (EQSS), to assess the quality and sustainability profile of each company at the holding level. EQSS includes principal adverse impacts (PAI) indicators and a set of Red Flag (RF) questions, covering the ESG topics deemed most critical by the Investment Manager. The Red Flag Analysis consists of a set of questions which the Investment Manager deems to be crucial to consider for ensuring that investments do not cause significant harm. The questions are related to corporate governance, ethics, and corruption, and also cover international norms and standards, as well as severe and/or systematic environmental or social controversies. The Investment Manager has introduced one question specifically addressing the Principal Adverse Impact (PAI) indicators, which are outlined in Annex I of Regulation (EU) 2019/2088. In order to assess the PAI indicators, the Investment Manager incorporates data from an external service provider that compares the PAI indicators for each company with a range of peer companies.

These tools are also part of the "Three-Step-Test" applied by the Investment Manager for defining sustainable investments, described in detail in the section about the binding elements of the investment strategy.

***2. EIA Net Positive Impact Assessment***

As part of the EIA framework, the primary negative impact identified for the company shall not significantly harm the expected contribution towards environmental or social objectives. Potential negative impacts must either be actively mitigated by the company, or the Investment Manager should have conviction that active engagements with the company, on behalf of the Sub-Fund, will meaningfully contribute to mitigating the negative impacts identified.

***How were the indicators for adverse impacts on sustainability factors taken into account?***

The Investment Manager used its proprietary sustainability integrated framework, the Espiria Quality & Sustainability Score (EQSS), to assess and score the quality and sustainability profile of each company at the holding level.

Within this framework, all 14 mandatory and 2 additional PAI indicators (deforestation, lack of a human rights policy) were assessed at holding level to the extent that data was available, in either absolute terms or in comparison with industry peers, as part of the investment process and the holistic assessment of company quality.

Weaker score, all things equal, generally resulted in lower weight, and in cases where the indicators showed that the company is a clear outlier leading its expected sustainability objectives to be significantly undermined, the Investment Manager would refrain from investing in or divest such assets completely.

— ● ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

As part of the controversy (norms-based) screening, the Investment Manager assesses companies in terms of compliance with international norms and standards. This screening, provided by an external service provider, captures severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. Assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions.

Upon new investment, the Investment Manager checks and confirms the status of a new holding in regard to norms and controversies as part of the Red Flag Analysis. Fund portfolios are also checked quarterly by the Investment Manager's ESG function, which highlights any company that is on the Watchlist or has become assessed as Non-Compliant. The review is based on the results in the norms-based screening, information that has been publicly disclosed by issuers, as well as other relevant information that may have come to the attention of the Investment Manager.

The Sub-Fund will not invest in or hold any company that is deemed Non-Compliant with the above-described norms and standards. No such investment was held at the end the reporting period year 2022.



**How did this financial product consider principal adverse impacts on sustainability factors?**

Upon a new investment, the Investment Manager checks and confirms the status of new holdings in regard to norms and controversies. This norms-based (controversy) screening covers PAI indicators such as: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, or lack of processes and compliance mechanisms to monitor compliance with those regulations, and exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons).

Furthermore, all 14 mandatory PAI indicators, as stated in Annex I in Regulation (EU) 2018/2088, including 2 additional PAI indicators (deforestation, lack of a human rights

policy) are assessed at holding level to the extent that data are available, in both absolute terms and in comparison with industry peers, as part of the investment process and the holistic assessment of company quality.

As described earlier, the Investment Manager used its proprietary sustainability integrated framework, the Espiria Quality & Sustainability Score (EQSS), to assess and score the quality and sustainability profile of each company at the holding level.

Weaker score, all things equal, generally resulted in lower weight, and in cases where the indicators showed that the company is a clear outlier leading to its expected sustainability objectives being significantly undermined, the Investment Manager would refrain from investing in or divest such assets completely.



### ● What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 30.12.22.

Largest Investment	NACE Classification	% AUM	Primary Country of Risk
Microsoft Corp	Information Technology	4.4%	United States of America
Novo Nordisk A/S	Health Care	3.7%	Denmark
EDP Renovaveis SA	Utilities	3.5%	Spain
Danone SA	Consumer Staples	3.5%	France
Smurfit Kappa Group PLC	Materials	3.4%	Ireland; Republic of
Yara International ASA	Materials	3.2%	Norway
Essity AB (publ)	Consumer Staples	3.2%	Sweden
Deere & Co	Industrials	3.1%	United States of America
Trimble Inc	Information Technology	3.1%	United States of America
Cadeler A/S	Industrials	3.0%	Denmark
Infineon Technologies AG	Information Technology	3.0%	Germany
Johnson Controls International PLC	Industrials	2.8%	United States of America
Alstom SA	Industrials	2.8%	France
Schneider Electric SE	Industrials	2.7%	France
Signify NV	Industrials	2.5%	Netherlands

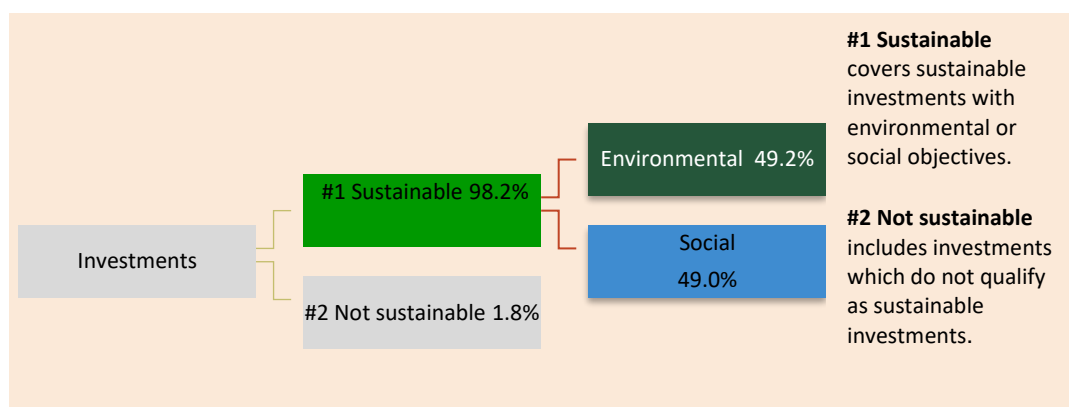


### ● What was the proportion of sustainability-related investments?



**Asset allocation** describes the share of investments in specific assets.

● **What was the asset allocation?**



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The Fund had 98.2% of sustainable investment as end of 2022, including 49.2% of investments with an environmental objective and 49.0% with a social objective.

“Others” assets that are considered as not aligned consisted of cash and equivalent only.

● **In which economic sectors were the investments made?**

The sub-fund did not have exposure to fossil fuels as defined in article 54 of Regulation (EU) 2019/2088.

The economic sectors where investments are made are summarized in table below.

<i>NACE Level 2 Economic Sector</i>	<i>Sum of % AUM</i>
Architectural and engineering activities; technical testing and analysis	2.0%
Civil engineering	3.0%
Computer programming, consultancy and related activities	1.8%
Electricity, gas, steam and air conditioning supply	3.5%
Financial service activities, except insurance and pension funding	0.5%
Information service activities	1.6%
Manufacture of basic metals	1.8%
Manufacture of basic pharmaceutical products and pharmaceutical preparations	11.7%
Manufacture of chemicals and chemical products	6.7%
Manufacture of computer, electronic and optical products	14.9%
Manufacture of electrical equipment	8.6%
Manufacture of food products	3.7%
Manufacture of machinery and equipment n.e.c.	12.9%
Manufacture of motor vehicles, trailers and semi-trailers	3.5%
Manufacture of other transport equipment	2.8%
Manufacture of paper and paper products	6.6%
Manufacture of textiles	1.0%
Publishing activities	8.5%
Retail trade, except of motor vehicles and motorcycles	1.4%
Scientific research and development	1.7%
<b>Total</b>	<b>98.2%</b>



## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

In general, EU Taxonomy related information disclosure by companies is still very limited, and the Asset Manager cannot obtain all information needed to carry out our own full assessment of investee companies' actual alignment with the EU Taxonomy. However, the Asset Manager intends to provide additional transparency based on data disclosed by the Fund's investee companies for reporting period year 2022, detailed below:

20.15% of the Fund's AUM have reported EU Taxonomy eligibility and alignment related to turnover, CAPEX and OPEX.

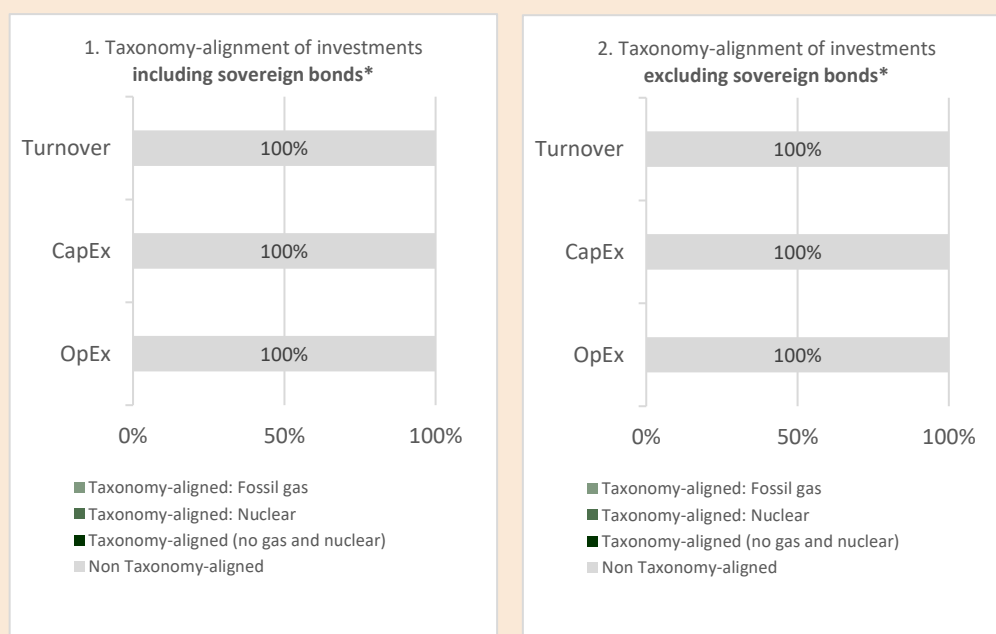
Based on these company self-reported information, the Fund has a weighted average of turnover, CAPEX and OPEX alignment ratio of 4.5%, 5.9% and 5.7% respectively as of 30 December 2022.

Out of the 49.2% sustainable investments with an environmental objective, 24.7% (which represents 12.1% of total AUM) have reported partial or full alignment with the EU Taxonomy.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>3</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**What was the share of investments made in transitional and enabling activities?**

Based on EU Taxonomy disclosure of the Fund's investee companies available, the Fund had 3.2% of AUM invested in transitional and 0% in enabling activities as of 30 December 2022.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods? N/A**

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

Based on EU Taxonomy disclosure of the Fund’s investee companies available, out of the 49.2% sustainable investments with an environmental objective, 75.3% of them have not reported or were not aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

49.0% of the investments were socially sustainable investments.



**What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

Only cash and equivalent were included under “not sustainable”.



**What actions have been taken to attain the sustainable investment objective during the reference period?**


During the year of 2022, the investment team had carried out a series of active ownership activities, including proxy voting and specific shareholder engagements to ensure our sustainable investment objectives are attained.

The engagement actions are summarized in table below:

**Investee Company**

**Engagement Focus**

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 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU

Pfizer

We co-signed the investor letters which urge directors of companies making Covid-19 vaccines to tie executive compensation to vaccine equity in hopes of holding management “accountable” for contributing to a global health problem. Specifically, the collective engagement urges the heads of the board compensation committees at Pfizer (PFE), to adopt goals outlined recently by the World Health Organization to ensure 70% of the global population is vaccinated by the end of 2022. Among the items cited, the Fund’s investment team, together with the investors participated in digital meetings and asked specifically the boards to ensure the companies commit to working with COVAX, a WHO initiative working to supply vaccines to low and middle-income countries, as well as the African Vaccine Acquisition Trust; to disclose monthly production and supply data; and to commit to sharing technology and related know-how, as well as provide non-exclusive voluntary production licenses. Feedbacks from these meetings were considered by the investment team in their integrated decision making.

In the case of Pfizer, although its management were favourable to the proposal but struggling to select an appropriate metric and integrate it into executive compensation, which missed our expectations, resulting in our reduced share position in the company, which we exited fully beginning of 2023.

BYD Co

The investment team raised concern to the company regarding its Changsha factory environmental issues reported by media, and followed-up with calls and emails to ensure such incident is handled in a timely and sufficient manner, and that the risk for seeing such environmental damage is minimized in other facilities that the company operates. The investment was overall satisfied with the company’s recognition of the issue and quick actions taken to halt operational activities where hazard emissions were discovered, and actively worked with key stakeholders to resolve the issues. The company also ensured us that no similar situations (or risks) exist based on current regulation and practices known to the company.

There was no change directly linked to the outcome of this engagement.

Alstom, Boliden,  
Bristol-Myers,  
Squibb,  
Novozymes

2022 CDP Non-Disclosure Campaign – Transparency

The objective of the campaign is to drive further transparency around environmental issues, by encouraging companies to respond to the CDP’s disclosure request (Climate Change questionnaire, Forestry questionnaire, and Water questionnaire).

BYD Co,  
Cadeler AS,  
Contemporary  
Amperex  
Technology Co.  
Ltd, Coursera,  
Danone, EDP  
Renovaveis SA,  
Infineon,  
Landis+Gyr,  
Microsoft,  
Ming Yang  
Smart Energy,  
Novozymes AS,  
Organon,  
OX2 AB,  
Permascand,  
Renewcell,

Espiria SASB Radar - Sustainability Reporting

We want to evaluate how companies are managing their material E, S and G factors, which also impact financial performance. However, we have historically lacked access to comparable, standardised data that we need to inform our decisions. SASB Standards, which are uniquely tailored for and used by leading international investors, help address this need. Therefore, we implemented a simple, efficient engagement methodology to encourage more of our holdings to report according to SASB standards - the Espiria SASB Radar.

Roche Holdings,  
Signify NV,  
Sungrow Power  
Supply, Yara  
International

Essity AB

The investment manager acted as a lead investor for the engagement with Essity, as part of a collaborative investor campaign (Finance Sector Deforestation Action, FSDA), with the aim of eliminating commodity-driven deforestation by targeting companies with risks in their operations and supply chains related to such deforestation.



### How did this financial product perform compared to the reference sustainable benchmark?

No specific index is designated as a reference benchmark.

- **How did the reference benchmark differ from a broad market index?**  
N/A
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**  
N/A

- **How did this financial product perform compared with the reference benchmark?**  
N/A

- **How did this financial product perform compared with the broad market index?**

N/A

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.