

'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

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%**

No

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.

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.

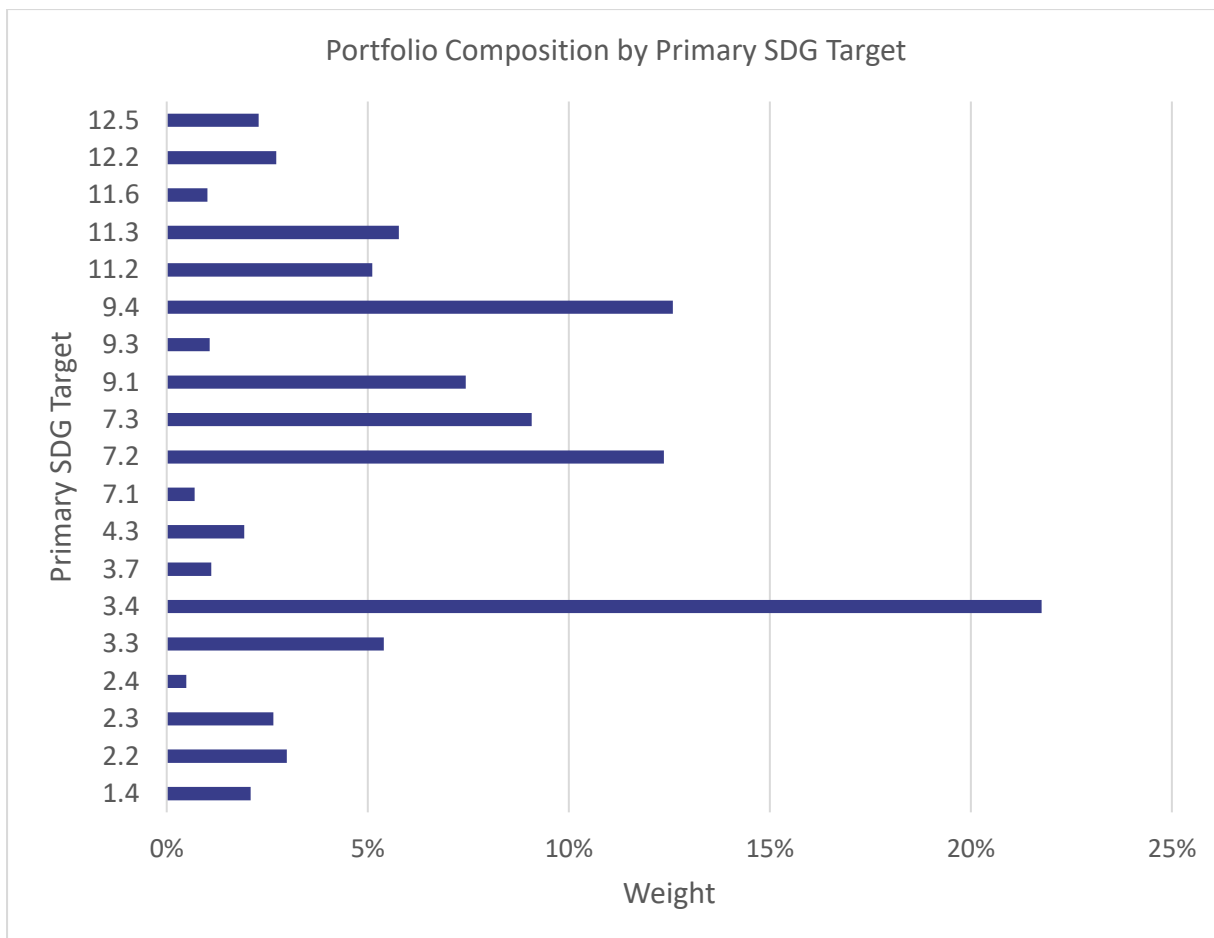
As end of 2023, a total of 98.5% of the invested assets are considered sustainable investments, of which 77.9% of the invested assets are considered to address just one primary SDG target, with the remaining 20.6% addressing one primary plus one secondary SDG target – given a higher level of business diversification.

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

<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
3.3	End epidemic and communicable diseases
3.4	Reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

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

3.7	Access to sexual and reproductive healthcare services
4.3	Access to affordable and quality technical, vocational and tertiary education
7.1	Universal access to affordable, reliable and modern energy services
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)
11.6	Reduced air pollution and uncollected solid waste
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



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 of the end of 2023, whenever such indicators are relevant for more than one company under the same theme, and that data are available. Only company self-reported data are used, i.e. no estimates.

Theme	SDG Target	Sustainability Indicators (Outcome KPIs)	Portfolio Performance 2023 <sup>2</sup> and Year-on-year comparison
<i>Sustainable Food &amp; Ecosystem</i>	2.3	<ul style="list-style-type: none"> <li>Highly engaged farming acres under management for yield enhancement</li> <li>Digitalized hectares</li> </ul>	92 million acres (+35%)

<sup>2</sup> 2023 data are used whenever available, otherwise 2022 data were used in calculations.

			23 million hectares (+21%)
<i>Circular Economy</i>	12.5	% of secondary (recycled) materials in inputs	55-100% (unchanged)
<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>	36.85 million (+5%)  15.1 million (+9%)
		3.8	Number of patients covered by access to medicine program
	4.5	Number of people reached with digital education access	142 million (+20%)
<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>	2,500 MW (+18%)  150,754 MW <sup>3</sup> (+44%)  34,600 GWh (+4%)
		7.3	CO2 equivalent avoided for customers
<i>Connectivity &amp; Infrastructure</i>	11.2	<ul style="list-style-type: none"> <li>Number of fully electric vehicles sold</li> <li>Avoided tailpipe CO2 equivalent</li> </ul>	1.69 million units (+72%)  47.2 million tonnes (+70%)

● **...and compared to previous periods?**

At the end of 2022, the fund reported below sustainable indicators:

<sup>3</sup> Total capacity enabled calculation may be overstated due to potential double counting as renewable enablers on the same value chain only report their own respective capacity figures.

**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.

- The Fund had 98.2% of sustainable investment, 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
- The income outcome KPIs with year-on-year comparison were listed in the table above.

***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 2023.



**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.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 29.12.23.



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

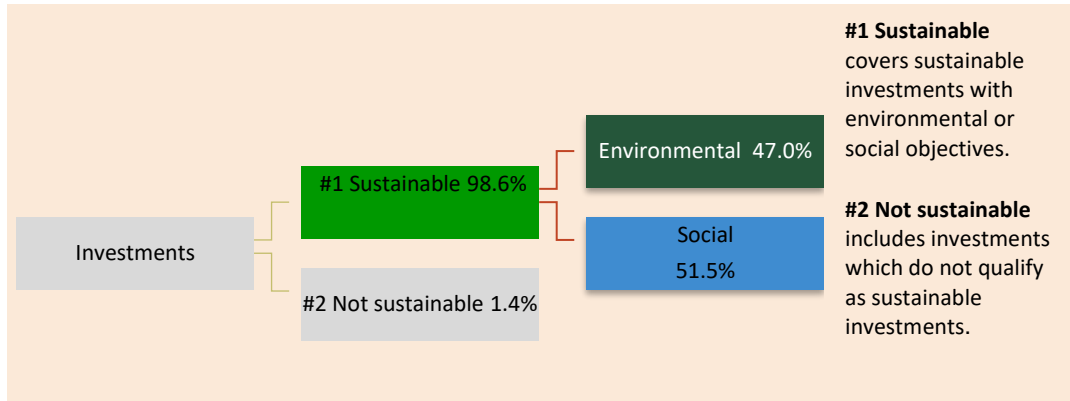
<b>Largest Investment</b>	<b>NACE Classification</b>	<b>% AUM</b>	<b>Primary Country of Risk</b>
Microsoft Corp	Information And Communication	6.8%	United States of America
Novo Nordisk A/S	Manufacturing	4.6%	Denmark
Edp Renovaveis	Electricity, Gas, Steam And Air Conditioning Supply	4.4%	Portugal
Trimble Inc	Manufacturing	4.3%	United States of America
TSMC	Manufacturing	3.8%	Taiwan
Schneider Electric SE	Manufacturing	3.7%	France
Amgen Inc	Professional, Scientific And Technical Activities	3.3%	United States of America
Danone SA	Manufacturing	3.0%	France
Thermo Fisher Scientific Inc	Manufacturing	2.9%	United States of America
Novozymes A/S	Manufacturing	2.7%	Denmark
Johnson Controls International Plc	Manufacturing	2.6%	United States of America
Essity AB	Manufacturing	2.5%	Sweden
Roche Holding AG	Manufacturing	2.5%	Switzerland
Bristol-Myers Squibb Co	Manufacturing	2.4%	United States of America
Smurfit Kappa Group PLC	Manufacturing	2.3%	Ireland; Republic of



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

### What was the asset allocation?

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



The Fund had 98.6% of sustainable investment as end of 2023, including 47.0% of investments with an environmental objective and 51.5% 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>
<i>Manufacture of computer, electronic and optical products</i>	13.5%
<i>Manufacture of electrical equipment</i>	12.6%
<i>Manufacture of machinery and equipment n.e.c.</i>	11.0%
<i>Manufacture of basic pharmaceutical products and pharmaceutical preparations</i>	10.6%
<i>Publishing activities</i>	8.2%
<i>Manufacture of chemicals and chemical products</i>	4.9%
<i>Manufacture of paper and paper products</i>	4.7%
<i>Scientific research and development</i>	4.6%
<i>Electricity, gas, steam and air conditioning supply</i>	4.4%
<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	3.6%
<i>Manufacture of food products</i>	3.5%
<i>Civil engineering</i>	2.3%
<i>Financial service activities, except insurance and pension funding</i>	2.1%

<i>Education</i>	1.9%
<i>Architectural and engineering activities; technical testing and analysis</i>	1.8%
<i>Manufacture of basic metals</i>	1.7%
<i>Other manufacturing</i>	1.7%
<i>Human health activities</i>	1.7%
<i>Manufacture of other transport equipment</i>	1.3%
<i>Water transport</i>	1.3%
<i>Retail trade, except of motor vehicles and motorcycles</i>	1.1%
<b>Total</b>	<b>98.6%</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.

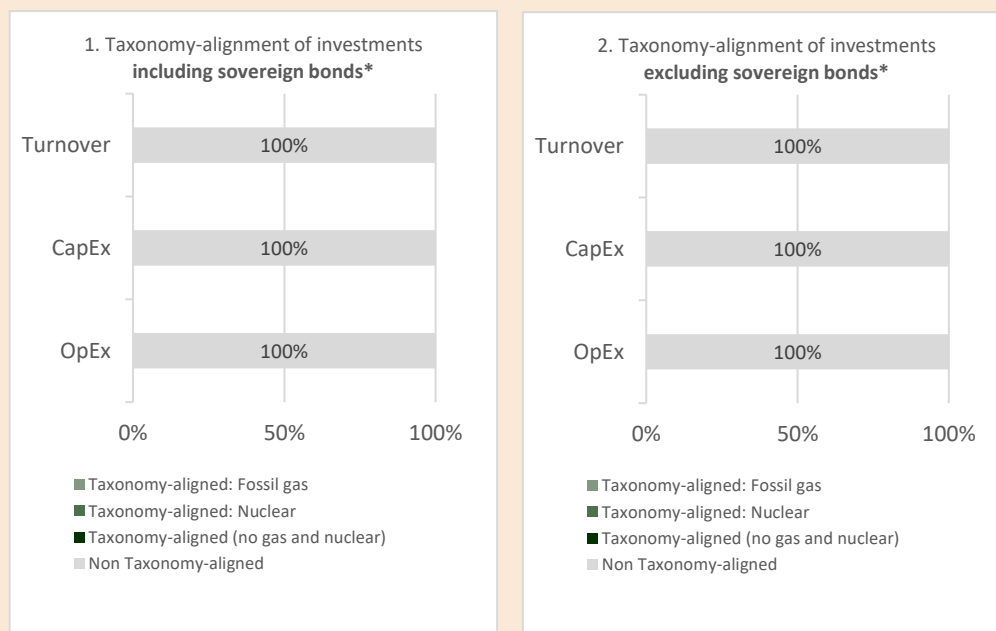
In general, EU Taxonomy-related information disclosure by companies is still very limited, and the Asset Manager cannot obtain all the information needed to carry out our full assessment of investee companies' actual alignment with the EU Taxonomy.

Therefore, as of now, the Sub-Fund is committed to 0% as the minimum proportion of investments that are aligned with the EU Taxonomy for environmentally sustainable investments. However, the Asset Manager closely monitors the development of data disclosure by companies and intends to provide transparency when the information becomes more widely available and with more standardized quality.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>4</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?**

For reasons outlined above, the Investment Manager has not committed to a minimum proportion of investments in transitional and enabling activities. However, the Investment Manager believes that its investment strategy that focuses on evidence-based contributions to

<sup>4</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.

concrete SDG Targets is inherently consistent with the spirit of the Taxonomy’s notion of transitional activities.

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

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



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

47.0% of the investments were environmentally sustainable investments, all of which have not been assessed regarding its alignment with the EU Taxonomy.



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

51.5% 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 2023, 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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Etsy Inc	<p>We raised question regarding some report on Etsy's counterfeit products sold on its platform, an issue that had been raised by media some years ago when the company first got listed. We demanded clarification and deeper understanding on the topic and how the company deals with it.</p> <p><b>Outcome:</b></p> <p>Etsy's Investor Relations (IR) team responded to concerns about counterfeit items and policy violations, emphasizing the company's commitment to maintaining a trusted and safe marketplace. They highlighted their efforts to combat illicit practices through significant investments in tools and resources, including a dedicated team for content moderation and a focus on machine learning for trust and safety. Since 2015, Etsy has published an annual Transparency Report outlining their policy enforcement efforts. Last year, they launched the Etsy Reporting Portal to facilitate reports on intellectual property and other rights violations. The company also educates sellers on intellectual property law and collaborates with brands to address violations. In their Q4 22 earnings call, CEO Josh Silverman mentioned a low percentage of brand-related search queries, indicating a minor impact on IP issues. Etsy spent \$50 million on Trust &amp; Safety in 2022, significantly increasing the staff and technology dedicated to these efforts. They are open to further discussions if concerns persist.</p>
BYD Co	<p>We express our concerns as a long-term shareholder about BYD's lack of board diversity. There is a growing appreciation that a diverse board is a key driver of strong corporate governance, which is essential to preserve and enhance long-term corporate value. In this context, gender has become a key component of the responsible investment policies of many asset owners and institutional investors around the world, with an increasing number voting against companies with single-gender boards.</p> <p><b>Outcome:</b> BYD has now a female director. It is not yet a sufficiently gender-diverse board but this engagement has led to initially positive results and we continue to engage with the company by also leveraging the collective strength of more investors.</p>
Contemporary Amperex Technology Co. Ltd,	<p>Together with LGIM East Capital co-leads the engagement with CATL, the largest battery producer in the world. Topics raised with the company range from board composition, climate change strategy, management of product and supply chain.</p> <p><b>Outcome:</b> the engagement is still ongoing.</p>
Bank Rakyat, EDP Renovaveis	<p>We launched a campaign on deforestation commitment towards holding companies whose industry and geographic exposure suggest high deforestation risk. A letter was sent to these companies, with the object being to request the company to provide details on their approach to deforestation risks in their operation and value chain, as well as to share any stated non-deforestation commitment they may have.</p> <p><b>Outcome:</b></p> <p>Bank Rakayt responded with detailed information regarding its deforestation policy and explained further its local regulatory requirements. The bank further indicated that it has not disclosed to CDP. However, they are not limiting themselves from any future opportunities for improvements in our ESG implementation, including disclosing to CDP's climate survey or implementing other international standards. They are considering to join CDP this year</p>

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(2024) and are now still focusing on implementing several ESG frameworks & standards, such as TCFD Framework and UNGC.

No response had been received from EDPR as of the date of this report.

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We requested clearer disclosure of Danone's net impact due to the use of plastics in products, including the necessity of using plastic packaging, the reality of recycling/use across markets (progress and remaining challenges), targets and actions.

Danone

**Outcome:** The company has replied with a generic answer without specifically addressing our questions. Further request for clarity is made by us. The engagement remains open as of the date of this report.

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### 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.