

asn  impact investors

Impact Report

May 2023



Foreword

As an impact investor we focus on the opportunities that tomorrow's sustainable, fair economy can offer us today. This Impact Report takes a look back: what was our impact in 2022 and how did we accelerate the leaders?

In the last year, following a thorough selection process we again embraced new companies and projects that share our vision. We call them accelerators: parties that are not working to create sustainability 'because they have to' but understand that an economy in harmony with nature and people yields the biggest return. This is why they are driving transitions that help to bring a sustainable future within reach.

We accelerated things as well. By continuing to improve our own processes and approach and by introducing innovations to our strategies, analyses and products. This frequently relates to data.

For instance by applying the new Implied Temperature Rise (ITR) method. This tells us whether businesses are making enough progress to achieve the Paris climate goals. In the coming years we will be able to use this benchmark to make a genuine difference when selecting, monitoring and helping the companies in our investment universe.

Data also contribute to transparency, an absolute precondition for successful impact investing. The new EU sustainability regulation for the financial industry, the SFDR, is aimed at enforcing this. All our funds comply with the 'dark green' status under this regulation. The approach that has made us a pioneer of sustainability over the past 30 years is therefore aligned with the vision held by Brussels, which is averse to greenwashing.

At the end of 2022 we also published our first Climate Action Plan in which we explain how we define our own climate goals - on the road to beyond net zero by 2030.

All in all, we accomplished a great deal in 2022, but this Impact Report also clearly shows how much still remains to be done on the road to 2030 and beyond. For us as a driver but also for all the other investors who share our convictions: in future the greatest success will be enjoyed by those who accelerate the transition to a sustainable world.

San Lie
Director

Mariëtta Smid
Senior Manager Sustainability



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Developments in the Sustainable Investment Policy

Our goal is to create a sustainable, fair society. A society in which people are free to make their own choices, without these being at the expense of others. A society free from poverty, in which everyone receives an education, lives in decent housing and enjoys good health.

We invest exclusively in companies, governments, green bonds, microfinance institutions, funds and projects that contribute to a sustainable society and are financially sound.

Our sustainability policy is laid down in policy documents. These contain the sustainability criteria for selecting all the loans and investments. Our policies for each pillar of the sustainability policy - human rights, climate and biodiversity - are set out in separate policy documents. You will find the complete sustainability policy on our website: www.asnimpactinvestors.com.

During the reporting period we amended or reformulated five aspects of the sustainability policy:

Renewable energy

This policy describes the renewable energy technologies we can and cannot invest in or only under certain conditions. Renewable energy technologies make sustainable use of renewable sources of energy. The policy has been expanded to include manure fermentation, batteries and screening for the use of Uyghur forced labour. The latter means that we check whether companies are directly involved in the use of Uyghur forced labour.

Pornography

We exclude investment in the production of pornography. This policy has been expanded. We now also apply a ceiling of 5% revenue for broadcasting pornography: a company that earns 5% or more of its revenue from broadcasting and publishing pornography is excluded from our investment universe.

E-commerce

We have developed a new policy for selecting companies that operate via e-commerce platforms. E-commerce platforms are online platforms that match up the supply and demand of goods and services. Some e-commerce platforms have physical stores as well, while there are also physical stores that have an e-commerce platform. This policy document deals with companies that sell most of their goods and services via an e-commerce platform; we regard a company as an e-commerce platform if more than half its total revenue derives from sales via this platform. For example, we have developed criteria relating to data, privacy and transparency, transport policy, returns policy and packaging.

Voting policy

We are entitled to vote at the shareholder meetings of the companies in which our investment funds invest. We use these voting rights to encourage companies to adopt more sustainable policies and practices. We have further enhanced our voting policy.

If a company has not yet set climate goals, from 2023 we will vote against its annual report, financial statements, auditor's report, board appointments and share buyback programme.

Consumers and safety

This policy deals with our generic policy for assessing products, especially those products that could adversely affect the health of consumers. We updated this policy in 2022 and added a section on salts, fats and sugars.

If a company has not yet set climate goals, from 2023 we will vote against its annual report, financial statements, auditor's report, board appointments and share buyback programme.



‘Participating in a fair transition is a no brainer’

In 2022, Senior Manager Sustainability Mariëtta Smid co-authored the Climate Action Plan in which ASN Impact Investors explains how it intends to achieve beyond net zero by 2030. She believes the need for a transition is more urgent than ever. ‘We face enormous challenges, and from a risk /return perspective it’s not just essential but also logical to respond to the growth opportunities these offer.’

What gives you the greatest satisfaction when you look back on 2022?

‘Our first Climate Action Plan, I think that’s a wonderful result. We published it at the end of December 2022. It focuses on the central goal for 2030 of having a positive impact on the climate via all the assets under our management. This is nothing new for us of course, but we have clarified how we intend to accomplish this. It keeps us alert and guides our decision-making. And that’s important. In the short term, we all need to do much more to achieve the climate goals. Because the climate problem is now more pressing than ever, as shown by the latest reports from the UN’s climate panel, the IPCC.’

What tangible steps does the Climate Action Plan contain for the road to beyond net zero?

‘We have, for example, developed a method (together with the consultants at **PRé Sustainability** and **CREM**) for calculating how much CO₂ we extract from the atmosphere and store via our investments. This lays the foundation for the climate-positive portion of our investments. We know where we stand and there’s still a lot of work to do. This is done in accordance with a step-by-step plan: in terms of emissions, we need to ensure that these are reduced as much as possible. More widespread use of renewable energy continues to be extremely important here. On top of this, we want to invest an increasing amount in activities that store CO₂. But we want to do this properly, via sustainable forestry and regenerative agriculture and future innovations.’

Are there any listed companies whose policies are aligned with the ambitions of ASN Impact Investors?

‘More and more listed companies are becoming aware of the opportunities. For instance, in 2022 we admitted Oatly, the well-known oatmilk and oat-based yoghurt



brand, to our sustainable investment universe. It wants to develop an agricultural system that applies regenerative agriculture practices.

We have set clear objectives for all our funds that determine the selection of companies. Yet most companies will always generate some emissions. As a result, the equity funds will always have residual emissions that we will need to compensate elsewhere. What helps here is that we have an increasing amount of data to guide us at companies. These data shape the discussions we hold with these companies and how we vote.'

Will engagement, entering into dialogue with companies about their policies, be a focus in 2023 as well?

'Last year we notified almost all the companies in our investment universe of the importance of a safe climate and the importance, urgency and dependence of biodiversity. This year we will take the next step and enter into dialogue with a selection of companies. Either because they have a large negative impact or because we think they're doing too little.'

In 2022 we admitted Oatly, the well-known oatmilk and oat-based yoghurt brand, to our sustainable investment universe. It wants to develop an agricultural system that applies regenerative agriculture practices.

We believe that companies should assume responsibility for the climate and possess an ambitious climate goal and corresponding Climate Action Plan. This is why we've also further enhanced our voting policy. If a company hasn't yet included a climate goal in its policy, from now on we will vote against the appointment of board members, against adopting the annual report and against share buyback programmes. You can no longer get away with not having the climate on your agenda or not having expertise at board level.'

What other important topics are there for 2023?

'The scarcity of water is an important topic, one inextricably linked to the increasingly acute shortage of safe and clean drinking water. This has in fact been the case for some time now and is even a source of conflicts. That applied to the Middle East, but we didn't expect the Netherlands to start drying out rapidly and that makes it an issue that's closer to home.'

Human rights are and will remain another important topic. Our goal is to ensure a living wage in the textile industry. I can see some progress here, although it's happening very slowly. In this case as well we face a similar issue on our own doorstep: growing income inequality. The wage gap between board members and those on the shopfloor widened during the coronavirus pandemic. This is causing labour unrest and growing risks. As an investor we would like to do more about this.'

When it comes to human rights: 2022 was also the year in which Russia invaded Ukraine.

'That triggered a debate: we exclude investment in weapons because we don't want to make money from war. On the other hand: if Ukraine can defend itself using weapons, then that will benefit democracy and human rights in the country. Does that mean you should invest in weapons after all? Not in our opinion. The use of weapons mostly results in innocent victims, whether in a war situation or not. Another problem for us is the fact that people make money from weapons. That turns



war into a business model and we want no part of it. It's basically blood money if parties other than governments invest in the defence industry.

Incidentally, the war in Ukraine also touches on the theme of sustainability. Just like the coronavirus pandemic, it has shown us how vulnerable our agriculture sector, indeed our whole economy is. A lot of products are no longer manufactured or processed locally. For grain we depend on Ukraine, our clothes come from Asia, we rely heavily on China and that means a high number of transport movements. During the pandemic we learned that lengthy logistics chains can cause problems. While from a sustainability perspective it's probably better to manufacture products locally.'

Do the trends you mention also offer opportunities for investors?

'I'm convinced that it also makes financial sense to look at the challenges facing us, such as clean drinking water, a healthy environment, food and safe housing for all. These are challenges that offer businesses a huge number of growth opportunities, and from a risk/return perspective it's also important and logical to look at these trends and developments. As an investor you need to understand that business potential.'

'Our strength lies in the choices we make with our funds. We demonstrate how as an asset manager you can invest in climate and biodiversity, and we'd love to share our expertise with institutional investors.'

In this respect, what's your message to institutional investors?

'I would like to invite parties such as pension funds to participate, to get a move on. It's a no brainer, because it's precisely if you're responsible for future generations that you need to make future-proof investments in the revenue models of the future. We know like no other where to find the key players that are accelerating the transition. The players that meet our sustainability criteria but also perform well financially. Our strength lies in the choices we make with our funds. We demonstrate how as an asset manager you can invest in climate and biodiversity, and we'd love to share our expertise with institutional investors.'

How optimistic are you about the general sense of climate urgency?

'If you ask me personally, I'm extremely worried. Some parties are setting 2050 as the year for achieving net zero or halving their emissions and postponing direct actions. But postponement simply isn't an option as it's not even one minute to midnight now but much later. If you're not already doing it, you really need to start cutting your carbon emissions right now. There's a risk of losing sight of the Paris Agreement goal of restricting global warming to one and a half degrees in 2050. We therefore need to do absolutely everything we can to reduce global warming. Every single degree Celsius makes a difference. That's what I work to achieve through my job, but I also have a nine-year-old son at home who I hope will have the same opportunities for a healthy and secure life, and that the same goes for the generations that come after him as well.'



ASN Impact Investors

The investment funds of ASN Impact Investors invest in sustainable development. Our investment process consists of three essential steps for all the funds and fund structures. In the first two steps, the focus is on identifying companies and investments that contribute to the necessary transitions, while the emphasis in step three lies on financial analysis.

We therefore initially select companies that are truly sustainable, without looking at the financial criteria. In the final step of our process we aim to earn as much financial and sustainable return from this universe as possible.

Sustainable goals

ASN Impact Investors has set long-term goals for each sustainability pillar: climate, biodiversity and human rights. These goals apply to all of ASN Beleggingsfondsen.

PILLAR:	LONG-TERM GOAL	
Climate: Biodiversity: Human rights:	Beyond net zero by 2030 Net positive impact on biodiversity by 2030 By 2030 the clothing sector will have implemented all the requisite processes for paying the workers in its value chain a living wage	

Application of the sustainability policy

ASN Impact Investors applies its sustainability policy to the investments of ASN Beleggingsfondsen UCITS N.V., ASN Biodiversiteitsfonds N.V. and ASN Beleggingsfondsen AIF N.V. We do this in three areas: sustainability research and selection, engagement and voting. Over the next few pages we first look at sustainability research and selection and then examine the results for climate, biodiversity and human rights. To conclude we report on the engagement and voting processes conducted in 2022.

Sustainability research and selection

The investment process starts with selecting corporate equities, bonds and microfinance institutions that meet our strict sustainability criteria. The companies in the portfolio are reviewed at least once every four years. Countries are reassessed every two years.

Companies

In the reporting period we screened 117 companies because they were due for re-assessment or were new. A total of 393 listed companies met our sustainability criteria as of 31 December 2022, an increase of six compared to 31 December 2021. Thirteen companies were removed from the universe due to mergers and acquisitions, because they had become illiquid or grown too large for a specific investment universe. The companies in question were Ceconomy, Nielsen Holdings, Stagecoach Group, Kapsch TrafficCom, Ozner Water International, SIIC Environment Holdings, VA-Q-Tec, Veeco Instruments, Welbelt, GO-Ahead Group, Hibernia, Kcom and Nobina.



The table below also includes the (new) investments screened for the ASN Duurzaam Obligatiefonds.

	New admitted	Retained	Rejected and removed	Rejected and not admitted	Total screened
ASN Duurzaam Aandelenfonds	6	32	10	7	52
ASN Milieu & Waterfonds	9	16	6	8	39
ASN Duurzaam Small & Midcapfonds	3	20	3	3	29
ASN Duurzaam Obligatiefonds: green bonds and green bond frameworks	38	4			42

Governments

We repeated the country screening during the reporting period. This did not give rise to any changes to the investment universe of the ASN Duurzaam Obligatiefonds.

Green, social and sustainable bonds

When selecting green bonds, the analysts assessed the bonds against our specific criteria for these green bonds. We admitted 33 green bonds and approved five green bond frameworks during the reporting period. A green bond framework is a standard that describes the terms and conditions the underlying bonds need to meet. In addition, we repeated the screening for four issuing institutions of green bonds. All four of these were reapproved.

CLIMATE GOAL: STATUS AND DEVELOPMENTS

Greenhouse gas emissions, especially of CO₂, are behind the rapid rise in global temperatures we are seeing at the moment. This climate change is leading to more extreme weather and increasingly serious social problems. Financial institutions contribute to climate change by financing activities that involve greenhouse emissions, such as electric power stations, industry, transport and large-scale agriculture and livestock farming.

Beyond net zero

ASN Impact Investors aims to restrict climate change as far as possible and keep it within safe parameters. This is why we set ourselves the goal back in 2018 of making all of ASN Impact Investors' investments climate-positive by 2030. In 2022 we decided to replace the term climate-positive with 'beyond net zero'. Beyond net zero is frequently used in the financial industry. By opting for beyond net zero, we are also aligning ourselves with terminology in common usage and at the same time underlining our ambition of extracting more CO₂ from the atmosphere than we emit.

The investment opportunities for having a positive impact on the climate are still few and far between. Furthermore, the methods for measuring the positive impact of investments are still under development. We therefore report not just on our beyond net zero goal but also on the progress on our goal of achieving climate neutrality for all of ASN Impact Investors investments by 2030.



Climate neutrality and beyond net zero

To clarify the difference between climate neutrality and beyond net zero, we describe how these are calculated below. Climate neutrality is achieved if the carbon emissions from our investments are equal to the avoided carbon emissions from our investments.

$$\text{Climate neutrality percentage} = \frac{\text{avoided emissions}}{\text{actual emissions}}$$

Beyond net zero is achieved if more CO₂ is extracted from the atmosphere than the amount of CO₂ that is emitted.

$$\text{Beyond net zero percentage} = \frac{\text{emissions extracted from the atmosphere}}{\text{actual emissions}}$$

We calculate the carbon emissions and/or avoided emissions for all our investments. These data fall within the scope of ASN Impact Investors' goal and form part of the total data. The **Platform Carbon Accounting Financials (PCAF) method** is the basis for calculating the impact data. Wherever possible we use data provided by the companies, countries and projects themselves. If a company does not report these data, our data provider MSCI comes up with an estimate.

New:

Measuring the positive impact



A new element of the calculation is the extraction of carbon emissions. This calculation is not yet possible for all the investments. At the moment we apply this to the agroforestry investments of the ASN Biodiversiteitsfonds. The data used to calculate the extracted carbon emissions are based on scientific articles. To measure the positive impact of investments, together with **Guide-house** we have developed a method for calculating the positive impact of our investments in the ASN Biodiversiteitsfonds N.V. As a result, we can offer insight into the progress on our beyond net zero goal for the first time.

Progress on CO₂ goals

The ASN investment funds are housed in three legal entities:

- ASN Beleggingsfondsen AIF N.V., which contains the AIF funds,
- ASN Beleggingsfondsen UCITS N.V., which contains the UCITS funds, and
- ASN Biodiversiteitsfonds N.V.

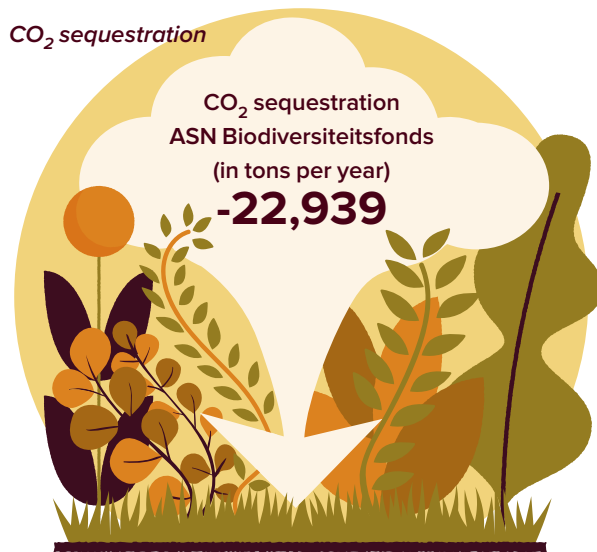
For the first time, the data over 2022 also include the (avoided) carbon emissions of the new ASN Biodiversiteitsfonds N.V. and the CO₂ sequestration by this fund.

Carbon emissions

Carbon emissions (in tons in 1 year)	2021 Carbon emissions	2022 Carbon emissions	Difference
ASN Beleggingsfondsen UCITS N.V.	694,963	714,208	19,245
ASN Beleggingsfondsen AIF N.V.	49,593	54,364	4,771
ASN Biodiversiteitsfonds N.V.		1,811	1,811
Total	744,556	770,383	25,827

In 2022, total carbon emissions increased by 25,827 tons (+3.6%).





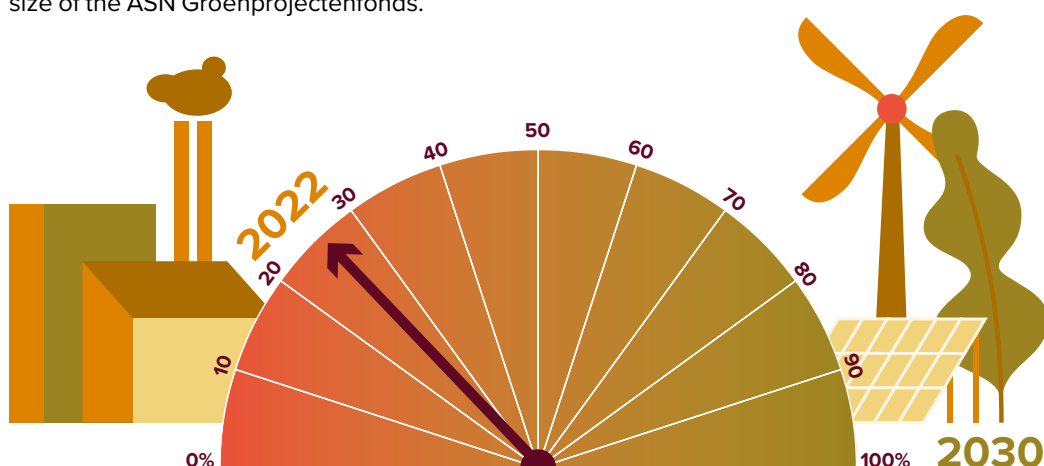
The PCAF does not include a standard method for allocating CO₂ sequestration to investments. Correct data for calculating the amount of CO₂ sequestration is often unavailable. To enable us to start managing and reporting on this we first made a rough estimate for the ASN Biodiversiteitsfonds based on the method published on our website. This method can be found under 'Documents' on the [ASN Biodiversiteitsfonds page](#) on our website. The results give us an initial idea of the options for this fund in relation to major social problems such as climate change and combating the loss of biodiversity.

Avoided carbon emissions

Avoided carbon emissions (in tons in 1 year)	2021 Avoided carbon emissions	2022 Avoided carbon emissions	Difference
ASN Beleggingsfondsen UCITS N.V.	-18,886	-19,975	1,089
ASN Beleggingsfondsen AIF N.V.	-194,970	-180,372	-14,598
ASN Biodiversiteitsfonds N.V.		-217	217
Total	-213,856	-200,564	-13,292

Status of climate neutrality goal

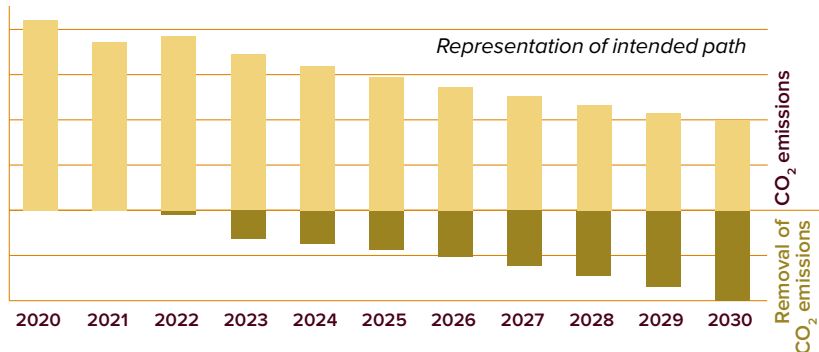
As of year-end 2022, we stood at a climate-neutral percentage of 26%. This means that we still have 74% to go to reach climate neutrality. However, the percentage of 26% also means a deterioration from 29% to 26% versus 2021. There are several reasons for this. For example, the growth in the number of units in the funds has contributed to an increase in total carbon emissions, while avoided carbon emissions declined due to a decrease in the size of the ASN Groenprojectenfonds.



Status of beyond net zero goal

The beyond net zero percentage over 2022 comes out at 3%. This figure shows the percentage of CO₂ sequestration of the ASN Biodiversiteitsfonds versus the carbon emissions of the ASN Beleggingsfondsen.

There have been major changes between the UCITS funds, as can be seen from the impact reports of the individual funds in this document. Total carbon emissions increased by over 3% between 2021 and 2022, while avoided carbon emissions decreased by more than 6%. CO₂ sequestration accounts for 3% of total emissions. The **Climate Action Plan** we published on our website at the end of 2022 explains what we need to do in the coming years to achieve our goal of beyond net zero.



The method for measuring the CO₂ impact of investments and loans is constantly evolving. The quality of the data used is improving all the time. As a result, the calculated CO₂ impact may be adjusted (with retroactive effect) in future should better data become available.

BIODIVERSITY

Biodiversity is under pressure. Disturbing news reports about the climate and loss of biodiversity again made headlines in 2022. This was particularly noticeable in the Netherlands because of the nitrogen emissions debate and more extreme weather. Our way of life means that we extract more resources from nature than nature is able to replenish.

ASN Impact Investors strives to do all it can to protect and improve biodiversity. We aim to have a net positive impact on biodiversity by 2030 via all the assets we have under our management. To accomplish this, we launched the ASN Biodiversiteitsfonds in 2021. This fund focuses on conserving and restoring biodiversity.

‘A diverse natural world can help absorb the harmful effects of climate change.’

Mariëtta Smid, Senior Manager Sustainability

Biodiversity is the variety of living organisms and diversity of relationships they have with one another in ecosystems. It is a source of wealth that can only partly be expressed in monetary terms. For many people, biodiversity has an intrinsic value that is in itself enough to legitimise its conservation. Through ecosystems, biodiversity provides services that have economic, aesthetic, religious and cultural values for humans, such as the production of oxygen, water purification, food, fuel, raw materials, medicines, protection and recreation.

A fragile balance exists between the various animal, plant and micro-organisms in the ecosystems that provide these services. This is why it is important to protect biodiversity. Protecting biodiversity and ecosystems is therefore not only desirable from a moral perspective but also necessary from an economic perspective. After all, many products and services rely heavily on biodiversity. We measure our impact on biodiversity within the context of our biodiversity goal. This is why we have developed a method for this together with consultants PRé Sustainability and CREM. This method gives us insight into the negative and positive impact of our investments and loans on biodiversity.



Our underlying objective is to preserve nature's life support systems. This will ensure that nature is still able to perform its basic functions, such as carbon sequestration, food production, energy generation and a stable climate. There are clear dependencies and influences between biodiversity and climate.



We use the **BFFI (Biodiversity Footprint for Financial Institutions) method** to measure the impact of investments on biodiversity. The BFFI method measures the biodiversity footprint in hectares per invested euro, based on life cycle assessments (LCAs). The LCAs calculate the environmental impact of products and services throughout their life cycles. This results in an expected negative or positive impact on biodiversity (in hectares) per invested euro per year ((ha/€)/yr).

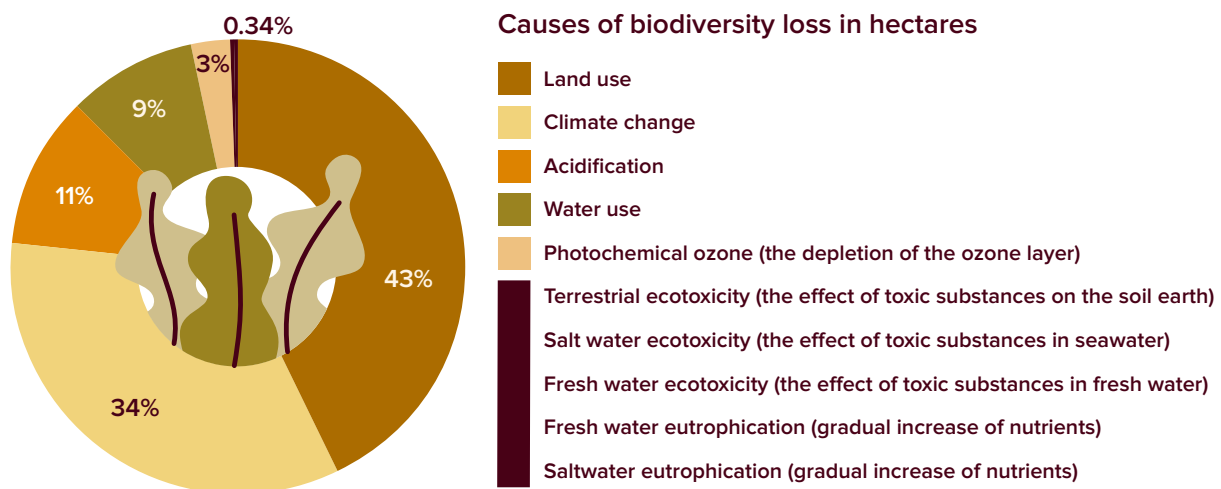
Biodiversity footprint in hectares lost per year



The negative impact on biodiversity was **31%** lower in 2022 than in 2021.

The data reported over 2019 and 2020 in the previous Impact Report were still based on CO₂ levels obtained from our former data provider (Trucost). These were later recalculated using the levels obtained from our new data provider MSCI. The new (recalculated) levels are 60,616 ha (2019) and 67,240 ha (2020).

Causes of the loss of biodiversity



HUMAN RIGHTS

Climate change and the loss of biodiversity also contribute to growing inequality. We include human rights criteria in all our investments and actively pursue a living wage in the clothing industry.

Living wage

The ASN Duurzaam Aandelenfonds and ASN Duurzaam Small & Midcapfonds invest in clothing companies. Anyone who invests in a company can exert influence on its policies and practices. The clothing companies in the ASN investment universe meet our sustainability criteria but unfortunately many malpractices still occur. Many relate to the payment of a living wage to the workers who make the clothes. This is why ASN Impact Investors has formulated a goal to pursue a living wage.





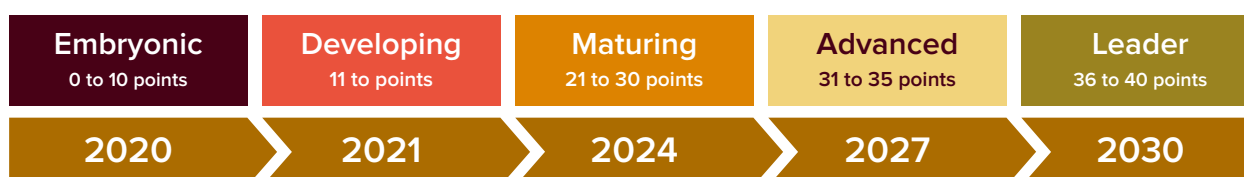
A living wage is what is known as an enabling right; it makes people more resilient, narrows the step to forming a trade union and helps the fight against child labour. It is for this reason that we participate in the **Platform Living Wage Financials (PLWF)**, which ASN established together with Triodos IM and MN. This platform now has nineteen members with combined invested assets of 6,500 billion euros.

We want clothing companies to become more aware of the structural underpayment of the workers who make the clothes. In addition, we want them to address this underpayment and work with other stakeholders, such as trade unions and governments, to find solutions. This is no simple task as it is not usually the clothing companies that pay the wages but the suppliers. These factories want to remain competitive in a competitive market; they offer prices that barely cover the costs and leave no room for paying a living wage.

Living wage goal 2030

By 2030, the clothing sector will have implemented all the requisite processes for paying the workers in its value chain a living wage.

We have developed the method for measuring a living wage based on the PLWF. This method is aligned with the United Nations Guiding Principles for Business and Human Rights and corresponding Reporting Framework. We use this method to assess practices as well. We answered eight questions for each company, such as: to what extent is the company's living wage policy incorporated into its business operations, what is the policy's impact on the textile workers and how transparent is the company about this? The answers to these questions led to us dividing the companies into five categories:

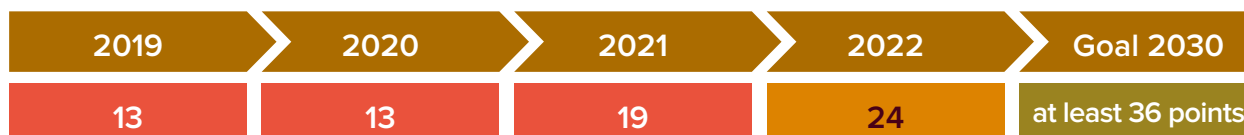


Our ambition is for all the companies in our investment universe to score at least 36 points by 2030.

The portfolio's living wage score is reviewed each quarter. The score given below is the average over the four quarters. The process of arriving at these scores has been amended and enhanced over the years. This means that the data over 2022 cannot be directly compared to those over 2019.

Living wage score 2022

In 2022, the average living wage score for clothing brands in the investment universe improved versus the base year of 2019 (measured using the Platform Living Wage Financials (PLWF) method).



Main conclusions from the assessment in 2022

- Hennes & Mauritz and Puma are the only two companies in the Advanced category;
- Most companies, ten in total, are in the Maturing category;
- Puma, Coats Group and Kontoor displayed the biggest improvement in 2022. Kontoor was the only company still in the Embryonic category in 2021. We conducted more intensive engagement with Kontoor. The company was receptive to this and indicated its firm intention to pursue a living wage. It made substantial progress in 2022 and has therefore moved into the developing category;
- None of the companies were downgraded in 2022.

International auditor Mazars provides annual independent assurance in which it establishes whether we have applied the method correctly. This assurance was again issued in 2022.





In its 2021 sustainability report, Coats reported that it had completed implementation of its living wage programme and that all the production locations now comply in full. Although the company now complies with the programme at all its production locations, it has not yet reached the Advanced category. There are a couple of reasons for this: the living wage still needs to be expanded to include the supply chain (e.g. cotton growers) and ties with trade unions could be strengthened further. The latter is extremely important because the payment of a living wage is an ongoing process. This will help to increase transparency.

The outcome of the annual assessment also appeared in the [Living Wage Report 2022](#), published in October 2022. The research results form a sound basis for in-depth discussions, including on the companies' ambitions for the future. In light of the report and the individual assessments on each company, we talked to eight clothing companies in our investment universe in 2022. We will contact the remaining companies in 2023.

Living wage assessment based on the PLWF



ACTIVE SHARE OWNERSHIP

Through active share ownership in the form of engagement processes and voting at shareholder meetings we encourage listed companies to make their policies and activities more sustainable and more transparent and to clarify any malpractices. We use both tools to achieve our goals.

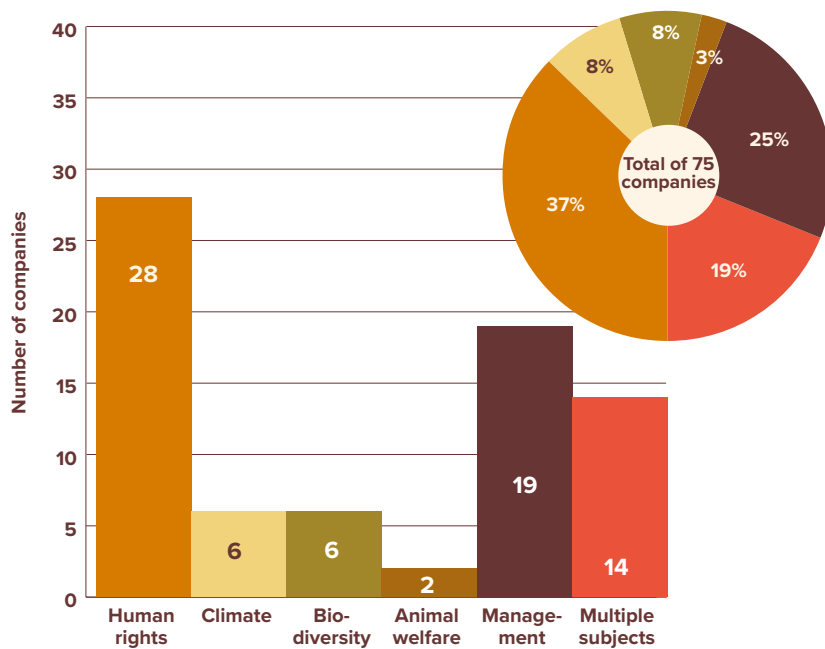
ENGAGEMENT

We conduct dialogue with companies and institutions to make them more aware of their performance on sustainability and to urge them to improve it. The decision to turn to engagement is taken when an investment no longer meets our sustainability criteria or when malpractices are detected. As described above, we have also used engagement to motivate the clothing brands in the portfolio and help them improve their living wage scores.

We conduct strategic engagement with approved companies in a sector if we have established that there are significant problems in that sector. The aim is to effect positive change in the sector and at the relevant companies.

In 2022, we entered into dialogue with 75 companies in the investment universe. This included six companies in the pharmaceutical sector.





19% The percentage of all companies in our investment universe with which we engaged in 2022



ENGAGEMENT WITH THE PHARMACEUTICAL SECTOR

Pharmaceutical companies produce medicines and are consequently indispensable to people's health and well-being. We therefore like to see this sector represented in the ASN investment universe. Many pharmaceutical companies have sustainability policies that meet our sustainability criteria. Unfortunately, we have also identified structural malpractices at these companies. The sector is so important that we continue to invest in it but feel it is necessary to address these malpractices.

ASN Impact Investors commissioned Sustainalytics to investigate the 15 largest pharmaceutical companies in the world. This investigation found that these companies do not adequately monitor or are not sufficiently transparent about the research and development, production, marketing and sales of medicines. Most companies have policies in place but do too little to enforce them. This is why we have engaged intensively with the pharmaceutical companies in our investment universe since 2015. In 2022 these companies were: Astellas Pharma, AstraZeneca, GlaxoSmithKline, Novo Nordisk, Merck KGaA and Orion.

As in previous years, we worked together with Sustainalytics to create a scorecard for measuring progress at these six companies. We shared our scorecards with the companies and also published them.



ENGAGEMENT ON BIODIVERSITY AND CLIMATE

Climate change is becoming increasingly visible and having a huge impact on biodiversity. Biodiversity and climate change are closely linked to one another. This is our motivation for approaching all the companies in our investment universe on this topic. We have notified all the companies in our investment universe for which contact details are available of the importance and urgency of biodiversity and counteracting climate change, as well as how much humans depend on biodiversity. In 2023, we will initiate an intensive engagement process with a select group of companies from our portfolios that have a large negative impact.

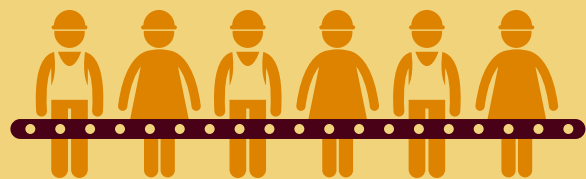


ENGAGEMENT ON THE USE OF UYGHUR FORCED LABOUR IN THE PRODUCTION OF SOLAR PANELS

Since 2021, disturbing reports have regularly appeared in the media about serious human rights violations in the Chinese province of Xinjiang. There are strong indications that the Chinese authorities are forcing Uyghurs to work in factories, generally in the production of solar panels, clothing and electronics.

From the moment these reports first appeared, we started investigating all the companies in our investment universe that manufacture solar panels for involvement in the use of Uyghur forced labour. We also approached the companies to discuss the issue. We found no indications that any of the companies are directly involved in the use of Uyghur forced labour. On top of this, we entered into dialogue with companies in the clothing and electronics sectors.

In 2022 this resulted in the removal of Samsung Electro-Mechanics from the investment universe. In 2021 we inventoried those solar panel manufacturers we potentially do business with by financing solar parks in the ASN Groenprojectenfonds. This process was continued in 2022 and yielded some new suppliers of solar panels. We engaged with these companies and received adequate reassurances that they are not directly involved in Uyghur forced labour and that they would in turn talk to their suppliers. We hope to help bring an end to this malpractice by raising this issue with the companies.



VOTING

The ASN investment funds are entitled to vote at the shareholder meetings of the companies in which they invest. We use these voting rights to encourage companies to adopt more sustainable policies and practices. By voting, we can influence the policies and management of these companies on behalf of the funds. Our mission and sustainability criteria define how we exercise these voting rights.

The basic principles are laid down in ASN Impact Investors' [sustainable voting policy](#).



In the reporting period we voted at **203** shareholder meetings of **182** companies across the globe.

2,936

We voted on **2,936** proposals. We voted in favour of **2,685** motions, against **247** motions and abstained on **4** votes.



All our votes were exercised remotely in 2022 by means of **proxy voting**.

23

In 2022, we shared our voting recommendations with **23** companies in advance of their General Meeting of Shareholders.



We receive **voting reports** every quarter and **audit reports** every year.

The principles underpinning how we vote are explained in our sustainable voting policy on the [Sustainable Choices](#) page of our website.



Some companies hold several shareholder meetings a year and as a result the number of meetings attended is higher than the number of companies.

1

We usually voted against the remuneration for board members.

We believe it is important that companies not only judge their board members against financial criteria but also against sustainability criteria. By voting against remuneration proposals without sustainability criteria we exert pressure on the companies to revise their remuneration packages. In doing so we encourage sustainable behaviour.

2

Board appointments occupied second place.

We voted against appointments that failed to safeguard the board's diversity and independence adequately. This mostly involved European and Asian companies.

3

Voting against motions to raise capital was in third place.

For example, we voted against new share issues where these would have a negative impact on the interests of employees, consumers or communities.

More information on the voting behaviour of the ASN investment funds at shareholder meetings can be found on www.asnimpactinvestors.com. We publish a new voting report here each quarter.



Milan Schut

‘We can look ahead now: will a company achieve its climate goals?’

A climate-positive investment portfolio calls for innovative management. This is why ASN Impact Investors has applied the Implied Temperature Rise (ITR) method since 2022: this provides insight into the progress companies are making on achieving the Paris climate goals. Fund manager Marcel Blom and analyst Milan Schut explain how this works.

How important is the Paris Agreement to ASN Impact Investors?

Marcel Blom: ‘We want all our equity funds to be ‘*Paris-aligned*’, by which we mean that they actively need to contribute to the goals from the Paris Agreement. In 2015, governments agreed that the increase in temperatures caused by greenhouse gas-related global warming needed to stay well below 2 degrees Celsius this century. Every company has to do its bit to contribute to that ambition, and that certainly applies to the companies in the ASN Impact Investors portfolio.’

How does the ITR help you on this?

Milan Schut: ‘We manage our investments in accordance with that global goal, but the question is: how do you translate that into an equity portfolio and ultimately into the policy of an individual company? We already gather as much as possible of the data that companies provide on their carbon emissions in their sustainability and annual reports. These are then combined with external data sources, and since last year there’s a new, innovative method that helps us to steer towards the Paris goals: the Implied Temperature Rise (ITR). This is a tool developed by financial data provider MSCI, familiar from its investment indices, to do the calculations. It’s a genuine first and recently led to MSCI winning the Most Innovative ESG Product category at the ESG Investing Awards 2023.’

How is the ITR calculated?

Schut: ‘The ITR looks at the total amount of CO₂ we can still emit in the period up to 2100 if we are to restrict the rise in temperatures to 2 degrees: the carbon budget. This global budget is then divided over the 10,000 listed companies that MSCI monitors, including taking into account the emissions from their sectors. Next you can zoom in to company level: what are the company’s emissions at the moment and to what extent is the board’s climate policy helping to reduce these?’



‘This budget can be translated into a contribution to a global increase in temperatures: the Implied Temperature Rise. If a company is doing well on this, the ITR will be 2 degrees at most in 2100 and preferably much lower of course. Our interim goal is a maximum temperature rise of 1.5 degrees in 2050. If the company fails to reduce emissions in line with that goal, it will exceed - or overshoot - the carbon budget. For a company that, for instance, has no plans to reduce emissions, MSCI extrapolates these emissions to the future, based on the expected revenue growth. MSCI will then calculate an ITR of say 8 degrees for a company that scores extremely poorly.’

And does this temperature rise provide a tool for fund managers?

Blom: ‘Its scientific basis is the projections of the IPCC, the UN climate panel, which are then transposed at company level according to the best insights. The appeal of this new instrument is that it works very intuitively.

It’s expressed in the temperature rise in degrees per company. So it’s very similar to the way the Paris Agreement has formulated the goals. You immediately get a sense of a company’s performance on something fundamental that we and the whole world are striving for: counteracting global warming. Not only are the company’s own emissions and those of its suppliers included in the calculation, but also the emissions from use of its products, the scope 3 emissions, which we examine already anyway.’

‘The biggest listed companies are increasingly thorough in providing data and stating policy intentions for their emissions. However, it isn’t yet mandatory to report scope 3 emissions. As a result, analysts often have to estimate these based on average emissions in the sector in which companies operate. Overall, the ITR is now available for 95 percent of listed companies, including small and mid caps. And this certainly applies to all the companies that make up our sustainable investment universe.’

Marcel Blom

Does this make it the perfect measurement method?

Blom: ‘We would like to see the timeline shortened to 2030, because the urgency is greater than a timeline of up to 2100. The provision of comprehensive data remains a sensitive issue as well. The calculated temperature rise is of course not set in stone, and the same goes for the plans and predictions of company board members. Companies’ intentions are all very well but the main thing is implementation. The ITR continues to evolve but can already act as a guide. It measures all the companies against the same bar.’ Schut: ‘MSCI updates the scores whenever new data become available. Each month I establish the ITR of our portfolios, and the idea is for us soon to be able to monitor how a company performs over time via a dashboard. If the ITR suddenly increases sharply, for example, we will really need to start asking questions.’

Blom: ‘Till now we’ve always used the instruments available to us for measuring mainly past performance on climate, biodiversity and human rights. Among other tools we apply the Impact Factor to our portfolio, and we’re a member of the PCAF, the initiative that promotes the reporting of emissions data. Yet this also gives more of an idea of the status quo.’



Has the ITR already led to adjustments to the portfolio?

Blom: 'As fund managers we're exploring the options the ITR gives us. How can we use it? First of all, the potential contribution to global warming is a good reason for initiating engagement with those companies that are clearly lagging behind. The ITR mainly outlines the path to the future. If a company has no climate plan, we will vote against the remuneration policy for its board anyway. Yet now we can also better assess the effectiveness of a company's climate policy and include this in our engagement process. It's therefore logical that we start by focusing on those companies that overshoot 2 degrees by a significant margin.'

'If a company has no climate plan, we will vote against the remuneration policy for its board anyway. Yet now we can also better assess the effectiveness of a company's climate policy and include this in our engagement process.'

But does it also work as a kind of red card?

Schut: 'We'd eventually like to use it to rebalance the portfolio or even remove specific companies that score poorly from our sustainable investment universe. But for that to happen it would need to be a company that's unable to furnish a credible climate plan and overshoots the temperature rise of 2 degrees year after year.'

Blom: 'We continue to be cautious about this as the ITR still requires some fine-tuning. But we're quite used to that in the steps we take in sustainable investment: if you want to lead the way in this respect, you can't wait for others to develop innovations fully.'

Marcel Blom, Fund Manager SRI Funds
Milan Schut, Analyst SRI Funds

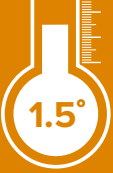


ASN Duurzaam Aandelenfonds

The ASN Duurzaam Aandelenfonds invests in the shares of listed companies across the globe that have sound financial prospects and are committed to promoting a sustainable society.

SUSTAINABLE INVESTMENT OBJECTIVES:

The goal of ASN Impact Investors is to create a sustainable and fair society. The ASN Duurzaam Aandelenfonds contributes to this goal via the following three sustainable investment objectives:

- 
1. To reduce carbon emissions each year in line with the Paris Agreement (expressed in the fund's contribution to restricting the rise in global temperatures in 2050 to a maximum of 1.5 degrees Celsius)
- 
2. To reduce the negative impact on biodiversity per invested euro (versus the base year of 2019)
- 
3. To promote a living wage for factory workers in the clothing industry chain (versus the base year of 2019)

The ASN Duurzaam Aandelenfonds is an article 9 product under the SFDR. An article 9 product is an investment product that focuses specifically on one or more sustainability goals.

EQUITY SELECTION

The investment process starts with selecting equities of listed companies from around the world that meet our strict sustainability criteria. The companies in the portfolio are reviewed at least once every four years.



Screening and selection of companies in 2022

Number of companies screened	52
Number of companies admitted following screening	6
Number of companies retained following screening	32
Number of companies not admitted following screening	7
Number of companies removed from the investment universe	10
Number of companies removed from the investment universe for reasons not linked to sustainability	3
Total number of companies in the investment universe	238



Admitted:

One of the companies we admitted during the reporting period is Swedish company Oatly. The company operates in the food sector and sells products such as oatmilk, oat-based yoghurt and ice cream. It aims to operate in total harmony with nature by 2029. This company is an excellent match for ASN Impact Investors.

Removed:

SUNPOWER®

One of the companies we rejected and removed is SunPower. Among other things, this company manufactures solar panels. A subsidiary of SunPower has cut down a forest to develop a solar park and failed to consult the local population properly. We therefore rejected and removed the company.



NEWLY ADMITTED

Abcam Plc
Beiersdorf
Oatly

Plug Power
Softcat Plc
SoftwareONE Holding AG



RETAINED

ASSA ABLOY B
Astellas Pharma
AstraZeneca
Beijing Enterprises Water Group
Campbell Soup Co
Castellum
Chunghwa Telecom Co.
Clicks group
Electrolux Professional
ELISA

Evoqua Water Technologies
Getlink S
GlaxoSmithKline
Haleon
Hella KGAA Hueck & Co.
Interface
Kontoor Brands Inc.
MERCK KGaA
MillerKnoll
New York Times
Nordex
Novo Nordisk

Rogers Communication
Rohm Co.
Taiwan Semiconductor
Manufacturing Company
Taylor Wimpey
Tokyo Electron
Vanguard International
Semiconductor Corporation
Wickes Group
Wistron
Xinyi Solar
Yaskawa Electric Corp



REMOVED

Adecco
BIC
Ceconomy
EssilorLuxottica
Nielsen Holdings

Philips Electronics (KON.)
Stagecoach Group
SunPower
TechnoPro Holdings, Inc.
Xinjiang Goldwind SCI&Tech

Three companies were removed from the investment universe for reasons not linked to sustainability: Ceconomy, Nielsen Holdings and Stagecoach Group.



CLIMATE

To determine the impact on the climate over the past reporting period, we examine the carbon emissions and avoided carbon emissions of the companies in which the fund invests.

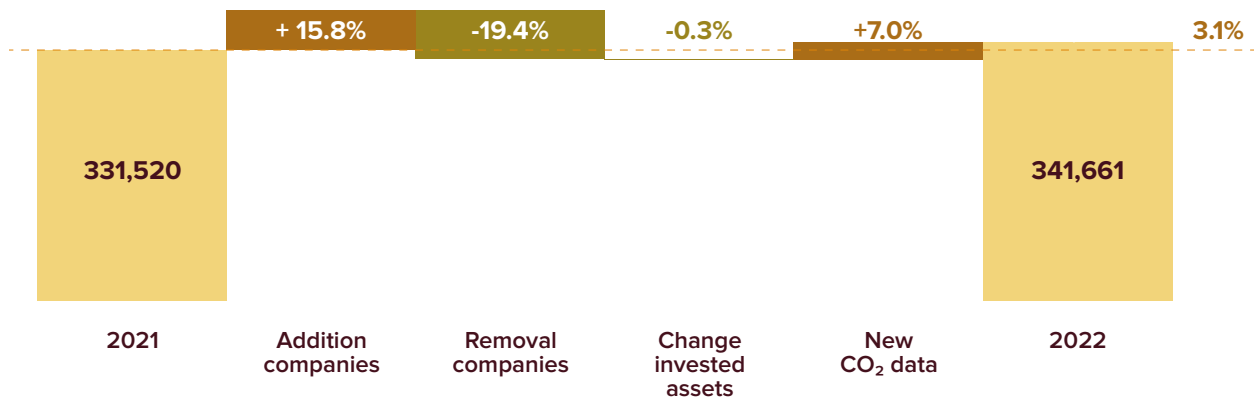
Since 2022, for working towards the Paris Agreement climate goals we now also look at the implied future increase in global temperatures using the MSCI Implied Temperature Rise (ITR) method.

Carbon emissions in tons

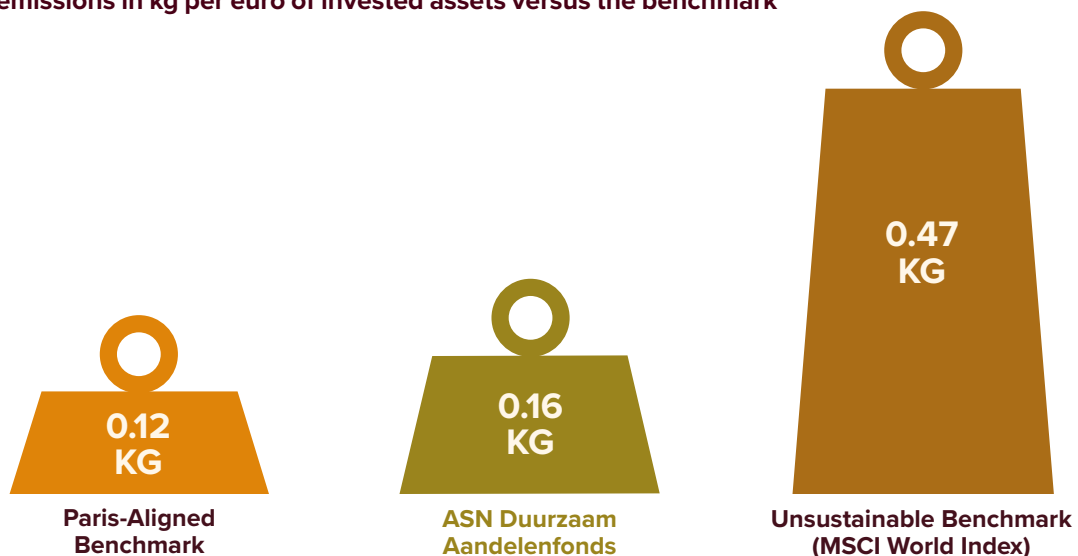
Carbon emissions ASN Duurzaam Aandelenfonds	2021	2022	Difference
Scopes 1 and 2	19,415	22,514	16%
Scope 3	312,106	319,147	2.3%
Total scopes 1, 2 and 3	331,520	341,661	3.1%

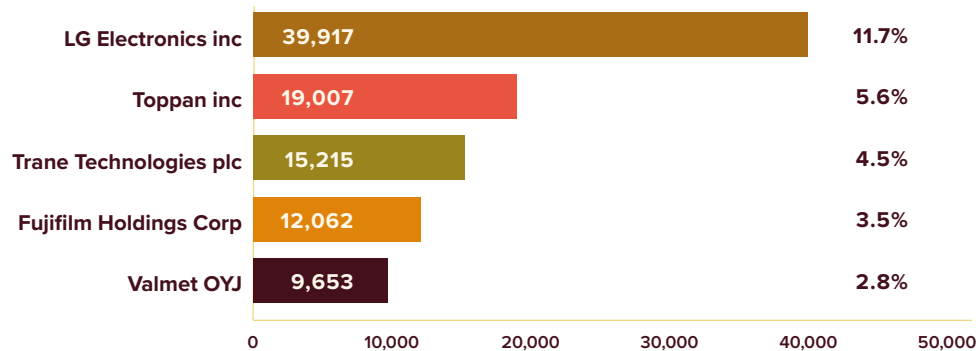
Causes of higher carbon emissions

Changes to the assets invested in the fund and changes within the portfolio both contributed to a reduction in carbon emissions. The increase in carbon emissions was caused by new CO₂ data.



Carbon emissions in kg per euro of invested assets versus the benchmark



Top-5 companies in the portfolio with the highest carbon emissions (scopes 1, 2 and 3)

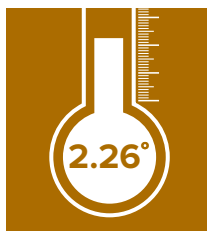
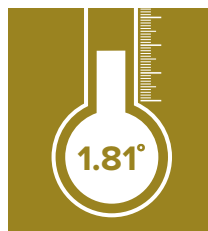
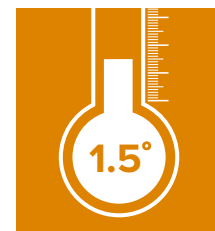
The **5** companies with the highest carbon emissions in the portfolio are together responsible for **28.1%** of the fund's total carbon emissions.

Implied Temperature Rise of the fund versus the MSCI World Index

The method for measuring the CO₂ impact of investments and loans is constantly evolving. The quality of the data used is improving all the time. As a result, the calculated CO₂ impact may be adjusted (with retroactive effect) in future should better data become available.

The MSCI ITR method is a new forward-looking metric, expressed in degrees Celsius, designed for working towards Paris-aligned goals.

The fund's Implied Temperature Rise was 1.81 degrees Celsius in 2022.

**MSCI World Index****ASN Duurzaam Aandelenfonds****2050 goal**

The MSCI ITR method was available for 100% of the fund's investments for the 2022 reporting period. For the general market index, the MSCI ITR method was available for 99.40% of the investments.

The fund's objective is to restrict this temperature rise to a maximum of 1.5 degrees in 2050. As we mentioned above, this goal has not yet been achieved but the fund is outperforming the general market index. It is the first time that we have been able to establish this ITR. We view this as a zero measurement.



BIODIVERSITY

Biodiversity is taken to mean: the variety of living organisms and diversity of relationships they have with one another in ecosystems.

We use the **BFFI (Biodiversity Footprint for Financial Institutions) method** to measure the impact on biodiversity. The BFFI method measures the biodiversity footprint in hectares per invested euro, based on life cycle assessments (LCAs). The LCAs calculate the environmental impact of products and services throughout their life cycles. This results in an expected negative or positive impact on biodiversity (in hectares) per invested euro per year ((ha/€)/yr).



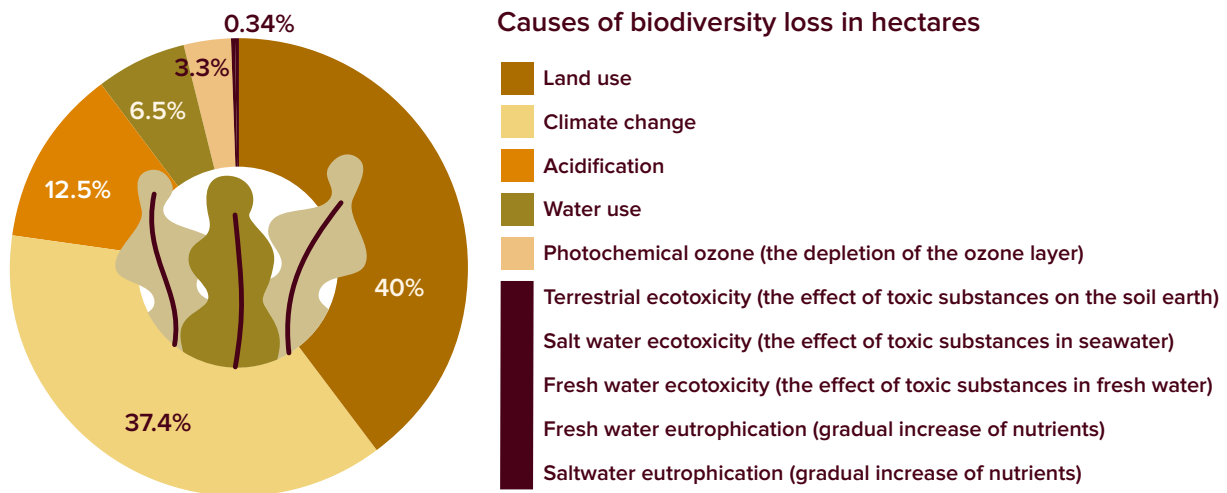
The negative impact on biodiversity per invested euro was **28%** lower in 2022 than in the base year of 2019. The decrease over 2022 was **11.6%**.

Biodiversity footprint in hectares lost per year



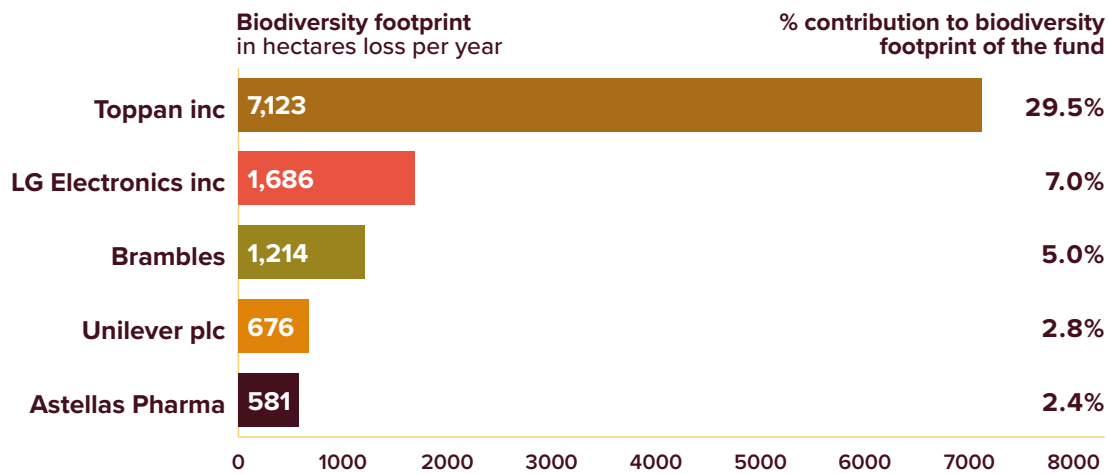
The total footprint for the assets invested in the ASN Duurzaam Aandelenfonds is **29%** lower compared to the preceding year.

The data reported over 2019 and 2020 in the previous Impact Report were based on CO₂ levels obtained from our former data provider (Trucost). We have used CO₂ levels from data provider MSCI since 2021.



The **5** companies with the biggest biodiversity footprint are together responsible for **47%** of the total footprint.

The 5 companies in the portfolio with the biggest biodiversity footprint



The method for measuring the biodiversity impact of investments is still under development. The quality of the data used will gradually improve. As a result, the calculated impact may be adjusted in future should better data become available.



HUMAN RIGHTS

Climate change and the loss of biodiversity also contribute to growing inequality. We include human rights criteria in all our investments and actively pursue a living wage in the clothing industry.

Living wage

The ASN Duurzaam Aandelenfonds also invests in clothing companies. Anyone who invests in a company can exert influence on its policies and practices. The clothing companies in the investment universe meet our sustainability criteria but unfortunately many malpractices still occur. Many relate to the payment of a living wage to the workers who make the clothes. This is why the fund has set a living wage goal.

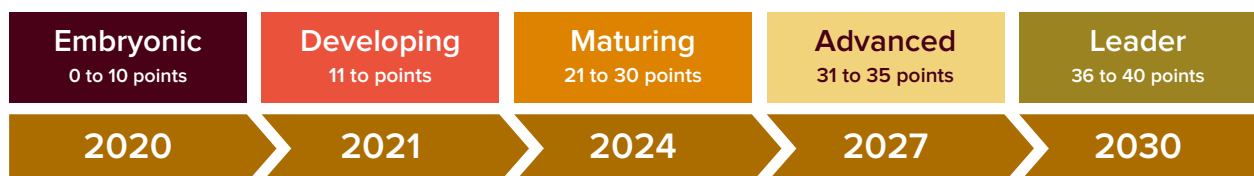


A living wage is what is known as an enabling right; it makes people more resilient, narrows the step to forming a trade union and helps the fight against child labour. It is for this reason that we participate in the Platform Living Wage Financials (PLWF), which ASN established together with Triodos IM and MN. This platform now has nineteen members with combined invested assets of 6,500 billion euros. We want clothing companies to become more aware of the structural underpayment of the workers who make the clothes. In addition, we want them to address this underpayment and work with other stakeholders, such as trade unions and governments, to find solutions. This is no simple task as it is not usually the clothing companies that pay the wages but the suppliers. These factories want to remain competitive in a competitive market; they offer prices that barely cover the costs and leave no room for paying a living wage.

Living wage goal 2030

By 2030, the clothing sector will have implemented all the requisite processes for paying the workers in its value chain a living wage.

We have developed the method for measuring a living wage based on the PLWF. This method is aligned with the United Nations Guiding Principles for Business and Human Rights and corresponding Reporting Framework. We use this method to assess practices as well. We answered eight questions for each company, such as: to what extent is the company's living wage policy incorporated into its business operations, what is the policy's impact on the textile workers and how transparent is the company about this? The answers to these questions led to us dividing the companies into five categories:



Our ambition is for all the companies in our investment universe score at least 36 points by 2030.

The portfolio's living wage score is reviewed each quarter. The score given below is the average over the four quarters. The process of arriving at these scores has been amended and enhanced over the years. This means that the data over 2022 cannot be directly compared to those over 2019.



Living wage score 2022

In 2022, the average living wage score for clothing brands in the fund portfolio's investment universe improved versus the base year of 2019 (measured using the Platform Living Wage Financials (PLWF) method).

2019	2020	2021	2022	Goal 2030
13	13	19	24	at least 36 points

Main conclusions from the assessment in 2022

- Hennes & Mauritz and Puma are the only two companies in the Advanced category;
- Most companies, ten in total, are in the Maturing category;
- Puma, Coats Group and Kontoor displayed the biggest improvement in 2022. Kontoor was the only company still in the Embryonic category in 2021. We conducted more intensive engagement with Kontoor. The company was receptive to this and indicated its firm intention to pursue a living wage. It made substantial progress in 2022 and has therefore moved into the developing category;
- None of the companies were downgraded in 2022.

International auditor Mazars provides annual independent assurance in which it establishes whether we have applied the method correctly. This assurance was again issued in 2022.

The outcome of the annual assessment also appeared in the [Living Wage Report 2022](#), published in October 2022. The research results form a sound basis for in-depth discussions, including on the companies' ambitions for the future. In light of the report and the individual assessments on each company, we talked to eight clothing companies in our investment universe in 2022. We will contact the remaining companies in 2023.

Living wage assessment based on the PLWF

We conduct engagement with the companies as a member of the Platform Living Wage Financials (PLWF), which ASN Bank established together with Triodos IM and MN. This platform now has nineteen members with combined invested assets of 6,500 billion euros.



ACTIVE SHARE OWNERSHIP

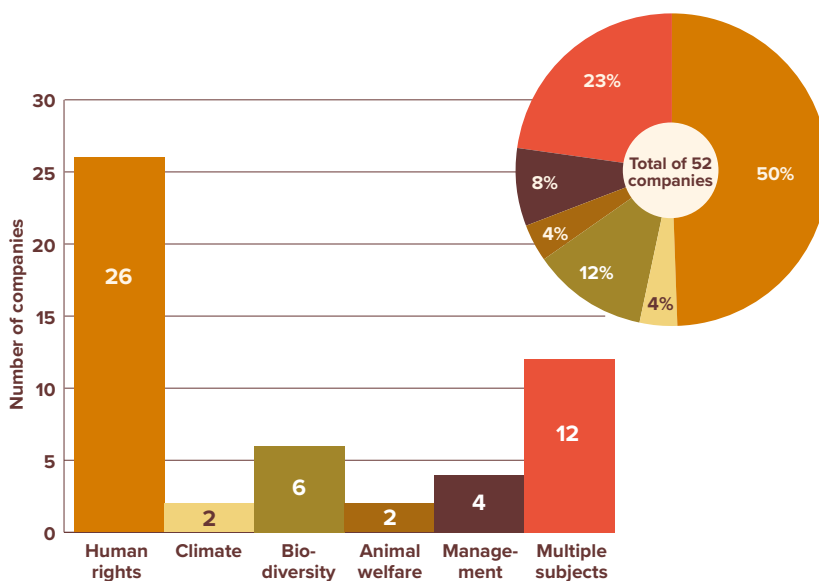
Through active share ownership in the form of engagement processes and voting at shareholder meetings we encourage listed companies to make their policies and activities more sustainable and more transparent and to clarify any malpractices. We use both tools to achieve our goals.

Engagement

We conduct dialogue with companies and institutions to make them more aware of their performance on sustainability and to urge them to improve it.

The decision to turn to engagement is taken when an investment no longer meets our sustainability criteria or when malpractices are detected. As described above, we have also used engagement to help the clothing brands in the portfolio improve their living wage scores.

Topics on which we engaged with companies in the ASN Duurzaam Aandelenfonds investment universe in 2022:



22% The percentage of all companies in our investment universe with which we engaged in 2022

In 2022, we entered into dialogue with 52 companies in the investment universe.

- This included five companies in the pharmaceutical sector;
- In the context of our living wage goal, we engaged with seven clothing companies;
- A further 39 companies, including clothing companies, were approached for other reasons, for example:



BIC - In 2022 we initiated an engagement process with French company BIC, which manufactures products such as pens, razors and lighters. We discovered that the company uses animal testing. Contact with the company revealed that its animal testing policy fails to meet our standards. Further engagement proved unsuccessful. We therefore rejected and removed BIC from our investment universe.

Xinyi Solar - Xinyi Solar has inadequate policies on trade union rights, the value chain and land use. ASN Impact Investors has contacted the company to discuss these topics. The engagement process is ongoing.



Nordex - The construction of a wind farm in Sweden has received a lot of negative press. There were allegations that environmental laws were being breached and contractors not being paid.

ASN Impact Investors contacted Nordex about these allegations. The company provided adequate answers to our questions and has therefore been retained in the investment universe.



ENGAGEMENT ON BIODIVERSITY

Climate change is becoming increasingly visible and having a huge impact on biodiversity. Biodiversity and climate change are closely linked to one another. This is our motivation for approaching all the companies in our investment universe on this topic. We have notified all the companies in our investment universe for which contact details are available of the importance and urgency of biodiversity and counteracting climate change, as well as how much humans depend on biodiversity. In 2023, we will initiate an intensive engagement process with a select group of companies from our portfolios that have a large negative impact.

VOTING

ASN Impact Investors exercised its voting rights at the shareholder meetings of the companies in which the fund invests. We use these rights to encourage companies to pursue more sustainable policies and practices. The basic principles are laid down in ASN Impact Investors' sustainable voting policy.

1

We usually voted against the remuneration for board members.

We believe it is important that companies not only judge their board members against financial criteria but also against sustainability criteria. By voting against remuneration proposals without sustainability criteria we exert pressure on the companies to revise their remuneration packages. In doing so we encourage sustainable behaviour.

2

Board appointments occupied second place.

We voted against appointments that failed to safeguard the board's diversity and independence adequately. This mostly involved European and Asian companies.

3

Voting against motions to raise capital was in third place.

For example, we voted against new share issues where these would have a negative impact on the interests of employees, consumers or communities.



ASN Impact Investors voted against the nomination of Mr Wang Yan as a Supervisor Candidate at Xinjiang Goldwind Science & Technology. ASN Impact Investors did not view Mr Wang Yan as independent as he is also the director of a business unit. In

addition, ASN Impact Investors asked the company to develop policy promoting trade union rights and to combat forced labour. The company replied that it prohibits all forms of forced labour. Unfortunately, in doing so it refers to Chinese law. Partly in response to this answer ASN Impact Investors decided in April 2022 to remove the company from the investment universe.

We voted against the appointments of Andrew J. Duff and Derek Harding. We did not consider the company to have a balanced ratio of men and women on its board. If more than 60% of the board members are of the same gender, then ASN Impact Investors will vote against new nominees of that gender. ASN Impact Investors believes it is important to ensure a good gender balance. Research has shown that this benefits business operations, both in terms of sustainability and financial return. At the same time, ASN Impact Investors asked the company to develop and implement policies on privacy and non-discrimination.

More information on the voting behaviour of the ASN investment funds at shareholder meetings can be found on www.asnimpactinvestors.com. We publish a new voting report here each quarter.



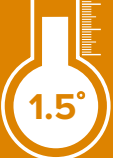
ASN Milieu & Waterfonds

The ASN Milieu & Waterfonds is a thematic fund. It invests in a globally-diversified portfolio of the equities of listed companies that make a (growing) contribution to the development, production and sale of technologies and systems that help solve environmental problems.

The fund's investment policy focuses on technologies and solutions in: water infrastructure and technology, renewable energy and sustainable mobility, the circular economy and food and agriculture.

SUSTAINABLE INVESTMENT OBJECTIVES:

The goal of ASN Impact Investors is to create a sustainable and fair society. Het ASN Milieu & Waterfonds contributes to this goal via the following two sustainable investment goals:



1. To reduce carbon emissions each year in line with the Paris Agreement (expressed in the fund's contribution to restricting the rise in global temperatures in 2050 to a maximum of 1.5 degrees Celsius)



2. To reduce the negative impact on biodiversity per invested euro (versus the base year of 2019)

The ASN Milieu & Waterfonds is an article 9 product under the SFDR. An article 9 product is an investment product that focuses specifically on one or more sustainability goals.

COMPANY SELECTION

The investment process starts with selecting equities of listed companies from around the world that meet our strict sustainability criteria. The companies in the portfolio are reviewed at least once every four years.



Screening and selection of companies in 2022

Number of companies screened	39
Number of companies admitted following screening	9
Number of companies retained following screening	16
Number of companies not admitted following screening	8
Number of companies removed from the investment universe	6
Number of companies removed from the investment universe for reasons not linked to sustainability	3
Total number of companies in the investment universe	125

Kapsch TrafficCom, Ozner Water International, SIIC Environment Holdings, Stagecoach Group, VA-Q-Tec, Veeco Instruments and Welbelt were removed on grounds unrelated to the sustainability assessment.



Admitted:



In 2022 we admitted Alfen to the investment universe. This company was founded back in 1937 but has recently enjoyed great success thanks to its manufacture of charging stations. In addition to chargers for vehicles, it now has a broader portfolio of products that will shape the electricity grid of the future. These include smart grid applications such as batteries for local storage of power and smart switch boxes that better align supply and demand.

Admitted:

During the reporting period we also admitted US company Zurn Water Solutions. This company provides solutions and products for safeguarding the safety and quality of water at business premises: a wonderful addition to our investment universe.

Removed:



We have rejected and removed SunPower. The company cut down a forest in order to build a solar park (one million solar panels) on the Yucatan peninsula. Representatives from the local Maya community appealed to the lawcourts but were unfortunately unable to save the forest. We asked SunPower for an explanation. Sadly, the company failed to even respond to our questions. Cutting down a forest to construct a solar park is unacceptable to us. This was the reason for rejecting and removing the company from the investment universe.



NEWLY ADMITTED

Alfen N.V.
Befesa
Cintas
Core & Main
Ming Yuan Cloud Group Holdings

Oatly
Plug Power
WillScot Mobile Mini
Zurn Water Solutions Corporation



RETAINED

Beijing Enterprises Water Group
China Shuifa Singyes Energy Holdings
Corbion
Evoqua Water Technologies
Ichor Holdings
Nordex
Ormat Technologies
Pentair

SIMS
Smith (A.O.) Corp
Taiwan Semiconductor Manufacturing Company
Thai Tap Water Supply
Tokyo Electron
Tomra Systems
Xinyi Solar
Yaskawa Electric Cor



REMOVED

Fluidra
Philips Electronics (Kon.)
Samsung Electro-Mechanics Co.

SunPower
Xinjiang Goldwind SCI&Tech
Zhuzhou CRRC Times Electric Co

CLIMATE

To determine the impact on the climate over the past reporting period, we examine the carbon emissions and avoided carbon emissions of our investments.

Since 2022, for working towards the Paris Agreement climate goals we now also look at the implied future increase in global temperatures using the MSCI Implied Temperature Rise (ITR) method.

The companies in the ASN Milieu & Waterfonds make a significant contribution to increasing the sustainability of our society but generate relatively high carbon emissions. This is partly due to the decision to invest in companies that manufacture wind turbines, process waste or produce more sustainable packaging materials. Our method calculates the carbon emissions of the activities. The contribution of products and services during their useful life is not included in the calculation.

Carbon emissions in tons

Carbon emissions ASN Milieu & Waterfonds	2021	2022	Difference
Scopes 1 and 2	57,325	45,801	-20.1%
Scope 3	204,853	203,607	-0.6%
Total scopes 1, 2 and 3	262,178	249,409	-4.9%

Changes to the composition of the investment portfolio

- The removal of Itron made an enormous contribution to the reduction in emissions of the ASN Milieu & Waterfonds, namely by over 4,100 tons;
- The slimmed-down positions in DS Smith and Sonoco Products led to a decrease in emissions of 15,623 and 5,227 tons respectively;
- The acquisition of interests in Befesa, Zurn Elkay Water Solutions and SIG Group was responsible for an increase in carbon emissions of more than 8,000 tons.

Changes to CO₂ data

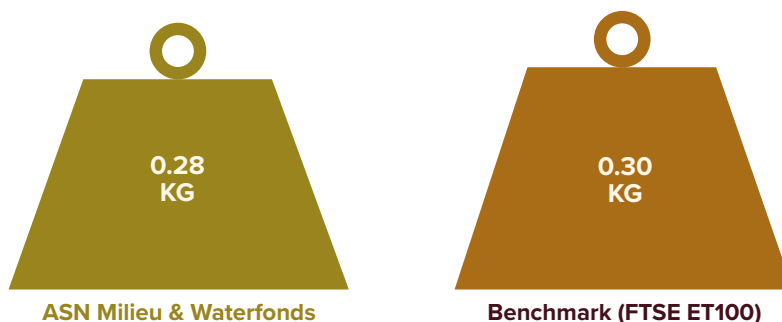
CO₂ data are improving all the time. More and more businesses are reporting on their carbon emissions. The models used by data providers are also getting better. This means that the data input we use to calculate the carbon emissions of our funds is also changing.

- The carbon emissions of Lenzing, Corbion and Advanced Drainage Systems increased in 2022. Together they were responsible for an increase in carbon emissions of nearly 22,000 tons;
- On the other hand, the carbon emissions of Sterecycle in particular have come down by almost 5,500 tons.

Changes to the size of the fund

The total number of outstanding shares increased by 0.4% in 2022, while total carbon emissions fell by nearly 5%. This means that the absolute carbon emissions have decreased more sharply per ASN Milieu & Waterfonds share.

Carbon emissions in kg per euro of invested assets versus the benchmark



Implied Temperature Rise of the fund

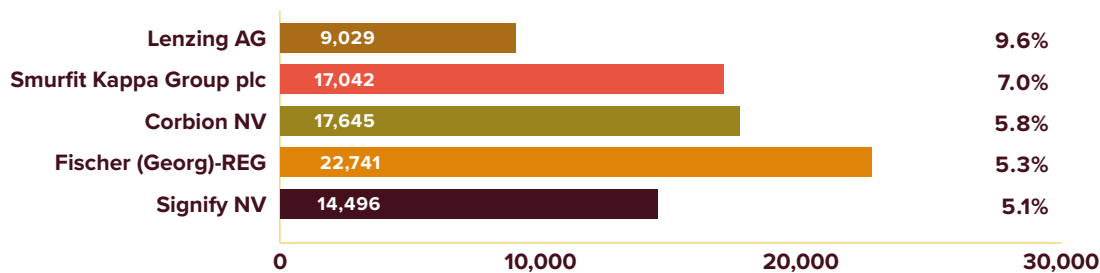
Whereas measuring carbon emissions involves examining the past, the Implied Temperature Rise looks to the future. The MSCI ITR method is a new forward-looking metric, expressed in degrees Celsius, designed for working towards Paris-aligned goals.

The fund's Implied Temperature Rise was 2.22 degrees Celsius in 2022.



For the ASN Milieu & Waterfonds, the MSCI ITR method was available for 96.72% of the fund's investments during the 2022 reporting period. For the general market index, the MSCI ITR method was available for 99.40% of the investments. The fund's objective is to restrict this temperature rise to a maximum of 1.5 degrees in 2050. It is the first time that we have been able to establish this ITR. We view this as a zero measurement.

Top-10 companies in the portfolio with the highest carbon emissions in 2022



The **5** companies with the biggest biodiversity footprint are together responsible for **32.8%** of the total footprint.

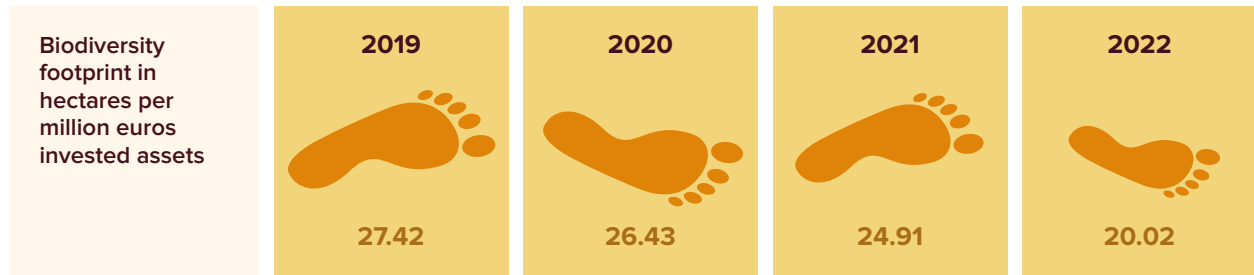
The method for measuring the CO₂ impact of investments and loans is constantly evolving. The quality of the data used is improving all the time. As a result, the calculated CO₂ impact may be adjusted in future should better data become available.



BIODIVERSITY

Biodiversity is taken to mean: the variety of living organisms and diversity of relationships they have with one another in ecosystems.

We use the **BFFI (Biodiversity Footprint for Financial Institutions) method** to measure the impact on biodiversity. The BFFI method measures the biodiversity footprint in hectares per invested euro, based on life cycle assessments (LCAs). The LCAs calculate the environmental impact of products and services throughout their life cycles. This results in an expected negative or positive impact on biodiversity (in hectares) per invested euro per year ((ha/€)/yr).



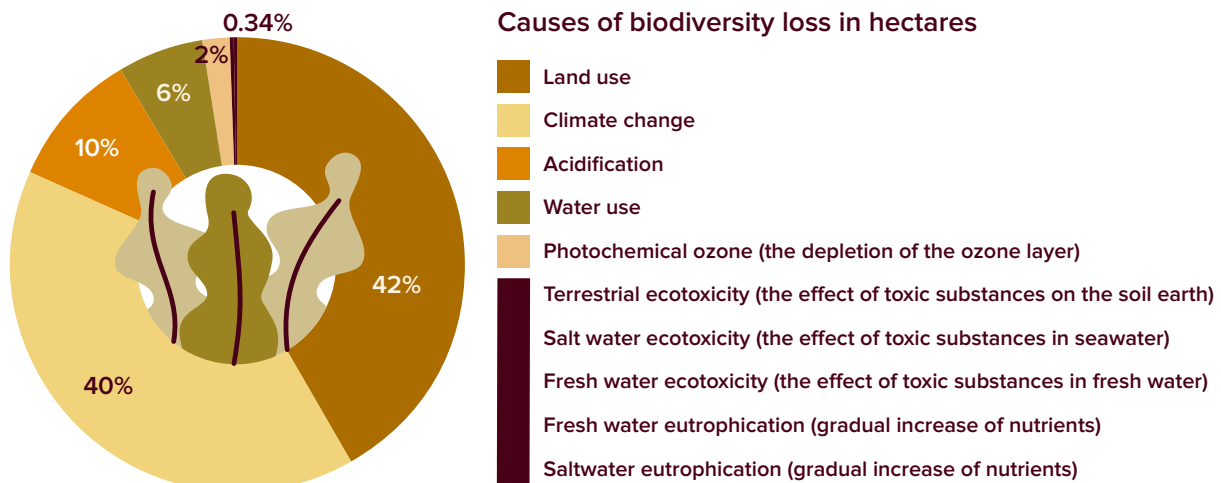
The negative impact on biodiversity per invested euro was **27%** lower in 2022 than in the base year of 2019. The decrease over 2022 was 20%.

Biodiversity footprint in hectares lost per year

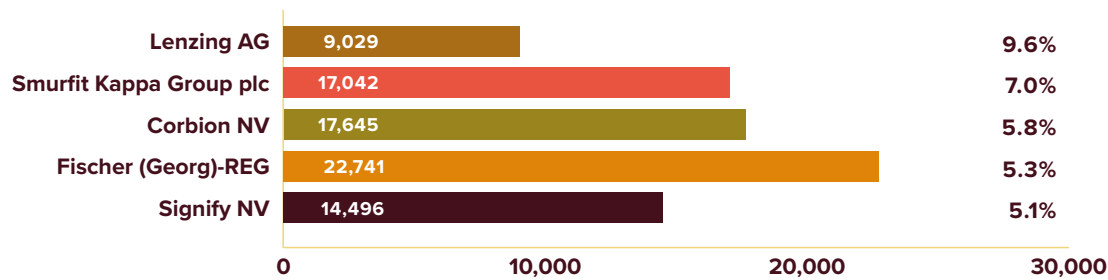


The total footprint for the assets invested in the ASN Milieu & Waterfonds is **36.5%** lower compared to the preceding year.

The data reported over 2019 and 2020 in the previous Impact Report were based on CO₂ levels obtained from our former data provider (Trucost). We have used CO₂ levels from data provider MSCI since 2021.



The 4 companies in the portfolio with the biggest biodiversity footprint



The **4** companies with the biggest biodiversity footprint are together responsible for **39.5%** of the total footprint.

The method for measuring the biodiversity impact of investments is still under development. The quality of the data used will gradually improve. As a result, the calculated impact may be adjusted in future should better data become available.

ACTIVE SHARE OWNERSHIP

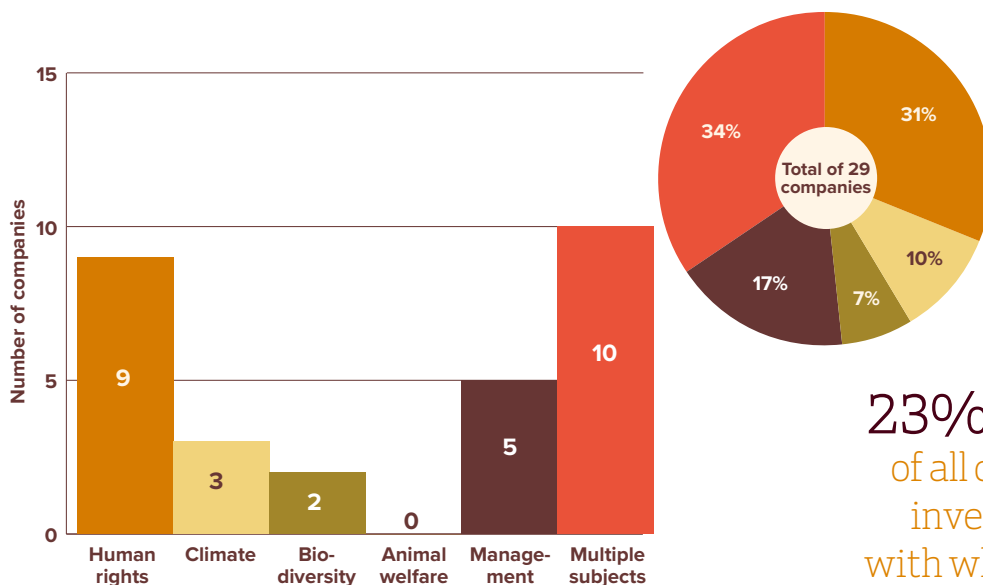
Through active share ownership in the form of engagement processes and voting at shareholder meetings we encourage listed companies to make their policies and activities more sustainable and more transparent and to clarify any malpractices. We use both tools to achieve our goals.

Engagement

We conduct dialogue with companies and institutions to make them more aware of their performance on sustainability and to urge them to improve it.

The decision to turn to engagement is taken when an investment no longer meets our sustainability criteria or when malpractices are detected.

Topics on which we engaged with companies in the ASN Milieu & Waterfonds investment universe in 2022:



23% The percentage of all companies in our investment universe with which we engaged in 2022



In 2022, we entered into dialogue with 29 companies in the investment universe. This is excluding the engagement on biodiversity and climate.



One of the companies we engaged with in 2022 was the South Korean manufacturer of components for e.g. computers and phones. The company has been linked to the use of Uyghur forced labour in the Chinese province of Xinjiang. We repeatedly asked the company about this but it was unfortunately not receptive to dialogue. As a result, we rejected and removed Samsung Electro-Mechanics from our investment universe.

Xinyi Solar has inadequate policies on trade union rights, the value chain and land use. ASN Impact Investors has contacted the company to discuss these topics. The engagement process is ongoing.



The construction of a wind farm in Sweden has received a lot of negative press. There were allegations that environmental laws were being breached and contractors not being paid. ASN Impact Investors contacted Nordex about these allegations. The company provided adequate answers to our questions and has been retained in the investment universe.



ENGAGEMENT ON BIODIVERSITY

Climate change is becoming increasingly visible and having a huge impact on biodiversity. Biodiversity and climate change are closely linked to one another. This is our motivation for approaching all the companies in our investment universe on this topic. We have notified all the companies in our investment universe for which contact details are available of the importance and urgency of biodiversity and counteracting climate change, as well as how much humans depend on biodiversity. In 2023, we will initiate an intensive engagement process with a select group of companies from our portfolios that have a large negative impact.

VOTING

ASN Impact Investors exercised its voting rights at the shareholder meetings of the companies in which the fund invests. We use these rights to encourage companies to pursue more sustainable policies and practices. The basic principles are laid down in ASN Impact Investors' sustainable voting policy.

1

We usually voted against the remuneration for board members.

We believe it is important that companies not only judge their board members against financial criteria but also against sustainability criteria. By voting against remuneration proposals without sustainability criteria we exert pressure on the companies to revise their remuneration packages. In doing so we encourage sustainable behaviour.

2

Board appointments occupied second place.

We voted against appointments that failed to safeguard the board's diversity and independence adequately. This mostly involved European and Asian companies.

3

Voting against motions to raise capital was in third place.

For example, we voted against new share issues where these would have a negative impact on the interests of employees, consumers or communities.



ASN Impact Investors voted against the nomination of Mr Wang Yan as a Supervisor Candidate at Xinjiang Goldwind Science & Technology. ASN Impact Investors did not view Mr Wang Yan as independent as he is also the director of a business unit. In addition, ASN Impact Investors asked the company to develop policy promoting trade union rights and to combat forced labour. The company replied that it prohibits all forms of forced labour. Unfortunately, in doing so it refers to Chinese law. Partly in response to this answer ASN Impact Investors decided in April 2022 to remove the company from the investment universe.

More information on the voting behaviour of the ASN investment funds at shareholder meetings can be found on www.asnimpactinvestors.com. We publish a new voting report here each quarter.



ASN Duurzaam Small & Midcapfonds

The ASN Duurzaam Small & Midcapfonds invests in the equities of listed European SMEs that work to promote a sustainable society.

SUSTAINABLE INVESTMENT OBJECTIVES:

The goal of ASN Impact Investors is to create a sustainable and fair society. The ASN Duurzaam Small & Midcapfonds contributes to this goal via the following three sustainable investment objectives:

- 

1. To reduce carbon emissions each year in line with the Paris Agreement (expressed in the fund's contribution to restricting the rise in global temperatures in 2050 to a maximum of 1.5 degrees Celsius)
- 

2. To reduce the negative impact on biodiversity per invested euro (versus the base year of 2019)
- 

3. To promote a living wage for factory workers in the clothing industry chain (versus the base year of 2019)

The ASN Duurzaam Small & Midcapfonds is an article 9 product under the SFDR. An article 9 product is an investment product that focuses specifically on one or more sustainability goals.

COMPANY SELECTION

The investment process starts with selecting equities of companies that meet our strict sustainability criteria. The companies in the portfolio are reviewed at least once every four years.



Screening and selection of companies in 2022

Number of companies screened	29
Number of companies admitted following screening	3
Number of companies retained following screening	20
Number of companies not admitted following screening	3
Number of companies removed from the investment universe	3
Number of companies removed from the investment universe for reasons not linked to sustainability	6
Total number of companies in the investment universe	124

GO-Ahead Group, Hibernia, Kcom, Nobina, Stagecoach Group and VA-Q Tec were removed for reasons not linked to sustainability. Companies may also be removed due to mergers, acquisitions or insolvency or because they are no longer considered a financially attractive investment.



Admitted:



In 2022 we admitted Alfen to the investment universe. This company was founded back in 1937 but has recently enjoyed great success thanks to its manufacture of charging stations. In addition to chargers for vehicles, it now has a broader portfolio of products that will shape the electricity grid of the future. These include smart grid applications such as batteries for local storage of power and smart switch boxes that better align supply and demand.

Removed:



French company BIC was rejected after an investigation showed that it conducts animal testing and has inadequate policies for restricting the use of animal testing to a minimum.



NEWLY ADMITTED

Alfen N.V.
Azelis Group N.V.
NX Filtration N.V.



RETAINED

Austria Tech	Corbion	Nordex
Axfood	Electrolux Professional	Orion Oyj
Basic-Fit	FNAC Darty	PAGE Group International
BE Semiconductor Industries	Gym Group	Shaftesbury
Britvic	Ipsos	SThree
Cofinimmo	Koenig & Bauer	Taylor Wimpey
	Logitech International	Wickes Group



REMOVED

BIC
Cargotec
Fluidra

CLIMATE

To determine the impact on the climate over the past reporting period, we examine the carbon emissions and avoided carbon emissions of our investments.

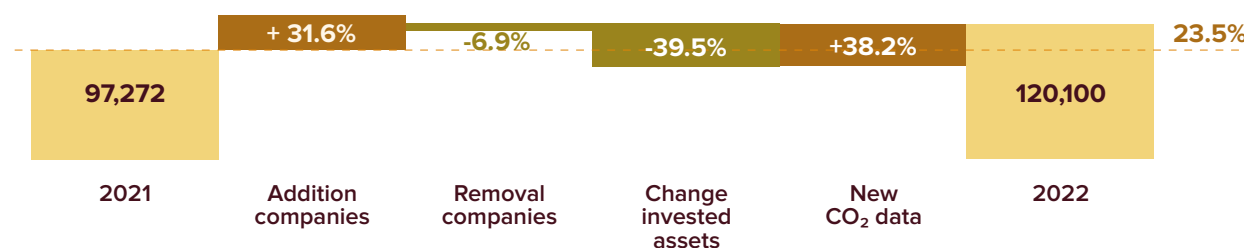
Since 2022, for working towards the Paris Agreement climate goals we now also look at the implied future increase in global temperatures using the MSCI Implied Temperature Rise (ITR) method.

Reporting on scope 1 and 2 emissions is mandatory. We have included scope 3 emissions in our calculations for many years. This provides a more realistic picture of a company's total CO₂ impact.

Carbon emissions in tons

Carbon emissions ASN Duurzaam Small & Midcapfonds	2021	2022	Difference
Scopes 1 and 2	9,678	13,212	36.5%
Scope 3	87,594	106,888	22.0%
Total scopes 1, 2 and 3	97,272	120,100	23.5%

Causes of higher carbon emissions



Changes to the composition of the investment portfolio



The removal of Dürr, Computacenter and Fluidra made the biggest contribution to the decrease in carbon emissions. Together these accounted for a reduction of more than **5,300 tons**. The new acquisition of a position in Dustin Group made the biggest contribution to the increase in carbon emissions, namely over **2,000 tons**.



Changes to CO₂ data

CO₂ data are improving all the time. More and more businesses are reporting on their carbon emissions. The models used by data providers are also getting better. This means that the data input we use to calculate the carbon emissions of our funds is also changing.

The carbon emissions of Coats Group and Jost Werke turned out to have increased in 2022. Together they were responsible for an increase in carbon emissions of over 15,000 tons. On the other hand, the carbon emissions of TKH Group, Travis Perkins and Barco have in fact come down. Together they were responsible for a decrease in carbon emissions of nearly **4,000 tons**.

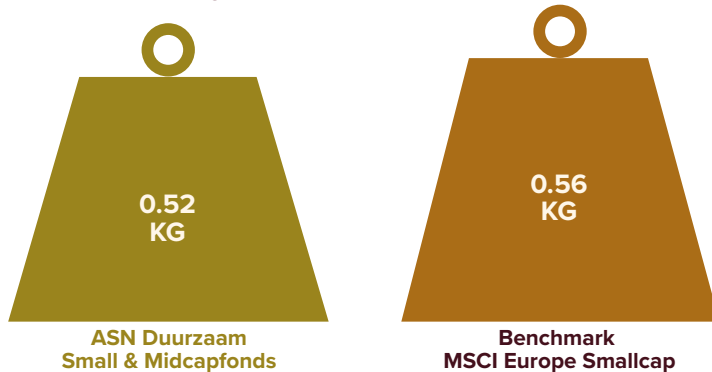


Changes to the size of the fund

The total number of outstanding shares increased by **7%** in 2022, while total absolute carbon emissions were up by over **23%**. This means that the absolute carbon emissions have increased per ASN Duurzaam Small & Midcapfonds share.



Carbon emissions in kg per euro of invested assets



Implied Temperature Rise of the fund

Whereas measuring carbon emissions involves examining the past, the Implied Temperature Rise looks to the future.

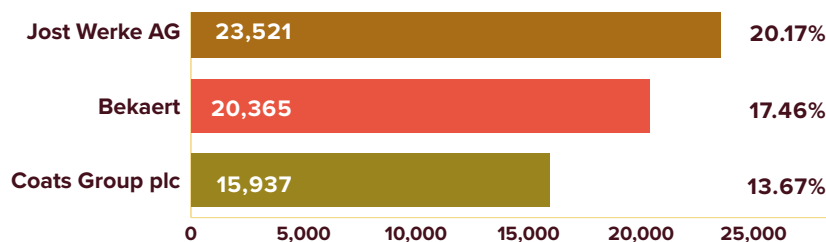
In order to measure the fund's Implied Temperature Rise, since 2022 the fund has used the new MSCI Implied Temperature Rise (ITR) method. This is an intuitive forward-looking metric, expressed in degrees Celsius, for working towards Paris-aligned goals.



The MSCI ITR method was available for 93.94% of the fund's investments for the 2022 reporting period. For the general market index, the MSCI ITR method was available for 99.40% of the investments.

The fund's objective is to restrict this temperature rise to a maximum of 1.5 degrees in 2050. As we mentioned above, this goal has not yet been achieved and the fund is underperforming versus the general market index. This may be because outliers occupy a larger weight due to the smaller size of the fund's portfolio. Moreover, as these are small companies, data quality is less good and the plans of many of these companies are less well documented. It is the first time that we have been able to establish this ITR. We view this as a zero measurement.

Top-3 companies in the portfolio with the highest carbon emissions (scopes 1, 2 and 3)



Just 3 companies are together responsible for 51.30% of the carbon emissions.

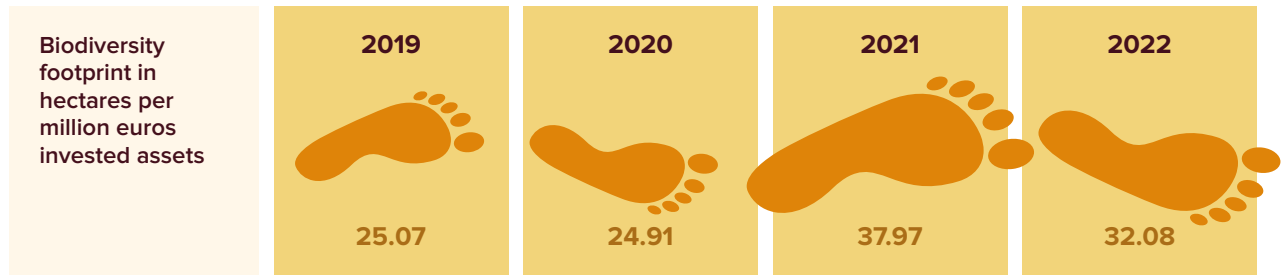
The method for measuring the CO₂ impact of investments and loans is constantly evolving. The quality of the data used is improving all the time. As a result, the calculated CO₂ impact may be adjusted in future should better data become available.



BIODIVERSITY

Biodiversity is taken to mean: the variety of living organisms and diversity of relationships they have with one another in ecosystems.

We use the **BFFI (Biodiversity Footprint for Financial Institutions) method** to measure the impact on biodiversity. The BFFI method measures the biodiversity footprint in hectares per invested euro, based on life cycle assessments (LCAs). The LCAs calculate the environmental impact of products and services throughout their life cycles. This results in an expected negative or positive impact on biodiversity (in hectares) per invested euro per year ((ha/€)/yr).



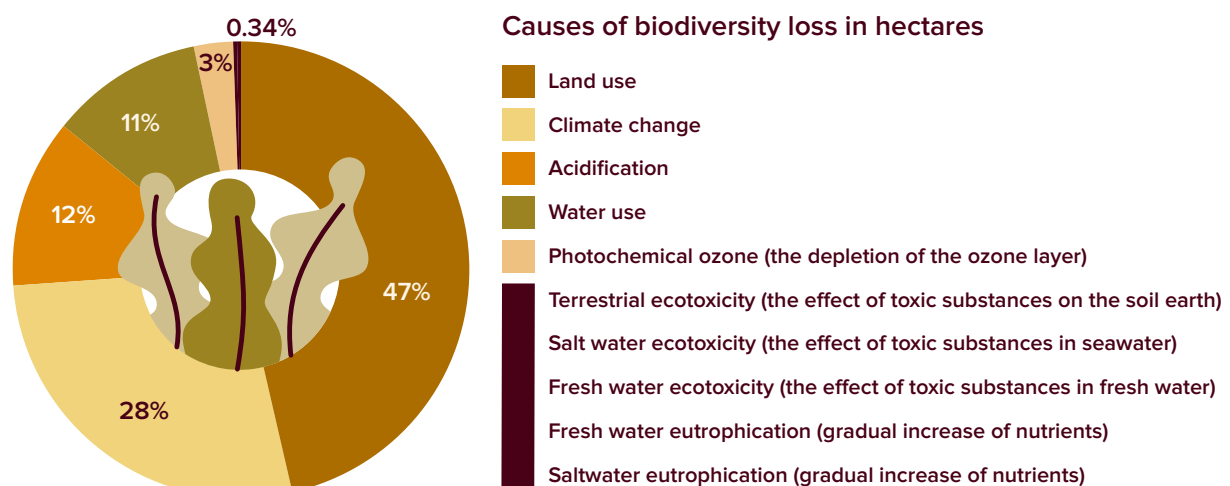
Since 2019, the negative impact on biodiversity per invested euro has risen each year up to and including in 2021. In 2022, however, it dropped by 15.5%.

Biodiversity footprint in hectares lost per year



The total footprint for the assets invested in the ASN Duurzaam Small & Midcapfonds is 29% lower compared to the preceding year.

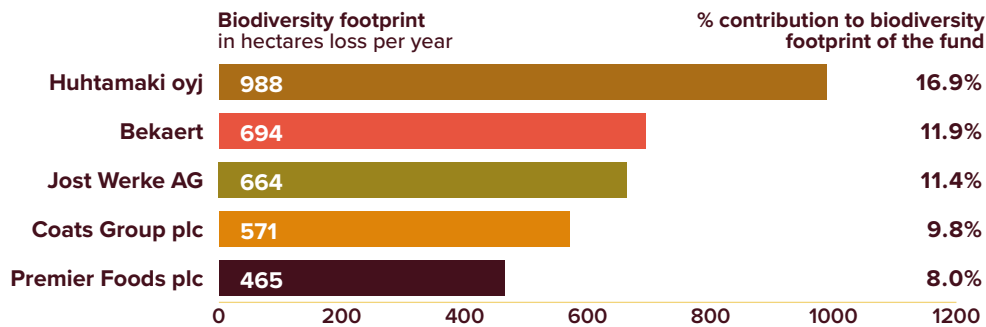
The data reported over 2019 and 2020 in the previous Impact Report were based on CO₂ levels obtained from our former data provider (Trucost). We have used CO₂ levels from data provider MSCI since 2021.



Causes of biodiversity loss in hectares

- Land use
- Climate change
- Acidification
- Water use
- Photochemical ozone (the depletion of the ozone layer)
- Terrestrial ecotoxicity (the effect of toxic substances on the soil earth)
- Salt water ecotoxicity (the effect of toxic substances in seawater)
- Fresh water ecotoxicity (the effect of toxic substances in fresh water)
- Fresh water eutrophication (gradual increase of nutrients)
- Saltwater eutrophication (gradual increase of nutrients)

The 5 companies in the portfolio with the biggest biodiversity footprint



The 5 companies with the biggest biodiversity footprint are together responsible for 58% of the total footprint.

The method for measuring the biodiversity impact of investments is still under development. The quality of the data used will gradually improve. As a result, the calculated impact may be adjusted in future should better data become available.

HUMAN RIGHTS

Climate change and the loss of biodiversity also contribute to growing inequality. We include human rights criteria in all our investments and actively pursue a living wage in the clothing industry.

Living wage

The ASN Duurzaam Small & Midcapfonds also invests in clothing companies. Anyone who invests in a company can exert influence on its policies and practices. The clothing companies in the investment universe meet our sustainability criteria but unfortunately many malpractices still occur. Many relate to the payment of a living wage to the workers who make the clothes. This is why the fund has set a living wage goal.



A living wage is what is known as an enabling right; it makes people more resilient, narrows the step to forming a trade union and helps the fight against child labour. It is for this reason that we participate in the Platform Living Wage Financials (PLWF), which ASN established together with Triodos IM and MN. This platform now has nineteen members with combined invested assets of 6,500 billion euros.

We want clothing companies to become more aware of the structural underpayment of the workers who make the clothes. In addition, we want them to address this underpayment and work with other stakeholders, such as trade unions and governments, to find solutions. This is no simple task as it is not usually the clothing companies that pay the wages but the suppliers. These factories want to remain competitive in a competitive market; they offer prices that barely cover the costs and leave no room for paying a living wage.

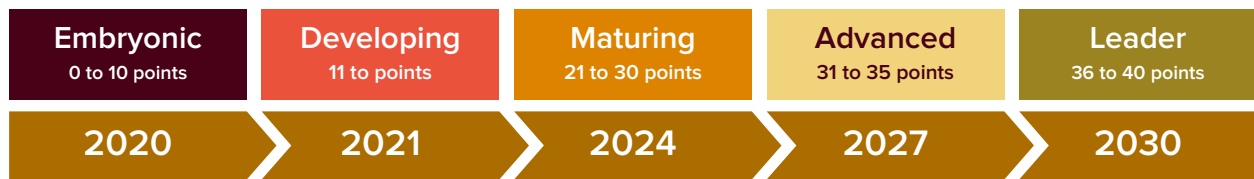
Living wage goal 2030

By 2030, the clothing sector will have implemented all the requisite processes for paying the workers in its value chain a living wage.

We have developed the method for measuring a living wage based on the PLWF. This method is aligned with the United Nations Guiding Principles for Business and Human Rights and corresponding Reporting Framework. We use this method to assess practices as well. We answered eight questions for each company, such as: to what extent is the company's living wage policy incorporated into its business operations, what is the policy's impact on



the textile workers and how transparent is the company about this? The answers to these questions led to us dividing the companies into five categories:



Our ambition is for all the companies in our investment universe score at least 36 points by 2030.

The portfolio's living wage score is reviewed each quarter. The score given below is the average over the four quarters. The process of arriving at these scores has been amended and enhanced over the years. This means that the data over 2022 cannot be directly compared to those over 2019.

Living wage score 2022

In 2022, the average living wage score for clothing brands in the fund portfolio's investment universe improved versus the base year of 2019 (measured using the Platform Living Wage Financials (PLWF) method).



Main conclusions from the assessment in 2022

- Hennes & Mauritz and Puma are the only two companies in the Advanced category;
- Most companies, ten in total, are in the Maturing category;
- Puma, Coats Group and Kontoor displayed the biggest improvement in 2022. Kontoor was the only company still in the Embryonic category in 2021. We conducted more intensive engagement with Kontoor. The company was receptive to this and indicated its firm intention to pursue a living wage. It made substantial progress in 2022 and has therefore moved into the developing category;
- None of the companies were downgraded in 2022.

International auditor Mazars provides annual independent assurance in which it establishes whether we have applied the method correctly. This assurance was again issued in 2022.

The outcome of the annual assessment also appeared in the [Living Wage Report 2022](#), published in October 2022. The research results form a sound basis for in-depth discussions, including on the companies' ambitions for the future. In light of the report and the individual assessments on each company, we talked to eight clothing companies in our investment universe in 2022. We will contact the remaining companies in 2023.



Living wage assessment based on the PLWF



We conduct engagement with the companies as a member of the Platform Living Wage Financials (PLWF), which ASN Bank established together with Triodos IM and MN. This platform now has nineteen members with combined invested assets of 6,500 billion euros.

ACTIVE SHARE OWNERSHIP

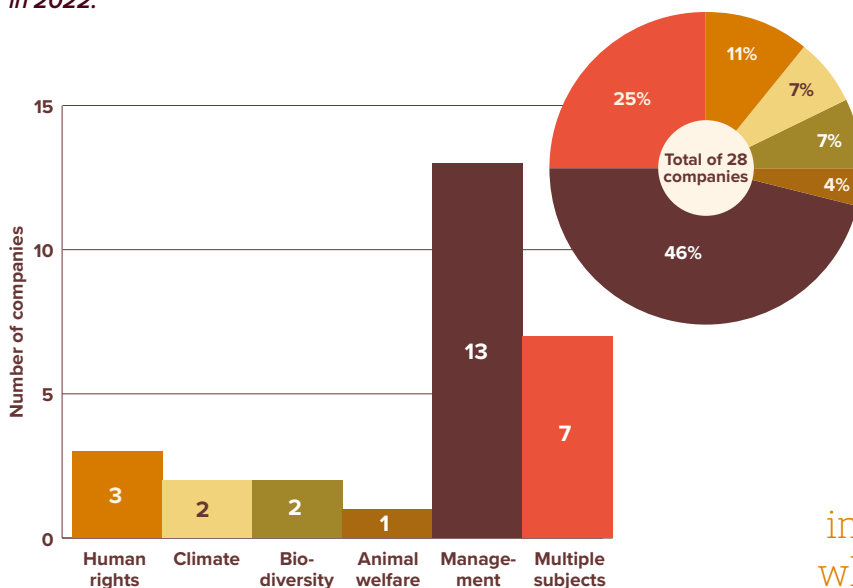
Through active share ownership in the form of engagement processes and voting at shareholder meetings we encourage listed companies to make their policies and activities more sustainable and more transparent and to clarify any malpractices. We use both tools to achieve our goals.

Engagement

We conduct dialogue with companies and institutions to make them more aware of their performance on sustainability and to urge them to improve it.

The decision to turn to engagement is taken when an investment no longer meets our sustainability criteria or when malpractices are detected. As described above, engagement is also used to help the clothing brands in the portfolio improve their living wage scores.

Topics on which we engaged with companies in the ASN Duurzaam Small & Midcapfonds investment universe in 2022:



23% The percentage of all companies in our investment universe with which we engaged in 2022

In 2022, we entered into dialogue with 28 companies in the investment universe. In the context of our long-term living wage goal, we engaged with one clothing company.





In 2022 we initiated an engagement process with French company BIC, which manufactures products such as pens, razors and lighters. We discovered that the company uses animal testing. Contact with the company revealed that its animal testing policy fails to meet our standards. Further engagement proved unsuccessful. We therefore rejected and removed BIC from our investment universe.



The construction of a wind farm in Sweden has received a lot of negative press. There were allegations that environmental laws were being breached and contractors not being paid. ASN Impact Investors contacted Nordex about these allegations. The company provided adequate answers to our questions and has been retained in the investment universe.



ENGAGEMENT ON BIODIVERSITY

Climate change is becoming increasingly visible and having a huge impact on biodiversity. Biodiversity and climate change are closely linked to one another. This is our motivation for approaching all the companies in our investment universe on this topic. We have notified all the companies in our investment universe for which contact details are available of the importance and urgency of biodiversity and counteracting climate change, as well as how much humans depend on biodiversity. In 2023, we will initiate an intensive engagement process with a select group of companies from our portfolios that have a large negative impact.

VOTING

ASN Impact Investors exercised its voting rights at the shareholder meetings of the companies in which the fund invests. We use these rights to encourage companies to pursue more sustainable policies and practices. The basic principles are laid down in ASN Impact Investors' sustainable voting policy.

1

We usually voted against the remuneration for board members.

We believe it is important that companies not only judge their board members against financial criteria but also against sustainability criteria. By voting against remuneration proposals without sustainability criteria we exert pressure on the companies to revise their remuneration packages. In doing so we encourage sustainable behaviour.

2

Board appointments occupied second place.

We voted against appointments that failed to safeguard the board's diversity and independence adequately. This mostly involved European and Asian companies.

3

Voting against motions to raise capital was in third place.

For example, we voted against new share issues where these would have a negative impact on the interests of employees, consumers or communities.

More information on the voting behaviour of the ASN investment funds at shareholder meetings can be found on www.asnimpactinvestors.com. We publish a new voting report here each quarter.



ASN Duurzaam Obligatiefonds

ASN Duurzaam Obligatiefonds invests in government bonds issued by governments that meet ASN Impact Investors' sustainability criteria. We assess governments on their social and environmental performance. In addition, the fund can invest in green and social bonds. These are used to finance specific social or environment-related projects.

SUSTAINABLE INVESTMENT OBJECTIVES:

The goal of ASN Impact Investors is to create a sustainable and fair society. The ASN Duurzaam Obligatiefonds contributes to this goal via the following sustainable investment objectives:



1. To reduce the carbon emissions from the government bonds in the portfolio each year in line with the Paris Agreement (expressed in the fund's contribution to restricting the rise in global temperatures in 2050 to a maximum of 1.5 degrees Celsius).



2. To avoid carbon emissions from the green and social bonds in the portfolio per invested euro (measured in tons of CO₂ per invested euro).

The ASN Duurzaam Obligatiefonds is an article 9 product under the SFDR. An article 9 product is an investment product that focuses specifically on one or more sustainability goals.

The fund aims to achieve these sustainable investment objectives by investing in government bonds and social and green bonds issued by governments and semi-government organisations that promote sustainability (in relation to climate, biodiversity and human rights). In line with the sustainable objectives, the fund has also taken into account climate mitigation and adaptation as defined under the EU taxonomy.

SUSTAINABLE SELECTION

ASN Impact Investors invests in bonds issued by countries via the ASN Duurzaam Obligatiefonds and in turn also the ASN Duurzame Mixfondsen. The governments of countries play an important role in the functioning of society. Governments provide basic services, such as housing, education and healthcare and rules for nature conservation. They need money for all these activities. Issuing government bonds enables governments to raise this quickly.

COUNTRIES

We select countries to ensure that we finance governments that pursue an ambitious climate policy and protect biodiversity and human rights. The aim of our extensive screening is also to prevent us financing governments that have a severe adverse impact on society. For instance, we verify that a country is a signatory to the Paris Agreement, has ratified sufficient treaties or conventions on controversial weapons, does not recruit children to the military and has not carried out the death penalty in the past ten years. If the countries meet the criteria for this initial assessment, we next calculate a score against a set of sustainability criteria.



We again screened all the countries against these sustainability criteria during the reporting period. This did not give rise to any changes to the fund's investment universe.



Green bond screening and selection		2022
Number of green bonds screened and admitted		33
Number of green bond frameworks* screened and approved		5
Number of green bond institutions rescreened and retained		4

* A green bond framework is a standard that describes the terms and conditions the underlying bonds must meet.

CLIMATE

The countries in which the ASN Duurzaam Obligatiefonds invests emit CO₂. When selecting countries, we assess the carbon emissions of the individual countries. These are the scope 1, 2 and 3 emissions from the goods and services purchased by governments. Our method measures the emissions using the latest available data.

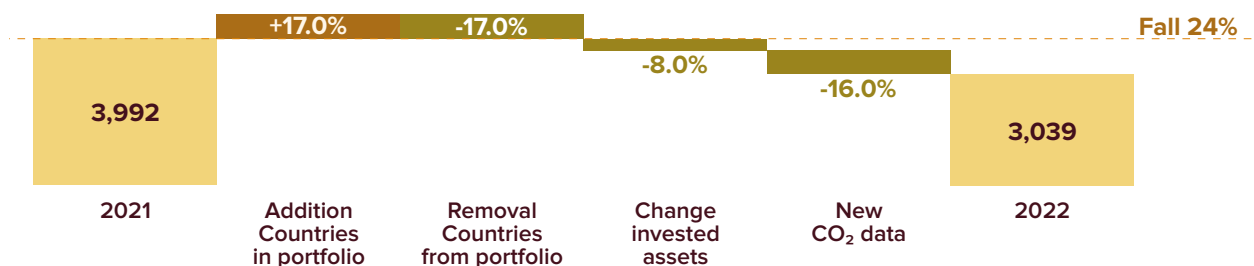
The institutions issuing green bonds can use the proceeds from these bonds to invest in projects that avoid carbon emissions. Our method calculates the reported carbon emissions and/or avoided carbon emissions for each green bond.

We calculate the carbon emissions and/or avoided emissions for all our investments. To do so the fund uses the method developed by the Partnership of Carbon Accounting Financials (PCAF).

Carbon emissions (in tons)

Carbon emissions ASN Duurzaam Obligatiefonds	2021	2022	Difference
Scopes 1 and 2	2,259	1,608	-28.8%
Scope 3	1,734	1,431	-17.5%
Total scopes 1, 2 and 3	3,992	3,039	-23.9%

The carbon emissions from the fund decreased by 24% in 2022. The changes in the carbon emissions were caused by: 1) changes to the portfolio, 2) changes to the size of the fund and 3) changes to the CO₂ data.



CHANGES TO CO₂ DATA IN 2022

There was no significant change in the countries' carbon emissions in 2022. However, we received better data on two bonds issued by Nederlandse Waterschapsbank and Bank Nederlandse Gemeenten. The Nederlandse Waterschapsbank bond led to an increase in carbon emissions of 136 tons, while the Bank Nederlandse Gemeenten bond caused a decrease in carbon emissions of 352 tons.



Avoided carbon emissions (in tons)

The green bonds were responsible for 18,762 tons of avoided carbon₂ emissions.

Avoided carbon emissions ASN Duurzaam Obligatiefonds	2021	2022	Difference
Avoided carbon emissions	-18,829	-18,762	-0.4%

The decrease in avoided carbon emissions is mainly due to the reduced position in a green bond issued by KfW.

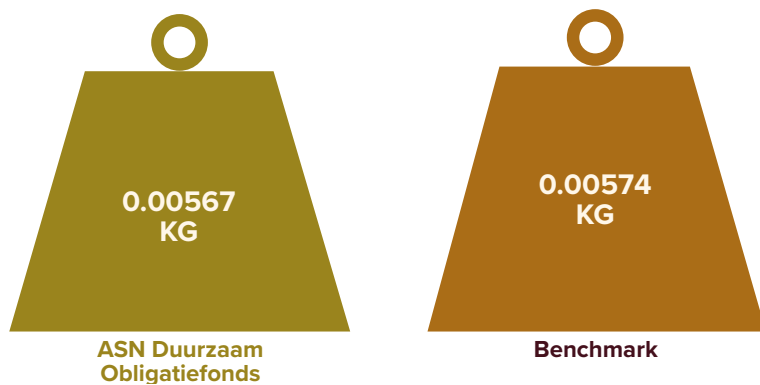
The number of shares in the fund declined by nearly 1% in 2022. This is less than the overall improvement in carbon emissions and avoided carbon emissions from the fund. This means that the absolute carbon emissions per ASN Duurzaam Obligatiefonds share have decreased.

CO₂ intensity and avoided carbon emissions in tons per million euros of invested assets

The table below shows that the CO₂ intensity of the government bonds per million euros of invested assets improved by 18% versus 2021. The CO₂ intensity of the green and social bonds deteriorated by 2%. The amount of avoided carbon emissions from green and social bonds increased by 24%.

Sustainability indicator	2021 level	2022 level	Change
CO ₂ intensity of government bonds (in tons per million euros invested)	4.31	3.52	-18%
CO ₂ intensity of green and social bonds (in tons per million euros invested)	2.42	2.47	+2%
Avoided carbon emissions from green and social bonds (in tons per million euros invested)	-31.70	-39.35	+24%

Carbon emissions in kg per euro of invested assets



We use a unique benchmark for the fund, the Bloomberg 80% EUR Treasury 1-10yr and 20% Euro Green Bond Government Related 1-10yr index, which was specially developed for us by benchmark provider Bloomberg. Eighty percent of this benchmark comprises countries with the highest sustainability scores that issue bonds in euros, while 20% consists of green bonds.

BIODIVERSITY

Biodiversity is taken to mean: the variety of living organisms and diversity of relationships they have with one another in ecosystems.

We use the BFFI (Biodiversity Footprint for Financial Institutions) method to measure the impact on biodiversity. The BFFI method measures the biodiversity footprint in hectares per invested euro, based on life cycle assessments (LCAs). The LCAs calculate the environmental impact of products and services throughout their life cycles. This results in an expected negative or positive impact on biodiversity (in hectares) per invested euro per year ((ha/€)/yr).

Biodiversity footprint in hectares lost per year



In 2022, the biodiversity footprint for the assets invested in the ASN Duurzaam Obligatiefonds was 35% higher compared to the preceding year.

The data reported over 2019 and 2020 in the previous Impact Report were based on CO₂ levels obtained from our former data provider (Trucost). We have used CO₂ levels from data provider MSCI since 2021.

The method for measuring the biodiversity impact of investments is still under development. The quality of the data used will gradually improve. As a result, the calculated impact may be adjusted in future should better data become available.

‘We never rush headlong into a green solution’

As Head of Portfolio Management at ASN Impact Investors, in 2022 Stephan Langen took on responsibility for the team of specialists that manage the funds for the sustainable investor. ‘It’s our job to give impact investing the scale it deserves’

You already managed the equity funds but now you’re responsible for all the investments. What’s that like?

‘A totally different dynamic: I’m not only responsible for all the assets but also for an entire team and our investment strategies. It’s broadened my work as an investor as there’s greater diversity in terms of sectors and instruments. For funds such as the ASN Microkredietfonds and ASN Biodiversiteitsfonds the ball is much more in your court as an investor than is the case for listed equities. You make a much more direct impact via your investment decisions.’

And what’s it like to head a team?

‘These are highly motivated people, a wonderful mix of those with many years of experience and young people at the start of their careers, who are perhaps even more motivated to move forward. They stand with both feet firmly in society, are extremely committed and ask different questions. We can learn from them. What we do is absolutely essential. They’re rightly concerned about the world because they’re the ones who’ll have to deal with the consequences of what we’ve done over the past few decades.

Developing the strategies really is teamwork. We do this together and need everyone’s expertise and experience to decide what works and what doesn’t, what we can add or what we want to remove.’

Does the search continue for listed companies that are accelerating the transitions?

‘You won’t hear me name names but we’re closely monitoring new trends and developments that could make the world a better place in several respects: cleantech, healthtech, agritech. It may sound more like venture capital but where technology proves to be a real gamechanger we examine the role we can play via our vision of the future.

This might include smart grid technology, solutions to make the electricity grid



future-proof. It will take a huge amount of money to ensure an energy supply that doesn't generate any carbon emissions. Yet we always examine a potential investment in a company holistically: we also include how a company treats human rights and biodiversity in our analysis and assessment. After all, a sustainable goal doesn't give you the right to exploit your employees. We never rush headlong into a promising green solution for this reason.'

Looking back on 2022, what were the most important trends and developments?

'The year was of course partly dominated by the new EU sustainability regulation: the SFDR. It was hard work to comply with all the new formalities but I look back on it with some pride: thanks to the policies we've championed for 30 years, we've been able to align ourselves with the criteria laid down by Brussels. The fact that all our funds qualify for dark-green status under article 9 will not come as a surprise to anyone.'

In terms of actual investments, I'm really enthusiastic about the new instrument called the ITR, or Implied Temperature Rise, that our analysts can now apply to each company to look ahead and check whether it's on track to achieve the Paris climate goals. We'll be able to use this in the coming years to verify whether companies are doing what they say they're doing. Rather than the umpteenth certification, this is a tool for genuinely taking steps in the real world. It'll be a question of tracking companies and acting if you see that they're straying from the right path.'

Do you see growth in the potential for sustainable investment?

'It's very positive, significant and essential that demand for sustainable investment is growing. That major investors are also taking steps and for instance openly excluding fossil fuels. This in fact endorses our vision. It boosts our mission if we succeed in raising more money to invest in a positive way.'

In addition to these divestments, investors can also help to upscale impact investments. Our job is to develop a wider range of smart investment solutions to give impact investing the scale it deserves.'

I never give guarantees, other than this one: that our highly motivated and brilliant team will do its utmost to achieve this. Also to motivate the financial sector and inspire it to do the same: to accelerate the accelerators.

And if you look ahead to 2030, the year in which ASN Impact Investors aims to be beyond net zero for all its operations?

'We already have the strategies to do this. As long as we continue to wield our power as a shareholder to steer companies in the right direction. The equity funds will also still generate carbon emissions in 2030, and this is why funds such as the ASN Biodiversiteitsfonds need to grow substantially. That's where you find the players who are really making a positive impact.'

I never give guarantees, other than this one: that our highly motivated and brilliant team will do its utmost to achieve this. Also to motivate the financial sector and inspire it to do the same: to accelerate the accelerators.



ASN Microkredietfonds

The ASN Microkredietfonds invests in microfinance institutions (MFIs), other financial institutions and companies via the ASN Microkredietpool. These provide financial services - loans and secure payment and savings products - to people on low incomes and to micro, small and medium-sized enterprises in what are often low and middle-income countries. The pool invests exclusively in MFIs that meet our selection criteria. The main criteria are the social performance and creditworthiness of the MFIs.

SUSTAINABLE INVESTMENT OBJECTIVES:

The goal of ASN Impact Investors is to create a sustainable and fair society. The ASN Microkredietfonds contributes to achieving this goal via the following sustainable investment objective:



1. To provide access to financial services for people on low incomes and micro and small enterprises (financial inclusion), often in low and middle-income countries, so that they can earn a (larger) income and boost their financial resilience.

The ASN Microkredietfonds is an article 9 product under the SFDR. An article 9 product is an investment product that focuses specifically on one or more sustainability goals.

The ASN Microkredietfonds invests in MFIs in order to give more people in more countries access to loans and/or secure payment or savings products. The loans granted by MFIs to micro, small and medium-sized enterprises contribute to the growth in jobs and to developing the local economy. There is a particular focus here on strengthening the position of female entrepreneurs and people who live in rural areas.

INVESTMENT SELECTION

The pool issued new loans worth nearly 100 million euros to 31 MFIs in 2022. Furthermore, the pool became a shareholder of three MFIs. Most of the MFIs were already held in the pool's portfolio. For the first time since 2019 the fund has resumed its activities in the Palestinian territories. The other new MFIs are in India, Paraguay, Guatemala, Honduras, Kazakhstan, Indonesia, China, Senegal and South Africa.



	Newly admitted MFIs	New loans to existing MFIs	Total screened
ASN Microkredietfonds	10	21	31

The fund invested 5.7% of its assets in organisations that operate world-wide. These involve loans and a small position in Finca (a network of MFIs in over twenty countries) and a participation in the Women's World Banking Capital Partners fund (WWB Capital Partners). WWB Capital Partners invests in the equities of MFIs that aim to provide financial services to women.



Newly admitted microfinance institutions (MFIs)	Country
Fundea	Guatemala
Banco Popular	Honduras
Kinara Capital	India
Asian Credit Fund	Kazakhstan
Finexpar	Paraguay
Faten	Palestinian territories
Bina Artha	Indonesia
Wave Mobile Money	Senegal
Pamecas	Senegal
Financial Inclusion Resilience Fund	Global

Examples of new investments in 2022



Financial Inclusion Resilience Fund

This fund issues subordinated loans to MFIs. This investment helps meet the need among MFIs for subordinated funds to improve their solvency positions. The Financial Inclusion Resilience Fund is expected to grant subordinated loans to more than 15 MFIs. Several MFIs in the ASN Microkredietfonds will profit from this, while the fund is exposed to less risk than if it were to issue subordinated loans to these MFIs itself.

Banco Popular

The fund has acquired a participation of 19% and become one of the new shareholders in Banco Popular. This is the leading MFI in Honduras and has over 60,000 customers. In recent years the bank has expanded to rural areas, where there is high demand for financial services and agricultural loans.

Pamecas

Pamecas is a cooperative in Senegal that numbers about 900,000 members, 90,000 of whom have received loans. Seventy percent of the members live in rural areas and almost half of them are women. Pamecas has developed specific loans for different customer groups: women, the rural population, the Islamic community and people who want to make home improvements. The average sum loaned by Pamecas is about 940 euros.

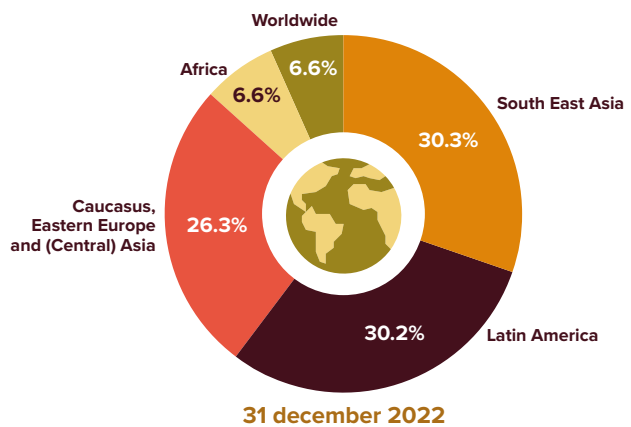
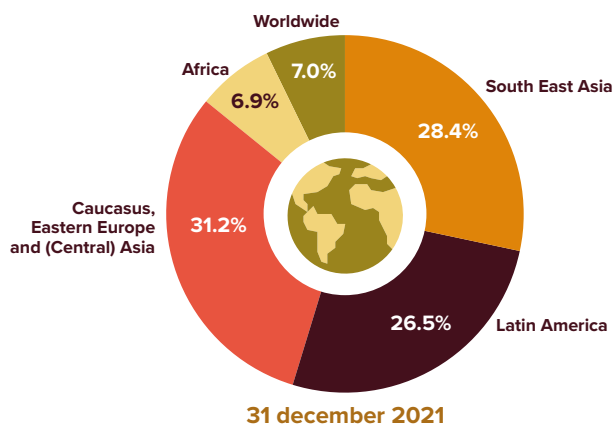
Global distribution:

The map on the right shows the countries in which the fund was invested as of year-end 2022. These are depicted on the map in brown. The darker the colour, the larger the size of the investments in the relevant country. The fund is broadly diversified across geographical regions.



Regional distribution

(as a percentage of the investment portfolio)



The fund's regional distribution remained largely unchanged in 2022 compared to year-end 2021.

IMPACT

41

Number of countries in which the ASN Microkredietfonds was invested in MFIs as of the end of December 2022 through private loans and equity investments

63%

Percentage of micro loans granted in rural areas with limited access to financial services



Average savings account balance

85

Number of MFIs in which the ASN Microkredietfonds held direct investments as of the end of December 2022

83%

Percentage of microloans granted to women

€846

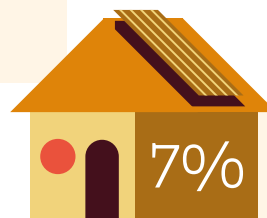
Average sum loaned by MFIs to individual borrowers

6

As of the end of December 2022, the pool held 6 indirect investments.

15.4 m

Number of borrowers who received a loan from the MFIs



Percentage of the loan portfolio used for home improvements

3.7 m

Average financing per MFI

55%

Percentage of the invested portfolio invested in micro-entrepreneurs. 25% of the invested portfolio is invested in small and medium-sized enterprises.

16m

Number of active deposits



SOCIAL PERFORMANCE MANAGEMENT

Social performance management (SPM) is an integral part of the investment process of the ASN Microkredietfonds. A social performance scorecard maintained for us by project advisor Triple Jump enables us to verify that the fund is investing in MFIs that deal responsibly with their stakeholders and have a positive impact on their borrowers in socio-economic terms.

The scorecard is a tool that allows us to analyse the social mission of the MFIs (their intentions) as well as the processes and systems they have in place to ensure that their activities are an extension of their mission (implementation). The scorecard consists of 68 indicators. The score is established at the selection phase of the investment and again when the loan is renewed.

MFI data	Latin America	Europe and Central Asia	Asia	Africa and the Middle East	Total portfolio
Average SPM score*	79%	83%	76%	78%	79%
Number of financed institutions**	29	22	20	11	85
Number of borrowers that reach MFIs (in millions)***	3.3	1.1	10.1	0.9	15.5
Percentage of female borrowers	66%	44%	90%	70%	83%
Percentage of borrowers in rural areas	54%	58%	67%	41%	63%
Average sum loaned to borrowers (€)	2,467	3,155	350	1,032	846

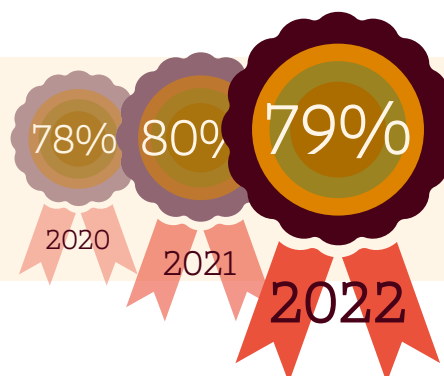
* SPM = social performance management

** The ASN Microkredietpool has financed a total of 86 MFIs. Two of the MFIs operate globally. No underlying data are available for these MFIs.

*** This is the total number of active borrowers estimated to be in receipt of finance from the MFIs in the fund portfolio (to the nearest round figure), including investments in funds and institutions with global operations.

The data used to calculate the SPM scores derive (in part) from the countries in which the MFIs are located. These data have not been audited by local auditors.

As of year-end 2022, the average score for the social performance of the ASN Microkredietfonds portfolio was 79%.



This minor alteration is the result of developments in the portfolio over the past year as described below:

- 11 MFIs were admitted to the portfolio, with an average SPM score of 80%;
- 8 MFIs improved their scores during the reporting period and now have an average SPM score of 82%;
- 11 MFIs were allocated lower scores during the reporting period. Their average score was 76%;
- The other MFIs in the portfolio retained the same scores as we identified no significant changes during the reporting period.

SPM score	Percentage 2021	Percentage 2022
Excellent (>80%)	53%	50%
Good (61 – 80%)	45%	48%
Minimum required (51 – 60%)	2%	2%
Inadequate (<= 50%)	0%	0%



CLIMATE

At ASN Impact Investors we like to have a complete picture of our total carbon emissions. This is why we do our best to collect or calculate data on the carbon emissions for all our investments. For the MFIs in which the ASN Microkredietfonds invests it is extremely difficult or even impossible to collect data for measuring their carbon footprint with precision. This is partly because of the large number of small loans the MFIs grant to their customers and the wide variety of activities for which these loans are ultimately used.

However, to give an idea of the carbon emissions we use the **Joint Impact Model (JIM)**. A group of international-ly-operating financial institutions has spent the past few years developing the JIM in order to calculate the carbon emissions from investments in MFIs. We started using this method at the end of 2021.

Carbon emissions in tons	Carbon emissions ASN Microkredietpool 2021	Carbon emissions ASN Microkredietpool 2022
Carbon emissions scopes 1 and 2	12,308	14,902
Carbon emissions scope 3	36,484	37,742
Total carbon emissions	48,792	52,644

The limited amount of available data means we need to work on the basis of assumptions when calculating carbon emissions. The country in which the MFI operates greatly affects the CO₂ data. In comparison to previous years, there has been a shift in the country distribution of the fund's investments in the past year. This may cause the fund's carbon emissions to increase without there being corresponding growth in the fund's invested assets. The JIM method is fully aligned with the **Platform Carbon Accounting Financials (PCAF)** method that ASN Impact Investors uses to measure the CO₂ impact of its funds.



‘I convert hope into action. The fact that this is my job gives me an enormous amount of energy’

Anouk Vegter is a sustainability analyst at ASN Impact Investors. One of her most important projects: research into the broader protection of human rights via investments. ‘I act on my hopes for a better world’

What does a sustainability analyst do?

‘After studying natural and environmental sciences I spent a while working as an environmental expert for the government but wanted to explore the financial industry. To learn how you can also earn a financial return from restoring and protecting biodiversity was of course the best and most positive start to working in the financial sector. I worked for the ASN Biodiversiteitsfonds for over a year and that was enormously enjoyable and instructive, but my expertise is an even better match for my new role as a sustainability analyst. I conduct research, brainstorm with and advise colleagues on the deliberations we constantly make in relation to sustainability, human rights and return.’

What do you do to promote human rights?

‘Anyone familiar with ASN Impact Investors will know that, among other things, we promote a living wage in the textile chain. I research how we can expand on that, to other sectors and other social conditions. The challenge is to encapsulate human rights in tangible, measurable objectives that you can then discuss with companies. Obviously we only admit companies to our sustainable investment universe that meet the labour standards of the UN International Labour Organization. Yet that’s the absolute minimum; we want to raise the bar higher. I examine how we can better protect human rights thanks to our investments.’

How do you protect human rights as a shareholder?

‘The most important thing is a highly critical selection of investments. But after that you really need to set to work via engagement. And we prefer not to do this alone, wherever possible we seek to cooperate with other investors to combine and increase our influence.’

Since last year we have enhanced our active ownership. We vote against the discharge of board members or financial statements if a company doesn’t possess credible and ambitious climate-related goals. My job here is also to investigate how we can expand this engagement.’



Human rights cover a wide-ranging area, what else comes under this topic?

'Gender diversity at the top is a practical example of how you can promote equality as a shareholder. It's also clear: you can strive for a specific percentage of women on the board and adjust your voting behaviour accordingly. But then you still need to define your position: are you going to divest a company if it doesn't have a 50/50 ratio at the top? And should you really divide people into those two categories? At the moment it's one of the few practical policy management tools with a sound scientific basis: a diverse board means more sustainable business operations. And we need to act now.'

'Another topic over which companies have indirect influence because they often come from suppliers of suppliers is conflict minerals. Materials such as cobalt and lithium are often mined in conflict areas, such as the Democratic Republic of Congo. They're extracted under inhumane conditions and cause a great deal of harm to the environment. We select companies on this basis too and demand that they avoid conflict minerals or ensure their policies contribute to more humanitarian extraction methods.'

'As an investor, it's not gold in your hands but nature. During my year working for the ASN Biodiversiteitsfonds I witnessed the enormous difference you can make by investing in projects and smart investment funds that, for instance, make food chains more sustainable.'

You sound as if you really want to speed up this process.

'As an investor, it's not gold in your hands but nature. During my year working for the ASN Biodiversiteitsfonds I witnessed the enormous difference you can make by investing in projects and smart investment funds that, for instance, make food chains more sustainable.'

There are so many topics relating to human rights, biodiversity and climate in which so much still needs to be done. It's worrying to see how fast the planet is deteriorating and that's an understatement. I have to do something about that and plan to. One colleague said to me: never lose hope but make sure you're not hoping in vain. Since then I've been sleeping much better. I'm working to create a better world. I convert hope into action. The fact that I can do that 40 hours a week is highly motivating and gives me an enormous amount of energy.

Whether you like it or not, you represent the younger generation. How sustainable are you personally?

'Like anyone I wrestle with my own behaviour and choices. You're reminded far too often how hard it is to be consistent, while as a sustainability analyst I certainly don't want to be a hypocrite.'

I can see a growing awareness in those around me though. And that's how it starts, because that leads to us thinking: what can I do to contribute? It does me good, for example, if I've watched an interesting documentary and post it on LinkedIn and Instagram and my friends and network then share the post in turn. In doing so they pass on the sustainability message to others.'



Contact

ASN Impact Investors has an open and transparent culture and is happy to share its expertise and experience. Please do not hesitate to contact us if you have any questions about the Impact Report or wish to learn more. We will be happy to help you.

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