



SUSTAINABILITY-RELATED DISCLOSURE

ASN Energie & Innovatiefonds

SUMMARY

ASN Impact Investors strives for a sustainable and just society. ASN Energie & Innovatiefonds (the fund) contributes to this by aligning its sustainability indicators to the following United Nations Sustainable Development Goals: Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12) and Climate Action (SDG 13). The fund's sustainable investment objectives are accelerating the energy transition and driving innovation to promote a sustainable society.

The sustainability assessment process assures that the investment universe is void of projects and companies who do significant harm to the sustainable investment objectives. Only projects and companies that meet the Sustainability Policy of ASN Impact Investors (the policy) are admitted to the investment universe, and this process is done in consultation with accredited project advisors (ASN Sustainable Financing, StartGreen Capital and FMO). The policy ensures that all the mandatory and optional principal adverse impacts (PAIs) are considered in the creation of the investment universe. A list of exclusion criteria covering, amongst others nuclear energy, fossil fuels, violation of human rights, and activities that cause irreversible damage to the environment is applied to all the projects and companies. Projects and companies known to be in breach of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights are excluded from the investment universe. The sustainability assessment is part of the due diligence and research process conducted in consultation with the project advisors, which takes into account the fund's investment strategy and ASN Impact Investors' sustainability criteria.

The fund provides private loans, whether subordinated or not, and equity capital solely to projects and companies that contribute to at least one of the sustainable investment objectives. To accelerate the energy transition, the fund invests in economic activities that contribute to the energy transition, for example renewable energy, decentralized energy facilities and sustainable construction. To drive innovation in order to promote a sustainable society, the fund invests in economic activities that are innovative at the time the investment is made. In the investment process, frameworks are used to determine (i) to which sustainable investment objectives an investment contributes, (ii) whether a project or company is innovative at the time of investment, and (iii) whether an investment is a sustainable investment.

The fund only invests in projects and companies that have been admitted to the investment universe and has strict binding elements in line with the investment strategy which also require the projects and companies to adhere to Equator Principles and/ or similar local laws and regulations for high income OECD countries. As part of the policy, projects and companies are assessed on good governance and ethical behavior; a stringent KYC process which focuses on sanctions, signs of corruption, and presence of politically exposed persons (PEPs).

Due to the strict sustainability criteria of ASN Impact Investors, and the sustainable investment objectives, the fund reports in accordance with Article 9 of the SFDR. Therefore, the investment selection criteria only include investments which qualify as sustainable as defined by SFDR. The investments of the fund consist of 90-100% sustainable investments with an environmental objective and 0-10% sustainable investments with a social objective.



ASN Impact Investors believes that the EU Taxonomy, the EU list of sustainable economic activities, can potentially be an important instrument to determine which investments are sustainable. However, ASN Impact Investors cannot endorse the inclusion of nuclear energy and fossil gas as sustainable investments under the current EU Taxonomy. This is not in accordance with the convictions, vision, and mission of ASN Impact Investors, and as such no taxonomy alignment target has been set for the fund.

The attainment of the sustainable investment objectives is continuously monitored by the Impact Committee and reported in the annual report of ASN Beleggingsfondsen AIF N.V... No reference benchmark has been designated to measure the achievement of the sustainable investment objectives, but based on the data collected by the project advisors, the fund's progress is measured using the following sustainability indicators:

- Avoided CO₂ (tonnes): the annual amount of CO₂ avoided. To measure the attributed avoided CO₂ emissions, the fund uses the PCAF method.
- Generated energy (MwH): the annual amount of energy generated.
- Number of projects and companies per sector: the number of projects and companies per sector to which the fund has provided private loans, whether subordinated or not, and/or equity capital.
- Number of innovative projects and companies: the number of innovative projects and companies to which the fund has provided private loans, whether subordinated or not, and/or equity capital.

The chosen methodologies are highly dependent on the availability of sustainability related data at project and company level. While the methodology may have limitations, there is still sufficient information available with which progress on the sustainable investment objective can be measured.

The fund uses ESG data obtained from external sources who provide wide coverage for ESG topics relating to CO₂ emissions, arms criterion, PAIs and EU taxonomy alignment. ESG data is also collected by project advisors directly from the financed projects and companies using various data collection and reporting tools. ASN Impact Investors has adequate data quality processes in place, and also collaborates with the project advisors and research organizations where data is not easily available. Estimated impact results may be used, on the basis of projected performance of the financed project or company where actual data is not available.

The fund relies on the expertise and skills of the project advisors to engage with projects and companies on areas of ESG compliance and social impact.

NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

All investments made in projects and companies by the fund must meet the policy to be considered eligible for the investment universe. ASN Impact Investors selects the investments of the fund in consultation with on the one hand the accredited project advisors of ASN Sustainable Financing (ADF) and StartGreen Capital for investments in the Netherlands and on the other hand the accredited project advisors of FMO for investments outside the Netherlands.

The sustainability of all projects is assessed against ASN's sustainability criteria including the criteria on ASN's exclusion list, as amended from time to time.

The sustainability assessment of the projects and companies is performed to ensure that no harm is caused to the environmental climate objective of the fund. The exclusion criteria cover activities relating to nuclear energy, fossil fuels, weapons, tobacco, violation of human rights and labour rights and activities that cause irreversible damage to the environment. ASN Impact Investors also does not finance projects and companies that use first-generation biofuels and avoids financing the construction of projects in which the building is to be used for activities that are excluded under the policy. The sustainability assessment also takes into account the negative impacts of the renewable energy technology (excessive water usage, biodiversity harm, and the use of hazardous materials in manufacturing of the solar panels or wind turbines).



Whether or not a project or company can be added to the investment universe is ultimately determined by ASN Impact Investors' Investment Committee based on an investment proposal. After approval the projects and companies in the investment universe are periodically reviewed by the investment advisors.

The above sustainability assessment process assures that the universe is void of projects and companies that do significant harm to any sustainable investment objectives.

The policy ensures that all the mandatory principal adverse impacts (regarding greenhouse gas emissions, biodiversity, water, and waste and all the social and employee matters) are considered when creating the investment universe. The optional principal adverse impacts considered are (subject to data availability):

- Non-recycled waste ratio.
- Investment in investee companies without workplace accident prevention policies.
- Lack of a Human Rights policy.
- Operations and suppliers at significant risk of incidents of child labour.
- Operations and suppliers at significant risk of incidents of forced or compulsory labour.
- Number of identified cases of severe human rights issues and incidents.

This is done by excluding activities and assessing the quality of policy, but we do not necessarily assess on the basis of the parameters defined for each indicator by legislation and regulation.

The fund excludes investments (in projects and companies) that are known to be in breach of the OECD Guidelines for Multi- national Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights apply to all projects and companies admitted to the universe.

All projects and companies in the universe are expected to always comply. When checking for compliance with OECD Guide- lines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the methods applied may vary depending on the country and size of the project or company.

SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

The fund has the following sustainable investment objectives:

- Accelerating the energy transition and
- Driving innovation to promote a sustainable society

The fund aims to achieve these sustainable investment objectives by providing private loans, whether subordinated or not, and equity capital to projects and companies that contribute to at least one of the sustainable investment objectives and are sustainable investments. To accelerate the energy transition, the fund invests in economic activities that contribute to the energy transition, for example renewable energy, decentralized energy facilities and sustainable construction. To drive innovation in order to promote a sustainable society, the fund invests in economic activities that are innovative at the time the investment is made.



INVESTMENT STRATEGY

The Fund invests in private loans, whether subordinated or not, that are provided to projects and companies in the Netherlands and abroad, through the ASN Energy & Innovation Pool. In addition, the Fund invests directly in equity capital of projects and companies in the Netherlands and abroad.

The fund has the following binding elements:

- Investments must be admitted to the investment universe. The investment universe of the fund is delineated by investment criteria; compliance with the investment criteria is mandatory, subject to the comply or explain principle;
- The fund must invest at least 85% of the assets under management in fixed-income securities;
- The fund may invest a maximum of 30% of the assets under management in private loans, whether or not subordinated, provided to and equity capital of projects and companies in a certain number of countries outside the Netherlands;
- Investments must contribute to one or more of the sustainable investment objectives;
- Investments can be regarded as sustainable investments within the meaning of SFDR;
- Investments made to drive innovation to promote a sustainable society are classified as innovative at the time of investment; and
- Investments in or providing loans to projects and companies that emit high levels of greenhouse gases are excluded.

For all its investment activities the fund adheres to the Equator Principles, which provides a framework for determining, assessing, and managing the environmental and social risks associated with financing projects and companies. In High-Income OECD countries local and national regulations, laws and permits are generally similar to or more stringent than the requirements of the Equator Principles. Therefore, it is sufficient if projects and companies in these countries comply with local laws; they do not need to be assessed against the Equator Principles.

As part of applying the policy, an assessment on good governance and ethical behaviour of projects (and the management thereof) and companies is made. The policy incorporates requirements with regards to, amongst others, the compositions and remuneration of the board; corruption; transparency; supply chain, adherence to local legal and tax regulations.

The fund requires projects and companies to have a policy regulating the ethical conduct of its employees, regardless of where the project or company is located. The policy's substance and quality are applied at a higher standard if the project or company is located in risk countries or high-risk countries and/or activities. Finally, an assessment is made whether there has been any misconduct.

Additionally, the "Know-your-customer" process within ASN Impact Investor pays attention to sanctions, signals of corruption, presence of politically exposed persons (PEPs) in the investees and/or other bad press.



PROPORTION OF INVESTMENTS

Due to the strict sustainability criteria of ASN Impact Investors, and the sustainable investment objectives, the fund reports in accordance with Article 9 of the SFDR. Therefore, the investment selection criteria only include investments which qualify as sustainable as defined by SFDR. The investments of the fund consist of 90-100% sustainable investments with an environmental objective and 0-10% sustainable investments with a social objective.

Cash held in the fund is not considered an investment. As the investments in the fund are not traded on an exchange, they have limited liquidity. Cash is held in relation to liquidity management as per section 4 of the delegated regulation on alternative investment fund managers.

ASN Impact Investors believes that the EU Taxonomy, the EU list of sustainable economic activities, can potentially be an important instrument to determine which investments are sustainable. It could promote transparency, counter greenwashing, and drive the shift of capital to the sustainable economy of the future. However, with regards to the ecological part of the EU taxonomy, ASN Impact Investors cannot endorse the inclusion of nuclear energy and fossil gas as sustainable investments under the current EU Taxonomy. This is not in accordance with the convictions, vision, and mission of ASN Impact Investors. Considering this and the fact that still so much of the taxonomy is unclear, no specific target alignment for the EU taxonomy has been set so far.



MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVE

ASN Impact Investors continuously monitors the composition of the fund and the individual names in the portfolio. With regards to the monitoring of the sustainable investment objective, ASN Impact Investors has set up the Impact Committee. The Impact Committee frequently monitors the following: the sustainable investment objectives; the voting policy that has been implemented; and the engagements that have been carried out. In addition to monitoring the realization of the sustainable investment objectives, the Impact Committee supervises adjustments by the relevant fund manager to achieve the objectives.

ASN Impact Investors is also responsible for the risk management and related internal controls of the fund. ASN Impact Investors' risk management is based on the 'three-lines-of-defense' model. In this model, different parts of the organization have their own tasks and responsibilities. The three lines of defense support and strengthen one another:

- First line is responsible for the operational management of the fund, and in that sense is responsible for risk and managing the risk.
- Second line is formed by risk management and compliance department, who ensure that internal control measures are implemented and complied with as stated in the ASN Impact Investors policy principles.
- Third line is the audit department, which is an independent function that tests and verifies compliance with ASN Impact Investors' internal controls relating to the portfolio compliance of the fund.



METHODOLOGIES

To measure avoided CO₂ emissions, the fund uses the Partnership for Carbon Accounting Financials methodology for project finance (PCAF). The core principle of the PCAF methodology is to attribute emissions proportionally to the fraction of capital structure financing provided by the financial institution.

The methodology provides for different ways to calculate financed avoided GHG emissions, being:

- Reported verified or unverified emissions (e.g., collected directly from the project or indirectly through independent third parties) or
- Physical activity-based emissions (e.g., electricity produced) or
- Economic activity-based emissions (e.g., turnover or assets).

To calculate attributable avoided emissions, only the financed ring-fenced activities are included. Avoided emissions and financials related to existing activities outside the financed project but within the financed organization are not considered.

The amount of avoided CO₂ emissions is based on the P90 expectation of the total production that the project or company will generate. The calculation also relies on the specific emission factor per country where the projects and companies are located. The total contribution that the fund reports on avoided CO₂ emissions is allocated to each project and company in proportion to the fund's share in the total costs generated by the project or company.

The CO₂ emitted during the construction of a project is only counted if it is more than 5% of the total CO₂ emissions avoided.

DATA SOURCES AND PROCESSING

The fund works with external project advisors ADF, StartGreen Capital and FMO to measure the attainment of the sustainable investment objective. The fund relies on impact data related to the projects and companies as provided by the investment advisors via quarterly reports and external reporting tools (e.g. Joint Impact Model which is used for CO₂ emissions data in emerging countries) on the performance of the projects with regards to avoided CO₂ emissions.

External data providers are used by the fund for collecting data for the following:

- CO₂ emissions data.
- Assessments of whether activities meet the arms criterion under the policy.
- News reports on project developers/management.
- ESG information.
- PAI and EU Taxonomy data.

Measures taken to ensure data quality

The impact data is collected by ADF, StartGreen Capital and FMO, using specific forms and questionnaires that also form an integral part of the financing loan documentation.



Estimation of data

ESG data availability for the projects and companies the fund invests in not always (easily) available. The fund relies on the monitoring and due diligence process of ADF, StartGreen Capital and FMO to collect and keep track of impact data for projects and companies financed. When actual performance for a year is not yet available, estimated impact results may be used, on the basis of projected performance of the financed power plant or windfarm, (ex-ante estimation).

LIMITATIONS TO METHODOLOGIES AND DATA

The methodology used to measure the amount of avoided CO₂ emissions is highly dependent on the availability of sustainability related data at project and company level.

Limitations of the PCAF method are:

- Reported avoided emissions collected directly from the project or company are not always verified, therefore data may be incorrect.
- Emission factors for some countries may be lacking, especially for projects and companies located in less developed markets.

DUE DILIGENCE

To decide on the eligible investment universe for the fund, due diligence and research are conducted at the beginning of the investment process, and thereafter on a continuous basis. This process takes place in consultation with project advisors of ASN Duurzame Financieringen (ADF) and StartGreen Capital for investments in the Netherlands on the one hand and the project advisors of FMO for investments outside the Netherlands on the other hand. Throughout the process, compliance with and adherence to ASN Impact Investors' sustainability policy and the fund's sustainable investment objective are mandatory. The due diligence process covers:

- Analyzing the positive contribution of projects and companies to ASN Impact Investors' three sustainability pillars climate, biodiversity and human rights (e.g., 'do good', 'do no harm',).
- Assessment of compliance with sustainability criteria 'do good and 'do no harm', using sustainability information from project advisors and external data providers.
- Sustainability risk analysis on the location, size, and type of project or company.

The selection of projects is driven by compliance with the investment strategy of the fund, which includes:

- Contribution to sustainable developments by the project.
- The project's anti-corruption and anti-bribery policies.
- Current data on CO₂ emissions.
- Compliance with OECD Guidelines for MNE, UNGP Principles on B&HR, local environmental and tax regulations.

The Investment Committee has the authority to approve or reject entities for the investment universe. After approval the projects and companies in the investment universe are periodically reviewed by the investment advisors.



ENGAGEMENT POLICIES

ASN Impact Investors uses the knowledge and expertise of investment advisors (ADF, StartGreen Capital and FMO) to engage with projects and companies in the fund's portfolio. Engagement may be required when it comes to areas of ESG compliance and social impact measurement by the projects and companies.

ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

No reference benchmark has been designated to measure the achievement of the fund's sustainable investment objectives, but based on the data collected by the project advisors, the fund's progress is measured using the following sustainability indicators:

- **Avoided CO2 (tonnes):** the annual amount of CO2 avoided. To measure the attributed avoided CO2 emissions, the fund uses the PCAF method.
- **Generated energy (MwH):** the annual amount of energy generated.
- **Number of projects and companies per sector:** the number of projects and companies per sector to which the fund has provided private loans, subordinated or not, and/or equity capital.
- **Number of innovative projects and companies:** the number of innovative projects and companies to which the fund has provided private loans, whether subordinated or not, and/or equity capital.

