



# Energy and Climate Act Report 2025

Review for the financial year 2024



# Introduction

**ABN AMRO Investment Solutions (AAIS), in its capacity as a French asset management company, is subject to Article 29 of the Energy and Climate Act (LEC), which came into force on 8 November 2019. Its implementing decree No. 2021-663 published on 27 May 2021, in line with Article 173 (published on 29 December 2015), requires financial companies to report on the risks related to climate change and biodiversity in their sustainability risk management policies. The French legislator aims to echo the Paris Climate Agreement and commit France to transitioning to a carbon-neutral economy by 2050.**

As part of the EU Sustainable Finance Action Plan and its objective to channel private investment for the transition to a climate-neutral economy, the European Union adopted its Sustainable Finance Disclosure Regulation (SFDR) in September 2019. The Regulation comprises 20 articles introducing various transparency requirements for financial market participants and financial advisers at entity, service, and product level. It aims to ensure more transparency on sustainability within financial markets, based on a standardised approach, to prevent « greenwashing » and ensure comparability. The SFDR came into force in March 2021, and the first major requirement was to classify investment products into three categories by introducing common ESG frameworks: « Art. 9 » Funds that have sustainable investment as their objective, « Art. 8 » Funds that promote environmental or social characteristics, and « Art. 6 » that have light or no commitment to ESG issues.

This report sets out all methods implemented by ABN AMRO Investment Solutions, as a responsible management company, to contribute to speeding up ecological and social transition, in the light of the Paris Climate Agreement, LEC-Article 29 and the SFDR.

As recommended by the implementing decree, readers will also find all relevant sustainability indicators for the funds it manages with assets exceeding €500 million. Below is the list of these funds and at the end of December 2024:

- ▶ ABN AMRO Candriam ESG Treasury
- ▶ ABN AMRO Funds Blackrock Euro Government ESG Bonds
- ▶ ABN AMRO Funds Eden tree European Sustainable Equities
- ▶ ABN AMRO Funds Global ESG Equities
- ▶ ABN AMRO Funds Insight Euro ESG Corporate Bonds
- ▶ ABN AMRO Funds Parnassus US ESG Equities
- ▶ ABN AMRO Funds Portfolio Flexible Bonds
- ▶ ABN AMRO Funds Portfolio Flexible ESG Bonds
- ▶ ABN AMRO Funds Profile 3 - Moderately Defensive
- ▶ ABN AMRO Funds Profile 4 - Moderately Aggressive
- ▶ ABN AMRO Funds RBC BlueBay Euro Government Bonds
- ▶ ABN AMRO Funds Robeco Euro ESG Government-Related Bonds
- ▶ ABN AMRO Funds Schroder Euro Corporate ESG Bonds

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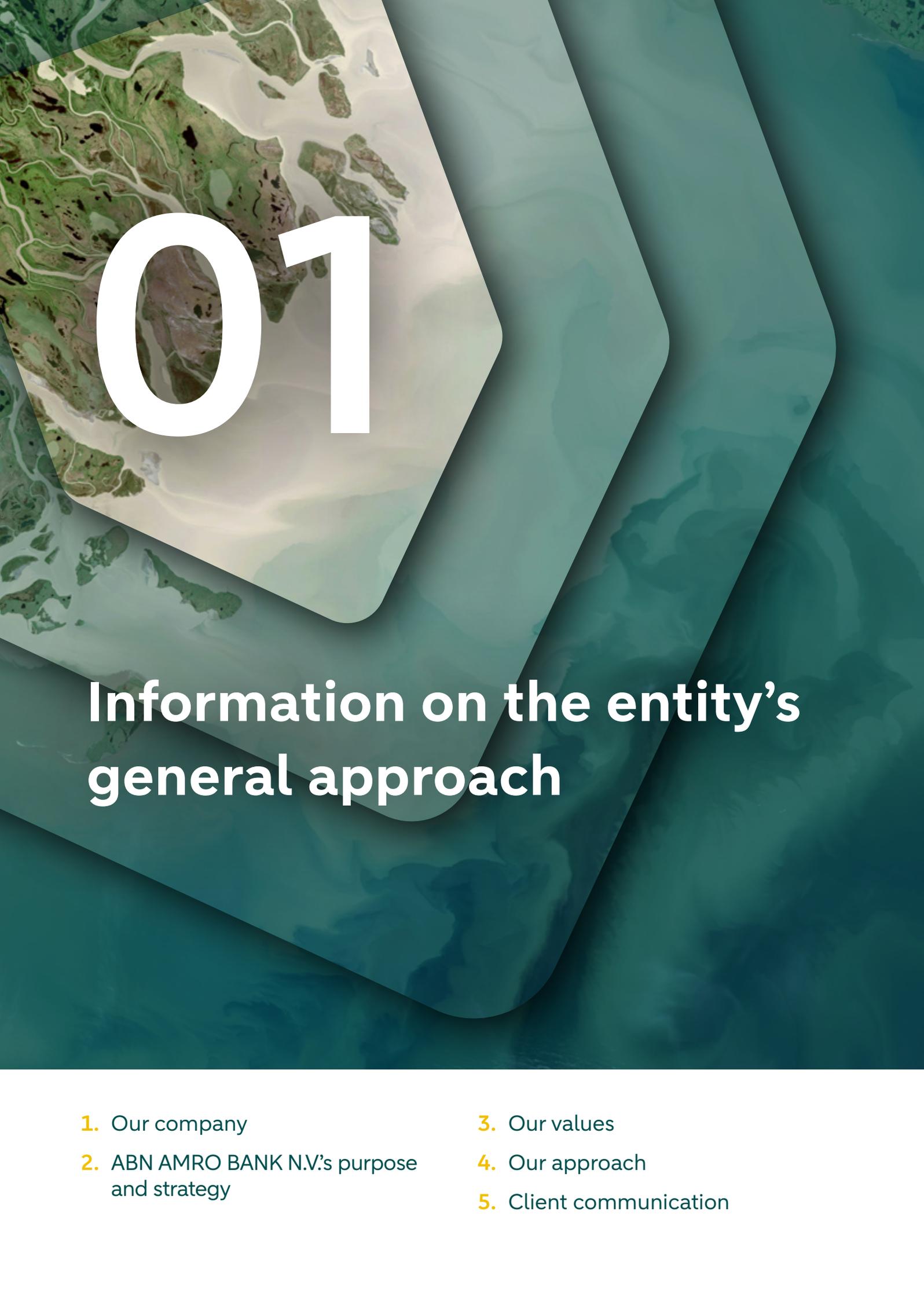
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# 01

## Information on the entity's general approach

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## 1. OUR COMPANY

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A pioneer in multi-management in Europe for more than 25 years, ABN AMRO Investment Solutions (AAIS) is the asset management company of the ABN AMRO Bank N.V. Group. With an ESG commitment at the heart of its model since its creation in 1998, ABN AMRO Investment Solutions provides its clients, both internal and external to the group, with all the expertise of its 98 employees<sup>1</sup> driven by a common objective: to offer the most innovative investment approaches adapted to both the challenges of clients and contemporary challenges in terms of social and environmental responsibility.

Led by François-Xavier Gennetais, the company has a team with varied and multicultural profiles, split between Paris, Amsterdam, and Frankfurt.

At the end of December 2024, it managed €19.1 billion in assets, including €17.1 billion in ESG or sustainable assets<sup>2</sup>; nearly 90% of its assets under management are systematically considering ESG criteria during the investment process.



## 2. ABN AMRO BANK N.V.'S PURPOSE AND STRATEGY

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ABN AMRO Bank N.V. is a Dutch bank that provides banking services to individual and private clients as well as companies and employs more than 21,900 people. It mainly serves clients in the Netherlands and north-western Europe. It offers a range of products and services including loans, mortgages, payment services, financial advice, and asset management. ABN AMRO Investment Solutions provides asset management services.

Sustainability is a key element of the Bank's strategy of being « A personal bank in the digital age » and is reflected in its mission statement: « *Banking for better for generation to come* ».

ABN AMRO Group's main aim is to accelerate the transition towards a more sustainable model.

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1. At end of December 2024.

2. Covers investment funds that classify Art.8 (promoting social and environmental characteristics) and Art.9 (sustainable objectives) regarding SFDR.

We are convinced that all our customers will be impacted by this transition in one way or another over the coming years. ABN AMRO Group therefore relies on its expertise to help all stakeholders (clients, employees, investors, and society as a whole) make this shift to sustainable products and business models. Our efforts are focused on combating climate change, promoting the circular economy and having a positive impact on society.

### 3. OUR VALUES

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ABN AMRO has a clear mission: « *Banking for Better, for Generations to Come.* » We take our role in society seriously. We aim to be a trusted partner and to create long-term value for our stakeholders. This mission guides us through everything we do. Our core values of care, courage and collaboration serve as an anchor.



**Care**



**Courage**



**Collaboration**

Our core values express our sense of responsibility to all stakeholders, including our employees, and our ambition to support our clients as a group offering banking services and investment solutions.

**CARE**

We care about our clients and want the best for them. As a signatory to the Principles for Responsible Investment (« PRI ») through ABN AMRO Bank N.V., ABN AMRO Investment Solutions has a fiduciary duty. We put our clients at the centre of everything we do; by understanding their needs, we can advance their long-term financial and extra-financial interests. We consider this to be part of our responsibility. Our fiduciary duty also applies to our sustainability ambitions. We care about our planet, future generations, and our people we work with.

**COURAGE**

It takes courage to commit to bringing about positive change, to deliver on promises and achieve ambitions.

We aim to lead by example. This is why ABN AMRO Investment Solutions continually seeks to strengthen the integration of sustainability throughout the organisation, e.g. in decision-making, due diligence, portfolio management and risk management processes.

**COLLABORATION**

Only through collaboration can we achieve our ambitions, and we need to work together to successfully overcome the challenges we face. No one has all the answers.

We select the External Investment Managers with whom we work based on their investment philosophy and processes, as well as the extent to which they incorporate environmental, social and governance (ESG) factors. To accurately assess these factors and the future capabilities of External Investment Managers, ABN AMRO Investment Solutions has developed its own delegated management assessment methodology. Depending on the capabilities of our External Investment Managers, we will work with them to (further) develop their ESG analysis capabilities and/or better incorporate ESG criteria into their investment approach.

## 4. OUR APPROACH

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### Introduction

ABN AMRO Investment Solutions is a management company specialising in open architecture and multi-manager solutions. It has an in-house team of experienced portfolio managers who oversee the management of these funds. They will be referred to as the « portfolio management team » in this document.

ABN AMRO Investment Solutions also works with many external investment managers around the world. This collaboration may take different forms, from simply selecting an external fund from our list of « recommended investments » to implementing a tailored investment solution (« delegation » of a Sub-Fund to an external investment manager). Our external investment managers are selected based on their skills and background, as well as how compatible their investment philosophy and processes are with our sustainability standards and guidelines. Indeed, every external investment manager has their own investment approach. Nevertheless, ABN AMRO Investment Solutions, as a management company, has established standardised global policies. These policies contain the baseline sustainability criteria for our Responsible Investment Policy, which both our External Investment Managers and our portfolio management team must adhere to.



### Due diligence process and selection of external funds and External Investment Managers

The Management Company has set up a due diligence process for the selection and monitoring of external strategies and management companies. The Management Due Diligence (MDD) and Operational Due Diligence (ODD) teams are mainly in charge. (Please refer to section 2 of this document for further details).



## Classification of funds

- On 10 March 2021, Level 1 of Regulation (EU) 2019/2088, also known as the Sustainable Finance Disclosure Regulation or « SFDR », came into force. The SFDR aims to provide, in a standardised way, more transparency on sustainability within the financial markets, to prevent « greenwashing » and ensure better comparability between products.
- As of 2020, ABN AMRO Investment Solutions begins to classify its fund range into the three product categories as offered by SFDR. This exercise relied heavily on the in-depth knowledge of our investment strategy manager selection team and the skills of each external investment manager. The SFDR classification of a product is not necessarily an indication of how durable it is, rather a classification system grouping common publication requirements for each category. However, it can be used as a basis for identifying the degree of sustainability of products, as the information required will provide comparable insights into the extent to which sustainability characteristics are reflected in the investment objective, product strategy and policy, as well as in the composition of the investment portfolio.

With reference to the SFDR regulation, ABN AMRO Investment Solutions has made a primary classification of its funds according to the following main categories:

► **Sustainable investment products (products covered by Art.9):**



**Art.9**

These products must meet the following minimum criteria:

- The product must have a measurable environmental and/or social sustainable investment objective<sup>3</sup>. The range of funds managed by ABN AMRO Investment Solutions and falling under Art. 9, by the end of December 2024, present environmental objectives in alignment with the Paris Agreement and/or meeting certain United Nations Sustainable Development Goals (SDGs) of the United Nations. Based on criteria defined (quantitative and/or qualitative) with our external Investment Managers, ABN AMRO Investment Solutions has determined the minimum share of Environmental and Social objectives for each investment portfolio. To date, ABN AMRO Investment Solutions has not opted for an alignment of its environmental objectives as defined by the Taxonomy Regulation.
- The investment does not cause significant harm to other sustainability factors. This may be qualified, among other things, by the assessment of the Principal Adverse Impacts (PAI) of a beneficiary company/country or an investment product.
- The companies in which the portfolio invests must demonstrate good governance practices.



**Art.8**

► **ESG investment products (products falling under Art.8):**

Products classified under Art.8 of SFDR must promote environmental and/or social characteristics. For this reason, ABN AMRO Investment Solutions has defined a set of sustainability indicators that are measurable and common to all funds in this category. To date, ABN AMRO Investment Solutions has not opted for an alignment of its environmental objectives as defined by the Taxonomy Regulation.

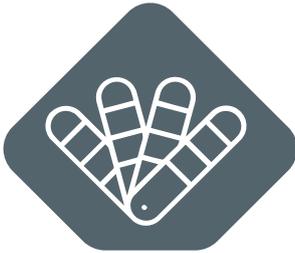
In addition, companies invested in products covered by Art.8 of SFDR must demonstrate good governance practices.

Moreover, it is possible that part of a product falling under Art.8 of SFDR has a sustainable investment objective, but it cannot be classified as a product falling under Art.9 because the sustainable investment objective does not concern the entire product. At the end of December 2023, the range of funds managed by ABN AMRO Investment Solutions does not yet offer this option.

For funds falling under Art.8 and 9 of SFDR, ABN AMRO Investment Solutions has set up exclusion criteria on certain activities that we have identified as being too risky from a financial or reputational point of view, and/or not in line with our values. These exclusion criteria depend on the classification of the fund and are applied in addition to the basic exclusions applied to products falling under the SFDR article<sup>4</sup>.

3. Or more.

4. We have identified 4 levels of exclusion, details of which can be found on the "Exclusion List" document published on our website.



## Art.6

### ► Other investment products (under Art. 6):

Funds falling under Art.6 are non-ESG and non-sustainable funds; however, they consider certain sustainability risks. Sustainability risk is defined as « an environmental, social or governance event or condition that, if it occurs, could have a material adverse impact on the value of the investment » (SFDR, Art.3). However, products covered by Art.6 of the SFDR must take sustainability risks into account when assessing the potential negative financial impacts on their portfolios. In addition, the SFDR - Art.6 products integrated into our range of funds consider minimum environmental, social and governance precautions based on a set of exclusions. Thus, they exclude controversial countries and weapons, companies that do not respect the 10 principles of the United Nations Global Compact<sup>5</sup>, as well as tobacco growers and manufacturers.



All SFDR information required for the implementation of RTS (Regulatory Technical Standards) at the level of investment products (funds) is available on our website. Readers will be able to find the following standardised documents for each of our funds subject to the SFDR regulation<sup>6</sup>:

- **Pre-contractual disclosure:** This information explains the sustainability objectives and the associated metrics of the investment product to achieve these objectives;
- **Periodic disclosure:** This information explains whether and how the objectives were achieved over the period under review as well as the avenues for remediation;
- **Website Product Disclosure:** This information recalls the sustainability objectives/investment strategy and explains the human and technical resources employed, as well as limitations, controls and due diligence in place.

5. Also known as the UN Global Compact (UNGC).

6. Guidelines and templates available in Commission Delegated Regulation EU 2022/1288.

## Scope

Our sustainable investment policy<sup>7</sup> covers our entire range of funds<sup>8</sup> (with a few exceptions). It is available on our website in the “sustainability” section<sup>9</sup>.

Below is the list of funds with assets under management over €500 million and which are the subject of a specific analysis in this document pursuant to regulatory requirements.

**Table 1a - List of funds with assets under management exceeding €500 million**

| Fund Name   | SFDR Classification | AuM in €              |
|---|---------------------|-----------------------|
| ABN AMRO Funds Parnassus US ESG Equities                | Art.8               | 2 375 407 363         |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | Art.8               | 1 210 737 819         |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | Art.8               | 1 014 875 000         |
| ABN AMRO Candriam ESG Treasury                          | Art.8               | 938 901 617           |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | Art.8               | 877 008 498           |
| ABN AMRO Funds Global ESG Equities                      | Art.8               | 869 031 720           |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | Art.8               | 862 497 681           |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | Art.8               | 772 342 362           |
| ABN AMRO Funds Portfolio Flexible Bonds                 | Art.8               | 698 951 146           |
| ABN AMRO Funds EdenTree European Sustainable Equities   | Art.9               | 583 890 207           |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | Art.8               | 568 747 500           |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | Art.8               | 529 758 420           |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | Art.8               | 510 018 682           |
| <b>Total</b>  |                     | <b>11 812 168 015</b> |

Source: AAIS

We count 13 funds whose assets under management totalled over €500 million at the end of December 2024. They represent €11.8 billion and 62% of the total assets under management of ABN AMRO Investment Solutions. There are 12 SFDR-Article 8 funds (i.e. 59% of total assets under management) and 1 SFDR-Article 9 fund (i.e. 3% of total assets under management).

7. Available on our website under the Sustainability Information section - ABN AMRO ([www.abnamroinvestmentsolutions.com](http://www.abnamroinvestmentsolutions.com)); our sustainable investment policy is being updated to reflect the latest developments in our investment product range.

8. There are, however, a few exceptions whose outstandings can be considered negligible.

9. Available on our website under the Sustainability Information section - ABN AMRO ([www.abnamroinvestmentsolutions.com](http://www.abnamroinvestmentsolutions.com)). Our sustainable investment policy is being updated to reflect the latest developments in our product range. investment rate.

Below is the list of all our funds under Art.8 and 9 of SFDR:

**Table 1b - List of SFDR Funds Art.8 and Art.9**

| Fund Name   | SFDR Classification | AuM in €      |
|---|---------------------|---------------|
| ABN AMRO Funds Parnassus US ESG Equities                | Art.8               | 2 375 407 363 |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | Art.8               | 1 210 737 819 |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | Art.8               | 1 014 875 000 |
| ABN AMRO Candriam ESG Treasury                          | Art.8               | 938 901 617   |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | Art.8               | 877 008 498   |
| ABN AMRO Funds Global ESG Equities                      | Art.8               | 869 031 720   |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | Art.8               | 862 497 681   |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | Art.8               | 772 342 362   |
| ABN AMRO Funds Portfolio Flexible Bonds                 | Art.8               | 698 951 146   |
| ABN AMRO Funds EdenTree European Sustainable Equities   | Art.9               | 583 890 207   |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | Art.8               | 568 747 500   |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | Art.8               | 529 758 420   |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | Art.8               | 510 018 682   |
| ABN AMRO Funds RBC BlueBay Euro Aggregate ESG Bonds     | Art.8               | 407 629 561   |
| ABN AMRO Funds Profile 5 - Aggressive                   | Art.8               | 369 658 147   |
| ABN AMRO Funds Portfolio High Quality Impact Bonds      | Art.9               | 337 111 512   |
| ABN AMRO FGR Aegon Global Impact Equities               | Art.9               | 322 914 445   |
| ABN AMRO Funds Boston Trust Walden US ESG Equities      | Art.8               | 310 462 869   |
| ABN AMRO Funds FoM Euro Corporate Bonds                 | Art.8               | 262 290 029   |
| ABN AMRO Funds Kempen Euro Corporate Bonds              | Art.8               | 253 207 876   |
| ABN AMRO Funds Profile 6 - Very Aggressive              | Art.8               | 212 534 897   |
| ABN AMRO Funds M & G Emerging Market Equities           | Art.8               | 208 836 617   |
| ABN AMRO Funds Candriam Global ESG High Yield Bonds     | Art.8               | 208 730 308   |
| ABN AMRO Funds Walter Scott European ESG Equities       | Art.8               | 208 063 643   |
| ABN AMRO Funds Putnam US ESG Equities                   | Art.8               | 182 045 864   |
| ABN AMRO Funds Boston Common US Sustainable Equities    | Art.9               | 172 542 240   |
| ABN AMRO Funds Amundi European ESG Equities             | Art.8               | 164 875 206   |
| ABN AMRO Funds Profile 2 - Defensive                    | Art.8               | 148 974 414   |
| ABN AMRO Funds Candriam Emerging Markets ESG Bonds      | Art.8               | 138 452 068   |
| ABN AMRO Funds Sands Emerging Market Equities           | Art.8               | 133 074 240   |
| ABN AMRO Funds Private Portfolio Equities               | Art.8               | 129 408 763   |
| ABN AMRO FGR BNP Paribas Disruptive Technology Equities | Art.8               | 107 049 164   |

|  |       |                       |
|--|-------|-----------------------|
| ABN AMRO FGR Pictet Global Environmental Equities                | Art.8 | 91 187 242            |
| ABN AMRO Symbiotics Emerging Markets Impact Debt                 | Art.9 | 89 724 935            |
| ABN AMRO FGR Robeco Global Consumer Trends Equities              | Art.8 | 82 796 647            |
| ABN AMRO Funds Liontrust Global Impact Equities                  | Art.9 | 78 483 356            |
| ABN AMRO Funds Candriam French ESG Equities                      | Art.8 | 77 056 881            |
| ABN AMRO Funds Aegon Global Impact Equities                      | Art.9 | 76 305 559            |
| Neuflize Euro Obligations ESG                                    | Art.8 | 64 750 568            |
| ABN AMRO Funds Private Portfolio Bonds                           | Art.8 | 59 169 675            |
| ABN AMRO Funds Candriam European ESG Equities                    | Art.8 | 55 574 732            |
| Neuflize Euro Actions ESG  | Art.8 | 46 185 613            |
| ABN AMRO Funds Candriam Global ESG Convertibles                  | Art.8 | 45 063 210            |
| ABN AMRO Funds Global Balanced                                   | Art.8 | 44 944 941            |
| TEGO Equilibre   | Art.8 | 44 206 367            |
| TEGO Dynamique ISR   | Art.8 | 36 340 867            |
| ABN AMRO Funds NexGen Multi-Asset                                | Art.8 | 36 196 988            |
| ABN AMRO Funds Baring Emerging Markets ESG Bonds                 | Art.8 | 35 168 665            |
| ABN AMRO Funds Candriam Euro ESG Short Term Bonds                | Art.8 | 24 822 823            |
| ABN AMRO Funds Candriam European ESG Smaller Companies Equities  | Art.8 | 19 339 849            |
| Portefeuille Privé Paul Parquet                                  | Art.8 | 12 171 272            |
| Esperance  | Art.8 | 11 015 371            |
| ABN AMRO Funds Profile 1 - Very Defensive                        | Art.8 | 6 403 351             |
| AFFILIATED MANAGERS SICAV Parnassus US ESG Growth Equities       | Art.8 | 5 222 380             |
| TEGO Sécurité  | Art.8 | 4 260 621             |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds Duration Hedged | Art.8 | 2 557 540             |
| ABN AMRO Funds FoM Euro Corporate Bonds Duration Hedged          | Art.8 | 2 076 775             |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds Duration Hedged  | Art.8 | 1 656 555             |
| ABN AMRO Funds Kempen Euro Corporate Bonds Duration Hedged       | Art.8 | 549 689               |
| ABN AMRO Funds Boston Common Emerging Markets ESG Equities       | Art.8 | 12 538                |
| <b>Total</b>   |       | <b>17 143 274 890</b> |

Source: AAIS

**Table 2 - Evolution of our assets under management over the last 3 years, broken by SFDR categories**

| SFDR category                             | 31/12/2024    | 31/12/2023    | 30/12/2022    |
|---|---------------|---------------|---------------|
| SFDR Art.9 - Sustainable investment funds | 1 661         | 1 817         | 1 805         |
| SFDR Art.8 - ESG investment Funds         | 15 482        | 13 850        | 12 847        |
| Subtotal 1 - AuM € millions               | 17 143        | 15 668        | 14 651        |
| Subtotal 1 - % of AuM                     | 90%           | 80%           | 79%           |
| SFDR Art.6 - Other investment funds       | 1 943         | 3 812         | 3 861         |
| Subtotal 2 - % of AuM                     | 10%           | 20%           | 21%           |
| <b>Total AuM € millions</b>               | <b>19 086</b> | <b>19 480</b> | <b>18 512</b> |

Source: AAIS

At the end of December 2024, the share of ESG/sustainable funds represented 90% of assets under management, an increase of +10% compared to the end of December 2023.

## Sustainability Initiatives and Commitments

ABN AMRO Bank N.V., the majority shareholder of ABN AMRO Investment Solutions, was one of the first signatories of the United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact (UNGC) and is one of the founding members of the Equator Principles. ABN AMRO Investment Solutions exerts its influence through engagement with its external investment managers, other asset managers and clients, as well as through the academic ESG research we disseminate (see section 2 of this report). ABN AMRO Investment Solutions supports ESG awareness in a variety of ways.

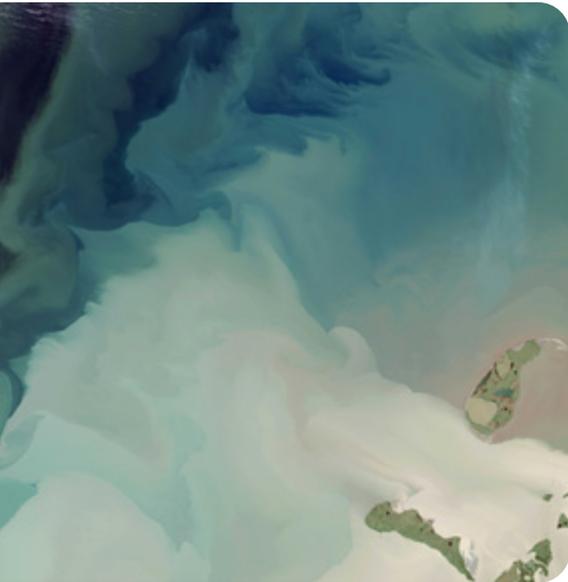
- ABN AMRO Investment Solutions' external investment managers are themselves committed and support various initiatives such as, for example, UN PRI, local codes of conduct and other market initiatives on governance, environmental or societal issues;
- ABN AMRO Investment Solutions supports the commitments made by the ABN AMRO Group to key market initiatives such as (but not limited to) the United Nations Guiding Principles on Business and Human Rights<sup>10</sup>, the Principles for Responsible Investment (UN-PRI), the Finance for Biodiversity Pledge<sup>11</sup> or the TCFD<sup>12</sup>;
- ABN AMRO Investment Solutions participates in professional think tanks, such as the Responsible Investment Plenary (general monitoring of ESG regulations and standards) and the Corporate Governance Committee (good governance practice in voting) of the French Management Association (Association Française de Gestion, AFG);

10. UN Guiding Principles for Business and Human Rights.

11. Finance for Biodiversity Pledge.

12. Technical standards on climate-related communication.

<https://www.icmagroup.org/sustainable-finance/membership-governance-and-working-groups/membership/>



- ▶ As part of the implementation of climate targets, ABN AMRO Investment Solutions committed at the end of 2022 to support the actions of the International Investor Group on Climate Change (IIGCC)<sup>13</sup> in its efforts to implement new climate standards when it comes to embedding multi-management or delegation strategies. As an extension of this commitment, ABN AMRO Investment Solutions joined The Net Zero Asset Manager Initiative (NZAM)<sup>14</sup> in October 2023;
- ▶ ABN AMRO Investment Solutions is also committed to complying with the specifications of the Label ISR (France)<sup>15</sup> and the LuxFLAG ESG (Luxembourg)<sup>16</sup> for some of its investment funds.

## 5. CLIENT COMMUNICATION

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### Regulatory Documentation

Currently, sustainability information is available on published regulatory documents.

Thus, the following are available on our website:

#### **At the fund level, in the section dedicated to « Funds »:**

- ▶ In the appendix to the current prospectus and in the list of documents relating to the products: the precontractual documents of each of the investment products covered by Art.8 and 9 of SFDR;
- ▶ In the appendix to the annual reports and in the list of documents relating to the products: the periodic reports for each of the investment products covered by Art.8 and 9 of the SFDR.

#### **At the entity level, in the general section dedicated to « Sustainability »:**

- ▶ Our responsible Investment policy;
- ▶ Our climate targets and progress report;
- ▶ Our engagement and voting practices;
- ▶ Our report of principal adverse impacts at entity level.

13. <https://www.iigcc.org/about-us/our-members/>

14. <https://www.netzeroassetmanagers.org/>

15. <https://www.lelabelisr.fr/comment-investir/fonds-labelises/>

16. <https://www.netzeroassetmanagers.org/>

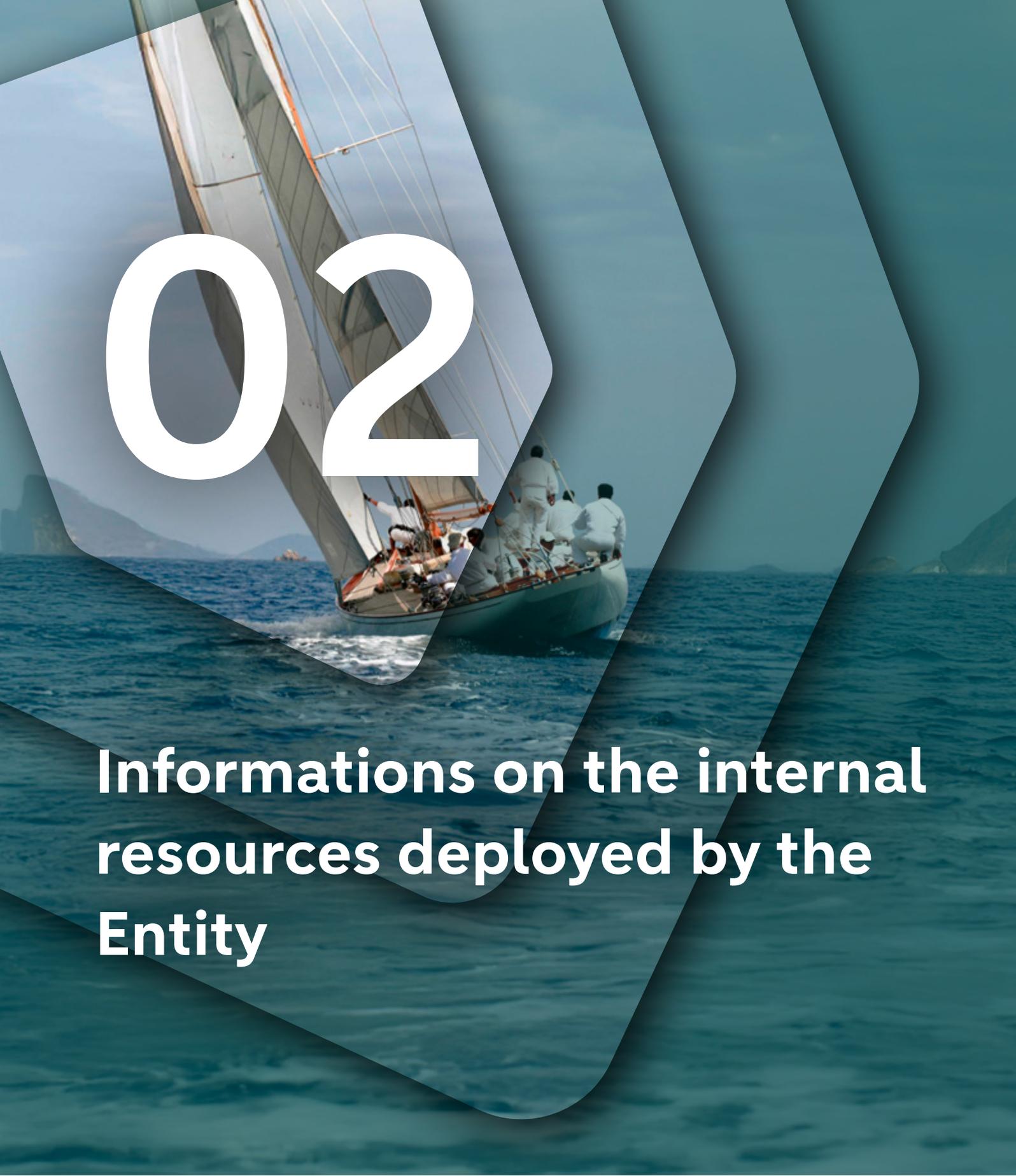
## Other Reports

ABN AMRO Investment Solutions provides an annual report on its voting activity at general meetings (in accordance with its voting rights policy) and on its engagement activities (in accordance with its engagement policy). Since 2023, we have been publishing an aggregated version of these 2 reports that we have named « Stewardship report ».

## Information about our External Investment Managers

We provide various presentations and videos on our external Investment Managers and/or ESG topics, which are available on our [BrightTALK channel](#).





# 02

## Informations on the internal resources deployed by the Entity

**1.** Human, financial and technical resources

**2.** Actions taken to strengthen our internal capacities

## 1. HUMAN, FINANCIAL AND TECHNICAL RESOURCES

### Human resources

ABN AMRO Investment Solutions' organisation makes it possible to select and monitor experienced and recognised managers, to structure their investment strategies and to control the associated risks. ABN AMRO Investment Solutions has integrated ESG issues into several decision-making processes (manager selection and monitoring, risk management, structuring) and is aware that these efforts must continue. In addition to the management team of the management company, by the end of 2024, around 50 professionals (out of a total of 98) had contributed to further integrating ESG issues into our process.



## ESG Team

The ESG team, consisting of three dedicated full-time analysts under the supervision of the Head of ESG, is a fundamental pillar within the Investment department led by AAIS' Chief Investment Officer. The team plays an essential role in supporting all AAIS teams in understanding regulations, disseminating best practices, and evolving processes, methodologies, and tools dedicated to responsible investment. ESG analysts offer comprehensive support on all ESG-related issues, ensuring a consistent integration of ESG criteria within the company.

Below are some of the key tasks of the ESG team:

- ▶ The team is responsible for implementing our voting policy and managing our stakeholder engagements, ensuring the consistency and integrity of our responsible investment practices;
- ▶ The team plays a leadership role in defining ESG control metrics, involving the creation of rigorous and measurable criteria to assess the ESG performance of our investments;
- ▶ In constructive collaboration with the Manager Selection Team (MDD) and the Operational Due Diligence (ODD) specialists, the ESG team is essential in improving the procedures of external investment managers, providing expert advice to guide managers in adopting best practices. The team actively participates in the ODD and MDD rating committees, where the team assists in the assessment of managers on the ESG aspects of their investment strategies;
- ▶ The ESG team works closely with the product structuring and management team to design and deploy investment products that are fully aligned with our ESG criteria. This process includes defining product characteristics, selecting relevant ESG criteria, and integrating them throughout the product lifecycle;
- ▶ The team is actively engaged in various expert groups and market initiatives focused on sustainability. These commitments allow the ESG team to remain at the forefront of innovations and best practices in responsible investing;
- ▶ The ESG team maintains regular and transparent communication with the Executive Committee by providing detailed reports on the progress and challenges of ESG initiatives and making strategic recommendations to strengthen ESG integration within the company;

## Analysts dedicated to the research and selection of managers (MDD) and analysts dedicated to the evaluation of management companies (ODD)

Analysts of the MDD team look for and select quality external strategies and monitor the universe of approved strategies. The MDD team follows a rigorous and thorough selection process that combines quantitative and qualitative approaches. Our quantitative analysts provide the MDD team with quantitative analysis tools (risk/performance profile « clustering », ESG screening, investment style/factor analysis, portfolio construction models, etc.) to support the selection process.



Since 2016, the team has developed its own qualitative methodology to assess an external investment manager's ESG commitment and best practices and to assess the ESG quality of an investment strategy. The analysts specialise by asset class and geography (European equities, North American equities, emerging and Asian equities, global and thematic equities, fixed income strategies, alternative and multi-asset strategies). All analysts of the team are responsible for the proper implementation of ESG in their respective asset class and geography.

For all strategies, the process includes a first stage of documents collection and analysis, followed by a second stage including several meetings, ideally on-site (or alternatively, by videoconference). The analysts assess the external investment manager's commitment and transparency in ESG/sustainable investing through the study and rating of our 4 pillars process (Parent, People, Process, Portfolio) and performance. In addition, they assess the extent to which ESG criteria are integrated into investment strategies and truly considered in the investment process and in the portfolio. They assess the extent to which the organization, management team, resources (including tools) are adequately suited to integrate ESG criteria, while contributing to the strategy's risk/performance positioning. Analysts are also paying attention to the external investment manager's engagement practices and how its initiatives (UNPRI, Climate action 100+ etc.) are reported and monitored.

The ESG rating of the investment strategy is discussed by a rating committee that includes the ESG team, AAIS portfolio managers, and all the MDD team. This committee is the keystone of the decision-making process for selecting external strategies.

As part of the monitoring process, the MDD team analyses the evolution of the strategy at a predefined frequency to ensure that it is in line with the portfolio management style over time. In addition, analysts monitor all major events affecting external investment managers (investment, ESG analysts and analysts, investment process, engagement capacity, etc.). When it comes to evaluating an ESG or sustainable fund, regular exchanges are held with external investment managers. The analyst is responsible for writing a report that includes the review of the portfolio's securities based on ESG ratings and other risk scores.

**Research and manager selection analysts from the MDD team spend at least 40% of their time integrating sustainability into their selection or monitoring process.**

Before the final selection of an external investment strategy, our Operational Due Diligence (ODD team) specialists are responsible for assessing the selected management company: its financial strength, its governance, the consistency of its organisation with the investment process presented, as well as the robustness of its operations, its risk management and compliance processes, and its skills. The team also examines in detail the tools used (front office tools, execution systems, risk controls), the monitoring of essential service providers and the IT security aspects. The process includes a first stage of document collection and analysis, followed by a second stage including several meetings, ideally on-site (or failing that, by videoconference).

The ODD team has adopted a detailed and evolving proprietary CSR questionnaire that allows it to deliver an independent rating dedicated solely to the CSR approach of the external management company. SDG analysts examine the objectives set by the external investment manager in terms of Corporate Social Responsibility (CSR) as well as the initiatives and metrics adopted to measure its progress. When it comes to evaluating sustainable investment strategies, analysts take care to detect any inconsistencies between the commitments made in terms of ESG and the CSR approach put in place by the management company.

Finally, ODD analysts have a veto power if the external investment manager does not meet the minimum requirements. Following the final selection of an investment strategy by the private label team, the ODD team conducts a full operational due diligence review every two to three years in line with the level of risk identified and the assets under management managed by the external management company in question.

**Our ODD specialists estimate that they spend around 25% of their time analysing the management company's CSR approach, a figure that has been steadily increasing since its formal integration into the ODD process.**



## Portfolio Management Team

Our 5 portfolio managers are responsible for managing equity, fixed income, and diversified portfolios as well as multi-managed portfolios based on the universe of delegated mandates and external funds selected by ABN AMRO Investment Solutions. In the team, 3 managers are holders of the CFA ESG at the end of 2024.

The team manages €8 billion in assets at the end of December 2024 and has an average of 20 years of experience in portfolio management on behalf of individual, corporate and institutional clients. The investment process combines asset allocation views defined by an allocation committee, a selection of funds within the universe defined by our ODD and MDD teams, as well as portfolio construction based on quantitative tools and solid knowledge, acquired through the significant experience of the team's portfolio managers.

The portfolios managed with direct investments in equities and bonds are advised by various entities of the ABN AMRO Group, to which ABN AMRO Investment Solutions belongs. As ESG integration is a key element of our investment process, the portfolio management team is in regular contact with ABN AMRO Investment Solutions' ESG team to maintain regulatory oversight and deploy our ESG integration policy across managed portfolios, in accordance with the rules set out in the contractual and regulatory documentation.

When it comes to investing in the securities directly, the team will select instruments that are in line with the ESG standards of the management company and the ESG or sustainable objectives of the funds. This process includes exclusions as well as a qualitative ESG integration process before being selected.

In addition, the portfolio management team organises monthly meetings with the team of analysts dedicated to manager research during which the convictions in terms of ESG integration of the various strategies are also discussed.



Moreover, the portfolio management team participates in regular update meetings with the underlying external investment managers (quarterly or annual, depending on the size of the assets invested), in collaboration with the MDD team, to assess the suitability of their ESG approach and the choice of sustainability indicators with that of the multi-management fund. Concrete investment cases are addressed in their extra-financial dimension, both in terms of risks and opportunities and in terms of contribution to environmental and social or governance issues. Concrete cases of commitment can also be addressed within the applicable scope.

Finally, it should be noted that the portfolio management team supports clients in their desire to adapt the extra-financial constraints of their portfolio. A good understanding of the impact of the integration of non-financial criteria on the investment universe and the portfolio is essential for the client's understanding.

**The portfolio management team spends approximately 30% of its time integrating sustainability into the investment process. This time includes contribution to the updating of regulatory documentation, exchanges with the ESG team and external investment managers, the integration of non-financial criteria in decision-making, its formalization and monitoring as well as the drafting of extra-financial reports.**



### Responsible for the structuring and product life team (Structuring services team)

The Structuring Services team specialises in:

- fund structuring activities. The team oversees creating financial strategies (considering sustainability characteristics), referencing and monitoring external investment managers, setting up the contractual relationship with external investment managers (delegation agreement, exclusive distribution agreement, etc.). The team manages the governance aspects of products and strategies, the implementation of contractualization and organizes access to specific assets such as the use of derivatives, etc.
- activities dedicated to product management. The team develops and updates regulatory documentation (including SFDR documentation), is responsible for the corporate life of the funds, is the point of contact for the regulators, oversees the registration of the funds in the different countries etc.

**Structuring and product managers spend an estimated 40% of their time integrating sustainability requirements into our legal documentation.**

### Business Control and Oversight Team (BCO)

As part of its prerogatives, the Business Control and Oversight team carries out first-level monitoring of the regulatory and legal investment limits of our range of funds (including the ESG elements formalised in the investment management agreement with the external investment manager). These controls are mainly carried out via the newly implemented Aladdin® tool (some controls require further development). In the event of a notification, our control and oversight team investigate and, if deemed necessary, forwards the notification to the portfolio managers and ESG management teams so that we can deepen the analysis and close the alert.

The non-financial investment constraints are set up in the Aladdin® management tool:

- In pre-trade and post-trade for directly managed portfolios;
- In post-trade for portfolios whose management has been delegated.

**Our control and oversight team spends approximately 35% (estimated) of their time monitoring regulatory and legal ESG-related limits.**



### Investment Risk Management Team

The Investment Risk Management team specialises in the analysis and monitoring of performance and investment risks: market risks, liquidity risks, counterparty credit risks, leverage risks and ESG risks. The team is also responsible for the day-to-day monitoring of the risk budgets allocated to the portfolios. It uses the Aladdin® tool to calculate a range of risk indicators and to set up and manage alerts in the event of violations of internal constraints. In addition, it uses data from Sustainalytics and ISS to monitor, among other things, the ESG risk ratings, controversies, and carbon intensity of our funds.

**The investment risk management team spends an estimated 15% of its time monitoring ESG risks.**

### Data Management Team

The Data Management team oversees data management within ABN AMRO Investment Solutions (quality, availability, control).

Regarding ESG data, we use data from two providers: ISS and Sustainalytics.

The mapping of Issuers between these two sources and those from our management tool, Aladdin®, will be managed through our Enterprise Data Management (EDM) solution, developed by S&P Global Intelligence.

Once the latest developments are finalized, all data from these two vendors that will be of interest for reporting or controls will be integrated into EDM and made available via Power BI or disseminated to Aladdin® for the realization of controls.

Business Management ensures that the correspondence between the different Third Parties is as dependable as possible and ensures that this data is properly updated. It will use them to calculate new indicators based on the rules defined internally by our experts.

**The data management team spends 15% of its time performing the various checks and ensuring the quality of the sustainability data. Due to specific developments of new calculations including new ESG and climate data, the team may spend more time than expected.**

## Amounts in euro for budgets dedicated to ESG data

The budget<sup>17</sup> to access to ESG data has been steadily increasing over the past few years. In 2024, within ABN AMRO Investment Solutions, this budget amounted to around €616k (all taxes included), an increase of 23% compared to the previous year. Indeed, this increase is mainly due to the support of a consulting firm for the implementation of our NZAM commitment (refer to section 6 of this document for information on our commitment to this Climate Initiative).

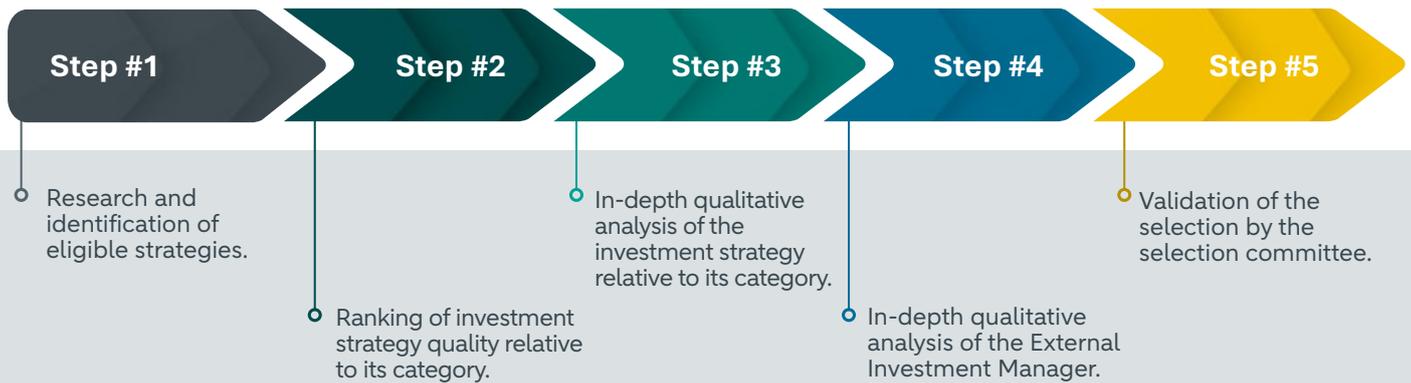
17. This budget does not include the tool to publish ESG reports, ESG data disclosure rights on our website, certain ESG data shared by ABN AMRO, ABN AMRO's external engagement service and external partnerships on ESG issues.

## Research

### – Investment solutions research

ABN AMRO Investment Solutions selects external investment managers through a thorough process that draws on the expertise of our private label and SDG analysts.

Our process for selecting external investment managers for active investment strategies<sup>18</sup> is divided into 5 steps:



As part of the qualitative analysis of the investment strategy (step 3), analysts seek to determine the ability of a management team to replicate the results of the investment strategy over time. The analyst focuses his analysis on five key aspects (company, team, investment process, portfolio, and performance).

Analysts will therefore evaluate:

- ▶ The parent company;
- ▶ The investment teams (organization, skills, experience), including ESG and engagement teams;
- ▶ The investment philosophy;
- ▶ The investment process, including financial and non-financial aspects (idea generation, research, stock selection, portfolio construction, engagement with companies);
- ▶ The risk control and monitoring.

Analysts begin by attending presentations, meetings, conferences, and any other events that gather information that they can use to determine the potential strengths and weaknesses of the strategy under consideration. Then, a complete qualitative study is carried out before any on-site visit. This study involves a proprietary questionnaire accessible on our digital due diligence platform, or administered during videoconference interviews, allowing us to meet the different stakeholders in the investment process (portfolio managers and financial analysts, ESG, and engagement analysts).

<sup>18</sup> A so-called active strategy does not scrupulously reflect a benchmark index and is marked by investment convictions that can deviate significantly from that of the benchmark; It is usually contrasted with passive management, which replicates a benchmark index.

Meetings with the teams then allow the analysis to be deepened by:

- ▀ Reviewing all the securities in the portfolio;
- ▀ Assessing the dynamics of the investment team;
- ▀ Checking that each position is in line with the fund's investment process;
- ▀ Assessing the company's fundamental and ESG research;
- ▀ Based on a real case to evaluate investment tools.

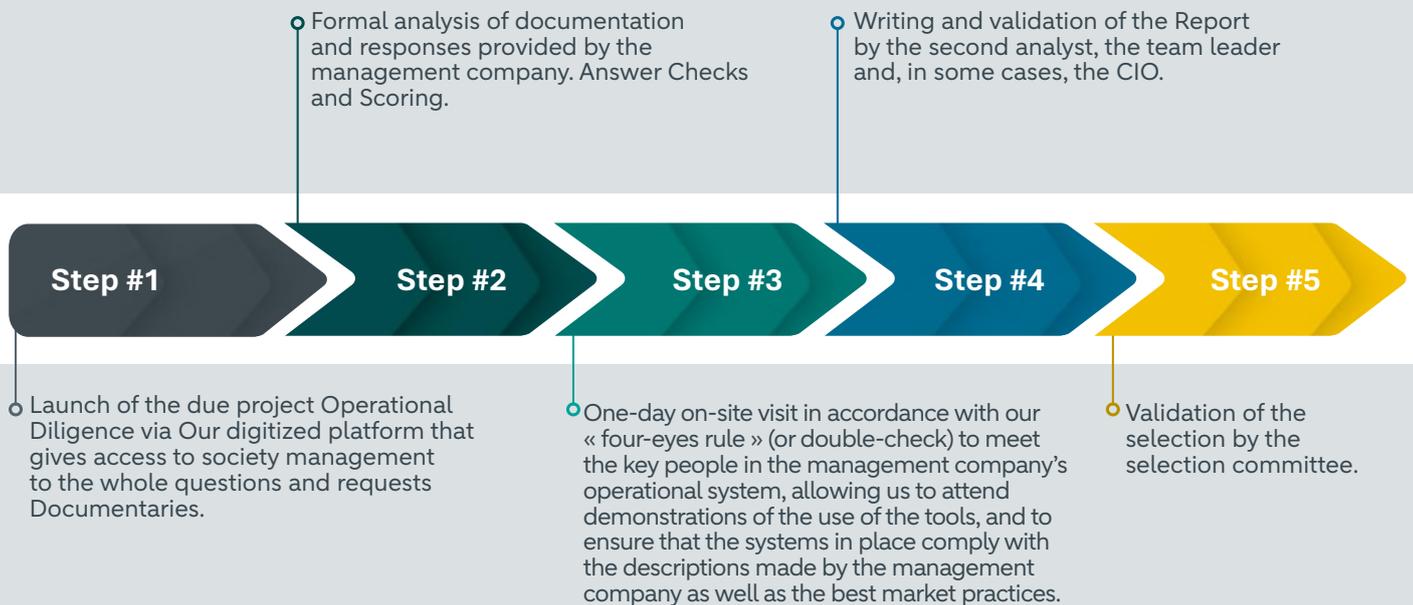
In addition, our analysts seek to assess the external investment manager's ESG commitment (policies, sustainability-related memberships). They also seek to understand all existing expertise (skills, dynamics with the management team, tools) to integrate ESG criteria into the investment process. Particular attention is paid to the consistency of the portfolio positions with this process. Our analysts also evaluate the engagement process in place, the voting policy practiced and the transparency regarding the results of the actions taken.



They then draw up a comprehensive report based on which the strategy receives two ratings, one indicating intrinsic quality, and the other ESG quality. This report is drawn up on our due diligence platform and, among other things, based on selection criteria covering different levels:

- ▀ Structural and human risks within investment teams;
- ▀ Ability to manage assets – allocation of assets managed, team size, organization, experience, and tools;
- ▀ Investment process – stock selection, quality of research, investment philosophy, consistency of selected securities, style, order execution and performance attribution;
- ▀ ESG integration – organisation, transparency of the investment process, quality of ESG research, ESG positioning of the portfolio, benchmarks in terms of shareholder engagement;
- ▀ Risk control – risk control methods and tools;
- ▀ Performance – future replication of performance, consistency of risk-adjusted performance, etc.

Our process of selecting the management companies for which the ODD team is responsible consists of 5 steps.



The resulting ODD report includes 2 ratings:

- A first rating, relating to the intrinsic operational system which covers 5 of the 6 pillars of study:
  - The « corporate » part of the management company with its governance, its shareholding, and its financial solidity;
  - The « front to back » organisation;
  - The IT system;
  - The risk function organisation;
  - The compliance function organisation.
- A second separate rating that covers the last pillar of the study, relating to the management company's commitment to ESG (CSR policy, inclusion policies, initiatives, etc.).

The establishment of an ESG MDD rating in conjunction with an ESG SDG rating (beyond the two traditional – non-ESG ratings), allows ABN AMRO Investment Solutions to carry out a real consistency check in the ESG approach of the management companies and the selected strategies. These ratings are discussed during this committee. This unique proprietary approach makes it possible to detect any asymmetry related to an ESG approach, which is often conducive to greenwashing.

### Our rating scales are as follows:

- Our financial ratings range from 1 to 5 (1 is the best score)



- Our ESG ratings range from A to E (A is the best score)



Finally, the establishment of detailed MDD and ODD reports including a high granularity of ratings allows analysts to engage with management companies and to highlight areas for improvement on all the themes evaluated, with a view to maintaining a sustainable, qualitative, and sustainable industry.

### – Academic Research

ABN AMRO Investment Solutions' portfolios management team is supported by the research of our team of four quantitative analysts. This team includes three experts with PhDs in economics (including two university professors). The team contributes to the selection process of external investment managers by identifying promising managers at an early stage, as well as exposure to risk factors and performance in terms of investment style. It develops internal models for an in-depth analysis of investment universes by mapping external investment managers and homogeneous groups of funds according to specific criteria. The team covers a universe of more than 150,000 funds and 112 asset classes. The team is also involved in the ESG screening of the investment universe.

Research efforts in 2025 focused on seven projects:

- Do ESG ratings predict idiosyncratic risk?** We are developing a theoretical test to assess the extent to which ESG ratings convey information about the materiality of ESG events, as reflected in companies' specific risk levels. In most configurations, we see a negative relationship between ESG ratings and idiosyncratic risk, with higher ratings predicting lower levels of idiosyncratic volatility. Importantly, applying the test only to companies for which there is a high degree of consensus among ESG rating agencies results in higher gains in predictive accuracy for all three universes. Beyond the accuracy of each of the ESG rating systems, this latest result suggests that information gathered from multiple ESG rating agencies should be cross-checked before ESG is integrated into investment processes.
- Optimisation of sustainable multi-management portfolios in the event of factor uncertainty.** We propose a method to optimize the construction of sustainable funds to ensure stable returns over time by minimizing exposure to factors while maximizing portfolio alpha. This is achieved through a strategy that takes into account factor model uncertainty when estimating fund exposure and abnormal returns.

- **The ECB's Green Policy: Is there a dilemma between market neutrality and carbon neutrality?** We examine the monetary policy of the European Central Bank (ECB) in the context of the Corporate Sector Purchase Program (CSPP), focusing on the effectiveness of its green initiatives in the context of market neutrality. We see the ECB as an investor tasked with building a portfolio of corporate bond issuers that minimises market distortions while maximising environmental sustainability. By deriving the efficient boundary, we analyse the trade-off between these two objectives.
- **Reveal Market Dynamics: A Shapley-Kernel Approach to Factor Investing.** We present a new real-time framework that integrates core-weighted econometric techniques with Shapley's value decomposition, a concept in cooperative game theory widely applied to machine learning, to dynamically assess the importance of empirical or latent factors that determine stock returns. We present applications to the US and European equity markets to identify factor regimes.
- **Style bias in sustainable investing:** Assessing the impact of greenwashing. We look at style biases in sustainable investing, considering the challenge posed by greenwashing. We compare sustainable and non-sustainable funds based on multiple criteria – fund names, ESG scores, SFDR criteria, labels, and other indicators – each serving as a noisy measure of sustainability. By systematically analysing these biases, we assess whether sustainable funds have distinct investment styles or whether their differentiation is blurred by misleading classifications.
- **The Cost of Effectiveness:** How fees transform the efficient frontier. We investigate how actual costs, such as management fees and transaction fees, distort the theoretical efficient frontier, potentially excluding high-alpha asset classes. Using the Total Expense Ratio (TER) and Total Cost of Ownership (TCO), we construct three versions of the efficient frontier – based on gross returns, net TER returns, and total cost adjusted returns. As costs vary from one asset class to another, they reshape the risk-return ratio, changing the optimal weightings of portfolios and reducing the benefits of diversification. The aim of this paper is to highlight the growing importance of considering costs in asset management, reinforced by regulatory trends that promote transparency and value for the investor.
- **A policy of « principal adverse impacts ».** To align with the SFDR regulation, ABN AMRO Investment Solutions must determine the negative impact of its investments based on the Principal Adverse Impact Indicators (PAI) defined by the European Commission. The challenge lies



in the variability of PAI data across different ESG providers and the diversity of metrics, which include both binary and continuous data. The project addressed these challenges through a combined qualitative and quantitative approach, selecting specific data providers based on their expertise for each IAP and establishing relevant compliance thresholds. For the rolling IAPs, a sectoral assessment was adopted to assess the companies in the context of their industry. To address the missing data, approximations were used to improve data coverage. An aggregated decision model was developed, classifying IAPs into eliminatory and cumulative groups to determine DNSH compliance. This methodology has been implemented in Python to automate and standardize the valuation process, ensuring systematic and consistent investment valuations.



In addition, ABN AMRO Investment Solutions sponsors and funds the Research Chair « Sustainable Finance and Responsible Investments<sup>19</sup> ». This chair was created in 2007. It is co-directed by Sébastien Pouget (University of Toulouse 1 Capitole, IDEI-TSE, and IAE) and Patricia Crifo (Department of Economics at École Polytechnique).

The Sustainable Finance and Responsible Investment research initiative brings together researchers and practitioners to advance and disseminate knowledge in sustainable finance. Its remarkable longevity is due to the loyal commitment of its partners and the quality and variety of the scientific teams involved.

Every three years, FDIR members, assisted by a Scientific Steering Committee, define priority projects that address the concerns of the financial industry and meet the requirements of academic research.

The Chair's projects in 2024 focused on:

- Food, the main sector responsible for the loss of biodiversity on a global scale?
- What coexistence between the energy transition and the preservation of social issues?
- Climate patents: innovative companies rewarded by the financial markets?
- How can European insurers finance more long-term projects?
- ESG equities: what preferences for individual investors?

19. <https://portail.polytechnique.edu/economie/fr/chaieres/presentation>

## External service providers and ESG data providers

At ABN AMRO Investment Solutions, ESG data is integrated into our front-to-back tool; Reports are customized by each team from this tool. The ESG team has access to dedicated portals to assess the ESG characteristics of portfolios, such as ESG scores and climate trajectories. ESG analyses are available on a dedicated internal portal.

Since 2022, ABN AMRO Investment Solutions has implemented new tools to facilitate data sharing and interactions within the company and with stakeholders, and to improve risk monitoring (Aladdin®, new data source, new internal ESG reporting capabilities).

We work with several data providers:

### – Morningstar | Sustainalytics

ABN AMRO Bank N.V. and ABN AMRO Investment Solutions have been working with Sustainalytics<sup>20</sup> since 2011.

ABN AMRO Investment Solutions uses Sustainalytics to assess different indicators, such as a company's managed and unmanaged ESG risk (including underlying contributing elements), the associated « country » ESG risk, controversies related to the company, the company's exposure to high-risk activities (coal, fossil fuels, weapons, etc.), to quantify the main negative social impacts related to the company's activity.

### – Morningstar

ABN AMRO Investment Solutions uses the Morningstar Sustainability Rating to assess the level of sustainability of the portfolio compared to funds in the same Morningstar category. We also use these ratings (the « Morningstar Globes ») for communication purposes. The methodology developed by Morningstar is based on the ESG risk score developed by Sustainalytics.

ABN AMRO Investment Solutions also uses Morningstar's services for document generation and publication purposes, including in the production of regulatory documentation required by the SFDR (pre-contractual and periodic appendices, sustainability disclosures on the website, etc.).

### – ISS

We use Institutional Shareholder Services' (ISS) sustainability analyses and ESG data via 2 dedicated portals to:

- Exercising our voting rights at general meetings of shareholders;
- Obtain complementary ESG and climate data.

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<sup>20</sup>. <https://www.sustainalytics.com/>

## 2. ACTIONS TAKEN TO STRENGTHEN OUR INTERNAL CAPACITIES

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Efforts to strengthen our internal capacities have mainly focused on the recruitment of new talent, the operational reorganization of certain teams, the creation of a CSR manager position reporting to the management board, general continuing education and training dedicated to ESG issues in asset management, and, finally, the use of specialized consultants to formalize our climate commitments. We have increased our interactions with our parent company ABN AMRO Bank N.V. to share best practices and work together on certain cross-functional topics (such as CSRD, NZAM, negative impacts, etc.).

In addition, employees who wish to develop their knowledge of sustainability could obtain the necessary training materials to complete, for example, the Financial Analyst Certification for ESG (ESG CFA) or the AMF ESG certification.

# 03

## Information on the approach to incorporating ESG quality criteria at entity governance level

1. Governance bodies
2. Organization
3. Incorporation of ESG topics into the articles of association
4. ESG governance body competencies
5. Remuneration policy

## 1. GOVERNANCE BODIES

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ABN AMRO Investment Solutions is managed by its Executive Board, supported by an Executive Committee, under the supervision of the Supervisory Board.

### Managing board

ABN AMRO Investment Solutions is managed by a managing board composed of a Chairperson and Chief Executive Officer, François-Xavier Gennetais, and a Managing Director, Christophe Boucher, Chief Investment Officer. The managing board is responsible for defining the company's strategy, the efficiency of its organization, its financial and extra-financial performance, and its profitability.

### Executive committee

The managing board is supported by an executive committee, which is responsible for the implementation of the strategy. The Executive Committee is composed of the members of the managing board and Laurianne Melec - Chief Operating Officer, Bob Hendriks - Chief Commercial Officer, Olivier Leguay - Chief Administrative Officer and Julien Garnier - Chief Risk Officer.

### Supervisory Board

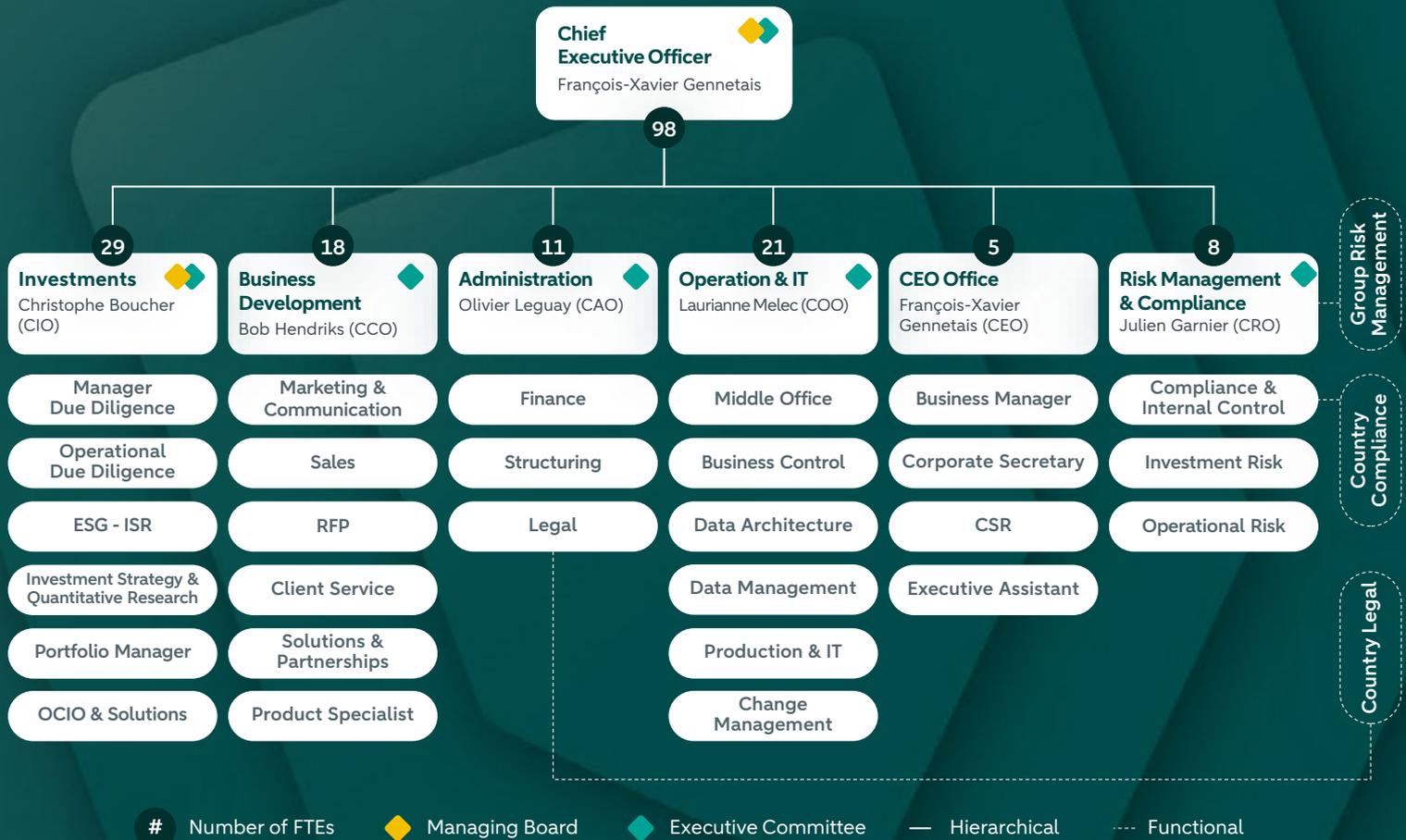
The Supervisory Board of ABN AMRO Investment Solutions is composed of three internal directors of ABN AMRO Bank N.V.: Solange Rouschop – President and Head of Sustainability at ABN AMRO Bank N.V., Ido Gonen – Vice President and Head of Credit Risk Management at ABN AMRO Bank N.V., Willem-Jan Lenters – Director and Head of Corporate and Institutional Business at ABN AMRO Corporate Banking as well as two independent directors: Bart Renner and Silvia Bocchiotti.

The Supervisory Board oversees the Executive Board and monitors the progress of ABN AMRO Investment Solutions' strategy. The Supervisory Board reviews financial results, key business development priorities, operational projects, major risks and compliance issues, and action plans.

The Supervisory Board recognises that ABN AMRO Investment Solutions has integrated ESG into its strategy with the aim of being the European leader in ESG multi-management. ABN AMRO Investment Solutions has set KPIs (Key Performance Indicators) to achieve this goal. The Supervisory Board monitors KPIs, including those related to ESG (evolution of ESG/sustainability assets, policies including sustainability, fund labelling, etc.). The Executive Board of ABN AMRO Investment Solutions presents a quarterly business report (including ESG elements) to the Supervisory Board.

## 2. ORGANIZATION OF ABN AMRO INVESTMENT SOLUTIONS

Chart 1 – ABN AMRO Investment Solutions Organizational Chart (simplified)



## 3. INCORPORATION OF ESG TOPICS INTO THE ARTICLES OF ASSOCIATION

The internal rules of the Supervisory Board of ABN AMRO Investment Solutions specify that « the Board’s strategy will be consistent with the company’s sustainable development objectives, paying particular attention to social, environmental and governance factors ».

The Supervisory Board’s internal regulations take ESG criteria into account by stipulating that the Supervisory Board must be guided by the interests of the company and its activities; It must consider the relevant interests of all stakeholders and the social aspects of doing business, all in accordance with applicable laws and regulations.

However, measurable ESG criteria are not explicitly incorporated into the articles of association.

## 4. ESG GOVERNANCE BODY COMPETENCIES

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### Managing Board and Executive Committee

Members of the management of ABN AMRO Investment Solutions are eligible for the international employee training program of ABN AMRO Bank N.V. They have developed their skills and knowledge by actively participating in strategic ESG decisions, external memberships (AFGs) and external sustainability events and publications. The ABN AMRO Investment Solutions Executive Board relies on the ESG expertise developed by the ABN AMRO Investment Solutions ESG team.

Interactions with the ESG team are integrated into the decision-making process. The ESG team maintains regular and transparent communication with the Executive Committee, which is essential to ensure that the company's strategic decisions are informed by the latest advances in sustainability. The ESG team reports directly to the Executive Committee on the progress of ESG initiatives, as well as the challenges encountered. In addition to providing an overview of ongoing activities, the ESG team presents

strategic recommendations to strengthen the integration of ESG criteria within the company. These recommendations may include updating investment policies, improving ESG reporting practices, or implementing new initiatives to meet emerging regulatory requirements. This proactive approach not only ensures that the company remains at the forefront of responsible investment practices but also ensures that its operations are aligned with its long-term sustainability goals.

In addition, the ESG team reports monthly within Enterprise Risk Management on its activities, ensuring ongoing oversight and effective management of ESG risks. Through this ongoing interaction, the ESG team plays a crucial role in fostering a sustainability-focused corporate culture, ensuring that ESG criteria are consistently integrated across all facets of the organization.

### Supervisory Board

Collectively, the members of the Supervisory Board have experience on ESG topics and keep their knowledge up to date on these topics by participating in dedicated internal committees, market initiatives, working groups, trainings, and dedicated conferences.

## 5. REMUNERATION POLICY

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### Context

ABN AMRO Investment Solutions is part of the Economic and Social Union (UES) of Neuflyze OBC, has delegated human resources management to Neuflyze OBC, a branch of ABN AMRO N.V. in France, and applies a remuneration policy derived from that applied by the UES of Neuflyze OBC, adapted according to the specificities of the asset management business, including regulatory measures. The latter is being developed in accordance with the legal and regulatory framework provided for in Europe and France; while seeking alignment with that of ABN AMRO Bank N.V., its parent company located in the Netherlands. At the heart of this policy is the principle of « House in order », which sets out as its first postulate compliance with all the rules and procedures applicable to employees.

### Individual objectives

Individual objectives are formulated according to the SMART method (Specific, Measurable, Achievable, Realistic and Time-Determined), which means that objectives are carefully identified and observable by means of indicators known to the employee. They must be in line with the overall strategy of the Neuflyze OBC UES as well as its long-term risk profile, values and interests, including the sustainability objectives set by ABN AMRO and to which the Neuflyze OBC UES adheres, in terms of societal commitment or in terms of sustainability impacts and risks for the products and services provided to our customers. The achievement of these objectives, set in consultation between the employee and the manager at the beginning of the performance period, will determine the employee's eligibility for variable remuneration over the period. Objectives include quantitative (financial and non-financial) and qualitative (non-financial: position, role, etc.) objectives that commit, for example, to the employee to respect the policies in place, to treat customers fairly and serve them in their best interests, to collaborate with colleagues and to promote innovation.

ABN AMRO focuses on committing to sustainable business practices. Employees do not have a separate objective relating to the integration of SRI but can suggest actions or indicators relevant to their function within the framework of all their objectives (e.g. identify a research idea for an SRI investment product, leadership, commercial support...). Employees can also participate in the « Charity Hours » program on a voluntary basis. Under this program, employees can dedicate up to 35 hours of work per year to volunteer or volunteer for one of the group's nonprofit partners. In addition, as part of their professional development, employees can take part in the CFA ESG or AMF ESG certification program.



## Variable remuneration

Variable remuneration can be awarded when objectives are met and contribute to the overall performance of the company. The level of remuneration is adapted to discourage excessive risk-taking in the short term.

ABN AMRO Investment Solutions is subject to the regulations applicable to the asset management sector (AIFM, UCITS). In accordance with these guidelines, ABN AMRO Investment Solutions has identified categories of employees whose professional activity can have a significant impact on the company's risk profile. The members of the Supervisory Board, the Executive Board, the members of the Executive Committee as well as the Head of Portfolio Management, Portfolio Managers, the Head of Compliance and Internal Control, the Head of Risk Management and the Head of Business Development as well as any other person having an impact, similar to that of the functions mentioned above, on the risk profile of ABN AMRO Investment Solutions and whose salary is significant fall within the scope of these provisions and are subject to specific payment conditions (with deferred remuneration according to the amounts allocated).

## Scope and evolution

The remuneration policy is applicable to all employees of ABN AMRO Investment Solutions<sup>21</sup>. As an extension of ABN AMRO BANK N.V., ABN AMRO Investment Solutions has formalized the ESG dimension in its remuneration policy (including sustainability risks).

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21. AAIS' remuneration policy does not apply to external employees working for ABN AMRO Investment Solutions.

# 04

## Information on the strategy for engagement with issuers or with external management companies and its implementation

1. Principle
2. Proxy voting
3. Voting scope
4. Voting statistics
5. Engagement

## 1. PRINCIPLE

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ABN AMRO Investment Solutions is deeply committed to a mission of responsible asset management, integrating voting and engagement practices to catalyse meaningful and lasting change. As a management company, ABN AMRO Investment Solutions issues voting instructions at general meetings, drawing on the expertise of its in-house ESG team to ensure informed and strategic decisions. At the same time, ABN AMRO Investment Solutions uses engagement as a powerful lever to influence and improve the ESG practices of invested entities, whether they are companies, governments, or municipalities. This commitment is manifested through constructive dialogues at different organizational levels, aimed at strengthening environmental, social and governance practices.

## 2. PROXY VOTING

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ABN AMRO Investment Solutions issues voting instructions at the general meetings of the funds for which it is the management company. Supported by its in-house ESG team, which is responsible for implementing its voting policy, ABN AMRO Investment Solutions provides essential oversight of the development of its voting rights strategy and related instructions. This team works closely with ISS Governance, a company that specializes in the processing and execution of votes, which ensures that votes comply with pre-established guidelines. ABN AMRO Investment Solutions' voting instructions are based on ISS Governance's international SRI proxy voting guidelines, as well as its own internal guidelines.

ISS Governance's international SRI voting guidelines<sup>22</sup> are designed to align financial objectives with the socio-environmental aspirations of socially responsible shareholders. These guidelines are intended to reflect a global consensus within the socially and environmentally conscious investment community. ISS draws inspiration from the policies of influential groups such as the Interfaith Center on Corporate Responsibility, as well as various well-known shareholders focused on social responsibility. Moreover, these guidelines incorporate the active ownership and investment philosophies promoted by recognized global initiatives, such as the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact, and the European Union's Environmental and Social Directives.

In addition to this approach, ABN AMRO Investment Solutions has its own voting policy, which allows it to take independent decisions at general meetings, including for specific resolutions. While relying on ISS Governance's guidelines to guide its voting decisions, ABN AMRO Investment Solutions retains the flexibility to tailor its actions to its own criteria and strategic objectives. This means that ABN AMRO Investment Solutions may choose to override ISS's recommendations on certain issues, thus promoting an approach that better reflects its values and ambitions in

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22. <https://www.issgovernance.com/file/policy/active/specialty/SRI-International-Voting-Guidelines.pdf>

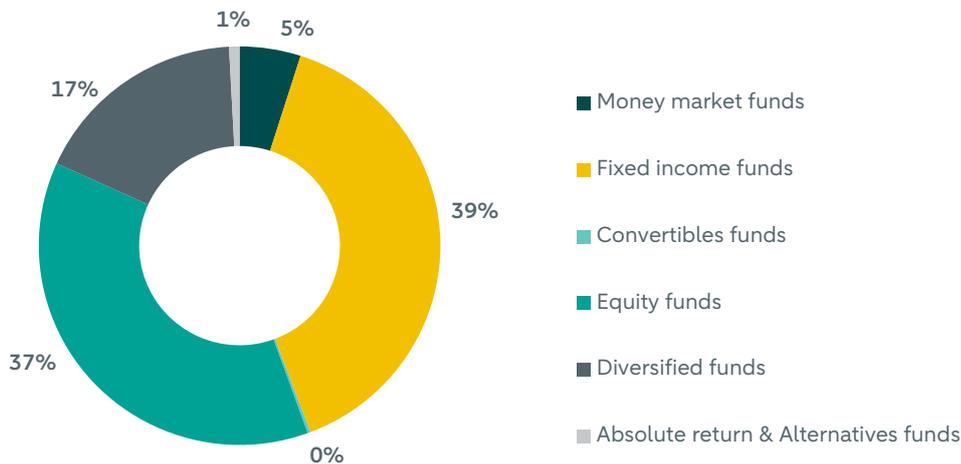
terms of social and environmental responsibility. This ability to exercise its own judgment allows ABN AMRO Investment Solutions to ensure that its voting decisions remain aligned with the interests of its investors and the high standards of sustainability and ethics that it is committed to promoting. By adopting its own voting policy, ABN AMRO Investment Solutions demonstrates its commitment to active governance and to meeting the specific needs of its stakeholders.

Detailed information on the exact scope of the voting policy can be found on the ABN AMRO Investment Solutions website. All of ABN AMRO Investment Solutions' voting data is publicly available online via the ISS Vote Disclosure Services tool, ensuring full transparency on its voting practices.

### 3. VOTING SCOPE

Our voting scope covers all shares held with voting rights. We will mainly find this type of asset in equity funds, to a lesser extent in diversified funds and potentially in some convertible funds. At the end of December 2024, equity funds accounted for around 37% of our assets under management.

**Chart 2 – Breakdown of assets under management by type of fund**

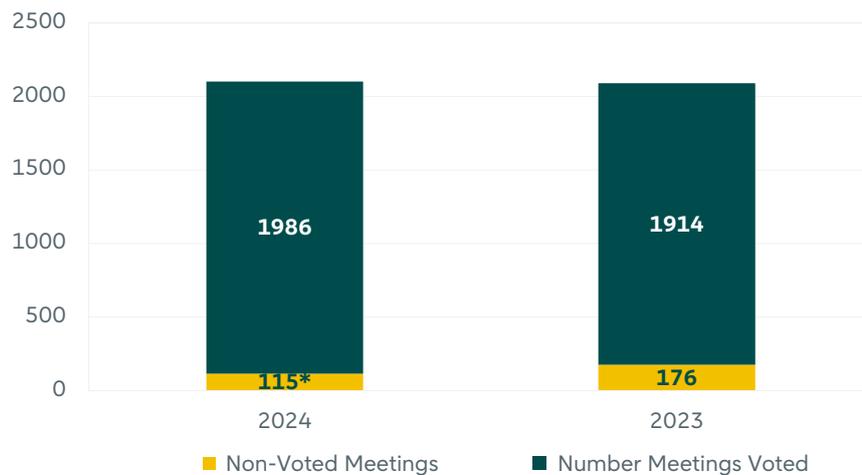


## 4. VOTING STATISTICS

In 2024, we participated in 1 986 general meetings of shareholders - compared to 1 914 in 2023 and voted on 24 441 resolutions compared to 23 857 resolutions in 2023. Our participation rate is estimated at 95% for the year 2024.

In 2024, « FOR » votes represent 79% of the total votes, « AGAINST » votes, 18%<sup>23</sup>. Shareholder resolutions represented 3.5% of the proposed resolutions, 96.5% coming from management.

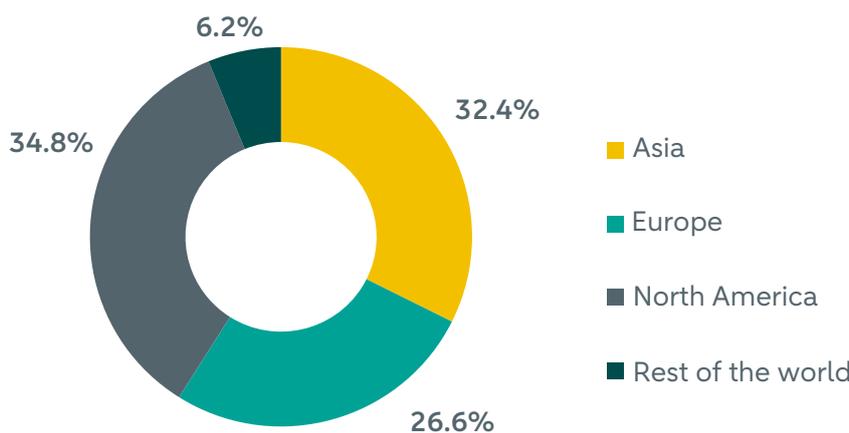
**Chart 3 – AAIS voting participation within votable meetings**



*\*Non-voting general meetings are those held in jurisdictions where a proxy is required to participate, which prevents AAIS from voting. This category also includes general meetings of bondholders and those related to mandates. In addition, to preserve the flexibility necessary for fund managers to act as needed, AAIS does not participate in general meetings of shareholders that require the blocking of shares.*

Source: AAIS and ISS

**Chart 4 – Breakdown of general meetings participated in by geographical area<sup>24</sup>**



Source: AAIS and ISS, FY 2024

23. The remaining 3% are, for example, votes with Abstention, or special mention “over 1 year” etc.

24. Asia: China, Hong Kong, India, Indonesia, Israel, Japan, Kazakhstan, Kuwait, Malaysia, Philippines, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Guernsey, Isle of Man, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, United Kingdom. North America: Bermuda, Canada, Cayman Islands, Mexico, United States. Rest of the world: Australia, Brazil, Curacao, Egypt, Liberia, New Zealand, South Africa.

All documents are available on [www.abnamroinvestmentsolutions.com](http://www.abnamroinvestmentsolutions.com) and <https://vds.issgovernance.com/vds/#/ODgOMA==>

**Table 3 – Breakdown of resolutions voted on by ESG Issue**

| Resolution Type                     | Number of resolutions | % resolutions for which AAIS voted « FOR » |
|-------------------------------------|-----------------------|--|
| Environnement                       | 113                   | 67.3%                                      |
| Environnement / Social              | 142                   | 64.8%                                      |
| Environnement / Social / Governance | 5                     | 60.0%                                      |
| Governance                          | 23 896                | 79.0%                                      |
| Social                              | 275                   | 87.6%                                      |
| Social / Governance                 | 10                    | 30.0%                                      |
| <b>Total</b>                        | <b>24 441</b>         | <b>79.0%</b>                               |

Source: AAIS and ISS, FY 2024

## 5. ENGAGEMENT

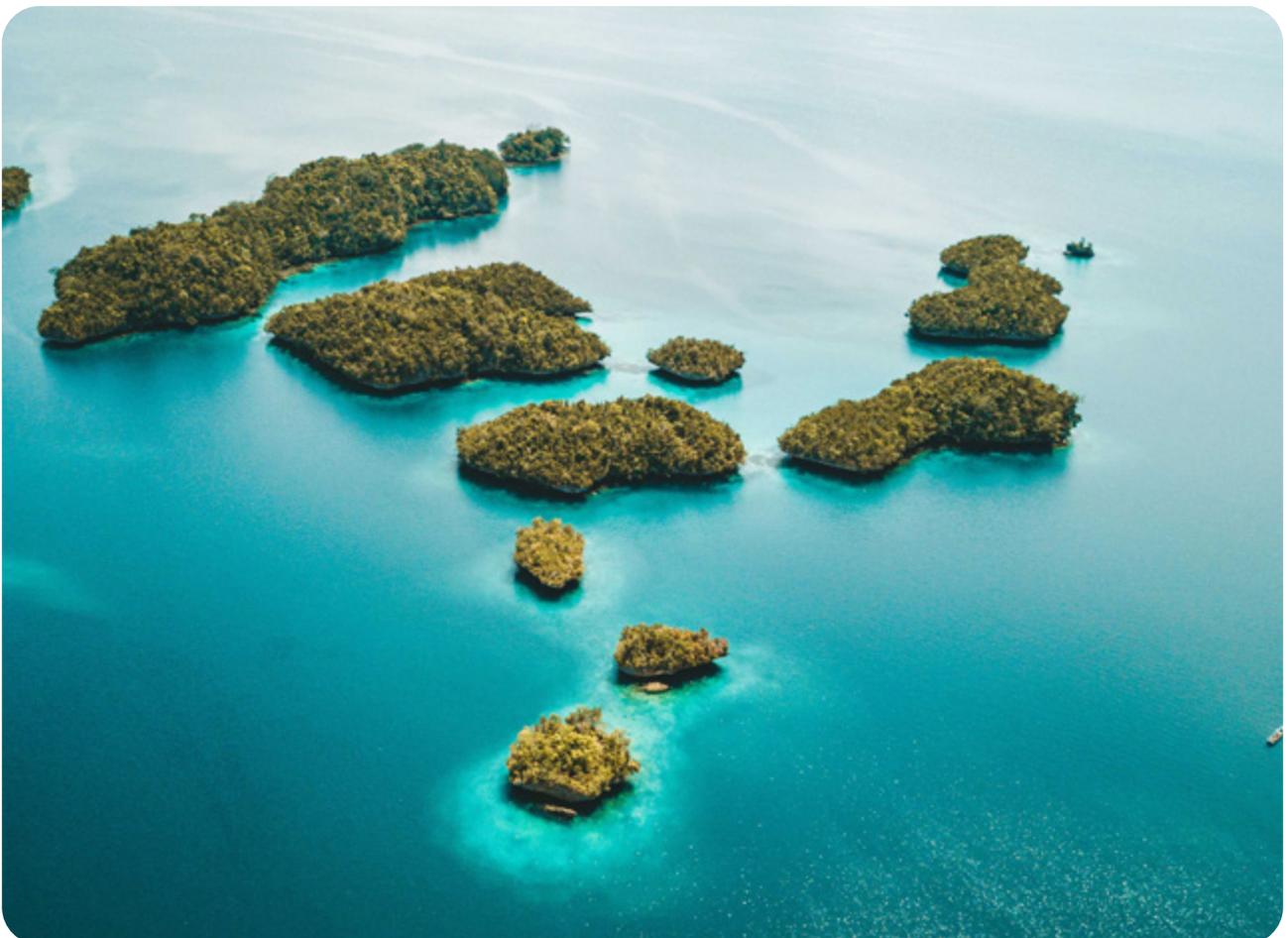
As a responsible asset manager, we recognise our engagement responsibilities and aim to use our position of influence to drive positive change. Engagement is an effective mean of initiating positive change on ESG issues and encouraging the implementation of new approaches and solutions. Engagement refers to interactions between the investor and the entities invested (whether they are companies, governments, or municipalities), to address and improve practices related to environmental, social and governance issues. These interactions take place in a constructive dialogue, taking the form of letters, formal emails, calls or meetings at different levels of the organisation, including with the board of directors, senior management, investor relations, sustainability teams and operational specialists or other representatives. Engagement is not limited to gathering information; It is also about formally communicating to companies where improvements are needed and monitoring their progress over time.

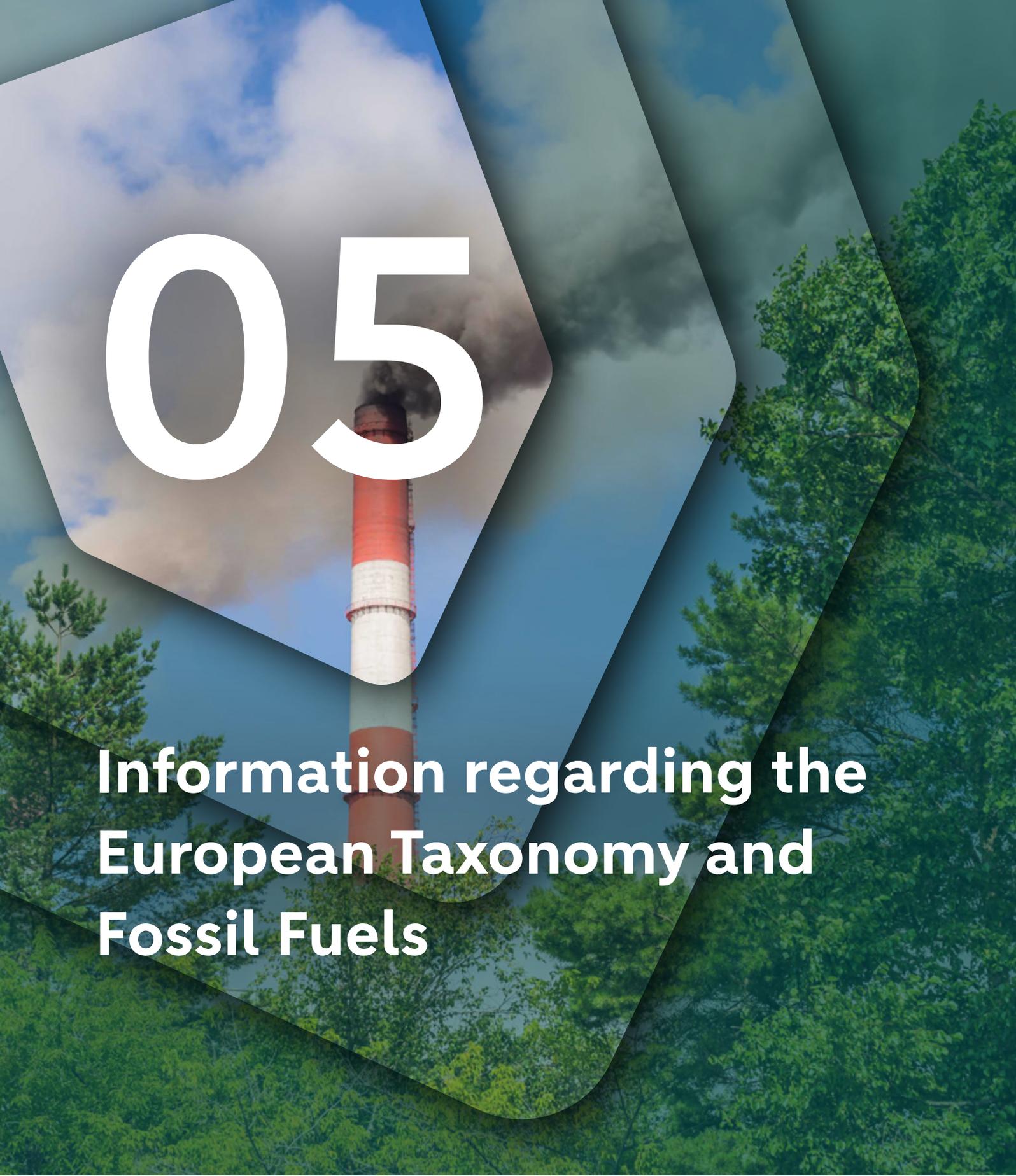
As a specialist in open architecture management, ABN AMRO Investment Solutions has decided to entrust the management of its portfolios to external investment managers selected for their sustainability performance. Due diligence is conducted on the strategies selected. Due diligence team focuses on all elements of an investment strategy including those related to sustainability. When selecting sustainable strategies, we favour asset managers who fully integrate responsible investing into their processes and lead the market towards best practices. We require engagement to be a cornerstone of the investment process for our range of ESG, sustainable and impact investment products, including products that promote environmental and/or social characteristics (in line with Article 8 of the SFDR) and products whose objectives is sustainable investment (in line with Article 9 of the SFDR).

As long-term investors, we are committed to building trusting relationships with the companies invested, actively supporting them in their transition to more sustainable business practices. Our goal is to create an environment where companies adopt sustainable strategies that improve their economic performance while contributing positively to society and the environment. For example, we are actively participating in the Net Zero Engagement Initiative, an ambitious collaborative approach to promote practices aligned with « Net Zero » objectives. This collective effort aims to accelerate the transition to a future where carbon emissions are minimized, ensuring a holistic approach to achieving global sustainability goals.

To strengthen our commitment, we also collaborate with EOS, an organisation specialising in sustainable engagement. EOS plays a crucial role in engaging with companies on sustainability issues, representing ABN AMRO Investment Solutions and several other stakeholders. By combining the efforts of our external investment managers, our internal initiatives and EOS' expertise, we maximize our impact and ensure that the companies invested are aligned with our values of long-termism and sustainable development.

Our commitment actions are reported in our « Stewardship Report » available on our website.





# 05

## Information regarding the European Taxonomy and Fossil Fuels

1. Compliance of our range of funds with the European Taxonomy
2. Exposure to the fossil fuel sector
3. Investing in green bonds

## 1. COMPLIANCE OF OUR RANGE OF FUNDS WITH THE EUROPEAN TAXONOMY

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### Definition

The EU Taxonomy for Sustainable Activities is a classification system that specifies which investments are environmentally friendly. The European Union has identified six underlying objectives and areas of activity:

- ▀ Climate change mitigation;
- ▀ Climate change adaptation;
- ▀ Sustainable use and protection of water and marine resources;
- ▀ Transition to a circular economy;
- ▀ Pollution prevention and control;
- ▀ Protection and restoration of biodiversity and ecosystems.

An economic activity is *eligible* for the Taxonomy if it contributes substantially to one of these 6 objectives. An economic activity is *compliant* with the Taxonomy when it meets the EU technical screening criteria, does not cause any significant harm to any of the other objectives and at company level, when minimum social safeguards are respected.

### What is legally required

According to Art.8 of the EU Taxonomy Regulation, companies based in Europe, or operating as a European legal entity with more than 500 employees (or fewer subject to national transposition of the Non-Financial Reporting Directive), are required to report on the EU Taxonomy. This obligation includes the disclosure of the percentage of turnover, capital expenditure (Capex) or operational expenditure (Opex) that are eligible for and aligned with the Taxonomy.

ABN AMRO Investment Solutions does not exceed these thresholds and is therefore not subject to the drafting of a dedicated report.



## ABN AMRO Investment Solutions' Taxonomy Due Diligence Exercises

However, for the year 2024, ABN AMRO Investment Solutions has launched a series of aggregated calculations, which are currently being analysed at the time of publication of this report.

## 2. EXPOSURE TO THE FOSSIL FUEL SECTOR

Here we report on the exposure of our investment portfolios to the fossil fuel sector. This information is available in the periodic reports of the funds subject to the report (attached to the annual reports).

We recognise the ESG challenges and risks of the Energy sector, which plays a key role in the energy transition undertaken by the European Union. Our exclusion policy addresses, among conventional fossil fuels, the production of thermal coal and the use of coal as an energy source, as well as certain unconventional exploration and exploitation activities such as the exploitation of oil sands, shale gas and oil, and gas exploration in the Arctic zone.

**Table 4 – Overall exposure of our funds to fossil fuels**

| Activities   | Date | AuM in € million | Portion of overall AuM |
|--|------|------------------|------------------------|
| Involvement in the fossil fuel industry (including production, refining and transportation activities) | 2024 | 1 001            | 5.2%                   |
|  | 2023 | 999              | 5.1%                   |

Quarterly averages over FY 2024.

*NB : The fossil fuel industry includes production, extraction, exploration, and distribution activities. Fossil fuels include thermal coal, as well as all types of oil and gas (liquid and solid). Quarterly averages over the year in review.*

Source: AAIS and ISS

**Table 5 - Exposure to fossil fuels of funds with assets under management > €500 million**

| Fund Name   | AuM in € million | SFDR Classification | Assets held in Fossil Fuels € million | % Fund assets held in Fossil fuels |
|---|------------------|---------------------|---------------------------------------|------------------------------------|
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375            | Art.8               | 29                                    | 1.2%                               |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211            | Art.8               | -                                     | 0.0%                               |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015            | Art.8               | 52                                    | 5.2%                               |
| ABN AMRO Candriam ESG Treasury                          | 939              | Art.8               | 40                                    | 4.3%                               |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877              | Art.8               | -                                     | 0.0%                               |
| ABN AMRO Funds Global ESG Equities                      | 869              | Art.8               | 8                                     | 1.0%                               |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862              | Art.8               | 49                                    | 5.6%                               |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772              | Art.8               | 93                                    | 12.1%                              |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699              | Art.8               | 135                                   | 19.3%                              |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584              | Art.9               | -                                     | 0.0%                               |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569              | Art.8               | 35                                    | 6.2%                               |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530              | Art.8               | 25                                    | 4.7%                               |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510              | Art.8               | -                                     | 0.0%                               |
| <b>Total</b>  | <b>11 812</b>    |                     | <b>467</b>                            |                                    |

NB : The fossil fuel industry includes production, extraction, exploration, and distribution activities. Fossil fuels include thermal coal, as well as all types of oil and gas (liquid and solid). Quarterly averages over the year in review.

Source: AAIS and ISS

These funds are invested to the tune of €467 million in fossil fuel-related activities. The investments are in line with the different sustainability objectives of each of the funds classified Art.8 or Art.9. Some investments may be green bonds.

### 3. INVESTING IN GREEN BONDS

In this section, we report on our investments in green bonds that contribute to the common effort for energy transition.

The French Ministry of Ecological Transition defines the green bond as « (...) a loan issued on the market by a company or a public entity to investors to enable it to finance its projects contributing to the ecological transition (renewable energy, energy efficiency, sustainable waste and water management, sustainable land use, clean transport and adaptation to climate change, etc.), more particularly infrastructure investments. It differs from a traditional bond in that it provides detailed reporting on the investments they finance, and the green nature of the projects financed. »

**Table 6 – Overall exposure to green bonds**

| Category    | Date | AuM in € million | Portion of global AuM |
|-------------|------|------------------|-----------------------|
| Green bonds | 2024 | 1 051            | 5.5%                  |
|             | 2023 | 1 146            | 5.9%                  |

NB : Does not include social obligations.

Source: AAIS

**Table 7 – Exposure to green bonds for funds with assets under management > €500 million**

| Fund Name   | AuM in €      | SFDR/ Asset Class    | Green bonds held, in € million | Green bonds held as a % of the fund's assets |
|---|---------------|----------------------|--------------------------------|--|
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375         | Art.8 / Equities     | -                              | 0.0%   |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211         | Art.8 / Bonds        | 226                            | 18.6%  |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015         | Art.8 / Bonds        | 337                            | 33.2%  |
| ABN AMRO Candriam ESG Treasury                          | 939           | Art.8 / Money Market | 4                              | 0.4%   |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877           | Art.8 / Bonds        | 95                             | 10.9%  |
| ABN AMRO Funds Global ESG Equities                      | 869           | Art.8 / Equities     | -                              | 0.0%   |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862           | Art.8 / Diversified  | 42                             | 4.9%   |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772           | Art.8 / Bonds        | 82                             | 10.6%  |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699           | Art.8 / Bonds        | 32                             | 4.6%   |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584           | Art.9 / Equities     | -                              | 0.0%   |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569           | Art.8 / Diversified  | 48                             | 8.5%   |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530           | Art.8 / Bonds        | 152                            | 28.7%  |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510           | Art.8 / Bonds        | 34                             | 6.7%   |
| <b>Total</b>  | <b>11 812</b> |                      | <b>1 052</b>                   |  |

NB : Does not include social obligations.

Source: AAIS

Equity funds are not intended to hold bonds in general and therefore cannot hold green bonds.

# 06



## Information on the strategy for alignment with the international goals to limit global warming under the Paris Agreement

1. Transition to a carbon-neutral economy
2. Our « Net Zero » approach
3. Our NZAM perimeter
4. Our dual objective
5. Methodologies

## 1. TRANSITION TO A CARBON-NEUTRAL ECONOMY

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The transition to a carbon-neutral economy, which is essential to avoid the most severe consequences of climate change, is at the centre of discussions among the world's most influential companies' boards of directors and governments. Given the scale of the transformation required, every company, regardless of its sector, must play a key role. Nevertheless, the financial sector occupies a particularly strategic position. Indeed, this transition requires substantial capital investments to not only decarbonize the economy but also build resilience to ongoing climate change. The financial sector must take a leadership role in this transformation, as stipulated in the Paris Agreement, which underlines the importance of « making financial flows consistent with a trajectory towards low greenhouse gas emissions and climate-resilient development. »

As part of this, the Glasgow Financial Alliance for Net Zero (GFANZ) was inaugurated in April 2021 to orchestrate the efforts of all sectors of the financial system towards a net-carbon economy. The alliance is made up of a coalition of independent net zero financial initiatives, including the Net Zero Asset Managers (NZAM) initiative. The NZAM initiative brings together a global coalition of asset managers committed to achieving Net Zero status by 2050, in line with international efforts to limit the temperature increase to 1.5°C. Members of this initiative are committed to working closely with their clients to achieve this goal, integrating climate considerations into their investment strategies, and actively engaging with companies to encourage decarbonization efforts.



## 2. OUR « NET ZERO » APPROACH

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ABN AMRO Investment Solutions places sustainability and the climate transition at the heart of its investment philosophy. Since committing with NZAM initiative in October 2023, we have reached a major milestone in 2024 by publishing our commitment and disclosing our initial goals. By joining the NZAM initiative, we have committed to achieving net-zero emissions for 100% of our eligible assets under management by 2050.



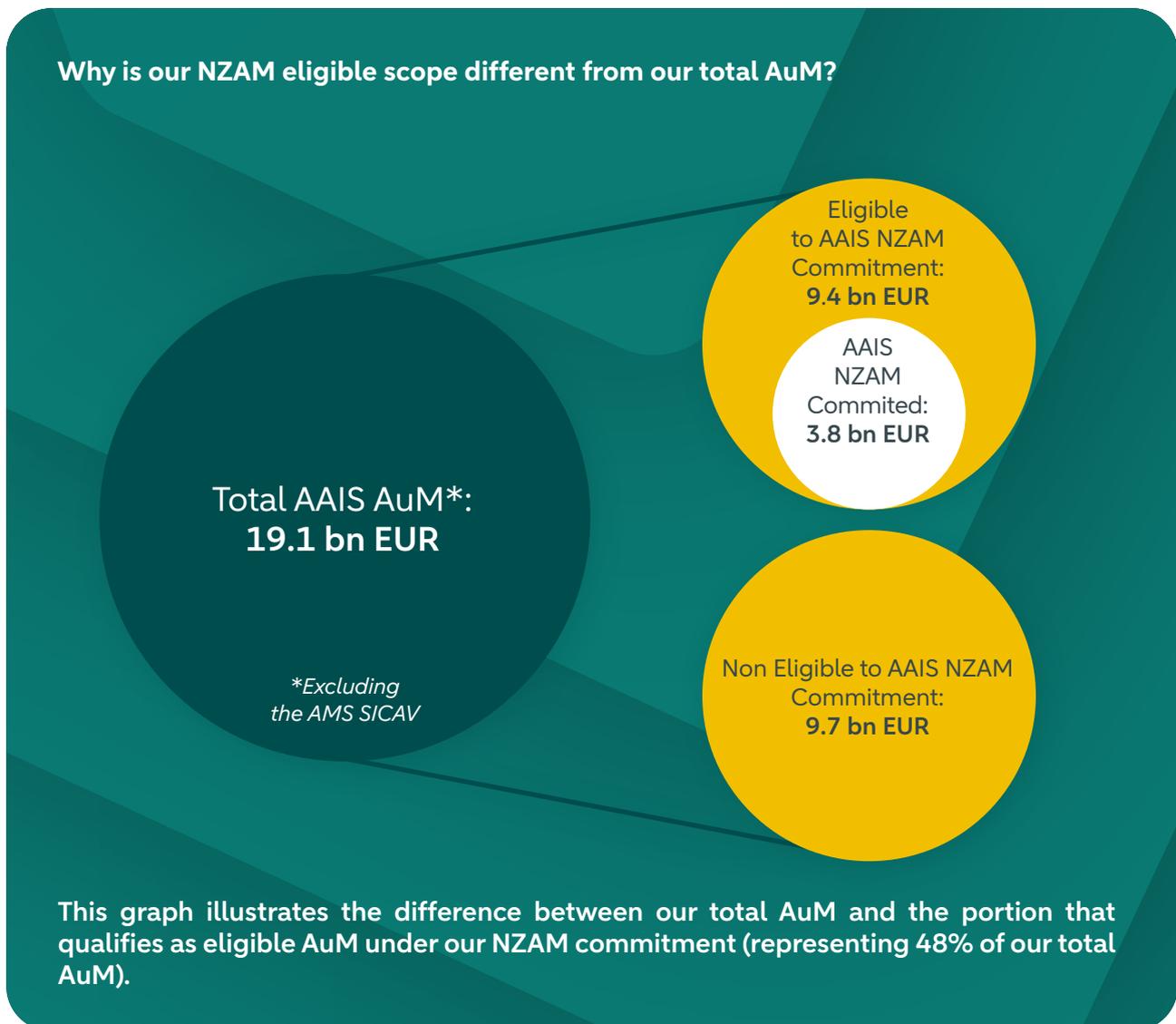
Standard goal-setting methodologies for achieving net zero are not suitable for open architecture models like ours. In this context, the management of the funds is delegated to external investment managers, each using various methodologies depending on the asset classes, regions and industries covered by their investment strategies. In addition, these managers oversee asset allocation and engagement within the portfolio. Given the diversity and number of delegated funds in our product range, it is impossible to apply a single, standardised methodology to all assets under management. To overcome this challenge, we have developed our own methodology, adapted to existing goal-setting frameworks and the specific context of our business model. Our approach aims to reduce CO<sub>2</sub> emissions by 50% by 2030 and achieve net zero by 2050. As part of this strategy, we are ensuring that an increasing proportion of our assets under management are aligned with a net-zero pathway, guided by the establishment of interim targets.

To ensure accountability, we will require external investment managers of eligible funds to comply with a net-zero trajectory via binding legal contracts. These agreements define the conditions for the management of the fund, both in terms of financial and non-financial criteria. We are confident that our tailored methodology will enable the external investment managers we work with to begin a strong journey to net zero. For example, these agreements will require that the funds have credible and clearly defined climate targets. Compliance with additional conditionalities, such as the reporting of financed emissions, will further enhance the transparency and credibility of the targets. We will actively engage in dialogue with external investment managers who are defaulting on their commitments, working together to identify solutions and get them back on track. If these efforts fail, we will resolve to liquidate the defaulting mandate as a last resort. Recognising that the effectiveness of carbon intensity targets for an absolute reduction in emissions depends on the growth rate of the underlying activity (e.g. economic growth, increased production), we will also monitor the absolute reduction in emissions of our eligible funds to ensure that they are decreasing. If absolute emissions do not show a long-term decrease, we will take the necessary steps to ensure their reduction, through engagement with the external manager.

### 3. OUR NZAM PERIMETER

Our NZAM eligible scope focuses specifically on the Single Manager Fund segment within our assets under management, as it is in this segment that we currently can set clear objectives, both from a methodological and transparency perspective. In this context, the NZAM commitment excludes sovereign/aggregate bonds, money market funds and private equity funds. In contrast, our NZAM committed scope includes funds aligned with a Net Zero trajectory, as defined by AAIS. Assets under management that are not eligible for our NZAM scope include multi-mandate products, such as profiled funds or funds of mandates, as well as funds specifically dedicated to clients.

Chart 5 – Our Net Zero eligible scope



Source: AAIS, data as of 31/12/2024

## 4. OUR DUAL OBJECTIVE

### Objective 1: Increase alignment of eligible assets under management with a Net Zero pathway

We are dedicated to increasing the proportion of our NZAM eligible AuM that are aligned to a net zero pathway. The goal is to have 50% of our eligible scope achieving net zero by 2030 and ultimately 100% by 2050.

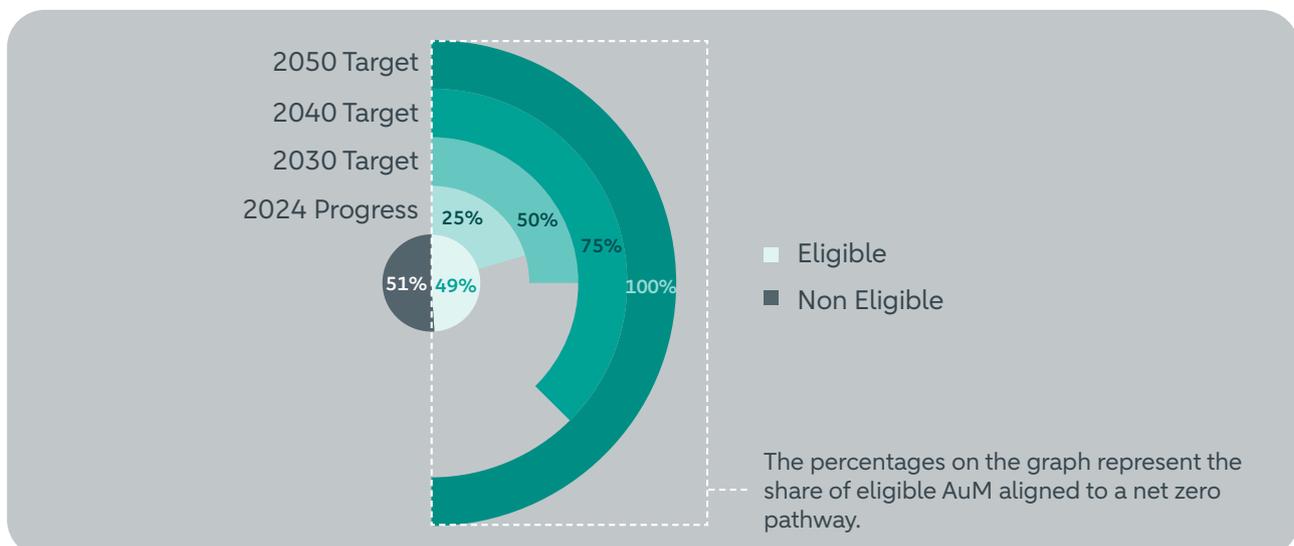
To assess the alignment of a fund with a net zero trajectory, we evaluate whether each single manager fund meets a set of key criteria that contributes to our overall objective of aligning our assets under management:

- ▶ The fund must disclose its financed emissions; and
- ▶ The fund must either:
  - Have a weighted average carbon intensity (WACI) reduction target set and on track to meeting it; or
  - Have targets set and on track to meeting it following any other methodologies related to the SBTi Financial Institutions or the net zero Investment Framework (NZIF) or any other methodology deemed by us and our external investment managers to be aligned with the net zero.

### Objective 2: Increase our « Eligible NZAM » perimeter

In parallel with our commitment to reach 100% of our NZAM assets eligible, we will explore how to align strategies and asset classes that are not yet eligible to increase the proportion of our assets covered by our NZAM commitment.

**Figure 6 - Current status and future targets; advancing towards achieving Net Zero**



Source: AAIS, data as of 31/12/2024

## 5. METHODOLOGIES

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We use two methodologies to structure our Net Zero initiative:

- 1.** The NZIF (Net Zero Investment Framework): This framework is widely adopted by investors to set goals and develop Net Zero strategies, as well as transition plans. It outlines the essential components needed for effectively implementing these strategies. The metric we use in the NZIF is portfolio WACI (Weighted Average Carbon Intensity). A portfolio WACI shows its exposure to high carbon-emitting companies and assesses the carbon efficiency of these companies. Our data provider for WACI is ISS ESG.
- 2.** The Science Based Targets Initiative (SBTi): This collaborative organization is dedicated to corporate climate action, helping companies and financial institutions worldwide to set emissions reduction targets in line with the goals of the Paris Agreement. A portfolio's climate alignment goal requires an internal assessment to determine to the extent to which a fund's holdings align with specific climate targets. Our data provider for SBTi alignment is also ISS ESG.

Controls on the portfolios engaged in the NZAM initiative have been built into our tools to ensure rigorous monitoring and ongoing compliance.



Table 8 - NZAM status of funds with assets under management &gt;€500 million

| Fund  | AuM in € millions | Categories SFDR | NZAM Eligibility | NZAM Committed | Methodology         |
|---|-------------------|-----------------|------------------|----------------|---------------------|
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375             | Art.8           | In scope         | Committed      | Portfolio alignment |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211             | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015             | Art.8           | In scope         | Not committed  | -                   |
| ABN AMRO Candriam ESG Treasury                          | 939               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Global ESG Equities                      | 869               | Art.8           | In scope         | Not committed  | -                   |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584               | Art.9           | In scope         | Not committed  | -                   |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569               | Art.8           | Out of scope     | Not applicable | -                   |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530               | Art.8           | In scope         | Committed      | NZIF                |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510               | Art.8           | Out of scope     | Not applicable | -                   |
| <b>Total</b>  | <b>11 812</b>     |                 |                  |                |                     |

Source: AAIS

# 07



**Information on the strategy  
for alignment with long-term  
biodiversity-related objectives**

**1.** General Principles

**2.** Development

## 1. GENERAL PRINCIPLES

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### What the legislator is asking for

Like the climate strategy, the legislator wants entities to implement a biodiversity strategy in line with the objectives set out in the Convention on Biological Diversity (CBD) adopted in 1992. It is requested to specify the alignment with the long-term objectives of 2050 (aiming for a first horizon in 2030 and then every five years).

### A fundamental issue

At AAIS, we recognize that preserving biodiversity is a fundamental issue, as crucial as the fighting against climate change. The degradation of natural ecosystems poses significant risks to economic stability and human health, threatening essential services such as pollination, climate regulation, and air and water purification. Our biodiversity policy demonstrates our commitment to promoting responsible investment practices that respect and preserve our planet's natural wealth.

Thus, ABN AMRO Investment Solutions has integrated the fundamental principles of biodiversity into its responsible investment policy, ruling out any participation in controversial activities from a biodiversity perspective.

Here are the key areas of our exclusions:

- **Palm oil:** Palm oil production is associated with concerns related to its environmental and social impacts. As palm oil is one of the cheapest vegetable oils to produce (i.e., requiring much less land and resources to produce a similar output quantity), crops of palms replaced many forests, of which rainforests, known for the extensive amount of wildlife species they host, and the significant carbon capture solutions they represent. Palm oil production has thus been associated with deforestation, habitat destruction for endangered species, such as orangutans and tigers, and displacement of indigenous communities. The expansion of palm oil plantations has led to biodiversity loss and increased greenhouse gas emissions, contributing to climate change. Additionally, palm oil cultivation is linked to labour rights violations, including poor working conditions and child labour. To face these issues, and for all the range of funds, ABN AMRO Investment Solutions excludes companies that are not members of the RSPO (Roundtable on Sustainable Palm Oil) and that derive more than 5% of their revenues from the production and/or distribution of palm oil.





- **Genetically Modified Organisms (GMOs):** GMOs are of great concern because of their impact on biodiversity. One of the major concerns is the destruction and artificialization of natural environments. By genetically modifying certain species, GMOs can lead to an ecological imbalance, disrupting natural interactions and threatening the survival of native species. In addition, GMOs contribute to the pollution of the oceans, fresh water, soil, and air. Chemicals used to support the growth of GMOs can contaminate aquatic resources, deteriorate soil quality, and release toxins into the atmosphere, exacerbating existing environmental problems. For these reasons, AAIS implements rigorous exclusions within its funds, in line with Levels 3 and 4 of its internal scale. Thus, any company generating more than 5% of its revenue from the cultivation of genetically modified plants is excluded. Similarly, this policy applies to companies involved in the development of genetically modified seeds and/or plants.
- **Fossil Fuel Exclusions:** ABN AMRO Investment Solutions applies exclusions for thermal coal, unconventional fossil fuels and conventional fossil fuels, to minimize the environmental impact of its investments.

### Principal adverse impact

In addition, AAIS applies the principal adverse impact No. 7 of Table 1 of the annex to the RTS regulation, which concerns activities likely to negatively impact biodiversity in sensitive areas. AAIS integrates this indicator into its « Do Not Significant Harm » (DNSH) policy to assess whether an investment qualifies as a sustainable investment when looking at the exposures of its Article 9 funds. In addition, AAIS calculates this indicator at the level of the management company, including it in its report on the principal adverse impacts of the management company, published on its website.

Below you will find this indicator for funds with assets under management > €500 million:

**Table 9 - Funds of which > €500 million in assets under management - Adverse impact on Biodiversity**

| Fund Name   | AuM in €      | SFDR Classification | Activities negatively affecting Biodiversity and sensitive areas |                                  |
|---|---------------|---------------------|--|----------------------------------|
|   |               |                     | Portion of fund AuM  | Coverage rate on eligible assets |
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375         | Art.8               | 0.00%  | 100.0%                           |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211         | Art.8               | 0.00%  | 80.7%                            |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015         | Art.8               | 0.16%  | 93.6%                            |
| ABN AMRO Candriam ESG Treasury                          | 939           | Art.8               | 0.00%  | 93.1%                            |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877           | Art.8               | 0.00%  | 87.5%                            |
| ABN AMRO Funds Global ESG Equities                      | 869           | Art.8               | 0.00%  | 100.0%                           |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862           | Art.8               | 0.01%  | 97.5%                            |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772           | Art.8               | 0.00%  | 84.9%                            |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699           | Art.8               | 0.00%  | 80.8%                            |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584           | Art.9               | 0.00%  | 100.0%                           |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569           | Art.8               | 0.02%  | 96.1%                            |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530           | Art.8               | 0.00%  | 93.6%                            |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510           | Art.8               | 0.00%  | 0.0%                             |
| <b>Total</b>  | <b>11 812</b> |                     |  |                                  |

*NB: This involves assessing the share of investments in owned companies with sites and/or operations located in or near biodiversity-sensitive areas when the activities of these owned companies have a negative impact on biodiversity. Quarterly average over the year under review.*

*Source: AAIS and ISS.*

On average over the year 2024, three portfolios on this list are invested in activities that have a negative impact on biodiversity. The share of these activities is between 0.01% and 0.16% of portfolios. We specify here that only investments in « companies » are considered to calculate this indicator (sovereign issuers are not concerned).

Moreover, at this stage, we believe that this indicator does not make it possible to measure a footprint on biodiversity and to define actions to mitigate the negative effects.

## 2. DEVELOPMENT

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To date, the available data provided by companies remains limited, and common indicators that could serve as a universal language within the sector are still lacking. As a result, ABN AMRO Investment Solutions has not yet made a final decision on a biodiversity assessment solution. We are committed to further exploring the available data and joining forces with our parent company to arrive at a more accurate estimate of our « biodiversity footprint ».

### Collaboration with our peers

We are strongly committed to assessing and mitigating the impact of our investment decisions on biodiversity, while actively collaborating with our partners to promote sustainable and beneficial actions. To this end, ABN AMRO Bank N.V. joined the Finance for Biodiversity Pledge in September 2020, affirming its commitment to collaborate, to assess its own impact on biodiversity. In addition, the bank has joined the Partnership for Biodiversity Accounting Financials (PBAF) to develop a harmonized accounting approach for biodiversity in the financial sector. This initiative reflects our determination to take a proactive role in preserving biodiversity and inspiring positive change in our industry.





# 08

## Information on approaches to considering environmental, social and governance quality criteria within risk management

1. What are sustainability risks?
2. Sustainability risk management framework
3. Measuring ESG risks
4. ESG risk control

## 1. WHAT ARE SUSTAINABILITY RISKS?

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In regulatory terms (as defined in the Sustainable Finance Regulation and referenced by the UCITS, AIFM, MIFID2, CRR, IDD or Solvency II regulations), sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could have a material adverse impact on the value of investments created and managed by ABN AMRO Investment Solutions. As a management company, we consider these risks factors and strive to fully integrate them into our investment risk management framework.

ABN AMRO Investment Solutions considers two main types of sustainability risks factors that could affect the value of the investments it manages:

- **Transition risk**, defined as the financial impact on the issuers of investments included in the funds managed by ABN AMRO Investment Solutions, and their alignment with the sustainable « zero-carbon » economy;
- **Physical risk**, defined as the financial impact on the issuers of investments included in the funds managed by ABN AMRO Investment Solutions, and on the change in their physical risk profile resulting from climate change and other environmental changes (floods, coastal submersion, forest fires, soil deformation, etc.).



In addition, ABN AMRO Investment Solutions has developed a range of ESG/sustainable funds (funds falling under Art.8 and 9 of SFDR, some of which are labelled « Label ISR » or « LuxFLAG ESG ») which meet specific ESG specifications. As such, ABN AMRO Investment Solutions extends its definition of ESG risks to the impact of the investments it creates and manages.

ABN AMRO Investment Solutions considers itself to be exposed to sustainability risks related to the possible adverse impacts on the environment and society in general (in accordance with the concept of double materiality) of the investments it manages. That is why we have different policies in place to minimize these risks, as well as processes to report and monitor them. In concrete terms, this involves measuring the impact of investments on:

- ▶ **Environmental issues**, such as climate change, biodiversity loss, resource depletion and pollution, etc;
- ▶ **Social issues**, such as standard working conditions, forced labour and child labour, human trafficking, Indigenous peoples' rights, privacy, animal welfare, public health, etc;
- ▶ **Governance issues**, such as corporate governance (compensation, diversity), corporate conduct (corruption, bribery), ethical code of conduct, etc.

Overall, ABN AMRO Investment Solutions considers sustainability risk management to be a key element of the company's risk management; to mitigate any adverse impact on its business model, reputation, and the quality of service it provides to its clients/investors.

## 2. SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

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Proper management of sustainability risks is a key success factor for ABN AMRO Investment Solutions to achieve its ambition to become a leading European asset management company in terms of sustainability in the coming years.

### ABN AMRO Investment Solutions' Sustainability Risk Policy

ABN AMRO Investment Solutions is a subsidiary of the ABN AMRO Bank N.V. Group, which has defined a framework for its sustainability risk policy, as set out below. Overall, ABN AMRO Investment Solutions seeks to leverage the ABN AMRO Bank N.V. Group's sustainable finance framework and capabilities to inform its own decision-making processes, and tailors ABN AMRO Bank N.V. Group's policies to its own business model, all in the best interest of its clients. ABN AMRO Investment Solutions is aware that sustainability risks primarily affect the funds it manages on behalf of its investors.

ABN AMRO Investment Solutions has formalised and published a Responsible Investment Policy, a statement on the principal adverse impacts, to describe how it integrates ESG considerations into the investment processes of the funds it manages.

ABN AMRO Investments Solutions has set clear rules for investing, and refraining from investing in companies, countries or activities with particularly sensitive elements from a sustainability point of view, such as the defence sector.

All these measures and their application in the context of investment decisions contribute to reducing sustainability risks affecting the portfolios managed by ABN AMRO Investment Solutions.

The above-mentioned documents are available on the ABN AMRO Investment Solutions website under the « Sustainability Information » section.

### ABN AMRO Investment Solutions' sustainability risk management process

In general, sustainability risks are integrated into the overall risk management framework implemented by ABN AMRO Investment Solutions, in line with other risk factors, including risk mapping exercise, both at company level and at the individual portfolio level. As these risks mainly affect the portfolios managed by the management company, they are considered in the context of investment risk management:

**Table 10 : Sustainability risk management processes**

|   |   |
|---|---|
| <p><b>1.</b><br/>Identification</p>                                       | <p>Which sustainability risk factors can have a significant impact on portfolio valuations?<br/>What significant impacts could the portfolios managed by ABN AMRO Investment Solutions have?</p>  |
| <p><b>2.</b><br/>Assessment</p>   | <p>What is the best source of data to assess/qualify risk?<br/>How can financial impacts be derived from existing impact/risk data?</p>   |
| <p><b>3.</b><br/>Response and Mitigation</p>                              | <p>Is the risk consistent with ABN AMRO Investment Solutions' sustainability risk management policy and risk appetite?<br/>Is the risk in line with the sustainability policy/philosophy of the investment product? How can the risk/impact be reduced?</p> |
| <p><b>4.</b><br/>Monitoring and reporting on key sustainability risks</p> | <p>What is the overall portfolio-level risk resulting from multiple exposures?<br/>What is the overall ESG performance of the portfolio?</p>  |



In terms of governance:

- Overall responsibility for the management of sustainability-related risks lies with the Managing Board of ABN AMRO Investment Solutions, which has a CSR Manager to advise on general policy on sustainability;
- The ESG risk indicators for the funds managed by ABN AMRO Investment Solutions monitored as part of the investment risk control framework are reported as part of the Corporate Risk Management Report presented to the Managing Board and the Executive Committee on a monthly basis.

In general, the ESG team is mandated to support the Managing Board in addressing sustainability issues with the funds managed by ABN AMRO Investment Solutions, on their ESG performance. About the sustainability risk framework and the overall level of sustainability risk management for the portfolios managed by ABN AMRO Investment Solutions, these topics are discussed jointly with the investment risk management team.

ABN AMRO Investment Solutions delegates the management of part of its funds to other management companies (« delegates »). In such cases, ABN AMRO Investment Solutions will:

- Carry out a due diligence exercise on the integration of ESG factors by delegates in their investment process, at the time of the initiation of the delegation, and on a periodic basis, thereafter, depending on the issues;
- Establish agreements with said companies that formalize their obligations to apply ABN AMRO Investment Solutions' ESG policies, as well as the terms of the prospectus;
- Monitor the implementation of these obligations by the delegates.

ABN AMRO Investment Solutions regularly scans and analyses its portfolios to determine their potential exposure to ESG risks and investments that do not meet the criteria set by the policies. Any discrepancies identified during these scans are investigated with the portfolio manager, either internally or with the external investment manager, to be resolved.

To comply with good governance practices, ABN AMRO Investment Solutions' risk management and compliance departments oversee ESG activities as independent second-line of defence parties, with the ESG team positioned as the first line of defence, and report on this oversight to the Managing Board and the Supervisory Board.

### 3. MEASURING ESG RISKS

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#### Transition Risk Assessment - Sustainalytics and ISS Methodologies

In the context of climate change, transition risks reflect the cost and risks inherent in the magnitude of the changes in strategies, practices or investments required as Society and companies strive to reduce their carbon dependence, climate impact, and to comply with environmental standards, social and governance issues that we expect to see emerge as the economy undergoes a sustainable transition. Our focus here is on transition risks – in the general sense - and therefore embedding the E, S and G dimensions towards a more sustainable economy affecting our portfolios<sup>25</sup>.

ABN AMRO Investment Solutions has chosen to rely primarily on Sustainalytics and ISS to assess, monitor and supervise the transition risk exposure of its portfolios, based on:

- ▶ Overall ESG risk scores (see subsection (i) below);
- ▶ Controversy scores (see subsection (ii) below);
- ▶ Carbon intensity and other supplementary carbon metrics (see subsections (iii) and (iv) below).

Finally, ABN AMRO Investment Solutions also relies on analyses according to the UN Sustainable Development Goals (see subsection (v) below).

A monthly monitoring is carried out by the Investment Risk Management team to verify the performance of the portfolios in relation to their benchmark index and over time on defined risks budgets.

Work is underway to supplement these metrics with metrics that allow the financialization of transition risks affecting the funds managed by ABN AMRO Investment Solutions (financial impact – see subsection (vi)).

#### – i. Overall ESG risk scores (Sustainalytics)

ABN AMRO Investment Solutions uses Sustainalytics' ESG Risk Rating to perform position-by-position portfolio analysis, complemented by in-depth analyses based on other sources of information<sup>26</sup> where necessary.

For investing in companies (« corporate securities »), the ESG risk approach distinguishes between manageable ESG risks (managed risk and management gaps) and unmanageable ESG risks. The ESG risk rating is composed of unmanaged ESG risks that have been identified as gaps (management gaps compared to category standards) and/or as unmanageable risks (due, for

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25. Political, legal, and reputational risks ("greenwashing") are not directly covered here.

26. Our external investment managers may use other providers. During portfolio monitoring, if the results are divergent, a discussion may be initiated between AAIS, the manager, the company, and the suppliers to agree on either a final approval (consensus), an engagement measure or a divestment.

example, to coverage of environmental, social, human rights, anti-corruption issues). This risk breakdown makes the final rating more realistic and meaningful from the point of view of ESG materiality (through its forward-looking dimension).

For investments with exposure to sovereign securities (« government bonds »), the country risk rating measures the risk to a country's long-term prosperity and economic development by assessing its national wealth and its ability to use and manage that wealth effectively and sustainably.

The rating measures the national wealth composed of natural and product capital, human capital, and institutional capital, as well as a country's ability to use and manage this capital effectively and sustainably, determined by its ESG performance, ESG trends and ESG events. The cumulative score includes a wealth score and an ESG risk factor score corresponding to these two components.

In terms of scale, the ratings range from 0 to 100 and distinguish five levels of risk: negligible (<10), low (between 10 and 20), medium (between 20 and 30), high (between 30 and 40) and severe (>40). It should be noted that the lower the ESG risk rating, the lower the level of ESG risk and the better the issuer will be able to manage sustainability issues in the future (and thus, the lower the expected impact of sustainability risks on the company's valuation).

## – ii. Scores de controverse (Sustainalytics)

ESG ratings are complemented by a controversy score. A controversy is related to an event that leads to a negative perception of the company, usually reflecting its involvement in significant developments from an ESG perspective. Controversies play an important role in the ESG risk rating, making it more responsive to new information. Controversies are also rated by relevant themes on an intensity scale from 0 (none) to 5 (severe), and fall into two categories:

- ▶ **Corporate event:** Specific events, affecting issuers, are perceived as serious when they reach level 4 and serious when they reach level 5 (on a scale of 0 to 5);
- ▶ **Country event:** The purpose of country event research is to inform investors about ongoing actions in countries that may affect a country's prosperity and economic development and its ability to manage its wealth effectively and sustainably. These include acts such as wars, civil unrest, or extreme weather events. Events can also include patterns of events such as large-scale violent crime. There is no calculation for a country's controversy score.

In general, ABN AMRO Investment Solutions considers this indicator with a view to avoiding the emergence of serious controversies in the portfolios it manages and of any negative financial impact resulting from the materialisation of ESG risks, and defines, applies and monitors the exclusions in place to protect the portfolios from such risks.



### – iii. Carbon emissions (Sustainalytics and ISS)

ABN AMRO Investment Solutions monitors the carbon intensity of the portfolios it manages by calculating the carbon emissions of their component investments. The measurement of emissions of any other type of greenhouse gas is converted into CO<sub>2</sub>, divided according to the 3 emissions categories (« scope ») defined by the carbon emissions protocol:

- ▶ **Scope 1** concerns direct emissions related to the combustion of fossil fuels, such as gas, oil, coal, etc. in processes owned and operated by issuers based;
- ▶ **Scope 2** covers indirect emissions related to the consumption of energy (electricity, heat, or steam) necessary to manufacture a product;
- ▶ **Scope 3** relates to other indirect emissions, such as the extraction of materials purchased by the company to manufacture a product or emissions related to the transportation of employees and customers who purchase the product.

For direct greenhouse gas emissions, ABN AMRO Investment Solutions mainly uses data from ISS (climate scenario, carbon calculation). Emissions data are derived from reports published by companies (reported data are preferred) or are calculated based on industry and historical averages (estimated data). Some discrepancies may appear between the different data providers (reporting date, scope and coverage) but we have observed that this tends to decrease and that the quality of the data is improving, particularly on scopes 1 and 2. There is no consensus on scope 3 emissions because companies themselves have difficulties in evaluating them.



**Table 11 – ESG risk scores by Asset Type**

| Asset type        | AuM in € million | ESG risk score | ESG risk score Coverage rate | ESG risk score level |
|-------------------|------------------|----------------|------------------------------|----------------------|
| Equities          | 8 790            | 17.96          | 95.7%                        | Low                  |
| Corporate bonds   | 5 288            |                |                              |                      |
| Sovereign bonds   | 4 240            | 15.33          | 72.7%                        | Low                  |
| External Funds    | 357              | Not applicable | -                            | -                    |
| Other asset types | 412              | Not applicable | -                            | -                    |
| <b>Total</b>      | <b>19 086</b>    |                |                              |                      |

Quarterly averages for the year under review.

Source: AAIS and Sustainalytics;

**Table 12 – Corporates: ESG risk scores and carbon intensity (scope 1 and 2) by sector**

| Sector                 | AuM in € million | ESG risk score | ESG risk score Coverage rate | ESG risk score level | Carbon Intensity | Carbon Intensity Coverage rate |
|------------------------|------------------|----------------|------------------------------|----------------------|------------------|--------------------------------|
| Consumer Discretionary | 1 454            | 17.1           | 99%                          | Low                  | 642.5            | 99%                            |
| Consumer Staples       | 648              | 23.1           | 100%                         | Medium               | 535.7            | 97%                            |
| Energy                 | 253              | 31.4           | 97%                          | High                 | 3 447.1          | 98%                            |
| Financials             | 4 044            | 17.4           | 98%                          | Low                  | 233.9            | 99%                            |
| Healthcare             | 1 249            | 19.4           | 100%                         | Low                  | 83.4             | 99%                            |
| Industrials            | 1 509            | 19.1           | 98%                          | Low                  | 1 298.6          | 100%                           |
| Information Technology | 2 739            | 15.9           | 100%                         | Low                  | 57.9             | 99%                            |
| Materials              | 748              | 20.8           | 95%                          | Medium               | 1 281.5          | 99%                            |
| Other sectors          | 4 729            | 23.6           | 19%                          | Medium               | 463.9            | 100%                           |
| Real Estate            | 527              | 11.1           | 100%                         | Low                  | 65.6             | 97%                            |
| Communication Services | 457              | 19.9           | 100%                         | Low                  | 78.3             | 96%                            |
| Utilities              | 625              | 19.7           | 99%                          | Low                  | 849.4            | 24%                            |
| Not covered            | 46               | -              | 0%                           | -                    | -                | -                              |

Source: ABN AMRO Investment Solutions, and Sustainalytics and ISS; Positions at the end of December; The carbon value is expressed in tCO<sub>2</sub>e / million EUR.

**Table 13 – ESG scores of funds with >€500 million in assets under management**

| Fund name   | AuM in €      | SFDR category | Type      | ESG Risk score | ESG risk score level |
|---|---------------|---------------|-----------|----------------|----------------------|
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877           | Art.8         | Corporate | 14.1           | Low                  |
|   |               |               | Country   | 14.0           | Low                  |
| ABN AMRO Funds Global ESG Equities                      | 869           | Art.8         | Corporate | 16.1           | Low                  |
|   |               |               | Country   | -              | -                    |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211         | Art.8         | Corporate | 11.0           | Low                  |
|   |               |               | Country   | 16.2           | Low                  |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015         | Art.8         | Corporate | 16.8           | Low                  |
|   |               |               | Country   | 15.5           | Low                  |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530           | Art.8         | Corporate | 16.6           | Low                  |
|   |               |               | Country   | -              | -                    |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584           | Art.9         | Corporate | 16.5           | Low                  |
|   |               |               | Country   | -              | -                    |
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375         | Art.8         | Corporate | 17.2           | Low                  |
|   |               |               | Country   | -              | -                    |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772           | Art.8         | Corporate | 22.2           | Medium               |
|   |               |               | Country   | 23.4           | Medium               |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699           | Art.8         | Corporate | 26.3           | Medium               |
|   |               |               | Country   | 24.1           | Medium               |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510           | Art.8         | Corporate | -              | -                    |
|   |               |               | Country   | 14.1           | Low                  |
| ABN AMRO Candriam ESG Treasury                          | 939           | Art.8         | Corporate | 16.5           | Low                  |
|   |               |               | Country   | 13.1           | Low                  |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569           | Art.8         | Corporate | 18.1           | Low                  |
|   |               |               | Country   | 14.3           | Low                  |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862           | Art.8         | Corporate | 18.1           | Low                  |
|   |               |               | Country   | 14.6           | Low                  |
| <b>Total</b>  | <b>11 812</b> |               |           |                |                      |

Quarterly averages over the year under review.

Source: AAIS and Sustainalytics.

– iv. **Analysis of the risks associated with the climate transition to a low-carbon economic model (« ISS Climate »)**

As a complement, in case of a need for more detailed analysis, the « ISS Climate » solution allows ABN AMRO Investment Solutions to assess and monitor climate risks. This tool includes scenario analysis capabilities to integrate different possible futures by examining alternative potential outcomes, all based on scientific studies. Investors can use scenario analysis to assess risks and identify opportunities in a range of plausible future situations.

The « ISS Climate » solution is a modelling solution offering different angles of analysis for portfolios (in terms of perspectives and approaches), allowing to:

- ▶ Assess transition risks (a portion of these transition risks) and physical risks in our portfolios related to climate change;
- ▶ Better understand the alignment of our portfolios with, or contributing to, the objective of less than 1.5°C warming, to track and then monitor our global climate risks;
- ▶ Monetise these risks through a Value at Risk (VaR) approach.

ABN AMRO Investment Solutions may use the analyses produced by ISS which include, among others, the following components:

- ▶ Portfolio alignment analysis;
- ▶ Study of Net Zero objectives;
- ▶ Carbon Risk Rating of the portfolio under review.

### **Regarding the alignment of portfolios**

ISS produces a portfolio alignment analysis in terms of carbon emissions using the following three scenarios<sup>27</sup>:

- 1.** Net Zero Emissions – NZE (this scenario targets a median maximum temperature increase of +1.5°C);
- 2.** Announced Pledges Scenario - APS (the aim of this scenario is to show the extent to which the announced ambitions and objectives are in line with the goal of net zero emissions by 2050 including the Asian zone, thus bringing the objective of increasing the median maximum temperature to +1.7°C);
- 3.** Stated Policies Scenario – STEPS (This scenario reflects all the policies and ambitions that have been legislated or announced by the various governments regarding the climate around the world, which positions the median temperature increase target cursor above +2°C).

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27. To better understand these scenarios: <https://www.iea.org/reports/global-energy-and-climate-model/understanding-gec-model-scenarios>



The trajectory of the portfolio will be projected on a curve accompanied by the 3 scenarios above, resulting in a calculation of the implied increase in temperature. It should be noted that the scenarios used as well as the target temperature objective levels may change over time.

### Regarding the study of the Net Zero objectives review

The objective of this analysis is to assess how prepares the portfolio is for a Net Zero 2050 transition; The study focuses on the share of the portfolio invested in companies that:

1. Have robust and verified carbon emissions targets in place;
2. Are already aligned with the Net Zero objective;
3. Aim to expand the use of fossil fuels;
4. Would have potential reserves of CO<sub>2</sub>.

### Portfolio CRR

The transition generates risks but also opportunities identified such as revenues from green activities. ISS has developed the Portfolio Carbon Risk Rating (CRR) whose objective is to provide a critical analysis of how portfolio issuers are or are not prepared for the transition to a low-carbon economy. ISS ranks each issuer on a scale of 0 to 100. The portfolio and its benchmark will be distributed as follows:

1. Not covered by ISS;
2. Laggard;
3. Medium;
4. Outperformer;
5. Leader.

To date, ABN AMRO Investment Solutions does not use all data and results. However, comprehensive analytics reports are generated, and some key indicators can be identified when needed.

Below you will find a summary table showing certain climate indicators for funds with assets under management > €500 million at the end of December 2024:

**Table 14 - Funds with >€500 million in assets under management - climate indicators**

| Name of the fund  | AuM in €      | SFDR category | Type      | Portfolio date alignment with +1,5°C (SDS) | Portfolio temperature increase in 2050 | Portion of eligible assets |
|---|---------------|---------------|-----------|--|--|----------------------------|
| ABN AMRO Funds Parnassus US ESG Equities                | 2 375         | Art.8         | Corporate | 2048                                       | +1.6°C                                 | 99%                        |
| ABN AMRO Funds Robeco Euro ESG Government-related Bonds | 1 211         | Art.8         | Sovereign | NC   | NC                                     | 40%                        |
| ABN AMRO Funds Schroder Euro Corporate ESG Bonds        | 1 015         | Art.8         | Corporate | 2047                                       | +1.6°C                                 | 76%                        |
| ABN AMRO Candriam ESG Treasury                          | 939           | Art.8         | Corporate | NC   | NC                                     | 45%                        |
| ABN AMRO Funds Blackrock Euro Government ESG Bonds      | 877           | Art.8         | Sovereign | NC   | NC                                     | 1%                         |
| ABN AMRO Funds Global ESG Equities                      | 869           | Art.8         | Corporate | 2050                                       | +1.5°C                                 | 99%                        |
| ABN AMRO Funds Profile 4 - Moderately Aggressive        | 862           | Art.8         | Corporate | 2032                                       | +2.4°C                                 | 68%                        |
| ABN AMRO Funds Portfolio Flexible ESG Bonds             | 772           | Art.8         | Corporate | NC   | NC                                     | 53%                        |
| ABN AMRO Funds Portfolio Flexible Bonds                 | 699           | Art.8         | Corporate | NC   | NC                                     | 44%                        |
| ABN AMRO Funds EdenTree European Sustainable Equities   | 584           | Art.9         | Corporate | 2050                                       | +1.5°C                                 | 95%                        |
| ABN AMRO Funds Profile 3 - Moderately Defensive         | 569           | Art.8         | Corporate | NC   | NC                                     | 56%                        |
| ABN AMRO Funds Insight Euro ESG Corporate Bonds         | 530           | Art.8         | Corporate | 2046                                       | +1.6°C                                 | 85%                        |
| ABN AMRO Funds RBC BlueBay Euro Government Bonds        | 510           | Art.8         | Sovereign | NC   | NC                                     | 40%                        |
| <b>Total</b>  | <b>11 812</b> |               |           | -  | -                                      | -                          |

Source: AAIS and ISS, calculations at end of the year.

The analysis of these results must be done with caution because some of the coverage ratios posted (if less than 67%) for ABN AMRO Investment Solutions' portfolios do not always allow conclusions to be drawn from these analyses. Moreover, these indicators must be assessed as part of the investment strategy of each fund and cannot be judged alone. Nevertheless, this overview allows us to observe the progress made from one year to the next.

To date, only the funds currently « NZAM Eligible Committed » have formalised a climate trajectory until 2050. Refer to section 6 of this report.

## – v. A multi-dimensional approach based on the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) provide a useful complementary thinking framework for tracking the ESG performance of portfolios. The underlying objectives and KPIs have been detailed in various market working groups, including the Global Investment Impact Network (GIIN) via IRIS+ (catalogue of metrics).<sup>28</sup>

ABN AMRO Investment Solutions uses the tool developed by ISS to assess the extent to which the investment funds it manages have an impact (positive and negative) on the SDGs. The SDG Solutions Assessment tool, developed by ISS, follows a thematic approach based on 15 distinct sustainability goals, using the United Nations Sustainable Development Goals as a framework. The aim of the tool is to assess the extent to which companies are exploiting existing and emerging opportunities to contribute to the achievement of global sustainability goals by offering innovative products and services that have a positive impact in real life.

The tool applies an internal classification of products and services into five categories – based on their direct impact on the achievement of different sustainability goals: significant contribution, limited contribution, no impact, limited obstruction, and significant obstruction.

To date, ABN AMRO Investment Solutions uses this tool for certain thematic impact portfolios.

## – vi. Financialisation of Transition Risk: Transition VaR (ISS)

In the current state of its market monitoring, on the aspect of transition risk, ABN AMRO Investment Solutions has identified ISS's Climate Transition Value at Risk (TVaR) as a candidate to monitor potential financial impacts on portfolios.

TVaR is the cost of complying with the NZE2050 scenario as defined by the IAE, i.e. the critical path to achieving net-zero carbon emissions by 2050 while remaining compatible with a temperature increase limited to 1.5°C.

This scenario is used to define a baseline for the evolution of greenhouse gas emissions over time. The transformation into geographical and sector distribution hypothesis, as well as the corresponding carbon prices, is based on the work of the NGFS (Network for Greening the Financial Sector), a network of central banks and supervisory authorities willing to exchange experiences, share best practices, contribute to the development



28. IRIS Catalogue of Metrics | IRIS+ System (thegiin.org).

of environmental and climate-related risk management in the financial sector, and mobilising traditional finance to support the transition to a sustainable economy. This carbon price is then used as part of a proprietary financial model to update the operational costs and revenues of the companies.

It should be noted that the model allows a negative TVaR to be observed for companies that would experience positive financial impacts, by seizing opportunities in this transition scenario. Entities with positive TVaR are likely to incur losses and, in some extreme cases, bankruptcy if their business model does not appear to be able to make this transition possible.

ABN AMRO Investment Solutions has studied the hypothesis and models underlying the calculation of this metric. The TVaR of portfolios of more than €500 million are collected quarterly and monitored to assess potential significant changes in terms of risk profile. The monitoring focuses on the evolutions and trends observed, the definition of an absolute budget stumbling over the breakdown of metrics within the portfolio.

### Physical Risk Assessment – ISS Methodology

According to the European Central Bank<sup>29</sup>, « *physical risks, when they materialise, can significantly erode collateral and asset values (..). As climate change advances, the risk of abrupt value losses in climate risk-sensitive geographical areas increases. This can lead to the erosion of collateral and assets values for a large number of financial institutions.* »

The exposure to physical risks is multi-faceted and results in a lack of financial stability for issuers, whether in the form of sudden on-going losses in value, due for example to productivity losses caused by the alteration of environmental factors such as raising average temperature (by changes in rainfall patterns, flooding, reduced crop yields, coastal flooding, soil deformation, forest fires, etc.).

To enable investors to assess their individual exposure to physical risks through their investments, ISS ESG conducts a risk assessment that provides investors with a perspective of the cumulative risk for the portfolio. ISS's physical risk assessment is based on the two main components influencing a company's risk exposure, namely its geographical exposure and its sector risk profiles.

29. [https://www.ecb.europa.eu/pub/financial-stability/fsr/special/html/ecb.fsrart201905\\_1~47cf778cc1.en.html#toc1](https://www.ecb.europa.eu/pub/financial-stability/fsr/special/html/ecb.fsrart201905_1~47cf778cc1.en.html#toc1)





An issuer's geographic risk exposure profile is derived from the geographical distribution of the company businesses (operational risk) and the physical risk exposure of the countries in which the company operates (market risk).

An issuer's sector risk exposure profile is based on an analysis of existing documentation and provides an indication, depending on the operating sector, of its overall exposure to physical risks, distinguishing between chronic and acute risks. The analysis covers the risk exposure of the physical assets that the company owns and operates (e.g. factories and other types of real assets, for example). Supply chain considerations are excluded from this assessment.

ISS provides various reports identifying risky investments in the portfolio and its benchmark (as a % of assets under management) as well as issuers whose risk management strategies appear to be sustainable. ISS also assigns a physical risk score (from 0 to 100) and a breakdown of the portfolio into « high risk » versus « low risk ».

ISS also establishes a detailed geographical map of the portfolio's exposure to physical risks with a projection in 2050 as well as the portfolio's exposure to the various physical risks related to climate change such as tropical cyclones, river floods, forest fires, etc.

At this stage, ABN AMRO Investment Solutions does not yet use this detailed data but is exploring PVaR, which results from the aggregation of physical climate risks for a given portfolio. In the current state of its market monitoring, on the aspect of transition risk, ABN AMRO Investment Solutions has identified ISS's Climate Transition Value at Risk (TVaR) as a candidate to monitor potential financial impacts on portfolios.

Climate Physical VaR (PVaR) is the negative impact on the portfolio because of climate change in a rising temperature scenario. Rising temperatures would indeed modify the climate system, with a distortion of the risk profiles of issuers due to phenomena such as floods, droughts, or storms (frequency, impact). The model proposed by ISS is based on 2 scenarios: RCP4.5 and RCP8.5 which make it possible to define the distortion from loss events related to 6 risk factors (cyclones, vegetation fires, river floods, heat waves, droughts, coastal flooding):

- **RCP4.5 (Stabilisation):** Emission reduction policies are put in place to stabilise greenhouse gas concentrations in the atmosphere by the end of the century. This scenario predicts a moderate reduction in emissions, leading to a stabilisation of radiative forcing, predicting temperature increases between 1.7 to 3.2°C by 2100;
- **RCP8.5 (Business as Usual):** No meaningful climate policy is implemented, resulting in emissions being kept high throughout the 21st century. This is a scenario with high greenhouse gas emissions, predicting temperature increases of 3.2 to 5.4°C by 2100.

This distortion from loss events is mainly assessed on a geographical grid. An overlay of proprietary ISS models then makes it possible, for each issuer, to assess a financial impact on the company, via 3 channels: (i) revenues, (ii) operational costs and (iii) fixed assets; this impact is then passed on to the securities in the portfolio.

As with TVaR, ABN AMRO Investment Solutions has studied the hypothesis and models underlying the calculation of this metric. PVaRs (RCP 4.5 and RCP 8.5) of portfolios of more than €500 million are collected quarterly and monitored to assess potential significant changes in terms of risk profile. In the same way, the monitoring focuses on the evolutions and trends observed, the definition of a fixed budget stumbling over the decomposition of the metric within the portfolio.



Below are the metrics generated on funds with assets above €500 million and at the end of December 2024:

**Table 15 - Funds with assets under management > €500 million - TVaR**

| Fund                                     | AuM in € millions | Coverage rate | Amount invested in € million | TVaR in € millions | TVaR in % | Observed 1-year change in TVaR |
|--|-------------------|---------------|------------------------------|--------------------|-----------|--------------------------------|
| Parnassus US ESG Equities                | 2 375             | 98.8%         | 2 348                        | 24.9               | 1.1%      | -1.3%                          |
| Robeco Euro ESG Government-related Bonds | 1 211             | 39.9%         | 483                          | -                  | 0.0%      | -                              |
| Schroder Euro Corporate ESG Bonds        | 1 015             | 76.3%         | 780                          | 52.6               | 6.7%      | 1.2%                           |
| ABN AMRO CANDRIAM Sustainable Treasury   | 939               | 44.8%         | 420                          | 6.5                | 1.5%      | 0.5%                           |
| Blackrock Euro Government ESG Bonds      | 877               | 0.9%          | 8                            | 0.0                | 0.0%      | 0.0%                           |
| Global ESG Equities                      | 869               | 99.5%         | 864                          | 15.4               | 1.8%      | 0.3%                           |
| ESG Profile 4 - Moderately Aggressive    | 862               | 68.2%         | 588                          | 19.9               | 3.4%      | -0.9%                          |
| Portfolio Flexible ESG Bonds             | 772               | 52.9%         | 409                          | 81.4               | 19.9%     | -                              |
| Portfolio Flexible Bonds                 | 699               | 43.6%         | 305                          | 65.5               | 21.5%     | 0.9%                           |
| EdenTree European Sustainable Equities   | 584               | 98.1%         | 555                          | 52.1               | 9.4%      | -4.6%                          |
| ESG Profile 3 - Moderately Defensive     | 569               | 56.0%         | 318                          | 11.1               | 3.5%      | -0.5%                          |
| Insight Euro ESG Corporate Bonds         | 530               | 84.6%         | 448                          | 15.0               | 3.3%      | -0.1%                          |
| RBC BlueBay Euro Government Bonds        | 510               | -             | -                            | -                  | -         | -                              |

Source: AAIS and ISS, calculations based on year-end portfolios' positions

**Table 16 - Funds with >€500 million in assets under management - PVaR**

| Fund                                     | AuM in € millions | Coverage rate | Amount invested in € millions | Scenario RCP 4.5  |           |                                  | Scenario RCP 8.5   |           |                                  |
|--|-------------------|---------------|-------------------------------|-------------------|-----------|----------------------------------|--------------------|-----------|----------------------------------|
|  |                   |               |                               | PVaR in € million | PVaR in % | Observed PVaR change over 1 year | PVaR en € millions | PVaR in % | Observed PVaR change over 1 year |
| Parnassus US ESG Equities                | 2 375             | 98.8%         | 2 348                         | 3.7               | 0.2%      | -0.1%                            | 5.8                | 0.2%      | -0.2%                            |
| Robeco Euro ESG Government-related Bonds | 1 211             | 39.9%         | 483                           | -                 | -         | 0.0%                             | -                  | 0.0%      | 0.0%                             |
| Schroder Euro Corporate ESG Bonds        | 1 015             | 76.3%         | 780                           | 3.2               | 0.4%      | -0.1%                            | 4.9                | 0.6%      | -0.1%                            |
| ABN AMRO CANDRIAM Sustainable Treasury   | 939               | 44.8%         | 420                           | 0.8               | 0.2%      | -0.2%                            | 1.3                | 0.3%      | -0.3%                            |
| Blackrock Euro Government ESG Bonds      | 877               | 0.9%          | 8                             | 0.0               | -         | 0.0%                             | 0.0                | 0.0%      | 0.0%                             |
| Global ESG Equities                      | 869               | 99.5%         | 864                           | 2.0               | 0.2%      | -0.1%                            | 3.1                | 0.4%      | -0.2%                            |

|  |     |       |     |     |      |       |      |      |       |
|--|-----|-------|-----|-----|------|-------|------|------|-------|
| ESG Profile 4 - Moderately Aggressive  | 862 | 68.2% | 588 | 2.7 | 0.5% | -0.2% | 4.2  | 0.7% | -0.4% |
| Portfolio Flexible ESG Bonds           | 772 | 52.9% | 409 | 6.9 | 1.7% | 1.7%  | 10.9 | 2.7% | 2.7%  |
| Portfolio Flexible Bonds               | 699 | 43.6% | 305 | 7.5 | 2.5% | -0.4% | 11.7 | 3.9% | -0.5% |
| EdenTree European Sustainable Equities | 584 | 98.1% | 555 | 3.6 | 0.6% | -0.1% | 6.0  | 1.1% | -0.2% |
| ESG Profile 3 - Moderately Defensive   | 569 | 56.0% | 318 | 1.4 | 0.4% | -0.2% | 2.2  | 0.7% | -0.3% |
| Insight Euro ESG Corporate Bonds       | 530 | 84.6% | 448 | 1.6 | 0.4% | -0.1% | 2.5  | 0.6% | -0.1% |
| RBC BlueBay Euro Government Bonds      | 510 | -     | -   | -   | 0.0% | 0.0%  | -    | 0.0% | 0.0%  |

Source: AAIS and ISS, calculations based on year-end portfolios' positions

The changes in TVaRs and PVaRs correspond to the changes over one year. In line with our procedures, we consider that a coverage ratio of less than 67% is insufficient for the indicator to be representative of the overall risk level of the portfolio. This is particularly true for fixed income and money market portfolios due to the characteristics of this asset class.

The TVaRs and PVaRs indicators on all portfolios observed (and with a coverage ratio above 67%) are low and do not indicate a significant change in the climate risk profile.

## 4. ESG RISK CONTROL

### – i. Development of the control system

As part of the development of its ESG risk management framework, ABN AMRO Investment Solutions has continued its efforts to develop the identification, measurement and control of ESG risks.

First, ABN AMRO Investment Solutions has completely revised its risk mapping, both at company and managed portfolio level, ensuring that the integration of ESG risks is maintained and enhanced.

ABN AMRO Investment Solutions has also completed the industrialisation of its operational control platform, the core of a system allowing the processing of all portfolios on a wider variety of indicators. In the first half of 2023, ABN AMRO Investment Solutions migrated its risk control platform to the Aladdin® solution, which provides a state-of-the-art platform for measuring financial risks on portfolios. All existing risk controls have been migrated to this new platform. The addition of a Data Management solution, launched in 2022 and which has continued to be scaled up in 2023 and 2024, provides an integrated, industrial-grade control environment that can rely on all the management company's data.

This environment is being used to increase the industrialisation of the implementation of controls on compliance with the ESG aspects of the investment policies of the funds managed by ABN AMRO Investment Solutions, the implementation of which extended over 2024 (completion rate of 85%) and will continue into 2025. Indeed, during 2024 we were able to extend our controls (« sustainable investment », AMF classification or NZAM), these efforts will continue in 2025 with the implementation of PAB controls. A manual control is carried out, for example, for funds which, in their pre-contractual documentation, have a constraint on holding funds classified as AMF 2 (i.e. funds with reduced communication on non-financial aspects). This is a weekly check carried out by the BC&O team based on a list classifying the funds according to their AMF extra-financial category (Doctrine 2020-03) provided by the ESG team.

On risk metrics specifically related to ESG aspects, ABN AMRO Investment Solutions continued its work on the collection, analysis and experimentation of PVaR and TVaR data provided by the ISS source (see above), with a focus on (i) the mechanisation of collection as well as (ii) the study and understanding of the model, in view of the novelty and complexity of the said model, its proprietary nature and the heterogeneity of the literature, and, scientific and market work available on the subject. ABN AMRO Investment Solutions has continued its work on benchmarking these new metrics to enable a better understanding and control of them, which is an essential prerequisite for their deployment in the context of controls, and for their use to define, if necessary, risk budgets. The objective is to be able to support these metrics by analysing contributions, as well as building a history of developments, so that these measures can be made actionable. This work was accompanied by (i) the continuation of the market monitoring initiated in previous years, (ii) the exploration of alternative or additional possibilities to refine impact measures and (iii) the determination of the financial impacts of ESG risk factors on portfolios, all in a context of gradual maturation of the data provider market.

Finally, on the other aspects (biodiversity and the « S » pillar), ABN AMRO Investment Solutions is continuing its market monitoring to identify the most relevant metrics. On the biodiversity aspect in particular, these efforts are being carried out in collaboration with the teams of ABN AMRO Bank N.V., as part of the definition of the Group's policy on the subject.

## – ii. Tracking metrics and controlling risk budgets

Throughout 2024, ABN AMRO Investment Solutions has been monitoring and controlling the ESG risks of the investments it manages using the indicators described above. These tests did not identify any material misstatement.



# 09

## Continuous improvement and corrective measures

1. How to improve sustainability risk assessment
2. Strategic and operational developments

## 1. HOW TO IMPROVE SUSTAINABILITY RISK ASSESSMENT

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As it stands, with an ESG data market in full expansion, with standards and practices that are rapidly emerging and evolving, ABN AMRO Investment Solutions has chosen to take an iterative approach to developing its sustainability risk management framework, experimenting and implementing its risk control framework based on existing solutions, while maintaining an active watch to detect any new trends or solutions that may emerge. On this basis, ABN AMRO Investment Solutions is primarily focused on identifying, and analysing ESG risk factors that have a potential impact on portfolio valuation and risk, before eventually developing the ability to assess these financial impacts.

- **Development of a Continuous Improvement Plan:** In our quest for sustainability and compliance, we are committed to a continuous improvement plan that reflects evolving regulatory standards. Recognizing the importance of transparency and adaptation, we recognize that some information, including information on biodiversity, has not yet been published, and we are actively working to address these gaps.
- **Identifying Opportunities for Improvement:** Our process begins with identifying opportunities to improve our current strategy. This includes a rigorous assessment of our practices to identify where progress is needed. We are considering concrete actions such as the formalisation of our biodiversity policy, with targeted actions to protect natural habitats and promote biological diversity.

## 2. STRATEGIC AND OPERATIONAL DEVELOPMENTS

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We implement corrective actions that require strategic and operational adjustments. This includes revising our business model to incorporate ambitious climate and biodiversity goals and engaging with our stakeholders to co-create sustainable solutions. These developments will be communicated transparently and integrated into our overall strategy, ensuring alignment with an ever-changing regulatory framework.

By adopting this continuous improvement plan, we aim not only to meet regulatory requirements, but also to strengthen our role as a responsible player in the field of global sustainability.



## **ABN AMRO Investment Solutions - AAIS**

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