# Website Disclosure - SFDR

**Product name :** NN GS Europe Sustainable Equity Fund
**Categorisation:** article 8
**Legal entity identifier (CODE LEI) :** 549300P1862TXM0YEB58
**Version :** 17/08/2023

## a) Summary

### No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. While it does not have as its objective sustainable investment, it will have a minimum proportion of 20% of sustainable investments.

### Principal Adverse Impacts

The Sub-Fund considers principal adverse impacts on sustainability factors across environmental and social pillars. The PAI Indicators are taken into account through the application of the DNSH principle for the determination of sustainable investments as well as qualitatively through the Sub-Fund's investment approach.

### Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental and social characteristics by:
- Restricting issuers involved in controversial activities and controversial behaviour
- The Sub-Fund has additional restrictions on activities related to: gambling, weapons, adult entertainment, fur & speciality leather, arctic drilling and shale oil & gas
- Taking E, S and G factors of each issuer into account in the investment decision making process
- Adherence in the areas of good governance, respecting human rights and labour rights, protecting the environment and prevention of bribery and corruption
- A lower carbon intensity compared to the Index/Benchmark
- A lower water intensity compared to the Index/Benchmark
- A lower waste intensity compared to the Index/Benchmark
- SI Framework: investments in companies or projects that contribute to an environmental or social objective based on the product contribution or operational contribution

### Indicators

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund:

- Number of issuers excluded from the investment universe based on the Exclusion List
- Average weighted ESG Rating against the Index/Benchmark
- Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact.
- Average weighted carbon intensity score against the Index/Benchmark
- Average weighted water intensity score against the Index/Benchmark
- Average weighted waste intensity score against the Index/Benchmark
- Percentage of Sustainable Investments

### Investment strategy

To attain the environmental and social characteristics promoted by the Sub-Fund, the Sub-Fund applies:

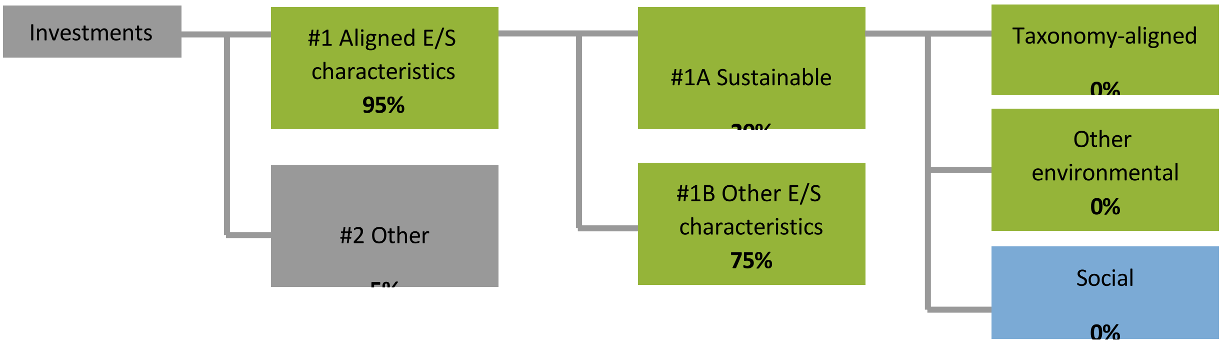
- Active Ownership (Stewardship) refers to dialogue and engagement with issuers and the exercise of voting rights – it is a tool used by the Management Company to influence issuers to adopt more sustainable behaviour and practices.

- The Sub-Fund integrates the information on environmental, social and governance factors for its investments based on the Management Company's ESG Integration approach.

- The Sub-Fund applies the Management Company's norms-based responsible investment criteria that, as stipulated in the Management Company's Responsible Investment Policy, restricts investment in issuers involved in controversial activities and controversial behaviour.

- The Sustainable Investments of the Sub-Fund adhere to the definition of 'Sustainable Investment' as per SFDR. The Sustainable Investment Framework leads to a binary outcome: an issuer will either qualify as a whole as a Sustainable Investment, or not at all.

## Proportion of investments




## Monitoring of environmental or social characteristics

The Management Company uses a systematic approach to monitor adherence to the binding elements at security and/or portfolio level. Investment Teams have the primary responsibility to ensure adherence on an ongoing basis (pre and post trade). Independent oversight has the responsibility to monitor and the Compliance function has the responsibility to, where applicable, advise on resolving breaches.

## Methodologies

The Management Company's investment teams may use a number of different styles to embed ESG considerations into asset selection and portfolio construction.

## Data sources, processing and limitations

The Management Company leverages external data sources to supplement internal research on the environmental and/or social characteristics of the products. While ESG data availability and quality continues to improve, the Management Company does not believe there is currently one ESG data provider that holistically packages the most useful underlying data. Therefore, the Management Company leverages multiple third-party vendors to meet the diverse set of needs and use cases.

## Due diligence

Given the belief that ESG factors can affect the performance and risk profile of investments, the Management Company seeks to understand the impact of ESG related risks. The Responsible Investment Framework, in particular the Restriction Criteria, ESG Integration and Engagement & voting (Stewardship) is collectively applied among the issuers as part of the due diligence process. Integrating and managing sustainability risks and opportunities via due diligence is primarily the responsibility of the investment teams (first line). Risk Management (second line) has the responsibility to manage the identified sustainability risks through oversight, engagement with the first line when sustainability risk levels exceed the risk appetite of the firm and / or specific metrics exceed their pre-defined thresholds. The Management Company also uses internal monitoring systems to check issuer positions against guidelines crafted to ensure compliance with sustainability indicators.

## Engagement policies

Engagement with portfolio companies and issuers is conducted across asset classes and may vary by investment teams. There is a focus on a proactive, outcomes-based engagement, in an attempt to promote best practices. The engagements conducted by the Global Stewardship Team is designed to complement the engagements conducted by the investment teams. The engagement initiatives are continually reviewed, enhanced and monitored to ensure they incorporate current issues and evolving views about key environmental, social, and governance topics and sustainability-related controversies. To guide engagements, the Global Stewardship Team creates an annual Focus List. The Focus List reflects the thematic priorities and guides the voting and engagement efforts and includes environmental, social and governance matters considered to be principal in terms of potential adverse impacts.

## Designated reference benchmark

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

## b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. While it does not have as its objective sustainable investment, it will have a minimum proportion of 20% of sustainable investments.

Issuers that are classified as contributing to a sustainable investment are also required to meet the do no significant harm (DNSH) criteria of the Management Company's Sustainable Investment Framework. Any issuers that do not meet the DNSH test will not qualify as a sustainable investment. A proprietary quantitative or qualitative threshold for significant harm has been set for all 14 mandatory indicators relating to investee companies for adverse impacts on sustainability factors ("PAIs") set out in the regulatory technical standards supplementing SFDR. Additionally, all issuers with a very severe controversy are considered to be causing significant harm and excluded from qualifying as a sustainable investment

The Sub-Fund considers principal adverse impacts on sustainability factors across environmental and social pillars. The PAI Indicators are taken into account through the application of the DNSH principle outlined above for the determination of sustainable investments as well as qualitatively through the Sub-Fund's investment approach.

In regard to the consideration of the PAI Indicators as part of the DNSH assessment of an issuer, as noted above a proprietary quantitative or qualitative threshold for significant harm has been set for all 14 mandatory PAIs relating to investee companies are assessed using information from an external data provider. These thresholds for significant harm have been set on a relative or absolute basis against each PAI depending on the Management Company's assessment of the worst performing investments with respect to those PAIs. Where data is not available for a specific PAI a suitable proxy metric has been identified. If both PAI and proxy PAI data (where relevant) is not available and/or applicable to complete the DNSH assessment on an issuer, such issuer is generally excluded from qualifying as a sustainable investment.

The Sub-Fund leverages the Management Company's proprietary approach to identifying and evaluating companies which, amongst other factors, are not considered to be aligned with global norms. Following this assessment, any companies which are considered to be in violation of these global norms (including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights) will be excluded from qualifying as a sustainable investment.

## c) Environmental or social characteristics of the financial product

### Environmental/Social characteristics

The Sub-Fund promotes environmental and social characteristics, as described in Article 8 of the SFDR. Specifically, the Sub-Fund promotes environmental and social characteristics by:

- **Restricting issuers involved in controversial activities and controversial behaviour.** This is done by applying NN IP's norms-based responsible investment criteria, restricting investments involved in the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining and/or oil sands extraction.

- The Sub-Fund has additional restrictions on activities related to:
- gambling
- weapons
- adult entertainment
- fur & speciality leather
- arctic drilling and
- shale oil & gas

- Taking E, S and G factors of each issuer into account in the investment decision making process.

- **Adherence in the areas of good governance, respecting human rights and labour rights, protecting the environment and prevention of bribery and corruption.** The Sub-Fund does so by assessing the extent to which issuers act in accordance with relevant laws and internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact.

- The Sub Fund promotes to have a lower carbon intensity compared to the Index/Benchmark.

- The Sub Fund promotes to have a lower water intensity compared to the Index/Benchmark.

- The Sub Fund promotes to have a lower waste intensity compared to the Index/Benchmark.

- **SI Framework.** The Sub-Fund promotes investments in companies or projects that contribute to an environmental or social objective based on the product contribution or operational contribution.

### Indicators

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund:

- Number of issuers excluded from the investment universe based on the Exclusion List
- Average weighted ESG Rating against the Index/Benchmark
- Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact.
- Average weighted carbon intensity score against the Index/Benchmark
- Average weighted water intensity score against the Index/Benchmark
- Average weighted waste intensity score against the Index/Benchmark
- Percentage of Sustainable Investments

## d) Investment strategy

To attain the environmental and social characteristics promoted by the Sub-Fund, the Sub-Fund applies:
- Norms-based RI criteria
- ESG integration approach
- Active Ownership
- Sustainable Investment Framework

### Norms-based RI criteria

The Sub-Fund applies the Management Company's norms-based responsible investment criteria that, as stipulated in the Management Company's Responsible Investment Policy, restricts investment in issuers involved in controversial activities and controversial behaviour.

In addition to the restrictions in the Management Company's Responsible Investment Policy, the Sub-Fund applies restrictions on certain issuers with nuclear energy exposure.

### ESG integration approach

The Sub-Fund integrates the information on environmental, social and governance factors for its investments based on the Management Company's ESG Integration approach. The first step towards ESG integration is to identify material ESG risk and opportunities. Secondly, the material ESG risks and opportunities are assessed and expressed via a number of ESG ratings. The final step of ESG Integration involves incorporating this ESG analysis into investment screening and security selection of issuers.

For sovereign issuers, most ESG factors - from the quality and availability of education and healthcare to political stability and energy sources – tend to be material for all countries around the world.

### Active Ownership

Active Ownership refers to dialogue and engagement with issuers and the exercise of voting rights – it is a tool used by the Management Company to influence issuers to adopt more sustainable behaviour and practices. Engagement occurs in three ways: thematic engagement, ESG dialogues and controversy engagement. Thematic engagement focuses on different themes that have a material impact on society, and where the Management Company believes engagement efforts can achieve beneficial change. Analysts and portfolio managers also maintain regular bottom-up dialogues with issuers on ESG subjects that the Management Company believes may have a material impact on their value.

A fundamental view of the Management Company is its approach of inclusion over exclusion and thus an engagement led divestment approach is applied, via controversy engagement. In the case of any violations against items listed in the norms-based resp1onsible investment criteria, assessment is first made to identify the possibility to engage with the issuer in question to address the violation. If engagement is deemed feasible, a formal engagement process must be started in order for the issuer to remain eligible for investment. If engagement is deemed to be unsuccessful, the issuer will be revisited by the Management Company.

In order to effectively represent clients in their role as shareholders, where possible and feasible, voting is also conducted as a tool to encourage issuers to change for the better and plays an important role in holding the issuer accountable.

## Sustainable Investment Framework

The sustainable investments of the Sub-Fund adhere to the definition of 'sustainable investment' as per SFDR, which requires issuers to 1. contribute to an environmental or social objective, 2. do no significant harm and 3. follow good governance practices. The Sustainable Investment Framework leads to a binary outcome: an issuer will either qualify as a whole as a sustainable investment, or not at all. An issuer can be identified as contributing to an environmental or social objective based on 2 categories: 1. Product contribution (based on the activities of the issuer) and 2. Operational contribution (the way in which the issuer conducts its business).

## Committed minimum rate to reduce the scope of the investments

N/A - Prior to the application of the investment strategy, the Sub-Fund does not commit to a minimum rate to reduce the scope of the investments.

## Good governance

The Sub-Fund leverages a proprietary approach to identifying and evaluating global norms violators and issuers that may be engaged in poor governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

This proprietary approach seeks to identify, review, evaluate and monitor companies that are flagged by external data providers as being in violation of, or otherwise not aligned with, the United Nation Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as well companies that have received high controversy scores (including significant governance controversies, severe labour rights controversies and severe tax compliance controversies). Following review of these external data inputs, companies that the Management Company believes to have an ongoing and serious violation and/or are considered to not be following good governance practices with insufficient remediation will be excluded from the Sub-Fund. This list of companies will be reviewed on a semi-annual basis. The Management Company may not be able to readily sell securities that are intended for exclusion from the Portfolio at each semi-annual review (for example, due to liquidity issues or for other reasons outside of the Management Company's control), however, will seek to divest as soon as possible in an orderly manner and in the best interests of investors.

**Binding elements**

The Sub-Fund's binding elements are listed below:

**Exclusions based on the norms-based RI criteria.** The Sub-Fund, as per the Management Company's norms-based responsible investment criteria, will exclude investment in issuers involved in activities including but not limited to, the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining, oil sands production, gambling, weapons, adult entertainment, fur & speciality leather, arctic drilling and/or shale oil & gas. Adherence to the norms-based responsible investment criteria is based on pre-set revenue thresholds, as stated in the Management Company's Responsible Investment Policy, and relies on third- party data. For the latest thresholds and activities, please refer to the Management Company's Responsible Investment Policy available on the website.

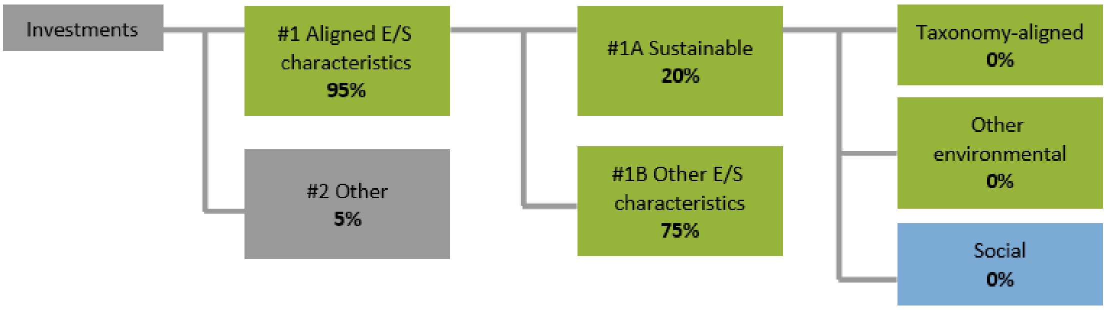
**ESG Rating.** The average weighted ESG Rating of the Sub-Fund's issuers will be better than the Index/Benchmark.

**Carbon intensity.** Average weighted carbon intensity lower than the Index/Benchmark.

**Water intensity.** Average weighted water intensity lower than the Index/Benchmark.

**Waste intensity.** Average weighted waste intensity lower than the Index/Benchmark.

## e) Proportion of investments




### Taxonomy aligned investments

Whilst this Sub-Fund intends to make sustainable investments, it does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the EU Taxonomy and therefore its portfolio alignment with such EU Taxonomy is 0%. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

As noted above, whether investments made by this product are sustainable investments is determined by reference to the Management Company's Sustainable Investment Framework for assessing the contribution of investments to environmental and/or social objectives. This product does not target one specific category of sustainable investments, but instead assesses all investments made pursuant to its overall investment strategy using the framework.

### Transitional and enabling activities

The minimum share of investments in transitional and enabling activities is 0%.

### Minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

Whilst this Sub-Fund intends to make sustainable investments for an aggregate of minimum 20%, it does not specifically commit to a minimum share of sustainable investments with an environmental objective. Hence the minimum commitment is 0%.

### Minimum share of sustainable investments with a social objective

Whilst this Sub-Fund intends to make sustainable investments for an aggregate of minimum [esc_invest_sustainable], it does not specifically commit to a minimum share of socially Sustainable Investments. Hence the minimum commitment is 0%.

As noted above, whether investments made by the Sub-Fund are Sustainable Investments is determined by reference to the Sustainable Investment Framework for assessing the contribution of investments to environmental and/or social objectives. The Sub-Fund does not target one specific category of Sustainable Investments, but instead assesses all investments made pursuant to its overall investment strategy using the framework.

### Investments included under "Other"

Investments included under 'other' may include cash used for liquidity purposes, derivatives for efficient portfolio management/investment purposes and/or investments in UCITS and UCIs which may be used to achieve the investment objective of the Sub-Fund but neither promote the environmental or social characteristics of the Sub-Fund, nor qualify as Sustainable Investments.

The percentage shown is the planned percentage which may be held in these instruments but the actual percentage can vary from time to time.

These financial instruments are not subject to any minimum environmental or social safeguards.

## f) Monitoring of environmental or social characteristics

The Management Company uses systems to monitor adherence to binding elements as stated in the Pre Contractual

Disclosures. These systems are widely used within the organisation, for example by investment teams and independent oversight, to monitor pre and post trade compliance to investment guidelines in an automated way. Automated checks support monitoring adherence to binding elements at security and/or portfolio level such as concentration percentages (e.g. commitments to minimum proportion of sustainable investments) and exclusions (e.g. firm wide restriction list).

The monitoring process gives rise to the following responsibilities :
1. Investment Teams have the primary responsibility to ensure adherence to binding elements on an ongoing basis (pre and post trade).
2. Independent oversight has the responsibility to monitor the adherence to binding elements and will analyse and flag any potential breaches to the Investment Teams. Based on the nature of a breach it may be required to involve other departments, such as Compliance and Operational Risk Management, in the resolution of a breach.
3. The Compliance function has the responsibility to, where applicable, advise on resolving breaches on binding elements. The Management Company's internal policy for incident correction will be applied for the resolution of a breach.

## g) Methodologies

The following methodologies are used to measure how the social or environmental characteristics promoted by the financial product are met.

### *Average weighted carbon intensity score against the Index/Benchmark - ISS ESG Scope 1 + 2*

Carbon intensity is a relative metric where a company's total greenhouse gas (GHG) emissions is set off against its revenue. Both are attained from the same reporting year. GHG is limitatively defined within SFDR and can comprise more than carbon emisssions alone (e.g. methane gas). In practice most companies only deliver carbon data.
- Scope 1 emissions are the emissions that the company is directly producing.
- Scope 2 emissions are in addition the emissions that the company uses indirectly, for instance when it buys energy for it's own usage.

The weighted average carbon intensity of both portfolio and its index/benchmark are rescaled to 100% of the underlying assets. The investment portfolio's weighted average carbon intensity should be lower than its index/benchmark.

### *Average weighted ESG Rating against the Index/Benchmark - NN IP ESG Corporate Lens*

The ESG Rating applied by the Sub-Fund refers to the issuer level ESG score of the Corporate ESG Lens. The Corporate ESG Lens is a proprietary tool that provides information on the environmental (E), social (S) and governance (G) specific profile and performance of a company. The underlying inputs for the environmental, social and governance pillars are derived from the material factors of the proprietary materiality framework. The material factors are grouped as follows: environmental pillar: 'climate change' and 'resource use and pollution', governance pillar: 'corporate governance' and 'corporate behaviour and social pillar: 'product responsibility' and 'human rights & human capital'. The ESG Rating via the Corporate ESG Lens Score provides the investment teams a quantitative means of assessing the E, S and G factors of companies, and taking this into account as part of the overall due diligence process.

### *Average weighted waste intensity score against the Index/Benchmark - Refinitiv*

Waste intensity is a relative metric where a company's total volume of waste (in tonnes) is set off against its revenue. Total waste is the sum of non-hazardous waste and hazardous waste. Only solid waste is taken into consideration. When liquid waste is reported in 'tonnes', then this is also added to the sum. For sectors like Mining and Oil & Gas also considered are waste generation like tailings, waste rock, coal and fly ash.

The weighted average waste intensity of both portfolio and its benchmark are rescaled to 100% of the underlying assets. The investment portfolio's weighted average waste intensity should be lower than its index/benchmark.

### *Average weighted water intensity score against the Index/Benchmark - Refinitiv*

Water intensity is a relative metric where a company's total volume of water discharge (in m3) is set off against its revenue. Water discharged for which there is no further use by the company is considered waste water. Treated waste water and discharged information is also in scope.

The weighted average water intensity of both portfolio and its index/benchmark are rescaled to 100% of the underlying assets. The investment portfolio's weighted average water intensity should be lower than its index/benchmark.

*Number of issuers excluded from the investment universe based on the Exclusion List*

The Exclusion List is made up of issuers that do not adhere to pre-defined revenue thresholds of the Management Company’s norms-based responsible investing criteria. These criteria apply to all types of strategies and are a reflection of relevant laws, values and internationally recognized standards. Companies are excluded when stewardship is unlikely to change an issuer’s conduct or involvement in specific business activities and/or when controversies are deemed as too high. The Management Company applies issuer-based screening processes as a means of measuring whether the characteristics or objectives have been met.

*Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact*

The Management Company expects the issuers it invests in to act in accordance with relevant laws and internationally recognised standards: the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Adherence is expected in the areas of proper governance, respecting human rights and labour rights, protecting the environment and prevention of bribery and corruption. The Management Company applies issuer-based screening processes as a means of measuring whether the characteristics or objectives have been met.

*Percentage of Sustainable Investments*

The consideration of investments made by the Portfolio as sustainable investments is determined by reference to the Management Company’s Sustainable Investment Framework, which includes an assessment as to whether the investment contributes to an environmental and/or social objective.

Under this framework, an investment is considered to be contributing to an environmental and/or social objective via either a product or operational contribution. Product contribution considers either i) the proportion of an issuer’s revenue dedicated to an environmentally and/or socially sustainable impact category, ii) the alignment of a product to an environmental and/or social Sustainable Development Goal (SDG), iii) best-in-class scoring of an issue (r) as against environmental and/or social opportunities themes defined by an external data provider, or iv) the percentage of taxonomy aligned revenue of the issuer. Due to availability of reliable data, the taxonomy aligned revenue route will only be used as data improves.

Operational contribution takes a thematic approach, looking at the promotion of climate transition (environmental) within the operational framework of the issuer, inclusive growth (social) within the operational framework of the issuer, operational alignment to an environmental or social SDG, or the application of a best-in-class proprietary environmental and social score.

This Portfolio does not target a specific category of sustainable investments but assesses all investments made pursuant to its overall investment strategy using the Sustainable Investment Framework. Hence, the sustainable investments made by this Portfolio may contribute to a variety of environmental and/or social objective of the sustainable investments.

Issuers that are classified as contributing to a sustainable investment are also required to meet the DNSH criteria of the Management Company’s Sustainable Investment Framework. Any issuers that do not meet the DNSH test will not qualify as a sustainable investment. A proprietary quantitative or qualitative threshold for significant harm has been set for all 14 mandatory indicators relating to investee companies for adverse impacts on sustainability factors (“PAIs”) set out in the regulatory technical standards supplementing SFDR.

Additionally, all issuers with a very severe controversy are considered to be causing significant harm and excluded from qualifying as a sustainable investment.

## h) Data sources and processing

***Average weighted carbon intensity score against the Index/Benchmark - ISS ESG Scope 1 + 2***

a) The following data sources have been used:
- Top tier ESG provider (ISS ESG ESG) delivering specific data packages on the described metric
- Financial market data to enhance coverage
- Portfolio management systems to aggregate to portfolio level

b) The following measures have been taken to ensure data quality:
- Data is under governance (data dictionary, data lineage and sign-off of data owner)
- Data quality rules are in place when sourcing the data and for every phase in the process to the reporting output as described under c.

c) Data is processed by:
- Sourcing the data from the vendor
- Staging in internal RI data platform
- Enhancing coverage by applying issuer inheritance
- Enhancing coverage by missing value algorithms
- Sourcing the data into portfolio management systems
- Creating report output from portfolio management systems
- Sourcing report output with report management systems

d) Reported data on carbon emissions for Scope 1 and 2 is typically well covered for large cap companies.
The proportion of data for Scope 1 and 2 that is modelled by the vendor is approximately 80%.
After applying issuer inheritance and missing value algorithms, the proportion of modelled data used in the portfolio calculation is about 70%.

***Average weighted ESG Rating against the Index/Benchmark - NN IP ESG Corporate Lens***

The ESG Lens combines data from 3 different sources (Sustainalytics, TruValue Labs and Refinitiv). Sustainalytics provides processed data as opposed to raw data, including manually validated data and controversies. Refinitiv provides raw, verifiable data published by companies which are collected mainly from quarterly/annual reports and/or investor call transcripts. TruValue Labs data is gathered from news articles, social media and other big data sources which are processed and quantified automatically using Natural Language Processing. The added value is the ability to quantify ESG information hidden in the large volumes of un-structured data, published daily by journalists and market watchers and is hence by nature less stale.

***Average weighted waste intensity score against the Index/Benchmark - Refinitiv***

a) The following data sources have been used:
- Top tier ESG provider (Refinitiv) delivering specific data packages on the described metric
- Financial market data to enhance coverage
- Portfolio management systems to aggregate to portfolio level

b) The following measures have been taken to ensure data quality:
- Data is under governance (data dictionary, data lineage and sign-off of data owner)
- Data quality rules are in place when sourcing the data and for every phase in the process to the reporting output as described under c.

c) Data is processed by:
- Sourcing the data from the vendor
- Staging in internal RI data platform
- Enhancing coverage by applying issuer inheritance
- Enhancing coverage by missing value algorithms
- Sourcing the data into portfolio management systems
- Creating report output from portfolio management systems
- Sourcing report output with report management systems

d) The proportion of modelled data from the vendor on total level is approximately 0%, but availability of reported data on waste emissions is typically scarce.
After applying issuer inheritance and missing value algorithms, the proportion of modelled data is 40%.

***Average weighted water intensity score against the Index/Benchmark - Refinitiv***

a) The following data sources have been used:
- Top tier ESG provider (Refinitiv) delivering specific data packages on the described metric
- Financial market data to enhance coverage
- Portfolio management systems to aggregate to portfolio level

b) The following measures have been taken to ensure data quality:
- Data is under governance (data dictionary, data lineage and sign-off of data owner)
- Data quality rules are in place when sourcing the data and for every phase in the process to the reporting output as described under c.

c) Data is processed by:
- Sourcing the data from the vendor
- Staging in internal RI data platform
- Enhancing coverage by applying issuer inheritance
- Enhancing coverage by missing value algorithms
- Sourcing the data into portfolio management systems
- Creating report output from portfolio management systems

- Sourcing report output with report management systems

d) The proportion of modelled data from the vendor on total level is approximately 0%, but availability of reported data on water emissions is typically scarce.
After applying issuer inheritance and missing value algorithms, the proportion of modelled data is 65%.

***Number of issuers excluded from the investment universe based on the Exclusion List***

In order to assist ESG analysis, gain in-depth research, ratings and analysis of the ESG-related business practices across a number of developed and emerging markets, the Management Company leverages external data sources including:

• Sustainalytics
• Public information accessible via the UN webpages
• Public information accessible via the website FATF-GAFI.ORG (www.fatf-gafi.org).

***Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact***

In order to assist ESG analysis, gain in-depth research, ratings and analysis of the ESG-related business practices across a number of developed and emerging markets, the Management Company leverages external data sources including:

• Sustainalytics

***Percentage of Sustainable Investments***

The data source used by the Sub-Fund for the first pillar of the proprietary SI Framework (contribute to an environmental and/or social objective) and for the second pillar (do no significant harm) is MSCI. For good governance, a proprietary assessment is made based on data from MSCI and Sustainalytics.

## i) Limitations to methodologies and data

***Average weighted carbon intensity score against the Index/Benchmark - ISS ESG Scope 1 + 2***

a) A potential limitation to the used data sources could be the applied missing value algorithm to enhance data coverage. Only when a company's economic activities can be matched to enough peers, a subsector median can be found that reflects an accurate proxy for the missing value for that company.
b) This limitation would not affect the characteristics or objectives of the financial product as this type of data enhancement is market usance with data providers. It is to be expected that total coverage will tend to only reported company data as SFDR and CSRD are maturing.

***Average weighted ESG Rating against the Index/Benchmark - NN IP ESG Corporate Lens***

The Materiality Framework is the underlying input for the composition of the Corporate ESG Lens. In order to create the Materiality Framework, what counts as a “material” factor has first been determined. While relevant ESG issues are those issues that are currently important, material ESG issues are those issues that affect the financial stability of a company, or are a core part of the company’s business. There are various environmental, social and governance issues that are considered to reflect a company’s ESG performance, however, not all of them are equally relevant to every sector and furthermore, even though they are relevant, might not be material to the company’s ESG performance. The Management Company reviews the Materiality Framework on a regular basis to ensure it remains relevant and suitable for ESG assessment. Additional limitations are associated with the application of third party data providers, whereby due to time lag factors as mentioned above, information may not be reflected in a timely manner. Also, data may be incorrect or incomplete due to data quality and availability limitations. To address this limitation, the ESG Lens allows for a fourth source of input: which is the knowledge of the analyst to adjust the materiality scores. This input is overseen by a strong governance process.

***Average weighted waste intensity score against the Index/Benchmark - Refinitiv***

a) A potential limitation to the used data sources could be the applied missing value algorithm to enhance data coverage. Only when a company's economic activities can be matched to enough peers, a subsector median can be found that reflects an accurate proxy for the missing value for that company.
b) This limitation would not affect the characteristics or objectives of the financial product as this type of data enhancement is market usance with data providers. It is to be expected that total coverage will tend to only reported company data as SFDR and CSRD are maturing.

***Average weighted water intensity score against the Index/Benchmark - Refinitiv***

a) A potential limitation to the used data sources could be the applied missing value algorithm to enhance data coverage. Only when a company's economic activities can be matched to enough peers, a subsector median can be found that reflects an accurate proxy for the missing value for that company.
b) This limitation would not affect the characteristics or objectives of the financial product as this type of data enhancement is market usance with data providers. It is to be expected that total coverage will tend to only

reported company data as SFDR and CSRD are maturing.

***Number of issuers excluded from the investment universe based on the Exclusion List***

The data limitations include the backward-looking nature and a time lag in the data, with a subsequent implication being the data available at any point in time not being reflective of the latest available information. Additional limitations recognised by the Management Company include reliance on only third party data sources and the potential risk of having the wrong data being provided and the indicators identified not being a perfect reflection of the intended characteristics or objectives sought. Due to the identified limitations, the Management Company has taken due care to carefully select data providers with reputable credentials, that are widely recognised in the industry for their expertise and credibility. Additionally, multiple data sources are applied, where applicable, to limit the reliance to a single data provider. The Management Company also conducts internal analysis on the quality and coverage of the data and applies a data governance framework, comprising of a multitude of stakeholders.

***Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact***

The data limitations include the backward-looking nature and a time lag in the data, with a subsequent implication being the data available at any point in time not being reflective of the latest available information. Additional limitations recognised by the Management Company include reliance on only third party data sources and the potential risk of having the wrong data being provided and the indicators identified not being a perfect reflection of the intended characteristic or objectives sought. Due to the identified limitations, the Management Company has taken due care to carefully select data providers with reputable credentials, that are widely recognised in the industry for their expertise and credibility. Additionally, multiple data sources are applied, where applicable, to limit the reliance to a single data provider. The Management Company also conducts internal analysis on the quality and coverage of the data and applies a data governance framework, comprising of a multitude of stakeholders.

***Percentage of Sustainable Investments***

The data limitations include the backward-looking nature and a time lag in the data, with a subsequent implication being the data available at any point in time not being reflective of the latest available information. Additional limitations recognised by the Management Company include reliance on only third party data sources and the potential risk of having the wrong data being provided and the indicators identified not being a perfect reflection of the intended characteristic or objectives sought. Due to the identified limitations, the Management Company has taken due care to carefully select data providers with reputable credentials, that are widely recognised in the industry for their expertise and credibility. The Management Company also conducts internal analysis on the quality and coverage of the data.

## j) Due diligence

Given the belief that ESG factors can affect the performance and risk profile of investments, the Management Company seeks to understand the impact of ESG related risks. The Responsible Investment Framework, in particular the Restriction Criteria, ESG Integration and Engagement & voting (Stewardship) is collectively applied among the issuers as part of the due diligence process. The Restriction Criteria applies a norms-based approach, restricting investments involved in controversial activities. ESG Integration in the context of the RI Framework involves evaluating environmental, social and governance factors in a systematic manner in order to achieve enhanced investment decision-making and long-term risk-adjusted returns. This is done in a consistent and auditable manner to ensure ESG or sustainability factors relating to an investment or investment proposal are sufficiently understood or recognized and includes monitoring the investment on an ongoing basis. Where possible and feasible, these risks are also addressed as part of both engagement and voting, with the aim of reducing their potential financial impact and negative impact on society as a whole. Integrating and managing sustainability risks and opportunities via due diligence is primarily the responsibility of the investment teams (first line). Risk Management (second line) has the responsibility to manage the identified sustainability risks through oversight, engagement with the first line when sustainability risk levels exceed the risk appetite of the firm and / or specific metrics exceed their pre-defined thresholds. The Management Company also uses internal monitoring systems to check issuer positions against guidelines crafted to ensure compliance with sustainability indicators.

## k) Engagement policies

Assessing and promoting effective stewardship among the companies and issuers represented in the portfolios we manage on behalf of our investing clients is a key part of our investment process. Engagement with portfolio companies and issuers is conducted across asset classes and may vary by investment teams. In keeping with our integrated approach to stewardship and investment, we have a robust, global engagement effort that marries the vision of our dedicated Global Stewardship Team with the expertise of our investment teams. We focus on proactive, outcomes-based engagement, in an attempt to promote best practices. The engagements conducted by our Global Stewardship Team are designed to complement the engagements conducted by our investment teams. Our engagement initiatives are continually reviewed, enhanced and monitored to ensure they incorporate current issues and evolving views about key environmental, social and governance topics, and sustainability-related controversies. To guide our engagements, our Global Stewardship Team creates an annual Focus List. Our Focus List reflects our thematic priorities and guides our voting and engagement efforts and will include environmental, social and governance matters that we consider to be principal in terms of potential adverse impacts. We have published an Engagement Policy in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (the Shareholder Rights Directive II) which provides further details on our engagement approach.

## l) Designated reference benchmark

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

Sustainability information contained in this product document has been compiled by NN Insurance Belgium SA/NV to the best of its ability. However, NN is dependent on the information on the various sustainability aspects made available by the asset managers. However, the legislation requiring this information to be made available only came into force on 1 January 2023. The information in this document has therefore been compiled on the basis of the information made available to date and may be modified and/or supplemented in line with the information that will be provided by asset managers in the coming years.