

## Environmental and/or social characteristics

This document provides you with sustainability information regarding this fund. It is not marketing material. The information provided is required by law and is intended to provide you with more insight into the nature of the sustainable investments in this fund. We recommend that you read this information so that you can make an informed decision about whether or not to invest in this fund. This "SFDR website disclosure" shows the situation per 22 April 2025.

## Cardano Global ESG Transition Equity Fund

Legal entity identifier: 2138006KKQIKK6J1UV25

Manager of the Sub-Fund: Carne Global Fund Managers (Ireland) Limited.

Investment Manager: Cardano Risk Management Limited.

Sub-Investment Manager: Cardano Asset Management N.V.

### SUMMARY

#### No sustainable investment objective

The Sub-Fund promotes environmental characteristics within the meaning of Article 8 of SFDR while ensuring that the investee companies follow good governance practices by applying the Sustainable Investment Policy. Although the Sub-Fund does not have a sustainable investment objective, the Sub-Investment Manager aims to maintain a minimum of 30% Sustainable Investments in the Sub-Fund.

The Sustainable Investment Policy is focused on the transition to a sustainable society, pursuing long-term Sustainability Objectives. These objectives are pursued through the application of a detailed sustainability framework, which is used to select and monitor investments as well as to identify and mitigate sustainability risks, opportunities, and impacts. The assessment leverages a wide range of data and indicators for sustainability themes that are material to the relevant company, including the "indicators for adverse impacts on sustainability factors."

Companies that violate the principles outlined in the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business & Human Rights are excluded from investment.

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

For the environmental characteristics promoted by the Sub-Fund, the Sub-Investment Manager seeks to pursue the following Sustainability Objectives over time:

- Climate change mitigation and adaptation: achieve net-zero greenhouse gas emissions by 2050 at the latest in accordance with the Paris Agreement, with intermediate targets for a reduction in emission intensity of at least 50% by 2030, and at least 75% by 2040 compared to 31 December 2019, and a reduction in emission intensity of an average of 7% per year in line with the path outlined by the Intergovernmental Panel on Climate Change (IPCC) to a global warming of no more than 1.5 degrees Celsius;
- Protection and restoration of biodiversity and ecosystems: achieve net-zero contribution to deforestation by 2030;
- Sustainable use of water: achieve water neutrality by 2030; and
- Material use and waste: work towards a circular society by 2050, aimed at reducing, reusing and recycling materials, and preventing waste.

These Sustainability Objectives align with the environmental objectives set out in Article 9 of the Taxonomy Regulation.

To achieve the necessary social and governance changes, the Sub-Investment Manager also applies minimum expectations for companies regarding the provision of basic needs, a fairer society and good governance. The definition of Sustainable Investments used by the Sub-Investment Manager is that the companies in which investments are made must make a contribution to achieving at least one of the Sustainability Objectives, must not significantly harm environmental or social objectives, and must follow good governance practices.

#### Investment strategy

The investment objective of the Sub-Fund is to achieve a favourable long-term return for Unitholders that approximates as closely as possible the return of the Benchmark Index through global investments in equities issued by listed companies.

The Sub-Investment Manager will seek to implement the strategy by investing primarily in shares (and depositary receipts for shares)

of globally listed companies within the Benchmark Index which also meet the sustainability criteria set by the Sub- Investment Manager as part of the Sub-Fund's promotion of the relevant environmental characteristics, while ensuring that investee companies follow good governance practices.

The companies in which investments are made are encouraged, through active ownership and/or engagement, to operate more sustainably and to adapt to the ongoing sustainability transitions.

### Proportion of investments

The Sub-Fund aims to hold a minimum percentage of 30% in Sustainable Investments. The realised proportion of Sustainable Investments, whether aligned with the EU Taxonomy or not, is reported in the Sub-Fund's annual report.

## Monitoring of environmental or social characteristics

Progress towards achieving the Sustainability Objectives, or movement toward those objectives, is measured on an ongoing basis. The Sub-Investment Manager reports on the progress of the Sub-Fund's Sustainability Objectives at least annually. The realised proportion of Sustainable Investments, whether aligned with the EU Taxonomy or not, is reported in the Sub-Fund's annual report.

The Sub-Investment Manager regularly verifies whether investments comply with the requirements of the Sustainable Investment Policy. This is done using the Sustainability Framework as part of the policy. Companies excluded from investment under the policy are published on the website. The Sub-Investment Manager's ESG models and ESG database are validated internally.

## Methodologies

To ensure that the Sub-Fund's investments meet the requirements of the Sustainable Investment Policy, the Sub-Investment Manager has developed a comprehensive selection and monitoring procedure, and an ESG scoring methodology. In addition, as an active owner, the Sub-Investment Manager engages with companies and votes at shareholder meetings to encourage more sustainable practices. This approach is based on the Sustainability Framework, which is used to categorise all companies in the investable universe, ensuring they contribute to the Sub-Fund's objectives.

As part of the screening process, an assessment is conducted to determine whether investments qualify as 'Sustainable Investments' under the SFDR. This includes ensuring that they '*do no significant harm*' to sustainable objectives, follow '*good governance*' practices, and make a contribution to at least one of the Sustainability Objectives.

## Data sources and processing

Sustainability information is an integral part of the Sub-Investment Manager's investment processes. All investment teams use the screening procedure, ESG scores, impact information, SDG contribution, and additional sustainability information from companies. For analyses and reporting, the Sub-Investment Manager uses various data and benchmarking sources. Examples and details are explained in the relevant section below. The Sub-Investment Manager's ESG models and ESG database are validated internally.

## Limitations to methodologies and data

The available data from various ESG data providers is not perfect. There are significant differences in the definitions and data reported by these providers. The Sub-Investment Manager participates in working groups that develop methodologies for measuring the impact of financial products. Furthermore, the Sub-Investment Manager is looking for new data sources that help measure the impact of companies and the materiality of sustainability themes in a reliable manner.

## Due diligence

The investable universe is composed based on a screening of the entire universe. All companies in which the Sub-Fund invests are checked both prior to investment and periodically thereafter to ensure they continue to meet the Sustainable Investment Policy. This includes monitoring involvement in controversies and violations of relevant standards, as well as the progress companies make on their sustainability claims.

## Engagement policies

The Sub-Investment Manager conducts in-depth conversations with companies about identified sustainability risks and ways to improve, aiming to drive change in the area of sustainability. The Sub-Investment Manager also exercises its voting rights at shareholder meetings of companies.

## SUSTAINABILITY INFORMATION

### No sustainable investment objective

The Sustainable Investment Policy results in an investment universe containing companies from the Benchmark Index that meet minimum sustainability criteria set within the Sustainable Investment Policy. The assessment procedure takes place on the basis of the Sustainability Framework which forms part of the Sustainable Investment Policy and takes place in two steps which are (i) Does the behaviour of the company fit in with a sustainable society? (step 1); and (ii) Does the company have the capacity to contribute to the sustainability transition? (step 2), both of which are described in more detail in "*The Sustainability Framework*" subsection within "*The Investment Objective and Policies of the Sub-Fund*" section of the Prospectus.

The assessment uses data from external sources and data providers.

If a company is not excluded based on the screening in step 1 (i.e. it has not been classified as 'violating international standards' or 'harmful', as described in more detail in "*The Sustainability Framework*" subsection within "*The Investment Objective and Policies of the Sub-Fund*" section of the Prospectus), a materiality test is carried out for the assignment to one of the other categories of the Sustainability Framework (as per the screening undertaken in step 2). Using a wide range of sustainability indicators related to material sustainability themes for the company in question, including the indicators for adverse impacts on sustainability factors as included in SFDR, the Sub-Investment Manager determines the degree of exposure to sustainability risks, the potential adverse effects of investment decisions on sustainability factors, and the management by the company thereof. To do this, the Sub-Investment Manager uses information from external data providers.

The table below provides an overview of the indicators used in the screening in step 2 (i.e. the assessment undertaken to determine if a company has the capacity to contribute to the sustainability transition). This screening shows whether an investment in a company promotes sustainability without significantly harming sustainability objectives, and whether this investment makes a positive or negative contribution to at least one of the Sustainability Objectives formulated by the Sub-Investment Manager.<sup>[1]</sup>

Sustainability theme	Indicators used for Sub-Investment Manager's screening	Indicators for principal adverse impacts on sustainability factors' that are part of this, as included in the SFDR RTS
Use of fossil fuels	Indicators monitoring expansion plans for coal-fired power plants, carbon footprint, energy intensity and consumption, greenhouse gas reduction targets, exposure to fossil fuel activities, compliance with the Paris Agreement, (scientific) targets and quality of greenhouse gas reduction strategies.	1) greenhouse gas emissions, 2) carbon footprint, 3) greenhouse gas intensity of investee companies, 4) exposure to companies active in the fossil fuel sector, 5) share of non-renewable energy consumption and production, 6) energy consumption intensity per high impact climate sector, 15) greenhouse gas intensity of governments, 17) exposure to fossil fuels through real estate assets, 18) exposure to energy inefficient real estate assets; and 4) investment in companies without carbon emission reduction initiatives.
Water use	Indicators that monitor water use and reuse, wastewater discharge, water-related objectives, water use in areas with water scarcity and quality of water policy.	8) emissions to water
Land use	Indicators that monitor contributions to biodiversity loss, land degradation or deforestation, activities in areas at high biodiversity risk or in protected areas, unsustainable ocean and marine practices, and the quality of biodiversity, land use and maritime policies aimed at own activities as well as activities in the value chain.	7) activities negatively affecting biodiversity-sensitive areas

Chemical and waste management	Indicators monitoring emissions of hazardous chemicals and pollutants, plans to phase out chemicals of concern, targets for reduction and recycling of (hazardous) waste, use of alternative packaging solutions, chemical safety and quality of chemical and waste management policies.	9) hazardous waste and radioactive waste ratio
Social capital management	Qualitative indicators that show how the company addresses product	
Human capital management	safety, privacy and data security, health and safety, procurement, accessibility and affordability of basic services and relationships with local communities. Qualitative indicators that show how the company manages labour, safety and human resources policies, both in-house and in the supply chain.	
Behaviour and integrity of the organization	Qualitative indicators that show how the company deals with the quality of governance, board diversity, (gender & racial) diversity, implementation of ILO conventions, remuneration, taxes and business ethics (complaint, legal remedies, corruption, whistleblowing, human rights policy).	12) unadjusted gender pay gap, 13) board gender diversity; and 8) excessive CEO pay ratio.

### Companies do not significantly harm environmental or social objectives of the Sustainable Investments

Based on the data gathered from the above assessment, the Sub-Investment Manager also assesses whether companies do not significantly harm environmental or social objectives. Specifically, the Sub-Investment Manager checks whether companies:

- are not involved in serious controversies, in accordance with the screening process outlined in step 1 of the Sustainability Framework, as described above;
- are not excluded by EU Paris-aligned Benchmarks under the Benchmark Regulation;
- are in sectors with high climate risks, have a credible target or strategy for reducing greenhouse gas emissions;
- are in sectors or locations with high risks for land, water, waste or chemical pollution, have policies and mechanisms in place to manage these risks;
- do not harm any of the 17 SDGs; and
- manage material social and governance risks sufficiently to ensure they do not harm social objectives, as measured by indicators such as human and labour rights, equality, access to basic services, fair society, relationships with local communities, and business ethics.

<sup>[1]</sup> Note that these indicators are used to measure whether a company contributes to an objective, but are not necessarily suitable for evaluating whether an objective is achieved at fund level.

### Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental characteristics within the meaning of Article 8 of SFDR while ensuring that the investee companies follow good governance practices by applying the Sustainable Investment Policy. Please note that further information on the Sustainable Investment Policy is included in "*The Sub-Fund's Sustainable Investment Policy*" subsection within "*The Investment Objective and Policies of the Sub-Fund*" section of the Prospectus.

The Sub-Investment Manager aims to maintain a minimum percentage of 30% Sustainable Investments, as defined by the Sub-Investment Manager in line with the requirements of SFDR, in the Sub-Fund.

In terms of the environmental characteristics promoted by the Sub-Fund, the objective of the Sustainable Investment Policy adopted by the Sub-Investment Manager in respect of the Sub-Fund is to contribute to a transition towards a sustainable society. To achieve this objective, the Sub-Investment Manager has formulated objectives for a number of sustainability themes. For the environmental characteristics promoted by the Sub-Fund, the Sub-Investment Manager seeks to pursue the following objectives (the "**Sustainability Objectives**") over time:

- Climate change mitigation and adaptation: achieve net-zero greenhouse gas emissions by 2050 at the latest in accordance with the Paris Agreement, with intermediate targets for a reduction in emission intensity of at least 50% by 2030, and at least 75% by 2040 compared to 31 December 2019, and a reduction in emission intensity of an average of 7% per year in line with the path

- outlined by the Intergovernmental Panel on Climate Change (IPCC) to a global warming of no more than 1.5 degrees Celsius;
- Protection and restoration of biodiversity and ecosystems: achieve net-zero contribution to deforestation by 2030;
  - Sustainable use of water: achieve water neutrality by 2030; and
  - Material use and waste: work towards a circular society by 2050, aimed at reducing, reusing and recycling materials, and preventing waste.

These Sustainability Objectives align with the environmental objectives set out in Article 9 of the Taxonomy Regulation.

To achieve the necessary social and governance changes, the Sub-Investment Manager also applies minimum expectations for companies regarding the provision of basic needs, a fairer society and good governance.

The Benchmark Index is a broad global equity index and is not designated as a reference benchmark for the purposes of the SFDR.

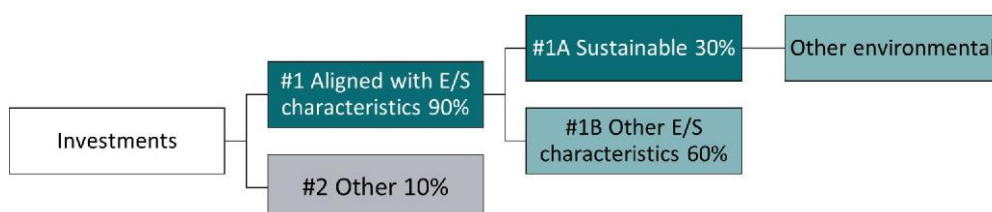
## Investment strategy

The investment objective of the Sub-Fund is to achieve a favourable long-term return for Unitholders that approximates as closely as possible the return of the Benchmark Index through global investments in equities issued by listed companies.

The Sub-Investment Manager will seek to implement the strategy by investing primarily in shares (and depositary receipts for shares) of globally listed companies within the Benchmark Index which also meet the sustainability criteria set by the Sub-Investment Manager as part of the Sub-Fund's promotion of the relevant environmental characteristics, while ensuring that investee companies follow good governance practices. This means that the investable companies, according to the Sustainability Framework as part of the Sustainable Investment Policy, which seeks to achieve a transition towards a sustainable society, are classified in the categories 'adapting', 'sustainable' or 'positive impact'.

The companies in which investments are made are encouraged, through active ownership and/or engagement, to operate more sustainably and to adapt to the ongoing sustainability transitions.

## Proportion of investments



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

**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The planned asset allocation means that 90% of the Sub-Fund's investments will be aligned with the environmental characteristics promoted by the Sub-Fund. The Sub-Fund aims to hold a minimum percentage of 30% Sustainable Investments. It is estimated that 10% of the Sub-Fund's investments will fall into the category "Other". This includes derivative instruments and ETFs that the Sub-Fund can use for efficient portfolio management purposes. It also includes cash holdings that the Sub-Fund may hold in bank accounts and/or money market funds.

## Monitoring of environmental or social characteristics

The Sub-Investment Manager reports at least annually on the Sub-Fund's progress towards achieving the Sustainability Objectives. Currently, this specifically includes the use of indicators for climate change and water use which are as follows:

Climate change:

- Greenhouse gas emissions intensity (tonnes of CO<sub>2</sub> equivalents/euro);
- Absolute greenhouse gas emissions (tonnes of CO<sub>2</sub> equivalents) for scopes 1 and 2 and separately for scope 3, and their changes over time;
- Exposure to sectors highly exposed to climate change and its mitigation compared to the Benchmark Index<sup>[2]</sup>; and
- Green to brown revenue ratio compared to the Benchmark Index<sup>[3]</sup>;



Water use:

- Water intensity (m<sup>3</sup> water use/euro); and
- Absolute water use (m<sup>3</sup> water use).

Specifically for the indicators in relation to climate change, the Sub-Investment Manager monitors the Sub-Fund, to what extent the greenhouse gas reduction follows the path necessary to achieve the intermediate objective(s) and the final objective. To this end, it also monitors whether the exposure to sectors significantly contributing to climate change and the ratio between green and brown revenues are at least in line with the requirements for EU Climate Transition Benchmarks under the Benchmark Regulation. If the Sub-Fund is at risk of not following the desired trajectory, the assessment and selection criteria for companies are adjusted to re-align the Sub-Fund with the desired trajectory.

Some of the Sustainability Objectives do not currently have suitable quantitative indicators and data available to consistently monitor progress at Sub-Fund level. For this reason, the Sub-Investment Manager contributes to working groups focusing on matters such as deforestation, biodiversity, plastics pollution, living wage, and sustainable development goals to develop such indicators and it will look to use quantitative indicators and data once it becomes available in order to further achieve the remaining Sustainability Objectives and this SFDR Annex will be updated accordingly.

In the absence of quantitative impact indicators to measure progress in achieving the Sustainability Objectives, as mentioned above, qualitative indicators are used to determine exposure to and management of these Sustainability Objectives. These are used to assess the extent to which each investable company contributes to each of these Sustainability Objectives.

<sup>[2]</sup> As defined in the Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

<sup>[3]</sup> As defined in the EU Technical Expert Group on Sustainable Finance's report on climate benchmarks and ESG disclosures of benchmarks from September 2019.

## Methodologies

To ensure that the Sub-Fund's investments meet the requirements of the Sustainable Investment Policy, the Sub-Investment Manager has developed a comprehensive selection and monitoring procedure, and an ESG scoring methodology. In addition, as an active owner, the Sub-Investment Manager engages with companies and votes at shareholder meetings to encourage them to act more sustainably. The basis for this is the Sub- Sustainability Framework, which is used to categorise all companies in the investable universe and ensure they contribute to the Sub-Fund's objectives. This framework is described in the section 'Ecological or social characteristics of the financial product' and is described in detail in the Sustainable Investment Policy.

As part of the screening process, an assessment is conducted to determine whether investments qualify as 'Sustainable Investment' under the SFDR. This includes ensuring that they '*do no significant harm*' to **sustainable objectives**, follow '*good governance*' practices, and make a contribution to at least one of the Sustainability Objectives.

## Data sources and processing

### a) Data sources used to achieve the sustainable environmental or social characteristics of the financial product

Sustainability information is an integral part of the Sub-Investment Manager's investment processes. All investment teams use the screening procedure, ESG scores, impact information, SDG contribution, and additional sustainability information from companies. The Sub-Investment Manager's Sustainability Group team manages the sustainability data and analysis in a proprietary database, where all input data, screening procedures, fundamental analysis, and financial data are stored. The sustainability database is accessible to portfolio managers via an interactive dashboard, providing them with quick and clear access to all the information needed to gain an overview of each company, and all portfolios managed by the Sub-Investment Manager. This information includes, for example, climate and water footprints, the alignment of a company with the Paris Agreement, and Sustainable Development Goals (SDGs).

For analyses and reporting, the Sub-Investment Manager uses various data and benchmarking sources. The key data sources and their applications are:

- MSCI data: screening of companies for their compliance with the Sustainable Investment Policy, and as a basis for compiling the Sub-Investment Manager's ESG score;
- Sustainalytics data: tracking engagements and reporting on the SFDR Principal Adverse Indicators and Taxonomy alignment;



- Data from Urgewald: monitoring the expansion plans for coal-fired power stations;
- Access to Medicines Foundation benchmark data: tracking the progress of engagements with pharmaceutical companies;
- Equileap data: analysing gender equality issues;
- CDP data (Carbon Disclosure Project): source for carbon, water and land data;
- Satelligence data: the Sub-Investment Manager's biodiversity commitments and monitoring activities to combat deforestation;
- Data from the "Transition Pathway Initiative": monitor the alignment of a company with the Paris Agreement; and
- Data from TRACE is used to monitor raw material supply chains and potential deforestation risks.

#### **b) Measures to ensure data quality**

To ensure the quality and accuracy of the screening, various data sources are compared, and regular discussions are held with the data providers about their quality control procedures, how they handle missing information, and how additional insights can be integrated into their assessments. If insufficient information is available to adequately assess a company, additional information is sought from the companies' websites, news media, or NGOs.

The Sub-Investment Manager's ESG models and ESG database are validated internally. Decisions to exclude a company are usually based on quantitative data sources, in combination with a fundamental analysis to monitor the reliability of data use.

#### **c) Processing the data**

All data is managed in an ESG database that combines the various data sources and maps data from multiple data providers. The database uses a methodology that allows data points to be aggregated at the level of individual issuers, portfolios, asset classes, or customers. The data is also used in various models to calculate ESG scores, to screen whether companies comply with the sustainable investment process, or to select companies with a positive impact.

#### **d) The part of the data that is estimated**

The CO<sub>2</sub> footprint, energy and climate intensity, water use, and revenue shares for certain activities are largely based on reported data. Scope 3 emissions are still largely based on estimates, as only a small minority of listed companies report this data. Many of the more qualitative indicators are rule-based, where certain behavior or policies lead to a qualitative score. This score is then used to compare companies, and to assess their performance. For the SFDR and taxonomy data, the Sub-Investment Manager publishes what portion is based on reported or estimated data. A significant portion of the sustainability data is currently still estimated. This will change only once companies report more consistently and completely.

### **Limitations to methodologies and data**

#### **a) Limitations of the methodologies**

The available data from various ESG data providers is not perfect. There are significant differences in the definitions and data reported by these providers. For this reason, it is important to have a clear policy regarding ESG-related risks and ESG impacts. The Sub-Investment Manager addresses these limitations in several ways.

Because it is impossible to include all ESG risks and opportunities, each company is assessed based on the sustainability themes that are material to that specific company. For each theme, quantitative and qualitative indicators are used, and **thresholds** have been set to define the boundaries between categories. These **thresholds are partly derived from** scientific research on planetary boundaries and the SDGs.

The Sub-Investment Manager participates in working groups that develop methodologies for measuring the impact of financial products. Furthermore, the Sub-Investment Manager is looking for new data sources that help measure the impact of companies and the materiality of sustainability themes in a reliable manner. Meanwhile, measures are taken to be transparent about the choices made and investment choices of the Sub-Investment Manager.

Furthermore, there is often limited information available regarding the impact within the value chains for which companies are partly responsible. For example, there is limited information on human rights issues or environmental incidents that may occur among suppliers. To address this issue, the Sub-Investment Manager engages with companies to emphasise the importance of monitoring their entire supply chain, taking responsibility for what happens within these chains, and ultimately discussing what steps companies can take to improve this.

#### **b) Why do the restrictions have no impact on promoting the environmental or social characteristics?**

The Sub-Investment Manager continuously monitors whether the sustainability characteristics of the portfolios are improving quickly enough to achieve the Sustainability Objectives. For the objectives for which data is available, such as CO<sub>2</sub> emissions and water footprint, progress of the portfolios is reported annually. If insufficient progress is made, the screening or engagement criteria will be tightened. Additionally, for the remaining objectives, **the implementation of the necessary policies** by the companies is monitored as closely as possible to ensure the objectives are achieved.

## Due diligence

The investable universe is composed based on a screening of the entire universe. During this screening, the Sub-Investment Manager determines which companies meet the sustainability criteria as outlined in the Sustainable Investment Policy. For the entire assessment procedure, see the section 'Environmental or social characteristics of the financial product'.

Before investing in a company, the Sub-Investment Manager checks whether it is involved in controversies and violations of relevant international standards (UN Global Compact and UN Principles for Responsible Investments) and the Sustainable Investment Policy. Companies that do not meet the Sustainable Investment Policy are assessed fundamentally by analysts from the Sub-Investment Manager's Sustainability Group team before the dedicated committee decides to exclude them. Within this assessment process, the analysts can add or remove companies from the universe based on their checklists and evaluations. These steps result in the investment universe.

All companies in which the Sub-Fund invests are periodically checked to ensure they continue to meet the Sustainable Investment Policy. This includes monitoring involvement in controversies and violations of relevant standards, as well as the progress companies make on their sustainability claims. The Sub-Investment Manager also exercises its voting rights and engages in in-depth discussions with companies regarding identified ESG risks and means for improvement.

## Engagement policies

### General philosophy

When applying the Sustainable Investment Policy, the Sub-Investment Manager assesses not only the current policies and behavior of companies, but also the extent to which they are able and willing to change. Through engagement, the Sub-Investment Manager aims to positively influence the adaptive capacity of companies, further reduce the sustainability risks for the Sub-Fund, and encourage companies to make a greater contribution to the Sustainability Objectives. Engagement involves actively engaging in dialogue with companies to propose solutions for their sustainability risks and stimulate change in the area of sustainability.

The objectives of engagement include:

- showing improvement in sustainability policies and performance;
- achieving improvements in sustainability standards; and
- influencing laws and regulations related to sustainability standards.

### Process

The way in which dialogue is initiated with companies depends, among other things, on the reason for engagement, the willingness to collaborate, and to answer questions. Engagement can start from different perspectives, such as new and/or amended legislation, and/or through collaborating with other institutional investors to achieve certain sustainable objectives and reduce sustainability risks.

When it becomes clear, following assessment, that the improvement of a company's sustainability policy or behavior is necessary to prevent exclusion in the future, a proactive discussion will be initiated. As a shareholder, the **importance of sustainability will be communicated to the companies**, making clear that **transitioning towards sustainability is essential**. In addition to engaging in active dialogue, proposals may be made at shareholder meetings. In the implementation of the engagement policy, the Sub-Investment Manager may use the services of other parties. The Sub-Investment Manager will monitor the engagement process as carried out by these other parties.

Before initiating engagement with companies, the Sub-Investment Manager assesses whether the engagement **will be meaningful**. Companies that show no or insufficient progress after **engagement may, following assessment by the relevant committee, be excluded from investment**.

More details about the Sub-Investment Manager's engagement policy can be found in the Sustainable Investment Policy on this page: (<https://www.cardano.nl/en/sustainability-policies/>)