

## Unaudited Additional Information (continued)

Sustainable Finance Disclosure Regulation ("SFDR")

Kempen (Lux) Euro Sustainable Credit Fund

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### ANNEX IV

#### Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Kempen (Lux) Euro Sustainable Credit Fund

**Legal entity identifier:** 549300708YU3CIEPB634

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☐ It made **sustainable investments with an environmental objective: \_\_\_\_%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: \_\_\_\_%**

☒ ☐ ☒ **No**

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 11% of sustainable investments

☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It promoted E/S characteristics, but **did not make any sustainable investments**

## Unaudited Additional Information (continued)



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sub-Fund promoted environmental characteristics related to:

- climate change mitigation and climate change adaptation in line with the Paris Climate Agreement;
- the protection of biodiversity and ecosystems;
- the transition to a circular economy.

No specific sustainability index has been designated as a reference benchmark for the purpose of attaining the above environmental characteristics.

The environmental characteristics promoted by the Sub-Fund seek to contribute to the achievement of the climate goals of the Paris Agreement and the National Climate Agreement of the Netherlands ('Klimaatakkoord'). This decarbonization pathway encompasses its short-term (2025) objectives, a mid-term (2030) ambition and a long-term commitment to be net zero by 2050. Although there has been no index designated as a reference benchmark, by 2025 the Sub-Fund aims to have a carbon intensity that is below the EU Climate Transition Benchmark (EU CTB) pathway. This pathway assumes a carbon intensity that is 30% lower than the iBoxx Euro Corporates Index (the "Benchmark") in 2019 with a subsequent 7% annual reduction.

The Sub-Fund promoted the following social characteristics:

- decent work;
- adequate living standards and wellbeing for end-users;
- other social topics such as gender equality and broader diversity matters.

No specific sustainability index has been designated as a reference benchmark for the purpose of attaining the above social characteristics.

The promoted social and environmental characteristics are met by following the ESG Policy. This ESG policy is implemented in the Sub-Fund's strategy's investment process across the following pillars: 1) Exclusion & Avoidance, 2) ESG Integration and 3) Active ownership, 4) Positive impact.

## Unaudited Additional Information (continued)

### ● How did the sustainability indicators perform?...and compared to previous periods?

The following sustainability indicators are used for the purpose of measuring attainment of the respective characteristics promoted by the Sub-Fund. Since no reliable data for sustainability indicators for 2021 is available we use 2022 as a base year. The indicators are calculated using the latest available indicator data with average portfolio weights over the 4 quarters in the reference period. In addition, we assess each company on a case-by-case basis using the Kempen ESG score to ensure good governance practices and minimum environmental and social safeguards. The Kempen ESG score takes into account E, S and G characteristics divided over sustainability indicators for which a number of underlying ESG metrics are used. We score companies on the sustainability indicators that are material for the sector in which they are operating. Each risk factor is scored from 1-5 resulting in an overall weighted score of 1-5. Companies scoring low on a particular sustainability indicator will be avoided or will be subject to engagement on this particular indicator if we see room for improvement.

PAI refers to Principal Adverse Impact indicators listed in SFDR Annex 1 in Table 1. PAI-E refers to additional climate and other environmental-related indicators listed in SFDR Annex 1 in Table 2. PAI-S refers to additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters listed in SFDR Annex 1 in Table 3.

Environmental indicators	Units	2022	% cov.
Carbon emission intensity – PAI 3	Weighted average tCO <sub>2</sub> e per EUR of revenue	832	71%
GHG emissions – PAI 1 GHG emissions (scope 1, 2, 3)	tCO <sub>2</sub> e	270939	65%
GHG emissions – GHG emissions (scope 1)	tCO <sub>2</sub> e	31916	65%
GHG emissions – GHG emissions (scope 2)	tCO <sub>2</sub> e	7802	65%
GHG emissions – GHG emissions (scope 3)	tCO <sub>2</sub> e	231956	65%
Carbon footprint – PAI 2	tCO <sub>2</sub> per EUR of investments	0.01	65%
Energy consumption for high impact climate sector – PAI 6	GWh per million EUR of revenue	6.40	47%
PAI 6 – B Mining and Quarrying	GWh per million EUR of revenue	1.25	47%
PAI 6 – C Manufacturing	GWh per million EUR of revenue	0.31	47%
PAI 6 – E Water Supply; Sewerage, Waste Management and Remediation Activities	GWh per million EUR of revenue	3.95	50%
PAI 6 – F Construction	GWh per million EUR of revenue		
PAI 6 – G Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	GWh per million EUR of revenue	0.13	47%
PAI 6 – L Real Estate Activities	GWh per million EUR of revenue	0.76	47%
Companies without carbon reduction emission initiatives – PAI-E 4	Share of investments	42%	71%
Activities that negatively affect biodiversity-sensitive areas – PAI 7	Share of investments	0%	75%

Social indicators	Units	2022	% cov.
Investee companies that violate UNGC principles and OECD Guidelines – PAI 10	Share of investments	0%	75%
Investee companies that show lack of processes to monitor UNGC and OECD compliance – PAI 11	Share of investments	48%	75%
Board diversity PAI – 13	Average % of female board members	36%	75%

**Unaudited Additional Information (continued)**

Involvements	Units	2022
Controversial Weaponry revenues – PAI 14 (production, trade, storage and use >0%)	Share of investments	0%
Tobacco revenues (production >0%, distribution >5%, services >20%)	Share of investments	0%
Fossil fuel sector revenues (E&P >5%, services >50%)	Share of investments	0%
Weaponry revenues (production and sale > 5%)	Share of investments	0%
Adult Entertainment revenues (production and services > 5%)	Share of investments	0%
Alcohol revenues (production 5%, distribution 20%)	Share of investments	0%
Gambling revenues (products and services > 5%)	Share of investments	0%
Power generation Nuclear revenues (production and services 30%)	Share of investments	0%
Power generation Carbon intense (utilities not on transition pathway)	Share of investments	0%
Thermal coal revenues (coal production >5%, power production 10%)	Share of investments	0%

## Unaudited Additional Information (continued)

### ● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The sustainable investments the Sub-Fund partially intends to make contribute to the following objectives:

- Climate change mitigation and climate change adaptation (in line with the Paris Climate Agreement);
- Protection of biodiversity and ecosystems;
- Transition to a circular economy.

The Sub-Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 11% of sustainable investments. These sustainable investments will be the sum of EU Taxonomy aligned bonds and green bonds of which some are not EU Taxonomy aligned. Over the last reported book year the percentage of sustainable investments was at or above with the minimum proportion set for this Sub-Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### ● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Sub-Fund used a combination of principal adverse impact indicators as mentioned above and general ESG metrics in the investment process to determine current and potential adverse impact on sustainability factors, including monitoring the number of severe and very severe controversies for every investment objective. This broader set of indicators was taken into account in the portfolio construction, investment exclusion, ESG integration (including the Kempen ESG score) and active ownership (engagement) activities.

### — **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

OECD	UNGP
Yes	Yes

The Sub-Fund excluded companies through the application of strict exclusion criteria including certain principal adverse indicators. These criteria take into account international standards on the basis of MSCI ESG data, such as the UN Global Compact Framework, the OECD Guidelines for Multinational Enterprises, UN Guiding Principles for Business and Human Rights, and the Principles for Responsible Investment commitments.

## Unaudited Additional Information (continued)


**How did this financial product consider principal adverse impacts on sustainability factors?**
☒ Yes

☐ No

The Sub-Fund considered principal adverse impacts on sustainability factors through the specific sustainability indicators it uses to assess the extent to which its (proposed) investments contribute to the environmental and social characteristics it promotes, which include principal adverse impact indicators. We refer to the table of sustainability indicators earlier listed in this document.


**What were the top investments of this financial product?**

Largest Issuer	Sector	Country	% Asset
FCA Bank S.P.A., Irish Branch	Unknown	Ireland	1.8%
SpareBank 1 Boligkreditt AS	Unknown	Norway	1.6%
TotalEnergies SE	Energy	France	1.4%
Enexis Holding N.V.	Unknown	Netherlands	1.4%
BNP Paribas SA	Financials	France	1.3%
DNB Bank ASA	Financials	Norway	1.2%
PSA Banque France	Unknown	France	1.2%
Medtronic Global Holdings S.C.A.	Unknown	Luxembourg	1.1%
NTT Finance Corporation	Unknown	Japan	1.1%
ING Groep N.V.	Financials	Netherlands	1.1%
The Goldman Sachs Group, Inc.	Financials	United States	1.0%
Danaher Corporation	Health Care	United States	1.0%
Banque Fédérative du Crédit Mutuel Société anonyme	Unknown	France	1.0%
Société Générale Société anonyme	Financials	France	1.0%
Toyota Motor Finance (Netherlands) B.V.	Unknown	Netherlands	0.9%

Please note that the % Asset in the table above are the average weights of the holdings over the four quarters in the reference period.

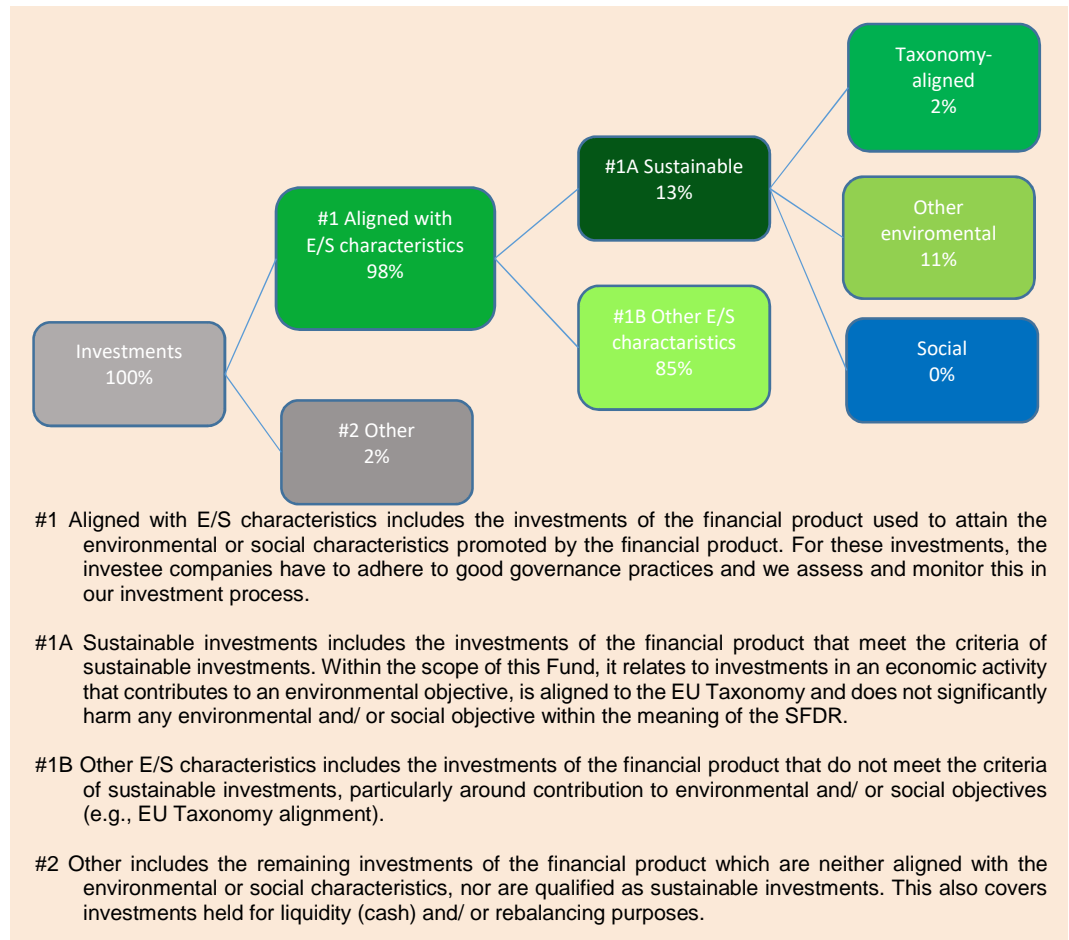
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

## Unaudited Additional Information (continued)



### What was the proportion of sustainability-related investments?

#### What was the asset allocation?



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

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

# Unaudited Additional Information (continued)

## ● In which economic sectors were the investments made?

Sector	Aligned with E/S	Sustainable	Other E/S	Taxonomy aligned	Other environmental	Social	Other
All	99%	14%		2%	11%		
Agencies	2%			0%			
Automobiles & Parts	7%	1%		0%	0%		
Banks	30%	5%		0%	5%		
Capital Goods	2%			0%			
Chemicals	0%			0%			
Construction & Materials	1%			0%			
Covered	8%	0%		0%	0%		
Financial Services	3%	0%		0%	0%		
Food & Beverage	4%			0%			
Government Bonds	1%						
Health Care	7%	0%		0%	0%		
Industrial Goods & Services	1%			0%			
Infrastructure	1%	0%		0%	0%		
Insurance	4%	0%		0%	0%		
Media	1%			0%			
Oil & Gas	2%	0%		0%	0%		
Personal & Household Goods	1%			0%			
Real Estate	5%	3%		1%	2%		
Retail	0%	0%		0%	0%		
Supranational	3%			0%			
Technology	3%			0%			
Telecommunications	5%	1%		0%	1%		
Travel & Leisure	1%			0%			
Utilities	7%	2%		0%	2%		

This table is based on holdings at the end of the reference period which may deviate from the percentages in the other tables which are based on the average of the 4 quarters in the reference period.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

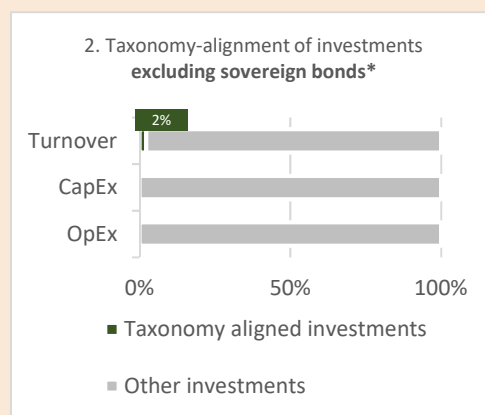
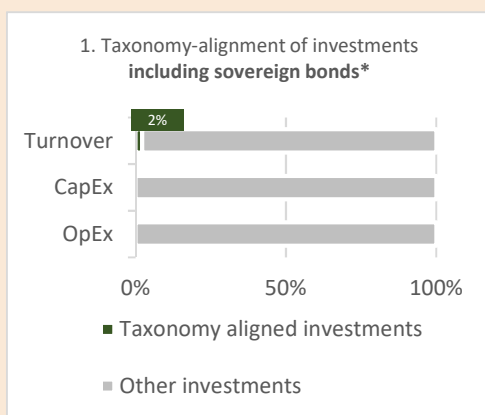
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

## Unaudited Additional Information (continued)



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy? How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

We do expect to be invested in a mix of investee companies with economic activities that are already low carbon, investee companies with transitional activities and investee companies with enabling activities. Given the evolving status of the EU Taxonomy and particularly the availability and quality of data at the investee company level on more granular EU Taxonomy alignment, we are currently not in the position to provide more details around the precise proportion of investments in transitional and enabling activities.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

11%



**What was the share of socially sustainable investments?**

0%

## Unaudited Additional Information (continued)



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The asset allocation for #2. (Other) consisted of the Sub-Fund's cash exposure.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

We have used our Kempen ESG score to monitor ESG risks and our engagement framework which is based on the same ESG risk factors to engage on the most material risk factors. We have engaged with the companies in the portfolio representing 50% of the carbon intensity of the portfolio. Periodically we report on our engagement activities in our fund quarterly review and our annual stewardship report. Examples of engagements can be found on our website.