

As we understand climate change as a serious risk and threat with high likelihood and impact. We support the adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These disclosures provide a global framework for translating information about climate into financial metrics.

It is a key priority of ESG Portfolio Management to measure, understand and report climate related risk of all funds and portfolios. Currently, we publish the carbon intensity of the funds on a monthly basis in our standard report. The managing partner takes ultimate full responsibility.

Our aim is, that our funds have significantly less carbon emissions compared to relevant ESG benchmarks. We work hard to reduce the emissions further. For this reason, we engage with companies to achieve this goal (transition). On the other hand we do not invest in severe polluters, and where we do not see sufficient commitment for improvements. We overweight technology leaders which have a competitive advantage in reducing carbon emissions and successfully perform adaption and mitigation.

ESG Portfolio Management performs climate scenario analysis to assess future climate-related risks and opportunities. At the moment, we work with Bloomberg, Climetrics (part of CDP), MSCI ESG, PACTA and right. based on science.

Right. based on science calculated in February 2020 that both funds cause global warming of less than 1.75 degrees.

As an example see this PACTA analysis of our fund SDG Evolution Flexibel:

THE EXPOSURE OF THE PORTFOLIO TO THE SDS IN 2023

FUTURE TECHNOLOGY SHARE

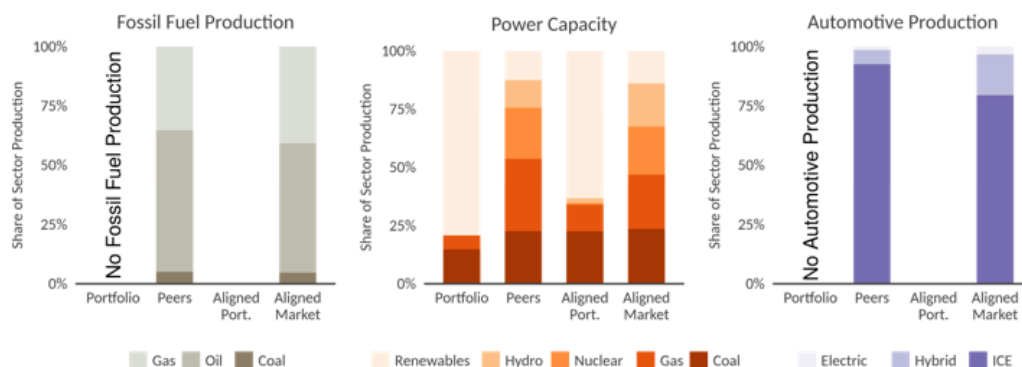
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The figure below shows the estimated exposure in 2023 to high-carbon and low-carbon technologies for the fossil fuels, power, and automotive sector, in both your corporate bond and equity portfolios.

Corporate Bonds

The results are a function both of the starting point of the exposure (Section 2) and the evolution of the exposure over time (Section 3) based on current revealed investment and production plans for all technologies. The results show the relative exposure of your portfolios across asset classes and technologies / fuels. The results are compared to the expected market fuel mix under a SDS transition in 2023.

As highlighted previously, the analysis does not include assumptions around changes in portfolio composition. Rather, it is limited to how the portfolio's exposure to high-carbon and low-carbon technologies is set to change over time as a function of changes in company exposures, independent of portfolio composition changes. The results help contextualize the share of the sectoral exposure in 2023 exposed to transition risks in terms of the share of activities that can be classified as either high-carbon or low-carbon. Given the marginal nature of renewable activities across oil and gas companies, this share has not been considered in the analysis, although it may over time represent a growing share.



Source: 2Dii PACTA MODEL, <https://www.transitionmonitor.com>, as at July 2019