

Website Disclosure - SFDR

Product name : NN Triodos Euro Bond Impact Fund
Categorisation: article 8
Legal entity identifier (CODE LEI) : 549300P1862TXM0YEB58
Version : 21/02/2023

a) Summary

b) No sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<input type="radio"/> <input type="radio"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 30%	<input type="checkbox"/> It 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 ___% of sustainable investments
<input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 30%	<input type="checkbox"/> with a social objective
	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

The sustainable investment objectives of the fund are to:

- make money work for environmental and social change
- contribute to the transition to an economy within planetary boundaries
- contribute to the transition to an economy where all humans can enjoy a prosperous life.

In order to realise these three objectives, the fund invests in listed bonds that actively contribute to at least one Triodos transition theme.

The (environmental) objective to contribute to the transition to an economy within planetary boundaries is addressed in the following transition themes:

- Sustainable Food and Agriculture (feed the world sustainably)
- Sustainable Mobility and Infrastructure (be mobile, live and work in a sustainable way)
- Renewable Resources (limit the use of finite resources)
- Circular Economy (make use of resources as efficiently and long as possible)
- Innovation for Sustainability (innovate for a sustainable future)

The (social) objective to contribute to the transition to an economy where all humans can enjoy a prosperous life

is addressed in the following transition themes:

- Sustainable Food and Agriculture (feed the world sustainably)
- Prosperous and Healthy People (become and stay healthy and happy)
- Social Inclusion and Empowerment (create a society in which all people can fully participate)
- Innovation for Sustainability (innovate for a sustainable future)

Through investments that contribute to the Sustainable Mobility and Infrastructure, Renewable Resources and Innovation for Sustainability transition themes, the fund contributes to the following environmental objectives as set out in article 9 of the EU Taxonomy:

- climate change mitigation
- climate change adaptation

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

c) Environmental or social characteristics of the financial product

In order to measure the attainment of its sustainable investment objectives, the fund measures its exposure to the Triodos transition themes as a percentage of portfolio holdings that contribute to at least one transition theme and as a percentage of assets under management allocated to each theme.

Each Triodos transition theme is linked to one or more UN Sustainable Development Goals (SDGs):

- Sustainable Food and Agriculture: SDG 2, 3, 12 and 15
- Sustainable Mobility and Infrastructure: SDG 6, 7, 11 and 13
- Renewable Resources: SDG 6, 7 and 13
- Circular Economy: SDG 6, 12 and 15
- Prosperous and Healthy People: SDG 3
- Innovation for Sustainability: SDG 3, 7, 12 and 16
- Social Inclusion and Empowerment: SDG 1, 4, 5 and 10

Therefore the fund also reports its absolute and relative contribution to environmental (SDGs 6, 7, 11, 12, 13 and 15) or social (SDGs 1, 2, 3, 4, 5, 10 and 16) SDGs based on external data performing a comprehensive assessment of company products and services that affect SDGs.

Finally, the fund reports its carbon footprint relative to its benchmark.

d) Investment strategy

The management company has defined four stages in the investment process in order to attain the sustainable objectives of the fund. Every potential investment that has passed the first three stages is included in the Triodos investment universe. This universe is the basis from which investments must be made; the fund is not allowed to invest outside the Triodos investment universe.

The bottom-up approach used to build the Triodos investment universe leads to a reduction of 60 to 90% of the benchmark universe, on average.

- Contribution to transitions (positive screening): Every (potential) investment is assessed in-depth on its thematic fit with the Triodos transition themes, for which impact objectives have been defined. Impact indicators based on sources of revenue data are used to track companies' contribution towards the impact objectives formulated per transition theme. The analysis is further substantiated by examining companies' product offering and relevant impact indicators as well as

other qualitative evidence of sustainable practices as stated by companies' policies and active programmes. Every (potential) investment needs to actively contribute to at least one Triodos transition theme in order to be eligible for the Triodos investment universe.

- **Negative impact:** In order to eliminate any significant negative impact, every (potential) investment goes through an exclusionary screening consisting of three steps: negative screening, check on controversies and ESG assessment (see above the answer to question 'How have the indicators for adverse impacts on sustainability factors been taken into account?'). Every (potential) investment is assessed on its alignment with the Minimum Standards or the Sovereign Framework. During this stage, all PAIs and good governance criteria are taken into account. Every (potential) investment needs to align with the Minimum Standards or the Sovereign Framework in order to be eligible for the Triodos investment universe.
- **Integrated analysis:** From the previous assessment of negative sustainability impact, the management company selects those ESG factors that are expected to have a material financial impact on the investment. The research team considers the outcomes of all three stages and analyses the investment impact, risk and return, which then leads to the investment decision. The financial impact is qualitatively considered.
- **Accelerate transitions (stewardship):** The management company aims to accelerate and direct transitions through thought leadership, stakeholder dialogues, engagement and advocacy. As such, the management company frequently engages on environmental and social topics that are relevant to each company's individual business models, as well as on general corporate governance issues. Once included in the Triodos investment universe, every eligible investment is continuously monitored to ensure it still meets the investment criteria. To do so, the management company bases itself on the alerts it gets from external parties signaling any new development or controversy, and on its own research, which includes news feeds and analyst sector expertise. In case the management company finds that an (eligible) investment no longer meets the investment criteria, or is in danger of no longer meeting the criteria, it evaluates whether a dialogue with the issuer could be fruitful. If, due to the nature of the investment criteria violation, dialogue is not expected to lead to change or if there has been a dialogue with the issuer which has not led to the desired change, the eligible investment will be removed from the Triodos investment universe and the investment will be divested from all portfolios within a period of three months after removal from the Triodos investment universe.

e) Proportion of investments

The fund invests at least 80% of its net asset value in sustainable investments, which will be split between sustainable investments with an environmental objective (minimum 30%) and sustainable investments with a social objective (minimum 30%), with the remaining 20% floating between the two as either environmentally or socially sustainable as to allow for flexibility for proper portfolio management as fitting in the strategy of the fund.

The remaining (maximum 20%) will be regular sovereign bonds and cash or cash equivalents held as ancillary liquidity. Due to the neutral nature of these investments, they will not qualify as sustainable investments.

f) Monitoring of environmental or social characteristics

The Minimum Standards is used to assess good governance practices of investee companies. This policy describes our minimum standards for employee relations, remuneration, taxes and other corporate governance topics. Additionally, the Triodos Position on Tax describes the five principles to ascertain good governance in relation to tax. The Minimum Standards and the Position on Tax are

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applied through internal policies and procedures. Existing investments undergo periodic review and monitoring, which includes the review and monitoring of good governance practices.

g) Methodologies

The two graphs below show the minimum percentage of investments that are 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

h) Data sources and processing

Prior to being selected for investment and for the entire duration of the investment, (potential) investees are screened for compliance with the Minimum Standards. The Minimum Standards are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Alignment with the Minimum Standards is assessed in the second phase of the investment process through the check on controversies and the ESG assessment, based on data from external sources and additional in-house desk research (see above the answer to question 'How have the indicators for adverse impacts on sustainability factors been taken into account?'). In case of significant violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (i.e. having severe impact, recurrence of incidents, lack of risk management and inadequate remediation measures), the investee is excluded from investment.

i) Limitations to methodologies and data

j) Due diligence



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes ☐ No

Yes, the fund considers all PAIs on sustainability factors referred to in the tables above. How

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these adverse impacts are considered, is outlined in the Minimum Standards Policy, Due Diligence Policy and Sovereign Framework, where applicable. Every potential investment is assessed using the relevant policies and if an issuer is found to cause significant harm, it is excluded from investment. PAIs are continuously monitored to ensure the fund remains compliant with our policies. On a yearly basis, the PAIs of the fund are collected and analysed to plan actions for the next reference period. Information on the PAIs will be available in the annual report of the fund.

k) Engagement policies

l) Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

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.