



cardano Principle Adverse Impact
Statement (PAI)

Article 4 of the SFDR (Regulation (EU) 2019/2088)

Contents

1. Summary	03
2. Description of the principal adverse impacts on sustainability factors	04
3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors	11
4. Engagement policies	14
5. References to international standards	15
6. Historical comparison	16
7. Appendix – Policy documents	17

1. Summary



Cardano Asset Management N.V (LEI: 724500WRBHAI5DV7I77) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Cardano Asset Management N.V. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

In addition to sustainability risks, Cardano Asset Management N.V.¹ (**'Cardano'**) also identifies and prioritises the principal adverse impacts of its investment decisions on sustainability factors. The Principal Adverse Impacts Statement, as required by the Sustainable Finance Disclosure Regulation (**'SFDR'**), outlines how Cardano considers principal adverse sustainability impacts of its investment decisions for its fund holdings. These factors are divided by the SFDR in environmental, social and employee matters, respect for

human rights, anti-corruption and anti-bribery matters. These factors are subsequently subdivided to indicators related to principal adverse impacts of Cardano's investment decisions on sustainability factors.

In chapter 2, this statement provides the quantitative impact of the relevant indicators related to principal adverse impacts of Cardano's investment decisions on sustainability factors. This statement also provides a qualitative summary about how Cardano takes these factors into account in relation to its investments decisions.

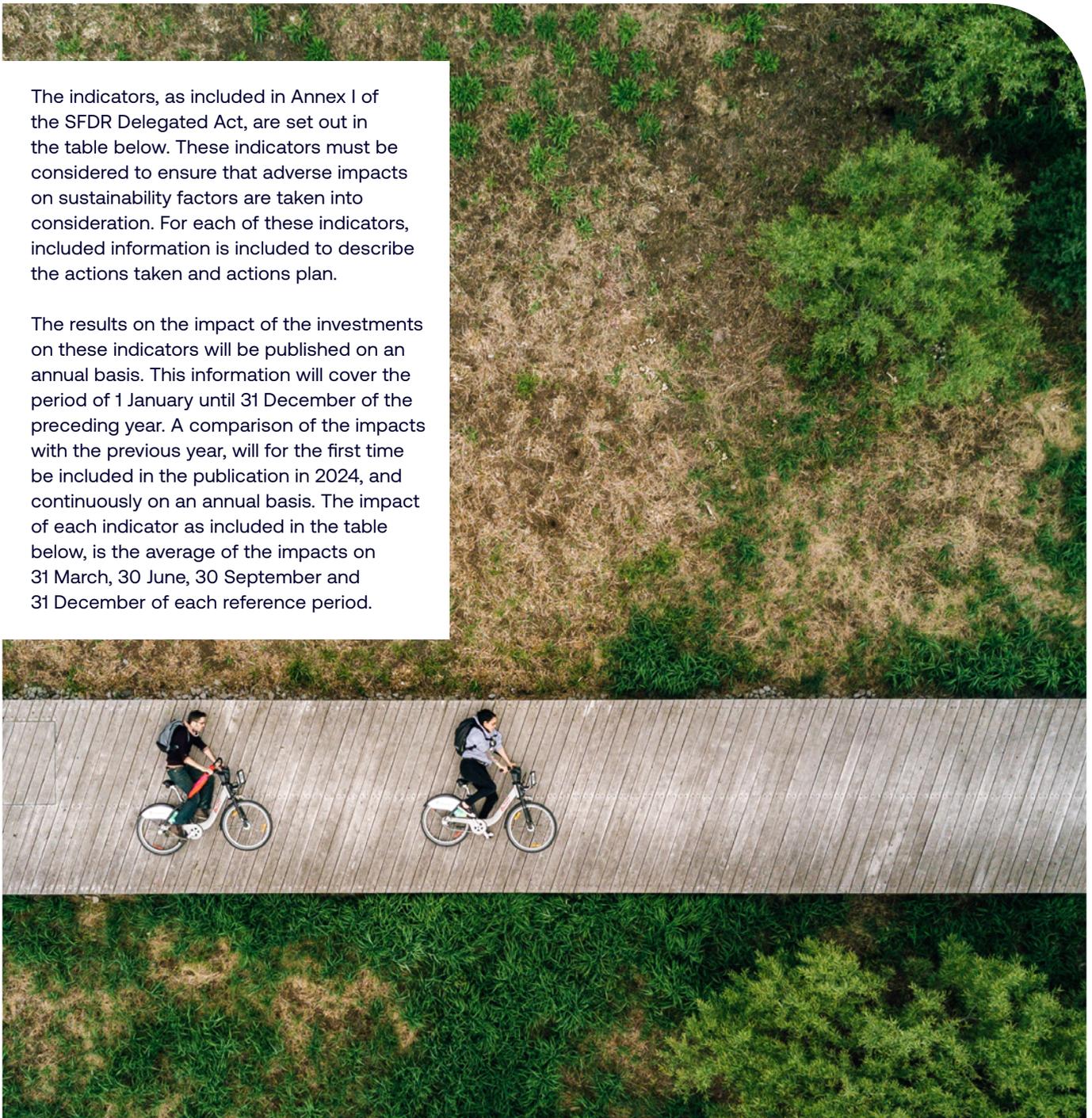
Cardano includes a broad range of principal adverse impacts in its investment decisions. As Cardano does not own any real estate, the real estate related principal adverse indicators (indicator 17 and 18) are not covered. A summary of the principal adverse impacts that are considered is given in section 'screening' of chapter 3.

¹ As of June 1 2023, ACTIAM N.V. has changed its name to Cardano Asset Management N.V.

2. Description of the principal adverse impacts on sustainability factors

The indicators, as included in Annex I of the SFDR Delegated Act, are set out in the table below. These indicators must be considered to ensure that adverse impacts on sustainability factors are taken into consideration. For each of these indicators, included information is included to describe the actions taken and actions plan.

The results on the impact of the investments on these indicators will be published on an annual basis. This information will cover the period of 1 January until 31 December of the preceding year. A comparison of the impacts with the previous year, will for the first time be included in the publication in 2024, and continuously on an annual basis. The impact of each indicator as included in the table below, is the average of the impacts on 31 March, 30 June, 30 September and 31 December of each reference period.



Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment related indicators					
1. Greenhouse gas emissions (ton CO₂e)	1.1 Scope 1 GHG emissions	557.772	NA	NA	<p>Cardano has set the target to reach net-zero greenhouse gas emissions through its investments at the latest by 2050, with an intermediate target to reach a greenhouse gas reduction of 50% in 2030 and 75% in 2040 compared to 2020. In 2022, this target was SBTi approved. Cardano has formulated a climate strategy which details the steps to be taken to reach these targets. The strategy is in line with the IPCC's 1.50 trajectory with limited overshoot.</p> <p>Cardano's climate strategy is built on the following mitigation measures:</p> <ul style="list-style-type: none"> i. Reduce greenhouse gas emissions of issuers through active stewardship; ii. Invest in solutions that reduce greenhouse gas emissions, increase low-carbon energy supply or that avoid or that capture and store greenhouse gas emissions; iii. Divest from issuers that are non-adaptive to the transition required for a net-zero economy. <p>ACTIVE STEWARDSHIP</p> <p>Through engagement and proxy voting, Cardano encourages investee companies to set climate targets and formulate time bound decarbonisation strategies. The climate strategy indicates priority sectors and how progress is monitored. These activities will continue in 2023. Through the Dutch Climate Coalition, oil and gas companies are urged to prove that their activities are in line with the Paris Climate Agreement. In addition, Cardano leads an engagement as part of the Climate Action 100+ programme and is involved in several other collaborative investor initiatives focusing on the low-carbon transition, such as the ShareAction program engaging the Chemicals sector.</p> <p>We expect our investee companies to take responsibility for their impact on climate change. If they fail to show that they are implementing transition strategies in line with The Paris Agreement we may hold the board accountable by voting against relevant director elections.</p>
	1.2 Scope 2 GHG emissions	183.079	NA	NA	
	1.3 Scope 3 GHG emissions	4.362.997	NA	NA	
	1.4 Total ghg emissions scope 1 & 2	740.851	NA	NA	
	1.5 Total ghg emissions scope 1, 2 & 3	5.103.848	NA	NA	
2. Carbon footprint (ton CO₂e/m€)	2.1 Carbon footprint - Total emissions scope 1 & 2	51	NA	NA	
	2.2 Carbon footprint - Total emissions scope 1, 2 & 3	335	NA	NA	
3. GHG intensity of investee companies (ton CO₂e/m€)	GHG intensity of investee companies - scope 1 & 2	119	NA	NA	
	GHG intensity of investee companies - scope 1, 2 & 3	798	NA	NA	
4. Exposure to companies active in the fossil fuel sector (%)	4.1 Share of investments in the companies active in the fossil fuel sector	5%	NA	NA	
5. Share of non-renewable energy consumption and production (%)	5.1 Share of energy consumption from non-renewable energy sources as a percentage of total energy consumption	66%	NA	NA	
	5.2 Share of energy production from non-renewable energy sources as a percentage of total energy production	20%	NA	NA	

² Measuring the performance on Principal Adverse Impact has started as of January 1 2022. The results published in 2024 will be the first time a comparison to a previous year is included.

³ Explanation on the development of the specific principal adverse impact indicator against the different reference periods, in relation to the actions taken.

Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
6. Energy consumption intensity per high impact climate (GWh/m€)	6.1 Energy Consumption Intensity: Agriculture, Forestry & Fishing	5,8	NA	NA	<p>INVESTMENT IN SOLUTIONS</p> <p>In its active funds, Cardano will continuously search for issuers providing solutions that prevent climate change. These may be technological solutions that reduce or reverse the greenhouse gas emissions of existing processes, or the development of new, climate-friendly or climate-positive products. For this, Cardano monitors the green-to-brown ratio of its investments and its investments in EU Taxonomy aligned activities.</p> <p>DIVESTMENTS</p> <p>Cardano carefully screens if and how issuers prepare for the low-carbon transition. Cardano's Sustainable Investment Policy defines principles that lead to exclusion of the most environmentally impactful fossil fuel activities such as thermal coal, coal-fired power plants, as well as unconventional exploration such as shale oil and gas, tar sands and deep sea and arctic drilling. On top of this, for the greenhouse gas intensive activities, Cardano assesses companies' exposure to risks related to the transition towards a low-carbon economy and their capacity to manage these risks. Laggards that show insufficient capacity to make the transition in time, will also be excluded from investment.</p>
	6.2 Energy Consumption Intensity: Construction	0,1	NA	NA	
	6.3 Energy Consumption Intensity: Electricity, Gas, Steam & Air Conditioning Supply	16,1	NA	NA	
	6.4 Energy Consumption Intensity: Manufacturing	0,9	NA	NA	
	6.5 Energy Consumption Intensity: Mining & Quarrying	26,4	NA	NA	
	6.6 Energy Consumption Intensity: Real Estate Activities	0,8	NA	NA	
	6.7 Energy Consumption Intensity: Transportation & Storage	1,8	NA	NA	
	6.8 Energy Consumption Intensity: Water Supply, Sewerage, Waste Management & Remediation Activities	0,7	NA	NA	
	6.9 Energy Consumption Intensity: Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles	0,9	NA	NA	
7. Activities negatively affecting biodiversity-sensitive areas (%)	7.1 Share of investments in investee companies with sites/ operations located in or near to biodiversity-sensitive areas	7%	NA	NA	<p>Cardano aims not to be involved in deforestation by 2030 and to reverse the trend of biodiversity loss. For this Cardano has set up and participates in several stewardship programs to urge companies to reduce their direct and indirect impact on biodiversity and to encourage authorities to better protect biodiversity. Related stewardship programs for 2023 focus on deforestation, plastics pollution and use of plant protection measures. In addition, Cardano may exclude companies with severe impacts on biodiversity that lack the targets and strategies to reduce this impact.</p>

Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
8. Emissions to water (tonnes of emissions/m€)	81 Tonnes of emissions to water per million EUR invested	0,3	NA	NA	Cardano has formulated a strategy to be water-neutral by 2030. For this, Cardano carefully considers which companies are active in water scarce areas, which companies are active in water polluting activities and whether they consider their impacts of their activities. To reach this target, through active stewardship companies in the priority sectors are encouraged to set targets and formulate water management strategies. In addition, companies may be excluded if they lack proper water management strategies. In 2023, Cardano will increase its effort to identify companies highly exposed to water pollution.
9. Hazardous waste and radioactive waste (tonnes of hazardous waste/m€)	91 Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested	29	NA	NA	Cardano aims to move towards a situation with zero waste generation associated with its investments by 2050. In 2022 and 2023, special attention will be given to stewardship with plastics and packaging companies to reduce their plastics waste and use, as well as the use of hazardous chemicals. In addition, companies are screened on their waste management strategies. Those causing severe risks for the portfolios due to lagging waste management practices may be excluded from investment.

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (%)	101 Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,3%	NA	NA	As described in the Sustainability policy, Cardano acts in accordance with the United Nations Global Compact (UNGC) principles, the UN Guiding Principles on Business & Human Rights, the OECD Guidelines for Multinational Enterprises and the standards of the International Labor Organization (ILO). Cardano actively investigates whether investee companies act in accordance with these international agreements. For those that are not compliant, it is first investigated whether the violations can be mitigated through active stewardship or whether immediate divestment is necessary to prevent exposure to controversies related to human rights, labour rights and severe controversies. Every year, several ongoing UNGC related engagements are evaluated after which it is decided whether sufficient progress is made or whether the companies should be excluded from investment.
---	--	------	----	----	---

Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (%)	11.1 Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	64%	NA	NA	
12. Unadjusted gender pay gap (%)	12.1 Average unadjusted gender pay gap of investee companies	21%	NA	NA	In Cardano's vision, good governance implies that investee companies mind employee wellbeing, social injustice and gender equality. For this Cardano will vote against boards that insufficiently consider this and will continue to be part of engagements focusing on equality in terms of gender and payment.
13. Board gender diversity (% female)	13.1 Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33%	NA	NA	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (%)	14.1 Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,1%	NA	NA	As part of the Cardano Fundamental Investment Principles , Cardano does not invest in companies involved in the production, development, sale, or distribution of controversial weapons or related services or components that are specialised. If companies are involved in such activities, they will be excluded.

Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
----------------------------------	--------	-------------	--------------------------	--------------------------	--

Indicators applicable to investments in sovereigns and supranationals

15. GHG intensity (Kton CO2e/m€)	15.1 GHG intensity of investee countries	0,2 *	NA		As part of due diligence of sovereigns and supranationals, Cardano carefully considers how sovereigns deal with the environmental and social challenges they are confronted with. Sovereigns that violate international treaties on human rights, violate principles of good governance or do not sufficiently well manage their natural resources may be excluded from investment. Through engagement with a small number of governments and by supporting environment and climate related conventions by multilateral organisations such as the UN or EU, efforts are made to create a level playing field among investee companies.
16. Investee countries subject to social violations (number)	16.1 Number of investee countries subject to social violations (relative number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0,2% *	NA	NA	
		1 *	NA	NA	

Indicators applicable to investments in real estate assets

Fossil fuels	17. Exposure to fossil fuels through real estate assets Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	NA	Not applicable given the investment universe
Energy efficiency	18. Exposure to energy-inefficient real estate assets Share of investments in energy-inefficient real estate assets	NA	NA	NA	Not applicable given the investment universe

Climate and other environment related indicators

Adverse Sustainability indicator	Metric	Impact 2022	Impact 2021 ²	Explanation ³	Actions taken, and actions planned and targets set for the next reference period
----------------------------------	--------	-------------	--------------------------	--------------------------	--

Other indicators for principal adverse impacts on sustainability factors

<p>Table 2 – Indicator 4. Investments in companies without carbon emission reduction initiatives</p>	<p>Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement</p>	<p>44%</p>	<p>NA</p>		<p>See the answers to indicators 1 to 6 above</p>
<p>Table 3 - Indicator 8. Excessive CEO pay ratio</p>	<p>Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)</p>	<p>297⁺</p>	<p>NA</p>	<p>NA</p>	<p>See the answers to indicators 12 and 13 above</p>

Notes:

Indicators 1 to 3 are based on MSCI reported data about carbon scope 1, 2 and 3 emissions, enterprise value and sales revenues. The other indicators are based on data from Sustainalytics. Most of the indicators are based on estimated data because a relatively small number of companies already reported about these elements in 2021 and 2022. It is expected that as of 2023 more companies will report these matters in their annual reports, due to which updates of the PAI statement will gradually include more reported data. Numbers shown reflect averages for the Cardano Asset Management N.V. managed funds only for those issuers for which data are available. Those for which no data are reported or estimated are not considered in the calculations.

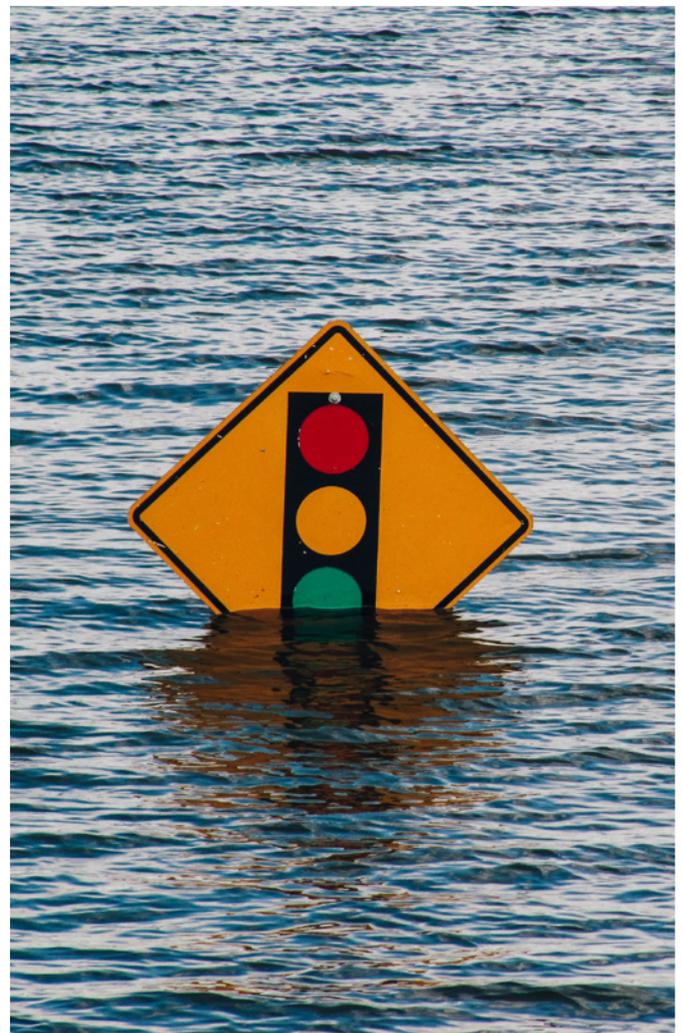
+ Indicators marked with a + are based on low data coverage. For most of these indicators, it is not possible to provide estimates. Coverage will increase once more companies report according to the CSRD.

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Cardano's [Sustainable Investment Policy](#), approved by the board in May 2019, aims to stimulate countries and companies to prosper, while operating within the planetary boundaries and respecting the social foundations of society. Cardano refers to this as the “safe and just operating zone”, where global challenges such as climate change, resource scarcity, social injustice and inequality are properly managed. The planetary boundaries and social foundations indicate the maximum of natural resources humanity can use without exhausting the planet and minimum universal social and governance norms affecting health, wealth and well-being.

The Cardano Sustainable Investment Policy provides a holistic view on the roles that investors play to guide the transition to a sustainable society. As part of the sustainable investment policy, an assessment of the adverse sustainability impacts is made caused by every entity within the investable universe. To do this, a Sustainable Investment Framework has been developed, which includes a set of criteria to identify and prioritise adverse impacts that companies, (sub)sovereigns or institutions (together, ‘**entities**’) have on sustainability factors, including climate, biodiversity, water quality and availability, labour rights, human rights, anti-corruption and anti-bribery matters.

The Cardano Sustainable Investment Policy is laid out in more detail within four documents, the first of which describes the general [Sustainable Investment Framework](#). The basis of the Cardano Sustainable Investment Policy is that entities have to comply with the [Cardano Fundamental Investment Principles](#). These principles define the bottom-line of the investments and relate to how the investment decisions comply with a set of socio-ethical factors related to impacts on humans, society and the environment. If entities are found to have structurally violated one or more of these factors by having a severe adverse impact then Cardano will not invest in these entities. Secondly, Cardano assesses the adaptive capacity of companies to prepare themselves for the transition towards a more sustainable society. This is done for seven [Material Sustainability Drivers](#), that show how companies respond to social and



market changes caused by the sustainability transition. These drivers are used to assess the sustainability risks and opportunities and the potential adverse impacts of entities.

Cardano uses several [Sustainable Investment Instruments](#) to identify sustainability risks and opportunities and minimise adverse sustainability impacts within the remaining investment universe, including: screening, engagement, voting and ESG integration.

Screening

For all entities in the investable universe Cardano assesses to what extent they comply with the Cardano Fundamental Investment Principles and their adaptive capacity according to the Material Sustainability Drivers. Cardano believes that entities will be better prepared for the future if they take sustainability related risks into account and minimise their adverse impact. This is measured through the assessment procedure. In addition, Cardano believes that entities will be better prepared for the future if they also contribute actively to the Sustainable Development Goals ('SDGs') of the United Nations. That is why Cardano wants to invest actively in these entities and specifically screens taking the SDGs and planetary boundaries into account. Our active approach enables us to select entities that score highly on these aspects.

The screening is based on a large number of quantitative and qualitative indicators and own research. The PAI indicators 10, 11 and 15, related to compliance to international norms and standards, are at the basis of the Fundamental Investment Principles. The other PAI indicators are considered when assessing the adaptive capacity of companies. The indicators applied in this screening are outlined in the table below, where the screening procedure applies thresholds for each of the indicators to categorize companies in the Cardano Sustainable Investment Framework.

Sustainability theme	Indicators used for the screening	Principal adverse indicators that are part of this screening
Fossil fuel use	Indicators showing expansion plans of coal-fired power plants, carbon footprint, energy intensity and energy use, (science based) GHG reduction targets, exposure to fossil fuel activities. Alignment with the Paris agreement, quality of GHG reduction strategies.	1) greenhouse gas emissions, 2) carbon footprint, 3) GHG 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) GHG intensity of sovereigns and supranationals. As Cardano does not invest in real estate directly, indicators 17 (exposure to fossil fuels through real estate assets) and 18 (exposure to energy-inefficient real estate assets) are not considered in the screening.
Water use	Indicators showing water use and reuse, wastewater emissions, water targets, water use in water scarce areas, quality of water policy.	8) Emissions to water
Land use	Indicators showing contributions to biodiversity loss, land degradation, deforestation, activities in areas with high biodiversity risk or protected areas, unsustainable ocean or sea activities, quality of biodiversity, land use and maritime policies focusing both on own activities as well as activities in the supply chain.	7) Activities negatively affecting biodiversity-sensitive areas
Chemicals and waste management	Indicators showing emissions of hazardous chemicals, phase-out plans of chemicals of concern, targets to reduce and recycle (hazardous) waste, use of alternative packaging solutions, chemical safety and quality of chemicals and waste management policies.	9) Hazardous waste and radioactive waste ratio
Social capital management	Qualitative indicators showing how companies manage product safety, privacy & data security, health & safety, procurement, accessibility and affordability of basic services, and relationships with local communities.	
Human capital management	Qualitative indicators showing how companies manage labour, safety and their personnel, both in the own company as in the supply chain.	
Organisational behaviour and integrity	Qualitative indicators showing how companies manage board quality, board diversity, (gender & racial) diversity, implementation of ILO conventions, payment, taxes and business ethics (fraud & corruption, whistleblowing, human rights policies, grievance & remedy).	12) Unadjusted gender pay gap, 13) Board gender diversity

For the screening, various data and benchmarking sources are used for analysis and reporting. The main data sources and their applications are:

- **MSCI data:** screening of companies for their compliance with ACTIAM's sustainable investment policy.
- **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 plants.
- **Access to Medicines Foundation benchmark data:** tracking the progress of engagements at pharmaceutical companies.
- **Equileap data:** analysing gender equality issues.
- **CDP data (Carbon Disclosure Project):** source for carbon, water and land data.
- **Satelligence data:** ACTIAM's biodiversity commitments and monitoring activities to reduce deforestation.
- **Data from the "Transition Pathway Initiative":** monitoring the extent to which a company operates in line with the Paris Agreement.
- **TRACE data** is used to monitor raw material supply chains and potential deforestation risks.



The sustainability analysts meet regularly with the various data providers to discuss their quality control procedures, missing information and how to integrate additional insights into their assessments to ensure better quality and accuracy of their assessments. Cardano's ESG models and ESG database are also checked by an internal and an external auditor. Decisions to exclude a company are never based solely on quantitative data sources but are always combined with fundamental analysis by an ESG analyst to monitor the reliability of data usage. ESG analysts compare different data sources and supplement them with their own research to validate the data.

Engagement

Hundreds of engagement conversations are conducted each year to create an upward movement of entities in Cardano's Sustainability Framework. Starting engagement means entering into a dialogue with an entity to influence its behaviour. It can be conducted either as a response to specific incidents or proactively to address solutions that would steer the entity towards Cardano's accepted investment universe. In order to monitor progress, clear targets are set and milestones are formulated regarding an engagement process.

Voting

As a shareholder, Cardano votes in principle at all shareholders' meetings. When necessary, sustainability-related resolutions are submitted on specific subjects such as remuneration based on a sustainability performance. We either file these resolutions independently or we join forces with others (co-filing) when this may benefit the result.

ESG integration

ESG criteria are integrated into the investment process, which results in a relative company ESG score. We also apply such scores to countries. The higher the score, the lower the risk. The score also reflects on how an entity is performing. Naturally, [our focus themes](#) of Climate (CO₂ emissions), Water and Land are also sufficiently taken into account.

Responsibilities

The Sustainability & Strategy team is responsible for the continuous development and implementation of the Cardano sustainability policies, alongside the investment teams. There are three committees that are responsible for assuring that the policy is executed as agreed upon.

The Sustainability Policy Committee is responsible for setting the overall sustainability strategy and approving sustainability policies and frameworks, prepared by the Sustainability Team. This committee consists of board members from Cardano Group, Cardano Advisory and Cardano Asset Management as well as the heads of the Sustainability & Strategy team and the deputy chief investment officer of Cardano Group.

The Sustainability Categorisation Committee monitors whether the Sustainability & Strategy teams follows the agreed upon policy and decides which entities (companies & sovereigns) and other securities-issuing institutions may and may not be eligible for investment and determines which companies and other securities-issuing institutions are in- and excluded from the investment universe. Also, it decides about the implementation of (changes in) the ESG Scoring, as put forward by the Sustainability team. This team consists of the heads of the Sustainability & Strategy team, the Deputy Chief Investment Officer, the Chief Investment Officer and the heads of the Product Management & Development Team and the Impact Team.

Finally, the Sustainability Investment Committee is responsible for the implementation of the sustainability policy in to investment strategies and financial decision-making. This includes advising on the overall sustainability strategy and policies, as prepared by the Sustainability Team and to be approved by the Sustainability Policy Committee. This committee consists of the Deputy Chief Investment Officer, the Chief Investment Officer the heads of the Sustainability & Strategy Team and the heads of the investment teams.



4. Engagement policies

Cardano is an active owner, pursuing change in the real economy and stimulating companies to operate within the planetary boundaries, corresponding with a higher category in the [Sustainable Investment Framework](#). We exercise active ownership through voting and engagement with underlying companies and with policy makers, NGOs and investor working groups.

Engagement is viewed as a means to enter into a dialogue with a company to influence its behaviour. It can be conducted either as a response to a specific incident that has had an adverse sustainability impact, or done proactively to steer companies towards the 'safe and just, or 'positive' impact zones within our framework. Cardano conducts individual engagement dialogues with companies, but is of the opinion that collaborative engagements jointly with other asset owners can be just as effective.

During an engagement process, clear targets are set and milestones are formulated in order to monitor change related to the related behavioural drivers. Engagements focus on encouraging companies to take advantage or sustainability-related opportunities, while also addressing the challenges of staying within the planetary

boundaries and building social foundations. They can relate to creating innovation opportunities, creating circular production processes, or taking a sustainability leadership role as company. For the engagements that are conducted in response to an incident or due to insufficient adaptive capacity, the companies may improve sufficiently over the course of the engagement to be reincluded in the investment universe. Unsuccessful engagements with companies who have had significant adverse sustainability impacts after two years of engagement may lead to exclusion.

Beyond our direct engagement with investee companies, we collaborate actively with a large number of organisations to put our investment beliefs into practice and to realise our sustainability related goals. Please refer to our website for [a list of partner organisations](#).

5. References to international standards

Cardano’s Fundamental Investment Principles for Companies are minimum standards that are defined by ethical, social and environmental principles fundamental for good citizenship and good corporate governance. They are based on a broad range of international treaties, conventions and best practice guidelines, including the UN Global Compact, the UN Guiding Principles on Business & Human Rights and the OECD Guidelines for Multinational Enterprises (please refer to our [Fundamental Investment Principles](#) for a comprehensive list of the international mechanisms consulted in the company and sovereign assessments). These mechanisms especially refer to the PAI indicators 10, 11 and 16 as mentioned in chapter 2.

These international guidelines are considered universal. Cardano considers violations of the above-mentioned international mechanism to be a violation of the Fundamental Investment Principles and therefore not eligible for investment.

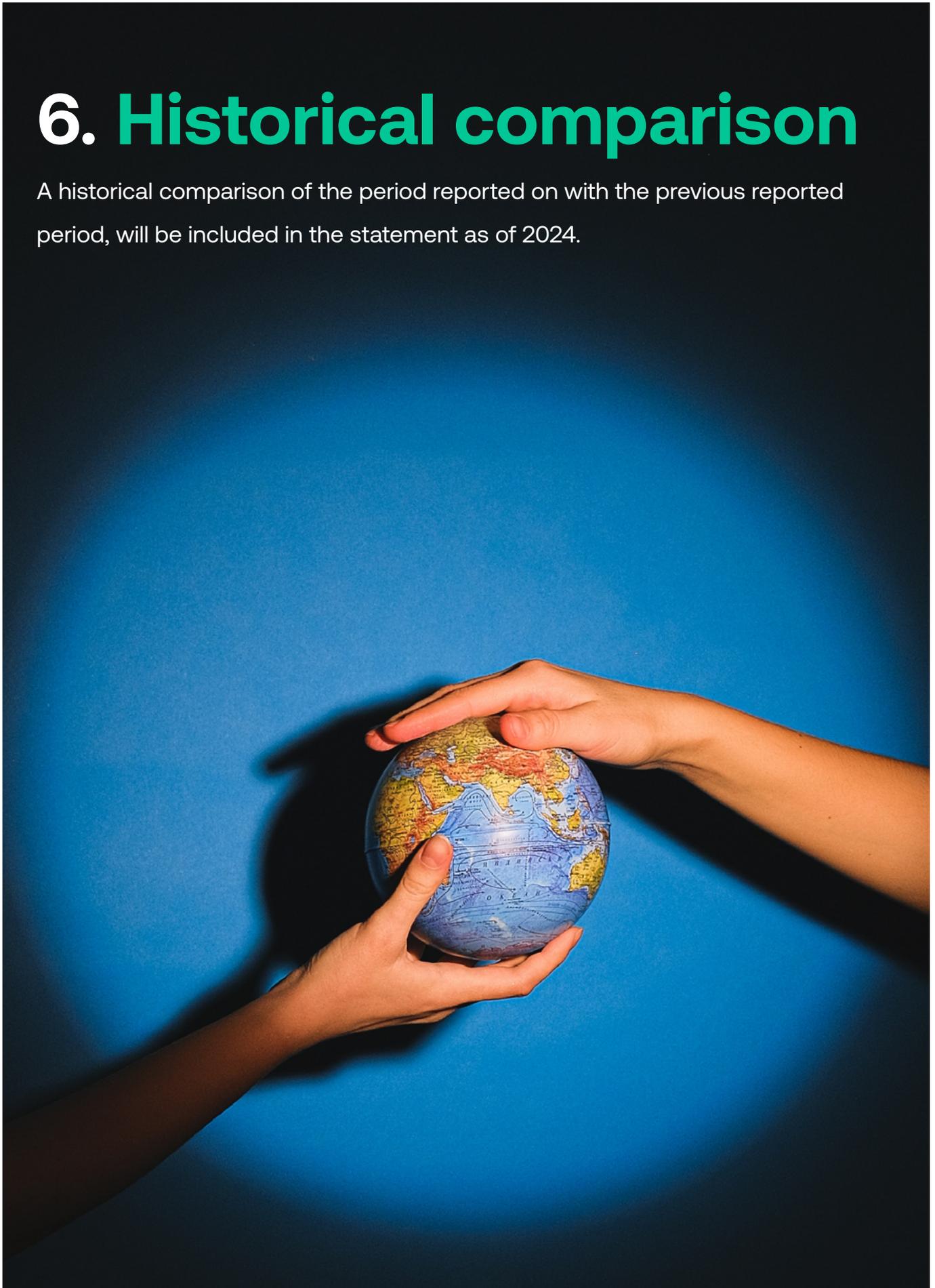


Cardano is a signatory to the Principles for Responsible Investment (PRI) and as a signatory abides by all of the requirements and expectations.

Cardano adopts the guidelines set out by the Taskforce on Climate-related Financial Disclosure (TCFD) in developing climate disclosures in line with the recommendations. We have set a target for our portfolios to achieve net-zero greenhouse gas emissions across all assets under management by 2050, in order to be in line with the Intergovernmental Panel on Climate Change (IPCC) 1.5°C pathway. For this long-term target, Cardano’s intermediate targets are to reduce the greenhouse gas emissions intensity of our investments with 50% by 2030 and with 75% by 2040, compared to 2020. These targets have been approved by the Science-Based Targets initiative (SBTi). TCFD related disclosures especially relate to the PAI indicators 1 to 6 and 15 as mentioned in chapter 2.

6. Historical comparison

A historical comparison of the period reported on with the previous reported period, will be included in the statement as of 2024.



7. Appendix – Policy documents



[A: Sustainable Investment Policy](#)



[B: Fundamental Investment Principles](#)

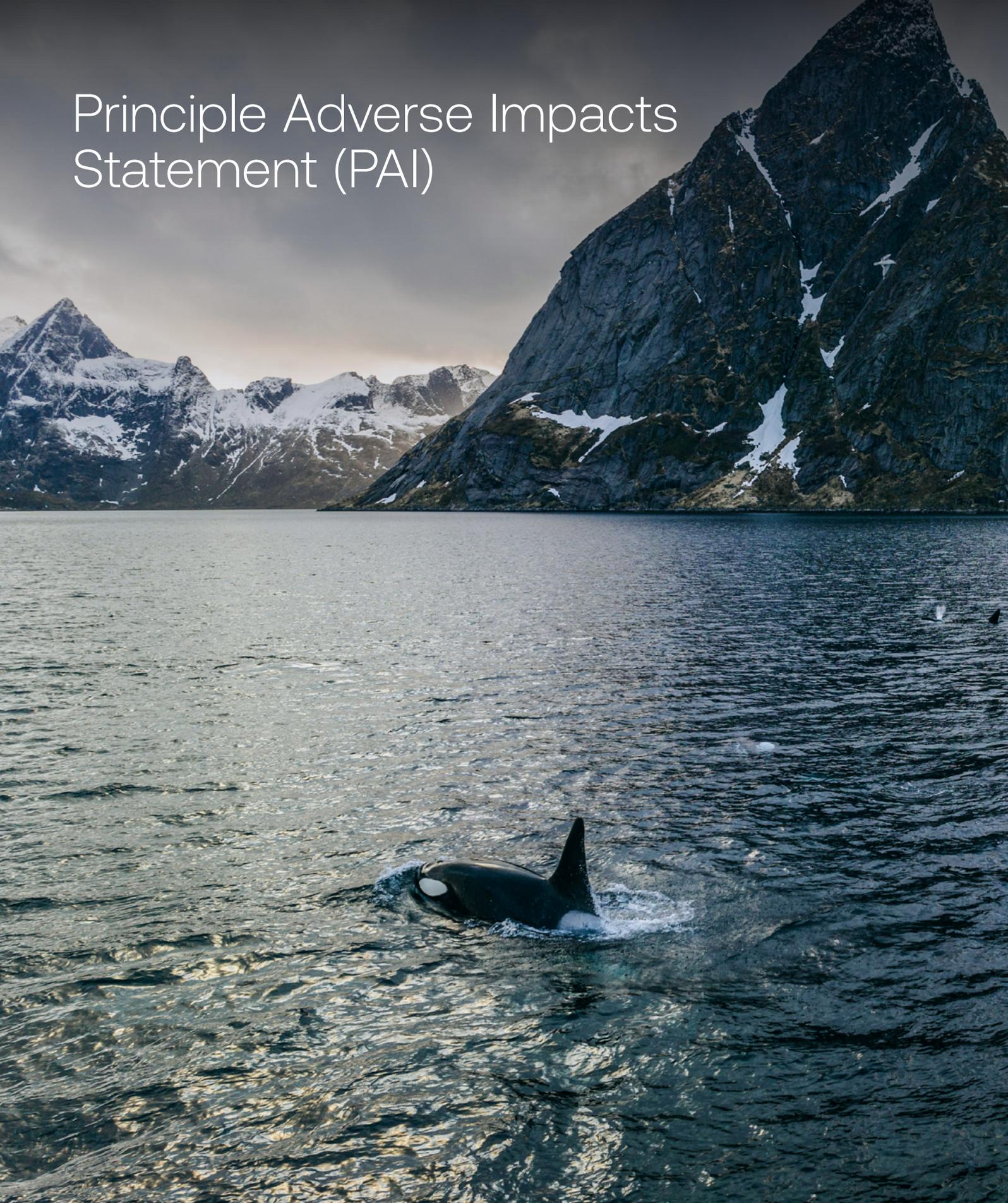


[C: Material Sustainability Drivers](#)



[D: Sustainable Investment Instruments](#)

Principle Adverse Impacts Statement (PAI)

A photograph of a whale breaching the water in a fjord with snow-capped mountains in the background. The whale is in the foreground, creating a splash. The water is dark blue with some white foam. The mountains are dark grey and black with patches of snow. The sky is overcast and grey.

cardano

Cardano | Weena 690, 21st floor, PO Box 19293, 3001 BG Rotterdam The Netherlands
T: +31 (0)10 206 1300 | E: info@cardano.com | W: [cardano.com](https://www.cardano.com)

Cardano Asset Management N.V. is part of the Cardano Group and statutory seated in Amsterdam and registered with the Dutch Chamber of Commerce under number 30143634.