



# Carbon Portfolio Report

Portfolio Information		Carbon Risk Rating Coverage	
Name	Number of Constituents	By Portfolio Weight	By Number of Constituents
<b>Portfolio</b> AEX ESG	25	96%	24
<b>Benchmark</b> AEX	25	98%	24

# Overview

The Carbon Portfolio Report provides a deeper understanding of a portfolio's position with regards to the transition towards a low-carbon economy. It compares the portfolio with a benchmark across five carbon assessments: Carbon Risk Rating, Carbon Intensity, Fossil Fuel Involvement, Stranded Assets Exposure, and Carbon Solutions Involvement. The combination of these assessments provides a multi-dimensional view of the portfolio's performance versus the benchmark and provide useful insights about the portfolio holdings.

- Portfolio
- Benchmark



## Carbon Risk Rating

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The Carbon Risk Rating quantifies the company's exposure and management of material carbon issues in its own operations as well as its products and services.

Overall, the portfolio falls into the Low carbon risk category, and has 75% lower carbon risk than the benchmark.

Score



Category

Low  
Low



## Carbon Risk Rating

Portfolio  
Benchmark

The Carbon Risk Rating quantifies the company's exposure and management of material carbon issues in its own operations as well as its products and services. At each value chain stage, a company's vulnerability to carbon risks is assessed. This is followed by an assessment of how much of this risk is manageable as opposed to systemic, with a final step of evaluating the degree to which management policies are already in place.

Overall, the portfolio falls into the **Low** carbon risk category, and has 75% lower carbon risk than the benchmark.

### Overall Carbon Risk

Score	Category
2.4	Low
9.7	Low

### Carbon Risk Categories

#### Negligible: 0

The portfolio has little to no material carbon risk

#### Low: 0 - 10

The portfolio has carbon risk that could have material impact

#### Medium: 10 - 30

The portfolio has carbon risk that is material

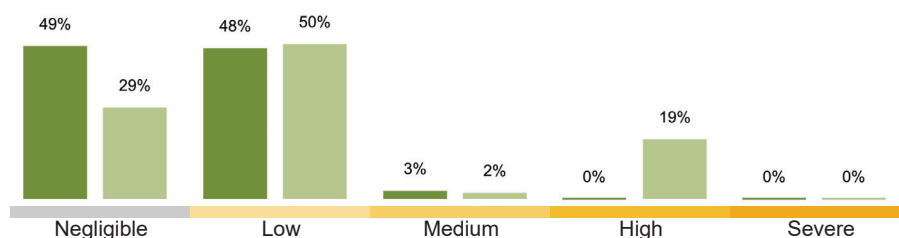
#### High: 30 - 50

The portfolio has carbon risk that is highly material

#### Severe: > 50

The portfolio has severe carbon risk

Carbon Risk category by aggregate portfolio weight



## Carbon Exposure

Exposure considers a company's sensitivity or vulnerability to carbon risks. Very low exposure suggests that an issue is not material to a company; higher exposure suggests that the issue is material.

Overall, the portfolio has 68% less exposure to carbon risk factors than the benchmark, and falls into the Low exposure category.

### Overall Exposure

Score	Category
6.2	Low
19.4	Low

## Carbon Management

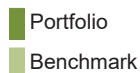
Management considers a company's commitments and actions to determine how a company approaches and handles carbon issue through policies, programmes, quantitative performance and involvement in controversies. Higher scores indicate stronger management.

Overall, the portfolio has 36% weaker management of carbon risk than the benchmark, and falls into the Average management category.

### Overall Management

Score	Category
30.7	Average
48.3	Average

## Operations



### Operations

Score	Category
2.0	Low
3.9	Low

Overall, the portfolio falls into the Low operations carbon risk category, and has 48% lower operations carbon risk than the benchmark.

### Exposure

Score	Category
4.6	Low
10.6	Low

Overall, the portfolio has 57% less exposure to carbon risk factors in operations than the benchmark.

### Management

Score	Category
20.7	Weak
45.8	Average

Overall, the portfolio has 55% weaker management of carbon risk in operations than the benchmark.

## Products & Services

### Products & Services

Score	Category
0.1	Low
5.3	Low

Overall, the portfolio falls into the Low product and services carbon risk category, and has 98% lower products and services carbon risk than the benchmark.

### Exposure

Score	Category
0.3	Low
7.5	Low

Overall, the portfolio has 96% less exposure to carbon risk factors in products and services than the benchmark.

### Management

Score	Category
1.5	Weak
9.5	Weak

Overall, the portfolio has 84% weaker management of carbon risk in products and services than the benchmark.

## Sector Contribution

Looks at the Carbon Risk Rating score across sectors. Lower scores equal lower risk.

Sector	Score	Contribution	
		Portfolio Weight	Carbon Risk Contribution
Consumer Discretionary	0.0	16.1%	0.0%
Consumer Staples	0.2	6.3%	7.9%
Energy	0.1	0.6%	2.3%
Financials	0.1	8.0%	5.9%
Healthcare	0.0	0.4%	1.6%
Industrials	0.3	6.5%	13.2%
Information Technology	1.0	50.5%	40.6%
Materials	0.3	4.3%	11.9%
Real Estate	0.2	4.2%	6.9%
Telecommunication Services	0.2	3.2%	9.7%

## Companies with the Highest Carbon Risk in the Portfolio

Identifies the 10 companies with the highest carbon risk score.

Company Name	Sector	Portfolio Weight	Carbon Risk				
			Score	Weighted Score	Category	Exposure	Mngmt
PostNL N.V.	Industrials	0.3%	18.4	0.1	Medium Risk	30.8	66.9
Warehouses De Pauw SCA	Real Estate	1.3%	10.7	0.1	Medium Risk	17.1	37.4
Fagron NV	Healthcare	0.4%	10.7	0.0	Medium Risk	15.2	29.9
SBM Offshore N.V.	Energy	0.6%	10.1	0.1	Medium Risk	25.2	75.0
Royal KPN NV	Telecommunication Services	3.2%	7.4	0.2	Low Risk	20.0	78.8
IMCD NV	Industrials	2.2%	6.8	0.1	Low Risk	13.6	62.3
CTP NV	Real Estate	0.4%	6.7	0.0	Low Risk	15.3	56.1
Akzo Nobel N.V.	Materials	4.3%	6.7	0.3	Low Risk	20.4	84.1
Arcadis NV	Industrials	0.8%	6.0	0.0	Low Risk	19.0	85.3
Wolters Kluwer N.V.	Information Technology	7.2%	6.0	0.4	Low Risk	7.6	21.5

## Companies with the Lowest Carbon Risk in the Portfolio

Identifies the 10 companies with the lowest carbon risk score.

Company Name	Sector	Portfolio Weight	Carbon Risk				
			Score	Weighted Score	Category	Exposure	Mngmt
RELX PLC	Consumer Discretionary	15.7%	0.0	0.0	Negligible Risk	0.0	0.0
ASML Holding N.V.	Information Technology	15.1%	0.0	0.0	Negligible Risk	0.0	0.0
Adyen NV	Information Technology	11.3%	0.0	0.0	Negligible Risk	0.0	0.0
ASM International NV	Information Technology	3.8%	0.0	0.0	Negligible Risk	0.0	0.0
Randstad NV	Industrials	1.9%	0.0	0.0	Negligible Risk	0.0	0.0
BE Semiconductor Industries N.V.	Information Technology	1.2%	0.0	0.0	Negligible Risk	0.0	0.0
Accell Group NV	Consumer Discretionary	0.4%	0.0	0.0	Negligible Risk	0.0	0.0
Unibail-Rodamco-Westfield SE	Real Estate	2.5%	0.1	0.0	Low Risk	14.4	99.4
Aegon NV	Financials	2.6%	1.7	0.0	Low Risk	9.5	81.8
ASR Nederland N.V.	Financials	1.7%	1.7	0.0	Low Risk	9.5	81.8

# Glossary of Terms

## Absolute Carbon Emissions

In this report, absolute carbon emissions cover scope 1 and scope 2 emissions of the various types of greenhouse gases, expressed in tons of carbon dioxide equivalent. Reporting requirements are standardized under the GHG Protocol by the World Resources Institute and World Business Council for Sustainable Development. This lists the greenhouse gases that companies are expected to account for as: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

Emissions are broken down into the following categories:

**Scope 1** covers the direct emissions associated with the energy that a company produces for its own use.

**Scope 2** covers the indirect emissions associated with the energy that a company purchases from third-party providers.

**Scope 3** covers all other emission sources throughout the value chain (e.g., purchased goods, use of sold products, investments, business travel, etc.) but these are not quantified in this report.

## Carbon Intensity

A relative metric suitable for comparing companies' performance. Sustainalytics divides absolute emissions by total revenues, which enables comparison of companies in different industries. Carbon intensity is expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.

## Carbon Risk

A risk related to a company's challenge to transition towards a low-carbon economy. A popular synonym is transition risk. This may cover a variety of risk sources including policy and legal, technology, market, and reputation. Climate change risk is a broader concept, comprising transition and physical climate-related risk.

## Carbon Risk Exposure

One of the two dimensions of the Carbon Risk Rating, this reflects the extent to which a company is exposed to material carbon risks. Exposure can be considered as a sensitivity or vulnerability to carbon risks.

## Carbon Risk Management

The second dimension of the Carbon Risk Rating, this measures a company's handling of material carbon issues through policies, programmes, quantitative performance and involvement in controversies.

## Carbon Risk Rating Score (Unmanaged Risk Score)

The company's final score in the Carbon Risk Rating; it applies the concept of risk decomposition to derive the level of unmanaged risk for a company.

## Stranded Assets

Stranded Assets are oil and gas assets that are unlikely to be commercially viable in a low carbon economy. They are high cost projects such as arctic exploration and oil sands development.

## Unmanaged Risk

Material ESG risk that has not been managed by a company. This includes two types of risk. Firstly, unmanageable risks that stem from the intrinsic nature of the products or services of a company and/or the nature of a company's business. Secondly, risks that could be managed by a company through suitable initiatives, but which are yet unmanaged.

## Weighted Scores

Sustainalytics normalizes the security weights of the matched security results within the selected portfolio and benchmark to equal 100% of the total portfolio weight, by evenly redistributing unmatched security weights and by combining the weights of securities matched to the same company. If there are no security weights available, Sustainalytics will assign equal weights to all securities. Weighted Scores are calculated by aggregating normalized security weighted scores.

## About This Report

Sustainalytics' Carbon Risk Ratings are designed to help investors identify and understand financially material carbon risks at the security and portfolio level and how they might affect the long-term performance for equity and fixed income investments. The Carbon Risk Ratings combined with qualitative analyses, provide clients with a differentiated risk signal and deeper insights into the materiality of certain carbon issues for a company and what the company is or is not doing to manage them effectively.

Sustainalytics normalizes the security weights of the matched security results within the selected portfolio and benchmark to equal 100% of the total portfolio weight, by evenly redistributing unmatched security weights and by combining the weights of securities matched to the same company. If there are no security weights available, Sustainalytics will assign equal weights to all securities.

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