
DURATION MATCHING FUND (XL) (NL)

Sustainability-related disclosures

- Product name: Duration Matching Fund (XL) (NL)
- Legal entity identifier: 549300MNMNW0XYMGQ235
- SFDR disclosures: Article 8

On 11 April 2022, NN Investment Partners was acquired by Goldman Sachs to become part of Goldman Sachs Asset Management

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Summary in English - Summary

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. While it does not have as its objective sustainable investment, it will have a minimum proportion of of sustainable investments.

Principal Adverse Impacts

This is not applicable as the Sub-Fund does not commit to make Sustainable Investments.

Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental and social characteristics, as described in Article 8 of the SFDR.

Specifically, the Sub-Fund promotes environmental and social characteristics by:

- The Sub-Fund invests in green, social and sustainability bonds based on the Green, Social and Sustainability Bond Framework.
- Restricting investments in countries subject to country-wide arms embargo sanctions imposed by the United Nations Security Council, and countries on the global money laundering and terrorist financing watchdog, Financial Action Task Force list, that are subject to a "Call for Action".

Indicators

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund:

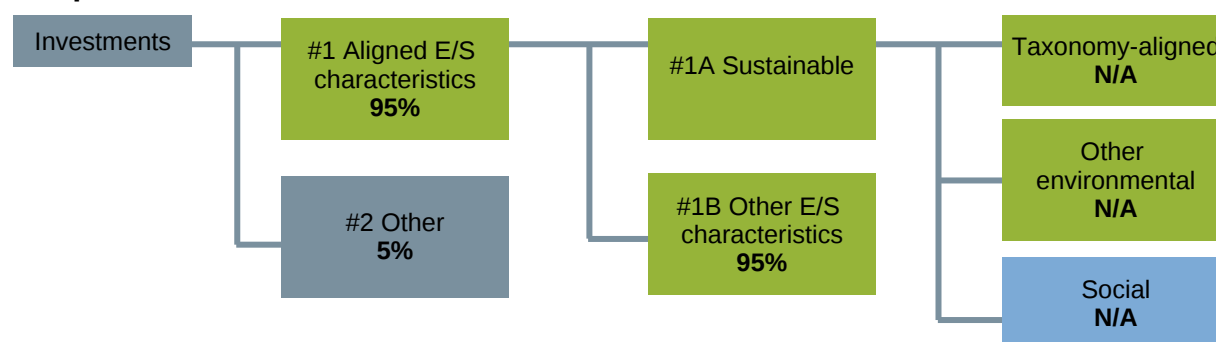
- Number of issuers against which arms embargoes have been issued by the UN Security Council and subject to a 'Call for Action' on the Financial Action Task Force list
- The percentage of the net assets of the Sub-Fund invested in green, social or sustainability bonds.

Investment strategy

To attain the sustainable investment objective of the Sub-Fund, the Sub-Fund applies:

- ESG integration approach
- Norms-based RI criteria
- Stewardship

Proportion of investments



Monitoring of environmental or social characteristics

The Management Company uses a systematic approach to monitor adherence to the binding elements at security and/or portfolio level. Investment Teams have the primary responsibility to ensure adherence on an ongoing basis (pre and post trade). Independent oversight has the responsibility to monitor and the Compliance function has the responsibility to, where applicable, advise on resolving breaches.

Methodologies

The Management Company's investment teams may use a number of different styles to embed ESG considerations into asset selection and portfolio construction.

Data sources, processing and limitations

The Management Company leverages external data sources to supplement internal research on the environmental and/or social characteristics of the products. While ESG data availability and quality continues to improve, the Management Company does not believe there is currently one ESG data provider that holistically packages the most useful underlying data. Therefore, the Management Company leverages multiple third-party vendors to meet the diverse set of needs and use cases.

Due diligence

Given the belief that ESG factors can affect the performance and risk profile of investments, the Management Company seeks to understand the impact of ESG related risks. The Responsible Investment Framework, in particular the Restriction Criteria, ESG Integration and Engagement & voting (Stewardship) is collectively applied among the issuers as part of the due diligence process. Integrating and managing sustainability risks and opportunities via due diligence is primarily the responsibility of the investment teams (first line). Risk Management (second line) has the responsibility to manage the identified sustainability risks through oversight, engagement with the first line when sustainability risk levels exceed the risk appetite of the firm and / or specific metrics exceed their pre-defined thresholds. The Management Company also uses internal monitoring systems to check issuer positions against guidelines crafted to ensure compliance with sustainability indicators.

Engagement policies

Engagement with portfolio companies and issuers is conducted across asset classes and may vary by investment teams. There is a focus on a proactive, outcomes-based engagement, in an attempt to promote best practices. The engagements conducted by the Global Stewardship Team is designed to complement the engagements conducted by the investment teams. The engagement initiatives are continually reviewed, enhanced and monitored to ensure they incorporate current issues and evolving views about key environmental, social, and governance topics and sustainability-related controversies. To guide engagements, the Global Stewardship Team creates an annual Focus List. The Focus List reflects the thematic priorities and guides the voting and engagement efforts and includes environmental, social and governance matters considered to be principal in terms of potential adverse impacts.

Designated reference benchmark

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

Detailed information

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Environmental/Social characteristics

The Sub-Fund promotes environmental and social characteristics, as described in Article 8 of the SFDR.

Specifically, the Sub-Fund promotes environmental and social characteristics by:

- The Sub-Fund invests in green, social and sustainability bonds based on the Green, Social and Sustainability Bond Framework.
- Restricting investments in countries subject to country-wide arms embargo sanctions imposed by the United Nations Security Council, and countries on the global money laundering and terrorist financing watchdog, Financial Action Task Force list, that are subject to a "Call for Action".

Indicators

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund:

- Number of issuers against which arms embargoes have been issued by the UN Security Council and subject to a 'Call for Action' on the Financial Action Task Force list
- The percentage of the net assets of the Sub-Fund invested in green, social or sustainability bonds.

Binding elements

The Sub-Fund's binding elements are listed below:

- The Sub-Fund will not invest in any countries subject to country-wide arms embargo sanctions imposed by the United Nations Security Council, and countries on the global money laundering and terrorist financing watchdog, Financial Action Task Force list, that are subject to a "Call for Action".
- Minimum net asset contribution to green, social and sustainability bonds. A minimum of 5% of the net assets of the Fund/Sub-fund must be green, social and sustainability bonds.

Investment strategy

To attain the environmental and social characteristics promoted by the Sub-Fund, the Sub-Fund applies:

- Norms-based RI criteria
- ESG integration approach
- Stewardship

Norms-based RI criteria

The Sub-Fund applies the Management Company's norms-based responsible investment criteria that, as stipulated in the Management Company's Responsible Investment Policy, restricts investment in issuers involved in controversial activities.

For the sovereign investments of the Sub-Fund attributable to the investment strategy, each country is reviewed by the Management Company's ESG Committee as to whether any arms embargoes have been issued by the UN Security Council or whether it appears as a 'Call for Action' on the Financial Action Task Force list. If the country appears on either list, then it is included on the Exclusion List, resulting in an exclusion from the investment universe.

ESG integration approach

The Sub-Fund integrates the information on environmental, social and governance factors for its investments based on the Management Company's ESG Integration approach. The first step towards ESG integration is to identify material ESG risk and opportunities. Secondly, the material ESG risks and opportunities are assessed and expressed via a number of ESG ratings. The final step of ESG Integration involves incorporating this ESG analysis into investment screening and security selection of issuers.

For sovereign issuers, most ESG factors - from the quality and availability of education and healthcare to political stability and energy sources – tend to be material for all countries around the world.

Stewardship

Stewardship it is a tool used by the Management Company to influence issuers to adopt more sustainable behaviour and practices. Engagement with sovereigns on (potential) bond issuance is conducted to better assess investment risks and opportunities. The Management Company intends to engage with sovereign issuers in this Sub-Fund that have a low E-score with the objective to encourage sovereigns to improve their overall environmental performance and to encourage enhanced disclosures of climate related metrics.

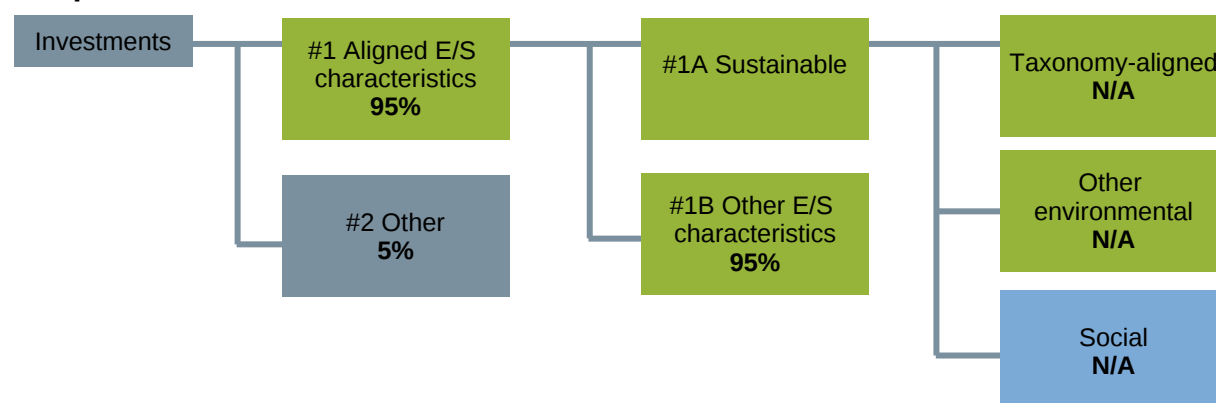
Committed minimum rate to reduce the scope of the investments

N/A - Prior to the application of the investment strategy, the Sub-Fund does not commit to a minimum rate to reduce the scope of the investments.

Good governance

N/A - The Sub-Fund invests in sovereigns in order to attain the environmental and social characteristics promoted.

Proportion of investments



Taxonomy aligned investments

The Sub-Fund does not commit to make Sustainable Investments. Hence, the minimum commitment is 0%

Transitional and enabling activities

The minimum share of investments in transitional and enabling activities is 0%.

Minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

The Sub-Fund does not commit to make Sustainable Investments. Hence, the minimum commitment is 0%

Minimum share of sustainable investments with a social objective

N/A - This question is not applicable as the Sub-Fund does not commit to make Sustainable Investments.

Investments included under "Other"

Investments included under 'other' may include cash used for liquidity purposes, derivatives for efficient portfolio management/investment purposes and/or investments in UCITS and UCIs which may be used to achieve the investment objective of the Sub-Fund but neither promote the environmental or social characteristics of the Sub-Fund, nor qualify as Sustainable Investments.

The percentage shown is the planned percentage which may be held in these instruments but the actual percentage can vary from time to time.

These financial instruments are not subject to any minimum environmental or social safeguards.

Monitoring of environmental or social characteristics

The Management Company uses systems to monitor adherence to binding elements as stated in the Pre Contractual Disclosures. These systems are widely used within the organisation, for example by investment teams and independent oversight, to monitor pre and post trade compliance to investment guidelines in an automated way. Automated checks support monitoring adherence to binding elements at security and/or portfolio level such as concentration percentages (e.g. commitments to minimum proportion of sustainable investments) and exclusions (e.g. firm wide restriction list).

The monitoring process gives rise to the following responsibilities :

1. Investment Teams have the primary responsibility to ensure adherence to binding elements on an ongoing basis (pre and post trade).
2. Independent oversight has the responsibility to monitor the adherence to binding elements and will analyse and flag any potential breaches to the Investment Teams. Based on the nature of a breach it may be required to involve other departments, such as Compliance and Operational Risk Management, in the resolution of a breach.
3. The Compliance function has the responsibility to, where applicable, advise on resolving breaches on binding elements. The Management Company's internal policy for incident correction will be applied for the resolution of a breach.

Methodologies for environmental or social characteristics

The following methodologies are used to measure how the social or environmental characteristics promoted by the financial product are met.

Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact

The Management Company expects the issuers it invests in to act in accordance with relevant laws and internationally recognised standards: the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Adherence is expected in the areas of proper governance, respecting human rights and labour rights, protecting the environment and prevention of bribery and corruption. The Management Company applies issuer-based screening processes as a means of measuring whether the characteristics or objectives have been met.

The percentage of the net assets of the Sub-Fund invested in green, social and sustainability bonds

The Green, Social & Sustainability Bond Assessment Methodology is the document against which all the green, social and sustainable 'use of proceeds' bonds are assessed. The assessment takes into account the ICMA green bond principles, the ESG risk rating and controversy score of the issuer, sector-specific criteria at a company level and sovereign criteria (if applicable) that take into account ESG and carbon intensity scores. At the bond level, there are criteria for each activity in the green bond to ensure that each economic activity is performing at the best practice standard for their industry. If both the issuer level and the bond level criteria are passed, the green bond can receive a green label in our portfolio management system from the green, social and impact bonds team as per the Green, Social & Sustainability Bond Assessment Methodology. The Green, Social and Sustainability Bond Assessment Methodology includes similar processes for social and sustainability bonds. For social bonds, the use of proceeds must align with the ICMA social bond principle categories of activities as well as additional criteria that were specified internally. If both aspects are passed, a social bond label can be given in the portfolio management system by the green, social and impact bonds team. Sustainability bonds must meet both the green and social criteria of the Green, Social & Sustainability Bond Assessment Methodology to receive a sustainability bond label in the portfolio management system.

Data sources and processing

Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact

In order to assist ESG analysis, gain in-depth research, ratings and analysis of the ESG-related business practices across a number of developed and emerging markets, the Management Company leverages external data sources including:

- Sustainalytics

The percentage of the net assets of the Sub-Fund invested in green, social and sustainability bonds

The data sources used by the Sub-Fund include investor presentations, public information of the company,

second party opinions, sustainability reports, external ESG data providers and other second-party data sources.

Limitations to methodologies and data

Number of issuers involved in material violations of internationally recognised standards, for example: OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and UN Global Compact

The data limitations include the backward-looking nature and a time lag in the data, with a subsequent implication being the data available at any point in time not being reflective of the latest available information. Additional limitations recognised by the Management Company include reliance on only third party data sources and the potential risk of having the wrong data being provided and the indicators identified not being a perfect reflection of the intended characteristic or objectives sought. Due to the identified limitations, the Management Company has taken due care to carefully select data providers with reputable credentials, that are widely recognised in the industry for their expertise and credibility. Additionally, multiple data sources are applied, where applicable, to limit the reliance to a single data provider. The Management Company also conducts internal analysis on the quality and coverage of the data and applies a data governance framework, comprising of a multitude of stakeholders.

The percentage of the net assets of the Sub-Fund invested in green, social and sustainability bonds

All sources are checked and monitored manually for updates. Despite the manual nature, a strong governance process is adhered to, with a team of dedicated analysts performing this task, in addition to a review process by the Sustainable Investing & Innovation Platform. The limitations arising from the use of information of external data providers is similar to what is provided in the abovementioned paragraphs.

Due diligence

Given the belief that ESG factors can affect the performance and risk profile of investments, the Management Company seeks to understand the impact of ESG related risks. The Responsible Investment Framework, in particular the Restriction Criteria, ESG Integration and Engagement & voting (Stewardship) is collectively applied among the issuers as part of the due diligence process. The Restriction Criteria applies a norms-based approach, restricting investments involved in controversial activities. ESG Integration in the context of the RI Framework involves evaluating environmental, social and governance factors in a systematic manner in order to achieve enhanced investment decision-making and long-term risk-adjusted returns. This is done in a consistent and auditable manner to ensure ESG or sustainability factors relating to an investment or investment proposal are sufficiently understood or recognized and includes monitoring the investment on an ongoing basis. Where possible and feasible, these risks are also addressed as part of both engagement and voting, with the aim of reducing their potential financial impact and negative impact on society as a whole. Integrating and managing sustainability risks and opportunities via due diligence is primarily the responsibility of the investment teams (first line). Risk Management (second line) has the responsibility to manage the identified sustainability risks through oversight, engagement with the first line when sustainability risk levels exceed the risk appetite of the firm and / or specific metrics exceed their pre-defined thresholds. The Management Company also uses internal monitoring systems to check issuer positions against guidelines crafted to ensure compliance with sustainability indicators.

Engagement policies

Assessing and promoting effective stewardship among the companies and issuers represented in the portfolios we manage on behalf of our investing clients is a key part of our investment process. Engagement with portfolio companies and issuers is conducted across asset classes and may vary by investment teams. In keeping with our integrated approach to stewardship and investment, we have a robust, global engagement effort that marries the vision of our dedicated Global Stewardship Team with the expertise of our investment teams. We focus on proactive, outcomes-based engagement, in an attempt to promote best practices. The engagements conducted by our Global Stewardship Team are designed to complement the engagements conducted by our investment teams. Our engagement initiatives are continually reviewed, enhanced and monitored to ensure they incorporate current issues and evolving views about key environmental, social and governance topics, and sustainability-related controversies. To guide our engagements, our Global Stewardship Team creates an annual Focus List. Our Focus List reflects our thematic priorities and guides our voting and engagement efforts and will include environmental, social and governance matters that we consider to be principal in terms of potential adverse impacts. We have published an Engagement Policy in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (the Shareholder Rights Directive II) which provides further details on our engagement approach.

Designated reference benchmark

N/A – This Sub-Fund is actively managed and therefore does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

Summary in Dutch - Samenvatting

Geen duurzame beleggingsdoelstelling

Dit financiële product promoot milieu- of sociale kenmerken, maar heeft niet tot doel duurzaam te beleggen. Hoewel het geen duurzame beleggingen als doelstelling heeft, zal het een minimaal aandeel duurzame beleggingen van behelzen.

Belangrijkste ongunstige effecten

Dit is niet van toepassing aangezien het Subfonds zich er niet toe verbindt Duurzame beleggingen te doen.

Milieu- of sociale kenmerken van het financiële product

Het Subfonds promoot milieu en sociale kenmerken, zoals beschreven onder Artikel 8 van de SFDR.

Het Subfonds promoot in het bijzonder milieu- en sociale kenmerken door:

- Het Subfonds belegt in groene, sociale en duurzaamheidsobligaties op basis van het kader van groene, sociale en duurzaamheidsobligaties.
- Beleggingen worden beperkt in landen waartegen de Veiligheidsraad van de Verenigde Naties een wapenembargo heeft ingesteld en landen die op de lijst van de wereldwijde waakhond voor het witwassen van geld en de financiering van terrorisme, de Financial Action Task Force, staan waarvoor een "oproep tot actie" geldt.

Indicatoren

De volgende duurzaamheidsindicatoren worden gebruikt om de verwezenlijking van elk van de door dit Subfonds gepromote ecologische of sociale kenmerken gemeten:

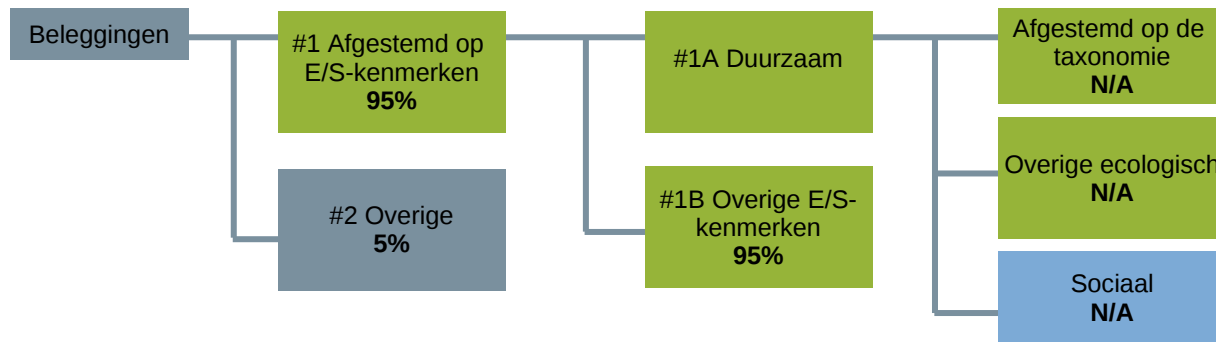
- Aantal emittenten waartegen de VN-Veiligheidsraad een wapenembargo heeft afgekondigd en waarvoor een "oproep tot actie" geldt op de lijst van de Financial Action Task Force geldt.
- Het percentage netto-activa dat het Subfonds heeft belegd in groene, sociale en duurzaamheidsobligaties.

Beleggingsstrategie

Om de duurzame beleggingsdoelstelling van het Subfonds te verwezenlijken, past het Subfonds het volgende toe:

- ESG-integratiebenadering
- Op normen gebaseerde RI-criteria
- Rentmeesterschap

Aandeel beleggingen



Monitoring van milieu- of sociale kenmerken

De Beheermaatschappij volgt de naleving van de bindende elementen systematisch op het niveau van de effecten en/of de portefeuille. De beleggingsteams zijn in de eerste plaats verantwoordelijk voor de voortdurende naleving (vóór en na de transactie). Het onafhankelijke toezicht heeft de verantwoordelijkheid om toezicht te houden en de compliancefunctie heeft de verantwoordelijkheid om, in voorkomend geval, te adviseren over het oplossen van inbreuken.

Methodologieën

De beleggingsteams van de Beheermaatschappij kunnen een aantal verschillende stijlen hanteren om ESG-overwegingen in de activaselectie en portefeuillesamenstelling op te nemen.

Gegevensbronnen, verwerking en beperkingen

De Beheermaatschappij maakt gebruik van externe gegevensbronnen om het interne onderzoek naar de milieu- en/of sociale kenmerken van de producten aan te vullen. Hoewel de beschikbaarheid en kwaliteit van ESG-gegevens blijft verbeteren, is er volgens de Beheermaatschappij momenteel niet één leverancier van ESG-gegevens die de meest bruikbare onderliggende gegevens holistisch verpakt. Daarom maakt de Beheermaatschappij gebruik van meerdere externe leveranciers om aan de uiteenlopende behoeften en gebruikssituaties te voldoen.

Due diligence

Gezien de overtuiging dat ESG-factoren de prestaties en het risicoprofiel van beleggingen kunnen beïnvloeden, tracht de Beheermaatschappij inzicht te krijgen in de impact van ESG-gerelateerde risico's. Het kader voor verantwoord beleggen, in het bijzonder de beperkingscriteria, ESG-integratie en betrokkenheid & stemgedrag (Stewardship) wordt collectief toegepast bij de emittenten als onderdeel van het due diligence-proces. Het integreren en beheren van duurzaamheidsrisico's en -kansen via due diligence is voornamelijk de verantwoordelijkheid van de beleggingsteams (eerste lijn). Risicobeheer (tweede lijn) is verantwoordelijk voor het beheer van de geïdentificeerde duurzaamheidsrisico's door middel van toezicht en overleg met de eerste lijn wanneer de duurzaamheidsrisico's de risicobereidheid van de onderneming overschrijden en/of wanneer specifieke indicatoren hun vooraf vastgestelde drempels overschrijden. De Beheermaatschappij gebruikt ook interne controlesystemen om de posities van emittenten te toetsen aan richtlijnen die zijn opgesteld om de naleving van duurzaamheidsindicatoren te waarborgen.

Engagementbeleid

Het engagement met portefeuillebedrijven en emittenten vindt plaats in verschillende activaklassen en kan per beleggingsteam verschillen. De nadruk ligt op een proactieve, resultaatgerichte betrokkenheid, in een poging om beste praktijken te bevorderen. De engagementen van het Global Stewardship Team zijn bedoeld als aanvulling op de engagementen van de beleggingsteams. De engagementsinitiatieven worden voortdurend herzien, verbeterd en gecontroleerd om ervoor te zorgen dat zij rekening houden met actuele kwesties en veranderende opvattingen over belangrijke milieu-, sociale en bestuurlijke onderwerpen en met duurzaamheid verband houdende controverses. Het Global Stewardship Team stelt jaarlijks een focuslijst op om de betrokkenheid te begeleiden. De prioriteitenlijst weerspiegelt de thematische prioriteiten en vormt de leidraad voor de stem- en engagementsinspanningen, en bevat milieu-, sociale en bestuursaangelegenheden die op het vlak van potentiële negatieve effecten als essentieel worden beschouwd.

Aangewezen referentiebenchmark

N.v.t. - Dit subfonds wordt actief beheerd en er is dan ook geen specifieke index als referentiebenchmark aangewezen om te bepalen of dit financiële product is afgestemd op de ecologische en/of sociale kenmerken die dit financiële product promoot.

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