

ESG report

ABN AMRO Parnassus US Sustainable Equities

SFDR-Article 8, ESG investment product

Portfolio holdings as of 31.12.2020, revised version dated 26.07.2021



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1. ESG characteristics of the fund
ABN AMRO Parnassus US sustainable equities

Credentials

Partnership

- ▶ Management company¹:
 - ABN AMRO Investment Solutions (AAIS is responsible for the sub-fund, and in charge of the voting)
- ▶ Delegated Investment Manager² :
 - Parnassus Investments (in charge of the sub-fund investments and engagement actions)

AuM as per 31.12.2020

- ▶ USD 1,3 billion

¹:Visit the website to get more information on the sustainable Investment Policy and commitments of AAIS : [Socially Responsible Investment - ABN AMRO \(abnamroinvestmentsolutions.com\)](https://www.abnamroinvestmentsolutions.com)

²:Visit the website to get more information on the ESG policy and commitments of Parnassus investments : <https://www.parnassus.com/esg>

Main External Commitments

- ▶ AAIS is a UNPRI signatory via its mother company, ABN AMRO
- ▶ AAIS is supporting the UN Global Compact Principles via its mother company membership, ABN AMRO
- ▶ Sustainability label of the fund :
 - LuxFLAG ESG Label (validity date: until 31.07.2022)

ESG Characteristics

ESG Investment Policy

- ▶ EU SFDR¹ category: article 8, investment product that is promoting ESG characteristics
- ▶ The portfolio will be composed of companies that are flexible in ESG best-practices. The Funds seeks to invest in companies with positive performance on environmental, social and governance criteria.
- ▶ The fund applies an engaging and significant ESG strategy as defined by the AMF NFRD²

ESG Strategies

- ▶ Selectivity approach : more than 20% of the initial universe is excluded due to ESG factors
- ▶ Portfolio ESG Risk Score is better than the benchmark' one
- ▶ Exclusions : Sector and Norm based
- ▶ Mainly: ESG Best in class, in a lesser extent: ESG momentum
- ▶ Engagement, Voting

Asset Class

- ▶ US equities

¹: The European Union Sustainable Finance Disclosure Regulation came into force 10.03.2021

²: The Autorité des Marchés Financiers Non Financial Reporting Directive came into force on 30.09.2020.

Exclusions

- ▶ Exclusions from the investment policy of the management company :
 - Companies in violation of the Global Compact
 - Weapons (production)
 - Tobacco (production and sale)
 - Addictive forms of gambling (production)
 - Furs and rare leathers (production)
 - Adult entertainment (production)
 - Cannabis for recreational purpose
 - GMOs : Genetically modified organisms (production)
 - Arctic drilling, gas & oil sand & shale extraction methods
 - Thermal coal (production)
 - Thermal coal (mining/use)
- Animal testing (explain: qualitative assessment)
- ▶ Exclusions from the investment policy of the management company, Parnassus investment and in addition to the list above :
 - Alcohol (production)
 - Nuclear power (production)
 - Fossil fuels (oil & gas: production)

Nota bene :

The exclusion of a company is related to a threshold (% of turnover, revenue or % of production, sales...);

The list of exclusions and thresholds may be subject to change; this set has been updated as per March 10th 2021 and was not applicable in December 2020.

Nonetheless, the portfolio's holdings were compliant.



2. ESG Risk Rating

ABN AMRO Parnassus US Sustainable Equities

ESG RISK RATING DISTRIBUTION

ESG RISK RATING: OVERALL PERFORMANCE

	AAF PARNASSUS US SUSTAINABLE EQUITIES	MSCI USA TR NET
ESG Data Coverage	98,6%	99,5%
ESG Risk Score	20,0	22,2
ESG Risk Score Category	Medium	Medium

The fund is rated ESG medium risk and is 11% less at ESG risk than the benchmark

The ESG Risk Score is categorized in 5 levels as below :



The higher the score the higher the risk of material financial impacts driven by ESG factors.

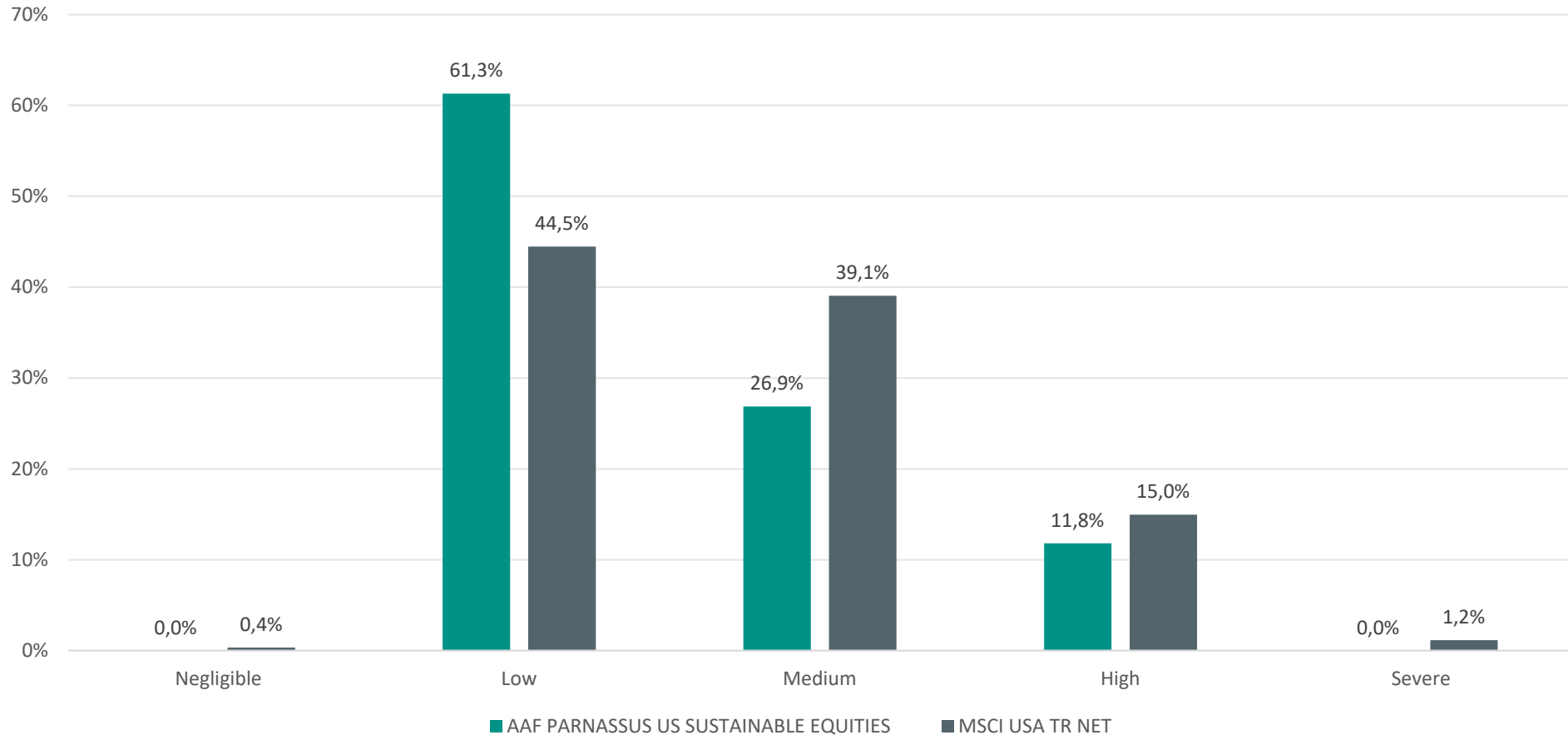
According to Sustainalytics¹, companies that manage material ESG issues (MEI) well may outperform the market, ceteris paribus. In other words, strong management of material ESG issues may bring higher risk-adjusted returns for investors. The idea that sustainability may also be linked to greater long-term business value if management is focused on issues that truly matter to a business is powerful.

The methodology of Sustainalytics considers good governance practices and sustainability risks as required by SFDR.

¹ Sustainalytics : "The ESG Risk Ratings, Moving up the innovation curve White paper" – volume 1 – October 2018

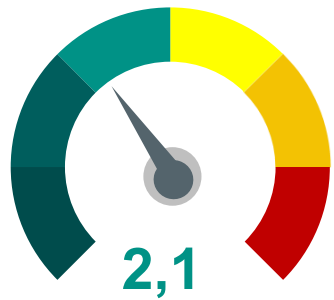
ESG RISK RATING DISTRIBUTION

ESG RISK RATING BREAKDOWN BY LEVEL OF RISK

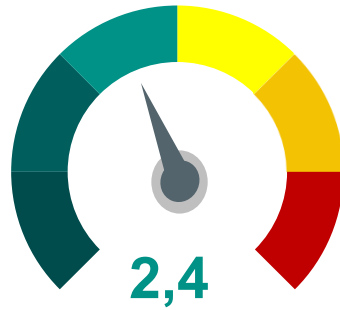


CONTROVERSY ASSESSMENT

PORTFOLIO CONTROVERSY LEVEL AVERAGE



AAF Parnassus US Sustainable Equities



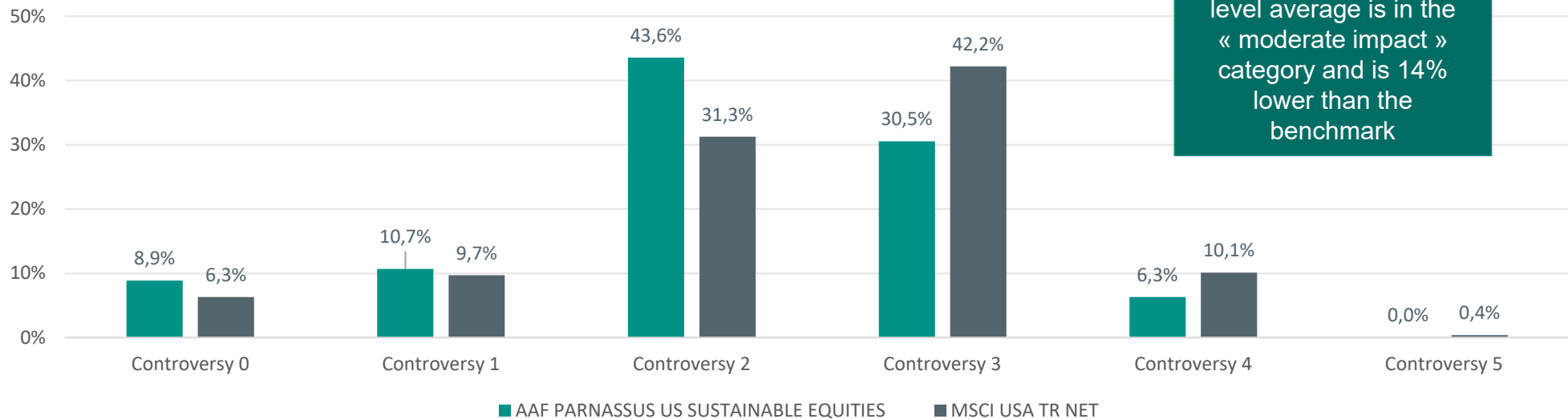
MSCI USA TR Net

The controversy level of a company reveals the level of incidents that may negatively impact its stakeholders. To assess a controversy level, the data provider Sustainalytics lists all the incidents a company has ("event") and sorts them into 9 different themes classifying them, into the environmental, social and governance pillars:

- Environment pillar: operations incidents, environmental supply chain incidents, product and service incidents;
- Social pillar: social supply chain incidents, society and community incidents, customer incidents, employee incident;
- Governance pillar: Governance incidents, public policy incidents, business ethics incidents.

Once all the incidents have been listed, Sustainalytics assesses the controversy level of the company (range between 0 to 5). The lower the score, the better.

CONTROVERSY BREAKDOWN



The fund's controversy level average is in the « moderate impact » category and is 14% lower than the benchmark



3. ESG FACTORS
ABN AMRO Parnassus US Sustainable Equities

HUMAN RIGHTS (HR), ENVIRONMENTAL (E), SOCIAL (S) & GOVERNANCE (G) FACTORS :

PILLARS	INDICATORS	COVERAGE %		RESULTS	
		PARNASSUS	MSCI US	PARNASSUS	MSCI US
HR	Overall Global Compact Compliance	100,00	99,99	100,00	97,79
E	Water Withdrawal Intensity	100,00	99,84	1.026,76	147.910,94
S	Social supplier code of conduct	100,00	99,78	94,62	91,76
G	Women on Board	100,00	99,34	32,11	31,92

Description of the indicators

UN GLOBAL COMPACT (10 principles inc. Human rights fundamentals principles) :

The table indicates the % of companies covered by the indicator and the % of investee companies that are compliant with the 10 principles of the UN Global Compact.

The fund commits to beat the benchmark on the UNGC 10 principles and thus will not invest in companies which are under a non-compliant status.

100% of the fund's investee companies are compliant with the Principles versus 98% for the Benchmark

Water Withdrawal Intensity : The table indicates the % of companies covered by the Indicator and the volume of water withdrawal (M³) per unit of revenue (million USD) generated by the investee companies.

The water withdrawal intensity of the fund's investee companies is 99% lower than the benchmark

Social supplier code of conduct : The table indicates the % of companies covered by the indicator and the % of investee companies disclosing a social supply chain/contractors code of conduct.

94% of the fund's investee companies are compliant with the rule versus 91% for the Benchmark

Women on Board : The table indicates the % of companies covered by the indicator and the average % of Women on Board of the investee companies.

The % of women on board of the fund's investee companies is 0,20% higher than the Benchmark

ENVIRONMENTAL FACTOR (E) : CARBON EMISSIONS

	COVERAGE %	Emission Exposure tCO ₂ e		Relative Emission Exposure tCO ₂ e/Mio USD Revenue		
		Scope 1&2 ¹	Incl. Scope 3 ²	Relative Carbon Footprint	Carbon Intensity	Weighted Avg Carbon Intensity
AAF PARNASSUS US SUSTAINABLE EQUITIES	85,0	40	137	40,24	157,67	125,13
MSCI US TR NET	79,6	57	246	57,13	163,43	130,66

¹ Scope 1 concerns direct emissions from the combustion of fossil fuels, such as gas, oil, coal, etc.

Scope 2 covers indirect emissions related to the consumption of electricity, heat or steam required to manufacture a product.

² Scope 3 concerns other indirect emissions, such as the extraction of materials purchased by the company to manufacture a product or the transport-related emissions of employees and of customers who buy the product. This is the largest share of a company's emissions.

Source: Novethic <http://www.novethic.fr/lexique/detail/scope-3.html>

Calculation formula

Emission Exposure :

$$\sum_i^n \text{Position Ownership Ratio} \times \text{Position Scope 1\&2 Emissions}_i$$

¹: same formula to calculate the Emission exposure including scope 3

The fund's
Carbon Emissions Exposure
(including scope 3) is
44% lower than the benchmark

Relative Carbon Footprint :

$$\frac{\text{Emission Exposure}}{\text{Total Analysis Value}}$$

The fund's
Relative Carbon Footprint is
30% lower than the benchmark

Carbon Intensity :

$$\frac{(\sum_i^n \text{Position Ownership Ratio}_i \times \text{Position Scope 1\&2 Emissions}_i)}{(\sum_i^n \text{Position Ownership Ratio}_i \times \text{Position Revenue}_i)}$$

The fund's
Carbon Intensity is
4% lower than the benchmark



Voting over 2020

ABN AMRO Parnassus US Sustainable Equities

Voting statistics: Annual General Meetings year 2020

Number of AGMs

- ▶ Voted on 38 Annual General Meetings (AGMs) in 2020
- ▶ These 38 AGMs represent 538 resolutions

Voting coverage

- ▶ We voted on 38 AGMs out of an eligible total of 40, hence a participation rate of 95 %

Votes by exceptional procedure

- ▶ None

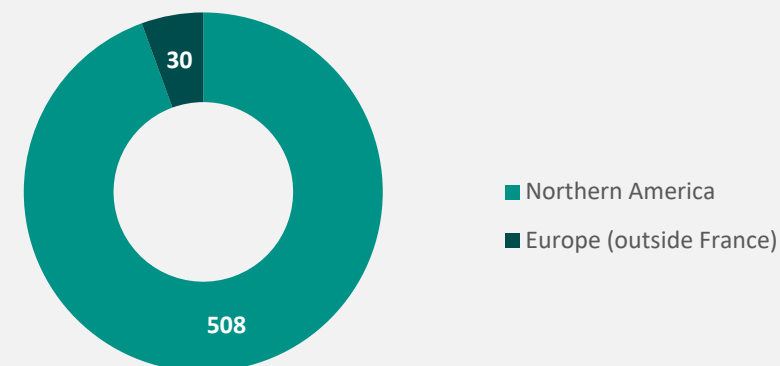
Conflicts of interest

- ▶ We identified no conflicts of interest during the reviewed year.

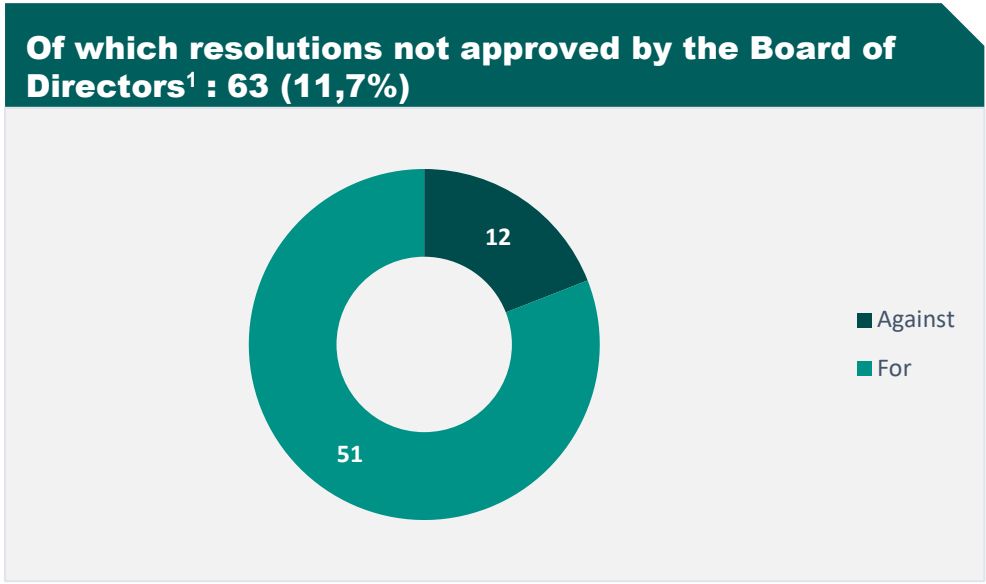
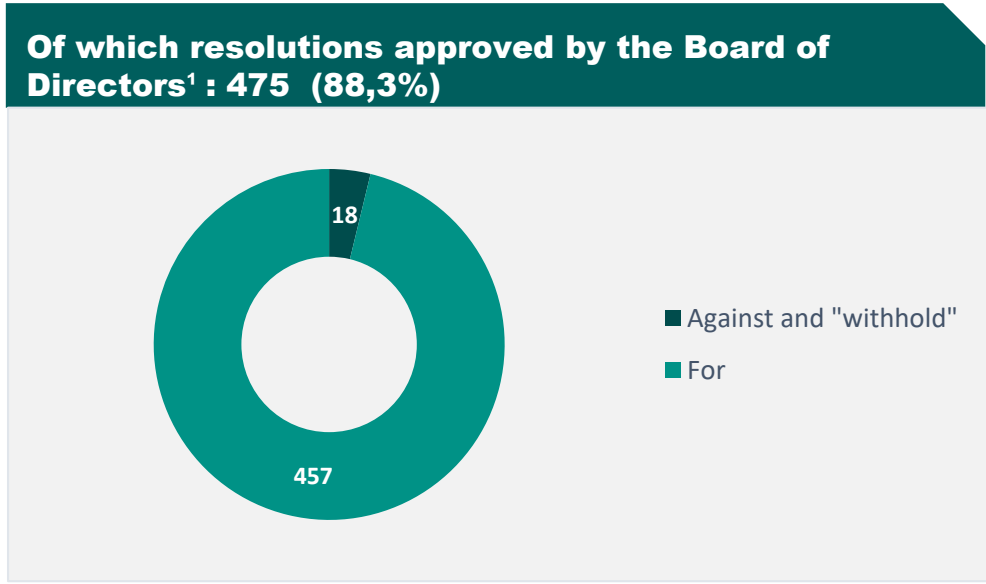
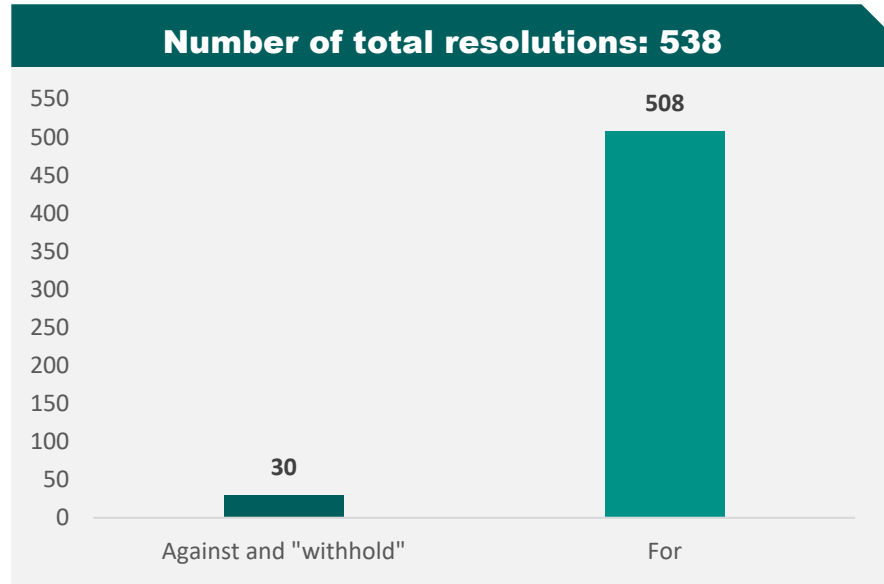
Number of AGMs voted on : 38



Total number of resolutions voted on per geographic zone : 538



Voting statistics: Resolutions voted on



¹ The resolutions approved by the Board of Directors are the resolutions the management voted FOR (regardless of whether they were proposed by the management or by the shareholders; The resolutions not approved by the Board concern all resolutions that were not supported by the management

Focus on Social and Environmental resolutions

Social and Environmental resolutions : 38 resolutions over 2020

Country	Resolution	Environment	Social/Societal
North America	Adopt a Policy on Ideological Board Diversity		1
	Board Diversity		1
	Community -Environment Impact	3	
	Establish Environmental/Social Issue Board Committee		1
	Gender Pay Gap		4
	Human Rights Risk Assessment		1
	Improve Human Rights Standards or Policies		2
	Labor Issues - Discrimination and Miscellaneous		1
	Link Executive Pay to Social Criteria		4
	Miscellaneous -- Environmental & Social Counterproposal		2
	Miscellaneous Proposal -- Environmental & Social		6
	Political Contributions Disclosure		1
	Political Lobbying Disclosure		7
	Report on EEO		2
	Report on Pay Disparity		1
Require Environmental/Social Issue Qualifications for Director Nominees		1	
	Total	3	35



4. Appendices

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TERMINOLOGY

Environmental (E): Issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss; greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.

Social (S): Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.

Governance (G): Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes governance issues also include matters of fund governance, such as the powers of Advisory Committees, valuation issues, fee structures, etc. **Good Governance** refers to sound management structures, employee relations, remuneration of staff and tax compliance

Screening: Screening may include the use of indices constructed from an eligible universe based on the ESG characteristics of a company or country, but in which ESG issues do not play a part in the weighting of those companies or countries within the index. This may include indices constructed using ESG best-in-class or positive selection methodologies which identify securities for index inclusion (e.g. FTSE4Good, Dow Jones sustainability and MSCI ESG indices) or indices that exclude particular companies or countries (e.g. on the basis of products or activities). Exclusions may also be activity-based (i.e. exclude securities on the basis of their industry or business activities, for example, tobacco or controversial weapon screens), or location-based (i.e. exclude securities from companies who operate in certain countries, or the sovereign debt from those countries). Alternatively, there may be norms-based exclusions (i.e. indices which exclude securities of issuers considered to have broken certain minimum standards of business conduct based on international norms, such as the UN Global Compact).

Benchmark : Note that the Benchmark constituents are not considering ESG factors.

Sustainability risks : An environmental, social or governance event or condition that, if occurs, could cause a negative material impact on the value of the investment product

TERMINOLOGY

SFDR investment products categories

The investment product contributes to E/S objectives - Art. 9

The fund's objective is to generate a positive impact in environmental and/or social areas, doing no significant harm to any E/S objectives and taking good governance into account

The investment product promotes E/S characteristics -Art. 8

The fund objective is to meet environmental and/or social characteristics and financial objectives, taking good governance into account

Other investment products -Art. 6

E/S characteristics are not leading or are not part of the investment process

LIST OF SOURCES

Provider/Entity	Description	Website
ISS Governance	Voting	https://www.issgovernance.com/
ISS ESG	Carbon data	https://www.issgovernance.com/esg/climate-solutions/
Sustainalytics	ESG risk rating	https://www.sustainalytics.com/esg-ratings
	Controversy analysis	https://www.sustainalytics.com/investor-solutions/esg-research/controversies-research
	Overall Global Compact Compliance	https://www.sustainalytics.com/investor-solutions/esg-research/esg-screening/global-compact-norms-based-screening
	Water Withdrawal Intensity	https://www.sustainalytics.com/investor-solutions/esg-research/eu-sustainable-finance-action-plan-solutions
	Social supplier code of conduct	https://www.sustainalytics.com/investor-solutions/esg-research/eu-sustainable-finance-action-plan-solutions
	Women on Board	https://www.sustainalytics.com/investor-solutions/esg-research/eu-sustainable-finance-action-plan-solutions
Parnassus Investments	Delegated Portfolio Manager, ESG policy	https://www.parnassus.com/esg
ABN AMRO Investment Solutions	Sustainable Investment Policy	Socially Responsible Investment - ABN AMRO (abnamroinvestmentsolutions.com)
	Information on the fund (Prospectus, annual report, Transparency Code etc.)	Prospectus - ABN AMRO (abnamroinvestmentsolutions.com)
		Regulatory Information - ABN AMRO (abnamroinvestmentsolutions.com)

ABN AMRO Investment Solutions - AAIS

Limited company with Executive and Supervisory Board capital of 4,324,048 Euros registered with the RCS Paris under number 410 204 390,
Head office: 3,avenue Hoche, 75008 Paris, France,
Approved by the AMF, dated 20/09/1999,
as a portfolio management company under registration number GP99-27

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