



AAF EdenTree European Sustainable Equities

Website Product Disclosure



Summary

Sustainable Investment Objective & DNSH

ABN AMRO Funds EdenTree European Sustainable Equities (the "Sub-Fund") follows a multi-thematic sustainable investment strategy. The portfolio will be composed of issuers exposed to four long-term sustainable themes, namely (i) education, (ii) health and wellbeing, (iii) social infrastructure and (iv) sustainable solutions.

The sustainable investment objective of the Sub-Fund is to be aligned with the 2015 Paris Agreement, where world governments committed to curbing global temperature rise to below 2°C above pre-industrial levels. In addition, as part of its social sustainable investment objective, the Sub-Fund invests in companies contributing positively to social solutions.

To define the sustainable investment universe, a "pass-fail" approach is used using a set of criteria. The "Do No Significant Harm" (DNSH) principle is always applied on the entire investment universe and is compiled by taking into account adverse impacts indicators listed in the Delegated Regulation (EU) 2022/1288 of 6 April 2022.

Investment Strategy

The Sub-Fund follows an active, long term, value orientated investment philosophy identifying companies which are trading at attractive valuation levels using a variety of different metrics. The External Investment Manager pursues an integrated approach whereby the investment and SRI cases of any stock idea are considered together. The relatively strict ESG criteria are an important element in defining the External Investment Manager's final investment universe. The External Investment Manager applies both negative and positive screenings.

The External Investment Manager's in-house responsible investment experts undertake an in-depth analysis of the risk factors most applicable to the company and the sector, using a variety of sources, including company produced reports, market knowledge, and third-party research. The External Investment Manager aims to identify companies with a well-developed approach to ESG risk management. All investments undergo an ESG/Responsibility review, which considers six areas of business risk (i.e., environment and climate change, business ethics, community, employment and labour, human rights and corporate governance). The External Investment Manager seeks to see positive direction in all six ESG areas over a 3–5-year period.

Within the sustainable solutions theme, the Sub-Fund seeks to achieve positive environmental impact by investing primarily in companies that are leading the way to a zero-carbon economy and have either an approved SBTi emissions reduction plan, an ambitious carbon reduction plan, are working towards a carbon reduction plan or offer solutions that contribute to a zero-carbon economy. Sustainability is seen as a key "locomotive for change" in investment decision making. Engagement is an important part of the investment process. The External Investment Manager engages with investee companies on various ESG topics directly, in collaboration with its peers, and through initiatives. The External Investment Manager engages in long-term as well as in shorter-term tactical engagements.

Proportion of Investment

The Sub-Fund invests at least 90% of its net assets in assets that have been determined as "eligible" as per the sustainable investment process in place, hence in investments that are defined as sustainable. The External Investment Manager's proprietary sustainable analysis covers 100% of the sustainable investments. Sustainable investments include a minimum of 50% assets with environmental objectives and 25% with social objectives. Investments with environmental objectives are made in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

Monitoring of the Sustainable Investment

The External Investment Manager assesses a company's exposure to the four above mentioned long-term sustainable themes during the investment analysis phase. The External Investment Manager utilizes a proprietary methodology to determine company alignment with the sustainability themes. The exposure to the themes will be assessed and reported on an annual basis. In addition, the External Investment Manager will measure the extent to which holdings meet the sustainability indicators to be suitable for investment in the Sub-Fund. Compliance with these criteria is determined during the investment analysis and re-evaluated annually by the External Investment Manager. Finally, the External Investment Manager will evaluate the Sub-Fund alignment with the 2015 Paris Agreement using annual controls.

Data sources and processing

Both the External Investment Manager and the Management Company use the external data provider ISS as the source of data to measure the attainment of the Sub-Fund's environmental sustainable investment objective. ISS is used to measure the Sub Fund's alignment with the Paris Agreement. In addition, the External Investment Manager has developed a proprietary research process to assess the alignment of the investee companies with the social sustainable objective. The research process takes into account investee companies, NGOs and ISS information. The Management Company uses ISS to measure the contribution to UN Sustainable Development Goals of the Sub-Fund using the Overall SDG Score data solution.

Both the Management Company and the External Investment Manager have a thorough data provider selection process in place. After selection the Management Company and the External Investment Manager remain in continuous dialogue with the data providers on the quality of the data, the companies for which data is available and the need for additional data to support the investment decisions. Both the Management Company and the External Investment Manager ensure access to source data via the data providers' web portals or in their respective data management systems feeding the appropriate analysis tools.

Due Diligence

The Management Company carries out due diligences for the selection and monitoring of externally managed strategies. The Manager Due Diligence (MDD) and ESG teams are actively carrying out due diligences on the underlying assets of the Sub-Fund. For all strategies, MDD analysts assess the External Investment Manager's commitment to and transparency on sustainable investing. They also assess to what extent, and at what stages, ESG criteria are integrated into the investment strategies and effectively considered in the investment process and the portfolio. The Management Company's in-depth analysis is based on a "5-P approach": Parent, People, Process, Portfolio and Performance. Each of the previously outlined aspects is evaluated and ultimately leads to a final rating of the strategy. As part of the monitoring process, the MDD team reviews the performance of the strategy on a monthly basis to ensure that it remains aligned with the investment style of the portfolio. In addition, the MDD analysts have quarterly meetings with the portfolio managers to discuss recent performance as well as recent transactions to ensure alignment with the initially selected investment and sustainability philosophy.

The ESG team supports the MDD team in reviewing the process and methodologies of the External Investment Manager when considering ESG and sustainability issues. The ESG team monitors the Sub-Fund's and its underlying investments' characteristics and performance related to the sustainable investment objective and indicators. The ESG team is also responsible for periodically reviewing and updating the exclusion lists. The team also ensures the proper understanding and implementation of regulatory requirements on green finance throughout the entire product range.

No significant harm to the sustainable objective

The "Do No Significant Harm" (DNSH) principle is compiled by taking into account adverse impacts indicators listed in the Delegated Regulation (EU) 2022/1288 of 6 April 2022. The Sub-Fund takes into consideration (for some of them using proxies) all the mandatory adverse impact indicators listed in Table 1 of Annex 1 that are applicable to investee companies. In addition, the Sub-Fund takes into consideration PAI No. 4 in Table 2 of Annex 1, applicable to investee companies, relating to investments in companies without carbon reduction initiatives. The Sub-Fund also takes into consideration PAI No. 15 of Table 3 of Annex 1, applicable to investee companies, relating to the lack of anti-corruption and anti-bribery policies. The Sub-Fund considers adverse impacts of its investments on society and the environment through a combination of portfolio management decisions, engagement, and exclusions of issuers associated with controversial conduct or activities.

Table 1		
1	GHG Emissions	Portfolio management decisions
2	Carbon Footprint	Portfolio management decisions
3	GHG Intensity of investee companies	Portfolio management decisions
4	Exposure to companies active in the fossil fuel sector	Portfolio management decisions
5	Share of non-renewable energy consumption and production	Portfolio management decisions
6	Energy consumption intensity per high impact climate sector	Portfolio management decisions
7	Activities negatively affecting biodiversity sensitive areas	Portfolio management decisions
8	Emissions to water	Portfolio management decisions
9	Hazardous waste and radioactive waste ratio	Portfolio management decisions
10	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Exclusion
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Portfolio management decisions
12	Unadjusted gender pay gap	Portfolio management decisions
13	Board gender diversity	Portfolio management decisions
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exclusion
Table 2		
4	Investments in companies without carbon emission reduction initiatives	Portfolio management decisions and engagement activities
Table 3		
15	Lack of anti-corruption and anti-bribery policies	Portfolio management decisions and exclusions

Commenté [LR1]: Updated according to changes made to the PCT.

The Sub-Fund's sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set forth in the 8 "fundamental" conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (covering subjects considered to be fundamental principles and rights at work, e.g., freedom of association and the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation) and the International Bill of Human Rights.



Sustainable investment objective of the financial product

ABN AMRO Funds EdenTree European Sustainable Equities (the "Sub-Fund") follows a multi-thematic sustainable investment strategy. The portfolio will be composed of issuers exposed to four long-term sustainable themes, namely (i) education, (ii) health and wellbeing, (iii) social infrastructure and (iv) sustainable solutions.

The sustainable investment objective of the Sub-Fund is to be aligned with the 2015 Paris Agreement, where world governments committed to curbing global temperature rise to below 2°C above pre-industrial levels. The Sub-Fund aims to achieve an aggregated portfolio temperature below 2°C, using the external data provider ISS and in particular its scenario alignment data which is based on the International Energy Agency's Sustainable Development Scenario. The approach used is based on three climate scenarios provided by the International Energy Agency (IEA) in their report World Energy Outlook 2019. The report presents three scenarios, Sustainable Development Scenario (SDS), Stated Policy Scenario (STEPS) and Current Policy Scenario (CPS). Each scenario expects a certain level of carbon budget and temperature increase in 2050. Each scenario is tied to a carbon budget. A carbon budget specifies the amount of fossil carbon that can be combusted worldwide to remain within a certain temperature. The carbon budget changes depending on scenario.

For example, to remain within the limits of the SDS, less carbon can be combusted compared to the scenarios that expect a significant temperature increase i.e. the CPS. The Sub-Fund relies on the Sustainable Development Scenario pathway which is fully aligned with the Paris Agreement by holding the rise in global temperatures to "well below 2°C and pursuing efforts to limit it to 1.5°C". The approach is in line with the expectations of the Commission Delegated Regulation (EU) 2020/1818 in terms of GHG scopes, calculations and trajectories methodologies. In addition, as part of its social sustainable investment objective, the Sub-Fund invests in companies contributing positively to social solutions. To define the sustainable investment universe, a "pass-fail" approach is used using a set of criteria. The DNSH principle is always applied on the entire investment universe.

No reference benchmark has been designated for the purpose of attaining the sustainable objectives followed by the Sub-Fund.



Investment Strategy

Description of the strategy

The portfolio will seek to have exposure to issuers exposed to four long-term sustainable themes, namely education, health and wellbeing, social infrastructure and sustainable solutions.

The External Investment Manager investment philosophy is founded on the understanding that performance and principles are inseparable when seeking to create long-term investment returns for clients. The External Investment Manager believes consistent, long-term returns are more likely to be achieved by investing responsibly in sustainable businesses. The Sub-Fund follows an active, long term, value orientated investment philosophy identifying companies which are trading at attractive valuation levels using a variety of different metrics.

The External Investment Manager pursues an integrated approach whereby the investment and SRI cases of any stock idea are considered together. The initial investment universe is composed of all large and mid-cap stocks listed in developed European countries. The relatively strict ESG criteria are an important element in defining the External Investment Manager's final investment universe. The External Investment Manager applies both negative and positive screenings.

The External Investment Manager's in-house responsible investment experts undertake an in-depth analysis of the risk factors most applicable to the company and the sector, using a variety of sources, including company produced reports, market knowledge, and third-party research. The External Investment Manager aims to identify companies with a well-developed approach to ESG risk management. All investments undergo an ESG/Responsibility review, which considers six areas of business risk (i.e., environment and climate change,

business ethics, community, employment and labour, human rights and corporate governance). The External Investment Manager seeks to see positive direction in all six ESG areas over a 3–5-year period.

As part of the process, the External Investment Manager embraces 4 themes (i.e., education, health and well-being, social infrastructure, and sustainable solutions) that consider positive impacts. Within the sustainable solutions theme, the Sub-Fund seeks to achieve positive environmental impact by investing primarily in companies that are leading the way to a zero-carbon economy and have either an approved SBTi emissions reduction plan, an ambitious carbon reduction plan, are working towards a carbon reduction plan or offer solutions that contribute to a zero-carbon economy.

Sustainability is seen as a key "locomotive for change" in investment decision making. Engagement is an important part of the investment process. The External Investment Manager engages with investee companies on various ESG topics directly, in collaboration with its peers, and through initiatives. The External Investment Manager engages in long-term as well as in shorter-term tactical engagements.

Good governance

As part of its "Good Governance Policy", the Management Company of the Sub-Fund determines if a company does not follow good governance practices. Companies that do not follow good governance practices are excluded from the initial investment universe of the Sub-Fund and will fall in the Good Governance exclusion List. The Good Governance principles, integrated into the AAIS "exclusion policy" are data driven and qualitative in nature. For purposes of the Good Governance test, the Management Company has defined criteria related to widely recognized industry- established norms, as set forth below:

SFDR Component	Indicator	Exclusion Criteria	Description
Sound Management Structure	UN Global Compact - Principle 10	Watchlist and Non-Compliant status	Principle 10 of the UN Global Compact is related to anti-bribery and corruption and states businesses should work against corruption in all its forms, including extortion and bribery.
	Governance controversy assessment	High & Severe Levels	As part of the controversy assessment, the following topics are included: accounting irregularities, bribery and corruption, anti-competitive practices, sanctions as well as board composition.
Employee Relations	UN Global Compact – Principles 3, 4, 5 and 6	Watchlist and Non-Compliant status	Principle 3, 4, 5 and 6 of the UN Global Compact are related to labour conditions. The principles state that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.
	Social Controversy Assessment	High & Severe Levels	As part of the controversy assessment, the following topics are included: freedom of association, child/forced labour, health and safety, community relations, respect of human rights, labour standards, discrimination and harassment.
Tax Compliance	Governance Controversy Assessment	High & Severe Levels	As part of the controversy assessment, taxes avoidance and evasion are taken into consideration.
Remuneration of Staff	Governance Controversy Assessment	High & Severe Levels	As part of the controversy assessment, remuneration is taken into consideration.

The External Investment Manager believes that strong transparency and accountability mechanisms should lead to improved management of ESG risks and opportunities. This External Investment Manager assesses prospective investments for issues relating but not limited to ownership and control, board structure, board

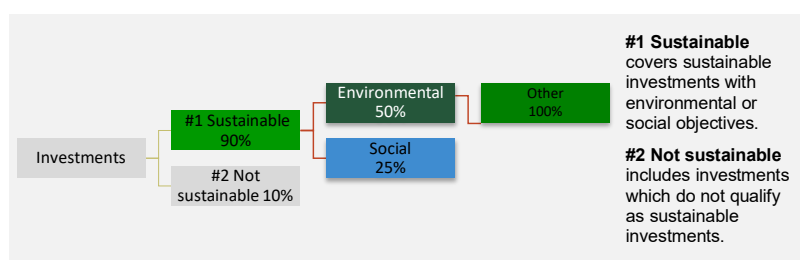
diversity, pay practices, accounting and tax practices, political and lobbying practices, and stakeholder engagement. The External Investment Manager reviews policies, such as codes of conduct and anti-bribery and corruption policies, as well as compliance infrastructure to assess governance practices. The External Investment Manager examines the history and pattern of corporate behaviour going back five years and assesses remediation of governance controversies.



Proportion of investments

The Sub-Fund invests at least 90% of its net assets in assets that have been determined as “eligible” as per the sustainable investment process in place, hence in investments that are defined as sustainable (#1 Sustainable). The External Investment Manager’s proprietary sustainable analysis covers 100% of the “#1 Sustainable” investments. “#1 Sustainable” investments include a minimum of 50% assets with environmental objectives and 25% with social objectives. Investments with environmental objectives are made in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

Up to 10% of the investments are not aligned with these characteristics (#2 Not Sustainable). “#2 Not Sustainable” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for investment or hedging purpose as a technique of portfolio management efficiency. The proportion and use of investments that are considered as not sustainable does not affect the delivery of the sustainable investment objective, as these investments are neutral to such objective. Besides, minimum environmental or social safeguards are only applied to the underlying investments when relevant. The nature of these assets does not undermine the sustainable objectives pursued by the Sub-Fund. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus of this Sub-Fund.



Monitoring of the sustainable investment objective

The External Investment Manager assesses a company’s exposure to the four above mentioned long-term sustainable themes during the investment analysis phase. The External Investment Manager utilizes a proprietary methodology to determine company alignment with the sustainability themes. The exposure to the themes will be assessed and reported on an annual basis. In addition, the External Investment Manager will measure the extent to which holdings meet the sustainability indicators to be suitable for investment in the Sub-Fund. Compliance with these criteria is determined during the investment analysis and re-evaluated annually by the External Investment Manager. Finally, the External Investment Manager will evaluate the Sub-Fund alignment with the 2015 Paris Agreement using annual controls.



Methodologies

The attainment of the sustainable investment objectives is assessed by investing in securities financing economic activities that substantially contribute to the environmental and/or social objectives mentioned above. To define the sustainable investment universe, a "pass-fail" approach is used using a set of criteria. No other criteria than the ones mentioned below are used to define the sustainable investment nature of an investment. The DNSH principle is always applied on the entire investment universe. To be eligible to the investment universe, the Management Company uses the below criteria:

- Having a greenhouse gas emission reduction target. The criterion is sourced from the external data provider ISS and differentiates an issuer's targets as "No Target", "Non-Ambitious Target", "Ambitious Target", "Committed Science Based Target (SBT)", or "Approved Science Based target (SBT)" based on the existence and quality of greenhouse gas emissions reduction targets.
- Being aligned with the International Energy Agency (IEA) Sustainable Development Scenario (SDS) for the full analysed period (until 2050). The criterion is sourced from the external data provider ISS and identifies the year in which the company estimated future carbon emissions are no-longer aligned with the issuer's estimated carbon emissions budget required to be aligned with the IEA SDS.
- Having a net positive aggregated Overall SDG Score by reference to the Sustainable Development Goals. The criterion is sourced from the external data provider ISS. This criterion assesses the overall, aggregated impact (positive and negative netting) of an issuer's product portfolio on the achievement of sustainability objectives. For corporate issuers the SDG Solutions Score considers only the most distinct objectives scores, i.e., the highest positive and/or the lowest negative score, based on contributing and obstructing impacts on sustainability objectives. The SDG Solutions Score is calculated as the sum of the highest positive and the lowest negative objective score and ranges on a scale from -10.0 to 10.0.
- Exposure to companies that do not meet the above criteria, but for which there is (i) a path of engagement with the company that could lead to meeting one or more of these criteria or (ii) a differentiated view of the company's impact assessment leveraging the External Investment Manager's proprietary methodology.



Data sources and processing

Both the External Investment Manager and the Management Company use the external data provider ISS as the source of data to measure the attainment of the Sub-Fund's environmental sustainable investment objective.

- ISS is used to measure the Sub-Fund's alignment with the Paris Agreement. ISS's scenario alignment data solution, which is based on the International Energy Agency's sustainable development scenario, is used. The data solution is based on three climate scenarios provided by the International Energy Agency (IEA). The IEA provides different scenarios, including the Sustainable Development Scenario (SDS). Each scenario includes a certain level of carbon budget and temperature increase in 2050. A carbon budget specifies the amount of fossil carbon that can be combusted worldwide to stay within a certain temperature. The Management Company and the External Investment Manager measure the achievement of alignment with the Paris Agreement using the SDS scenario that is fully aligned with the Paris Agreement.

In addition to the aforementioned data solutions utilised:

- The External Investment Manager has developed a proprietary research process to assess the alignment of the investee companies with the Sub-Fund's sustainable objectives. The research process takes into account three sources of information providing complementary data.

- ✓ Investee companies: the External Investment Manager uses reported company data, such as annual reports and sustainability reports.
 - ✓ Trusted NGOs: the External Investment Manager relies on relevant reports produced by reputable NGOs and checks the sources used to ensure quality and accuracy. Examples of trusted NGOs are the PRI, IIGCC, CDP, Workforce Disclosure Initiative, ShareAction, Access to Medicine Index, Access to Nutrition Index, Business Benchmark on Farm Animal Welfare, World Benchmarking Alliance, Bank Track and others.
 - ✓ ISS: acting as an extra layer of due diligence, ISS' ESG Rating and Norms based screening may be consulted by the External Investment Manager.
- The Management Company assesses the sustainability characteristics of the Sub-Fund's constituents using the external data provider Sustainalytics. The Management Company uses Sustainalytics for ESG risk scores, controversies, product involvement as well as alignment with global standards (e.g. OECD Guidelines for Multinational Enterprises). In addition, the Management Company uses ISS to measure the positive contribution to UN Sustainable Development Goals of the Sub-Fund using the Overall SDG Score data solution. The solution measures the positive and negative sustainability impacts of companies' product and services portfolios. The solution follows a thematic approach that encompasses distinct sustainability objective using the United Nations Sustainable Development Goals (SDGs) as a reference framework. The solution focus is in assessing to what extent companies are making use of existing and emerging opportunities to contribution to the achievement of global sustainability objectives by offering innovative product and services with a positive real-life impact.

Both the Management Company and the External Investment Manager have a thorough data provider selection process in place. After selection the Management Company and the External Investment Manager remain in continuous dialogue with the data providers on the quality of the data, the companies for which data is available and the need for additional data to support the investment decisions. Both the Management Company and the External Investment Manager ensure access to source data via the data providers' web portals or in their respective data management systems feeding the appropriate analysis tools.



Limitations to methodologies and data

The methodologies and data used have the following limitations:

- Data quality: The External Investment Manager's approach is based on a qualitative analysis of a company's sustainability credentials. The methodology is subject to limitations, including reliance on the quality of data provided by investee companies or third-party research providers.
- Coverage: The External Investment Manager's team of ESG analysts is not staffed to cover the entire investment universe and methodological limitations exist. In addition, with respect to external data providers, although the number of companies covered by data providers has increased significantly over time, and continues to increase, there may be instances where a specific company is not assessed by them. This is because either the data provider does not cover the company in question, or the company has not provided the data necessary for a proper assessment by the data provider.
- Discrepancy in ratings: The External Investment Manager obtains its data from different data providers that have different methodologies for assessing ESG performance. The result of their assessment is to some extent subjective and inconsistent.
- Estimated data: Not all data points are reported data and some of the data used are estimated. For example, in the case of climate or ESG ratings, some of the more technical calculations are based on estimated data (e.g. Paris Agreement alignment).



Due diligence

The Management Company carries out due diligences for the selection and monitoring of externally managed strategies. The Manager Due Diligence (MDD) and ESG teams are actively carrying out due diligences on the underlying assets of the Sub-Fund.

- The MDD team identifies and selects high quality external investment strategies and monitors the universe of approved strategies. The MDD analyst team focuses on all investment and sustainability-related elements of an investment strategy, such as organization, team, investment, portfolio construction, process, track record, etc. MDD's research reports include a thorough sustainability due diligence and a separate sustainability rating.
For all strategies, MDD analysts assess the External Investment Manager's commitment to and transparency on sustainable investing. They also assess to what extent, and at what stages, ESG criteria are integrated into the investment strategies and effectively considered in the investment process and the portfolio. This analysis is carried out by means of a questionnaire sent via the Management Company's proprietary platform, Deeligenz, as well as during meetings with the professionals involved in the strategy (e.g., portfolio managers, financial analysts, ESG analysts, management team, etc.). The Management Company's in-depth analysis is based on a "5-P approach": Parent, People, Process, Portfolio and Performance. Each of the previously outlined aspects is evaluated and ultimately leads to a final rating of the strategy.
As part of the monitoring process, the MDD team reviews the performance of the strategy on a monthly basis to ensure that it remains aligned with the investment style of the portfolio. The MDD team has the transparency and regularly monitors the delegated strategy's portfolio. ESG ratings and other sustainable characteristics of the portfolio's underlying assets are monitored regularly. In addition, the MDD analysts have quarterly meetings with the portfolio managers to discuss recent performance as well as recent transactions to ensure alignment with the initially selected investment and sustainability philosophy. To prepare for the meeting, MDD analysts send out a monitoring questionnaire using the Management Company's proprietary platform, Deeligenz, with questions related to the portfolio, performance, and sustainability. During the calls, the External Investment Manager clarifies if there have been any changes in the team and processes. Analysts and investment managers also discuss their recent engagements and milestones during the period. In addition, the MDD analysts monitor any significant events that may affect the delegated portfolio managers, e.g., with respect to their investments, financial and ESG analysts, investment process, capacity for engagement. Each significant change may affect the strategy's rating based on the 5-Ps, which may lead to a change in the strategy's ratings, including the sustainability rating.
- The ESG team supports the MDD team in reviewing the process and methodologies implemented by the External Investment Manager when considering ESG and sustainability issues. The ESG team provides qualitative feedback during the mandate selection phase and supports the MDD team throughout its analysis process, using the "5-P approach" aforementioned. In addition, during the monitoring phase, the ESG team will monitor the Sub-Fund's characteristics and performance related to the sustainable investment objective initially defined. The ESG team will also monitor the Sub-Fund's underlying investments against the overall sustainable investment objective, as well as the sustainability indicators for all of the Sub-Fund's holdings. If a holding is identified as not meeting the sustainability characteristics of the Sub-Fund, the ESG team will further investigate the issue through an internal analysis. If the ESG team considers the risk to be insubstantial, it may permit the External Investment Manager to maintain its position in the holding. In addition, the ESG team is responsible for periodically reviewing the exclusion lists, assessing the relevance of the latest ESG information regarding restricted companies and updating the lists accordingly, thereby adjusting the portfolios. The ESG team also ensures the proper understanding and implementation of regulatory requirements on green finance, such as SFDR, RTS or Taxonomy, throughout the entire product range. Lastly, the ESG team is responsible for the sustainable labeling of the Management Company's product range. Overall, the ESG team plays a very transversal role in the Management Company's organization, as ESG is at the heart of its investment strategy.



Engagement policies

As part of its sub-advisory business model, the Management Company delegates responsibility for engagement to the selected External Investment Manager. However, the Management Company does not delegate all stewardship activities and is responsible for proxy voting. The External Investment Manager may act as an advisor and guide the Management Company on specific issues that it engages with specific companies. Even when advised, the Management Company remains the final decision maker for the proxy vote.

Active engagement is an important and integrated part of the External Investment Manager's investment process. Several engagement methods are used to further understand, expose, and improve disclosures, policies, and practices of investee companies:

- Thematic engagement: this type of engagement usually focuses on a particular issue such as climate change, board diversity, modern slavery, or biodiversity, as well as on the Responsible Investing Teams' annual predetermined thematic engagement strategy. The External Investment Manager may engage with the company on its own, or in collaboration with other stakeholders (i.e., such as NGOs or the PRI).
- Screening and Review-related engagement: while conducting screenings on new investment ideas and reviewing existing holdings, the External Investment Manager might deem necessary to engage with a company through general ESG engagement calls before issuing a final decision on its suitability.
- Reactive engagement: in case of negative news or emerging sustainability-based controversies (i.e. obtained by the RI Team via news flow or ISS controversy alerts), the External Investment Manager will use reactive engagement. The RI team will conduct a short engagement to seek information and the company's position of response. Following the meetings, the RI team will evaluate whether the company is managing the controversy sufficiently. In case of a breach of the External Investment Manager's Ethics screens, divestment from the company may be recommended.

When – after many attempts – the engagement with a company stalls, the External Investment Manager can decide to escalate the engagement using different methods:

- Attempt to engage with Senior Management
- Utilise House brokers to facilitate contact and dialogue
- Collaborate with other like-minded investors
- Advise the Management Company to (1) support shareholder resolutions where appropriate; and (2) exercise voting power at company meetings.

For more information, please check the External Investment Manager's Engagement Policy:
<https://www.edentreeim.com>.



Attainment of the sustainable investment objective

No specific ESG-related index has been designated for this Sub-Fund. That noted, the Sub-Fund's approach is in line with the expectations of the Commission Delegated Regulation (EU) 2020/1818 in terms of GHG scopes, calculations and trajectories methodologies.