



# ABN AMRO Funds Impax US ESG Equities

Website Product Disclosure



## Summary

This Sub-Fund promotes Environmental/Social (E/S) characteristics in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”), but does not have an objective sustainable investment.

**ABN AMRO Funds Impax US ESG Equities** (“the Sub-Fund”) will use a selection of securities complying with ABN AMRO Investment Solutions (the “Management Company”) ESG responsibility criteria. The External Investment Manager must comply with the Management Company’s standards of quality and go through a qualitative selection process before being retained. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both negative and positive screenings as well as taking engagement actions when necessary.

The Sub-Fund promotes both environmental and social characteristics. On the environmental front, the Sub-Fund promotes climate risk management. The social characteristics promoted by the Sub-Fund focus on global human rights and labour standards as well as diversity, equity and inclusion.

No specific ESG-related index has been designated for this Sub-Fund.

The Sub-Fund seeks to invest in companies with sustainable competitive advantages that are positioned to achieve high or improving returns over the investment horizon.

The Investment strategy is composed by a combination of the External Investment Manager’s “sustainability lens” and “systematic ESG rating” analysis to select companies with long-term opportunities in sectors that are less exposed to disruption and risk.

First, the “sustainability lens” helps to assess ESG risks as well as opportunities by identifying sub-sectors well positioned for the transition to a more sustainable economy as well as those that present risks within this transition. Within this step, Sub-industries are measured against 9 risks such as, but not limited (Company, Stakeholders...). The step results in ranking companies on a 3 scale levels (i.e. high, neutral and low).

Second, the External Investment Manager’s “systematic ESG Rating” combines multiple sources of third-party ESG data with original research and analysis.

This systematic scoring system provides a proprietary ranking of companies’ ESG performance versus sector peers, scoring Russell 1000 companies on a scale of 0-10 .

Lastly, the External Investment Manager assesses the ideas generated by the Sustainability Lens and the Systematic ESG score model using the External Investment Manager’s 10- Step Analysis .

Following completion of the analysis, each company is categorized by the External Investment Manager’s dedicated ESG analyst into one of the following: Excellent, Good, Average, Fair and Excluded.

Companies categorized as ‘Excluded’ are not eligible for investment, while those categorized as ‘Fair’ have a cap for allowed weighting within the portfolio.

The Sub-Fund will invest a minimum of 90% of the net assets in investments aligned with the promoted environmental and social characteristics. Consequently, up to 10% of the net assets may not be aligned with these characteristics (they are composed of derivatives and cash, are used for Investment, hedging and efficient management portfolio purposes).

The monitoring of the E/S promoted characteristics of the Sub-Fund by the External Investment Manager and by the Management Company is based on automated and manual controls (pre- and post-trades) to ensure compliance with portfolio sustainability guidelines.

ESG analysis is systematically integrated into the investment decision making process. As part of its ESG framework, the Management Company uses sustainability indicators to measure the achievement of each of the environmental or social characteristics promoted by the Sub-Fund such as, but not limited, ESG Risk scores, Compliance with the UN Global Compact:

In terms of Data sources and processing, the External Investment Manager has developed its own internally generated proprietary methodology for analysing and scoring companies on ESG quality. The external Investment manager analyses company and issuer disclosures and reports, and uses external ESG-research as an input and support in the analysis from external providers as MSCI, Sustainalytics, Bloomberg ESG, CDPetc. The External investment Manager will ensure accuracy and completeness of the ESG data.

The Management Company uses data from external providers to monitor environmental or social characteristics and/or sustainable objectives (when relevant) of the Sub-Fund and to edit their black lists. More specifically, the

Management Company uses mainly Sustainalytics (ESG risk score, controversy, product involvement, UN Global Compact etc.), Morningstar (sub-fund peer group analysis and various ESG data calculations at portfolio level), ISS governance (voting resolution assessment and proxy voting) and ISS Ethix (climate data, SDG solutions score etc.). The data are integrated and stored into the front to back internal tool and/or available into the dedicated data management system of the Management Company directly sourced from the providers on a continuous basis (some information may be delayed).

Methodological limitations can be assessed in terms of nature of ESG information (quantification of qualitative data), ESG coverage (some data are not available for certain issuers) and homogeneity of ESG data (methodological differences).

In terms of Due Diligence, Sustainability & Stewardship team of the External Investment Manager, is ultimately responsible of reviewing and affirming the ESG financial materiality assessment of each companies eligible for inclusion in the Sub-Fund.

On its side, the Management Company will review periodically the portfolio investments alignment with the Sub-Fund investment policy through periodic reviews carried out by the dedicated analysts of the Management Company Due Diligence team (assessment of capabilities, investment decision process, portfolio investments, engagement trajectories adequacy etc.) and qualitative feedbacks are ascertained by the ESG team.

As part of its sub-advisory business model, the Management Company will undertake the responsibility of the voting for the Sub-Fund, while the External Investment Manager will conduct the engagement with the companies. Nonetheless, the External Investment Manager may play an advisory role before voting and guide the Management Company on specific issue they are engaged with.



## No sustainable investment objective

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



## Environmental/social characteristics of the financial product

The analysis of ESG factors is systematically integrated into the investment decision making process of ABN AMRO Funds Impax US ESG Equities (the "Sub-Fund"). The external investment manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the "Management Company") ESG responsibility criteria. The External Investment Manager must comply with the Management Company's standards of quality and go through a qualitative selection process before being retained. This process involves an in-depth analysis of the External Investment Manager's corporate social responsibility policy as well as its overall sustainability strengths going from the analysis of ESG professionals, philosophy and investment process. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both negative and positive screenings as well as taking engagement actions when necessary. The Sub-Fund promotes both environmental and social characteristics. On the environmental front, the Sub-Fund promotes climate risk management. The social characteristics promoted by the Sub-Fund focus on global human rights and labour standards as well as diversity, equity and inclusion.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.



## Investment Strategy

### Description of the strategy

The External Investment Manager believes that the transition to a more sustainable global economy provides a helpful backdrop to construct high conviction, low turnover equity portfolios that are well positioned to achieve long term capital growth. The Sub-Fund seeks to invest in companies with sustainable competitive advantages that are positioned to achieve high or improving returns over the investment horizon.

The External Investment Manager combines its “sustainability lens” and its “systematic ESG rating” analysis to select companies with long-term opportunities in sectors that are less exposed to disruption and risk.

First, the “sustainability lens” helps to assess ESG risks as well as opportunities by identifying sub-sectors well positioned for the transition to a more sustainable economy as well as those that present risks within this transition.

Sub-industries are measured against 9 risks:

- Company
  - Health & Safety Vulnerability
  - Labour Constraints
  - Pollution & Waste Externalities
- Stakeholders
  - Supply Chain Dependency
  - Product Liabilities (including Cybersecurity)
  - Bribery & Corruption
- Wider Landscape
  - Natural Resources & Biodiversity
  - Climate Change
  - Anti-trust Regulations

The “sustainability lens” analysis results in ranking companies on a 3 scale level (i.e. high, neutral and low).

Then, the External Investment Manager’s “systematic ESG Rating” which is used in this Sub-Fund combines multiple sources of third-party ESG data with original research and analysis. This systematic scoring system provides a proprietary ranking of companies’ ESG performance versus sector peers, scoring Russell 1000 companies on a scale of 0-10 .

This scoring includes consideration of:

- Over 180 key ESG indicators
- Original security research
- Impax Gender indicator
- Impax Carbon Intensity indicator
- How exposed is the company to material ESG risks?
- How can the company take advantage of ESG opportunities?
- Assigns weights for indicators, tailored by industry
- ESG momentum adjustment – taking into account progress or regression in a company’s ESG profile
- ESG controversy scoring adjustment

Lastly, the External Investment Manager assesses the ideas generated by the Sustainability Lens and the Systematic ESG score model using the External Investment Manager’s 10- Step analysis. This 10-Step analysis includes an in-depth ESG analysis and covers:

- Environmental, Social and Governance (ESG) processes, performance, and policies in place and the level of disclosure of these.
- Structure and effectiveness of the Board.
- Shareholder friendliness and the protection of shareholder rights.
- Ownership structure and control issues.
- Compensation and incentive structures, alignment with shareholder long term interests and level of disclosure.
- Corporate behaviour, reputation, and integrity.

Following completion of the analysis, each company is categorized by the External Investment Manager's dedicated ESG analyst into one of the following:

- Excellent
- Good
- Average
- Fair
- Excluded

Companies categorized as 'Excluded' are not eligible for investment, while those categorized as 'Fair' have a cap for allowed weighting within the portfolio.

Methodological limitations can be assessed in terms of nature of ESG information (quantification of qualitative data), ESG coverage (some data are not available for certain issuers) and homogeneity of ESG data (methodological differences).

## Good governance practices

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. The data source used for all below mentioned criteria and to define the pass/fail good governance test of the Management Company is Sustainalytics.

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 (equivalent to levels 4/5 and 5/5)	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 (equivalent to levels 4/5 and 5/5)	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 (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, taxes avoidance and evasion are taken into consideration.
Remuneration of Staff	Governance Controversy Assessment	High & Severe Levels (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, remuneration is taken into consideration.

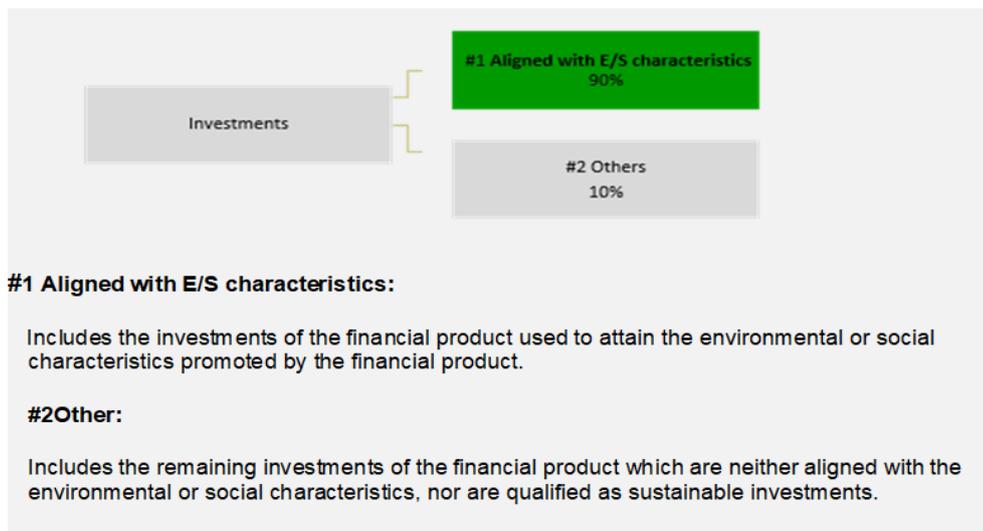
Morover, the External Investment Manager assesses the composition of a company's board and leadership structure, its nominating charter, remuneration practices, voting rights, and internal controls. Additionally, the external investment manager considers factors such as employee relations and the degree to which employees are covered under collective bargaining agreements.



## 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 ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics)).

Up to 10% of the investments are not aligned with these characteristics (#2 Other). “#2 Other” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.



## Monitoring of environmental or social characteristics

The Management company and the External Investment Manager independently perform an assessment of the attainment of the Sub-Fund’s environmental or social characteristics.

The Investment Manager’s investment professionals assess the ideas generated by this tool as part of the investment process. The investment thesis for all stocks must be peer reviewed and presented to the Investment Manager’s Investment Committee for approval before becoming eligible for inclusion in the Sub-Fund’s portfolio. The Sub-Fund strategy focuses on companies which score 5 or above, as ranked by the Impax Systematic ESG Rating, and ESG laggards (score of <2.5) are excluded from the universe. The Systematic ESG Rating evaluates companies on an annual basis.

The external investment manager utilize an automated controls to ensure compliance with portfolio guidelines, including specific ESG guidelines. The external Compliance team review the output on a daily basis. Changes to investment restrictions and exclusion lists are reflected by the external investment manager’s investment control team and signed-off by the external investment manager’s Compliance.

On the Management Company side, the monitoring of environmental or social characteristics of the investment product, especially the binding elements as described on the precontractual document, is ensured through a dedicated control framework that may differ according to the investment decision process in place (investment delegation or direct investment and multi-management). On the first line of defence, when it comes to consider (i) the investment delegation model, the External Investment Manager carries out its own checks on these metrics through its own tools at portfolio level, which may include pre-trade controls (ii) the direct investment by

the Management Company, the portfolio management team of the Management Company is in charge of specific checks on these metrics as described in the pre-trade controls framework. On the second line of defence, the Management Company, through its Business Control & Oversight team, performs periodic ex-post controls to ensure that the portfolio complies with the commitment made (for example: control of the ESG score, of the compliance with the set of exclusions, of the ISS SDG score etc.). In case any “non-compliant element” is detected, the Business Control & Oversight team analyses and classifies the “non-compliant element”, informs (i) the External Investment Manager or (ii) the management team of the Management Company. According to the nature of the non-conformity, the ESG team can decide to monitor the ESG non-compliant element (that will fall on the ESG list). In case of persistence of the non-conformity, an escalation process via the Risk and Compliance teams is put in place to ensure a remediation plan in due time and in the best interest of the shareholders and based on internal process.



## Methodologies

ESG analysis is systematically integrated into the investment decision making process. As part of its ESG framework, the Management Company uses the following sustainability indicators to measure the achievement of each of the environmental or social characteristics promoted by the Sub-Fund:

- Absence of companies that do not meet the criteria defined in the Management Company's Exclusion List and that are deemed incompatible with the E/S promotion (e.g. tobacco, controversial weapons).
- Controversy Level Assessment - Controversy involvement is a key measure of ESG performance. Controversy level assessment reflects a company's level of involvement in issues and how it manages those issues.
- Compliance with the UN Global Compact - The United Nations Global Compact is the world largest corporate sustainability initiative aimed at encouraging businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
- ESG Risk Scores - ESG risk scores measure a company's exposure to material industry-specific ESG risks and how the company manages those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk.
- Scope 1 GHG Emissions - Scope 1 emissions emanate from a company's internal operations, including on-site energy production, vehicle fleets, manufacturing operations, and waste.
- Scope 2 GHG emissions - Scope 2 emissions are indirect emissions generated by the production of energy used by the company.



## Data sources and processing

The external investment manager has developed its own internally generated proprietary methodology for analysing and scoring companies on ESG quality. The external Investment manager analyses company and issuer disclosures and reports, and uses external ESG-research as an input and support in the analysis. External ESG data providers that the external investment manager uses are: MSCI, Sustainalytics, Bloomberg ESG, CDP.etc.

Relevant information comes in the first instance directly from investee companies, companies' various disclosures (including annual and sustainability reports, websites and proxy statements) or via direct contact and discussions with company management.

To seek to ensure data quality, the external investment manager provides to reporting companies a variety of resources including guidance for ESG data requests, and through stewardship (via engagement and policy advocacy).

In respect of data processing, once the external investment manager receives ESG data, the external investment manager performs its own internal process in an effort to ensure accuracy and completeness, and the external investment manager proactively follows up with companies if it identifies significant discrepancies or needs more information to improve the quality or completeness of the data.

While certain data is estimated, any gaps in data is an input into the Systematic ESG Rating in its own right and may affect the score assigned.

The Management Company uses data from external providers to monitor environmental or social characteristics and/or sustainable objectives (when relevant) of the Sub-Fund and to edit their black lists. More specifically, the Management Company uses mainly Sustainalytics (ESG risk score, controversy, product involvement, UN Global Compact etc.), Morningstar (sub-fund peer group analysis and various ESG data calculations at portfolio level), ISS governance (voting resolution assessment and proxy voting) and ISS Ethix (climate data, SDG solutions score etc.). The data are integrated and stored into the front to back internal tool and/or available into the dedicated data management system of the Management Company directly sourced from the providers on a continuous basis (some information may be delayed). Information are also available through dedicated portals developed by the external providers whose access is restricted to specific users of the Management Company (as ESG team, Risk team etc.). The Management Company verifies that the data is available, reported or calculated and reliable over time.

On a case-by-case basis, as for example if a score ESG is missing, the Management Company may use other source of information to make its own opinion including information coming from its delegated portfolio manager to check the ESG suitability of the investment with the strategy of the Sub-Fund.



## Limitations to methodologies and data

The Management Company and the External Investment Manager noticed that methodologies and data used have the following limitations:

- Data quality: the External Investment Manager's approach includes qualitative analysis of a company's ESG 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 may not be 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 ESG 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 may be 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 carbon data or ESG ratings, some technical calculations may be based on estimated data (by reference to a peer group average for example).



## Due diligence

Designated members of the Investment Committee of the External Investment Manager is in charge of reviewing and affirming the ESG financial materiality assessment (as described above in the investment strategy section above).

All investee companies must meet financial and environmental, social and governance criteria before entering the Sub-Fund's universe of investable companies.

The external investment manager's Sustainability & Stewardship team is responsible for the oversight, peer-review and scoring of the ESG analysis, coordination of focus areas of engagement and further development of ESG, sustainability and stewardship approaches and methodologies. Additional oversight comes from the external investment manager's Compliance team, which conducts monitoring on the investment process, with investment risk oversight.

The external investment manager reviews external ESG research providers on an annual basis, to understand any changes to research methodologies, and to understand their priority areas of research.

Ahead of the appointment of a third party data provider, the external investment manager diligences the provider and considers factors such as the quality of service offering, any material gaps in the product or service coverage, complexity of the product/service and ease of use, and cost.

As part of its business model, the Management Company carries out due diligences for the selection and monitoring of externally managed strategies. The Management 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 monitor 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 taken into account 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 External Investment Managers to discuss recent performance as well as recent transactions to monitor 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 External Investment Manager also discuss their recent engagements and milestones during the period. In addition, the MDD analysts monitor any significant events that may affect the External Investment Manager, e.g., with respect to their investments, financial and ESG analysts, investment process, capacity for engagement. Each 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.

Moreover, the AAIS ESG team may support the AAIS analysts team in reviewing the process and methodologies implemented by the External Investment Manager when it comes to consider ESG issues. The ESG team will give a qualitative feedback during the selection phase as a second look and more globally, the opinion of the ESG team is sought in case a significant event could impact (positively or negatively) the External Investment Manager and the investment solution internal sustainability score. The ESG team is in

charge of verifying that the underlying investments of the model portfolio of the External Investment Manager complies with the agreed sustainability and/or responsibility criteria before the inception and the onboarding of the portfolio. All along the life-cycle of the portfolio, the ESG team may enable waivers on portfolio holdings from an ESG perspective. The waiver is based on internal analysis, to ensure the consistence of the ESG data and the alignment of the strategy with the defined sustainable objectives and/or E/S characteristics and will ascertain the best interest of the final client.

The ESG team is in charge of reviewing the exclusion lists periodically, will assess the relevancy of the last ESG information regarding the companies under restrictions and will update the lists accordingly allowing portfolio adjustments.



## Engagement policies

The Management Company is a specialist in sub-advisory. As part of its business model, the selected External Investment Manager undertakes the responsibility of engaging with the companies. To ensure the homogeneity of the voting for all its funds, the Management Company undertakes the responsibility of voting and will vote for the Sub-fund. Nonetheless, the External Investment Manager may play an advisory role and guide the Management Company on specific issue they are engaged with. The Management Company will remain the final decision-maker on the voting. The engagement and voting policies of the Management Company are available on its website.

Engagement is fully integrated in the external investment manager's investment process and is used both to mitigate risk and to enhance value and investment opportunities.

Engagements are conducted by the external investment manager's investment team, as part of their regular meetings with company management teams, or through additional conference calls, meetings, email exchanges or as part of joint communications with the investment community. The external investment manager regularly collaborates with other investors and partners on engagements.

The external investment manager's Investment Committee meetings have a standing agenda item "ESG and Engagement", to continuously inform and discuss engagement issues across the investment teams. A database is maintained where the engagement issues, actions, timings, outcomes and current status are detailed.

In cases where engagements are not progressing as anticipated, the external manager will utilise their escalation processes, which include seeking meetings with alternative contacts at investee companies, including board directors, seeking engagement together with other shareholders and filing or co-filing shareholder resolutions.

While the external investment manager assesses their engagement priorities every year, they are often of a long-term nature and do not necessarily change annually.



## Designated reference benchmark

No specific ESG-related index has been designated for this Sub-Fund.