



# ABN AMRO Pictet Global Environmental Equities

Website Product Disclosure



**ABN•AMRO** Investment Solutions



## Summary

### 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 Pictet Global Environmental Equities** (the “Sub-Fund”). ESG integration is defined 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 Sub-Fund will invest in issuers with a low environmental footprint that contribute to solving global environmental challenges by providing products and services in the environmental value chain. These products and services are needed to support the transition towards a lower carbon economy, a circular economy model, monitor and prevent pollution or for example protect scarce resources.

The social characteristics promoted by the Sub-Fund focus are global human rights and labour standards.

### Investment Strategy

The Sub-Fund's assets are predominantly allocated into investments that comply with the defined standards in respect to the promoted environmental and social characteristics. The Sub-Fund's strategy in relation to the promoted environmental or social characteristics is integral part of the ESG assessment methodology, which is continuously monitored via the Sub-Fund's investment guidelines.

The External Investment Manager process consists in 3 stages : Stage 1 - Negative Screening : performed in line with the External Investment Manager's exclusion policy and in line with the Planetary Boundaries (PB) framework; Stage 2 –Thematic inclusion: identifying companies with positive environmental impact and thematic exposure; Stage 3 – Fundamental Analysis & Portfolio Construction: Company scores are based on (i) business franchise, (ii) management quality, and (iii) financial attractiveness.

While the Sub-Fund is mostly focused on the environmental aspect of ESG, many environmental dimensions are connected to social dimensions and Social aspects are also addressed via exclusions.

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.

### Proportion of Investment

The Sub-Fund plans to invest 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). Consequently, up to 10% of the investments may not be aligned with these characteristics.

## Monitoring of the Environmental/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.

On the Management Company side, the monitoring of environmental or social characteristics of the investment product is ensured through a dedicated control framework for investment delegation. On the first line of defence, 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. 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 etc.). In case any "non-compliant element" is detected, the Business Control & Oversight team analyses and classifies the "non-compliant element", informs the External Investment Manager. 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 watchlist). 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.

## Data sources and processing

The Management Company monitors the attainment of the environmental and/or social characteristics of the funds under delegated management as well as external funds by using its own data providers. When the Management Company carries out direct management, the Management Company uses its own data providers to assess the attainment of the environmental and/or social characteristics of the Sub-Fund.

The Management Company uses three external data providers as its main sources:

- The Management Company assesses the environmental and/or social 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.
- The Management Company uses Morningstar to analyse the Sub-Fund's peer group, as well as for various ESG data calculations at portfolio level.
- The Management Company uses the data provider ISS for climate and impact data. The Management Company also uses ISS as a proxy voting solution.

Similar to the Management Company, the External Investment manager has their own data providers and methodologies with respect to their data environment. They will be responsible for defining their own methodologies regarding data processing and ensuring data quality. The External Investment Manager has selected a wide range of providers for ESG data. Each provider was selected for its leading edge on specific ESG datasets : (i) Corporate Governance : ISS, Ethos; (ii) Creative accounting : CFRA, HOLT; (iii) ESG rating, Controversies : Sustainalytics, Inrate AG; (iv) Controversy newsflow : RepRisk; (v) Carbon data : Truecost; (vi) Green revenue : FTSE Russell; (vii) E/S indicators : Bloomberg

## Due Diligence

The Management Company carries out due diligences for the selection of delegated strategies as well as for open-ended investment funds. The Management Due Diligence analysts team (MDD) identifies and selects high quality investment strategies and monitors the universe of approved strategies. The MDD team focuses on all investment and sustainability-related elements of an investment strategy. 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 periodically reviews the performance of the strategy to ensure that it remains aligned with the investment style of the portfolio. The ESG team supports the MDD team in reviewing the process and methodologies implemented by the external asset managers when considering ESG and sustainability issues. The ESG team provides qualitative feedback during the 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 environmental and/or social characteristics defined (including the review of underlying investments).



## 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 Pictet Global Environmental Equities** (the “Sub-Fund”). ESG integration is defined 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 Sub-Fund will invest in issuers with a low environmental footprint that contribute to solving global environmental challenges by providing products and services in the environmental value chain. These products and services are needed to support the transition towards a lower carbon economy, a circular economy model, monitor and prevent pollution or for example protect scarce resources.

The social characteristics promoted by the Sub-Fund focus are global human rights and labour standards.

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



## Investment Strategy

### Description of the strategy

The Sub-Fund's assets are predominantly allocated into investments that comply with the defined standards in respect to the promoted environmental and social characteristics. The Sub-Fund's strategy in relation to the promoted environmental or social characteristics is integral part of the ESG assessment methodology, which is continuously monitored via the Sub-Fund's investment guidelines.

The External Investment Manager process consists in 3 stages:

- Stage 1 - Negative Screening: Negative screening is performed in line with the External Investment Manager's exclusion policy and in line with the Planetary Boundaries (PB) framework.

The PB framework is mostly comprised of environmental screenings and leads to the exclusion of industries such as mining, chemicals or oil and gas extraction.

- **Stage 2 –Thematic inclusion:** The focus is on identifying companies with positive environmental impact and thematic exposure. The company must have a minimum of 20% of its business activities (as measured by EV or revenues, EBITDA, etc.) related to environmental solutions to be included in the investment universe. On a portfolio level the thematic purity is usually between 65-70%. While this step is mostly focused on the environmental aspect of ESG, many environmental dimensions are connected to social dimensions such as health (e.g. particles in the air are linked to lung cancer).
- **Stage 3 – Fundamental Analysis & Portfolio Construction:** During the fundamental analysis and portfolio construction stages, the social and governance considerations are fully integrated in the scoring process. Company scores are based on (i) business franchise, (ii) management quality, and (iii) financial attractiveness. The social and governance factors are featured most prominently in evaluating the Business Franchise and Management Quality:
  - Business franchise considers historic as well as forward-looking estimates for organic revenue growth, operating quality (HOLT CFROI, operating margins, growth in EBITDA margins), capital intensity and Social factors. The External Investment Manager integrates social scores from the external data provider Sustainalytics, while further ESG tools employed include CFRA, Reprisk and company-specific ESG information.
  - Management quality considers a combination of historic execution capabilities, track record and governance factors. Governance is scrutinised using the ISS Governance score, which provides a detailed breakdown of corporate governance, and other accounting quality metrics, which analyses management goals with respect to peer groups. In addition to scores from external parties, the External investment Manager integrates its own evaluation into the score based on first-hand knowledge of the companies and interactions with their management, which leads to a more informed view.

## 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 : Sound Management Structure

- UN Global Compact - Principle 10: 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. Companies with a “watchlist” or “non-compliant” status are excluded.
- Governance Controversy: 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. Companies having a high or severe controversy level (equivalent to levels 4/5 and 5/5) are excluded.

SFDR Component Indicator : Employee Relations

- UN Global Compact - Principles 3, 4, 5 and 6: 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. Companies with a “watchlist” or “non-compliant” status are excluded.

- **Social Controversy:** 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. Companies having a high or severe controversy level (equivalent to levels 4/5 and 5/5) are excluded.

#### SFDR Component Indicator : Tax Compliance

- **Governance Controversy:** As part of the controversy assessment, taxes avoidance and evasion is taken into consideration. Companies having a high or severe controversy level (equivalent to levels 4/5 and 5/5) are excluded.

#### SFDR Component Indicator : Remuneration of staff

- **Governance Controversy:** As part of the controversy assessment, remuneration is taken into consideration. Companies having a high or severe controversy level (equivalent to levels 4/5 and 5/5) are excluded.



## 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 external funds, 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.



#### #1 Aligned with E/S characteristics:

Includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#### #2 Other:

Includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.



## 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 External Investment Manager operationalises their proprietary “Planetary Boundary” framework and apply it to an environmental assessment of companies. They analyse whether companies' core activities, products and services respect these boundaries or not, over their life-cycle ('from cradle to grave').

The contribution of the portfolio to the environment can be measured by comparing its environmental footprint on the nine environmental dimensions of the Planetary Boundaries to the traditional global benchmark of the Sub-Fund. Planetary Boundaries are ecological thresholds for nine of the most important environmental challenges: Climate change, Ocean acidification, Ozone depletion, Eutrophication/Biogeochemical flows, Water use, Land use, Biodiversity, Atmospheric aerosols and Chemical pollution.

Most environmental reporting are done by the External Investment Manager taking into account emissions related to in-house production and insourced energy (scope 1 and 2). Wider impacts at suppliers, impacts of the products and services during their lifetime or impacts that lead to desired substitution are not taken into account. The External Investment Manager's methodology accounts for the full life-cycle of products and services provided by companies. The environmental impacts they show can therefore differ very significantly from more conventional measurements as the “Planetary Boundaries” concept is purely environmental. To ensure that the investment manager does not compromise the social dimensions, they also exclude activities that can be considered socially controversial and apply normative exclusion for companies with poor social standards.

The External Investment Manager integrates ESG considerations in the fundamental analysis of companies. Environmental and social indicators are formally integrated in the business franchise score and corporate governance is integrated in the management quality score. If stocks are not covered by external data, investment managers assess the E, S and G impact through primary research and a qualitative assessment of company fundamentals. ESG considerations have a direct impact on the holding weight in the portfolio.

The list of ESG factors assessed is not exhaustive but includes :

- ESG controversies: it measures the extent to which companies are exposed to news flow related to ESG controversies such as bribery, corruption, product recalls, etc. They use Sustainalytics as the main source for controversies.
- Environmental controversies are a proxy to estimate the news flow relating to controversial environmental practices
- Social controversies are a proxy to estimate the potential extent to which companies are engaging in questionable social practices such as employee incidents, customer incidents, pollution incidents,
- Corporate Governance: Companies are expected to strengthen board competence and independence, to adopt executive remuneration plans based on long-term performance, to respect minority shareholder rights, and to reinforce risk control and audit functions. They use ISS corporate governance scores.
- Diversity is an important factor for operational success. They use ISS.

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 the investment delegation model (as this is the case here), 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. 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 etc.). In case any “non-compliant element” is detected, the Business Control & Oversight team analyses and classifies the “non-compliant element”, informs the External Investment Manager.

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 watchlist). 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:

On the corporate side:

- 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 selected a wide range of providers for ESG data. Each provider was selected for its leading edge on specific ESG datasets :

- Corporate Governance : ISS ; Ethos
- Creative accounting : CFRA, HOLT
- ESG rating, Controversies : Sustainalytics, Inrate AG
- Controversy newsflow : RepRisk
- Carbon data : Truecost
- Green revenue : FTSE Russell
- E/S indicators : Bloomberg

Research providers are subject to rigorous due diligence by the Investment Manager ESG Data Committee and are reviewed on a regular basis.

The external data providers the External Investment Manager uses are all from reputable sources that have been tried and tested over time by their investment professionals. They also have strong relationships with their data providers where they are able to provide feedback and have any issues or questions addressed quickly.

The External Investment manager has developed a proprietary ESG Scorecard to provide a comprehensive overview of ESG risks and opportunities with a view to inform investment decisions and active ownership activities. The Scorecard is based on four pillars (Corporate Governance, Products & Services, Operational Risks and Controversies) and is constructed by assembling selected datasets from various third-party research providers. Third-party ESG research is integrated into the proprietary portfolio management system.

On its side, 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

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 Management Company ESG team may support the Management Company 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. Their investment management engagement programme seeks to encourage improvement in ESG practices and performance where they are material to long-term shareholder value creation, as well as to mitigate negative impacts on the environment and society and enhance positive ones. When prioritising companies for engagement, the External Investment Manager considers (i) degree of exposure to material ESG risks and opportunities, and how that is managed (ii) companies' involvement in material ESG controversies and their response (iii) nature and scope of companies' sustainability outcomes in the real world (iv) strategic nature and/or size of the holding (v) the lead or support engagement with corporate issuers through a combination of targeted in-house-led discussions, collaborative institutional investor initiatives, and third-party engagement services. Each engagement case must have a specific and clearly defined objective and deadline; it is also tagged against a range of categories to facilitate searching and reporting. If they are not satisfied with the outcome, they may escalate the engagement. This could mean involving board directors and considering to discuss any related voting issues with the Management Company of the Sub-Fund. Ultimately, if the escalation channels have been exhausted and the External Investment Manager is still not satisfied that appropriate steps have been taken to address material ESG issues, they may reduce or sell the holdings of the Sub-Fund.



## Designated reference benchmark

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