



# AAF Walter Scott European ESG 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 Funds Walter Scott European 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 Managers 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 will be composed of issuers that are either leading in ESG best-practice or attractive due to their progression in ESG.

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, labour standards as well as diversity, equity, and inclusion.

### Investment Strategy

The External Investment Manager's process focuses on all factors that influence the company's long-term performance, including ESG factors. The External Investment Manager's approach to ESG integration is to ensure that material factors relating to a company's integrity, sustainability and governance are integrated into the investment process (both analysis and decision-making). The objective of integrating ESG factors into the External Investment Manager's approach is to provide enhanced risk-adjusted returns over the long term. The External Investment Manager's "7 Sisters" model includes an analysis of an issuer's business operations and its interactions with key stakeholders and is integrated into the financial management of the portfolio to enable the fund manager to identify the risks as well as the opportunities that arise from the key sustainability challenges.

The “Seven Sisters” model is based around:

- Company – History, business, divisional/geographic split, customer examples, operational footprint
- Integrity – Summary of the Integrity, Sustainability and Governance analysis.
- Market Characteristics – Size/growth/cyclicality/structure and regulation
- Control of Destiny – Market share and competitors, are they a consolidator, competitive advantage and barriers to entry, pricing power, customer/supplier concentration, substitution risk
- Financial Profile – Looks at the return structure, cash flow and the balance sheet.
- Management & Board – Experience and longevity, diversity, remuneration issues
- Valuation/Trading – Valuation, size/liquidity, available share classes.

In the analysis of integrity, sustainability and governance practices, companies are assessed and monitored on relevant and material factors across four key areas:

- 1) Environmental Considerations
- 2) Carbon Risk and Climate Change
- 3) Human and Social Capital
- 4) Governance

Engagement is central to the process. The External Investment Manager actively engages with investee companies for information and for change, addressing ESG and other issues that are material to the companies' long-term success.

## 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

When the Management Company delegates part of the management of the Sub-Fund to External Investment Managers, controls are performed at two levels. With respect to pre-trade controls, the External Investment Managers perform controls using their own frameworks as well as including the guidelines given by the Management Company. With respect to post-trade controls, these are performed at both the External Investment Managers' and the Management Company's level, each using their own frameworks.

The monitoring and oversight of the environmental and social characteristics promoted by the Sub-Fund are undertaken by the External Investment Manager by way of a regular review in an internal governance forum. In addition, the portfolio is reviewed against these indicators internally on a quarterly basis by the Additional Objectives Portfolios (AOP) Group which reports to the Investment Management Committee. The Management Company, through its Business Control & Oversight team, performs periodic ex-post controls to ensure that the portfolio complies with the commitments made. If a "non-compliant matter" is detected by the Management Company, its Business Control & Oversight team will first analyse it and engage in dialogue with the External Investment Manager if necessary. Depending on the nature of the non-compliance, the Management Company's ESG team may decide to monitor it using its proprietary "ESG Watchlist". If the non-compliance persists over time, an escalation process is put in place by the Management Company to ensure a timely remediation plan in the best interest of shareholders.

## Data sources and processing

The Management Company monitors the attainment of the environmental and/or social characteristics of the Sub-Fund using its own data providers. The Management Company uses three external data providers as its main sources. Once collected from these sources, the data is integrated and stored in the internal front-to-back tool and/or available in the Management Company's dedicated data management system (which directly and continuously obtains data from the providers). Information is also available via dedicated portals developed by external data providers, access to which is limited to specific users of the Management Company.

The External Investment Manager's primary source of information is from investee companies, through analysis of published financial and environmental, social & governance reports, where available, and engagement with company management. The Investment Manager also uses a third-party provider for external data metrics (i.e. MSCI ESG) for environmental and social characteristics and for data and analysis to support the assessment of good governance. Data is available via data feeds, or it can be pulled from a third-party provider's portal. For all relevant assessments, the data is compared to internally set thresholds.

## 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

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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, 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's process focuses on all factors that influence the company's long-term performance, including ESG factors. The External Investment Manager's approach to ESG integration is to ensure that material factors relating to a company's integrity, sustainability and governance are integrated into the investment process (both analysis and decision-making). The objective of integrating ESG factors into the External Investment Manager's approach is to provide enhanced risk-adjusted returns over the long term. The External Investment Manager's "7 Sisters" model includes an analysis of an issuer's business operations and its interactions with key stakeholders and is integrated into the financial management of the portfolio to enable



the fund manager to identify the risks as well as the opportunities that arise from the key sustainability challenges.

The “Seven Sisters” model is based around:

- Company – History, business, divisional/geographic split, customer examples, operational footprint
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- Financial Profile – Looks at the return structure, cash flow and the balance sheet.
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- Valuation/Trading – Valuation, size/liquidity, available share classes.

In the analysis of integrity, sustainability and governance practices, companies are assessed and monitored on relevant and material factors across four key areas:

- 5) Environmental Considerations
- 6) Carbon Risk and Climate Change
- 7) Human and Social Capital
- 8) Governance

Engagement is central to the process. The External Investment Manager actively engages with investee companies for information and for change, addressing ESG and other issues that are material to the companies’ long-term success.

## 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.

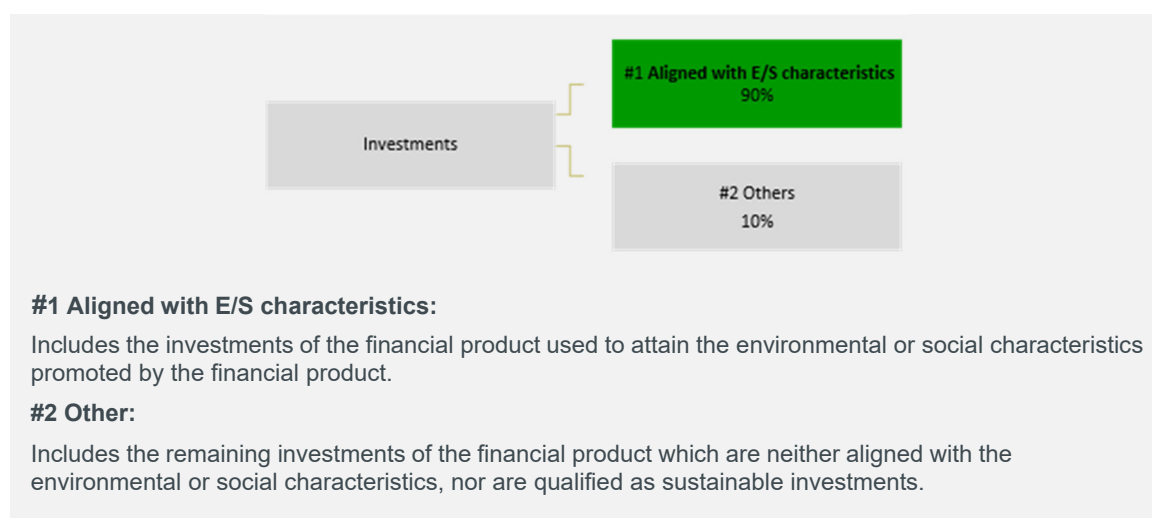
The External Investment Manager believes that strong transparency and accountability mechanisms should lead to improved management of ESG risks and opportunities. The External Investment Manager only invests in companies considered having high standards of governance looking at its proprietary methodology. Companies are assessed and monitored across governance factors considered material to their operations. These may include board diversity, board skills and experience, board independence, succession planning, executive remuneration, employee relations, tax compliance, shareholder protection and rights, insider selling, related party transactions, uncanceled treasury stock as well as poison pills, as part of the fundamental analysis performed. Further, specific analysis of certain factors is conducted, supported with data points from a third-party provider and internally set thresholds.



## 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

When the Management Company delegates part of the management of the Sub-Fund to External Investment Managers, controls are performed at two levels. With respect to pre-trade controls, the External Investment Managers perform controls using their own frameworks as well as including the guidelines given by the Management Company. With respect to post-trade controls, these are performed at both the External Investment Managers' and the Management Company's level, each using their own frameworks.

- **The External Investment Manager:** The monitoring and oversight of the environmental and social characteristics promoted by the Sub-Fund are undertaken by the External Investment Manager by way of a regular review in an internal governance forum. In addition, the portfolio is reviewed against these indicators internally on a quarterly basis by the Additional Objectives Portfolios (AOP) Group which reports to the Investment Management Committee. The sustainability indicators used by the External investment Manager are individual data points sourced from a third-party provider. The efficacy and data coverage of the indicators used will be reviewed periodically by the AOP Group. Furthermore, the environmental and social characteristics promoted by the Sub-Fund are monitored daily and through the lifecycle via the exclusions list detailed in the binding elements of the Sub-Fund's investment strategy. In addition to the governance and oversight detailed above, internal controls are provided through adherence to the Investment Manager's investment process in terms of stock selection and portfolio construction as described in other sections. No external control mechanisms are currently utilised.
- **Management Company:** The monitoring of environmental or social characteristics of the investment product is ensured through a dedicated control framework. The Management Company, through its Business Control & Oversight team, performs periodic ex-post controls to ensure that the portfolio complies with the commitments made. If a "non-compliant matter" is detected by the Management Company, its Business Control & Oversight team will first analyse it and engage in dialogue with the External Investment Manager if necessary. Depending on the nature of the non-compliance, the Management Company's ESG team may decide to monitor it using its proprietary "ESG Watchlist". If the non-compliance persists over time, an escalation process is put in place by the Management Company to ensure a timely remediation plan in the best interest of shareholders.



## 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 Management Company monitors the attainment of the environmental and/or social characteristics of the Sub-Fund using its own data providers.

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 (e.g., OECD Guidelines for Multinational Enterprises).
- 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.

Once collected from these sources, the data is integrated and stored in the internal front-to-back tool and/or available in the Management Company's dedicated data management system (which directly and continuously obtains data from the providers). Information is also available via dedicated portals developed by external data providers, access to which is limited to specific users of the Management Company. The Management Company verifies that the data is available, reported (or calculated), and dependable over time. On a case-by-case basis (e.g., if an ESG score is missing), the Management Company may use other sources of information to form its own opinion regarding the ESG suitability of any investment opportunity with the Sub-Fund's strategy.

The External Investment Manager's primary source of information is from investee companies, through analysis of published financial and environmental, social & governance reports, where available, and engagement with company management. The Investment Manager also uses a third-party provider for external data metrics (i.e. MSCI ESG) for environmental and social characteristics and for data and analysis to support the assessment of good governance.

The External Investment Manager has undertaken an internal review of the methodologies used by the third-party data provider against prescribed methodologies as set out within the Sustainable Financial Disclosure Regulation (SFDR) and concluded that the data reviewed is of sufficient quality for use as one part of the External Investment Manager's holistic investment management process. Please note, however, that whilst the External Investment Manager has reviewed the methodology used by the third-party data provider(s), the External Investment Manager cannot guarantee that there will not be future data gaps, estimated data and unverified corporate disclosure underpinning the data, therefore the data may be open to challenge and/or contain inaccuracies. Furthermore, the External Investment Manager may only use the data of one third-party provider, which may vary from that provided by other third-party providers.

Data is available via data feeds, or it can be pulled from a third-party provider's portal. For all relevant assessments, the data is compared to internally set thresholds. If a threshold is met then it will generate a flag which requires analysis, comment, and a conclusion from the Stock Champion, and where relevant, with further review from the Additional Objectives Portfolios (AOP) Group. Data is used only as an input and 'red-lines' are



not set in terms of thresholds; data is not estimated by the Investment Manager however, underlying data from third-party providers may be estimated based on their methodologies. There is also broader holistic analysis for the environmental and social characteristics promoted by the Sub-Fund therefore where data is not available, the Investment Manager does not estimate the data as it only forms part of the assessment.



## Limitations to methodologies and data

The methodologies and data used have the following limitations:

- **Data quality:** the approach followed 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, as well as quantification of qualitative data.
- **Coverage:** the overall team of ESG analysts in charge of the analysis of the Sub-Fund may not be staffed to cover the entire investment universe and methodological limitations that 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 data used for the analysis of the Sub-Fund is obtained from different data providers, which have different methodologies for assessing ESG performance. The result of their assessment is to some extent subjective and inconsistent. Moreover, the difference in data sources and processing methods used by the Management Company and the asset managers of open-ended investments funds may further add to this discrepancy in ratings.
- **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 (i.e., by reference to a peer group average).



## Due diligence

The Management Company carries out due diligences for the selection of delegated strategies as well as for open-ended investment funds:

- The MDD team identifies and selects high quality investment strategies and monitors the universe of approved strategies. The MDD analysts 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 asset management company in charge of the strategy on its commitment to and transparency on ESG 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 periodically reviews the performance of the strategy to ensure that it remains aligned with the investment style of the portfolio. The MDD team provides transparency and regular monitoring of the strategy's portfolio. ESG ratings and other sustainable characteristics of the portfolio's underlying assets are also monitored regularly. In addition, MDD analysts meet periodically with portfolio managers to discuss recent performance as well as recent transactions to monitor alignment with promoted environmental and/or social characteristics. 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 ESG factors. During the calls, portfolio managers clarify if there were any changes in the team and processes. Analysts and investment managers also discuss recent engagements and milestones during the period. In addition, MDD analysts monitor any significant events that may affect the portfolio, e.g., with respect to their investments, financial and ESG analysts, investment process, engagement capacity. Each change may affect the strategy's 5-P based rating, which may result in 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 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. The ESG team will also monitor the Sub-Fund's underlying investments against the overall environmental and/or social characteristics, as well as the ESG indicators for all the Sub-Fund's holdings. If a holding is identified as not meeting the environmental and/or social characteristics of the Sub-Fund, the ESG team will further investigate the issue through an internal analysis. 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 labelling 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.

The External Investment Manager carries out due diligence on the underlying assets of the Sub-Fund. The External Investment Manager's strategy consists of a long term and bottom-up, fundamental driven, integrated ESG approach. Each potential investment idea is subject to a broad assessment incorporating relevant and material issues using a consistent framework – a materiality-based assessment of integrity, sustainability and governance factors.

The Additional Objectives Portfolios (AOP) Group reviews the potential investment idea for suitability for inclusion in the Sub-Fund prior to being sent to the Investment Executive for ratification. The Investment Executive provides oversight in terms of portfolio construction.

Another aspect of due diligence includes annual reviews of investee companies by the Stock Champion. Additional reviews may occur on a materiality basis.

The External Investment Manager's Investment Stewardship Committee oversees the implementation of the firm's stewardship activities and reports to the Investment Management Committee.



## 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.

The External Investment Manager takes an active approach to engagement. The firm's investment process leads to a relatively small number of investee companies. Coupled with a long-term investment outlook, and generally long holding periods, conversations with senior management are typically regular and constructive.

The External Investment Manager's research team aims to engage with most investee companies annually. Before any investment is made, members of the team will generally have engaged with the company. Engagement activity typically involves face-to-face meetings, either at the External Investment Manager's office or on a research trip, and conference calls. Research trips may include site visits and meetings with various stakeholders. The approach to engagement is tailored, therefore interactions vary in nature and length with any material issues or concerns being prioritised. Key objectives most pertinent to the company are identified prior to engagement. Dialogue with management typically provides an opportunity to review a company's long term strategic direction, financial and non-financial performance, capital allocation, the sustainability of competitive advantage, key risks and opportunities, ESG topics and, where appropriate, disclosure.

Key engagement themes include, but are not limited to:

- Environment - Climate change, pollution/emissions, water management, resource consumption and waste management.
- Social – Culture, employee training and satisfaction, health and safety, demographics, affordability and access, stakeholder relationships and sustainable, traceable and ethical supply chain.
- Governance - Board structure and effectiveness, remuneration, regulation, bribery and corruption, external auditors, tax, minority shareholder treatment and cybersecurity.

It is the Research team's responsibility to identify salient issues, communicate with the company and to monitor progress and outcomes. Some engagements can yield almost instantaneous changes, for example challenges to executive remuneration policies; whilst others can take longer to bring about change, such as capital allocation priorities. The Research team may also engage directly with topic experts, including authors, commentators and academics, where relevant. The External Investment Manager's Investment Operations team generally arranges engagement, liaising with corporates directly and, where necessary, corporate access providers. Engagement is tracked and monitored internally through meeting and conference call notes via the firm's business intelligence system.

On the rare occasion that engagement has not brought about a satisfactory outcome, a decision to escalate the level of engagement is considered. This is discussed by the 'stock champion' in conjunction with senior members of the Investment team. The External Investment Manager's preferred method of escalation is generally conducted directly, and in private, with the investee company as this enables more effective long-term communication. The External Investment Manager may choose to sell a holding if escalation strategies are deemed unsuccessful, i.e., does not meet the anticipated outcome. The decision to divest is not taken lightly, the potential impact of the issue on shareholder return over the long term is weighed up against the investment rationale.

For more information, please refer to the External Investment Manager's website: <https://www.walterscott.com/>



## Designated reference benchmark

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