



# AAF Boston Trust Walden US ESG Equities

Website Product Disclosure



**ABN•AMRO** Investment Solutions



## Summary

### No Sustainable Investment Objective

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 as its objective sustainable investment.

### Environmental/Social characteristics of the financial product

**ABN AMRO Funds Boston Trust Walden 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 goes 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, labour standards as well as diversity, equity and inclusion.

### Investment Strategy

The strategy is actively managed by the External Investment Manager through their proprietary ESG fundamental research driven approach and is complemented by their engagement approach.

The selection process of the External Investment Manager starts with the implementation of a quantitative screening by looking for data points indicative of the level of quality of the companies and on valuation criteria. This first screening will result in narrowing the initial universe of 1.000 companies to roughly 250. Then through fundamental analysis affirming the financial and business model sustainability quality, and the company valuation, the list is narrowed again to an "Approved list" of roughly 175 companies. Finally, the dedicated in-house ESG research and engagement team of the External Investment Manager ("the ESG analysts") that is responsible for ESG exclusions and ESG assessments, will conduct an in-depth analysis to come to a "pass" or "fail" recommendation for inclusion in the Sub-Fund.

In complement, the External Investment Manager may engage with companies on certain issues relying on the expertise of its in-house Active Ownership Committee composed of senior ESG professionals and portfolio managers (including the Chief Investment Officer). The team oversees the development of the firm's core engagement strategy and plans each year.

The Sub-Fund will only consider companies that follow good governance practices; therefore only companies that pass the criteria defined by the Management Company and the External Investment Manager as described in the "Investment Strategy" section will be eligible for investment. The defined criteria will consider, among others, sound management structure, employee relations, tax compliance and remuneration of staff issues.

### Proportion of Investment

The Sub-Fund will invest a minimum of 90% of its 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, funds (including Exchange Traded Funds), and bank deposits at sight (including cash), and are used for Investment, hedging and efficient management portfolio purposes.

### Monitoring of environmental or social characteristics

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 to ensure compliance with portfolio sustainability guidelines.

## Data sources and processing

The External Investment Manager does not rely on third party data providers to determine the appropriateness of a company for the Sub-Fund. Their proprietary research methodology, implemented by their in-house team, drives decision making. The External Investment Manager supplements primary research with information from a multitude of sources that are updated and assessed in an ongoing manner. The Management Company relies on external ESG providers such as Sustainalytics (ESG risks scores, product involvement in controversial activities, UN Global Compact alignment, Controversies assessment) and ISS (climate and SDG data).

## Limitations to methodologies and data

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).

## Due Diligence

In terms of Due Diligence, designated members of the Investment Committee of the External Investment Manager are ultimately responsible for reviewing and affirming the ESG financial materiality assessment of each company eligible for inclusion in the Sub-Fund.

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

## Engagement policies

As part of its sub-advisory business model, the Management Company will undertake the responsibility of 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 issues they have engaged on.



## 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 Boston Trust Walden 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 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 flexible in ESG best-practice.

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

ESG analysis is systematically integrated into the investment decision making process. The strategy is actively managed through a proprietary ESG fundamental research driven approach and is complemented by an engagement approach. The ESG assessment includes a value-based screening and an in-depth ESG review.

The selection process of the External Investment Manager starts with the implementation of a quantitative screening by looking for data points indicative of the level of quality of the companies and on valuation criteria. The objective of this first screening is to narrow the initial universe of 1.000 companies to roughly 250. Then through fundamental analysis affirming the financial and business model sustainability quality, and the company valuation, the list is narrowed again to an "Approved list" of roughly 175 companies. Finally, the dedicated in-house ESG research and engagement team of the External Investment Manager ("the ESG analysts") that is responsible for ESG exclusions and ESG assessments, will conduct an in-depth analysis to come to a "pass" or "fail" recommendation.

For each potential investment, the ESG analysts of the External Investment Manager seek to understand the full spectrum of the company's product and services. The team will apply its value-based screen by excluding companies engaged in specific products or practices considering their revenue dependence, market share and

severity (as weapons, gaming, tobacco, Alcohol production, in Factory farming, in nuclear power fuel cycle and in Prison operations, etc.). The team will then evaluate the overall performance in four broad categories: corporate, governance, human capital management and environmental & community impacts. Using a proprietary “materiality framework”, the ESG team of the External Investment Manager assesses the potential significance of ESG factors (with respect to a range of issues, encompassing both risks and opportunities) to include them into the overall assessment of the company’s quality, business model sustainability, and valuation.

The concluding step of this process is a “pass” or “fail” recommendation from the ESG analysts for each company complemented by a comprehensive report. The selection process leads to reject above 20% of the companies of the “Approved list”. The companies eligible to the strategy are put on the “Approved screened list” composed usually of 125 companies.

In complement, the External Investment Manager may engage with companies on certain issues relying on the expertise of its in-house Active Ownership Committee composed of senior ESG professionals and portfolio managers (including the Chief Investment Officer). The team oversees the development of the firm’s core engagement strategy and plans each year.

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 and will fall in the Good Governance exclusion List. The Good Governance principles, integrated into the AAIS “exclusion policy” are data driven and qualitative in nature. For purposes of the Good Governance test, the Management Company has defined criteria related to widely recognized industry- established norms, as set forth below:

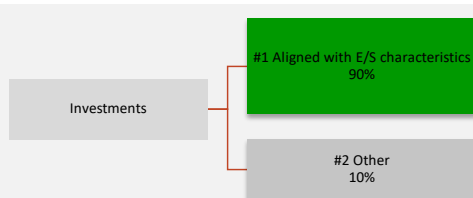
SFDR Component	Indicator	Exclusion Criteria	Description
Sound Management Structure	UN Global Compact - Principle 10	Watchlist and Non-Compliant status	Principle 10 of the UN Global Compact is related to anti-bribery and corruption and states businesses should work against corruption in all its forms,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



## 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, funds (including Exchange Traded Funds) and 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

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 Manager's and the Management Company's level, each using their own frameworks.

The External Investment Manager's process for reassessing/monitoring ESG performance is as follows:

- Prohibited lists: Quarterly reviews of prohibited business involvement using a screening tool provided by independent ESG research providers
- Controversies: Monthly reviews of ESG controversies via ESG research provider databases
- Company performance: Simultaneous, comprehensive reviews of financial and ESG performance by in-house analysts
- As needed: Ad-hoc reviews as new information arises

The External Investment Manager utilizes both automated and manual controls to ensure compliance with portfolio guidelines, including specific ESG guidelines. The external Compliance team reviews the output on a daily basis. These measures are additive to the ongoing responsibility of the portfolio management team to adhere to guidelines for the financial product.

On the Management Company side, 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

Company publications and communications, including SEC filings, investor presentations, sustainability reports, and corporate websites, serve as the primary data sources for ESG investments.

The External Investment Manager's in-house team of analysts regularly reaches out to the management teams of portfolio holdings for in-depth information to strengthen their analyses. The External Investment Manager supplements primary research with information from a multitude of sources that are updated and assessed in an ongoing manner.

In addition to primary company research, the External Investment Manager's ESG analysts utilize the following resources:

- Non-Governmental Organizations and Technical Experts
- Government Data
- Independent Research Providers
- Media

The External Investment Manager does not rely on third party data providers to determine the appropriateness of a company for client portfolios. Its proprietary research methodology, implemented by their in-house team, drives decision-making.

The External Investment Manager works closely with their data providers to promote more accuracy in their synthesis of information, thereby providing a positive feedback loop. The External Investment Manager also engages companies directly to encourage more transparency around a range of ESG topics.

The range of resources employed to assess company ESG policies and performance vary depending upon which ESG resources are deemed to be most material to a company's long-term performance. The External Investment Manager's ESG research files are maintained for each company and include documentation on ESG performance assessments as well as research sources.

The proportion of data that is estimated is dependent on the company under review. Where primary source data is not available, the External Investment Manager seeks to validate estimated data across a variety of sources. The External Investment Manager's in-house team of analysts synthesizes all available data in their research process. The External Investment Manager also often speaks directly with companies to address significant gaps in information and they pursue engagement after purchase in order to improve ESG reporting.

The Management Company uses data from its own external data providers to monitor environmental 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, controversy, 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.

Once collected from these sources, the data is integrated and stored into the front-to-back internal 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 the 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 reliable 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.

**Commenté [LR1]:** Modified to be aligned on the text of other Article 8 funds.





## 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

The ESG financial materiality assessment (as described above in the investment strategy section above) is reviewed and affirmed by designated members of the Investment Committee of the External Investment Manager.

The recommendation is presented to members of the Investment Committee of External Investment Manager by the securities analyst, and, as needed, the ESG analyst. The Investment Committee, which is comprised of all portfolio managers and analysts of the External Investment Manager assesses all material factors, including ESG considerations, in its review of individual securities.

The Investment Committee of the External Investment Manager is ultimately responsible for ESG integration. Most of their investment professionals on the Investment Committee have some cross-functional experience in traditional and ESG factor research. The work of the Investment Committee results in a thorough assessment of a company's appropriateness for inclusion in the portfolio.

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

The MDD team identifies and selects high quality external investment strategies and monitors the universe of approved strategies. The MDD analyst team focuses on all investment and sustainability-related elements of an investment strategy, such as organization, team, investment, portfolio construction, process, track record, etc. MDD's research reports include a thorough sustainability due diligence and a separate sustainability rating. For all strategies, MDD analysts assess the External Investment Manager's commitment to and transparency on ESG 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 environmental and/or social 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 ensure alignment with the initially selected investment and sustainability philosophy. To prepare for the meeting, MDD analysts send out a monitoring questionnaire using the Management Company's proprietary platform, Deeligenz, with questions related to the portfolio, performance, and sustainability. During the calls, the External Investment Manager clarifies if there have been any changes in the team and processes. Analysts and 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 significant change may affect the strategy's rating based on the 5-Ps, which may lead to a change in the strategy's ratings, including the sustainability rating.

The ESG team supports the MDD team in reviewing the process and methodologies implemented by the External Investment Manager when it comes to consider ESG issues.

The ESG team provides qualitative feedback during the mandate selection phase and supports the MDD team throughout its analysis process, using the "5-P approach" aforementioned. In addition, during the monitoring phase, the ESG team will monitor the Sub-Fund's characteristics and performance related to the promotion of the environmental and/or social characteristics initially defined. The ESG team will also monitor the Sub-Fund's underlying investments against the environmental and/or social characteristics promoted, as well as the sustainability 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. If the ESG team considers the risk to be insubstantial, it may permit the External Investment Manager to maintain its position in the holding. In addition, the ESG team is responsible for periodically reviewing the exclusion lists, assessing the relevance of the latest ESG information regarding restricted companies, and updating the lists accordingly, thereby adjusting the portfolios. The ESG team also ensures the proper understanding and implementation of regulatory requirements on green finance, such as SFDR, RTS or Taxonomy, throughout the entire product range. Lastly, the ESG team is responsible for the sustainable 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.



## Engagement policies

The Management Company is a specialist in sub-advisory. As part of its business model, the selected External Investment Managers undertake 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 issues they are engaged on. 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.

The External Investment Manager uses active ownership strategies to address complex social and environmental issues. The External Investment Manager seeks to strengthen environmental, social and governance performance, transparency, and accountability, by encouraging investee companies to adopt better ESG policies and practices. The External Investment Manager's active ownership initiatives are intended to be in the long-term best interests of companies and their shareholders.

When pursuing corporate engagement, the External Investment Manager may engage with firm representatives using email, letters, online or in-person meetings.

In addition, the External Investment Manager may file shareholder resolutions as part of its engagement strategy. Topics are derived from the External Investment Manager's engagement priorities. The External Investment Manager will utilize this process when they believe a company is insufficiently addressing or disclosing information on a significant ESG risk and is insufficiently responsive to their engagement attempts or requests for action.

The External Investment Manager may coordinate with other like-minded responsible investors in filing or co-filing shareholder resolutions, according to their assessment of certain factors (quality of the resolution, confidence in the filer's integrity, complementarity with other ongoing engagement initiatives, opportunity to strengthen a relationship, etc).

Finally the External Investment Manager may also participate in shareholder initiatives, in which they may lead or co-lead corporate engagement.



### Designated reference benchmark

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