



AAF RBC BlueBay Euro Government Bonds



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 RBC BlueBay Euro Government Bonds. 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.

Investment Strategy

The External Investment Manager adopts an approach to proprietary macro, credit and ESG research to help identify both long and short opportunities across a universe of alpha sources. Conviction score is driven by assessment of fundamentals, valuation, technicals and ESG. The External Investment Manager conducts ESG analysis on in-scope sovereign issuers (and related) as part of the initial stage of the investment process which comprises of fundamental and ESG research, using its own proprietary issuer ESG evaluation framework. The analysis can be either a preliminary or detailed ESG evaluation to ensure the issuer is eligible for investment.

- The evaluation results in two complementary ESG metrics: Fundamental ESG Risk Rating
- Investment ESG Score.

The External Investment Manager's issuer ESG evaluation framework explicitly seeks to assign sustainability/ESG materiality and investment materiality separately. This enables the External Investment Manager to have a better understanding of the extent to which ESG risks are indeed investment material, and in which circumstances.

Complementing the External Investment Manager ESG integration approach is engagement, which describes the interaction between investors and issuers and other key stakeholders. The External Investment Manager believes that providers of debt do have a role in engaging with issuers and other relevant stakeholders on matters with the potential to impact investment returns, which may include ESG-related ones. In general the External Investment Manager may engage with issuers on ESG factors if these are deemed to represent ESG risks. Whilst issuers are usually the primary focus of engagement for corporate investment strategies, engagement with non-issuer stakeholders (such as politicians, financial institutions, industry associations, and/or specialist political advisers / consultants) are more of a common feature for sovereign debt investing.

The External Investment Manager may engage with issuers of interest to further develop insights, and/or to promote change either to mitigate investment risks or protect the ESG characteristics. Insights gained from this process further inform on investment views and decisions and can potentially result in changes to the assigned ESG metrics.

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 formal review of the issuer ESG evaluations every two years. Ongoing interactions with issuers and other stakeholders by the External Investment Manager as well as learning from ESG research and analysis are providing continued insights into ESG views of issuers and issues. 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 assessment utilizes a range of data and insights from across a number of resources, including a mix of external and internal (credit and ESG) insights such as: third-party ESG information providers, company management contact/communications, sell-side brokers with ESG capabilities, stakeholders such as regulators, non-governmental organisations, industry groups, media channels specialising in ESG news flow, as well as the in-house sector credit analyst's knowledge of issuer, sector and region.

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 Investment 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 Funds RBC BlueBay Euro Government Bonds (the “Sub-Fund”). The External Investment Manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the “Management Company”) ESG responsibility criteria. The External Investment Manager must comply with the Management Company's standards of quality and go through a qualitative selection process before being retained. This process involves an in-depth analysis of the External Investment Manager's corporate social responsibility policy as well as its overall sustainability strengths going from the analysis of ESG professionals, philosophy and investment process. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both negative and positive screenings as well as taking engagement actions when necessary. The Sub-Fund 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.

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 adopts an approach to proprietary macro, credit and ESG research to help identify both long and short opportunities across a universe of alpha sources. Conviction score is driven by assessment of fundamentals, valuation, technicals and ESG. The External Investment Manager conducts ESG analysis on in-scope sovereign issuers (and related) as part of the initial stage of the investment process which comprises of fundamental and ESG research, using its own proprietary issuer ESG evaluation framework. The analysis can be either a preliminary or detailed ESG evaluation to ensure the issuer is eligible for investment. The evaluation results in two complementary ESG metrics:

- Fundamental ESG Risk Rating : indicates a view on the quality of management of material ESG risks/opportunities faced by the issuer (resulting from the risk exposure it faces and the quality of mitigation efforts). There can only be one Fundamental ESG Rating per issuer across the External Investment Manager. The Fundamental ESG (Risk) Rating ranges from ‘Very Low ESG risks’ to ‘Very High ESG risks’.
- Investment ESG Score which reflects the investment view on the extent to which the ESG factors are considered relevant to valuations, as well as the nature of that materiality (i.e. positive, negative, neutral). This is a security/instrument specific assessment and as such there may be multiple Investment ESG Scores for a single issuer depending on the held security. The Indicative Investment ESG Score ranges

from -3 (very high ESG investment-related risks) to +3 (very high investment opportunities because of ESG considerations).

Complementing the External Investment Manager ESG integration approach is engagement, which describes the interaction between investors and issuers and other key stakeholders. The External Investment Manager believes that providers of debt do have a role in engaging with issuers and other relevant stakeholders on matters with the potential to impact investment returns, which may include ESG-related ones. In general the External Investment Manager may engage with issuers on ESG factors if these are deemed to represent ESG risks. Whilst issuers are usually the primary focus of engagement for corporate investment strategies, engagement with non-issuer stakeholders (such as politicians, financial institutions, industry associations, and/or specialist political advisers / consultants) are more of a common feature for sovereign debt investing. The External Investment Manager may engage with issuers of interest to further develop insights, and/or to promote change either to mitigate investment risks or protect the ESG characteristics. Insights gained from this process further inform on investment views and decisions and can potentially result in changes to the assigned ESG metrics.

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

The good governance requirements outlined in the SFDR regulation are only applicable to investments in companies.

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

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

The Sub-Fund invests predominantly in sovereign issuers and thus the “good governance” test does not apply to this category of issuers.

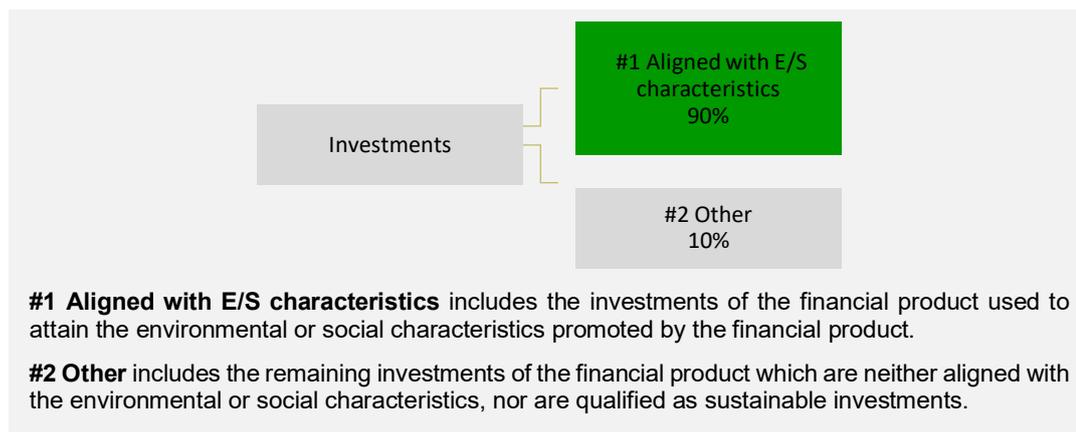
Nonetheless, the External Investment Manager has in place a good governance methodology when it comes to consider state-owned companies, sovereign agencies and sovereigns, where as part of the External Investment Manager’s proprietary ESG evaluation framework, any issuer deemed to have ‘very high’ ESG risks on the governance pillar is automatically assigned a ‘very high’ Fundamental ESG (Risk) Rating overall, and consequently systematically excluded from investment.



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.



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: The External Investment Manager operates a range of mechanisms in place to ensure the maintenance of the environmental and social characteristics of the Sub-Fund. There is a formal review of the issuer ESG evaluations every two years by the External Investment Manager, although it can be initiated sooner where there is sufficient cause to question the ongoing validity of the assigned ESG metrics. Ongoing interactions with issuers and other stakeholders by the External Investment Manager as well as learning from ESG research and analysis are providing continued insights into ESG views of issuers and issues. There are internal reporting dashboards which

enable monitoring and tracking of investments against a range of ESG metrics and on their ESG assessment, and alerts set up to prompt action where needed (e.g., where a formal review is due). The process for implementing and maintaining issuers restricted from investment is managed internally by the investment policy function.

- **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:

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 .**

On the sovereign side :

- **Absence of issuers that do not meet the criteria defined in the Management Company's Exclusion List and that are deemed incompatible with E/S promotion (i.e. countries listed on ABN AMRO Sanctions List, ratification of the Treaty of the Non-Proliferation of nuclear weapons, ratification of the Paris Agreement, ratification of the ILO Conventions 182 on the Worst Forms of Child Labour)**
- **Country Risk Scores - The Country Risk Scores measure the risk to a country's long-term prosperity and economic development by assessing how sustainably it is managing its wealth.**
- **Government emissions.**



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.

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 assessment utilizes a range of data and insights from across a number of resources, including a mix of external and internal (credit and ESG) insights such as: third-party ESG information providers, company management contact/communications, sell-side brokers with ESG capabilities, stakeholders such as regulators, non-governmental organisations, industry groups, media channels specialising in ESG news flow, as well as the in-house sector credit analyst's knowledge of issuer, sector and region. For third-party ESG information providers utilised by the External Investment Manager, initial assessment of the quality of the data is conducted by the External Investment Manager, with ongoing ad-hoc review as part of the ongoing utilisation of the data, as well as this being prompted with methodology updates and interactions with the providers. The scope of the ESG data can range from issuer overall ESG ratings and scores, to specific statuses on specific issues such as ESG controversies or social norms, or on their exposure to climate change and positive impact solutions. Ongoing refresh and reviews of the data from providers by the External Investment Manager on a regular basis ensures access to the most recent ESG data.

Data from third-party ESG information providers is accessed by the External Investment Manager in a variety of ways, such as via the provider's online platform or via a data feed which incorporates the data into internal investment information systems to enable ESG analysis and monitoring. The majority of data from the providers is derived from publicly available information generated by the issuer or other stakeholders, but in some cases the data has been generated by the provider's in-house experts. In more limited instances, some of the data may be estimated e.g., carbon related estimates.



Limitations to methodologies and data

The methodologies and data used have the following limitations:

- **Data quality:** The External Investment Manager's approach includes qualitative analysis of an issuer's ESG credentials. The methodology is subject to limitations, including reliance on the quality of data provided by issuers or third-party research providers.
- **Coverage:** The External Investment Manager's team of Responsible Investment 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 issuers covered by data providers has

increased significantly over time, and continues to increase, there may be instances where a specific issuer is not assessed by them. This is because either the data provider does not cover the issuer in question, or the issuer has not provided the data necessary for a proper assessment by the data provider.

- Discrepancy in ratings: the External Investment Manager obtains its data from different data providers that may 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 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 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 environmental and/or social 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 significant 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 issuers 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.

Within the External Investment Manager, the investment analysts conduct the initial ESG evaluation assigning the ESG metrics, and this is reviewed and finalised by the Responsible Investment team, prioritised depending on the assigned ESG risk. This ensures a consistency in how issuers are being assessed and metrics assigned, and that the analysis captures the most appropriate and relevant points. Reviewing some of the underlying data such as issuer ESG reports completed by the third-party ESG information providers may also occur. The process operates by consensus. Where an agreement on an issuer cannot be reached, the case is escalated to the Chief Investment Officer for a decision. Decisions on the ESG metrics assigned to an issuer are documented in the External Investment Manager's internal investment information systems and investment professionals are responsible for maintaining these.

The External Investment Manager also conducts portfolio level ESG analysis leveraging either third-party ESG information providers (e.g., portfolio level ESG scores and carbon emissions analysis, as well as alignment to the UN Sustainable Development Goals) or in-house ESG metrics (such as those from the External Investment Manager's proprietary ESG assessment) which enable tracking of the overall portfolio environmental and social characteristics. The investment policy and risk functions also have processes in place to monitor issuer and portfolio holdings against ESG restrictions (as well as other portfolio guidelines) and can prompt action as needed.



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 issuers. Even when advised, the Management Company remains the final decision maker for the proxy vote.

Whilst a feature, engagement is not a binding screening criterion for the Sub-Fund but rather engagement is conducted where deemed appropriate to do so by the External Investment Manager. It can be undertaken proactively or in response to an external event which could put into question its ongoing suitability for investment. It can occur bilaterally or working in collaboration with an external stakeholder and can be undertaken by the credit and/or ESG analysts. The outcome of the engagement could result in a decision to exclude the issuer, but this is at the External Investment Manager's discretion. Engagement may be focused on gaining insights and/or influence to bring about change:

- Engagement for insight (fact finding): this type of interaction may occur in order to better understand where an ESG practice or performance matter is something the External Investment Manager is comfortable with. They would then evaluate whether the information gained would lead to a change of view on an issuer, and this would be factored into the ESG assessment of the issuer, and/or the investment positioning.
Where there is a change in the ESG rating, it could potentially trigger an investment action (in some instances, the External Investment Manager may decide to divest, or to put the issuer on the restricted list). If the new ESG rating does not trigger divestment, the External Investment Manager may potentially still review the investment positioning or its suitability.
If there was no need/desire to engage to bring about improvements, the escalation process would stop here, otherwise the escalation would move to engaging for influence.
- Engagement for influence (change facilitation): this type of engagement may occur as a result of an incident and/or performance being at a level which is not considered acceptable/appropriate by the External Investment Manager. The External Investment Manager would evaluate the best possible engagement approach through considerations of the goals/objectives, the potential timelines for results,

and what outputs/outcomes would evidence the results needed. Considerations would also be whether bilateral engagement would be as effective as working collaboratively with other stakeholders, and whether the issue being engaged on is one the issuer can reasonably be expected to influence or whether it is a systematic issue, which requires wider industry/policy change to bring about positive change. When engaging with sovereign issuers, the External Investment Manager typically engages to generate insights, but there can also be opportunities to engage for influence, such as improving fiscal transparency and ensuring an operating environment that gives investors confidence.

When responding to identified material ESG incidents/controversies, it is a collaborative effort between the Responsible investment function and the investment teams of the External Investment Manager.



Designated reference benchmark

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