



# AAF Parnassus US ESG Equities

Website Product Disclosure



## Summary

### No Sustainable Investment Objective

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

The Sub-Fund however will invest a minimum share of 30% of its assets aligned with environmental and/or social characteristics in sustainable investments. To define the sustainable investment universe, a “pass-fail” approach is used using a set of criteria. The “Do No Significant Harm” (DNSH) principle is applied on all sustainable investments and is compiled by taking into account adverse impacts indicators listed in the Delegated Regulation (EU) 2022/1288 of 6 April 2022.

### 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 Parnassus US ESG Equities** (the “Sub-Fund”). The External Investment Manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the “Management Company”) ESG responsibility criteria. The External Investment Manager must comply with the Management Company’s standards of quality and go through a qualitative selection process before being retained. 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 has set up a process that integrates fundamental and research to assess the business quality and valuation of potential companies. The ESG assessments include both exclusionary screens and a bottom up ESG evaluation.

To determine ESG performance, the External Investment Manager reviews scoring from third-party ESG ratings providers, evaluates the material impact of controversies, eliminates companies exposed to controversial businesses, and performs a qualitative assessment on multiple ESG factors. The External Investment Manager then ensures that the companies are compliant with their exclusionary screens.

The External Investment Manager then performs an extensive analysis of retained companies, evaluating their ESG profile (risks and opportunities) within the context of the underlying sector and industry. The External Investment Manager analyses each investment candidate’s environmental, social and governance record. This analysis emphasizes the company’s most relevant issues and most material risks, and compares with peers. In addition, companies rated in the bottom quartile of the investment universe as per the ESG process will not be considered for investment.

The investment memo compiled for each company includes a section focused on ESG. The analyst presents ESG information, key positives and risks, and opportunities for engagement. The report helps the External Investment Manager’s CIO to determine whether the company is eligible for inclusion in the portfolio.

### Proportion of Investment

The Sub-Fund will invest a minimum of 90% of its net assets in investments aligned with the promoted environmental and/or social characteristics. Consequently, up to 10% of its net assets may not be aligned with these characteristics.

## Monitoring of the Environmental/Social characteristics

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

When assessing companies, the External Investment Manager reviews their scope 1 and 2 GHG emissions, Science Based Targets, board-level statistics, as well as labour standards. If these present a material or reputational risk to the company, the information would be summarized in the investment memo, that is updated at least annually. This data is also monitored at the portfolio level.

The External Investment Manager also continuously monitors the portfolio against global Human Rights issues, and companies' ability to attract, retain and help employees progress.

Investment policies and guidelines for the Sub-Fund are checked on a daily basis and on a pre-trade basis by the External Investment Manager, using their Compliance software.

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 analyze 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 External Investment Manager does not rely on third party data providers to determine the appropriateness of a company for the Sub-Fund. Nonetheless, the External Investment Manager incorporates external sources ESG research into its own analysis on companies, such as MSCI, Sustainalytics, and ISS.

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.

## Due Diligence

In terms of Due Diligences at investment level, the External Investment Manager will attribute a portfolio manager sponsor and an analyst to undergo deep fundamental analysis. The director of ESG research in a first step will recommend the company for inclusion and the CIO will finally approve (or not) the company as eligible for inclusion in the portfolio; finally the company that passes will be added to the trading and monitoring internal system of the External Investment Manager.

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

The Sub-Fund however will invest a minimum share of 30% of its assets aligned with environmental and/or social characteristics in sustainable investments.

Regarding the Sustainable Investments that the Sub-Fund intends to make, the "Do No Significant Harm" (DNSH) principle is compiled by taking into account adverse impacts indicators listed in the Delegated Regulation (EU) 2022/1288 of 6 April 2022. The Sustainable Investments that the Sub-Fund intends to make take into consideration (for some of them using proxies) all the mandatory adverse impact indicators listed in Table 1 of Annex 1 that are applicable to investee companies. In addition, the Sustainable Investments that the Sub-Fund intends to make take into consideration PAI No. 4 in Table 2 of Annex 1, applicable to investee companies, relating to investments in companies without carbon reduction initiatives. The Sustainable Investments that the Sub-Fund intends to make also take into consideration PAI No. 15 of Table 3 of Annex 1, applicable to investee companies, relating to the lack of anti-corruption and anti-bribery policies. The Sustainable Investments that the Sub-Fund intends to make consider adverse impacts of its investments on society and the environment through a combination of portfolio management decisions, engagement, and exclusions of issuers associated with controversial conduct or activities.

Table 1		
1	GHG Emissions	Portfolio management decisions
2	Carbon Footprint	Portfolio management decisions
3	GHG Intensity of investee companies	Portfolio management decisions
4	Exposure to companies active in the fossil fuel sector	Portfolio management decisions
5	Share of non-renewable energy consumption and production	Portfolio management decisions
6	Energy consumption intensity per high impact climate sector	Portfolio management decisions
7	Activities negatively affecting biodiversity sensitive areas	Portfolio management decisions
8	Emissions to water	Portfolio management decisions
9	Hazardous waste and radioactive waste ratio	Portfolio management decisions
10	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Exclusion
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Portfolio management decisions
12	Unadjusted gender pay gap	Portfolio management decisions
13	Board gender diversity	Portfolio management decisions
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exclusion
Table 2		
4	Investments in companies without carbon emission reduction initiatives	Portfolio management decisions and engagement activities
Table 3		
15	Lack of anti-corruption and anti-bribery policies	Portfolio management decisions and exclusions

The Sustainable Investments that the Sub-Fund intends to make are aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set forth in the 8 “fundamental” conventions identified in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (covering subjects considered to be fundamental principles and rights at work, e.g., freedom of association and the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation) and the International Bill of Human Rights.



## 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 Parnassus US ESG Equities** (the “Sub-Fund”). The External Investment Manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the “Management Company”) ESG responsibility criteria. The External Investment Manager must comply with the Management Company’s standards of quality and go through a qualitative selection process before being retained. This process involves an in-depth analysis of the External Investment Manager’s corporate social responsibility policy as well as its overall sustainability strengths going from the analysis of ESG professionals, philosophy and investment process. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both negative and positive screenings as well as taking engagement actions when necessary. The Sub-Fund 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 has set up a process that integrates fundamental and ESG (Environment, Social and Governance) research to assess the business quality and valuation of potential companies. The ESG assessments include both exclusionary screens and a bottom up ESG evaluation. The investment strategy relies on a three-step process:

- In order to determine ESG performance, the External Investment Manager reviews first scoring from third-party ESG ratings providers (MSCI, ISS and Sustainalytics), evaluates how business controversies may materially impact companies, eliminates companies with exposure to controversial business lines, and performs a qualitative assessment on a broad range of ESG factors. The first task of the External Investment Manager is then to evaluate potential investments to ensure that they are compliant with the firm’s exclusionary screens.

- In a second step, the External Investment Manager performs an extensive analysis of retained companies in order to evaluate their ESG profile including relevant ESG issues (material risks and opportunities) within the context of the underlying sector and industry. The External Investment Manager analyses each investment candidate's material environmental, social and governance record, including their environmental impact; how they treat their employees; the quality of their relationships with local communities, customers and the supply chain; and their corporate governance policies and practices. This analysis focuses on the issues that are most relevant and risks that are most material to the company. The framework used to analyse materiality is 1) financial – risks that may affect the financial performance and success of a company, and 2) reputational – whether the company's public perception may be impacted by its management of material ESG topics.
- An ESG risk assessment is completed for each potential holding. The assessment distils available ESG information, summarizes key positives and risks, documents the material risks described above, and identifies opportunities for engagement. This assessment is a tool for the Chief Investment Officer of the External Investment Manager to use in making a final decision about whether the company is eligible for inclusion in the portfolio. Companies rated in the bottom quartile of the investment universe, as assessed by the ESG process, will not be considered for investment.

## 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.

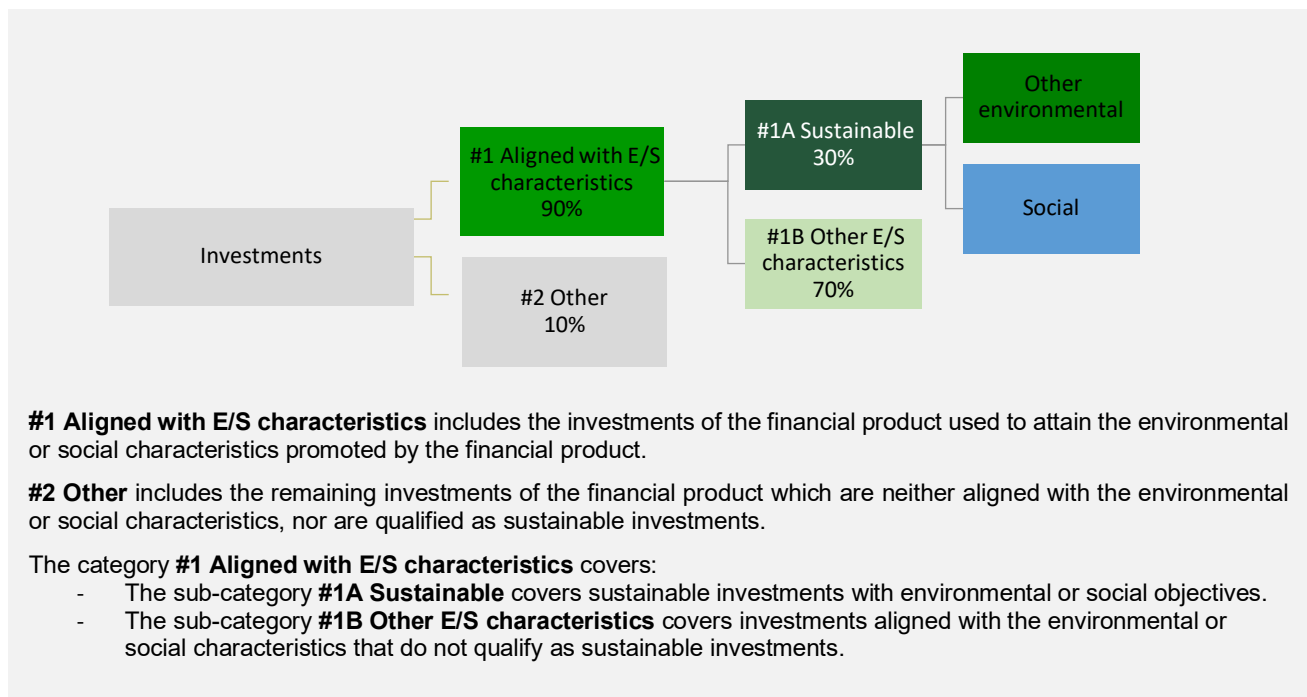
The External Investment Manager will evaluate the governance structure of any company under consideration for investment. As part of that process, the External Investment Manager considers shareholder-friendly policies and transparent reporting, leadership’s attention to ESG initiatives, management turnover, board accountability and expertise, executive compensation policies, women on board, as well as ownership and governance structures.



## 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), bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for Investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.





## Monitoring of environmental or social characteristics

The Management Company and the External Investment Manager independently perform an assessment of the attainment of the Sub-Fund's environmental or social characteristics, and of the sustainable investment objective (for the sustainable investments that the Sub-Fund intends to make).

The External Investment Manager monitors climate risk management primarily through scope 1 and 2 carbon emissions. They also believe that companies that have implemented Science Based Targets are better positioned to manage their businesses through the transition. The External Investment Manager reviews this information when assessing companies for inclusion in the portfolio and this information would be summarized in the investment memo (updated at least on an annual basis) if potentially material to the stock, or a reputational risk to the company. This data is also monitored at the portfolio level.

The External Investment Manager monitors diversity and inclusion practices through board level statistics. This is assessed when companies are reviewed for inclusion in the portfolio and this information would be summarized in the investment memo (updated at least on an annual basis) if potentially material to the stock, or if they represent a reputational risk to the company. This data is also monitored at the portfolio level.

The External Investment Manager evaluates global Human Rights issues, as applicable, for supply chains, operations and products. The portfolio is monitored on these issues on a continuous basis.

The External Investment Manager reviews labour standards when assessing companies for inclusion in the portfolio and this information would be summarized in the investment memo (updated at least on an annual basis) if potentially material to the stock, or a reputational risk to the company.

The External Investment Manager also monitors the ability to attract, retain and develop employees based on its benefits, training and development programs, and employee engagement by using MSCI Human Capital Development scores at the portfolio level.

Investment policies and guidelines for the Sub-Fund are checked on a daily basis and on a pre-trade basis by the External Investment Manager using their Compliance software.

At Management Company's level, 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 commitment made (e.g., control of the ESG score, of the compliance with the set of exclusions, of the ISS SDG score etc.). In case a "non-compliant matter" is detected by the Management Company, the 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.

In addition, the Sub-Fund partially intends to make sustainable investments. In that regard, the portfolio will be partially composed of companies exposed to the UN Sustainable Development Goals (SDGs). The Sub-Fund invests in companies contributing positively to environmental and social solutions.

The Sub-Fund seeks to achieve positive environmental impact by investing primarily in companies that are leading the way to a zero-carbon economy and have approved Science-Based Targets. To define the sustainable investment universe, a "pass-fail" approach is used using a set of criteria. The DNSH principle is applied on all Sustainable Investments.

The analysis of certain sustainability indicators is systematically integrated into the investment decision making process of sustainable investments defined as securities financing economic activities that contribute to the environmental and/or social objectives mentioned above. To be eligible to the sustainable investment universe, the Management Company uses the below criteria:

- Having a net positive aggregated overall SDG score. This criterion, sourced from external data provider ISS, assesses the overall, aggregated impact (positive and negative netting) of an issuer's product portfolio on the achievement of sustainability objectives. For corporate issuers, the SDG Solutions Score considers only the most distinct objective scores, i.e., the highest positive and/or the lowest negative score, based on contributing and obstructing impacts on sustainability objectives. The SDG Solution Score is calculated as the sum of the highest positive and the lowest negative objective score and ranges on a scale from -10.0 to 10.0.
- Having a greenhouse gas emission reduction target. The criterion is sourced from the external data provider ISS and differentiates an issuer's targets as "No Target", "Non-Ambitious Target", "Ambitious Target", "Committed Science Based Target (SBT)", or "Approved Science Based target (SBT)" based on the existence and quality of greenhouse gas emissions reduction targets.
- Being aligned with the International Energy Agency (IEA) Sustainable Development Scenario (SDS) for the full analysed period (until 2050). The criterion is sourced from the external data provider ISS and identifies the year in which the company estimated future carbon emissions are non-longer aligned with the issuer's estimated carbon emissions budget required to be aligned with the IEA SDS.
- Exposure to companies that do not meet the above criteria, but for which there is (i) a path of engagement with the company that could lead to meeting one or more of these criteria or (ii) a differentiated view of the company's impact assessment leveraging the External Investment Manager's proprietary methodology.



## Data sources and processing

The External Investment Manager conducts internal ESG research and selectively incorporates externally sourced ESG research data into its analysis on companies. The primary external ESG research providers are MSCI, Sustainalytics and ISS. Details on individual companies' ESG profiles are typically verified using company disclosures, discussions with company representatives and third-party sources.

Regarding climate risk management, data on scope 1 & 2 emissions is provided by ISS. Board diversity statistics are also provided by ISS. In addition, most companies in the S&P 500 self-report. When assessing a company's ability to attract, retain and help employees progress, the External Investment Manager relies on MSCI's proprietary Human Capital Development scores.

The External Investment Manager does not rely on third party data providers to determine the appropriateness of a company for client portfolios. The External Investment Manager's proprietary research methodology, implemented by their in-house team, drives decision-making. The External Investment Manager often speaks directly with company management teams 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 and/or sustainable objectives (when relevant) 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, as well as for the Overall SDG Score data solution it offers.

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.



## 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 External Investment Manager's research process starts with fundamentals. Those companies that have sponsorship by a portfolio manager then undergo deep fundamental and ESG research by the analyst, supported by the director of ESG research in identifying risks and opportunities.

The first task of the External Investment Manager's team is to check their restricted list. The restricted list includes companies that are neither complying with the External Investment Manager's nor the Management Company's exclusionary screens, as well as other companies that have been deemed ineligible due to controversial business activities, poor management of ESG risk, or other factors.

The covering analyst of the External Investment Manager, with support from the director of ESG research, then performs extensive research into the ESG profile of each potential holding, which culminates in a recommendation on the stock that is provided to the chief investment officer of the External Investment Manager.

This report is a tool for the CIO of the External Investment Manager to use in making a final decision about whether the company is eligible for inclusion in the External Investment Manager's funds. Once a company has been approved for investment, it is added by the External Investment Manager's Compliance team to their trading and portfolio monitoring system.

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 and sustainable investing. They also assess to what extent, and at what stages, ESG criteria are integrated into the investment strategies and effectively taken into account in the investment process and the portfolio. This analysis is carried out by means of a questionnaire sent via the Management Company's proprietary platform, Deeligenz, as well as during meetings with the professionals involved in the strategy (e.g. portfolio managers, financial analysts, ESG analysts, management team, etc.). The Management Company's in-depth analysis is based on a "5-P approach": Parent, People, Process, Portfolio and Performance. Each of the previously outlined aspects is evaluated and ultimately leads to a final rating of the strategy.

As part of the monitoring process, the MDD team reviews the performance of the strategy on a monthly basis to ensure that it remains aligned with the investment style of the portfolio. The MDD team has the transparency and regularly monitors the delegated strategy's portfolio. ESG ratings, as well as other ESG or sustainable characteristics of the portfolio's underlying assets are monitored regularly. In addition, MDD analysts have quarterly meetings with the External Investment Managers to discuss recent performance as well as recent transactions to monitor alignment with the initially selected investment and ESG or 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 ESG or sustainability factors. 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 considering ESG and sustainability 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 environmental and/or social characteristics initially defined (**and, when applicable, to sustainable investment objectives**). The ESG team will also monitor the Sub-Fund's underlying investments against the environmental and/or social characteristics promoted (**and, when applicable, to sustainable investment objectives defined**), as well as the sustainability indicators for all the Sub-Fund's holdings. If a holding is identified as not meeting the sustainability indicators 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 issue they are engaged with. The Management Company will remain the final decision-maker on the voting.

The engagement and voting policies of the Management Company are available on its website.

The External Investment Manager engages companies in alignment with their principles, to build value and to mitigate potential ESG risks. Engagements may be event-driven or represent ongoing concerns. The External Investment Manager may also engage to better understand a company's governance, strategy, risk management or metrics and targets around material ESG issues. The External Investment Manager engages companies both individually and collaboratively with industry partners. Through their engagements, the External Investment Manager seeks constructive dialogues that lead to demonstrable improvements, recognizing that companies may require flexibility and creativity to implement what is requested of them.

Any of the following engagement methods may be utilized:

- Speaking or meeting directly with company management teams or other relevant representatives
- Letters from the External Investment Manager to investee companies' management or Boards of Directors
- Industry-wide responsible investing initiatives, such as sign-on letters and engagement working groups
- Filing of shareholder resolutions
- Other methods of communication

If engagements are unsuccessful or companies are insufficiently responsive, the External Investment Manager may utilize escalation tools including organizing with other investors to engage the company, or filing shareholder proposals.

The External Investment Manager will utilize this process when they believe that 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 the Management Company, with other like-minded responsible investors in filing or co-filing shareholder resolutions.



## Designated reference benchmark

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