



AAF Putnam US ESG Equities

Website Product Disclosure



Summary

No Sustainable Investment Objective

ABN AMRO Funds Putnam US ESG Equities (the “Sub-Fund”), promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental/social characteristics

The analysis of ESG factors is systematically integrated into the investment decision making process of ABN AMRO Funds Putnam 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 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 and labour standards as well as diversity, equity and inclusion.

Investment Strategy

The strategy is actively managed through a proprietary ESG fundamental research driven approach and is complemented by an engagement approach. The ESG fundamental research driven approach is guided by the External Investment Manager’s internally developed materiality map and thematic maps inspired and guided by the Sustainability Accounting Standards Board (SASB), now part of the International Sustainability Standards Board (ISSB).

The materiality map helps to utilize context specific analysis for individual companies and identifies key criteria for each potential sustainability leadership within their industry.

The External Investment Manager has identified 4 markers of sustainability leadership, (i) materiality, (ii) proactivity, (iii) progressiveness and (iiii) efficiency.

The sustainability research focuses on three overarching categories: thriving people, thriving planet, thriving public. The thematic map helps the External Investment Manager to identify potential solutions to key sustainability challenges. 4 indicators were selected by the External Investment Manager, (i) need, (ii) improvement, (iii) advancing and (iiii) effective.

The investment process is inclusionary, focused on identifying companies where excellence in sustainability (i.e., materiality map) is adding to long-term fundamental business prospects (i.e., thematic map).

The integrated research aims to identify two types of companies: sustainable leaders and sustainable solutions.

Proportion of Investment

The Sub-Fund plans to invest at least 90% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics. Consequently, up to 10% of the investments may not be aligned with these characteristics.

Monitoring of the Environmental/Social characteristics

The attainment of the promoted environmental and social characteristics like climate risk management, labour standards and diversity, equity and inclusion are assessed through a proprietary ESG research methodology developed by the External Investment Manager (using adopted SASB Materiality Map).

The main daily focus of the External Investment Manager team is ongoing investment research. With respect to research on portfolio holdings, this process typically includes review of new developments (fundamental, strategic, and sustainability-related) for the company and its peers, investigation of new and emerging strategic issues,

analysis of absolute and relative valuation and risk-related metrics, and comparison of these elements with our original investment thesis.

Data sources and processing

For ESG data, the External Investment Manager's research uses a combination of company-reported data, information from government sources, NGO's, and academic researchers, and third-party data from Sustainalytics, MSCI, Bloomberg, and CDP. For certain external reporting purposes, the External Investment Manager relies on ESG data from leading third-party service providers.

The External Investment Manager's use data from third-party service providers mainly as one of the input sources for the proprietary ESG assessments. Third party data is used to screen out the worst rated companies from their initial investable universe.

Within the research, investment, and risk monitoring processes, the External Investment Manager's teams incorporate information from multiple data sources, allowing for additional research on security-specific and portfolio-level issues.

Both the Management Company and the External Investment Manager have a thorough data provider selection process in place. After selection the Management Company and the External Investment Manager remain in continuous dialogue with the data providers on the quality of the data, the companies for which data is available and the need for additional data to support the investment decisions. Both the Management Company and the External Investment Manager ensure access to source data via the data providers' web portals or in their respective data management systems feeding the appropriate analysis tools.

Due Diligence

The Management Company carries out due diligences for the selection and monitoring of externally managed strategies. The Management Due Diligence (MDD) and ESG teams are actively carrying out due diligences on the underlying assets of the Sub-Fund. For all strategies, MDD analysts assess the External Investment Manager's commitment to and transparency on sustainable investing. They also assess to what extent, and at what stages, ESG criteria are integrated into the investment strategies and effectively considered in the investment process and the portfolio. 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. In addition, the MDD analysts have quarterly meetings with the portfolio managers to discuss recent performance as well as recent transactions to monitor alignment with the initially selected investment and sustainability philosophy.

The ESG team supports the MDD team in reviewing the process and methodologies of the External Investment Manager when considering ESG and sustainability issues. The ESG team monitors the Sub-Fund's and its underlying investments' characteristics and performance related to the sustainable investment objective and indicators. The ESG team is also responsible for periodically reviewing and updating the exclusion lists. The team also ensures the proper understanding and implementation of regulatory requirements on green finance throughout the entire product range.



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 Putnam 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 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 and 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 strategy is actively managed through a proprietary ESG fundamental research driven approach and is complemented by an engagement approach. The ESG fundamental research driven approach is guided by the External Investment Manager 's internally developed materiality map and thematic maps inspired and guided by the Sustainability Accounting Standards Board (SASB), now part of the International Sustainability Standards Board (ISSB).

The materiality map helps to utilize context specific analysis for individual companies and identifies key criteria for each potential sustainability leadership within their industry. Markers of sustainability leadership include:

- Material: Are the areas of sustainability leadership relevant to long-term business success?

- Proactive: Does the activity go above and beyond compliance or sufficiency?
- Progressive: Is reporting transparent and analysable?
- Effective: Can we identify meaningful positive impact both for the company and beyond (customers, suppliers, and systems)?

As an illustration of the materiality map,

- Key criteria to measure sustainability leadership in Utilities with regards to:
 - Governance: board structure and composition, management incentives, ownership, systemic risk management and leadership and corporate purpose, culture and mission alignment
 - Social: diversity, equity and inclusion, employee well-being and development.
 - Environment: climate change risk, climate change mitigation and adaptation, GHG Emissions, energy intensity and renewable energy use, biodiversity and ecosystems impact
- Key criteria to measure sustainability leadership in healthcare with regards to:
 - Governance: board structure and composition, management incentives, ownership, systemic risk management and leadership and corporate purpose, culture and mission alignment
 - Social: diversity, equity and inclusion, employee well-being and development, supplier, distribution and marketing management, product impact and customer well-being, pricing philosophy and access and Privacy, data security and data use.

The thematic map complements the External Investment Manager's materiality map by asking forward-looking questions (e.g., What is needed to improve the health of individuals, communities, and the planet? How can we invest in resilience and regeneration?). The sustainability research focuses on three overarching categories: thriving people, thriving planet, thriving public. The thematic map helps the External Investment Manager to identify potential solutions to key sustainability challenges. Markers of companies leading the way and providing solutions include:

- Need: Is the solution meeting an identified need and contributing to a thriving world?
- Improvement: Does the solution offer meaningful benefits versus prior options?
- Advancing: Are the positive impacts increasing over time, through added scope, scale or performance?
- Effective: Can we identify meaningful positive impact for the company and beyond (customers, suppliers, and systems)?

The investment process is inclusionary, focused on identifying companies where excellence in sustainability (i.e., materiality map) is adding to long-term fundamental business prospects (i.e., thematic map).

The integrated research aims to identify two types of companies: sustainable leaders and sustainable solutions

- Sustainable leaders are companies that have demonstrated leadership in the sustainability issues that are financially material to their businesses. The investment thesis is that companies that exhibit this type of commitment also often demonstrate potential for strong long-term financial performance.
- Sustainable solutions providers are companies whose products and services provide solutions to essential sustainability challenges. The belief is that solutions-oriented companies with potential to create positive social and environmental impact also demonstrate potential for strong growth and long-term financial performance.

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. The data source used for all below mentioned criteria and to define the pass/fail good governance test of the Management Company is Sustainalytics.

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



Proportion of investments

The Sub-Fund invests at least 90% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics)).

Up to 10% of the investments are not aligned with these characteristics (#2 Other). “#2 Other” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.



#1 Aligned with E/S characteristics:

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

#2 Other:

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



Monitoring of environmental or social characteristics

The attainment of the promoted environmental and social characteristics like climate risk management, labour standards and diversity, equity and inclusion are assessed through a proprietary ESG research methodology developed by the External Investment Manager (using adopted SASB Materiality Map).

The main daily focus of the External Investment Manager team is ongoing investment research. With respect to research on portfolio holdings, this process typically includes review of new developments (fundamental, strategic, and sustainability-related) for the company and its peers, investigation of new and emerging strategic issues, analysis of absolute and relative valuation and risk-related metrics, and comparison of these elements with our original investment thesis.

At least quarterly, the team also reviews certain ESG-related metrics for portfolio holdings, such as third-party risk and controversy reports, with the goal of identifying further potential areas to research, including issues related to the environmental and social topics noted above. The assessments results in a comprehensive report that details ESG strength/weaknesses and recommends suitability for the portfolio. Again, the External Investment Manager's compliance team also monitors specific considerations for the Sub-Fund as agreed upon with the Management Company.

The External Investment utilizes both automated and manual controls to ensure compliance with portfolio guidelines, including specific ESG guidelines. The external Compliance team review the output on a daily basis.

On the Management Company side, the monitoring of environmental or social characteristics of the investment product, is ensured through a dedicated control framework that may differ according to the investment decision process in place (investment delegation or direct investment and multi-management). On the first line of defence, when it comes to consider the investment delegation model, the External Investment Manager carries out its own checks on these metrics through its own tools at portfolio level. On the second line of defence, the Management Company, through its Business Control & Oversight team, performs periodic ex-post controls to ensure that the portfolio complies with the commitment made (for example: control of the ESG score, of the compliance with the set of exclusions etc.). In case any "non-compliant element" is detected, the Business Control & Oversight team analyses and classifies the "non-compliant element", informs (i) the External Investment Manager.

According to the nature of the non-conformity, the ESG team can decide to monitor the ESG non-compliant element (that will fall on the ESG list). In case of persistence of the non-conformity, an escalation process via the Risk and Compliance teams is put in place to ensure a remediation plan in due time and in the best interest of the shareholders and based on internal process.



Methodologies

ESG analysis is systematically integrated into the investment decision making process. As part of its ESG framework, the Management Company uses the following sustainability indicators to measure the achievement of each of the environmental or social characteristics promoted by the Sub-Fund:

- 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

For ESG data, the External Investment Manager's research uses a combination of company-reported data, information from government sources, NGO's, and academic researchers, and third-party data from Sustainalytics, MSCI, Bloomberg, and CDP.

The External Investment Manager's use data from third-party service providers mainly as one of the input sources for the proprietary ESG assessments. Third party data is used to screen out the worst rated companies from their initial investable universe.

Using the four following criteria, in stepwise order, they screen the top 1000 US companies by market capitalization to eliminate 20% of the initial universe. The third-party data used for this screening processes is Sustainalytics.

1. Exclusion of companies that are not compliant with the principles of the UN Global Compact
2. Companies that are deemed to be involved in high or severe controversies will be excluded
3. Companies that receive a high ESG risk rating will be excluded
4. Companies with the highest levels of carbon intensity will be excluded.

Within the research, investment, and risk monitoring processes, the External Investment Manager's teams incorporate information from multiple data sources, allowing for additional research on security-specific and portfolio-level issues.

The External Investment Manager ESG and sustainability research is guided by their own internally developed materiality maps which were inspired and guided by frameworks of the Sustainable Accounting Standards Board, and by their forward-looking map of sustainability themes and solutions which links to the United Nations Sustainable Development Goals. These tools provide frameworks for analysis of relevant environmental, social, and governance issues.

For ESG data, the External Investment Manager research uses a combination of company-reported data, information from government sources, NGO's, and academic researchers, and third-party data from Sustainalytics, MSCI, Bloomberg, and CDP. Data sources continue to evolve and improve, and the research process aims to make use of a wide range of relevant and accessible information.

For certain external reporting purposes, the External Investment Manager relies on ESG data from leading third-party service providers.

- **Information from NGO's:** A wide range of NGO's publish data and research on specific issues, and they use this information as a piece of their overall research mosaic. For example, the nonprofit Ceres produces reports on topics like benchmarking for methane emissions; the Ellen McArthur Foundation publishes research on the circular economy; the Access to Medicine Foundation analyses global access to pharmaceuticals; the Commonwealth group focuses on researching financial well-being of workers. All of these reports are examples of NGO information that is useful to their research process. Often these types of reports add to their understanding of important sustainability issues, and sometimes they also add to their information about specific company strategies or performance. Occasionally they collaborate with nonprofit groups on research topics that are relevant for their investment process or portfolio holdings.
- **Information from academic researchers:** There are three main areas where academic research contributes to their team's research and investment process. First, they frequently use academic sources as inputs to their thematic research process, as can be seen in the External Investment Manager's publicly available Sustainable Equity research reports. Second, they monitor research that is specifically focused on sustainable and ESG investing, which sometimes highlights new insights that are relevant to their investment processes. Third, their overall strategy is informed by theoretical frameworks related to complexity science, in particular the work of the Santa Fe Institute, where the External Investment Manager is a network member and the External Investment Manager's Head of Sustainable Investing serves as board chair. Complexity science is relevant for investors, and especially sustainability-focused investors, because it seeks to more accurately define, understand, and predict developments in complex adaptive systems (such as ecosystems, financial markets, corporations, and social structures).
- **Third-party data:** The External Investment Manager principally leverages Sustainalytics to satisfy external reporting requirements. This vendor is the integrated firm-wide solution to ensure consistency in approach and data sources.

Additional third-party data vendors, including but not limited to MSCI, Bloomberg and CDP, are available and may be used on a selective basis where they offer unique data sets or differentiated insights that help to inform the fundamental research mosaic or satisfy specific client requirements.

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 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 external providers to monitor environmental or social characteristics and/or sustainable objectives (when relevant) of the Sub-Fund and to edit their black lists. More specifically, the Management Company uses mainly Sustainalytics (ESG risk score, controversy, product involvement, UN Global Compact etc.), Morningstar (sub-fund peer group analysis and various ESG data calculations at portfolio level), ISS governance (voting resolution assessment and proxy voting) and ISS Ethix (climate data, etc.). The data are integrated and stored into the front to back internal tool and/or available into the dedicated data management system of the Management Company directly sourced from the providers on a continuous basis (some information may be delayed). Information is also available through dedicated portals developed by the external providers whose access is restricted to specific users of the Management Company

(as ESG team, Risk team etc.). The Management Company verifies that the data is available, reported or calculated and reliable over time.

On a case-by-case basis, as for example if a score ESG is missing, the Management Company may use other source of information to make its own opinion including information coming from its delegated portfolio manager to check the ESG suitability of the investment with the strategy of the Sub-Fund.



Limitations to methodologies and data

The Management Company and the External Investment Manager noticed that methodologies and data used have the following limitations.

- Data quality: the External Investment Manager's approach includes qualitative analysis of a company's ESG credentials. The methodology is subject to limitations, including reliance on the quality of data provided by investee companies or third-party research providers.
- Coverage: the External Investment Manager's team of ESG analysts may not be staffed to cover the entire investment universe and methodological limitations exist. In addition, with respect to external data providers, although the number of companies covered by data providers has increased significantly over time, and continues to increase, there may be instances where a specific company is not assessed by them. This is because either the data provider does not cover the company in question, or the company has not provided the data necessary for a proper assessment by the data provider.
- Discrepancy in ESG ratings: The External Investment Manager obtains its data from different data providers that have different methodologies for assessing ESG performance. The result of their assessment may be to some extent subjective and inconsistent.
- Estimated data: Not all data points are reported data and some of the data used are estimated. For example, in the case of carbon data or ESG ratings, some technical calculations may be based on estimated data (by reference to a peer group average for example).



Due diligence

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

- The MDD team identifies and selects high quality external investment strategies and 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 sustainable 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 reviews the performance of the strategy on a monthly basis to ensure that it remains aligned with the investment style of the portfolio. The MDD team has the transparency and regularly monitors the delegated strategy's portfolio. ESG ratings and other sustainable characteristics of the portfolio's underlying assets are monitored regularly. In addition, the MDD analysts have quarterly meetings with the portfolio managers to discuss recent performance as well as recent transactions to monitor alignment with the initially selected investment and sustainability philosophy. To prepare for the meeting, MDD analysts send out a monitoring questionnaire using the management company's proprietary platform, Deeligenz, with questions related to the portfolio, performance, and sustainability. During the calls, the External Investment Manager clarifies if there have been any changes in the team and processes. Analysts and investment managers also discuss their recent engagements and milestones during the period. In addition, the MDD analysts monitor any significant events that may affect the delegated portfolio managers, e.g., with respect to their investments, financial and ESG analysts, investment process, capacity for engagement. Each change may affect the strategy's rating based on the 5-Ps, which may lead to a change in the strategy's ratings, including the sustainability rating.

- 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 sustainable investment objective initially defined. The ESG team will also monitor the Sub-Fund's underlying investments against the overall sustainable investment objective, as well as the sustainability indicators for all of the Sub-Fund's holdings. If a holding is identified as not meeting the sustainability 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 labeling 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.

Engagement is fully integrated in the External Investment Manager's investment process and is used both to assess risk and to identify investment opportunities.

Engagements are conducted by the External Investment Manager's investment team. The External Investment Manager engages on governance, environmental, and social issues that are material and financially relevant for the specific company and industry.

The External Investment Manager typically views their engagement with companies as a collaborative process. The engagement agenda is rooted in ongoing assessment of financially material environmental, social, and governance issues on a sector, industry, and company-specific basis. The engagement themes for each company in the Sub-Fund are assessed annually.

When engagement does not lead to constructive dialogue or progress, options may include further outreach, including to board members, appropriate collaboration with other investors or organizations, consideration of proxy voting issues like board composition, as well as the potential sale of the security

The External Investment Manager regularly collaborates with other investors and partners on engagements. The External Investment Manager advocates for improved and relevant ESG disclosure, as well as the development of thoughtful and effective taxonomies and assessment frameworks and their partnerships include affiliations with several organizations that support similar goals.

The External Investment Manager's Engagement and Stewardship Policy is reviewed annually.

A summary of the External Investment Manager's sustainability and engagement efforts can be found in their Engagement and Stewardship report on

<https://www.putnam.com>



Designated reference benchmark

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