

## Sustainability related disclosures

*Capitalised terms used but not defined herein shall have the meanings set forth in the Fund's supplement.*

**Product name:** Diversity and Inclusion FAM Fund

**Legal entity identifier:** 254900CFRFO6N4U4IW65

### Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<input type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 80%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

### A. Summary

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective. The Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available, which allows the Investment Manager to make informed investment decisions. All investments purchased by the Fund must pass the Investment Manager's good governance tests, and in addition, sustainable investments must also pass tests to confirm they do no significant harm.

The sustainable investment objective of the Fund is to invest in companies that have demonstrable gender and/or ethnic diversity, or which provide solutions empowering social

equality. The Fund invests in Diversity Companies and Inclusion Companies. Sustainability considerations, encompassing ESG factors, are fully integrated into analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction.

The Investment Manager expects at least 80% of the Fund to be invested in social sustainable investments, in pursuit of the social sustainable investment objective. The Fund holds at least 15% and typically a maximum of 30% in Inclusion Companies, with the remainder of the sustainable investments held in Diversity Companies.

Derivatives are not used to attain the sustainable investment objective.

The Fund may hold cash, near cash and money market funds, and derivatives for hedging purposes or in connection with cash held for ancillary liquidity. No minimum environmental or social safeguards are applied, other than as stated below. It is also possible that the Fund may hold investments that are not in line with the promoted characteristics. Where this happens, the Fund will generally seek to dispose of them in the best interests of investors, but may not always be able to do so immediately.

For each stock held in the portfolio, the Investment Manager will use the sustainability indicators outlined below. In addition, for each investment considered to be SDG-aligned, the Investment Manager will assess the strength of contribution to the relevant SDG(s).

Monitoring of the sustainable investment objective is undertaken through systems and digital investment platform tools. The Investment Manager undertakes quarterly reviews at portfolio level inclusive of binding commitments and Key Sustainability Indicator (KSI) outputs.

Key Sustainability and Principal Adverse Indicators alongside binding elements of the Fund are used to demonstrate attainment of sustainable investment objective of the Fund.

The data sources used to monitor the indicators which align to the sustainable investment objective of the Fund are both sourced from third party data vendors such as MSCI or Bloomberg or sourced from proprietary research and analysis. Data are processed in a combination of external and internal systems and digital platform tools. Use of estimated data is limited and relates primarily to carbon emissions when reported data is unavailable. Where estimated data points are ingested or employed, appropriate data quality checks are to ensure that metrics can be used with due care in the investment process.

Incomplete, inaccurate or unavailable ESG data may act as a methodological limitation to a non-financial investment strategy. Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through governance and oversight.

ESG due diligence is carried out as a part of fundamental investment research. Where applicable, the analyst uses the ESG Scorecard to evaluate 15 mandatory and common factors and additional idiosyncratic factors deemed relevant to the subject company's risk profile and business mix.

Engagement is part of the environmental or social investment strategy. The precise nature of the engagement will vary depending on the investments held, but these overarching principles will inform the Investment Managers' conduct when engaging with companies, whether through voting equities in general meetings or in its participation in bondholder committees.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

---

## **B. No significant harm to the sustainable Investment Objective**

### **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective as they are required to pass a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful.
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas).
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment.

**How have the indicators for adverse impacts on sustainability factors been taken into account?** The Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available (i.e. not just for sustainable investments), which allows the Investment Manager to make informed investment decisions. The Fund's consideration of Principal Adverse Impact indicators is used as part of understanding the operating practices of the investments purchased by the Fund. Investments held by the Fund are then subject to ongoing monitoring and a quarterly review process.

### **Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

All investments purchased by the Fund must pass the Investment Manager's good governance tests, and in addition, sustainable investments must also pass tests to confirm they do no significant harm, as described above. These tests embed a consideration of the OECD Guidelines and UN Guiding Principles.

---

### **C. Sustainable investment objective of the financial product**

#### **What is the sustainable investment objective of this financial product?**

To invest in companies that have demonstrable gender and/or ethnic diversity, or which provide solutions empowering social equality.

#### **The Investment Strategy**

#### **What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The Fund invests in Diversity Companies and Inclusion Companies.

Diversity Companies are companies that demonstrate sustainability and gender and/or ethnic diversity. They must have at least 30% women and/or 30% ethnic minority representation on boards at the time of purchase. Diversity Companies bought for their ethnic minority representation must also have no single ethnicity representing more than 70% of the board at the time of purchase. The Investment Manager also considers other measures of gender and/or ethnic diversity in assessing the contribution of Diversity Companies to the sustainable objective. Diversity Companies are subject to fundamental assessment using the Fund's sustainable investment process ("EQL framework") described below.

The EQL Framework assesses:

- **ESG Credentials:** environmental and social responsibility characteristics evidenced by strong governance and sustainable business practices.
- **Quality:** the quality and durability of the company's business model and its ability to produce sustainable economic returns.
- **Leading Diversity:** the company's commitment towards diversity leadership through diversity representation, policies and targets.

Inclusion Companies are companies that deliver solutions to empower social equality. These can be understood by reference to the United Nations Sustainable Development Goals ("SDGs") framework as companies which are focused on sustainable development goals such as Good Health and Wellbeing, Quality Education; Gender Equality; Decent Work and Economic Growth; Industry, Innovation and Infrastructure; Reduced Inequalities; and Peace, Justice and Strong Institutions; or other companies which the Investment Manager considers appropriate to invest in pursuit of the sustainable objective. These companies are assessed using the Investment Manager's impact assessment methodology ("Impact Methodology") described below.

The Impact Methodology focuses on three criteria:

- **Investment Credentials:** the quality and durability of the company's business model and its ability to produce sustainable economic returns;

- Intention: the company’s purpose as evidenced by the alignment of its mission statement with its corporate strategy and actions; and
- Impact: the scale of the net positive societal impact and the company’s progress in addressing social equality challenges.

The outputs of the Impact Methodology enable the Fund to allocate to the following three investment types:

- “Pioneers”, whose products or services have or could have a transformational effect on social equality.
- “Enablers”, which provide the tools for others to empower social equality.
- “Leaders”, which spearhead and mainstream sustainability in industries empowering social equality, but which may have more established profitability than pioneers.

The Investment Manager’s engagement with the companies in which the Fund invests is key to the investment approach. Sustainability considerations, encompassing ESG factors, are fully integrated into analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction. In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:

1. The exclusions listed in the ESG Criteria are screened out.
2. The Investment Manager then assesses the sustainability credentials of the remaining companies:
  - a. Diversity Companies are assessed using the EQL framework; and
  - b. Inclusion Companies are identified by reference to the relevant SDGs, and assessed using the Impact Methodology.
3. The Investment Manager then performs further analysis to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund’s financial objective.

The Manager’s exclusion list which is based on the Manager’s exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and Forced Labour. See the Manager’s website for more detail on the application of the exclusion policy.

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The following elements are binding:

- The Fund’s exclusions;
- The Fund’s asset allocation (as disclosed below); and
- Minimum levels of sustainable investments.

Where it is in the best interests of investors, the Fund may temporarily deviate from one or more of these elements, for example if the Investment Manager considers it prudent to hold high levels of cash in response to market conditions.

**What is the policy to assess good governance practices of the investee companies?**

The Investment Manager operates data driven quantitative good governance tests used to consider investments into companies. The Investment Manager excludes investments in securities that are considered as failing the Investment Manager’s good governance tests.

**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes
- No

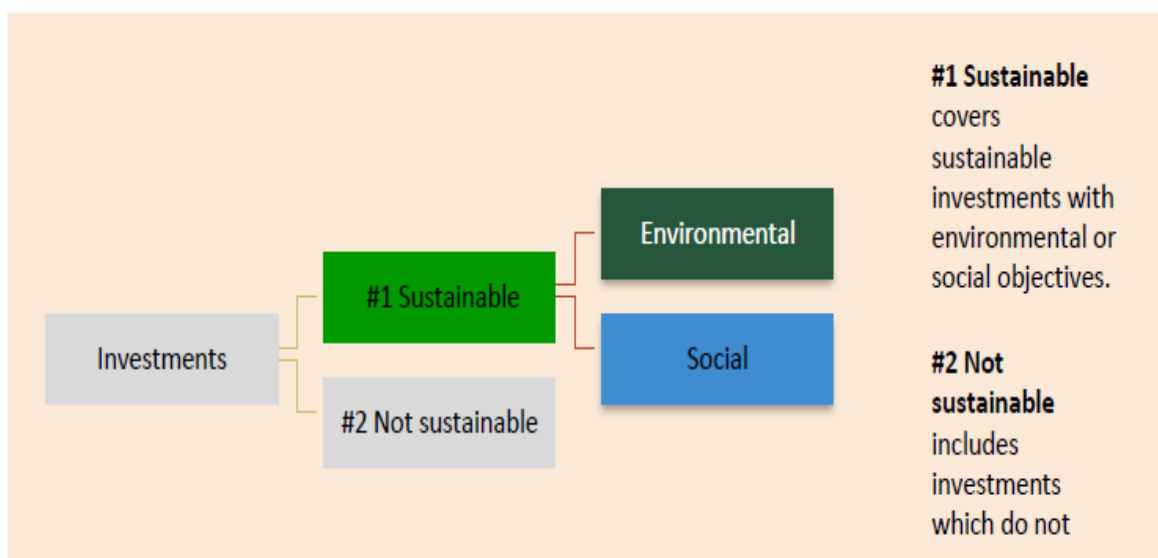
Yes, for sustainable investments, principal adverse impacts are a key part of assessing such investments do not do significant harm as explained above. For other investments the Investment Manager’s research process includes consideration of Principal Adverse Impact indicators for all investments where data is available, which allows the Investment Manager to make informed investment decisions, as explained above.

Information on how the principal adverse impacts were taken into account will be provided in the Fund’s annual report.

---

**D. Proportion of Investments**

**What is the asset allocation and the minimum share of sustainable investments?**



The Investment Manager expects at least 80% of the Fund to be invested in social sustainable investments, in pursuit of the social sustainable investment objective.

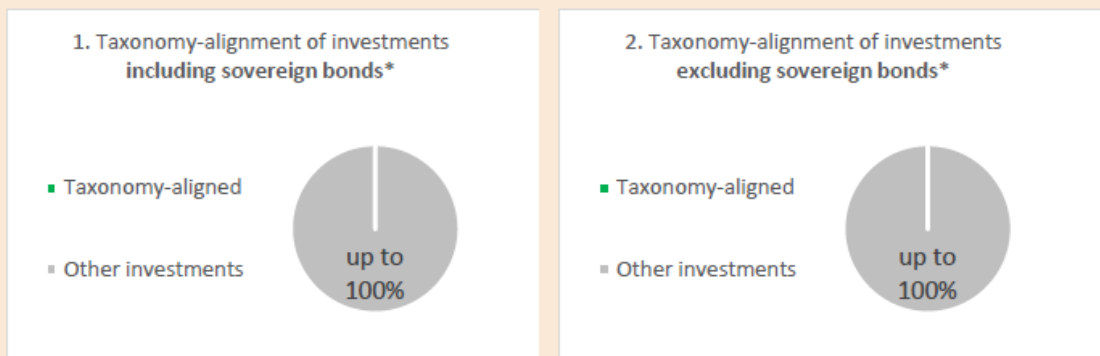
The Fund holds at least 15% and typically a maximum of 30% in Inclusion Companies, with the remainder of the sustainable investments held in Diversity Companies.

### How does the use of derivatives attain the sustainable investment objective

Derivatives are not used to attain the sustainable investment objective.

**What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)**

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%

**What is the minimum share of sustainable investments with a social objective?**

80%

**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The Fund may hold cash, near cash and money market funds, and derivatives for hedging purposes or in connection with cash held for ancillary liquidity. No minimum environmental or social safeguards are applied, other than as stated below.

Where derivatives are used to take investment exposure to diversified financial indices, these will be subject to such minimum environmental or social safeguard tests as the Investment Manager considers appropriate, for example a minimum weighted ESG score test.

It is also possible that the Fund may hold investments that are not in line with the promoted characteristics, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. Where this happens, the Fund will generally seek to dispose of them in the best interests of investors, but may not always be able to do so immediately.

---

## **E. Monitoring of sustainable investment objective**

### **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

For each stock held in the portfolio, the Investment Manager will use the following sustainability indicators:

- Year-on-Year Change of women on the board
- Year-on-Year Change of women in leadership roles
- Year-on-Year Change of ethnic diversity on the board
- Year-on-Year Change of ethnic diversity in leadership roles
- Percentage (%) NAV with board gender diversity (more than 30%), as reported by the company
- Percentage (%) NAV with board ethnic diversity (more than 30%), as reported by the company
- Percentage (%) NAV considered by the Investment Manager to have leadership diversity, based on data reported by the company
- Percentage (%) of NAV in investments aligned to United Nations Sustainable Development Goals (“SDGs”):
  - SDG3 - Good Health and Wellbeing,
  - SDG4 - Quality Education;
  - SDG5 - Gender Equality;
  - SDG8 - Decent Work and Economic Growth;
  - SDG9 - Industry, Innovation and Infrastructure;
  - SDG10 - Reduced Inequalities; and
  - SDG16 - Peace, Justice and Strong Institutions

In addition, for each investment considered to be SDG-aligned, the Investment Manager will assess the strength of contribution to the relevant SDG(s).

### **How are the sustainable investment objectives monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?**



Monitoring of the sustainable investment objective is undertaken through systems and digital investment platform tools. These are applicable on an ex-ante, ex-post basis in the investment process. Surveillance occurs on an ongoing basis in the investment platform tools using codified rules to assess compliance with the requirement to invest in sustainable investments in pursuit of the sustainable investment objective. The Investment Manager undertakes quarterly reviews at portfolio level inclusive of binding commitments and Key Sustainability Indicator (KSI) outputs.

---

## **F. Methodologies**

### **What is the methodology to measure the attainment of the sustainable investment objective of the financial product using the sustainability indicators?**

Key Sustainability and Principal Adverse Indicators alongside binding elements of the Fund are used to demonstrate attainment of sustainable investment objective of the Fund. Regarding the underlying metrics, there are a variety of methods used subject to the asset class, instrument or information type:

- binary pass/fail test e.g. exclusion of sanctioned companies, countries or industries
  - meets or exceeds a specific threshold e.g. revenue that contributes to an environmental outcome, or more than a % of board diversity
  - industry recognised third party certification evidencing sustainability performance e.g. CBI certified Climate bond
  - proprietary analysis to form an assessment of the sustainability characteristics e.g. net zero alignment or impact
- 

## **G. Data Sourcing and processing**

### **What are the data sources used to attain the sustainable investment objectives including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**

#### Data Sources

The data sources used to monitor the indicators which align to the sustainable investment objective of the Fund are both sourced from third party data vendors such as MSCI or Bloomberg or sourced from proprietary research and analysis.

#### Measures taken to ensure data quality

Data received from third party vendors typically comes from reputable and, in some cases, audited sources, such as annual reports or sustainability reports. Basic data quality metrics are tested using appropriate technological tools. More domain-specific checks are carried out by sustainability subject matter experts within the front office. To ensure that interpretation of data is consistent, benchmarking exercises are performed where appropriate. External ESG data is supplemented through the application of a proprietary ESG scorecard, with independent calibration reviews to drive consistency of approach.

#### How data is processed

Data are processed in a combination of external and internal systems and digital platform tools. Definitions and calculation logic are applied to transform raw attributes into metrics which are used for disclosures and to apply investment restrictions. Using these metrics, fund exposures are monitored at both portfolio and security level, ex ante and ex post.

#### Proportion of data that is estimated

Use of estimated data is limited and relates primarily to carbon emissions when reported data is unavailable. Where estimated data points are ingested or employed, appropriate data quality checks are to ensure that metrics can be used with due care in the investment process. The Investment Manager develops proprietary tools where appropriate, including models to estimate carbon emissions for companies which do not report. Such proprietary estimates are not used in regulated disclosures.

---

### **H. Limitations to methodologies and data**

#### **What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the sustainable investment objectives and the actions taken to address such limitations)**

As mentioned above, sustainable investment objectives are monitored through indicators which are often based on data. ESG information from third party data providers and/or obtained directly from the issuers may be incomplete, inaccurate, stale or unavailable. As a result, there is a risk that the Fund may incorrectly assess an issuer or information that is an input into an indicator. This in turn can result in the incorrect inclusion or exclusion of a company in the portfolio or incorrect outcome for an indicator in the Fund.

Incomplete, inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy (such as the application of ESG risk and opportunity characteristics). Where identified, the Investment Manager will seek to mitigate this risk through its own assessment. In the case that particular data points are not available, it is expected that the Investment Manager's own assessment will be sufficient to ensure that the attainment of sustainable investment objective is not materially affected.

Internal methodologies and policies are subject to appropriate governance and oversight, in which limitations are recognised and accepted, with controls applied appropriate.

Exceptions from frameworks are subject to appropriate governance by specialists in our Stewardship and Sustainability team and/or Governance committees such as the ESG Governance Meeting according to the materiality of the departure from policy. Common limitations include: lack of coverage of business involvement screening; lack of key sustainability metrics; divergence of market standards across different geographies.

Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through governance and oversight. Whilst, as with financial data, it is impossible to completely eliminate the risk of impact of an external data vendor

error, the Investment Manager does conduct its own reviews and challenges where it believes investments have been misclassified. Where the methodologies and/or data are insufficient post mitigation to establish that an investment is a sustainable investment in pursuit of the sustainable investment objective, such investment may not be purchased.

---

## **I. Due Diligence**

### **What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?**

ESG due diligence is carried out as a part of fundamental investment research. Research analysts assess the Principal Adverse Impact metrics and identify key sustainability risks in order to evaluate and express their materiality for the subject company or investment. Analysts reflect their assessments in either written research or an ESG Scorecard.

Where applicable, the analyst uses the ESG Scorecard to evaluate 15 mandatory and common factors and additional idiosyncratic factors deemed relevant to the subject company's risk profile and business mix. The mandatory factors for evaluation are as follows:

- Climate: Disclosure, Intensity, Footprint, Vulnerability, Intent
- Governance: Ownership & Control, Political Interference & Sovereign Concerns, Strategy and Financial policy, Disclosure and Transparency, Board, Regulation, Compliance and Oversight, Cybersecurity, Corporate culture and controversy
- Social: Modern Slavery, Diversity & Inclusion
- Sector-specific Key Issues determined from the SASB Materiality Map.

In addition to the proprietary assessments described above, investment decision-making may also take account of third party ESG ratings, where available.

Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers.

The section above entitled 'Monitoring of sustainable investment objective' details the controls associated with the components of due diligence listed herein.

---

## **J. Engagement Policies**

### **Is engagement part of the environmental or social investment strategy?**

Yes

### **If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)**

The Investment Manager believes that the long-term success of companies is supported by

effective investor stewardship and high standards of corporate governance. The Investment Manager believes that if a company is run well, and sustainably, it is more likely to be successful in the long run. The Investment Manager undertakes all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of client's assets, with engagement representing an integral part of how it integrates ESG considerations in its investment process. The Investment Manager is committed to being transparent about how it conducts investment stewardship activities in support of long-term sustainable performance for its clients. The precise nature of the engagement will vary depending on the investments held, but these overarching principles will inform the Investment Managers' conduct when engaging with companies, whether through voting equities in general meetings or in its participation in bondholder committees.

---

#### **K. Attainment of sustainable investment objective**

**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Yes

No

**How is that index designated as a reference benchmark aligned with the sustainable investment objectives promoted by the financial product? (including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated)**

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

**How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable.

**How does the designated index differ from a relevant broad market index?**

Not applicable.

**Where can the methodology used for the calculation of the designated index be found?**

Not applicable.