SFDR Website Product Disclosure

Espiria SDG Solutions

Article 9

Summary

This Sustainability Related Disclosure concerns Espiria SDG Solutions ("the Fund"). It is prepared in accordance with Regulation (EU) 2019/2088 on Sustainability Related Disclosures in the Finance Sector ("the SFDR"). This Disclosure is compiled as of 31 December 2022. The following text is a summary of all the information contained in the different sections of the disclosure.

No significant harm to the sustainable investment objective

We ensure that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective in the following ways: our proprietary Espiria Quality and Sustainability Score (EQSS), Do-No-Significant-Harm (DNSH) Assessment, and the Espiria Impact Assessment (EIA) framework. These are outlined in detail in the disclosure. We also screen the portfolio for norms-based violations and controversies through an external service provider.

Sustainable investment objective of the financial product

The Fund's objective is to generate a positive social and environmental impact and achieve significant capital appreciation over the long-term through investing in companies that contribute to one or several of the UN's Sustainable Development Goals (UN SDGs) in their offering of products and services. The contribution will be measured via revenue, capital expenditure, operating expenditure and/or research and development linked to the UN SDGs and should exceed 20%.

Investment strategy

In order to attain the sustainable investment objective, the Fund's investment strategy has the following binding elements: (1) Our Proprietary EQSS Framework, which includes to identify alignment to net zero climate targets, assess EQSS Red Flags, ensure minimum environmental and social safeguards, make sector exclusions, and ensure the minimum proportion of sustainable investments. (2) Our "Three-Step-Test", which assesses whether an investment is classified as sustainable. The Test is based on the definition of sustainable investments in Article 2(17) of Regulation (EU) 2019/2088, and uses a combination of proprietary tools and data from external service providers. The Fund is committed to have a total minimum proportion of 90% sustainable investments with an environmental and/or a social objective.

Currently we rely mainly on the Red Flag analysis under the EQSS framework to assess good governance practices, including high level of management integrity, board independence and diversity, accounting quality, sustainability reporting transparency and no recurring significant governance controversies.

Proportion of investments

In line with the investment objective and the binding elements of the Fund, the minimum share of sustainable investments is 90%. The Fund will invest at least 10% in sustainable investments, with an environmental objective that are not aligned to the EU Taxonomy and in sustainable investments with a social objective, respectively. Subject to this minimum, the Fund may flexibly allocate between the different types of sustainable investments based on availability and attractiveness of investment opportunities, whilst keeping the aggregate allocation to sustainable investments with environmental and/or social objectives to a minimum of 90%. The Fund targets a balanced and dynamic mix of social and environmental objectives. The purpose of the Fund's "non-sustainable" investments is to hold necessary ancillary liquidity. All investments must fulfil the minimum environmental or social safeguards criteria within Espiria's EQSS framework. For example, no investments will be made into certain sectors, and no investments will be made into holdings deemed Non-Compliant in the controversy (norms-based) screening.

Monitoring of sustainable investment objective

Following investment, we monitor how our holdings (and hence the Fund) are achieving the investment objective by updating our proprietary EQSS framework and impact assessment tool, when new information has come to the attention of the investment team. If the new information leads to revised assessment and conclusion, such that they no longer fulfil the underlying criteria of sustainable investment by our definition, the name shall be divested.

The portfolio is annually reviewed by the investment management team to confirm compliance with the sector-based screening criteria. The portfolio is also reviewed quarterly by the ESG team, and the results are reported to the Board and to the Investment Committee.

Methodologies

The Fund focuses on urgent sustainable transition needs in connection with 12 SDGs and 48 investable SDG targets, grouped under five themes: sustainable food & ecosystem, circular economy, health & empowerment, energy transition, and connectivity & infrastructure. We analyse companies' contribution to these targets in our proprietary Espiria Impact Assessment (EIA) framework, including both financial thresholds and impact-related criteria.

Data sources and processing

We adopt a combination of primary data collection by our own team and the use of service providers to collect data at scale. We rely mainly on primary source of data deemed relevant and material to the sustainable investment objective, often disclosed by the investee companies. The data may be processed in multiple ways, for analysis purposes mainly.

Limitations to methodologies and data

The primary limitation to the methodology lies with that of a scorecard methodology. In a scorecard assessment, there could be an inherent level of subjectivity. There could also be a question regarding to what extent a numerical assessment captures the real-world effect. We seek to mitigate such limitations mainly by providing clear definitions of the topics and indicators within the EQSS framework, as well as scoring guidelines. We also take notice to the fact that data quality and inconsistency exists with all data service providers. We actively engage with both service providers and companies to improve the data quality and consistency.

Due diligence

Espiria has incorporated the sustainability aspects of the investment strategies into adequate investment due-diligence processes and procedures for the selection and monitoring of investments, amongst others considering sustainability risk and the Fund's risk appetite. The Investment Committee and Board of Directors receive risk reports on a quarterly basis with the inclusion of sustainability risks.

Engagement policies

We aim to be constructive and supportive in our dialogue with the companies. Our experience has shown that engaging with the company, either directly or collectively with other owners, usually generates greater positive effects as opposed to immediately exiting our investment. We have an Active Ownership Policy available on our website, which clearly sets out our approach towards active ownership.

Attainment of the sustainable investment objective

No specific index has been designated as a reference benchmark for the purpose of attaining environmental or social characteristics.

No significant harm to the sustainable investment objective

Principal Adverse Impacts

We ensure that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective in two ways:

1. *EQSS Do-No-Significant-Harm (DNSH) Assessment*

   We have implemented a proprietary sustainability integrated framework, the Espiria Quality and Sustainability Score (EQSS), to assess the quality and sustainability profile of each company at the holding level. EQSS includes principal adverse impacts (PAI) indicators and a set of Red Flag (RF) questions, covering the ESG topics that we deem most critical. In addition to the EQSS framework, some PAI indicators are included in our norms-based screening, provided by an external service provider. We periodically review the adverse indicators for the portfolio holdings and will discuss where clear outliers are identified. These tools are also part of our “Three-Step-Test” to determine if an investment is sustainable. The test is based on the SFDR definition of sustainable investments in Article 2(17) of Regulation (EU) 2019/2088, and is described in further detail below.

2. *EIA Net Positive Impact Assessment*

   As part of the Espiria Impact Assessment (EIA) framework, the primary negative impact identified for the company shall not significantly harm the expected contribution towards environmental or social objectives. Potential negative impacts must either be actively mitigated by the company, or the investment team should have conviction that the active engagements on behalf of the Fund with the company will meaningfully contribute to mitigating the negative impacts identified.

International Norms

With regard to the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as part of the controversy (norms-based) screening, we assess companies in terms of compliance with international norms and standards. This screening, provided by an external service provider, captures severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. Assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions.

Upon new investment, the investment team shall check and confirm the status of a new holding in regard to norms and controversies as part of the Red Flag Analysis. Fund portfolios are also checked quarterly by our Group’s ESG function, which highlights any company that is on the Watchlist. The review is based on the results in the norms-based screening, information that has been publicly disclosed by issuers, as well as other relevant information that may have come to our attention at the time of the review.

The Fund will not invest in or hold any company that is deemed Non-Compliant with the above-described norms and standards.

Sustainable investment objective of the financial product

The Fund's objective is to generate a positive social and environmental impact and achieve significant capital appreciation over the long-term through investing in companies that contribute to one or several of the UN's Sustainable Development Goals (UN SDGs) in their offering of products and services. The contribution will be measured via revenue, capital expenditure, operating expenditure and/or research and development linked to the UN SDGs and should exceed 20%.

To achieve the investment objective, the Fund focuses on the most urgent sustainable transition needs in connection with the 12 UN SDGs and 48 investable UN SDG targets, grouped under five themes: sustainable food and ecosystems, circular economy, health and empowerment, energy transition, and connectivity and infrastructure. Each of these five themes has specific UN SDG related objectives as its focus (see examples below). Each UN SDG target can be categorised as either an environmental or a social objective, depending on whether the expected positive impact primarily relates to environmental or social outcomes.

Theme	Sustainability Objectives (examples)
Sustainable Food and Ecosystems	• Increased food productivity (for small-scale producers) • End all forms of malnutrition • Sustainable, resilient, climate smart practice in food production
Circular Economy	• Water pollution reduction, untreated wastewater minimised • Natural resources (raw materials) being efficiently used and sustainably managed • Reduced waste generation through prevention, reduction, recycling and reuse
Health and Empowerment	• End epidemic and communicable diseases • Non-communicable disease prevention to reduce premature mortality and improved mental health • Access to financial risk protection, essential healthcare services, medicines and vaccines that are affordable • Access to basic education for all, effective learning outcomes
Energy Transition	• The share of renewable energy in the global energy mix substantially increased • Energy efficiency significantly increased

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Connectivity and Infrastructure	• Sustainable, affordable, safe and accessible transport system • Upgraded infrastructure and more efficient and sustainable industrial retrofit • Integration of SMEs into value chains and markets

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

Investment strategy

The Fund's objective is to generate a positive social and environmental impact and achieve significant capital appreciation over the long-term through investing in companies which contribute to one or several of the UN's Sustainable Development Goals (SDGs) in their offering of products and services. In order to attain the sustainable investment objective, the Fund's investment strategy has the following binding elements:

1. The EQSS Framework

To ensure the attainment of the environmental and social characteristics that are promoted by the Fund, we have implemented a harmonised proprietary quality assessment framework for all Espiria holdings, including for the Fund, referred to as the Espiria Quality and Sustainability Score (EQSS). The EQSS Sustainability section covers the sustainability related binding elements for the Sub-Fund, which include to:

- *Identify alignment to Net Zero climate targets,* as part of Espiria's commitment as a Net Zero Asset Managers (NZAM) signatory,
- *Evaluate EQSS Red Flags,* including biodiversity risks and lacking board gender diversity,
- *Ensure minimum environmental or social safeguards,* the Fund will not invest in or hold any companies which are deemed Non-Compliant in the norms-based screening,
- *Make sector exclusions*, the Fund will not invest in companies that derive >5% of their revenues from weapons (0% threshold for unconventional weapons), fossil fuels, pornography, gambling, alcohol, or tobacco,
- *Have a minimum proportion of AUM in Sustainable Investments,* based on the "Three-Step-Test" process (see below).

2. Minimum proportion of sustainable investments – The Three-Step-Test

We have committed to ensuring a minimum proportion of 90% sustainable investments in the Fund. We have developed a "Three-Step-Test", based on the definition of sustainable investments in Article 2(17) in Regulation

(EU) 2019/2088[1], to test if an investment should be classified as sustainable or not. To be classified as a "Sustainable Investment", the investment should pass each of the below outlined steps.

East Capital Group's Three-Step-Test for Sustainable Investments (Espiria)

Step 1:

Contribution to E and/or S

Companies which contribute to one or several of the UN SDGs in their offering of products, services, and technologies. The contribution will be measured via revenue, capital expenditure, operating expenditure and/or research and development linked to the UN SDGs and should exceed 20%.

We rely on the EIA to ensure that significant contributions to SDG Targets are made. The EIA includes the below components:

(i) *Identification of expected Impact Outcome (IO),* i.e., which UN SDG target/s is/are financially material to the company in its offering of products, services and technologies.

(ii) *Significant contribution to the expected IO,* through a developed impact thesis and measurable outcome KPIs (sustainability indicators) to quantify the expected outcome for each investment. The level of significance of the contribution must fulfil one of the below financial thresholds:

Type of SDG Solution Company	Financial Threshold
Pure Play	80%+ of revenue directly addressing 1 or 2 IO
Decisive Play	Between 50-80% revenue directly addressing 1 or 2 IO
Critical Play	20%-50% revenue directly addressing 1 or 2 IO, AND with unique solution or high market share
Transitional Play	Financing of improvement measures (CAPEX or OPEX, R&D if relevant) is made, so that it is likely to become a pure/decisive/critical play in the mid-term (3-5 years). Such financing should count for 20%+ of total (e.g., 20% CAPEX)

[1] **Sustainable investment**, as defined in Article 2(17) in Regulation (EU) 2019/2088, means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

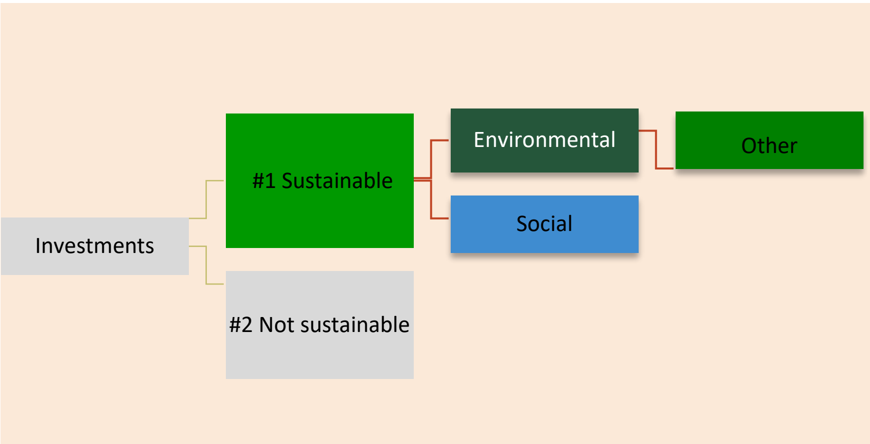
Step 2: **No significant harm to E or S**	As part of the EIA framework, the identified *primary negative impact for the company must not be expected to significantly harm* the contribution of the company towards environmental or social objectives. Potential negative impacts should either be actively mitigated by the company, or the investment team should have conviction that active engagement with the company will lead to meaningful mitigation of identified impacts. Furthermore, a sustainable investment should not have any Red Flags (RFs) related to environmental or social controversies; the Red Flag Analysis also requires consideration of principal adverse impacts (PAI) indicators. Finally, the investment must be compliant in the controversy (norm-based) and the sector-based screening.
Step 3: **Good governance practices**	The company should not have more than 2 RFs related to governance issues.

Assessing good governance practices

Currently we rely mainly on the Red Flag analysis under the EQSS framework to assess good governance practices, including high level of management integrity, board independence and diversity, accounting quality, sustainability reporting transparency and no recurring significant governance controversies.

Going forward, we also intend to incorporate additional governance assessment topics into the EQSS framework, where scores are given on each topic, such as: management remuneration and incentive alignment, employee relationship, pay equality, sustainability strategy alignment, sustainability commitment/oversight, and engagement potential.

Proportion of investments



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable

In line with the investment objective and the binding elements of the Fund, the minimum share of sustainable investments is 90%. The Fund only has direct exposure in investee entities.

The Fund will invest at least 10% in sustainable investments, with an environmental objective that are not aligned to the EU Taxonomy and in sustainable investments with a social objective, respectively. Subject to this minimum, the Fund may flexibly allocate between the different types of sustainable investments based on availability and attractiveness of investment opportunities, whilst keeping the aggregate allocation to sustainable investments with environmental and/or social objectives to a minimum of 90%. The Fund's investment objective is directly linked to the UN SDGs, which outline a balanced mix of social and environmental targets (with a higher number of SDG targets related to social than environmental outcomes). Accordingly, the Fund targets a balanced and dynamic mix of social and environmental objectives.

The purpose of the Fund's investments classified as "Not sustainable" is to hold necessary ancillary liquidity, in accordance with guidance from the European Commission (SFDR EC Q&A 14/07/21). We are of the opinion that these investments do not hinder the Fund from delivering on its sustainable investment objectives on a continuous basis.

All investments must fulfil the minimum environmental or social safeguards criteria within Espiria's EQSS framework. For example, no investments will be made into certain sectors, and no investments will be made into holdings deemed Non-Compliant in the controversy (norms-based) screening.

Monitoring of the sustainable investment objective

Following investment, we monitor how our holdings (and hence the Fund) are achieving the investment objective by updating our proprietary EQSS framework and impact assessment tool, when new information has come to the attention of the investment team, for example when a company updates its sustainability disclosures, when there are news about the company, or when we have meetings with the company's management and other stakeholders. We also monitor the percentage of investees' revenues directly addressing primary SDG targets.

Furthermore, the portfolio is annually reviewed by the investment management team to confirm compliance with the sector-based exclusion criteria. The portfolio is also reviewed quarterly by the ESG team, and the results are reported to the Board and to the Investment Committee. The quarterly review includes measurements of the proportion of sustainable investments and the proportion of investments that are aligned with other environmental or social characteristics, as to ensure compliance with the minimum proportion of sustainable investments.

If the new information leads to revised assessment and conclusion, such that they no longer fulfil the underlying criteria of sustainable investment by our definition, the name shall be divested. We also aim to publish an annual impact report where key developments in our investment themes are discussed, and case studies with impact assessment and outcome KPI are presented.

Methodologies

The Fund's objective is to generate a positive social and environmental impact and achieve significant capital appreciation over the long-term through investing in companies that contribute to one or several of the UN's Sustainable Development Goals (SDGs) in their offering of products and services. Contribution will be measured via revenue, capital expenditure, operating expenditure and/or research and development linked to the UN's SDGs and should exceed 20%.

To achieve this investment objective, the Fund focuses on the most urgent sustainable transition needs in connection with 12 SDGs and 48 investable SDG targets, grouped under five themes: sustainable food & ecosystem, circular economy, health & empowerment, energy transition, and connectivity & infrastructure. Each of these five themes has specific SDG related objectives as its focus (see examples below). Each SDG target can be categorised as either an environmental or a social objective, depending on whether the expected positive impact primarily relates to environmental or social outcomes.

Theme	Sustainability Objectives (examples)
Sustainable Food & Ecosystem	• Increased food productivity (for small-scale producers) • End all forms of malnutrition • Sustainable, resilient, climate smart practice in food production
Circular Economy	• Water pollution reduction, untreated wastewater minimised • Natural resources (raw materials) being efficiently used and sustainably managed • Reduced waste generation through prevention, reduction, recycling and reuse
Health & Empowerment	• End epidemic and communicable diseases • Non-communicable disease prevention to reduce premature mortality and improved mental health • Access to financial risk protection, essential healthcare services, medicines and vaccines that are affordable • Access to basic education for all, effective learning outcomes
Energy Transition	• The share of renewable energy in the global energy mix substantially increased • Energy efficiency significantly increased
Connectivity & Infrastructure	• Sustainable, affordable, safe and accessible transport system • Upgraded infrastructure and more efficient and sustainable industrial retrofit • Integration of SMEs into value chains and markets

The Fund defines “SDG Solution companies” as companies that through their products and services contribute to at least one identified material SDG target. This is based on a set of pre-determined criteria, including both financial thresholds and impact-related criteria covered by our Espiria Impact Assessment (EIA) framework. The use of the EIA aims to ensure each holding’s contribution is both *justifiable* – with an impact thesis, and *measurable* – with selected outcome KPIs that are monitored over time.

The sustainability indicators (outcome KPIs in the EIA framework) used to measure each investment’s SDG contribution are selected based on its impact thesis, therefore they are case-specific and may vary from one investment to another. However, some common indicators could also be used (e.g., for investments under the same theme), see a summary of such indicators in the below table.

Theme	Sustainability Indicators (Outcome KPIs)
Sustainable Food & Ecosystem	Improved farming productivity, e.g. in terms of saved farming inputs per output (fertiliser, water, crop protection etc.) Reduced customer environmental impact, e.g. in terms of GHG emissions (absolute and intensity), pollution Cost saving for farmers
Circular Economy	Avoided CO2 equivalent (mn tonnes) Reduced water consumption (mn m^3) Reduced waste sent to landfills (mn tonnes)
Health & Empowerment	Number of patients reached with medical products or services Number of drugs in portfolio and in R&D (phase 1-3) Number of people covered with access to medicine program % change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year Number of people reached with digital education access
Energy Transition	Renewable energy directly produced, managed or enabled (MW), by type (e.g. wind, solar, green hydrogen) Total energy saved, through more efficient solution adopted Avoided CO2 equivalent (mn tonnes) Energy consumption efficiency enhanced
Connectivity & Infrastructure	Total energy saved, through more efficient technology adopted % of clean energy or sustainable product by volume or sales Avoided CO2 equivalent (mn tonnes) % of SME integrated into the value chain

The investment team aims to monitor the percentage of investees' revenues directly addressing primary SDG targets on a regular basis.

Data sources and processing

Data sources used to attain the sustainable investment objective of the financial product

We adopt a combination of primary data collection by our own team and the use of service providers to collect data at scale. We rely mainly on primary source of data deemed relevant and material to the sustainable investment objective, often disclosed by the investee companies. The following data sources are used:

- The Fund's sustainability indicators at holding level are collected and processed by the investment team from a range of publicly available primary data sources, such as company's integrated sustainability reports, financial reports, proxy statements, company website and press releases, white papers, and may be estimated given lack of corporate disclosure.

  Estimates will only be used when primary data are missing and when the estimates are based on a credible and broadly recognised methodology.

- The Fund's carbon footprint is calculated based on third-party service providers datasets, with necessary quality review conducted and manually corrected by the investment team to minimise risk of error attributable to 3rd party data quality and inconsistency issues.

- The norms-based screening process uses services from Sustainalytics.

- The "do no significant harm" and "good governance practices" assessments are based on internal processes.

Measures taken to ensure data quality

We are aware of the potential data quality and inconsistency issues with all service providers, and actively engage with both service providers and companies to improve the data quality and consistency. Since the investment team actively reviews and analyses ESG datasets at holding level, we can have better control over potential third-party data errors.

How data are processed

The data may be processed in multiple ways for analysis purposes mainly. For example, primary sourced data may be used directly or to derive secondary indicators. Furthermore, calculations may be made for comparison purposes with peers or with industry average.

The proportion of data that are estimated

Since our sustainability and impact analysis are mainly based on primary data sources rather than estimates, which are only used given that certain conditions are fulfilled (described above), we do not find it not meaningful nor accurate to provide an estimated data proportion.

Limitation to methodologies and data

Methodology and Data Availability Limitation

The primary limitation to the methodology lies in that there could be multiple pathways to justify and measure the impact outcomes of an investment case. To elaborate on this, as investee companies may include multiple business segments that have different nature, there may be multiple ways to build theories of change for each investment, where the logic chain between an investee's product and services and its respective sustainability targets must be established and supported by evidence. In cases when such evidence is inadequate due to lack of corporate disclosure, third party estimates or no relevant academic studies, it may prove difficult to establish a well-supported logic chain. Furthermore, as impact outcomes are measured by selected sustainability indicators (outcome KPIs) to demonstrate the attainment of each investment's respective sustainable objective, the selection of which sustainability indicators to use may affect our conclusion.

We overcome such limitations mainly by following a principle of materiality and transparency. In cases where there may be multiple pathways to justify an investment's attainment of sustainable objective, we choose to focus on the most material and primary SDG target that investees' product and services potentially contribute to. We also establish theories of change based on the identified primary SDG target and rely on primary data sources mainly. If certain critical sustainability data is lacking to reach a conclusion, we shall consider engaging actively with companies to obtain necessary data or information as a first resort, before using any second-best proxy data or estimates – in which case clear explanation shall be included on why such proxy or estimates are chosen.

Like many other financial market participants, we may not be able to identify all information on the sustainability indicators (including principal adverse indicators). We expect the corporate sustainability reporting to improve gradually as the Corporate Sustainability Reporting Directive (CSRD) becomes implemented.

Data Quality Limitation

We take notice to the fact that data quality and inconsistency exist with all data service providers. Data service providers may blend primary data with estimates, show data that are not of the same scope thus not truly comparable, and may incur data collection errors. The investment team manually corrects such errors upon discovery in our data quality review. We also actively engage with both service providers and companies to improve the data quality and consistency.

Due diligence

Espiria has incorporated the sustainability aspects of the investment strategies into adequate investment due-diligence processes and procedures for the selection and monitoring of investments, amongst others considering sustainability risk and the Fund's risk appetite.

Generally, our sustainability integrated investment due diligence is carried out through a combination of various means, such as desk research, company meetings and calls, on-site visit and conferences. The focus of such due diligence is put on understanding companies' absolute and relative performance in terms of the sustainability topics covered by our EQSS framework and impact assessment tool, through both qualitative and quantitative information acquired through the due diligence process.

The Fund's sustainability risks, including external ESG risk ratings, as well as carbon footprints are monitored by the Risk Management and reported to the Investment Committee and the Board.

Engagement policies

We consider good corporate governance as well as environmentally and socially responsible behaviour as essential in managing a company with the aim of maximising long-term shareholder value.

There are several issues that we address as owners, including but not limited to: equitable treatment of all shareholders, compliance with international conventions and norms, board and management quality, capital issues, communication and disclosure practices, reporting and auditing, environmental and social risks and opportunities, and unethical business practices.

When we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has not met our expectations as owners, including in the case of sustainability-related controversies, we will evaluate if it is suitable for us as investors to initiate an engagement process where we seek to encourage and influence the company to make necessary improvements.

We aim to be constructive and supportive in our dialogue with the companies. Our experience has shown that engaging with the company, either directly or collectively with other owners, usually generates greater positive effects as opposed to immediately exiting our investment. If the company does not respond in an adequate manner or undertake the necessary changes, however, we may ultimately decide to divest our holding in the company.

We apply a range of methods to address ESG issues in our portfolio companies, including but not limited to:

- Face-to-face discussions with managements and boards in company visits,
- Letters addressed to the management of our portfolio companies, highlighting key issues of concern including explicit requests for additional information,
- Annual “CIO to CEO Letter”,
- Nomination or endorsement of independent board members,
- Voting in shareholders’ meetings,
- Dialogue with companies in conjunction with shareholders’ meetings,
- Collaboration with other shareholders and investor-led initiatives, and
- Providing our clients with various forums for interaction with local portfolio companies.

Engagement activities are communicated in relevant forums where applicable and in client due-diligence requests in particular. For more information on our engagement policies, please see our Active Ownership Policy.

Attainment of the sustainable investment objective

Since the Fund fully relies on the EIA and EQSS analysis frameworks, no specific index is designated as a reference benchmark to meet the sustainable investment objective for the Fund.