

Sustainable Equity Strategy

SFDR Article 11(a) Periodic Report

From the period 10-March 2021 to 31-March 2022

To what extent were the environmental and/or social characteristics promoted by this financial product met during the most recent reference period?

The Sustainable Equity Strategy ("SES") promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation EU 2019/2088 ("SFDR"). SES promoted environmental and/or social characteristics by primarily holding equity instruments with an SFDR designation of Article 8 (products which promote environmental and/or social characteristics) or Article 9 (products which have a sustainable investment objective). By proportionately holding more equity instruments rated by MSCI as MSCI ESG Leaders [1] relative to our reference equity benchmark (MSCI World Index [2]), we have favored companies which are better at managing ESG related risks and opportunities, which goes toward achieving the promotion of environmental and/or social characteristics through SES.

Throughout the reference period of 10-March 2021 to 31-March 2022, SES promoted the environmental and social characteristics of renewable energy, clean water, data security, gender diversity, and board composition by considering the alignment of the equity instruments invested in by SES via a number of indicators on the basis of data provided by MSCI. These include, but are not limited to, lower carbon emissions intensity [3], company policies around data security and privacy processes [4], freshwater withdrawal intensity [5], and female board ratio [6]. The portfolio holdings of SES were compared to the benchmark by reference to these indicators [7]. During the reference period, SES demonstrated a more favourable position relative to the benchmark regarding carbon intensity and freshwater withdrawal intensity. SES performed less favourably against the benchmark regarding data security and privacy processes as well as female board ratio. During the reference period, SES did not evaluate indicators that explicitly consider community revitalization.

Based on their Article 8 or 9 SFDR classification of the equity instruments held by SES, the governance practices of the underlying investee companies followed during the reference period should be in line with those set out in SFDR (e.g. the underlying investee companies followed good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance).

Throughout the reference period, SES has maintained a dialogue with the internal team performing manager due diligence on potential and/or existing investments. Furthermore, our due diligence process took into account governance considerations throughout the reference period, including how the equity instruments or their managers address considerations such as board diversity, business ethics and anti-competitive practices.

This report is based on the current model portfolio for SES. Any customisations made to your portfolio, including any custom restrictions or exclusions applied at your request, may change the position of your portfolio as compared to the model portfolio.

EU Criteria for environmentally sustainable economic activities

SES does not take into account the EU criteria for environmentally sustainable economic activities.

[1] Equity instruments with an MSCI ESG rating of AAA or AA. The MSCI ESG Rating for funds is designed to measure the resiliency of portfolios to long-term ESG risks and opportunities. The most highly rated funds consist of issuers with leading or improving management of key ESG risks. The ESG Rating is calculated as a direct mapping of the ESG Quality Scores assigned by MSCI to letter rating categories. The ESG Quality Score measures the ability of underlying investee companies to manage key medium-to long-term risks and opportunities arising from environmental, social, and governance factors.

[2] For illustrative purposes only. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The MSCI World Index is not an ESG/Sustainable benchmark, and was selected based on investment criteria only.

[3] Carbon emissions intensity measures a portfolio's exposure to carbon-intensive companies. This figure represents the portfolio's most recently reported Scope 1 and 2 tons of carbon dioxide greenhouse gas emissions normalized by revenues (USD), which allows for comparison between companies of different sizes. Scope 1 emissions are those from sources owned or controlled by the investee company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the investee company.

[4] Measures if a company has processes in place to protect customer privacy and data security ("Yes" or "No").

[5] Fund weighted average freshwater withdrawal normalized to sales (cubic meters/USD million), which allows for comparisons between companies of different sizes.

[6] The percentage of portfolio's market value exposed to companies where women comprise at least 30% of the board of directors.

[7] For illustrative purposes only.