## Emerging Market Stars Fund

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Polar Capital Funds plc - Emerging Market Stars Fund (the "Fund")
**Legal entity identifier:** 5493001FUNLE56KXSU19

# Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

| [ ] **Yes** | [x] **No** |
|---|---|
| [ ] It made **sustainable investments with an environmental objective:** ___% | [x] It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 39% of sustainable investments |
| [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy | [ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| [ ] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | [x] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | [x] with a social objective |
| [ ] It made **sustainable investments with a social objective:** ___% | [ ] It promoted E/S characteristics, but **did not make any sustainable investments** |

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund invested in companies primarily situated in emerging markets that have the ability to remain competitive and deliver attractive profitability over the long term due to robust fundamental characteristics, but only where these robust fundamental characteristics were combined with good or improving environmental, social and governance ("ESG") profiles based on the Investment Manager's proprietary analysis.

The Fund had a bias towards companies with improving sustainability profiles, based on the Investment Manager's proprietary analysis.

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## Emerging Market Stars Fund continued

The Fund excluded companies that have an unacceptable or controversial ESG profile following the application of quantitative and qualitative analysis by the Investment Manager and through the use of the Fund's exclusions list.

The Investment Manager determined a security had met the characteristics of the Fund if it scored equal to or greater than 5 on its proprietary 'Sustainability Delta' scoring framework.

All investments attained the characteristics of the Fund on an individual basis over the review period.

- ***How did the sustainability indicators perform?***

The Investment Manager evaluated the Fund's performance on the characteristics through scores in five specific areas of sustainability including how a company contributed to future sustainable economic development (its 'Impact on Progress'), how a company managed its key risks and opportunities from an ESG perspective (its 'Material ESG Issues' – broken down into three separate areas: 'Environmental', 'Social' and 'Governance') and how a company ensured it acted as a responsible corporate citizen (its 'Business Ethics').

Each company was assigned two quantitative scores from 1-10 based on these five areas, one on a 'Current Level' basis and another on a 'Future Direction' basis.

The company's scores in these five areas are then taken together to provide the Investment Manager with a company's 'Sustainability Delta', which shows both its 'Current Level' and 'Future Direction' from a sustainability perspective.

There are two ways in which portfolio-level indicator scores change from period to period. These are via i) upgrades/downgrades to the Investment Manager's internal company scores on existing holdings, and ii) portfolio changes from buying lower scoring, selling higher scoring companies or vice versa.

In the case of i), company score upgrades are typically incremental, only apply to one element of the Investment Manager's complex scorecard for a company, do not carry a large weight, and will require many upgrades to have a large impact on the overall indicator score.

In the case of ii), as the Fund has relatively low turnover, and it is unlikely that the spread on all new companies invested in versus all companies sold during a given period will be very wide (in either direction), this driver too is moderate. Over this reporting period, the Fund invested in 19 new companies and exited 15 positions.

As in previous years, the Investment Manager expects to continue to see small changes in the sustainability indicators at the portfolio level, even whilst at the underlying company level there may be a number of investments which experience multi-point upgrades due to operational and strategic improvement. There has been no significant change to the scoring process or other methodology changes over the reporting period that impact scores for this year.

The Investment Manager prefers to invest in securities which display an improving trend with the score for Future Direction improving from Current Level ("Positive Delta"), though this is not a requirement for an investment to meet the Fund's characteristics and the Fund may invest in securities where scores are stable across the forecast period ("Stable Delta").

In cases where scores display a deteriorating trend, with the Future Direction score declining from the Current Level score ("Negative Delta"), the Investment Manager makes a commitment to engage with the company to resolve a path forward. The current breakdown of the Fund is shown in table below[1]:

| | 2023 | |
|---|---|---|
| | **Current Level** | **Future Direction** |
| **Impact on progress** | 7.74 | 8.09 |
| **Environmental** | 5.99 | 6.77 |
| **Social** | 6.53 | 6.84 |
| **Governance** | 7.24 | 7.35 |
| **Business ethics** | 6.79 | 7.10 |

| | % Fund[2] |
|---|---|
| **Positive Delta: Level < Direction** | 80.6% |
| **Stable Delta: Level = Direction** | 19.1% |
| **Negative Delta: level > Direction** | 0.3% |

Further information on the performance of the sustainability indicators compared to the previous period is provided below.

[1] The table shows the average score of the Fund, excluding cash, across the five sustainability indicators of the Fund over the reference period. The average is calculated as a simple average of the Fund's quarterly portfolio weighted scores as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

[2] The table shows the percentage of the Fund's assets as at 31 December 2023, excluding cash, on a portfolio weighted basis that either have positive, stable or negative Delta. The Delta of the sustainability scores is defined as the difference between the Current Level and the Future Direction.

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## **Emerging Market Stars Fund** continued

***…and compared to previous periods?***

A summary of the headline scores for comparison is shown below[3]:

| | 2021 | | 2022 | |
|---|---|---|---|---|
| | **Current Level** | **Future Direction** | **Current Level** | **Future Direction** |
| **Impact on progress** | 7.42 | 7.80 | 7.58 | 7.93 |
| **Environmental** | 6.34 | 6.85 | 5.94 | 6.72 |
| **Social** | 6.73 | 7.15 | 6.61 | 6.97 |
| **Governance** | 7.08 | 7.40 | 7.16 | 7.26 |
| **Business ethics** | 6.68 | 6.98 | 6.78 | 7.03 |

The table below displays a summary of all changes that have been made in the way described over the reporting period.[4]

| | **Current Level 2022** | **Upgrade** | **Portfolio Change** | **Current Level 2023** | **Future Direction 2022** | **Upgrade** | **Portfolio Change** | **Future Direction 2023** |
|---|---|---|---|---|---|---|---|---|
| **Impact on progress** | 7.58 | 0.12 | 0.04 | 7.74 | 7.93 | 0.15 | 0.00 | 8.09 |
| **Environmental** | 5.94 | - 0.07 | 0.12 | 5.99 | 6.72 | - 0.01 | 0.06 | 6.77 |
| **Social** | 6.61 | - 0.06 | - 0.02 | 6.53 | 6.97 | - 0.02 | - 0.10 | 6.84 |
| **Governance** | 7.16 | 0.03 | 0.06 | 7.24 | 7.26 | 0.03 | 0.05 | 7.35 |
| **Business ethics** | 6.78 | 0.11 | - 0.10 | 6.79 | 7.03 | 0.17 | - 0.09 | 7.10 |

As is consistent with the Fund's process and the expectations of the Investment Manager, the sustainability indicator scores shown at a headline, aggregated level remain very stable from the previous period to the reference period. All of these ten individual indicators (5 metrics across level and direction) have seen movement of less than +/- 0.20 from the reference period, with the smallest being just +0.01 for Business Ethics, Current Level, the highest +0.16 for Impact on Progress, Current Level, and the largest downward move -0.13 seen in Social, Future Direction. The key drivers of these constituent parts are analysed below.

Impact on Progress

The Fund's Impact on Progress score increased the most of any over the reference period, up by 0.16 for Current Level and 0.16 for Future Direction as compared with 2022, to 7.74 and 8.09, as shown in the summary table above.

[3] Please note the figures shown for 2021 in this table differ slightly to those shown in Fund's SFDR Disclosure Annex of the Company's 2021 Annual Report. This difference is due to an update in the calculation methodology of the sustainability indicators. Sustainability indicator scores are now based on the portfolio weighted average of investee companies scores rather than a simple average. Please refer to page 408 of the 2021 Annual Report for full details of the portfolio scores against the five areas on a simple average basis.

[4] Please note the figures presented may not sum precisely due to rounding.

In both cases this improvement came almost exclusively from upgrades within existing holdings, as the effect from portfolio changes had a very slight positive effect within Current Level and no effect within Future Direction.

The largest contributors to improving scores in this area came from AIA and Globant.

For AIA, a review of the company's scores was part of a deeper dive into the opportunity the business has across its Asian markets for the long term. This led to research which gave a fuller appreciation of the linkages between life & health insurance, and such improvements as reduced poverty and lower unemployment due to the safeguards provided. These beneficial influences tie-in in more ways and more closely than the Investment Manager had previously given credit for, and are backed by academic studies. The Investment Manager therefore upgraded our scores for Economic Progress under productivity and financial inclusion. AIA was upgraded significantly from 5 to 9 on both level and direction during the review period.

Globant's leading digital transformation technologies are key enablers of economic and social development. It has been estimated that digital technologies have the potential to create annual economic value of mid-high teens levels of GDP across a number of emerging economies. These technologies can improve efficiency, cost, broaden reach, inclusivity, access and equality as well as drive new revenue streams or even increase the rate of new business creation and employment levels. Globant wants to be at the forefront of the conversation on how technology can play a role in climate change solutions. Globant was upgraded from 7 to 7.8 on Current Level and 7 to 8.6 on Future Direction to reflect its position and future potential.

Whilst portfolio change had little impact on score changes for this metric, it is notable that the scores on overall buys and sells during the year had a net negative spread on a weighted average basis; that is new buys (7.30 Current Level, 7.62 Future Direction) were on average lower scoring than sells (7.62 Current Level, 7.83 Future Direction). This represents the style and aim of the Fund which is to hold companies as they improve and benefit from associated performance, but then recycle capital into businesses where the Investment Manager is able to identify new opportunities for sustainable growth and economic development backed by strong ESG consideration, at an earlier stage.

Environmental

The Environmental score for the Fund improved marginally on both Current Level and Future Direction, registering a 0.05 upward move for the reporting period to 5.99 and 6.77. In composition this was driven in both cases by net positive portfolio changes made to the Fund, offsetting the effect from intra-fund upgrade/downgrades to existing holdings, which was a small negative.

TSMC was a more material contributor to the small drag on the downgrades, particularly given the weight of the company within the Fund. The score moved from 4.3 to 4.0 for Current Level and 6.0 to 5.7 for Future Direction. This is, for the most part, an ongoing function of the stricter methodology the Investment Manager implemented from 2022 which ensures the Investment Manager is following a consistent and more objective assessment of the way portfolio companies are performing on their material

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## **Emerging Market Stars Fund** continued

environmental factors by percentile ranking data for key metrics vs. their relevant peers. On this basis, TSMC has slipped a few percentage points, as reflected in our scoring.

It should be noted, however, that the Investment Manager strongly believes semiconductors are key inputs into all types of smart, efficient electronics which are key to decoupling the link between economic growth and rising energy consumption. As the world's largest foundry and contract manufacturer of semiconductors as well as the technology leader, TSMC plays a central role in making this happen.

As mentioned, the largest determinant in moving the Environmental scores was portfolio changes. This is explained by the fact that over the year, the weighted average Environmental Current Level score for stocks sold was 5.6. Conversely, the weighted average Environmental Current Level score for stocks bought during the year was 6.2 – a positive spread of 0.6.

There was a similar experience for Future Direction scores, with the weighted average Environmental Future Direction score for companies sold at 6.3, and for companies bought the commensurate score was 6.6. Some of lowest scoring names on this metric sold include: Alibaba, Naver and Dixon. Some of highest scoring new names bought on this metric include: Makemytrip, Faraday and B3.

Social

The Social indicator saw a small deterioration as compared with the prior reference period, falling -0.08 from 6.61 to 6.53 on Current Level and -0.13 from 6.97 to 6.84 on Future Direction. The reasoning for this was split, with the Current Level move was mostly owing to up/downgrades within the existing portfolio but the change in the Future Direction score caused more by portfolio changes.

Notable companies that were downgraded over the review period include the African copper miner, Ivanhoe Mines. The company has seen its incident rate increase, including a couple of tragic fatalities. Whilst the Investment Manager has confidence in management to investigate and mitigate thoroughly, that operations are best-in-class and that the safety record is historically strong, the Investment Manager felt it appropriate to downgrade the health and safety score to reflect the risk. This moved the Social Level score from 7.3 to 6.7.

TSMC was also downgraded due to a new accident decreasing the company's peer group ranking and eMemory displayed higher employee turnover which negatively impacted its human capital score. For all three companies, the Future Direction scores were adjusted down alongside the new Current Level scores.

More positively, on the portfolio changes side, for Current Level, over the year, the weighted average Social Current Level score for stocks sold was 6.11, whilst the weighted average Social Current Level score for stocks bought during the year was 6.71 – a positive spread of 0.60. However, this was not sufficient to fully offset the effect of the upgrades/downgrades.

In the case of Future Direction scores, the weighted average Social Future direction score for companies sold was 6.65, and for companies invested in the commensurate score was 6.75.

Some of lowest scoring names on this metric sold included Lynas, Alibaba and Samsung SDI. Some of highest scoring new names bought on this metric included HPSP, MAPI and PDD.

Governance

This indicator improved modestly, up 0.09 on both Current Level and Future Direction, from 7.16 to 7.24 and 7.26 to 7.35 respectively. Both internal upgrades on existing investments and portfolio changes had positive impacts across these indicators during the period.

After the improvements in methodology rolled out last year, the Investment Manager continues to find that the checklist system for additional scrutiny on the key determinants and frequent red flags for governance has resulted in the ability to more thoroughly and tangibly rank and convey the quality of companies – whether existing investment or prospective investment. This has been an important contributor to the incremental improvement in scores over this year.

By way of example, two of our Vietnamese holdings, Vinhomes and Vincom Retail, saw their scores increase after the Investment Manager took into account the full 2022 financial year, reflecting better accounting quality which is a core arm of Governance.

There was again a strong spread in the weighted average scores of companies bought vs. those sold. For Current Level, over the year, the weighted average Governance Current Level score for companies sold was 7.04. Meanwhile, the weighted average Governance Current Level score for companies bought during the year was 7.44 – a positive spread of 0.40.

Some of lowest scoring names on this metric sold included Alibaba, JD.com and Landmark.

Some of highest scoring new names bought on this metric included SK Hynix, Aldar and Traxion.

In the case of Future Direction scores, the weighted average Governance Future Direction score for companies sold was 7.13, and for companies bought the commensurate score was 7.52.

Business Ethics

The output from the Investment Manager's Business Ethics indicator is very similar to that of its Governance indicator, given the use of a more systematic scorecard approach to promote consistency across scores, as well as to ensure the core elements of this indicator were being captured in the analysis of all stocks.

The overall outcome at the portfolio level was very small fluctuations to scores, looked at in terms of both upgrades and downgrades and portfolio changes. The Current Level increased by 0.01 from 6.78 to 6.79 while the Future Direction score increased by 0.07 from 7.03 to 7.10. All changes were due to fluctuations (mainly narrowing) in tax gaps. There have not been any new material controversies or matters which alter scores owing to a change in risk exposure or mitigating factors, which is how the Investment Manager builds up its corporate behaviour scorecard.

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## Emerging Market Stars Fund continued

***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Investment Manager used an 'Impact on Progress' assessment within the Fund's proprietary Economic Value Added (EVA) Framework to identify and assess investment opportunities that, in the Investment Manager's view, contribute to sustainable environmental and social objectives.

The 'Impact on Progress' assessment is centred around three key pillars (Resource Management, Social Development and Economic Progress) informed by the United Nations Sustainable Development Goals ("UN SDGs"). Each pillar links to corresponding Sustainable Investment Objectives. Companies were eligible to be considered as a Sustainable Investment if the company's products or services were deemed to contribute to one or more of the Sustainable Investment Objectives. For the reference period, the Sustainable Investment Objectives that the Fund contributed towards are highlighted in the table below.

| **Sustainable Investment Objective** | **% of Sustainable Investments in the Fund, categorised by Sustainable Investment Objective[5]** |
|---|---|
| Circular Economy | 0.2% |
| Climate Change | 34.3% |
| Health & Wellbeing | 3.2% |
| Financial Inclusion | 1.4% |
| Sustainable Future Food | 0.3% |
| **Total Sustainable Investments** | 39.3% |

The following are examples of Sustainable Investments and how they are contributing to the Sustainable Objective:

**TSMC**

TSMC contributes to the Sustainable Investment Objective, Climate Change, by manufacturing globally leading semiconductors which are inputs in smart electronics which are key to decouple the link between economic growth and rising energy consumption.

A study by the American Council for an Energy-Efficient Economy (ACEEE) estimates that the difference between a "no growth" in electronic products application and a "accelerated growth" scenario could be as high as 3.27 million GWh of energy saved by 2030, which would correspond to around ~11% of total energy consumption by then.

[5] These figures show the average percentage of the Fund's assets, including cash, on a portfolio weighted basis, that were are classified as Sustainable Investments pursuant to the relevant sustainable investment objectives. The average is calculated as a simple average of the Fund's quarterly portfolio weighted scores as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

Assuming TSMC's market share is the same in 2030, products produced for TSMC's customers will conserve 0.17 million GWh in 2030 which will be 4 times the amount of energy used in their production.

**Apollo Hospitals**

Apollo Hospitals contributes to the Health and Wellbeing Objective through its ownership and management of the largest hospital network in India. It also operates the largest pharmacy platform in India and runs a leading retail healthcare network.

Improved Clinical outcomes: Apollo was the pioneer in India of introducing high standards of clinical excellence which saw mortality rates fall from 15% at public hospitals to 2-3%. Apollo benchmarks many clinical outcome metrics to the highest international standards and is on par or better than global peers. There is still significant work to be done to invest in the large infrastructure, investment, human resources and outcome gap India has to the rest of the world. Healthcare spend per capita is US$73 in India, vs. >US$10k in the US, ~US$3k in Singapore US$850 in Brazil and US$100-450 across ASEAN.

Affordability via subsidized pricing. Apollo collaborates with leading financial institutions to provide services at lower rates for those who cannot pay upfront, sometimes with 0% interest. The table below shows the international competitiveness of pricing at Apollo. A Harvard Business case review of Apollo described the offering, given the standard of clinical excellence as 'First-World Health Care at Emerging-Market Prices', helping to democratize access to care.

Geographic Access. Apollo, over its close to 40 years has continued to bring healthcare closer to patients, expanding to areas where quality care was simply not available. From an ongoing programme of hospital rollouts into lower tier cities, which reduces travel time and increases availability of beds to close the supply/demand gap, to committing significant investment in new formats of care, such as home visits, digital consultations, telemedicine, specialist clinics, Apollo has significantly improved access.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The Investment Manager, in compliance with the principle of Do No Significant Harm ("DNSH"), assessed each company primarily using third party data, to assess whether it had an adverse impact on the environment and society.

Companies with controversies that had very severe adverse impacts on the environment and society were excluded from consideration as Sustainable Investments by the Investment Manager.

The Investment Manager used the research of third party providers to provide deeper insights into a company's compliance with norms standards. However, given differing methodologies, tolerances and assessments of company behaviour,

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## **Emerging Market Stars Fund** continued

the Investment Manager retained discretion over the assessment of third party conclusions on a case-by-case basis.

***How were the indicators for adverse impacts on sustainability factors taken into account?***

As part of the DNSH assessment, consideration was given to the mandatory Principal Adverse Impacts ("PAI") indicators provided in Table 1 (and where applicable, Tables 2 and 3) of the Annex 1 Level 2 Regulatory Technical Standards.

In circumstances where data quality or availability was insufficient to make a reasonable judgement on a quantitative basis with respect to any of the mandatory PAI indicators provided in Table 1, and where applicable, Tables 2 and 3, the Investment Manager used proxy indicators, such as controversy cases or norms violations related to negative impacts on the relevant sustainability indicator to assess harm caused by the company, and assessed the relevance and materiality of the principal adverse impact indicator to the company, using industry expertise and any data available.

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

The Investment Manager used third party ESG controversy and global norms data and research as a starting point for assessing the alignment of investee companies with these global norms, and where necessary, conducting further due diligence to determine compliance with these norms.

To ensure that Sustainable Investments were aligned with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, the Fund excluded companies deemed to have severe violations of the UNGC principles and OECD Guidelines using third-party controversy research related to these global norms.

As a result of these assessments, the Investment Manager was comfortable that the Sustainable Investments within the portfolio appeared to not violate the above guidelines and principles.

The following are examples of DNSH assessments during the reference period:

**Naver (Human Rights – Owned, now sold).**

Korea corporate culture had been in the news due to reports of 'machoism' being rife in the workplace, causing a significant social and mental impact for many younger - particularly female - employees, with up to 80% of working age people surveyed having experienced workplace bullying, and a number of deaths by suicide linked to this environment. This 'macho culture' issue also impacted Naver and caused the Investment Manager to initiate a deeper engagement. The Investment Manager learnt that factors such as the legacy

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

of the Korean war and the strong influence of the very harsh military training that all men have to undertake in Korea has resulted in military culture filtering into the workplace, with these historic influences remaining deep-rooted. From discussions with the company, the problems appeared to be very concentrated around a few individuals within Naver and seemed to have been addressed quickly by the board. The company had recently appointed a new, younger, management team including a female CEO, partly with the intention of their better understanding of young culture.

However, during a meeting with both the new CEO and CFO at our offices, the Investment Manager was disappointed with the level of energy and conviction they both had on tackling this issue. The management factually stated that the company had made some bold changes, which had been taken positively by the workforce, and that the CEO's focus was on building trust, but stopped short of giving any tangible actions, targets or laying out a roadmap for measurable change, as might reasonably be expected given the 2021 employee suicide. It was stated that it was too soon to see results - though the Investment Manager was left unsure from what initiatives these results would come.

**Anta (Labour: Supply Chain Management – Not Owned).** The Investment Manager engaged with this company by means of an extensive site visit to a number of the company's facilities and its suppliers in Jiangsu, China. This was precipitated by allegations of Anta mistreating of its workers in its cotton supply chain and using forced labour in Xinjiang, which caused a ratings downgrade by an ESG agency. The Investment Manager did not own the company but wished to undertake full, primary research into the situation.

As background, Anta had been the first and only Chinese sportswear firm to join the Better Cotton Initiative (BCI) in 2019, underlining its ESG commitment. In 2021, BCI made a statement that it had suspended its activities in Xinjiang on the back of concerns over the prevalence of labour abuses in the region. BCI's statement was criticized by local officials and social media which put Anta under significant pressure. Anta considered hiring third party international inspecting firms to conduct an audit on its yarn factories in Xinjiang, but discovered none of these international firms were willing to visit Xinjiang. The company evaluated all stakeholders' interests and ultimately decided to withdraw from their BCI membership. Anta swiftly sought alternatives and joined the Sustainable Apparel Coalition (SAC) for broader supply chain monitoring. The company is also a member of the United Nations Global Compact ('UNGC').

MSCI downgraded Anta's ESG score in 2023, due to the exposure to cotton from this region and seemingly due to the company exiting from BCI. According to Anta's management statement, the company has strict labour policies in place and works with partners to educate and ensure their practices on human rights meet the local government requirements. Meanwhile, close peer companies, who are also not members of BCI but who also source cotton from

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**Emerging Market Stars Fund** continued

Xinjiang, were not downgraded by MSCI, making the action appear unfair and ratings unequally distributed and incompletely researched.

Anta has embraced the UNGC's 10 principles and issued a Supplier Sustainability Handbook, highlighting their commitment to a policy with zero-tolerance of labour rights abuses. By intensifying ESG scrutiny during supplier selection and conducting annual audits, Anta aims to advance sustainability throughout its supply chain. On top of 'zero tolerance' requirements towards forced labour etc., Anta has set up a supplier score card matrix with clear KPIs and biannual reviews, making assessment of suppliers more systematic and objective.

Over the last year, Anta has terminated and consolidated more than 20% of the suppliers that did not meet its requirements due to quality control or ESG issues. Consolidation also helps to improve traceability. Anta will continue to review its portfolio and strengthen the cooperation with top tier suppliers that can even bring in better supply chain management concepts. On the other side, Anta works with suppliers closely to help and guide them to invest in the areas that can drive the achievement of those targets. Anta also hosts a supplier partner forum that can share best practices among its suppliers. The Fund still does not own Anta, but full engagement of this nature on key sustainability subjects for companies within our investment universe is an important part of our process.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

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

When assessing a company's impact on the environment, the Investment Manager considered GHG emissions, including, but not limited to, indicators such as absolute emissions, carbon footprint, emissions intensity, energy consumption and carbon reduction initiatives. Furthermore, revenues of investee companies attributed to the fossil fuel sector were considered by the Investment Manager. Where material revenues were flagged, the Investment Manager assessed the company's carbon reduction policies or targets related to achieving net zero.

Similarly, where water usage was deemed material to an investee company by the Investment Manager, the Investment Manager sought to encourage the adoption of appropriate water management and water reduction policies.

The Investment Manager considered the board gender diversity of investee companies, and, where it deemed appropriate, used its tools of active ownership to encourage better diversity practices.

The Investment Manager considered the standards of the United Nations Global Compact, the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises, whistleblower protection, and anti-corruption and anti-bribery policies. If a company was involved in severe controversies or norms violations, the Investment Manager assessed the severity of the incident and decided the appropriate action of whether to monitor, enter enhanced engagement, or divest from the company.

The Investment Manager excluded any company involved in the manufacture and sale of controversial weapons, such as cluster munitions and anti-personnel mines.

The following is an example of consideration of principal adverse impacts on sustainability factors:

Example 1 – PAI 10 – Human Rights Violations

The Investment Manager engaged with Ivanhoe Mines in relation to an Amnesty International Report on human rights practices of miners in the DRC, specifically related to Ivanhoe's interest in the Kamoa-Kakula mine. In the report Ivanhoe were alleged to have caused the forced eviction of locals during the development of the mine, as well as being involved in potential human rights violations through lack of proper support and provision of basic services and living conditions.

The Investment Manager was very surprised by the content and allegations of the report, given our own eyewitness experience, having visited the mine approximately 18 months ago and toured the replacement housing which seemed of a similar standard, if not better, than other local housing. Ivanhoe's project required the re-homing of 45 households, a relatively small number, which made up the Muvunda hamlet.

The company stated that they followed IFC standards throughout this process, and importantly consulted with the community at all points, who agreed to the specifications of their new accommodation. The working group included affected people, members of a range of government departments, NGO representatives and community chiefs. This group transparently negotiated all aspects of the rehousing, including the entitlements, the grievance mechanism, the valuation, the facilities, the layout, and the timings. Over the 5 years of the project there have been a total of ~5 grievances, not a level indicative of a severe amount of dissatisfaction or distress with these living standards.

Ivanhoe acknowledged there had been an external situation which had delayed their provision of certain facilities for the community. This was due to a fight which broke out in the village just after they handed over the homes, owing to a change of chief. The level of security threat to Ivanhoe's personnel was considered too high to enter the village (things were being burned etc.), and this meant they were not able to repair a damaged bore hole or drill more until the situation calmed. There are now 4 bore holes.

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**Emerging Market Stars Fund** continued

The opening of schools was also delayed due to this security issue, but there are now schools across all age ranges and a clinic is being provided soon. Compensation was also paid to those on a government calculation based on 150% of their prior crop value.

The company say that this area is viewed as desirable by those around and has been expanding. It now has treble the population than when they did their first demographic survey in 2014. On that basis they are now looking at how to manage potential negative environmental and economic impacts from the inward migration, as everyone wants to settle near the mine. Ivanhoe also reiterated what they told us during our site visit: its difficult to build homes of a very high differential standard next to a community that doesn't have the same, as that creates 'moral hazard'. The IFC says to give superior accommodation to what you are moving people from, and the company firmly believes they have done that, as the previous dwellings were mud huts. During the consultations local people made clear they wanted a few things, one of which was plaster walls.

A number of other things that Amnesty International mentions as missing are not realistic for the location and were not part of the conversations, such as electricity, which is not available in the area (it was pulled through for the mining operation). Ivanhoe may be able to offer this in the future. Similarly it can’t be expected that the location will have sewage systems without running water and electricity. The accusation of houses being too small for the number of people was explained due to growth in households since the requirements survey were conducted. Ivanhoe have passed the ownership for the houses to the people they rehoused and they have the freedom to build onto their properties over time, which some have already done – as the mine gives them the economic opportunity. All maintenance costs are at Ivanhoe’s expense.

The Investment Manager takes very seriously the upholding of high human rights standards for all, globally, with provision of basic living conditions paramount to the type of economic development it looks to promote and invest behind. Following the call, the Investment Manager felt reassured that the company has acted in a proper fashion and that no human rights or UNGC/PAI considerations have been breached. The Investment Manager made no adjustment to our ESG scoring following this engagement.

While the Fund considers principal adverse impacts on sustainability factors primarily at company level, the below table highlights the portfolio performance of selected PAI indicators compared to the Fund’s benchmark.

| Indicator[6] | | Fund | Fund Coverage | Benchmark | Benchmark Coverage | Relative %[7] |
|---|---|---|---|---|---|---|
| **GHG Emissions (TCO2e)** | Scope 1 | 25,850.8 | 88.7% | 190,752.6 | 99.7% | -86.4% |
| | Scope 2 | 18,856.4 | 88.7% | 40,861.2 | 99.7% | -53.9% |
| | Scope 1 & 2 | 44,707.1 | 88.7% | 231,613.7 | 99.7% | -80.7% |
| **Carbon Footprint (TCO2e/ €m Invested)** | Scope 1 & 2 | 33.7 | 88.7% | 172.9 | 99.7% | -80.5% |
| **GHG Intensity (TCO2e / €m Revenue)** | Scope 1 & 2 | 114.7 | 88.7% | 354.8 | 99.7% | -67.7% |
| **Weighted Average Carbon Intensity (TCO2e / $m Revenue)** | Scope 1 & 2 | 109.9 | 88.7% | 322.7 | 99.7% | -66.0% |
| **Female Board Representation (%)** | | 18.7 | 89.0% | 17.8 | 100.0% | 5.1% |

## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 December 2023

| Largest investments | Sector | % Assets | Country |
|---|---|---|---|
| Taiwan Semiconductor Manufacturing | Technology | 9.7 | Taiwan |
| Samsung Electronics | Technology | 7.6 | Republic of South Korea |
| Tencent | Communications | 4.4 | Cayman Islands |
| Reliance Industries | Energy | 4.2 | India |
| Phoenix Mills | Financial | 4.1 | India |
| HDFC Bank ADR | Financial | 3.2 | India |
| Ivanhoe Mines | Materials | 3.0 | Canada |
| Grupo Financiero Banorte | Financial | 2.9 | Mexico |
| PINDUODUO | Consumer Discretionary | 2.7 | Cayman Islands |
| MercadoLibre | Communications | 2.7 | United States |
| eMemory Technology | Technology | 2.4 | Taiwan |
| SK Hynix | Technology | 2.4 | Republic of South Korea |
| Itau Unibanco | Financial | 2.3 | Brazil |
| Globant | Technology | 2.2 | Luxembourg |
| Chroma ATE | Industrial | 2.1 | Taiwan |

[6] Source: MSCI ESG Ratings and Climate Change Metrics: GHG emissions, GHG emissions footprint and GHG intensity, and board gender diversity data as of 31 December 2023. Benchmark: MSCI Emerging Market Net Total Return Index. The allocated emissions of investee companies' are calculated using the companies' Enterprise Value Including Cash. Scope 1 and 2 GHG emissions are representative of the Fund's AUM of €1,000m as of 31 December 2023. Fund and benchmark metrics have been grossed to 100% where coverage is not equal to 100% to provide a representative estimation of all portfolio investments emissions and for comparative purposes. Please note figures are provided for comparative and illustrative purposes only and should not be relied upon. Figures have not been independently audited by the Investment Manager and may be subject to quality, timing, consistency, availability and calculation issues. Data may be limited or distorted due to a lack of sustainability related regulations and reporting standards in the countries where investee companies are domiciled, the inconsistency of those regulations and reporting standards where applicable, or by companies' interpretations of those regulations and reporting standards or, in the case of GHG metrics, subject to adjustment as a result of changes in calculation methodology or improved data availability. Figures may differ due to rounding and currency conversion effects.

[7] The figures shown demonstrate the difference in performance of the Fund and the benchmark on each metric based on 100% data coverage (whether achieved or estimated).

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## **Emerging Market Stars Fund** continued

**Asset allocation** describes the share of investments in specific assets.

### What was the proportion of sustainability-related investments?

- ***What was the asset allocation?***

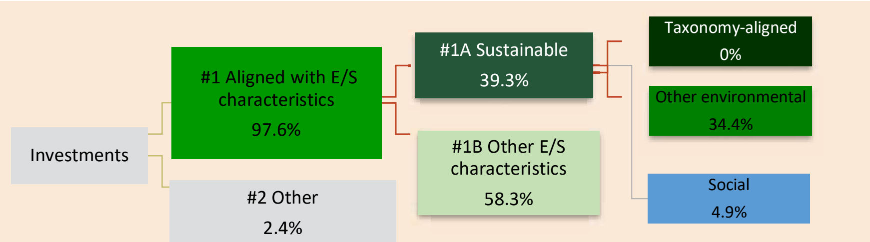
100% of the companies the Fund invested in were assessed under the Investment Manager's EVA Framework, which is used to assess and deliver the environmental or social characteristics promoted by the Fund.

All investments, excluding cash, attained the characteristics of the Fund on an individual basis over the reference period.

During the reference period, the Fund averaged 97.6% investment in equity and equity warrants. Therefore, on average 97.6%[8] of the investments of the Fund were used to meet the environmental or social characteristics promoted by the Fund.

While the Fund does not have sustainable investing as its objective, the Fund invested 39.3%[9] of its investments in Sustainable Investments with an environmental or social objective.

*Please note that figures given in the asset allocation section below indicate the percentage allocation of the fund to each category (e.g. '#1 Aligned with E/S characteristics', '#1A sustainable' etc.)*




**#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.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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[8] This shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, aligned with the Fund's characteristics. The average is calculated as a simple average of the Fund's quarterly portfolio weighted alignment as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

[9] This shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, that are classified as Sustainable Investments as at 31 December 2023.

*In economic sectors were the investments made?*

| Economic Sectors | % Assets[10] |
|---|---|
| Technology | 30.6 |
| Financial | 23.6 |
| Communications | 11.2 |
| Industrial | 8.5 |
| Materials | 5.6 |
| Energy | 5.5 |
| Consumer Discretionary | 4.7 |
| Real Estate | 2.3 |
| Funds | 2.0 |
| Consumer Staples | 1.3 |
| Consumer, Cyclical | 1.1 |
| Consumer, Non-cyclical | 1.1 |
| Industrials | 0.9 |
| Health Care | 0.8 |
| Basic Materials | 0.8 |

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

During the reference period the only material exposure to fossil fuels within the Fund was via Reliance Industries in India. Given the large, transformative transition this company is undertaking from a high emissions petrochemicals business to a leader in renewable energy such as solar, battery storage and hydrogen, the Investment Manager undertakes additional engagement by means of a long-term collective investor engagement programme under Climate Action 100+ to ensure the company is held to account and there is continued oversight. The Investment Manager co-leads this engagement with other investors and spent significant time during 2023 visiting management at their operations in India.

**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The proportion of investments of the Fund invested in environmentally sustainable economic activities contributing to climate change mitigation, including in transitional and enabling activities, and aligned with the requirements of the Taxonomy Regulation, is 0% of the Fund's net assets.

[10] This shows the percentage of the Fund's assets within each economic sector as at 31 December 2022.

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## Emerging Market Stars Fund continued

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee

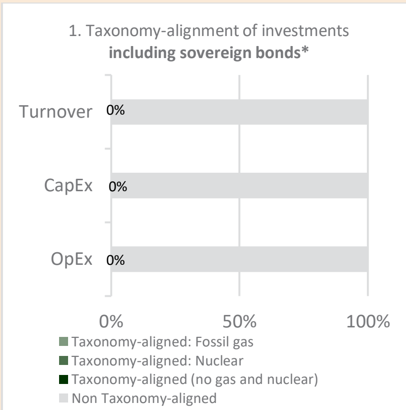
**Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy[11]?**

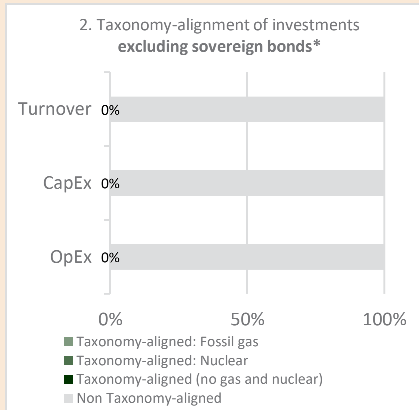
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

***The graphs below show in green the percentage of investments that were 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.***




This graph represents 100% of the total investments.

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

***What was the share of investments made in transitional and enabling activities?***

The proportion of investments of the Fund invested in environmentally sustainable economic activities contributing to climate change mitigation, including in transitional and enabling activities, and aligned with the requirements of the Taxonomy Regulation, is 0% of the Fund's net assets.

[11] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanation note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

The proportion of investments of the Fund invested in environmentally sustainable economic activities contributing to climate change mitigation, including in transitional and enabling activities, and aligned with the requirements of the Taxonomy Regulation, is 0% of the Fund's net assets.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Over the reference period, the percentage of Sustainable Investments with an environmental objective not aligned with the EU Taxonomy was 34.4%. [12]

In order to satisfy itself that an investment is environmentally sustainable pursuant to the Taxonomy Regulation, the Investment Manager must (a) be satisfied that the investments underlying the Fund are in environmentally sustainable activities (b) identify the extent to which the investments of the Fund are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation; (c) identify the proportion, as a percentage of the Fund's portfolio, of investments in environmentally sustainable activities which are aligned with the Taxonomy Regulation; and (d) identify the proportion, as a percentage of the Fund's portfolio, of enabling and transitional activities (as described in the Taxonomy Regulation).

At the present time, the Investment Manager cannot satisfy itself that the Fund's investments meet the criteria outlined above. Accordingly, the proportion of investments of the Fund invested in environmentally sustainable economic activities contributing to climate change mitigation, including in transitional and enabling activities, and aligned with the requirements of the Taxonomy Regulation, is 0% of the Fund's net assets.

**What was the share of socially sustainable investments?**

During the reference period the percentage of Sustainable Investments with a social objective within the Fund was 4.9%.[13]

[12] This shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, that are classified as Sustainable Investments with an environmental objective. The average is calculated as a simple average of the Fund's quarterly portfolio weighted alignment as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

[13] This shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, that are classified as Sustainable Investments with a social objective. The average is calculated as a simple average of the Fund's quarterly portfolio weighted alignment as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## Emerging Market Stars Fund continued

**What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

During the reference period, an average of 2.4% of the Fund's investments were identified as #2 Other in the above diagram and were held in cash for liquidity purposes in line with the Fund's Investment Policy. There are no minimum environmental or social safeguards applicable to these investments.[14]

**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

Using company specific knowledge and often engagement with company representatives, the Investment Manager assessed every prospective investee company, prior to purchase, using the Investment Manager's Proprietary quantitative Economic Value Added (EVA) Wheel Model. The Investment Manager used the EVA Wheel to evaluate how investee companies contributed to future sustainable economic development (its Impact on Progress), how a company managed its key risks and opportunities from an ESG perspective (its Material ESG Issues) and how a company ensures it acted as a responsible corporate citizen (its Business Ethics).

Each company was assigned a quantitative score based on these three areas. The Investment Manager carried out this evaluation using a variety of sources, including information and data published by the companies themselves and third party data and research providers. Every prospective investment was also assessed against the Fund's exclusion criteria.

The following are engagement examples carried out during the reference period:

**Merdeka Copper Gold**

The Investment Manager has followed Merdeka Copper Gold for a number of years and part of the Investment Manager's visit to operations on the ground in rural Indonesia was in order form a further assessment of the company's ESG practices on a deep-dive basis.

The company is committed to a net zero 2050 target and, prior to that, reducing GHG emissions by 29% by 2030. The company is already using a lot of renewable energy from geothermal sources, and have some solar capacity. The Tujuh Bukit mine will use 100% renewable energy from this year. The company's carbon offsetting program which includes significant mined land rehabilitation and mangrove restoration, which also enhances biodiversity, was also encouraging to see. Impressively the company's water data is linked to the government's environmental office in real time, which is relevant for the government's ongoing work on permitting for environmental issues.

[14] This shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, not aligned with the Fund's characteristics. The average is calculated as a simple average of the percentage of the Fund's assets, on a portfolio weighted basis, that were not aligned with the characteristics as at 31 March, 30 June, 30 September and 31 December 2023.

There is more to come from Merdeka on environmental improvements but the progress and action so far is an encouraging mark of management attention here – indeed ESG factors are part of the executive compensation structure. There are undeniably some high risk ESG issues, but they are being well managed and mitigated.

**Samsung Electronics**

Samsung Electronics (Samsung) is a South Korean semiconductor and consumer electronics company with global leading market shares in memory semiconductor manufacturing, smartphones, TVs and other consumer electronic goods.

The Investment Manager engaged with Samsung regarding their level of GHG emissions and proposed mitigating actions going forward. The company has set net zero targets on a Scope 1+2 basis by 2050and were able to clarify that they expect to be at Net Zero by 2030 in the DX division, although only by 2050 across the group. Encouragingly, this target is predominantly driven by a reduction in gross emissions rather than the use of any carbon offsetting which will only be used as a last resort.

Samsung also stated that they will give more Scope 3 disclosures and a Scope 3 target by FY23 and there was a realisation from the company that this data is important and they are preparing a ‘readiness’ framework consistent with supply chain directives (they have over 2000 suppliers so the work required is extensive).

Samsung further explained that whilst implementing Science Based Target Initiative (SBTi) accreditation is a very active conversation internally, the constraint for them is the fact that SBTi adoption mandates emissions reductions of just over 1% p.a. to 2030 and this is incredibly difficult to reconcile with the fact that Samsung is quite a fast growing business, and secondly, SBTi does not yet have sector specific guidance for their industry.

The main bottleneck to achieving reductions is the reliance of the South Korean state on fossil fuels, where currently only 7-8% of South Korean power generation comes from renewables – this is the lowest percentage renewable energy share of any OECD country. This is only likely to rise to 22-3% by 2030 as fossil fuel power remains far cheaper in the country. Samsung intend to be 100% reliant on renewable energy from imported sources by 2027.

Samsung believe their Scope 1+2 emissions peaked in 2021, which should mean they are proving they are in fact able to grow rapidly whilst reducing emissions and that their approach to metric adoption and data release has been somewhat slow and cautious.

It does now appear that this is an issue the company is taking very seriously, committing significant resource to and the Investment Manager is seeing a marked improvement which it hopes and expects to continue and will continue to engage with the company on this basis. The Investment Manager’s process favours ‘improver’ companies which are able to show ongoing progress on ESG issues and thereby derive material operational, financial and real world gains which the Investment Manager believes leads to very attractive share price returns.

**Reliance Industries**

# Appendix III – Sustainable Finance Disclosure Regulation (unaudited) continued

## Emerging Market Stars Fund continued

The Investment Manager remains a co-lead investor of a long-term collective investor engagement programme under Climate Action 100+ to ensure the company is held to account and that there is continued oversight given the large, transformative transition this company is undertaking from a high emissions petrochemicals business to a leader in new energy such as solar, battery storage and hydrogen.

The Investment Manager spent significant time during the review period visiting management at their operations in India. During this time management expressed confidence in being able to achieve their net zero target by 2035 even ahead of time, though currently the company are maintaining focus on execution, reducing unit costs of energy and moving into wind to increase up-time and solve for critical round-the-clock power and predictability.

Compared to the previous year, the Investment Manager notes that Reliance Industries' decarbonization strategy took shape as the company identified the set of actions and investments it intends to undertake to achieve its GHG reduction targets. Capital expenditure in the New Energy Business is on track to reach 10GW of solar module manufacturing capacity by 2024, and 20GW by 2026, with battery capacity for large scale energy storage to reach 5GWh by 2024 and 50GWh by 2027. Moreover, Reliance Industries expanded its plans when it comes to renewable power generation, reiterated its commitment to further investment in India's energy transition and welcomed partnerships with international investors. On the consolidated level, FY 2022 emissions performance showed improvement year on year with some reduction across most GHG metrics. However, outside of Reliance Jio, detailed TCFD aligned segment reporting is yet to be achieved.

Based on preliminary TPI/FTSE Russell assessment results, Reliance Industries' commitment towards alignment of disclosures with TCFD recommendations has been recognized, although more needs to be done in terms of standardization. On the positive side, additional steps were taken by the company during the review period including the announced Board Committees overhaul that the Investment Manager tends to attribute, in part, to the engagement group efforts, including a letter sent by one of the participants. The new ESG Committee is set to 'review progress towards meeting the Group's ambitions regarding its Net Carbon Footprint, Climate Change, Circular Economy, the Energy Transition and inclusive growth'. It should, at least partially, meet the requirements under the TPI's Indicator 8: Climate Governance. The Investment Manager continues to be very active with the group engagement, and will continue to engage as per the established plan recalibrated for 2024 in accordance with the CA100+ Net Zero Company Benchmark.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**How did this financial product perform compared to the reference benchmark?**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- ***How does the reference benchmark differ from a broad market index?***

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- ***How did this financial product perform compared with the reference benchmark?***

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- ***How did this financial product perform compared with the broad market index?***

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.