

Mercer Short Duration Global Bond Fund 1

A Sub-Fund of MGI Funds plc, a UCITS umbrella fund

SFDR Article 8

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors as the product may significantly invest in, or be exposed to, asset classes with comparatively high risks such as:

- Emerging Markets

OBJECTIVE AND INVESTMENT POLICY

INVESTMENT OBJECTIVE(S)

To achieve attractive risk adjusted returns.

INVESTMENT POLICY

Strategy The Sub-Fund is actively managed and seeks to provide exposure primarily to short duration, investment grade debt securities globally. The Sub-Fund uses a 'manager of managers' style investment approach, where the Investment Manager selects and combines complementary investment strategies by dynamically allocating to Sub-Investment Manager(s). These Sub-Investment Manager(s) are monitored and assessed by the Investment Manager. This approach aims to construct an overall portfolio that aims to maintain a short average duration and seeks to generate returns through a combination of income and capital growth while also managing risks through diversification.

In selecting investment strategies, for implementation by Sub-Investment Manager(s), the Investment Manager looks to provide access to a diversified set of investment approaches and return drivers, including amongst others: bottom-up security selection (selecting securities based on analysis of issuer and security profiles), industry sector and region rotation (positioning the portfolio to take advantage of favourable industry sector or regional views) and relative value (comparing relative value across investments to select preferred investments based on market pricing or differing views of issuer risk profiles). However, the Investment Manager maintains a flexible investment approach to managing the overall portfolio via the investment strategy allocation mix.

The Investment Manager may shift allocations amongst the underlying strategies or introduce new strategies at any time, based on its research and analysis of the above-mentioned investment approaches. This flexibility is integral to the manager of managers style and in facilitating the Sub-Fund's pursuit of its risk and return objectives

over the long term. The Sub-Fund is not confined to any particular industry sector, investment style or geographical area.

Each Sub-Investment Manager applies its own distinct investment process for security selection for its allocation of the overall portfolio. The specific security selection techniques may vary by Sub-Investment Manager and strategy, but it is expected that Sub-Investment Manager(s) may use, amongst others, analysis of individual securities and issuers (bottom up approach), as well as analysis of macroeconomic factors (such as GDP growth, inflation, monetary policy), industry and geographic trends (top down approach) or combination of both, in order to identify attractive investment opportunities.

For more information on the manager of managers style approach, see "Investment Management Approach" in the Prospectus.

Sustainability approach The Sub-Fund promotes environmental characteristics, namely, to seek to mitigate the impact of climate change by reducing the potential carbon footprint of the Sub-Fund.

The Sub-Fund avoids exposure to, in the opinion of the Investment Manager (or its delegate), the worst carbon emitters with the lowest carbon transition potential being those companies:

- whose carbon emissions intensity exceed 3,000 tonnes/ m\$USD revenue, unless the Investment Manager's (or its delegates'), proprietary analysis of such companies indicates strong carbon transition potential, or
- that generate more than 1% of their revenue from thermal coal extraction, arctic drilling or oil tar sand mining.

The Sub-Fund promotes social characteristics by avoiding investment in companies that:

- are involved in the manufacture, distribution or sales of controversial weapons, or
- manufacture tobacco products or generate more than 50% of their revenue from tobacco distribution or sales.

In addition, the Sub-Fund excludes companies that:

- have material exposure to production of:
 - recreational cannabis

- coal or coal-related products
- are considered to contribute to or are responsible for:
 - gross corruption and other serious economic crime
 - severe environmental damage
 - serious violations of international law/human rights.

These exclusions are implemented and monitored in accordance with the “Sustainability Policies” section of the Prospectus.

The Sub-Fund commits to having a minimum proportion of 25% in sustainable investments, based on the Investment Manager’s framework.

It is expected that at least 90% of the Net Asset Value (“NAV”) will be aligned with the environmental and social characteristics promoted by the Sub-Fund.

More complete information on the Sub-Fund’s sustainability approach is set out in the Annex to this Supplement and “Sustainability Policies” in the Prospectus. The Annex applies in conjunction with the investment policy described herein.

Benchmark(s) JP Morgan GBI Global 1-3 Year Total Return Index (USD), hedged (the “Benchmark”). The Benchmark is used as an outperformance target. The Benchmark represents the performance of fixed-rate, local currency treasury bonds issued in developed markets, with minimum term to maturity greater than or equal to one year and less than three years.

The Sub-Fund seeks to outperform the Benchmark by 0.5% to 1% on average per annum over the medium to long term. The outperformance range indicates the level of outperformance sought after the Sub-Investment Manager(s) fee and other Sub-Fund fees and expenses have been paid but before the Management Fee is deducted.

The Sub-Fund does not intend to track the Benchmark and can invest in securities that are not included in the Benchmark. Under normal market conditions, the ex-post tracking error is expected to range between 1% and 3% over the medium to long term (indicative only).

Additional benchmark Bloomberg Global Aggregate Corporate Total Return Index (USD), hedged (the “Additional Benchmark”). The Additional Benchmark is used for risk management purposes as the basis for relative VaR calculations. The Additional Benchmark broadly represents the intended characteristics of the Sub-Fund with regards to interest rates, currency, maturity, country and credit ratings.

Investments The Sub-Fund invests primarily in short duration, investment grade debt securities, denominated in major world currencies such as USD, CAD, GBP and EUR. These debt securities are issued by companies or government and government-related issuers globally. The Sub-Fund may invest in securitised debt. To a lesser extent the Sub-Fund may invest in Emerging Markets and in

debt securities which are rated below investment grade but with a minimum rating of speculative grade at the time of purchase.

The Sub-Fund invests at least 70% of NAV in short duration, investment grade debt securities that are denominated in major world currencies, issued, or guaranteed, by governments, their agencies, local authorities and supra-national organisations or issued by companies globally. The Sub-Fund may invest in:

- debt securities, as referenced below
- below investment grade debt securities provided they are rated at least as speculative grade (meaning rated at least B-/B3) at the time of purchase, or equivalent if unrated (up to 20% of NAV)
- Emerging Markets issuers (up to 30% of NAV)
- securities listed or traded on the Moscow Exchange in Russia (up to 10% of NAV)
- loan instruments, which qualify as transferable securities or money market instruments (up to 10% of NAV)
- UCITS and other regulated collective investment schemes (up to 10% of NAV)

To a limited extent, the Sub-Fund may hold equity securities (such as common stock and warrants) where acquired through ownership of an otherwise permissible debt security.

Debt securities include securities such as bonds, debentures, notes, structured notes (unleveraged), securitised debt (such as collateralised loan, mortgage, or debt obligations (CLOs, CMOs, or CDOs), asset-backed securities (ABS) and mortgage-backed securities (MBS)), hybrid securities and loan instruments. These debt securities may have various interest repayment terms including fixed, floating, index-linked or inflation-linked, with varying or no maturities.

As referenced above, the Sub-Fund may invest in debt securities that are rated at least speculative grade, at the time of purchase. To the extent that asset-backed securities, credit-linked notes or other instruments the return or repayment of which are linked to credit risks or which transfer credit risks of third parties are permissible investments, the minimum credit rating is investment grade, at the time of purchase. These securities are either admitted to trading on a Recognised Market in the EEA or OECD, or issued by an issuer domiciled in the EEA or OECD.

In the event that a credit rating is downgraded below the minimum ratings referenced above, the Sub-Fund may continue to hold the downgraded security as long as the exposure to all such securities does not exceed 3% of NAV. Where such securities exceed 3%, the Sub-Fund will then use reasonable commercial efforts to dispose of such securities within six months of the rating downgrade, so that the amount of affected securities will be below 3% of NAV.

The Investment Manager (or its delegate) is responsible for determining the credit quality of debt securities (the “Internal Rating”), in accordance

with applicable regulations (such as the Regulation (EU) No. 1060/2009, as amended from time to time ("CRA Regulation").

Where available, external ratings of recognised rating agencies registered under the CRA Regulation may be used by way of plausibility check.

An additional quantitative assessment of the Internal rating must be prepared when the Internal Rating is higher than:

- an external rating (when only one is available)
- the second highest external rating (when two or more are available)

The investment grade rating will be verified at least annually or more frequently if other negative circumstances indicate that this is necessary. The speculative grade rating will be verified at least quarterly or more frequently if other negative circumstances indicate that this is necessary.

The Sub-Fund will not invest directly in consumer loans or working capital loans.

The Sub-Fund may invest in assets denominated in major world currencies and currency exposure is typically hedged to the Base Currency.

Derivatives and techniques The Sub-Fund may use Derivatives and technique(s) for efficient portfolio management to reduce risks (hedging), to reduce costs or to seek additional capital or income in line with its risk profile. Derivatives may also be used for investment purposes. To the extent that the Sub-Fund uses Derivatives for investment purposes, there may be a risk that the volatility of the Sub-Fund's NAV may increase.

The Sub-Fund may take long and short exposure to adjust the Sub-Fund's overall credit, duration or to take advantage of market conditions. The synthetic short positions will only be taken through the use of Derivatives referenced below.

The Sub-Fund's market exposure may vary over time and range from an anticipated maximum position of 300% long to 200% short, calculated as the sum of the notionals.

Derivative types Forwards, futures, options, swaps (including credit default swaps and total return swaps) and swaptions.

The Sub-Fund's expected and maximum proportion of the assets that can be subject to total return swaps is: expected 0-10%; maximum 100%

Securities financing techniques The Sub-Fund may use the following techniques (as a proportion of assets):

- repurchase agreements: expected 0-10%; maximum 100%
- reverse repurchase agreements: expected 0-10%; maximum 30%
- securities lending: expected 0-10%; maximum 50%

Global exposure Relative VaR (limited to 200% of the VaR of the Additional Benchmark).

The level of leverage, which is calculated as the sum of the notionals, is not expected to exceed 200% of NAV (under normal market conditions). However, higher levels of leverage may be experienced from time to time.

For more information, see "Investment Techniques" in the Prospectus.

Cash management Ancillary Liquid Assets (up to 10% of NAV under normal market conditions).

Base currency USD.

MAIN RISKS

All investments involve risk. The Sub-Fund's main risks are those listed below. These are explained further in "Special Considerations and Risk Factors" in the Prospectus. Any of the following risks could result in the Sub-Fund losing money, underperforming similar investments (including the Benchmark), experiencing high volatility (significant ups and downs in NAV), or failing to meet its objective over any period of time:

- Derivatives
 - Synthetic Short Selling
- Emerging Markets
- Fixed Income
 - Corporate Debt
 - Government Debt
 - Loan Instruments
- Russian Markets
- Securitised Debt
 - CMOs, CLOs and CDOs
- Sustainable Investing

Sustainability risks Sustainability Risks are integrated in the investment process for the Sub-Fund, including in portfolio construction, Sub-Investment Manager selection and monitoring, and in ongoing risk management and portfolio monitoring.

Developed market portfolios may have exposure to a wide variety of Sustainability Risks, including impacts relating to the transition to a low-carbon economy and associated policy or regulatory developments.

Emerging markets portfolios may typically have higher sensitivity to the impact of certain Sustainability Risks such as the impact of physical damages and resource availability due to climate change, or the impact of bribery or corruption or poor labour standards of issuers.

Sovereign bonds may have exposure to a wide variety of Sustainability Risks, such as the impact of climate change on interest rates or inflation.

Sustainability Risks, should they arise, can materially affect an issuer's performance and in turn the performance of the Sub-Fund.

For more information, see "Sustainability Policies" in the Prospectus and the Investment Manager's Sustainability Policy which is available on <https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html>

PLANNING AN INVESTMENT

Typical investor profile The Sub-Fund is suitable for investors with at least basic knowledge of, and experience with, financial products, who understand the risks of the Sub-Fund including potential capital loss and who:

- seek to achieve investment objectives aligned with that of the Sub-Fund
- have a long-term investment horizon
- seek a product that promotes environmental and/or social characteristics

Dealing information Every day that is a bank business day in Ireland or the UK ("Business Day") will be a Dealing Day for the Sub-Fund. Requests to subscribe or redeem Shares of the Sub-Fund that are received and accepted by the Administrator on behalf of the Sub-Fund before 1:00 pm Irish time on any Dealing Day are processed that day.

The NAV per Share is calculated using close of business prices in the relevant markets on the Dealing Day (the "Valuation Point") and is published the following Business Day.

Transactions typically settle 3 Business Days after the day the request is accepted; for subscriptions this means that payments must be received by this time.

For more information, see "Making an Investment" in the Prospectus.

SHARE CLASSES

FEES AND EXPENSES (% per annum)				
Share Class Type	MANAGEMENT FEES		Sub-Investment Manager Fee(s) (max)	Operating Expenses (max)
	Manager Fee (max)	Hedging Fee *		
A	0.80%	0.02%	1.25%	0.20%
B	2.05%	0.02%	—	0.20%
E	1.50%	0.02%	1.25%	0.20%
Z	—	0.02%	1.25%	0.20%

**The Hedging Fee is chargeable only in respect of Hedged Share Classes.*

Available share classes The Sub-Fund may offer Share Classes with specific features or a combination of features, including differing Management Fee levels up to the levels indicated above.

For all Share Classes other than those listed in the Appendix, the Share Class naming convention denotes the features of the particular Share Class through the combination of letters and numbers. For example: A GBP Hedged Share Class of type A with a Management Fee of 0.42% will be named "A-H-0.42-GBP".

A list of individual Share Classes available in each applicable jurisdiction, including any Share Classes with a scheduled future launch is available at <https://investment-solutions.mercer.com>.

Available share class features Accumulating, distributing, unhedged, hedged.

Share Classes are available in the Base Currency and any of the other Standard Currency Options, save that Hedged Share Classes are not available in the Base Currency.

Share class eligibility Share Classes B, E and Z are subject to additional eligibility criteria specified in the Prospectus.

Distribution policy Declared quarterly, on the last Business Day of March, June, September and December.

Share class currency hedging The NAV Hedging model applied seeks to hedge Share Class currency against the Base Currency of the Sub-Fund, with the aim of minimising the effect of exchange rate fluctuations between these two currencies.

For a full description of each feature of the Share Classes, including Share Class Hedging Methodologies, see "Available Share Classes" in the Prospectus.

Fees and expenses Share Classes are subject to the fees and expenses set out in the table above. The specific level of Management Fee applicable to a Share Class will form part of the Share Class name and will not exceed the levels indicated above. The exception to this are those Share Classes listed in the Appendix.

The Sub-Investment Manager Fee(s) indicated in the table above represent the maximum aggregate level of fees that may be paid to all Sub-Investment Manager(s) appointed to the Sub-Fund.

Where Operating Expenses incurred are less than the maximum figures indicated above, only the Operating Expenses actually incurred are charged to the Sub-Fund.

For further information on the fees and expenses and other costs applicable to the Sub-Fund, see "Fees and Expenses" in the Prospectus.

SHARE CLASSES NOT YET LAUNCHED

The table below shows the initial offer price per Share for each unlaunched Share Class in the respective Share currency. The initial offer period for all unlaunched Share Classes will run until 5:00 pm Irish time on the Business Day which is six months from the next Business Day after the date of this Supplement.

Initial Offer Price per Currency	Share Classes A and B	Share Class Z
AUD, CAD, CHF, EUR, GBP, NZD, SGD, USD	100	10,000
CNH, HKD, MXN, ZAR	100	100,000

Initial Offer Price per Currency	Share Classes A and B	Share Class Z
DKK, NOK, SEK	1,000	100,000
JPY	10,000	1,000,000

All launched Share Classes are available at their NAV per Share on each Dealing Day.

SUB-INVESTMENT MANAGER(S)

Sub-Investment Manager(s) — with delegated day-to-day management of the Sub-Fund's investments:

- Neuberger Berman Asset Management Ireland Limited, 2 Central Plaza, Level 2, Dame Street,

Dublin 2, D02 T0X4, Ireland, authorised as an investment manager and adviser by the Central Bank of Ireland

- Robeco Institutional Asset Management B.V. Weena 850, 3014 DA Rotterdam, the Netherlands, authorised as an investment manager and adviser by the Netherlands Authority for the Financial Markets

Words and expressions not specifically defined in this Supplement bear the same meaning as that attributed to them in the Prospectus. To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement will prevail. MGI Funds plc is an investment company with variable capital incorporated as a public limited company in Ireland with registered number 421179 and established as an open-ended umbrella fund with segregated liability between sub-funds authorised and regulated by the Central Bank of Ireland. The directors of MGI Funds plc have taken all reasonable care to ensure the accuracy and adequacy of the Prospectus and this Supplement and accept responsibility for its content accordingly.

Appendix – Other Share Classes

The table below provides details of the Share Classes that do not follow the naming convention, as described above. It also sets out the specific level of Management Fees together with relevant features. The fees and expenses listed in this table are expressed as a percentage per annum.

Share Class Type	Share Class Name	Management Fees (including Hedging Fee, where applicable)	Sub-Investment Manager Fee(s) (max)	Operating Expenses (max)	Share Class Currency Hedging	Distribution Policy
A	M-1 EUR	0.2000%	0.20%	0.20%	Hedged	Accumulating
A	M-1 NOK	0.2000%	0.20%	0.20%	Hedged	Accumulating
A	M-2 EUR	0.3500%	0.20%	0.20%	Hedged	Accumulating
A	M-2 SEK	0.3500%	0.20%	0.20%	Hedged	Accumulating
A	M-2 USD	0.3500%	0.20%	0.20%	Hedged	Accumulating
A	M-3 EUR	0.6000%	0.20%	0.20%	Hedged	Accumulating
A	M-3 SEK	0.6000%	0.20%	0.20%	Hedged	Accumulating
A	M-3 USD	0.6000%	0.20%	0.20%	Hedged	Accumulating
A	M-5 JPY	0.1000%	0.20%	0.20%	Hedged	Accumulating
A	M-6 GBP	0.2000%	0.20%	0.20%	Hedged	Accumulating
Z	Z-2 GBP	0.0200%	0.20%	0.20%	Hedged	Accumulating
Z	Z-2 SEK	0.0200%	0.20%	0.20%	Hedged	Accumulating
B	M-4 SEK	0.2500%	0.20%	0.20%	Hedged	Accumulating

ANNEX

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 ('SFDR') and Article 6, first paragraph, of Regulation (EU) 2020/852 ('Taxonomy Regulation')

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.

Product name:	Mercer Short Duration Global Bond Fund 1	Legal entity identifier:	5299001SCLYLUGOZPS05
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Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective: ____%**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25% 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

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It will make a minimum of **sustainable investments with a social objective: ____%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



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

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund environmental characteristics are to seek to mitigate the impact of climate change by reducing the potential carbon footprint of the Sub-Fund.

The Sub-Fund seeks to avoid exposure to, in the opinion of the Investment Manager (or its delegate), the worst carbon emitters with the lowest carbon transition potential, being those companies:

- whose carbon emissions intensity exceed 3,000 tonnes/ m\$USD revenue, being in the opinion of the Investment Manager (or its delegate), the worst carbon emitters, unless Investment Manager's (or its delegates') proprietary analysis of such companies indicates strong carbon transition potential; or
- that generate more than 1% of their revenue from (i) thermal coal extraction, (ii) arctic drilling or (iii) oil tar sand mining.

The Sub-Fund's social characteristics are to avoid investment in companies that (i) are involved in the manufacture, distribution or sales of controversial weapons such as landmines, cluster munitions, chemical and biological weapons, nuclear weapons and (semi) automatic civilian firearms; or (ii) manufacture tobacco products or generate more than 50% of their revenue from tobacco distribution or sales.

In addition to the exclusions listed above, the Sub-Fund seeks to avoid investing in companies which have been recorded in the Investment Manager's exclusion list that:

- have material exposure to production of:
 - recreational cannabis
 - coal or coal related products
- are considered to contribute to or are responsible for:
 - gross corruption and other serious economic crime
 - severe environmental damage
 - serious violations of international law/human rights.

The Sub-Fund commits to making a minimum allocation to sustainable investments as set out above. The objectives of the sustainable investments are to make a positive contribution to environmental objectives (namely, climate change adaptation and/or climate change mitigation) or social objectives (namely, the protection and/or advancement of economic, social and civil rights) as set out further below.

The Investment Manager (or its delegate) is required to follow good governance standards in the selection of securities for investment. The Sub-Fund uses third party data providers to identify companies that are deemed to be in breach of UN Global Compact (“**UNGC**”) principles (including companies breaching United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises). An engagement and escalation framework is in place, seeking to remedy breaches within an acceptable time-frame. If the Investment Manager (or its delegate) deems the likelihood of the remediation within an acceptable time-frame low, such companies may be added to the list of exclusions.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Sub-Fund has no exposure to:

- companies excluded based on the environmental and social screens; and
- companies identified as in violation of UN Global Compact (“**UNGC**”) principles and in respect of which the Investment Manager has determined that there is no/low remediation opportunity of such issues by engagement within an acceptable timeframe.

The Sub-Fund's portfolio achieves the minimum commitment to sustainable investments set out herein, being those investments, which are assessed and determined as aligned with the Investment Manager's framework for sustainable investments as detailed further below i.e., that the investment is considered to:

- contribute positively to one or more UN Sustainable Development Goals (“**SDGs**”);
- do no significant harm to any environmental or social objective as measured through the use of PAI Indicators; and
- follow good governance practices through alignment with UNGC principles and the OECD Guidelines for Multinational Enterprises.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The environmental and social objectives of the sustainable investments are set out above under section “*What environmental and/or social characteristics are promoted by this financial product?*”. The sustainable investments will contribute to such objectives through their alignment with the SDGs.

An investment will be assessed and treated as contributing to the objectives when it has a positive contribution to one or more of the following SDGs.

Environmental SDGs

SDG 6 - Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy, SDG 9 – Industry Innovation and Infrastructure, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life below Water, SDG 15 - Life on Land.

Social SDGs

SDG 1 - No Poverty, SDG 2 - Zero Hunger, SDG 3 - Good Health and Well Being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 10 - Reduced Inequalities, SDG 16 - Peace Justice and Strong Institutions, SDG 17 - Partnerships for the Goals.

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

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.

The Investment Manager assesses sustainable investments to ensure these do no significant harm to any environmental or socially sustainable investment objective through a consideration and appropriate use of relevant principal adverse sustainability indicators (having regard to those set out in Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288, otherwise known as SFDR Level 2 RTS, and where relevant from Table 2 and 3 of Annex I of the SFDR Level 2 RTS) (“**PAI Indicators**”).

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager, using data provided by specialist third party data providers, assesses the activities of companies against the PAI Indicators to determine that the sustainable investments do not cause significant harm to any environmental or socially sustainable investment objective.

Each PAI Indicator has been individually assessed, and where relevant, an absolute threshold or a relative threshold has been set. Any investment which is determined as breaching these thresholds will not be considered a sustainable investment.

For certain PAI Indicators, the Investment Manager has determined that setting a threshold is not appropriate to determine that the investment does not cause significant harm. For example, certain PAI Indicators have inferior levels of data coverage and availability which can undermine the value or integrity of the given PAI Indicator. This can arise where data for a PAI Indicator is based on voluntary and non-standardised reporting by investee companies, or where the methodologies employed by investee companies are not comparable or available (for example PAI8 emissions to water) or where a threshold would have a disproportionate impact on a sector or region (PAI12 unadjusted gender pay gap).

The data coverage levels, thresholds and the applicability of each PAI Indicator will be monitored and assessed on an ongoing basis to ensure continued suitability and adjusted as appropriate.

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

The Investment Manager considers the mandatory social PAIs (including PAI10 Violations of UNGC principles and OECD Guidelines for Multinational Enterprises) when assessing how sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and according to the agreed thresholds for each PAI Indicator. Any investment which breaches these thresholds will not be considered a sustainable investment.

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

The “do not significantly 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.



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

☒ Yes, the Investment Manager considers principal adverse impacts (“PAI”) on sustainability factors for the Sub-Fund using the PAI Indicators as set out in the SFDR Level 2 RTS as applicable.

Each PAI has been considered with respect to applicability and relevance to the Sub-Fund. Where appropriate, certain PAIs are considered in the construction of the Sub-Fund and reflected in the environmental and social characteristics promoted by the Sub-Fund as described herein.

PAIs also inform the engagement framework employed by the Investment Manager which focuses on key engagement priority areas relating to climate change, pollution and natural resource degradation (including biodiversity and natural capital), human rights and labour practices, aligned remuneration and incentives and transparent disclosure of material ESG factors. These are communicated to the Sub-Investment Manager with the expectation that engagement efforts are directed towards these issues for companies held in the portfolio and the Investment Manager actively monitors appointed Sub-Investment Managers and their stewardship activities consistent with the engagement framework.

Using data provided by specialist third party data providers, the Investment Manager periodically reviews the PAI Indicator data for the Sub-Fund’s investments versus internal parameters in order to monitor the PAI of investment decisions on sustainability factors. Any items to note may be prioritised and escalated with the underlying Sub-Investment Manager as required.

The Sub-Fund’s annual report will include information on the principal adverse impacts on sustainability factors set out above.

☐ No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Investment Manager does not select investments directly; instead the Investment Manager intends to implement the investment objective and policies using a multi-manager approach.

The Investment Manager oversees the activities of the Sub-Investment Managers to ensure that the investment process is implemented on a continuous basis and monitors the Sub-Fund using the ongoing monitoring of sustainability indicators.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to attain its environmental and social characteristics are the environmental and social screens as described in the section “*What environmental and/or social characteristics are promoted by this financial product?*”.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

None.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

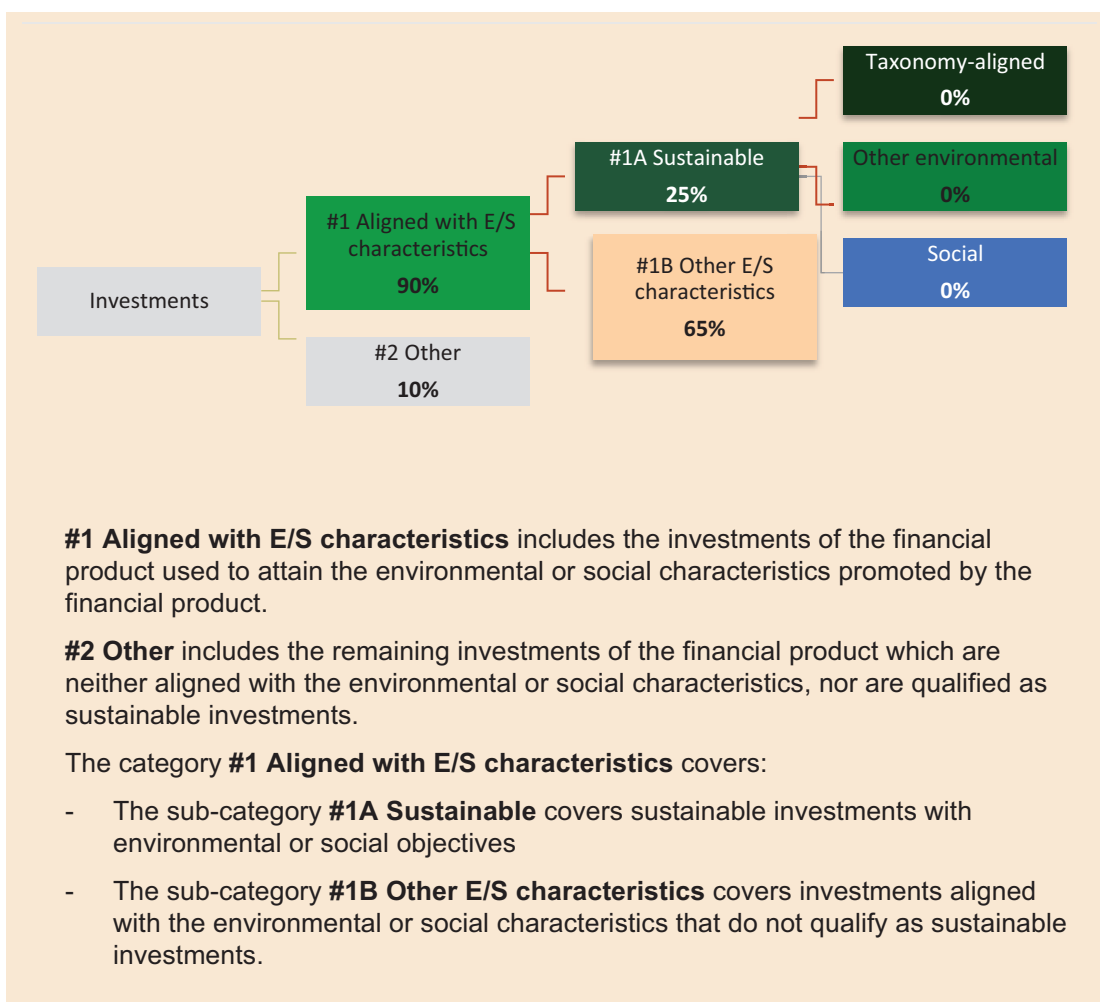
The Investment Manager (or its delegate) is required to follow good governance standards in the selection of securities for investment. The Sub-Fund uses third party data providers to identify companies that are deemed to be in breach of UNGC principles (including companies breaching United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises).

An engagement and escalation framework is in place, seeking to remedy breaches within an acceptable time-frame. If the Investment Manager (or its delegate) deems the likelihood of the remediation within an acceptable time-frame low, such companies may be added to the list of exclusions.

What is the asset allocation planned for this financial product?

At least 90% of the Sub-Fund will be aligned with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund will invest at least 25% in sustainable investments.

The remaining proportion of the Sub-Fund may include ancillary liquid assets and derivatives for efficient portfolio management purposes.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivative use, if any, does not contribute to attaining the environmental or social characteristics promoted by the Sub-Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

The Sub-Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

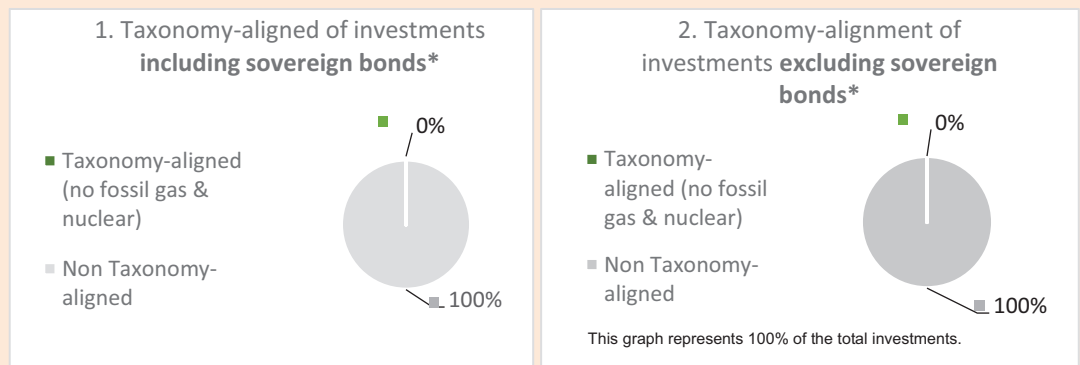
☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

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



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

● What is the minimum share of investments in transitional and enabling activities?

The Sub-Fund does not currently commit to investing more than 0% of its assets in transitional and enabling activities.



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

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Sub-Fund will invest at least 25% in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and/or sustainable investments with a social objective.

The Investment Manager measures the attainment of the environmental and social objectives of the sustainable investments through their positive contribution to one or more of the Environmental and Social SDGs referenced above. Consequently, the Sub-Fund does not commit to a minimum share of non-Taxonomy aligned environmentally sustainable investments and the minimum share of sustainable investments with an environmental objective is 0%, provided that the sum of sustainable investments with an environmental objective and socially sustainable investments meets the minimum proportion overall of 25%.

¹ 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 explanatory 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.



What is the minimum share of socially sustainable investments?

The Sub-Fund will invest at least 25% in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and/or sustainable investments with a social objective.

The Investment Manager measures the attainment of the environmental and social objectives of the sustainable investments through their positive contribution to one or more of the Environmental and Social SDGs referenced above. Consequently, the Sub-Fund does not commit to a minimum share of socially sustainable investments and the minimum share of socially sustainable investments is 0%, provided that the sum of sustainable investments with an environmental objective and socially sustainable investments meets the minimum proportion overall of 25%.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments comprise ancillary liquid assets and derivatives for efficient portfolio management purposes. Minimum environmental and social safeguards are not applicable due to the nature of the investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

● Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/responsible-investment.html>

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

