Article 8 Fund Disclosure

Sustainable Opportunities Investment Criteria and Guidelines

The Sustainable Opportunities Solution is categorised as an investment product promoting environmental and social characteristics as per the article 8 of the SFDR.

The Sustainable Opportunities Solution seeks to build a portfolio of predominantly environmental themes, i.e. — investments expected to benefit from the global shift toward a lower carbon economy and the need to address resource scarcity issues. In addition, the Sustainable Opportunities Solution will also target, where appropriate, social impact ideas affecting households and communities (urban and rural, in both developed and emerging economies), classified into four broad themes: inclusive finance, social/affordable housing, education, and health.

The Investment Manager's ESG rating designation will be used as part of the manager appointment decision. The Investment Manager has been assigning ESG ratings to investment strategies across asset classes since 2010. ESG ratings are integrated into the research and provide an additional data point in the manager selection process.

The ESG ratings, which are assigned to every strategy that is researched, reflects the Investment Manager's view on the extent to which ESG and stewardship practices are integrated into a manager's investment strategy, across idea generation, portfolio construction and overall business management. This rating process reflects the due diligence conducted in desk-based research and in meetings with the sub-investment managers to test their process for identifying and understanding potential risks and opportunities relevant to their portfolio. Managers must have an ESG rating of 1, 2 or 3 — the lowest-rated managers (ESG4) will not be considered. An ESG 1 rating indicates that a manager has embedded ESG in the investment philosophy and puts a strong focus on stewardship, which is a core part of the process. ESG 4, on the other hand, implies little or no integration of ESG or stewardship into core processes and no indication of future change. Managers will be engaged in our criteria and exclusions at the outset as we recognise that post appointment, we will not be able to directly influence a manager's decisions at the asset level.

The Advisory Committee and Limited Partners will receive regularly a report showing the exposures to the environmental themes targeted for investment. The AIFM and Investment Manager will be as transparent as possible on exposures to sustainability themes to the Advisory Committee and investors. This means that transparency will also be an important part of the manager selection criteria.

The ESG factors that are assessed during the due diligence process performed in the desk-based research are the following:

Environmental Social Governance

- Climate change
- Water
- Waste and pollution
- Biodiversity
- Healthcare

- Social inequality
- Health and safety
- Demographics / consumption
- Labour standards (including the supply chain)
- Modern slavery
- Human rights and community impacts
- Board structure, diversity and independence
- Remuneration that is aligned with performance
- Accounting and audit quality
- Anti-bribery and corruption

The governance characteristics are included into the assessment in order to capture the good corporate governance of the managers (as per the article 8 requirements of the SFDR).

Additional information on the investment criteria and guidelines for the Sustainable Opportunities Solution can be find under https://www.mercer.com/what-we-do/wealth-and-investments/alternative-investments.html.