



# Aegon AM Sustainability Risks and Impacts Policy for Multi- Management Funds

January 2025

## Contents

<b>Introduction.....</b>	<b>3</b>
<b>Definitions .....</b>	<b>3</b>
<b>Integrating ESG Factors External manager selection .....</b>	<b>4</b>
<b>Identifying and monitoring Principal Adverse Impacts .....</b>	<b>5</b>
<b>Ensuring good governance .....</b>	<b>5</b>
<b>Sustainable investments and Taxonomy aligned sustainable investments .....</b>	<b>6</b>
<b>Exclusions.....</b>	<b>6</b>
<b>Active ownership.....</b>	<b>6</b>
<b>Reporting.....</b>	<b>7</b>
<b>Appendix A. Aegon AM Multi-Management Funds (public markets) .....</b>	<b>8</b>
<b>Appendix B. Private market guidelines for client mandates.....</b>	<b>9</b>
<b>Appendix C. Responsible investment guidelines for MM Real Assets.....</b>	<b>10</b>
<b>Appendix D. ESG Assessment Framework .....</b>	<b>11</b>
<b>Appendix E: Principal Adverse Impact Indicators .....</b>	<b>12</b>
<b>Appendix F: Good governance metrics .....</b>	<b>14</b>
<b>Appendix G: Exclusion criteria .....</b>	<b>15</b>

## Introduction

**At Aegon Asset Management (Aegon AM), we are active, engaged and responsible investors. We consider investing responsibly a part of our investment philosophy and process as we believe responsible investment practices are critical to securing long-term value for our clients.**

At Aegon AM, we consider Responsible Investment (RI) to be an essential part of the investment process. Our RI Framework outlines how we go about incorporating non-financial information into our investment process and being active and responsible owners. In the case of multi-management (MM) funds, we control the investment process by selecting best-in-class asset managers, monitoring these managers closely and by occasionally adjusting our selection. Next to the selection of asset managers, we address and mitigate adverse impacts by excluding and engaging with identified companies. We believe that responsible investment can drive financial value and benefit stakeholders in these products too, and therefore, we have adapted our RI philosophy and practices to the management of MM funds.

The [Aegon AM Responsible Investment Framework](#) and [Active Ownership Policy](#) act as important reference documents for this policy, which remains consistent with the key principles of those documents.

This policy enshrines Responsible Investment (RI) practices in Multi-Management funds (MM funds) managed by Aegon Investment Management BV (Aegon AM NL) within the context of public markets. See Appendix A for list of funds in scope for this policy. More information on our approach to private markets and real assets can be found in Appendix B and C.

Please refer to product documentation for additional information on how specific products achieve ESG integration, consider principal adverse impacts, and to what extent and how these funds promote ESG characteristics or have a sustainable objective.

## Definitions

- **'Multi-Management Funds (MM Funds)'** are financial products where Aegon AM is the Fund Manager but does not directly manage investments, instead outsourcing to external managers.
- **'External Managers'** are third-party asset managers outside the Multi-Management team of Aegon AM.
- **'External Manager Approval Committee'** is the internal Aegon AM committee responsible for reviewing the assessment of external managers and approving their appointment.
- **'ESG Factors'** are environmental, social and governance factors.
- **'Sustainability Risk'** is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
- **'Environmental, Social and Governance Integration'** or 'ESG Integration' means the practice of systematically considering financially material ESG factors in the investment decision-making process with the aim of identifying Sustainability Risks.
- **'Principal Adverse Impact'** or **'PAI'** means the potential or actual negative impact of investment decisions on sustainability factors (environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters).
- **'Engagement'** means the process of entering into a dialogue with issuers to exercise one's influence as an investor, with the aim of reducing sustainability risks, promoting good governance or mitigating PAIs.
- **'Screening'** means the process of identifying which issuers in the investment universe meet certain criteria.
- **'Voting'** means exercising voting rights stemming from being a shareholder in a company.
- **'Active Ownership'** means the process of being an active owner of financial securities through Engagement and Voting.

- **'Exclusion'** means the removal of securities from the investment universe, or the set of securities in which relevant Funds are allowed to invest.
- **'Sustainable investment'** means an investment in an economic activity that contributes to an environmental or social objective, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This definition is proprietary to Aegon and may have overlapping elements with sustainable investment definitions coined in the SFDR and Taxonomy Regulation.
- **'Sustainability indicators'** means metrics that are used to measure the attainment of the ESG characteristics that a particular investment strategy promotes.
- **'Taxonomy aligned sustainable investment'** means an investment in an economic activity that is considered sustainable based on the requirements as laid out in the EU Taxonomy (Reg. (EU) 2020/852)

## Integrating ESG Factors External manager selection

Consideration of Sustainability, Risks, Principle Adverse Impacts and good governance, is an important criterion in our manager selection and monitoring process. When selecting a manager, we systematically assess the following aspects in their investment process:

- **Culture of the firm:** whether the firm has a clear commitment to ESG Integration and to the consideration of PAIs and good governance, which can be signaled by memberships of various organizations, the reporting framework and the availability and clarity of information about ESG concerns.
- **Culture of the team:** how comfortable the investment team is with ESG topics relevant to the portfolio, the extent to which it is discussed internally and externally by the team and the team's philosophy on ESG Integration and the management of PAIs.
- **Organization:** quality of the organizational structure around Sustainability Risks, PAIs and good governance, for instance access to external ESG information and presence of dedicated ESG analysts within the team or in a separate department.
- **Process:** quality and integrity of the process around ESG Integration and management of PAIs, as signaled by the actual implementation of ESG integration, the standardization of ESG as a component of the investment decision, the periodical review of portfolios on this basis, and the transparency of engagement.
- **Outcomes:** the demonstrable impact that ESG Integration and the management of PAIs have on the investment portfolio's ESG performance, as evidenced by comparison with a benchmark and by the availability of ESG reports.

Importantly, not all these factors are relevant to each manager and portfolio. Nevertheless, an assessment of the performance of a manager against these criteria, where relevant, is part of the manager selection decision. The specific template, to be found in Appendix D, is reviewed on an annual basis between the RI experts and the MM team.

For each manager, our assessment consists of the manager's performance against these criteria, as well as a general review of their approach that helps capture unique characteristics. Based on this analysis, our manager selection team assigns a rating to the manager's RI practices, from A (best) to D (worst), based on the relevant investment universe for the manager. In principle, only A and B rated managers are eligible for our MM Funds. Importantly, not all these factors are equally relevant to each manager and portfolio. Nevertheless, the performance of a manager on these criteria, where relevant, is part of the manager selection decision.

Next to our selection process, we hold periodic reviews of external manager portfolios through the ESG lens. To that end we use specialist ESG research services that allow us to evaluate the portfolio's performance, giving us insights into potential Sustainability Risks and PAIs presented in the holdings. This information enables us to engage in a dialogue with external managers regarding portfolio ESG profile and performance as necessary. In addition, portfolio managers discuss holdings that score poorly on ESG criteria with the respective external managers periodically.

## Identifying and monitoring Principal Adverse Impacts

We recognize the need to minimize, and where needed mitigate, the (potential) adverse impacts that investments may have on ESG factors. We aim to identify and monitor the PAIs on sustainability factors of all investments made by the Products covered by this Policy where relevant, applicable and where data is available. Such information may come from data vendors or from inhouse manually constructed PAI databases (depending on the types of assets). Appendix E lists the PAI indicators we utilize to identify, monitor and report on these PAIs. Our approach to considering such PAIs is outlined in product disclosures.

## Ensuring good governance

We have developed and implemented an annual process to identify companies in actual or potential breach of good governance standards. This process covers our listed corporate (debt and equity) investments. Where data is available on our unlisted corporate investments, we also include these investments in our screening process.

Our process is based on the due diligence cycle outlined in the OECD Guidelines for Multinational Enterprises. It starts with an annual identification process whereby we screen our investments for compliance with global norms (e.g. the United Nations Global Compact Principles, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises) and relevant international treaties and conventions. In addition to trying to identify companies that are non-compliant with global norms, we also try to identify those that are at risk of breaching global norms. Where required, this allows us to take action to address poor governance.

Our screening process aims to identify any environmental and social controversies that the companies we invest in have caused, contributed to, or are connected with. As part of our controversy screening, we aim to evaluate how severe the controversies in question are – both for the world and for our investment – and to estimate the most likely outlook for the controversy going forward.

We continue to develop our annual screening process as new and better data becomes available, allowing us to implement the requirements of the OECD due diligence cycle more accurately. This has included expanding the screening process in recent years to attempt to identify potential or actual governance issues in the supply chains of the companies we invest in.

When implementing our annual screening process, we make use of third-party ESG research providers who assess an individual company's compliance with global norms, treaties and standards and categorize all controversies a company faces using a wide range of ESG data and criteria. This research serves as a starting point for our identification process and we follow up with subsequent analysis and assessment.

Companies identified through this process enter our annual engagement program whereby we seek to verify the external research opinions and sources that identify potential and actual breaches, and seek to better understand if and how companies are addressing such breaches.

We allow a maximum period of one year for engagement with companies identified as being non-compliant with global norms, and three years for companies identified to be at risk of non-compliance. After this period, the identified companies may be excluded from our investment universe and added to our Exclusion List, unless we determine that the company has taken sufficient steps to address the identified actual or potential breaches. To that end, we will evaluate the identified companies' progress using a variety of (external) sources, engagement progress made and expected outlook, to determine whether that the company has taken or will take sufficient steps to address the identified actual or potential breaches. The ultimate decision to exclude these companies is made with the relevant stakeholders and ultimately rests with the head of Multi Management.

Furthermore, in our active ownership activities we follow the Corporate Governance Guidelines outlined in the Aegon AM Active Ownership Policy. Appendix E lists the metrics we utilize to monitor good governance practices of the companies we invest in.

## **Sustainable investments and Taxonomy aligned sustainable investments**

For a specific subset of MM Funds, sustainable investments are made and measured. These are sustainable investments made according to methodologies defined by the respective external managers and monitored by AIM. These methodologies can vary per asset class and per MM Fund.

It is currently not possible to apply the EU Taxonomy methodology for sustainable investments to construct sustainable investment portfolios, given the lack of reliable and verifiable data and the fact that the EU Taxonomy still involves a lot of regulatory uncertainty. Nevertheless, as and when required by the regulation, AIM will measure and report the alignment of its sustainable investments to the EU Taxonomy using third-party data. These reports will therefore be subject to the limitations of such third-party data with respect to research coverage, estimation models and methodological interpretations taken by the third parties.

## **Exclusions**

To partially mitigate certain adverse impacts, we aim to identify issuers that engage in activities associated with such impacts and exclude them from the investment universe. We identify these issuers by using the criteria outlined in Appendix G, which also serve as the sustainability indicators used to measure attainment of the environmental and social characteristics promoted by certain MM Funds. Issuers identified in connection with these activities are added to the Exclusion List. The exclusion list is available to our clients upon request.

MM Funds covered by this policy may not invest in securities from issuers identified as involved in the activities defined by the Exclusion Criteria in Appendix G. These criteria are reviewed periodically in consultation with internal and external stakeholders.

The Exclusion List is compiled annually by the Responsible Investment experts using the broadest available research universe offered by our specialist ESG data providers. Therefore, since it is subject to the availability of appropriate research data, it should not be considered as a fully comprehensive list of issuers involved in excluded activities. Our Exclusion List is not applied to investments in index-based derivatives, such as futures or options, or structured credit.

This list is reviewed at least annually. MM Funds do not invest in those excluded entities, and the list is included as a standard part of Investment Management Agreements with external managers. Where we invest in a third-party fund, we ensure before the investment that the fund's investment policy is in line with our exclusion criteria, or that proper mitigating measures are in place to make sure that the underlying funds will not invest in excluded companies.

## **Active ownership**

We seek to use our influence as bondholder or shareholder to enact change and help mitigate certain adverse impacts. However, we recognize that we cannot address and mitigate all potential and actual adverse impacts through exclusion and active ownership. To be effective we need to focus our efforts and prioritize. In recognition of this, the Responsible Investment experts prepare an Active Ownership Plan in the final quarter of each year for approval by the relevant stakeholders.

Active Ownership activities are broadly governed by the AAM Active Ownership Policy. Holdings are screened annually against international norms and standards, including their supply chain, to identify potential or actual breaches. We establish a prioritization of holdings thus flagged and engage with the issuers to mitigate and/or resolve the identified potential or actual breaches. This engagement may be co-ordinated with external managers where appropriate. Engagement progress is tracked using Aegon AM's milestone system and is reviewed on a regular basis to determine where engagement goals have been achieved or where escalation is warranted.

Next to our engagement, external managers have their own engagement practices. We monitor the engagement practices of external managers and discuss those in our periodic meetings with them. In addition, we can ask our external asset managers to address any identified impacts or potential adverse impacts directly with the respective issuers.

For our MM funds, we vote on all our listed equity holdings where practically possible. The votes cast are published on our website. Voting practices are generally in line with the Aegon AM Active Ownership Policy. However, MM funds follow a client-mandated voting policy based on the 'ISS International Sustainability Proxy Voting Guidelines' and a customized policy for Dutch companies. The recommendation from the proxy voting agent is followed in principle (implied consent), and voting is automated accordingly. In specific cases, we may deviate from this voting practice to better align with ongoing engagement activities. To abstain from a potential conflict of interest no votes are cast on Aegon Ltd. and ASR Nederland N.V. shares, in line with the AAM Active Ownership Policy and the Conflict of Interest Policy.

## **Reporting**

To provide MM Fund clients with insights into the PAIs associated with their portfolio, as well as how PAIs and Sustainability Risks are being managed and mitigated, we will periodically report relevant information. These reports are compiled periodically and according to client demand. In addition, we report on its active ownership activities annually in the Aegon AM Responsible Investment Report.

## Appendix A. Aegon AM Multi-Management Funds (public markets)

This policy applies to the following funds in public markets.

MM Global Commodity Fund
MM Asset Backed Securities Fund
MM Credit Fund
MM Credit Index Fund
MM Dutch Mortgage Fund
MM Emerging Market Debt Fund
MM Emerging Market Debt Fund - USD
MM Emerging Markets Fund
MM European Equity Afdekking Fund
MM Fixed Income Extra Long ex France Fund
MM Fixed Income Extra Long Fund
MM Global Credit Ex Financials Fund
MM Global Credit Ex Financials Fund - Unhedged
MM Global Listed Index Real Estate Fund
MM Global Listed Index Real Estate Fund - Unhedged
MM Global Green Bond Fund*
MM High Yield Fund
MM High Yield Fund - Unhedged
MM Inflation Index Linked Bond Fund - Germany
MM Long Term Investment Fund
MM World Equity Afdekking Fund
MM World Equity Fund
MM World Equity Index Fund
MM World Equity Index Fund - EUR
MM World Equity Index SRI Fund
MM World Equity Index SRI Fund - EUR
Aegon Global Multi Manager Credit Fund
Aegon Global Multi Manager Emerging Market Debt Fund
Aegon Global Multi Manager Emerging Market Debt Fund - USD
Aegon Global Multi Manager Emerging Markets Fund
Aegon Global Multi Manager European Equity Fund
Aegon Global Multi Manager European Equity Fund - EUR
Aegon Global Multi Manager Fixed Income Extra Long Fund
Aegon Global Multi Manager High Yield Fund
Aegon Global Multi Manager High Yield Fund - Unhedged
Aegon Global Multi Manager World Equity Index Fund - EUR
Aegon Global Multi Manager World Equity Index Fund
Aegon Diversified Fixed Income Fund - I
MM Equity Return Fund
MM Equity Diversification Fund
MM Fixed Income Spread Fund
MM Fixed Income Stability Fund
MM World Equity Index Climate Change Fund

\* For MM Green Bonds fund, the Thermal Coal and Unconventional Oil and Gas exclusion criteria (see Appendix G) do not apply.



## **Appendix B. Private market guidelines for client mandates**

For Aegon AM, ESG criteria are an integral part of the selection of private market managers.

The first screening of the fund universe usually excludes funds that have made and / or are expected to make a lot of investments in controversial sectors such as defense and fossil energy.

Prior to any commitment, there have been discussions with external parties with regards to their attitude and efforts towards ESG factors. We have developed an ESG integration checklist tailored to private markets.

Following the discussions and the checklist, the PM team evaluates if and to what extent external parties include ESG factors in their investment decisions. It is also examined whether these parties use their influence to stimulate corporate social and environmental responsibility in a broad sense. It is highly desirable that the selected parties periodically report on their efforts and results with regards to ESG incorporation. The emphasis is on the dialogue, but it is also possible that findings in the field of ESG lead to the rejection of a commitment with regards to the party concerned.

### **Responsible investment guidelines for private equity investments**

The following wording and exclusions are what we generally advise and negotiate with the private equity managers that we intend to invest with. This is typically written down in a side letter to the investment. These guidelines are as follows:

- Acknowledgement by the Manager/General Partner of the private equity fund that Aegon AM and/or the client is committed to invest in a responsible manner with respect to environmental, social and governance issues and to support and live up to the Principles of the UN Global Compact.
- Agreement by the Manager/General Partner, subject to any legal, tax or regulatory considerations, to use commercially reasonable efforts (i) to operate the private equity fund in accordance with the Principles of the UN Global Compact, and (ii) to incorporate these principles when considering each proposed portfolio investment.
- Avoid investments (either directly or indirectly) in:
  - any company that is involved in child labor or forced labor;
  - any company that has demonstrated a systematic denial of human rights;
  - any company whose activities cause severe damage to the environment or that does not comply with environmental regulations;
  - any company that is involved in the development, production, maintenance or trade of controversial weapons, including but not limited to antipersonnel mines, chemical and biological weapons, depleted uranium ammunition, nuclear weapons, cluster weapons and incendiary weapons with white phosphorus;
  - any company that derives any revenues from the production, for at least 10% of revenues from the trade and/or distribution of tobacco and products related to tobacco;
  - any company that derives 1% or more of its revenues from the mining and production of thermal coal;
  - any company that produces at least 10 million metric tons of thermal coal per year;
  - any company that actively expands exploration-, mining- or refining activities for thermal coal;
  - any company that derives more than 5% of its revenues from coal-based production of electricity;
  - any company that owns coal-based electricity production capacity of 10 gigawatts or more and actively expands this capacity;
  - any company that extracts 5% or more of revenues from arctic and/or unconventional oil and gas extraction and production;
  - any company deriving 5% or more of its revenues from arctic oil and gas extraction and production;
  - any company that derives at least 5% of its revenues from the production or distribution of palm oil;
  - any company that manages forests for timber production with FSC or equivalent certification of less than 60%.

## **Appendix C. Responsible investment guidelines for MM Real Assets**

Responsible and sustainable investing is an important theme for MM Real Assets. By investing responsibly, MM Real Assets is convinced that it can make a positive contribution to society and improve the risk-return characteristics of investment portfolios it manages on behalf of clients.

Next to the general responsible investment policy and guidelines of Aegon AM, MM Real Assets has written down specific guidelines that will be discussed, prior to investing, with the fund managers of investments that are considered for admission to the private real estate portfolios it manages.

These best effort guidelines are as follows:

- Acknowledgement by the manager/general partner of the private real estate fund that MM Real Assets (i) is committed to investing in a responsible manner with respect to environmental, social and governance issues and (ii) supports and lives-up to the principles of the UN Global Compact.
- Agreement by the manager/general partner, subject to any legal, tax or regulatory considerations, to use commercially reasonable efforts to operate its real estate investment management business in accordance with UN Global Compact Principles.
- For new leases executed on behalf of the private real estate fund, use reasonable efforts to avoid any operational activities of tenants in the leased premises that:
  - relate to child or forced labor;
  - demonstrate a systematic denial of human rights;
  - cause serious damage to the environment or that do not comply with environmental regulations;
  - involve the production and/or sale of any type of weapon or supplies (including ammunitions) for weapons, including but not limited to firearms, antipersonnel mines, cluster bombs, nuclear weapons (as well as the testing, upgrading and maintenance of nuclear weapons), biological and chemical weapons or depleted uranium ammunition;
  - relate to the production, trade and/or distribution of tobacco;
  - relate to the exploration, production or trade of thermal coal or the production of electricity with thermal coal;
  - relate to the oil and gas production from unconventional sources;
  - relate to the production or distribution of palm oil;
  - relate to management of forests for timber production without FSC or equivalent certification;
  - involve the production, distribution and/or trade of pornographic products or any activity of prostitution.

These guidelines apply to the following fund: The TKPI European Real Estate Fund.

## Appendix D. ESG Assessment Framework

The ESG assessment of external managers consists of two parts: a standard assessment framework and an open description of manager practices. The first serves to enable comparison across different managers, while the second part acknowledges the pitfalls of a one-size-fits-all approach and helps highlighting considerations specific to the manager.

The assessment framework, in combination with the open description part, is used to assign a rating for the managers' ESG practices. The EMAC then reviews the manager's profile and the investment proposal on the basis of the ESG rating. The assessment framework is shown below.

Dimension	Criterion
<b>1. Firm culture</b>	1.1. Does the mission statement include references to ESG risk and/or impacts? 1.2. Does the firm have a comprehensive public RI policy and/or strategy? 1.3. Does the manager publish periodical firm-level RI reports? 1.4. Is the manager a signatory to UN PRI and other industry initiatives? 1.5. Did the manager adopt a firm-wide approach to climate change?
<b>2. Team culture</b>	2.1. Does the standard presentation of the relevant investment strategy include information on the integration of ESG risks and impacts by the team? 2.2. Are ESG risks and impacts considerations spontaneously discussed during interviews with PMs and analysts? 2.3. Are references made to ESG risks and/or impacts in the explanation of investment decisions by PMs/analysts? 2.4. Is ESG primarily considered to be a risk factor, or a return factor?
<b>3. Organization</b>	3.1. Is ESG research within the organization organized in an adequate and formalized way, and are resources in line with the manager's claims? 3.2. Are external information sources on ESG aspects of sufficient quality and scope? 3.3. Is the consideration of ESG risks and impacts integrated in monitoring systems?
<b>4. Process</b>	4.1. Are ESG risks and impacts integrated in the investment decision-making process? 4.2. Are ESG factors (risks and impacts) a standard constituent of the documentation of investment decisions? 4.3. Does the manager conduct periodic reviews of the ESG profile of the portfolio, keeping an overview of ESG risks and impacts? 4.4. Is the manager able to provide examples of active engagement on ESG issues with investee companies? 4.5. Is the climate risk and impact of investments a decision factor?
<b>5. Outcomes</b>	5.1. How does the ESG profile of the portfolio compare with that of the benchmark? 5.2. Is the manager ready to report the ESG risks and/or impacts of portfolios to clients, auditors, consultants and regulators? 5.3. Is the portfolio aligned to the goals of the Paris Agreement?

## Appendix E: Principal Adverse Impact Indicators

### A1.1. Climate change

For corporate issuers:

Adverse impact indicator	Metric
<b>GHG emissions</b>	Scope 1 GHG emissions (tCO <sub>2</sub> e) Scope 2 GHG emissions (tCO <sub>2</sub> e) Scope 3 GHG emissions (tCO <sub>2</sub> e) Total GHG emissions (tCO <sub>2</sub> e)
<b>Carbon footprint</b>	Carbon footprint (tCO <sub>2</sub> e per EURm invested)
<b>GHG intensity of investee companies</b>	GHG intensity of investee companies (tCO <sub>2</sub> e per EURm investee company revenue)
<b>Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector (%)
<b>Share of non-renewable energy consumption and production</b>	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage (%)
<b>Energy consumption intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
<b>Investments in companies without carbon emission reduction initiatives</b>	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

For sovereign issuers:

Adverse impact indicator	Metric
<b>GHG intensity</b>	GHG intensity of investee countries
<b>Share of bonds not issued under Union legislation on environmentally sustainable bonds</b>	Share of bonds not issued under Union legislation on environmentally sustainable bonds

For real estate investments:

Adverse impact indicator	Metric
<b>Exposure to fossil fuels through real estate assets</b>	Share of investments in real estate assets involved in the extraction, storage, transportation or manufacture of fossil fuels
<b>Exposure to energy-inefficient real estate assets</b>	Share of investments in energy-inefficient real estate assets
<b>Energy consumption intensity</b>	Energy consumption in GWh of owned real estate assets per square meter

## A1.2. Inclusion & diversity

For corporate issuers:

Adverse impact indicator	Metric
<b>Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies
<b>Board gender diversity</b>	Average ratio of female to male board members in investee companies

## A1.3. Biodiversity

For corporate issuers:

Adverse impact indicator	Metric
<b>Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas
<b>Emissions to water</b>	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
<b>Hazardous waste ratio</b>	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average

## A1.4. Social

For corporate issuers:

Adverse impact indicator	Metric
<b>Exposure to controversial weapons (anti-personnel mines, cluster munitions)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
<b>Lack of a human rights policy</b>	Share of investments in companies without a human rights policy

For sovereign issuers:

Adverse impact indicator	Metric
<b>Investee countries subject to social violations</b>	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.
<b>Average income inequality score</b>	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column.

## Appendix F: Good governance metrics

This Appendix lists the metrics we utilize to monitor good governance practices of the companies we invest in.

Indicator	Metric
<b>Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
<b>Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations

## Appendix G: Exclusion criteria

### A3.1. Climate change\*

<b>Exclusion criteria</b>	<b>Associated sustainability indicator used to measure attainment of the promoted environmental or social characteristic</b>
Companies deriving 1% or more of their revenues from thermal coal exploration, mining or refining.	Share of investments in companies that derive 1% or more of their revenues from thermal coal exploration, mining or refining.
Companies that produce 10 million tonnes or more of thermal coal annually.	Share of investments in companies that produce 10 million tonnes of thermal coal annually.
Companies that are actively expanding exploration, mining or refining operations.	Share of investments in companies that are actively expanding exploration, mining or refining operations.
Companies deriving 5% or more of their revenues from thermal coal-fired electricity generation.	Share of investments in companies that derive 5% or more of their revenues from thermal coal-fired electricity generation.
Companies that own coal-fired electricity generation capacity greater than 10 gigawatts <u>and</u> are actively expanding coal-fired electricity production capacity are also excluded, even if this is less than 5% of revenues.	Share of investments in companies that own coal-fired electricity generation capacity greater than 10 gigawatts <u>and</u> are actively expanding coal-fired electricity production capacity are also excluded, even if this is less than 5% of revenues.
Companies deriving 5% or more of their revenues from arctic and/or unconventional oil and gas.	Share of investments in companies that derive 5% or more of revenues from arctic and/or unconventional oil and gas.

### A3.2. Biodiversity

<b>Exclusion criteria</b>	<b>Associated sustainability indicator used to measure attainment of the promoted environmental or social characteristic</b>
Companies deriving 5% or more of their revenues from palm oil production and/or distribution.	Share of investments in companies that derive 5% or more of their revenues from palm oil production and/or distribution
Companies managing forests with 60% or lower FSC or equivalent certification coverage.	Share of investments in companies managing forests with 60% or lower FSC or equivalent certification

### A3.3. Good health and well-being

<b>Exclusion criteria</b>	<b>Associated sustainability indicator used to measure attainment of the promoted environmental or social characteristic</b>
Companies that derive any revenues from tobacco production, and at least 10% of revenues from tobacco distribution and/or retailing.	Share of investments in companies that derive any revenues from tobacco production, and at least 10% of revenues from tobacco distribution and/or retailing.

### A3.4 Human rights

Exclusion criteria	Associated sustainability indicator used to measure attainment of the promoted environmental or social characteristic
<p>Companies that are involved in the production of whole weapon systems, delivery platforms or components of:</p> <ul style="list-style-type: none"> <li>▪ cluster munitions;</li> <li>▪ production of whole weapon systems or components of landmines and biological or chemical weapons;</li> <li>▪ production of depleted uranium weapons, blinding laser weapons, incendiary weapons, or weapons with non-detectable fragments;</li> <li>▪ nuclear weapons, exclusive and dual-use delivery platform capable to delivery such products, intended and dual-use components of such products, services provided for such products;</li> <li>▪ or is involved indirectly through ownership ties to companies involved in such products or services.</li> </ul>	<p>Share of investments in companies that are involved in the production of whole weapon systems, delivery platforms or components of:</p> <ul style="list-style-type: none"> <li>▪ cluster munitions;</li> <li>▪ production of whole weapon systems or components of landmines and biological or chemical weapons;</li> <li>▪ production of depleted uranium weapons, blinding laser weapons, incendiary weapons, or weapons with non-detectable fragments;</li> <li>▪ nuclear weapons, exclusive and dual-use delivery platform capable to delivery such products, intended and dual-use components of such products, services provided for such products;</li> <li>▪ or is involved indirectly through ownership ties to companies involved in such products or services.</li> </ul>
Russian and Belarussian companies.	Share of investments in Russian and Belarussian companies.

\* For the MM Global Green Bond Fund, the Thermal Coal, Unconventional Oil and Gas and Arctic regions exclusion criteria do not apply.

### A3.5. Country and State-owned<sup>1</sup> enterprises exclusion criteria

Exclusion criteria	Associated sustainability indicator used to measure attainment of the promoted environmental or social characteristic
<p>Any form of government-issued debt (e.g., government bonds) from countries whose government is subject to an arms embargo by the United Nations Security Council, the United States or the European Union.</p>	<p>Share of investments in government-issued debt (e.g., government bonds) from countries whose government is subject to an arms embargo by the United Nations Security Council, the United States or the European Union.</p>
<p>Countries lacking basic political freedom. Countries with high corruption.</p>	<p>Share of investments in government-issued debt from countries lacking basic political freedom and/or countries with high corruption.</p>

<sup>1</sup> We consider companies that are fully owned or guaranteed by the state.