NYLIM GF – AUSBIL Global Essential Infrastructure

June 2024

Sustainable Finance Disclosure Regulation (SFDR) Policy

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CELEBRATING 25 YEARS IN FUNDS MANAGEMENT

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SFDR POLICY

Context & Scope

The NYLIM GF – Ausbil Global Essential Infrastructure sub-fund (the **"Fund"**) is categorised as an Article 8 product under the SFDR.

Ausbil Investment Management Limited has demonstrated its long-standing commitment to integrating ESG considerations into its investment process for over 20 years.

This SFDR policy is the concrete expression of the Ausbil Global Infrastructure (**Ausbil**) team's sustainability commitment and explains Ausbil's sustainable approach to investing, including which activities, due to their widely recognised ethical and economic unsustainability, are to be excluded from the Fund's investments. This SFDR Policy is applicable to the Fund.

The Fund's Exclusion Policy

Overview

Exclusion	
Controversial Armaments (PAI 14)	• Any involvement in: Anti-personnel landmines; Cluster bombs; Depleted uranium; Chemical weapons; Biological weapons; nuclear weapons and white phosphorus.
Conventional Armaments	• 10% revenue threshold.
Thermal Coal	• 5% revenue threshold. • Companies developing new projects.
Tobacco	• Production: Any involvement. • Distribution: 5% revenue threshold.
Electricity Generation	• Companies with new coal or nuclear-based projects. • Carbon Intensity above 354gCO2/kWh. If data is not available on Carbon Intensity: • No Paris-aligned commitment. • Companies without new sustainable energy-based project.
Oil & Gas	Unconventional O&G: • 5% revenue threshold. • Companies developing new projects. Conventional O&G: • Less than 40% of revenues derived from natural gas and renewable energy.
Nuclear Power	• 30% revenue threshold (regardless of carbon intensity).
Palm Oil	Producers/Distributors that: • are not RSPO[1] members and derive between 0% and 5% of their revenues from palm oil with less than 20% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place; or • are not RSPO members and derive more than 5% of their revenues from palm oil with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place. Buyers that: • are not RSPO members and whose revenues are dependent on palm oil for more than 5%, with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy.
Mining	• UNGP, OECD.
Adult Content	• 10% revenue threshold.
Alcohol	• 10% revenue threshold.
Animal Testing	• Where testing is done - No responsible policy and no legal requirement to test.
GMO	• 10% revenue threshold.
Gambling	• 10% revenue threshold.
Oppressive regimes	• Corporates: exclusion of companies with high human rights risks • Sovereigns: Debt of sovereign or quasi-sovereign entities on our oppressive regimes list.
Norms (PAI 10)	Red Flag Companies: Companies with "Red" ratings in any of the four UNGC pillars.

1. RSPO: Roundtable on Sustainable Palm Oil.

Controversial Armaments

Ausbil's Approach
It is not Ausbil's intention to invest in any companies that have any exposure to Controversial Armaments. However, we have included this exclusion in order to make explicit our commitment.

Direct vs. Indirect Involvement
In the assessment of armaments as a controversial activity, we distinguish between a direct and indirect involvement:

- **Direct involvement:** A company is considered to be directly involved in an armaments system when it produces / manufactures / services / sells / trades:
    - Complete arms systems;
    - Critical components of an arms system;
    - Critical services related to an arms system.

  Components and services are considered critical components / services when they meet the following two conditions:
    - The components/services are specifically designed to be used within, or in relation to, an arms system;
    - The components/services play a role in the lethality of the arms systems. In this case, components and services are then called "Key components & services".

  The components and services sold to military clients that are not specifically designed for an arms system and that are not key components in an arms system fall into the category "Dual-use or general-purpose goods and/or services". Components and services that are notably considered to be "Dual-use or general-purpose goods and/or services" include: catering equipment & services, housing products & services, transport equipment & services, uniforms, advertising services, office computers, cleaning services, electricity equipment & services, assurance services, the organisation of weapon fairs, etc.

- **Indirect involvement:** A company can be indirectly involved in armaments through shareholding, i.e. when a company owns stocks in other companies that are directly involved in arms systems and their critical components / services.

Conventional vs. Controversial Armaments
When assessing a company's involvement in armaments, Ausbil also takes into account the type of armament. Ausbil's approach thus distinguishes among conventional armaments and controversial armaments.

Under Ausbil's current approach, controversial armaments are: (1) Anti-personnel landmines, (2) Cluster bombs, (3) Nuclear weapons, (4) Depleted uranium weapons & armour, (5) Chemical weapons (6) Biological weapons or (7) white phosphorus. These armaments have been identified as controversial armaments because they have faced considerable criticism with regard to three criteria:

- The indiscriminate nature of the weapons at the time of use: i.e., when the weapon used does not only strike military targets but is also likely to result in civilian casualties, in damages to civilian infrastructure and in other collateral damages.
- Being identified as weapon systems that cause both superfluous injury and unnecessary suffering.
- The potential long-term humanitarian impacts of these armaments, which can negatively impact human health and/or hinder the development and reconstruction of former war-torn regions.

The Fund's Threshold Exclusion Level
The Fund excludes from all its investments all companies that:

- are directly involved in the development, production, testing, maintenance and sale of one or more of the following controversial weapons (1) Anti-personnel landmines, (2) Cluster bombs, (3) Depleted uranium, (4) Chemical weapons or (5) Biological weapons, regardless of the sales/revenues derived from such products, as well as (6) white phosphorous weapons exceeding the threshold below:
    - Exclusions of companies that derive more than 5% of their total sales/revenues from the production, manufacturing, trade, testing or maintenance of white phosphorous weapons; the 5% threshold is adopted in order to acknowledge the fact that phosphorous is a dual-use substance.
- Are directly involved in the development, production, testing, maintenance and sale of Nuclear weapons. Companies that produce / manufacture / service / sell / trade nuclear weapons or critical components / services of nuclear weapons, regardless of whether the client country has signed and ratified the Treaty on the Non-proliferation of Nuclear Weapons, are considered as being involved in nuclear weapon armament activities.
- own a stake (shareholding) of more than 5% in any company that is directly involved in those controversial armaments.

Conventional Armaments

It is not Ausbil's intention to invest in any companies that have any exposure to Conventional Armaments. However, we have included this exclusion in order to make explicit our commitment.

The Fund excludes all companies that:

- Derive more than 10% of their total sales/revenues from the production, manufacturing, trade, testing or maintenance of conventional armaments and/or of critical components / services for conventional armaments;
- Own a stake (shareholding) of more than 10% in any company that is directly involved either in conventional armaments or in controversial armaments.

Thermal Coal

Given the absence of alternatives to metallurgic coal to produce steel, metallurgic coal is not considered for exclusion.

The Fund excludes from all its investments all companies directly or indirectly where:

- The company derives more than 5% of their total sales/revenues from thermal coal-related activities;
- The company is developing new projects in thermal coal-related activities.

Tobacco

It is not Ausbil's intention to invest in any companies that have any direct exposure to the manufacture of tobacco products. However, we have included this exclusion in order to make explicit our commitment.

Ausbil's Approach
We acknowledge that the consumption and use of tobacco products in any quantity results in negative societal and health problems and is a major cause of death. Tobacco products manufactured and retailed by companies include cigarettes and cigars, as well as other products such as chewing tobacco, creamy snuff and dipping tobacco. Cigarettes account for the largest share of manufactured tobacco products.

The Fund's Threshold Exclusion Level
Our policy excludes all companies directly involved in the tobacco industry that derive more than 5% on retailing of tobacco and tobacco-based products or 0% from the production of tobacco and tobacco-based products.

Ausbil doesn't sanction a priori companies indirectly involved in the tobacco industry through supporting products and/or services (e.g. providers of packaging materials) as their operations are not solely geared to the tobacco industry. However, if companies have developed products and production systems tailored to the tobacco industry, they will be excluded. For clarity, the Fund will not exclude companies that lease real-estate to companies that may sell tobacco, such as Duty Free and bars within an airport, where the airport itself is not the direct owner of the establishment.

Evaluation Process and Implementation

The research and evaluation process of the Fund's Exclusion Policy encompasses three main steps:

Identification of Company Involvement in Controversial Activities
Ausbil conducts in-house analysis to identify company involvement in controversial activities encompassed by our Exclusion Policy. Our analysts use various sources to conduct their analysis including information provided by the companies, external research providers, media sources and NGOs to verify the involvement of companies.

Assessment of Company Involvement in Controversial Activities
Company involvement in any identified area of controversial activity is assessed on a number of parameters covering the following variables:

- **Type of Involvement:** for each company analysed, the type of involvement (direct or indirect) is considered (e.g., owners and operators, manufacturers/producers, retailers/ providers, provision of supporting products or services);
- **Level of Involvement:** based on the threshold approach applied to every type of controversial activity, any revenues derived from, or the production capacities of, such activities are generally used as the main indicator of involvement;
- **Responsible Policy:** for some controversial activities, in addition to the type and level of involvement, it is also important to consider how the company approaches and considers its potentially contentious activities. Therefore the presence (or absence) of a relevant and targeted responsible policy that acknowledges the company's involvement in an activity, as well as the existence of systems and practices undertaken to ensure that it operates in a responsible manner, are crucial elements in the assessment.

Final judgement of involvement
The goal of this last step is to decide, based on the three above-mentioned variables, on the acceptability of a company's involvement in one or more controversial activities. Companies that exceed the acceptable levels will be excluded from the portfolio's investment.

Norms-Based Analysis

The norms-based analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labour (L), Environment (ENV) and Anti-Corruption (COR). The companies presenting the most severe and recurring violations of the UN Global Compact Principles will be excluded from the investment universe.

This exclusion policy takes into account, subsequent to the identification of any breaches of the Global Compact principles:

- Temporal proximity: when did the incident happen and how long did it last?
- Magnitude: what financial costs and environmental damage are related to the incident?
- Credibility: does the incident involve allegations, legal proceedings, etc?
- Recurrence: is this a one-off incident or is there proof of repeated incidents over a given period?

Emphasis is also placed on a company's response when an incident occurs. A company that takes positive, responsible measures to ensure that future breaches do not occur is considered more favourably than a company that does not acknowledge its responsibility and/or does not take any corrective measures.

Environmental and Social Characteristics

The Fund does not have sustainable investment as its objective, however it promotes environmental and social characteristics as explained further in this section.

Environmental and Social Characteristics

The Fund promotes environmental and social characteristics by:

- Aiming to avoid exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact (UNGC) and the OECD Guidelines for Business standards.
- Aiming to avoid exposure to companies that are significantly exposed to controversial activities such as the extraction, transportation or distribution of thermal coal, the manufacturing or retailing of tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, white phosphorus weapons and depleted uranium).
- In addition, Ausbil's ESG research methodology is integrated into the investment process.
- Lastly, the Funds aims to invest a minimum proportion of its assets in Sustainable Investments.

In addition, pre-investment filtering of the investment universe includes only Essential Infrastructure-related sub-sectors, delivering a comparably stronger ESG profile to investors given the filtering out of sub-sectors related to, by way of examples, the production of tobacco, gambling and animal testing. The Fund predominantly invests in the following sub-sectors:

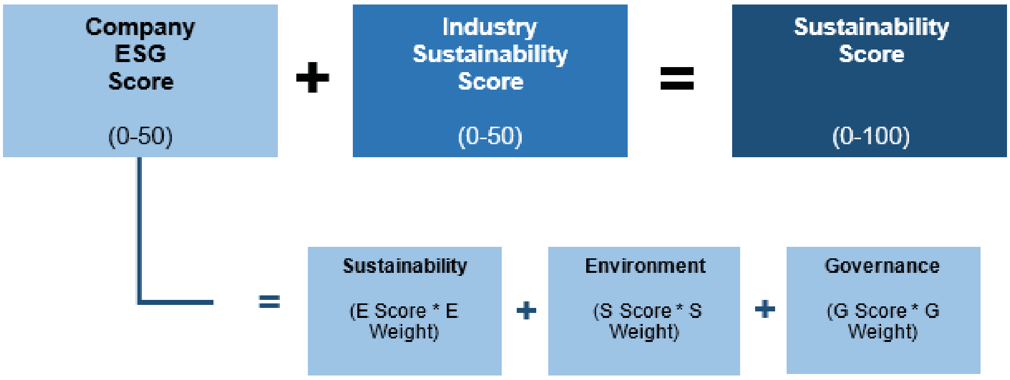
- Utilities and Energy Infrastructure – which includes companies that meet certain environmental objectives, generally in relation to their compliance with thermal coal activity thresholds in the Fund’s Exclusion Policy.
- Transportation – which includes companies that meet certain environmental objectives, generally in relation to the development of electrification, decarbonisation, regeneration and preservation of ecology.
- Telecommunication – which includes companies that meet certain social and environmental objectives, generally in relation to the development of data and computing capacity and infrastructure.

Ausbil further supports a positive ESG contribution approach by direct involvement in industry, such as input into legislation (eg Australia’s Modern Slavery Act), directorships on Committees and/or Boards (eg Responsible Investment Association of Australasia (RIAA) and the Investor Group on Climate Change (IGCC)) and memberships of relevant bodies (eg Steering Committee for Investors Against Slavery and Trafficking Asia Pacific (IAST-APAC)).

ESG Scoring Methodology

Ausbil has developed a proprietary scoring system that we believe best evaluates and monitors the ESG and sustainability criteria that are most relevant to individual companies.

Ausbil builds an overall Sustainability Score for each individual company that comprises a “Company ESG Score” and an “Industry Sustainability Score”. Both scores range from 0-50, so that the overall Sustainability Score range is from 0-100:



The company score is derived through assessing and scoring the key criteria for each of E, S and G, to arrive at an overall Company ESG Score. The long-term sustainability of an industry or industries that a company operates in is then assessed in order to derive the overall Industry Sustainability score for a company. The Company ESG score is then added to the Industry Sustainability score to determine the final Sustainability Score for each company.

Importantly, this framework is applied to all the companies in our investable universe so that we have a complete picture of our universe from an ESG and Sustainability perspective.

This process allows us to not only assess the current ESG and Sustainability credentials of a company, but also monitor how they change over time.

It also drives our ongoing engagement with companies, so that we are able to communicate effectively over specific criteria, and also to help companies understand where we see room for improvement. Ausbil seeks to manage and improve sustainability risk within its investments via continuous and ongoing engagement with companies, that ultimately assists in driving improvements at the company over time.

Ausbil uses a variety of inputs into the scoring system such as engagements with companies at all levels, annual reports, ESG and sustainability reports, company visits, as well as third party data providers.

ESG Commitment and Monitoring Process

Ausbil is committed to investing in an overall portfolio of companies that has strong ESG and sustainability credentials.

In addition, the team identifies and assesses the ESG and sustainability credentials of every company we invest in. We believe that utilising an ESG and sustainability scoring methodology will add value in two ways:

1. **ESG Leaders** - By investing in ESG and sustainability leaders, the portfolio will benefit from industry leading practices being employed by those companies.
2. **ESG Momentum** - By investing in companies where we see the ESG and sustainability scores increasing over time, we can benefit from this improvement over time.

At all times, the team believes that an active involvement and dialogue with the companies we invest in will over time, realise the most value for our investors.

As the team has a two-pronged approach to ESG investing, we therefore feel that it is appropriate to have commitments both on a total portfolio level, and also at an individual stock level. We feel this will give us the best opportunity to create value through investing in a blend of ESG Leaders and ESG Momentum companies.

Absolute Approach
The Ausbil Global Essential Infrastructure strategy does not measure performance compared to an equity index. Rather, the Fund's performance is compared to an absolute benchmark of OECD G7 CPI +5.5% pa. For this reason, we believe that it is therefore appropriate to have "absolute" commitments to our ESG scoring objectives rather than relative to an arbitrary equity index.

Ausbil commits to the Fund having the following characteristics:

- **Fund level** – An overall Sustainability Score of over 60 at all times, calculated as a weighted average of the individual company Sustainability Scores in the portfolio, excluding cash.
- **Individual Stock level** – At least 75% of total net assets in investments with environmental and social characteristics, as determined by the Fund's Exclusion Policy, out of which a minimum of 20% will consist of sustainable investments, which are defined as the top 50% of the investment universe after the ESG and Sustainability methodology has been applied.

The investment universe is comprised of around 200 stocks identified as major infrastructure companies. Each of the companies in the investment universe will have a Sustainability Score. The investment universe is subject to change going forward and as such the Sustainability Score threshold could be reviewed as well. We review the threshold every six months to make sure it is still consistent with the investment universe.

Monitoring
Ausbil has compiled a database of individual company Sustainability Scores that are aggregated in order to calculate an overall portfolio score, based upon the individual stock weights. This database allows the team to monitor the scores on a real-time basis, and it is our intention that the ESG commitments are met at all times. In the event that markets are volatile and individual share-prices move significantly, there may arise a situation where the Sustainability Scores go below the commitment levels set. In this instance the team will adjust the portfolio so that the scores are brought above the commitment levels, as soon as is reasonably possible.

Good Governance

The assessment of good governance practices is conducted by accessing a broad range of governance information from third-party data sources and by directly engaging with companies and industries.

Governance-related information, such as data related to the Norms-Based analysis, can flag governance issues as well as assessments conducted by Ausbil in relation to due diligence processes, ongoing monitoring of companies and stewardship activities. Governance factors are linked to a company's governance structure and include board-independence management, relationships with the employees, compensation, and compliance or tax practices. Ausbil believes governance risks originate from a failure to monitor the company and/or the lack of incentive for the company management to uphold high standards of governance.

Ausbil's investment approach excludes companies that are identified as having inadequate governance or inadequate transparency of governance, which is typically indicated by a G Score of 10 or less.

Summary

Under article 2(17) of the European Union's SFDR, a 'sustainable investment' is defined as an investment:

1. in an economic activity that contributes to an environmental objective, or to a social objective;
2. provided that such investments 'do not significantly harm' any of those objectives;
3. and that the investee company follows good governance practices.

Ausbil's proprietary ESG framework, as described in this document, defines a 'sustainable investment' under SFDR according to Ausbil's interpretation and views and is subject to review at any time.

Below is an overview of the materiality of the contribution of each component of Ausbil's framework to the definition of a 'sustainable investment':

	Ausbil's framework		
	Sustainability Score	**Exclusions Policy**	**Norms**
1. Economic activity that contributes to environmental or social objectives	High	Low / No	Low / No
2. Do no significant harm	High	High	High
3. Good governance	High	Average	Average

Sustainability Characteristics

As part of Ausbil's investment decisions and fiduciary duty to our clients, Ausbil incorporates consideration of sustainability characteristics, trends and risks.

Ausbil has developed a policy for identifying, monitoring and managing sustainability characteristics and risks across the full scope of the assets it manages on behalf of its clients at a company level and industry level, as follows.

Company-level Sustainability

This level analyses the operations, actions and policies of a company in order to determine the likelihood of the company's sustainability through the way it conducts its business. Company level risks can be split and analysed through the component parts of ESG, as set out below.

Environmental
Environmental events may create physical risks for companies. These events could, for example, result from the consequences of climate change, the loss of biodiversity or changing ocean chemistry. In addition to physical risks, companies could also be negatively impacted by the mitigation measures adopted to address environmental risks and which will impact companies differently depending on the latter's exposure to the above risks and their adaptation to these.

Social
Refers to risk factors related to the human capital supply chain and how businesses manage the impact of these factors on society. Issues relating to gender equality, compensation policies, health & safety and risks associated with working conditions impact the social dimension. The risks of violating human rights or labour rights within the chain of supply are also part of the social risk.

Governance
These aspects are linked to the governance structure and include board-independence management, relationships with the employees, compensation, and compliance or tax practices. Governance risks originate from a failure to monitor the company and/or the lack of incentive for the company management to uphold high standards of governance.

Industry-level Sustainability

In addition to the company's control over its own business operations, Ausbil recognises that there may be larger issues at play that are beyond the company's control. These issues usually relate to the industry that a company operates in. Ausbil therefore needs to analyse and understand the sustainability of the industry a company operates in, and not just how well a company conducts itself with regard to ESG actions. An example of this would be an oil pipeline company that may have excellent internal ESG policies and controls, but by nature of the industry that the company operates in, the long-term sustainability of the business may be challenged.

Sustainability Risk Management Policy

The integration of ESG issues into investment practice and decision-making is an increasingly standard part of the regulatory and legal requirements for institutional and retail investors, along with requirements to consider the sustainability-related preferences of their clients and beneficiaries, and to report on how these obligations have been implemented.

Sustainability risk can be summarised as an environmental, social or governance event or condition that, if it occurs, could have an actual or a potential material negative impact on the value of the investment.

Ausbil recognises the importance of taking into account sustainability risks in the portfolios it manages.

ESG Assessment & Investment Selection

Ausbil applies a holistic approach requiring an overall assessment of all the aspects of a company or industry's exposure to material ESG risks and issues. Ausbil considers that a company's long-term value or financial risks are not solely influenced by financial criteria such as operating margin, income or growth. By incorporating ESG criteria, Ausbil identifies other factors that may influence a company's value and competitiveness over the medium and long term, factors which are not always immediately obvious in traditional financial analysis.

The team use internal and external research in their models. The team strives to retrieve information from diverse sources, as we consider information from different providers to be complementary. This is necessary because of providers' varying coverage, methodologies and data sources, which may ultimately lead to discrepancies in views and final ratings. These different assessments provide the team with a more holistic view of a company.

When an ESG weakness is detected, the team discusses the appropriate course of action by way of three potential outcomes:

- Engagement and dialogue with the company in question
- Divestment or reduction of position in portfolio
- Exclusion of the company from the investable universe

This process led by the Head of the Global Listed Infrastructure is held on an ad hoc basis, as and when an ESG weakness in a company is identified.

Oversight
Ausbil is responsible for the calculation of Company ESG Scores, Industry Sustainability Scores and the overall Sustainability Score for each company and is also responsible for the calculation of portfolio level scores and monitoring that these remain within the agreed limits.

Engagement
Stewardship is a key part of our long-term investment process, given its potential impact on investor returns and the long-term nature of infrastructure assets. Ausbil engages regularly with the management teams of its investment candidates on a range of aspects. Stewardship takes the form of a direct and individual dialogue between the team and the representatives of the company and other stakeholders.

Our engagement activities have 3 main objectives that are directly linked to our ESG selection:

- encourage improved ESG disclosure;
- support investment decisions;
- influence corporate practices on ESG issues.

In particular, engagement activities related to the investment decision process within our ESG analysis framework occur when Ausbil wants to inform issuers of the final opinion it has opted for, and the main elements underpinning its decision.

Engagement aims at encouraging issuers to adopt/adhere to recognised standards/norms or more common practices, so that they can better anticipate and manage specific ESG risks and opportunities. Such engagement activities occur when we estimate that the issuers in question may lose their competitive edge and/or jeopardize their mid-/long-term prospects through being unprepared for changing market conditions because they have not properly managed an ESG topic, such as First Nation relations. Such a situation justifies our investigation, understanding and support of improved preventive or healing measures.

More specifically, engagement activities pre or post the Annual General Meetings (AGMs), as well as voting itself, belong to this pillar. When there is a query on a voting matter, Ausbil engages with the company to better understand the rationale behind the specific voting item in question. Where appropriate, we advocate for change in favour of best practices in the field.

Please refer to www.ausbil.com.au/products/sfdr for a Ausbil's Voting Policy and Voting Report in relation to the Fund.

ESG indicators and Principal Adverse Impacts
For the Fund, which has an ESG approach (Article 8), Ausbil defines the ESG and sustainability methodology. Separately, Principal Adverse Impacts are indicators defined by the SFDR regulation. Please refer to the "Principal Adverse Impacts Statement" section of this document.

Principal Adverse Impacts Statement

In this section, Ausbil describes its due diligence policies on how it takes the Principal Adverse Impact (**PAI**) factors into account when making investment decisions.

Ausbil addresses adverse impacts in its investment considerations through a wide range of methods, ranging from ESG Scoring, Exclusions and Active Ownership.

The Fund applies exclusions, as described in the Fund's Exclusions Policy, based on specific monitoring of the following PAIs:

- PAI 10: Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Further, Ausbil specifically monitors GHG Emissions (PAI 1) and Carbon Footprint (PAI 2). Ausbil has not defined an absolute KPI or target for each PAI because the Fund's benchmark is aligned to OECD G7 CPI. Instead, Ausbil will monitor the PAIs on a relative basis, at least monthly, and will investigate any material increases (if any) in the Fund's GHG Emissions or Carbon Footprint. The investigation will initially verify the data and then assess whether the increase is acceptable in the context of the Fund's previous exposure to GHG emissions or Carbon Footprint and ESG scoring, which includes other ESG factors. Ausbil may engage with companies to understand the outlook for GHG Emissions or Carbon Footprint as part of its assessment.

All other PAIs are considered, but not specifically monitored, through ESG Scoring and/or Active Ownership processes. Each company is analysed from many environmental, social and governance perspectives leading to ESG scorings that consider principal adverse impact of issuers on sustainability objectives. Ausbil considers ESG risks and opportunities and principal adverse impact by integrating the ESG company scores into portfolio management decisions, such as inclusion in the portfolio and size of the holding, whenever sufficient and reliable sustainability data is available.

Ausbil uses internal and external research to feed their ESG scoring models and strives to source information from diverse sources as we consider information from different providers to be complementary. This is as a result of providers' varying coverage, methodologies, as well as culture which may ultimately lead to discrepancies in views and final ratings. These different assessments enable our team to have a more holistic view of a company. This methodology is very complementary to the fundamental analysis and information gathering Ausbil conducts as part of the day-to-day research of companies.

The integration of PAIs into the ESG analysis of companies depends on the materiality or likely materiality of each indicator for each specific industry/sector to which the issuer belongs. Materiality is dependent on several factors, such as type of information, data quality and breadth, applicability, relevance and geographical coverage (in respect of EU and non-EU investee companies that are not subject to any mandatory sustainability disclosure obligations such as those set down in the Non-Financial Reporting Directive).

Materiality of the 14 Mandatory PAIs for the Fund

The following table indicates the materiality of PAIs to investee issuers.

Sustainablity Theme	PAI Description	Materiality
Climate and other environment related indicators		
Contribute to Climate Change Mitigation – Greenhouse Gas Emissions	GHG emissions (**PAI 1**)	Incorporated in the Fund's ESG analysis and scoring.
	Carbon footprint (**PAI 2**)	Incorporated in the Fund's ESG analysis and scoring.
	GHG Intensity of investee companies (**PAI 3**)	Incorporated in the Fund's ESG analysis and scoring.
	Exposure to companies active in the fossil fuel sector (**PAI 4**)	Incorporated in the Fund's ESG analysis and scoring.
	Share of non-renewable energy consumption and production (**PAI 5**)	Incorporated in the Fund's ESG analysis and scoring.
	Energy consumption intensity per high impact climate sector (**PAI 6**)	Incorporated in the Fund's ESG analysis and scoring.
Preserving Natural Environment and EcoSystems	Activity negatively affecting biodiversity sensitive areas (**PAI 7**)	Data quality and converage not always optimal.
	Emissions to water (**PAI 8**)	Data quality and converage not always optimal.
	Hazardous waste ratio (**PAI 9**)	Insufficient data quality/coverage.
Social and employee, respect for Human Rights, anti-corruption and anti-bribery matters		
Avoid Companies Exposed to Controversial or Illegal Practices	Exposure to controversial weapons (**PAI 14**)	Incorporated in the Fund's ESG analysis and scoring.
	Violations of UNGC Principles and OECD Guidelines for Multinational Enterprises (**PAI 10**)	Incorporated in the Fund's ESG analysis and scoring.
	Lack of processes and compliance mechanisms to monitor compliance with UNGC (**PAI 11**)	Incorporated in the Fund's ESG analysis and scoring.
Promoting Gender Diversity	Unadjusted Pay Gap (**PAI 12**)	Data quality and converage not always optimal.
	Board Gender Diversity (**PAI 13**)	Data quality and converage not always optimal.

Colour of cells indicates materiality of PAI to the Fund, as follows:

High Materiality
Average Materiality
Low Materiality

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