

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 Emerging Markets Equity Fund

Legal entity identifier:
n/a

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes **No**

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</p>	<p><input checked="" type="checkbox"/> 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 10% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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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's environmental characteristics are to avoid investing in companies with more than 1% of revenue generated from thermal coal extraction, arctic drilling or oil tar sand mining.

The Sub-Fund's social characteristics are to avoid investing in companies involved in the manufacture, distribution or sales of controversial weapons and companies manufacturing tobacco products or generating more than 50% of their revenue from tobacco distribution or sales.

The Sub-Fund seeks to achieve its environmental and social characteristics by investing in the component securities of the MSCI Emerging Markets ex Selected Securities Index, (the "**Benchmark Index**") which applies a negative environmental and social screen in line with the environmental and social characteristics of the Sub-Fund.

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.

● **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 from the Benchmark Index based on the index provider's application of environmental and social screens described above; and
- 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 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.

The Investment Manager will continue to assess the constituents of the Benchmark Index versus the MSCI Emerging Markets Index (the "**Parent Index**") to ensure the Benchmark Index remains aligned with the environmental and social characteristics promoted by the Sub-Fund.

● **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.

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

● ***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?***

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?

- X** 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.

The Investment Manager oversees the activities of the Sub-Investment Manager to ensure that the investment process is implemented on a continuous basis and monitors the Sub-Fund on an ongoing basis using the tracking error of the Sub-Fund against the Benchmark Index and the Sub-Fund's sustainability indicators.

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

What investment strategy does this financial product follow?

The Sub-Fund is passively managed and seeks to track the risk and return profile of the Benchmark Index. The Investment Manager does not directly select investments; instead, it has appointed a specialist Sub-Investment Manager to manage the Sub-Fund.

The Investment Manager oversees the activities of the Sub-Investment Manager to ensure that the investment process is implemented on a continuous basis and monitors the Sub-Fund on an ongoing basis using the tracking error of the Sub-Fund against the Benchmark Index and the Sub-Fund's 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 Sub-Fund seeks to achieve its environmental and social characteristics by investing in the component securities of the Benchmark Index which applies a negative environmental and social screen in line with the environmental and social characteristics of the Sub-Fund.

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

None.

- ***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, while tracking the risk and return profile of the Benchmark Index. 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.



Asset allocation describes the share of investments in specific assets.

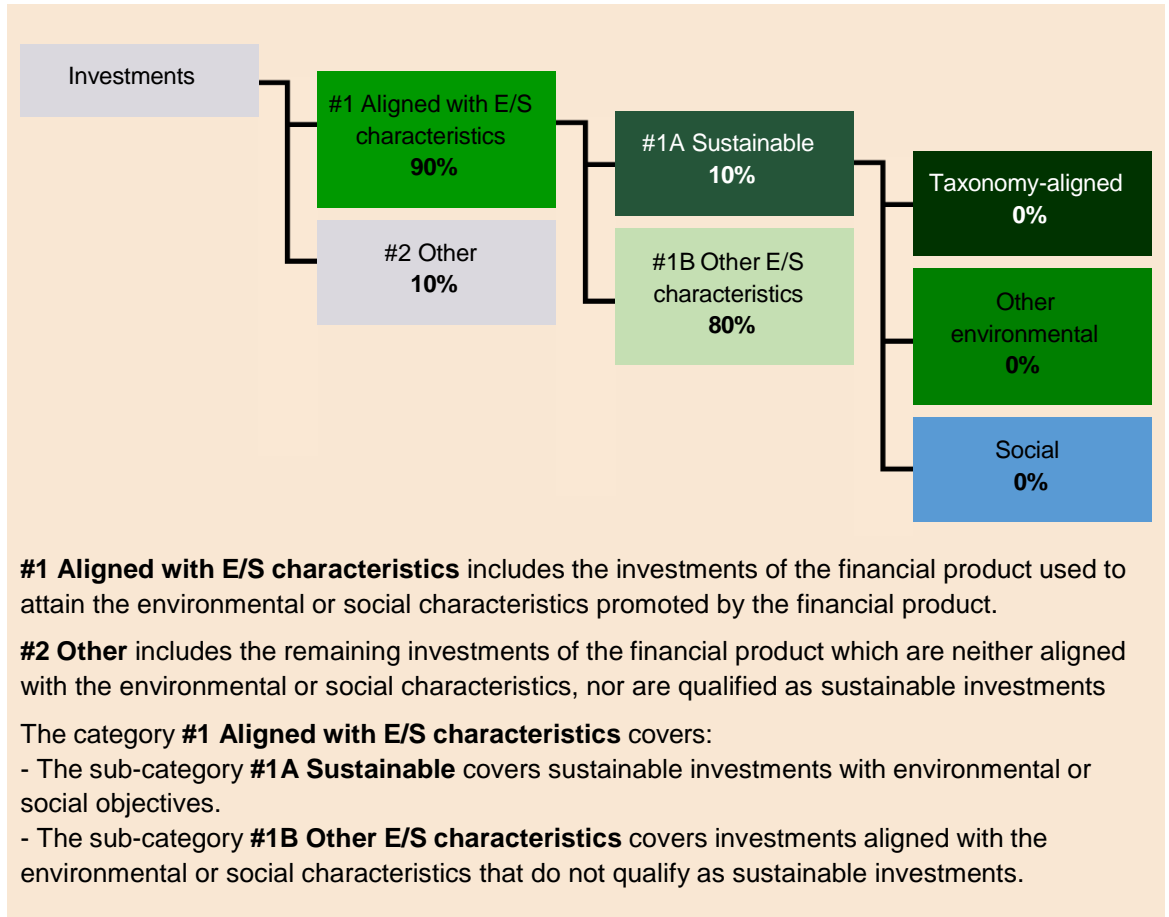
Taxonomy-aligned activities are expressed as a share of:

- **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 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 10% 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.

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.

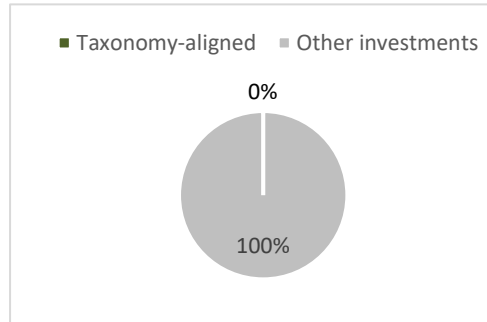


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

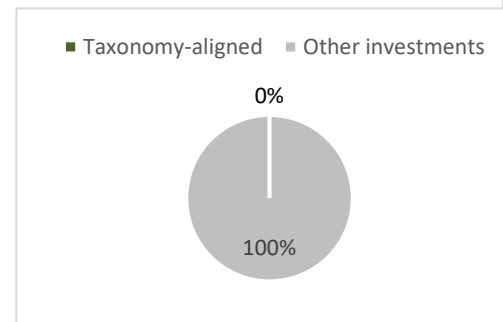
The Sub-Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

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.

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



* For the purpose of these graphs, 'sovereigns 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.



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



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

The Sub-Fund will invest at least 10% 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 10%.



What is the minimum share of socially sustainable investments?

The Sub-Fund will invest at least 10% 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 10%.



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?

Yes.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

The Benchmark Index, based on the methodology and assessment of the index provider, applies a negative screen to the overall constituents of the MSCI Emerging Markets Index or "Parent Index", to exclude those companies which:

- (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; or

Reference benchmarks

are indexes to measure whether the financial products attain the environmental or social characteristics that they promote.

(iii) generate more than 1% of their revenue from thermal coal extraction, arctic drilling or oil tar sand mining.

The Benchmark Index is reviewed and rebalanced on a semi-annual basis and may also be rebalanced at other times in order to reflect corporate activity such as mergers and acquisitions. At each rebalance, the Benchmark Index shall apply the exclusions described above.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Sub-Fund is passively managed and tracks the risk and return profile of the Benchmark Index. At each index rebalance by the index provider, the composition and weighting of the constituents in the Benchmark Index may change. The Sub-Fund will seek to rebalance or adjust the composition and/or weighting of the securities held by the Sub-Fund to the extent practicable and possible to conform to changes in the composition and/or weighting of the Benchmark Index.

The Investment Manager performs periodic due diligence on the Benchmark Index to ensure it continues to be appropriate and aligned with the environmental and social characteristics promoted by the Sub-Fund.

● ***How does the designated index differ from a relevant broad market index?***

The Benchmark Index differs to the broader market index (the Parent Index) by the environmental and social based exclusionary criteria which result in the exclusion of companies which feature in the Parent Index.

● ***Where can the methodology used for the calculation of the designated index be found?***

Additional information on the Benchmark Index calculation methodology can be found on the index provider's website www.msci.com.



Where can I find more product specific information online?

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

<https://www.mercer.ie/about-mercero/responsible-investment.html>