

Sustainability-related disclosures



For financial products that promote environmental or social characteristics, financial market participants shall publish the information referred to in Article 10(1) of the Sustainable Finance Disclosure Regulation (“SFDR”) and Articles 25 to 36 of Regulation EU 2022/1288 (“SFDR RTS”) in the below order and made up of the below sections (a) to (l)

This document provides you with information about this Sub-Fund in relation to **SFDR**. It is not marketing material. The information is required by law to help you understand the sustainability characteristics of the Sub-Fund. You are advised to read it in conjunction with other relevant documentation on this Sub-Fund so you can make an informed decision about whether to invest. Fund documentation can be found on the Mercer Investment Solutions website: <https://www.mercer.ie/about-mercero/responsible-investment.html>

Sub-Fund: Diversified Growth Partial Hedge

The Investment Manager: Mercer Global Investments Europe Limited

Publication Date: 01 January 2023

a) Summary

The Sub-Fund's environmental characteristics are to seek to mitigate the impact of climate change through progressive decarbonisation within the Sub-Fund's portfolio. The Sub-Fund will seek to reduce carbon emissions with a view to achieving net zero carbon emissions by 2050, and with an expectation of a 6% annualised reduction with a view to achieving at least a 45% reduction from 2019 levels by 2030, calculated relative to the size of the Sub-Fund.

The Sub-Fund promotes environmental characteristics, but does not have as its objective sustainable investment. The Sub-Fund commits to making a minimum allocation to sustainable investments. 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). An investee company is a "sustainable investment" only where it has been assessed 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 UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.

The Sub-Fund operates a multi-asset strategy and may invest in a wide range of asset classes. The Investment Manager does not select investments directly and does not directly invest in investee companies; instead the Investment Manager invests in a collection of underlying funds to achieve the Sub-Fund's objective ("Underlying Funds"), including both funds managed by the Investment Manager ("Mercer Funds") and third party funds not affiliated with the Investment Manager.

The Investment Manager has an investment process for the initial and ongoing selection of Underlying Funds which incorporates considerations as to how and whether an Underlying Fund positively contributes to the achievement of the overall environmental characteristics promoted by the Sub-Fund. As part of that investment process and ongoing monitoring, the Investment Manager monitors information on the portfolio level holdings of Underlying Funds against sustainability indicators. While there will be timely and complete access to information in this regard for Mercer Funds, this may not always be the case for other Underlying Funds.

For Mercer Funds, the Investment Manager (or its delegate) will follow good governance standards in the selection of securities for investment. The Mercer Funds will typically use third party data providers to identify companies that are deemed to be in breach of good governance principles. Violating companies with low remediation potential within an acceptable timeframe are added to an exclusion list for implementation by the Investment Manager. For the other Underlying Funds, the Investment Manager reviews and assesses whether the relevant investment managers have processes and procedures to follow good governance standards in the

selection of securities for investment.

At least 90% of the Sub-Fund will be aligned with the environmental characteristics promoted by the Sub-Fund through indirect investment via Underlying Funds. The remaining proportion of the Sub-Fund may include ancillary liquid assets and derivatives for efficient portfolio management purposes. The Sub-Fund will invest at least 20% in sustainable investments.

The Sub-Fund will measure attainment of the environmental characteristics promoted using specific sustainability indicators (as listed in the Methodologies section of this document). The Sub-Fund's environmental characteristics and the sustainability indicators are monitored using data from different data providers. The sustainability indicators will inform the investment guidelines applied to the Sub-Fund and are incorporated in the pre-trade and post-trade investment compliance processes where practical. Formal reviews of the sustainability indicators will be conducted by the Investment Manager at least quarterly as part of the overall monitoring process. For more information, please refer to Monitoring of Environmental or Social Characteristics and the Methodologies sections of this document.

The Sub-Fund will use third party data providers and the Investment Manager will also liaise with a market leading data aggregator to ensure bottom-up analysis of all holdings and data processing. Data quality and coverage have various challenges across different countries and regions. Some data may be modelled rather than reported data and data from some companies may be delayed. In addition, not all self-reported data is independently verified. Please refer to the Data sources and processing and the Limitations on methodologies and data sections for more information.

For Mercer Funds, corporate engagement implementation is delegated to the appointed Sub-Investment Manager(s), who are encouraged to engage with portfolio companies on material sustainability risks, adverse sustainability impacts and other ESG issues with the aim of improving long-term risk adjusted returns and the stability of financial markets. The Investment Manager may also elect to participate, as appropriate, in collaborative industry engagement initiatives related to the identified engagement priorities, or other topics that are considered aligned with the best interests of investors. Please refer to the Engagement Policies section for more information.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-Fund commits to making a minimum allocation to sustainable investments as set out below in "proportion of investments" section.

The objectives of the sustainable investments are to make a positive contribution to environmental objectives (namely, climate change adaptation and/or climate change mitigation) or social objectives (namely, the protection and/or advancement of economic, social and civil rights) as set out further below. The sustainable investments will contribute to such objectives through their alignment with the UN Sustainable Development Goals ("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.

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 the SFDR RTS, and where relevant from Table 2 and 3 of Annex I of the SFDR RTS "Principal Adverse Indicators" or "PAI Indicators").

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.

c) Environmental or social characteristics of the financial product

The Sub-Fund's environmental characteristics are to seek to mitigate the impact of climate change through progressive decarbonisation within the Sub-Fund's portfolio. The Sub-Fund will seek to reduce carbon emissions with a view to achieving net zero carbon emissions by 2050, and with an expectation of a 6% annualised reduction with a view to achieving at least a 45% reduction from 2019 levels by 2030, calculated relative to the size of the Sub-Fund.

The Sub-Fund commits to making a minimum allocation to sustainable investments. (see "Proportion of investments" section).

d) Investment strategy

The investment objective of the Sub-Fund is to seek long term growth of capital and income. The Sub-Fund will seek to achieve its objective through a policy of primarily holding a range of collective investment schemes (the "Underlying Funds") which in turn invest in assets including equities, bonds, commodities indices (relating to commodities such as energy, agricultural, industrial and precious metals), Real Estate Investment Trust Securities ("REITs") and alternative investments with, for example, multi-asset and absolute return strategies (such Underlying Funds may be multi-asset collective investment schemes) or through direct investment across assets. Exposure to such asset classes will be in line with the characteristics detailed in the "Environmental or social characteristics of the financial product" section of this document.

The Investment Manager does not select investments directly and does not directly invest in investee companies; instead the Investment Manager invests in a collection of underlying funds to achieve the Sub-Fund's objective.

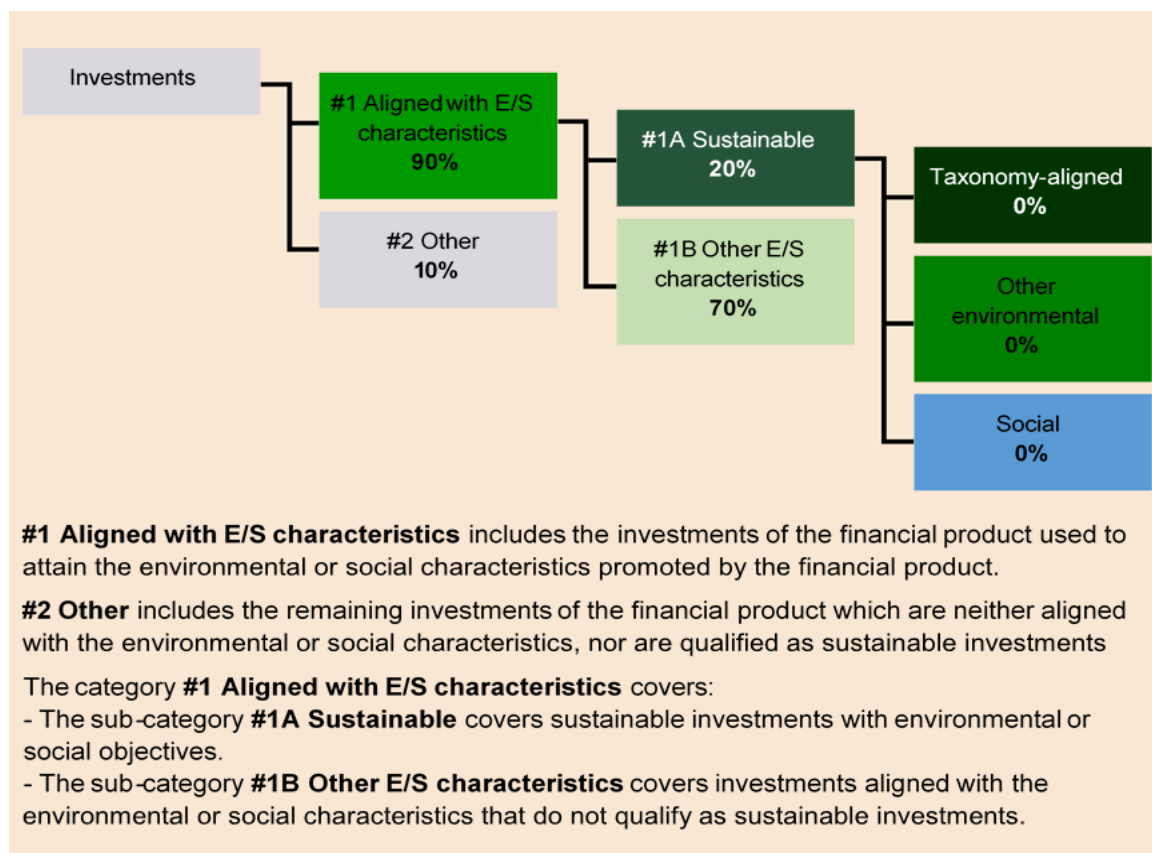
The range of eligible Underlying Funds include both funds managed by the Investment Manager and third party funds not affiliated with the Investment Manager.

The Investment Manager has an investment process for the initial and ongoing selection of Underlying Funds which incorporates considerations as to how and whether an Underlying Fund positively contributes to the achievement of the overall environmental characteristics promoted by the Sub-Fund. As part of that investment process and ongoing monitoring, the Investment Manager monitors information on the portfolio level holdings of Underlying Funds against sustainability indicators. While there will be timely and complete access to information in this regard for Mercer Funds, this may not always be the case for other Underlying Funds.

For Mercer Funds, the Investment Manager will follow good governance standards in the selection of securities for investment. The Mercer Funds will typically use 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) and depending on the severity of the breaches or likelihood of remediation within a reasonable timeframe, such companies may be added to the list of excluded securities by the Mercer Fund.

For the other Underlying Funds, the Investment Manager reviews and assesses whether the relevant investment managers have processes and procedures in place to follow good governance standards in the selection of securities for investment. As at the date of this document, the Sub-Fund does not make any direct investments in investee companies.

e) Proportion of investments



At least 90% of the Sub-Fund will be aligned with the environmental characteristics promoted by the Sub-Fund through indirect investment via Underlying Funds. The Sub-Fund will invest at least 20% in sustainable investments.

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

f) Monitoring of environmental or social characteristics

The Sub-Funds environmental characteristics and the sustainability indicators are monitored using data from different data providers. Each sustainability indicator is individually assessed as a formal investment guideline and monitored at a frequency which is appropriate for the indicator, both externally through third party service providers and internally by the Investment Manager via portfolio intelligence and portfolio management. Formal reviews will be conducted internally at least quarterly by the investment risk oversight functions of the Investment Manager. The Investment Manager relies on specific analyses to assess the Sub-Fund's current and future potential alignment to the decarbonisation expectations. Climate scenario research and modelling is used to assess the future impact of certain climate change scenarios, and forward-looking portfolio analytics and bottom-up assessment of holdings are used to examine the impact of any proposed investment decisions on the carbon exposure of the Sub-Fund.

Mercer Global Investments Management Limited ("MGIM"), as the management company, performs oversight of sustainability risk, and the monitoring of the environmental characteristics by the Investment Manager through the MGIM Fund Risk Committee.

The structure and mechanisms for monitoring of the environmental characteristics is inclusive of, but not limited to:

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- Use of a proprietary in-house tool to assess climate transition capacity of the portfolio when making asset allocation decisions and to measure the Sub-Funds' decarbonisation pathway over time.
- Continuous evaluation managed through risk committees, engagement and reporting.
- Ongoing efforts to refine processes, enhance analysis and align with market best practice and regulatory guidance.

g) Methodologies

The Sub-Fund will measure how the environmental characteristics promoted are met by measuring the below indicators:

The Sub-Fund will use weighted average carbon intensity ("WACI") and absolute carbon emissions (relative to the size of the Sub-Fund) to measure its attainment of the environmental characteristics.

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

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

h) Data sources and processing

The Sub-Fund will use third party data providers and data from the Sub-Investment Managers of the financial product. Each data provider is selected based on a competitive tender process and are reviewed on a regular basis. An assessment of data quality is undertaken as part of the tender process. The Investment Manager also liaises with a market leading data aggregator to ensure bottom-up analysis of all holdings and data processing.

The data quality and coverage in relation to investee companies has various challenges across different countries and regions (especially for smaller companies and less developed markets). Some data may be modelled rather than reported data and data from some companies may be delayed. In addition, not all self-reported data is independently verified. Since the regulation and standards of non-financial reporting is developing, data quality, coverage, consistency and accessibility remains challenging over the near term. Some or all data processing may be outsourced to third party data providers. The proportion of data which is estimated will vary by metric and through time.

i) Limitations to methodologies and data

In evaluating a security, issuer or index based on sustainability-related characteristics, the Investment Manager (or its delegate) is dependent on information and data which may be incomplete, inaccurate or unavailable. The Investment Manager (or its delegate) may rely upon data sourced from third-party ESG research and market data providers who may similarly rely on information which is incomplete, inaccurate or unavailable. The wide variety of types, sources and uses of ESG data can produce very different results and the models used by third-party ESG research providers can result in conflicting and subjective assessments. Third-party ESG research and market data providers typically limit or exclude any responsibility or liability with respect to the accuracy, reasonableness or completeness of any sustainability related assessments.

In defining the environmental and social characteristics promoted by the Sub-Fund, the Investment Manager evaluates the extent of data coverage for the portfolio and/or benchmark universe, and the appropriate metrics used to meet and monitor such characteristics. The environmental and social characteristics promoted by the Sub-Fund are based on metrics which are widely used and standardised across providers, or exclusions based on revenue caps, which are derived from investee companies' direct financial reporting. This helps reduce any potential impact that limitations on ESG data may have in achieving the Sub-Fund's sustainability-related characteristics.

j) Due diligence

The Investment Manager does not select investments directly and does not directly invest in investee companies; instead the Investment Manager invests in a collection of underlying funds to achieve the Sub-Fund's objective.

The range of eligible Underlying Funds include both funds managed by the Investment Manager and third party funds not affiliated with the Investment Manager.

The Investment Manager has an investment process for the initial and ongoing selection of Underlying Funds which incorporates considerations as to how and whether an Underlying Fund positively contributes to the achievement of the overall environmental characteristics promoted by the Sub-Fund. As part of that investment process and ongoing monitoring, the Investment Manager monitors information on the portfolio level holdings of Underlying Funds against sustainability indicators. While there will be timely and complete access to information in this regard for Mercer Funds, this may not always be the case for other Underlying Funds.

The Investment Manager evaluates the sustainability policies, capabilities and practices for potential and appointed Sub-Investment Managers, where relevant, as part of the manager selection and monitoring process by drawing on Mercer's ESG Ratings and associated commentary from the Mercer Manager Research team. This is used by the Investment Manager to assess the strengths and weaknesses of a strategy's incorporation of sustainability considerations, as a part of the broader decision process when appointing a Sub-Investment Manager. ESG Ratings of Sub-Investment Managers are reviewed periodically, with reviews seeking evidence of positive momentum on ESG integration and consideration of sustainability risks.

As part of its monitoring and oversight process, the Investment Manager uses third party data to evaluate the quality of Sub-Investment Managers' portfolios using a sustainability lens, by assessing aggregate security exposure to and the management of certain ESG factors including evaluating the impact of investment decisions on sustainability factors

k) Engagement policies

The Investment Manager believes stewardship plays an important role in managing sustainability risks and other ESG factors, and helps the realisation of long-term value by providing investors with an opportunity to enhance the value of companies and markets consistent with long-term investor timeframes. The Stewardship Policy can be found here:

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

The Investment Manager believes its appointed Sub-Investment Managers are typically best placed to prioritise particular engagement topics by security, given they are expected to have detailed knowledge of both the governance and the operations of the companies and issuers they invest in and are therefore best placed to engage on topics that are most material to each security. However, the Investment Manager recognises the pivotal role it has in monitoring their stewardship activities and promoting more effective stewardship practices, including ensuring attention is given to more strategic themes and topics. Sub-Investment Managers are expected to engage with portfolio holdings, where relevant, on material sustainability risks, adverse sustainability impacts and other ESG issues with the aim of improving long-term risk adjusted returns and the stability of financial markets.

A core component of the Investment Manager's stewardship approach centres on engagements with Sub-Investment Managers. Where relevant, portfolio managers engage with Sub-Investment Managers on their overall approach to ESG integration and stewardship, including their policy commitments, integration of ESG considerations across their investment processes and voting and engagement activities related to portfolio holdings. Mercer's ESG Ratings and the annual Mercer Manager Engagement Survey provide useful insights into Sub-Investment Managers' approaches to stewardship, with Manager Engagement Dashboards and Trackers used to identify goal-orientated engagement priorities and monitor engagement activities and outcomes and where escalations may be required. Please refer to the Investment Manager's Stewardship Policy for more detail.

l) Designated reference benchmark

N/A

Glossary Terms

Words and terms defined in the Prospectus have the same meaning in this disclosure document unless otherwise stated herein. For your convenience we have noted below some of the common terms related to SFDR disclosures, however, please note some of the below terms may not be applicable to this Sub-Fund:

Article 8: means Article 8 of the SFDR in respect of the transparency of the promotion of environmental or social characteristics in pre-contractual disclosures.

Direct Investments: means any securities, instruments or obligations of whatsoever nature in which a Sub-Fund may invest.

ESG: means environmental, social and governance.

Financial Product: means the Sub-Fund as outlined on Page 1.

Investment Manager: means Mercer Global Investments Europe Limited.

Manager: means Mercer Global Investments Management Limited

PAI Indicators: Principal Adverse Impact Indicators.

SFDR: means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

SFDR RTS: means Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 containing regulatory technical standards supplementing the SFDR.

United Nations Sustainable Development Goals or SDGs: means a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. They address global challenges including poverty, inequality, climate change, environmental degradation, peace and justice

Weighted Average Carbon Intensity ("WACI"): is a measure of the Sub-Fund's exposure to carbon-intensive companies expressed in tonnes CO₂e / \$m revenue and is a Task Force on Climate-Related Financial Disclosures (TCFD) recommended metric. Carbon intensity measures the carbon efficiency of a portfolio by comparing the volume of Carbon Emissions of portfolio companies (using estimated Scope 1 and 2 greenhouse gas emissions) against portfolio companies' sales (i.e., emissions per \$m of revenue). Utilising a weighted average allows a comparison of emissions across companies of different sizes and in different industries. The calculation involves multiplying the Carbon Emissions per \$m revenue for each portfolio company and the portfolio weight of the investment. The portfolio-level WACI is then the sum product of all the portfolio companies' weights and their carbon intensities.

Carbon Emissions: means (a) scope 1 Emissions being direct carbon emissions of a company from owned and controlled sources and (b) scope 2 Emissions being indirect carbon emissions of a company from the generation of purchased energy.

Important Notices

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For Prospectus and PRIIPs KID/UCITS KIID (where applicable) materials of the Fund, please refer to the Mercer Investment Solutions website <https://investment-solutions.mercer.com/#generalfundinformation>

Past performance does not predict future returns. Past experience nor the current situation are necessarily accurate guides to the future growth in value or rate of return. The value of your investments and any income from it may fall as well as rise and you may receive back less than the amount invested. There is also a currency risk involved in investing in assets which are in a foreign currency.

Changes in exchange rates may have an adverse effect on the value price or income of the product. The levels and basis of, and relief from, taxation can change. Where the information refers to a particular tax treatment, such tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications. For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative. Any forecasts made are not a reliable indicator of future performance.

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For policy on conflicts of interest and other corporate policies, please see:

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

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Please see the following link for information on indexes:

<https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-investment-management-index-definitions-mercer.pdf>.