

Sustainable Finance Disclosure Regulation ("SFDR") and Taxonomy Regulation Disclosures (continued)

**Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
Mercer Global High Yield Bond Fund

**Legal entity identifier:**  
N/A

## Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

Yes    No

It made **sustainable investments with an environmental objective**: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective**: \_\_\_%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 34.2% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

The Sub-Fund seeks to achieve its environmental and social characteristics by investing in the component securities of the J.P. Morgan ESG Global High Yield BB-B Rated Liquid Corporate Index, (the "Benchmark Index"). The Benchmark Index applies an ESG scoring and screening methodology to tilt exposure towards issuers ranked higher on ESG criteria and green bonds, which raise finance for climate and environmental projects that are sustainable and socially responsible (as categorised by the Climate Bonds Initiative, a not-for-profit organisation which provides a certification program for bonds that contribute to addressing climate change). In addition, the Benchmark Index will underweight or exclude issuers that rank lower, including issuers with direct revenue from thermal coal, tobacco or weapons and issuers that are not in compliance with the UN Global Compact ("UNGC") principles.

The Sub-Fund commits to making a minimum allocation to sustainable investments of 5%.

The Investment Manager measured the attainment of the environmental and social characteristics by

- assessing the extent to which the Sub-Fund invested in issuers that comply with the index providers requirements
- assessing if the Sub-Fund met the minimum commitment to sustainable investments.

Please refer to the section below, "How did the sustainability indicators perform?", which provides information about the extent that the Fund met such environmental and social characteristics.

**How did the sustainability indicators perform?**

The Sub-Fund was invested in line with the Benchmark Index, which it used as its reference benchmark.

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In this regard, the tracking error of the Sub-Fund versus the Benchmark Index over the reference period was 0.24%.

The Sub-Fund had no exposure to any issuers that did not comply with the index providers methodology. The Investment Manager assessed the Benchmark Index versus the J.P. Morgan Global Developed Market High Yield BB-B Rated Liquid Corporate Index (the "Parent Index") to ensure the Benchmark Index remains aligned with the environmental and social characteristics promoted by the Sub-Fund. In this regard the impact of the screens listed above on the Benchmark Index relative to the Parent Index is set out under "How did this financial product perform compared with the reference benchmark?"

The Sub-fund met its minimum commitment to sustainable investments throughout the applicable reporting period. The level of sustainable investments in the portfolio as a quarterly average over the reporting period can be found in the table below.

<b>Level of Sustainable Investment</b>
34.2%

● ***...and compared to previous periods?***

<b>Level of Sustainable Investment</b>
31.8%

The level of sustainable investments in the portfolio as at June 2024 can be found in the table above.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Sub-Fund's sustainable investments aimed 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). Positive contribution to these objectives was measured under the Investment Manager's sustainable investments framework which requires positive alignment with reference to one or more of the UN Sustainable Development Goals (SDGs). The Investment Manager's set and applied an internal threshold for each of the environmental and social SDGs at a target level considered appropriate and representative of a sufficiently positive contribution.

During the period, the Investment Manager assessed (with ongoing monitoring) that those investments deemed to be sustainable investments, had a positive alignment exceeding the internal threshold set to one or more of the SDGs.

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**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, anti-corruption and anti-bribery matters.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager assessed the sustainable investments to ensure that each investment did no significant harm to any environmental or socially sustainable investment objective through a consideration and appropriate use of relevant principal adverse sustainability indicators ("PAI Indicators").

*How were the indicators for adverse impacts on sustainability factors taken into account?*

Each PAI Indicator has been individually assessed, and where relevant, an absolute threshold or a relative threshold was set to ensure that the investee company did not breach the "do no significant harm" principle.

The Investment Manager has set an absolute threshold on PAIs 4,7,10 and 14, and relative thresholds on PAIs 2, 3, 6 and 13.

Any investment determined as breaching these thresholds was no longer 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.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

For any potential sustainable investments, the Investment Manager considered the mandatory social PAIs (including PAI10 Violations of UNGC principles and OECD Guidelines for Multinational Enterprises) in reaching its determination that how sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Investment Manager used a third-party data provider for information to assess and monitor companies for UNGC compliance.

Under the Investment Manager's framework any companies identified as UNGC violators are not considered sustainable investments.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The "do no significant 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.*

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**How did this financial product consider principal adverse impacts on sustainability factors?**

Where a Principal Adverse Impact (PAI) is integrated into investment considerations, engagement or management of the portfolio (via tracking the Benchmark Index) is completed with due consideration to reducing the negative impact of that indicator.

Identified PAIs and the impact of mitigating actions taken and any planned in respect of those PAIs are formally monitored at the quarterly investment risk management committee meetings and more regularly by the Portfolio Management team.

The PAIs for this financial product are set out below. These metrics are an average of each quarter end over the reporting period.

Indicator	Metric	Measure	Data Coverage %
Scope 1 GHG emissions	104322.1	tCO2	70
Scope 2 GHG emissions	24470.7	tCO2	70
Scope 3 GHG emissions	936715.6	tCO2	70
Total GHG emissions	1057566.1	tCO2	70
Carbon footprint	955.7	tCO2 per M invested	70
GHG intensity of investee companies	1461.7	tCO2	73
Exposure to companies active in the fossil fuel sector	11.2	Percentage	74
Share of non-renewable energy consumption and production	78	Percentage	70
Energy consumption intensity per high impact climate sector	13.1	GwH per million EUR invested	13
Activities negatively affecting biodiversity-sensitive areas	11.9	Percentage	68
Emissions to water	0	Tonnes per million EUR invested	69
Hazardous waste and radioactive waste ratio	1.5	Tonnes per million EUR invested	67
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.1	Percentage	77
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	2.9	Percentage	72
Unadjusted gender pay gap	14.6	Percentage	59
Board gender diversity	29.8	Percentage	71
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0	Percentage	0
GHG intensity of investee countries		tCO2	0
Investee countries subject to social violations (absolute)		Percentage	0
Investee countries subject to social violations (relative)		Percentage	0
Investments in companies without carbon emission reduction initiatives	57.5	Percentage	71
Lack of a human rights policy	16.1	Percentage	72
Average income inequality score	0	Ratio	0

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What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: The top investments of the Sub-Fund as at the reporting period are shown below.

Largest investments	Sector	% Assets	Country
TELEFONICA EUROPE BV COMPANY GUAR REGS 12/99 VAR	Communication Services	0.60%	NETHERLANDS
HEIMSTADEN BOSTAD AB JR SUBORDINA REGS 12/99 VAR	Real Estate	0.32%	SWEDEN
QUIKRETE HOLDINGS INC SR SECURED 144A 03/32 6.375	Materials	0.27%	UNITED STATES
ORSTED A/S JR SUBORDINA REGS 12/99 VAR	Utilities	0.27%	DENMARK
CLOUD SOFTWARE GRP INC SR SECURED 144A 03/29 6.5	Information Technology	0.25%	UNITED STATES
MEDLINE BORROWER LP SR SECURED 144A 04/29 3.875	Health Care	0.25%	UNITED STATES
HUB INTERNATIONAL LTD SR SECURED 144A 06/30 7.25	Financials	0.23%	UNITED STATES
VODAFONE GROUP PLC JR SUBORDINA 04/79 VAR	Communication Services	0.22%	UNITED KINGDOM
EMRLD BOR / EMRLD CO ISS SR SECURED 144A 12/30 6.625	Industrials	0.22%	UNITED STATES
MAUSER PACKAGING SOLUT SR SECURED 144A 04/27 7.875	Materials	0.22%	UNITED STATES
PANTHER ESCROW ISSUER SR SECURED 144A 06/31 7.125	Financials	0.21%	UNITED STATES
DIRECTV FIN LLC/COINC SR SECURED 144A 08/27 5.875	Communication Services	0.20%	UNITED STATES
HILTON DOMESTIC OPERATIN COMPANY GUAR 144A 02/32 3.625	Consumer Discretionary	0.20%	UNITED STATES
LORCA TELECOM BONDCO SR SECURED REGS 09/27 4	Communication Services	0.20%	SPAIN
TERNA RETE ELETTRICA JR SUBORDINA REGS 12/99 VAR	Utilities	0.20%	ITALY

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**Asset allocation** describes the share of investments in specific assets.

**What was the proportion of sustainability-related investments?**

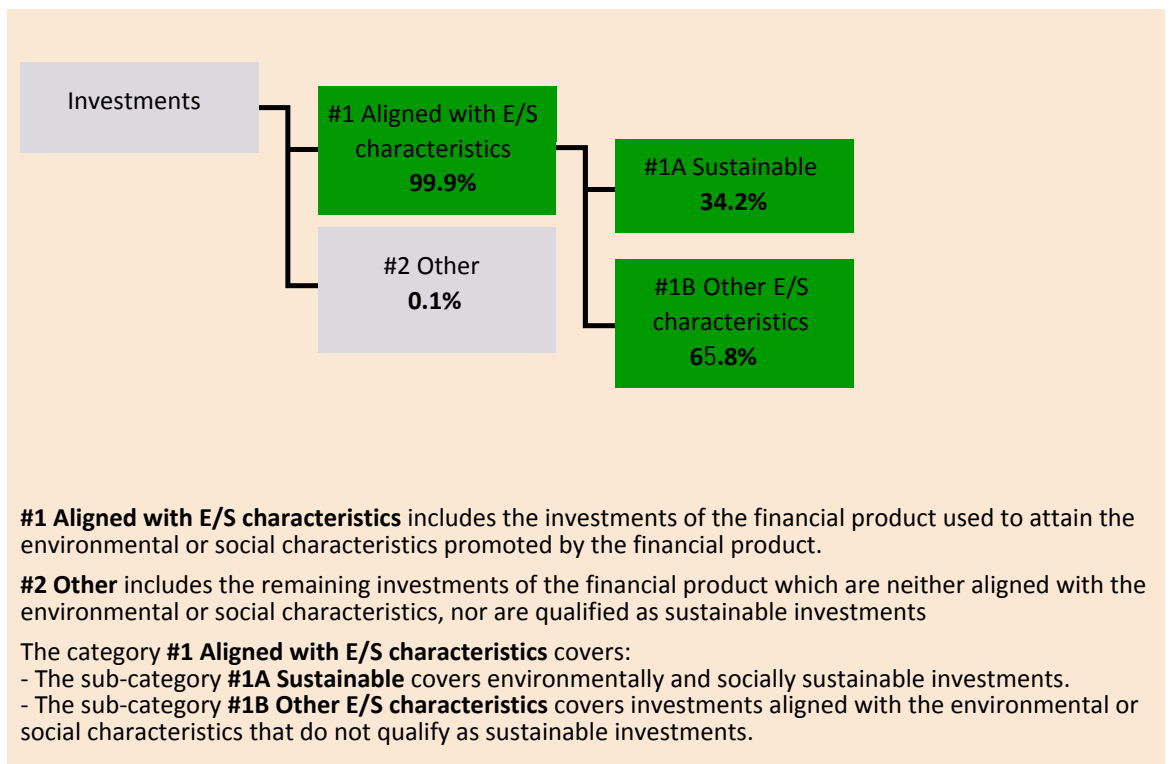
Please see the information below in this respect.

● **What was the asset allocation?**

99.9% of the Sub-Fund's assets were delegated to the appointed Sub-Investment Manager(s) to manage the Sub-Fund in line with the environmental and/or social characteristics promoted by the Sub-Fund. The Sub-Fund did not use derivatives to attain the environmental or social characteristics promoted by the Sub-Fund. The Sub-Fund invested 34.2% in sustainable investments.

The remaining 0.1% of the Sub-Fund's assets are in other investments ("#2 Other"), which are not aligned with environmental and/or social characteristics promoted by the Sub-Fund.

These figures and the below table are a quarterly average over the reporting period. The Sub-Fund met its expected asset allocation and minimum sustainable investment commitment at all times during the reporting period.



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● ***In which economic sectors were the investments made?***

The sectors and sub-sectors where investments of the Sub-Fund were made are set out below. These figures are as at the reporting date.

<b>Sector</b>	<b>Sub-Sector</b>	<b>% Assets</b>
Energy	Energy	8.25%
Materials	Materials	6.60%
Communication Services	Telecommunication Services	6.32%
Consumer Discretionary	Automobiles and Components	5.18%
Financials	Diversified Financials	4.73%
Communication Services	Software & Services	4.72%
Industrials	Commercial & Professional Services	4.71%
Consumer Discretionary	Retailing	4.10%
Real Estate	Real Estate	3.96%
Industrials	Capital Goods	3.84%
Health Care	Health Care Equipment & Services	3.62%
Utilities	Utilities	3.47%
Industrials	Transportation	2.91%
Financials	Banks	2.85%
Information Technology	Software & Services	2.82%
Materials	Capital Goods	2.81%
Consumer Discretionary	ENTERTAINMENT	2.55%
Health Care	Pharmaceuticals, Biotechnology & Life Sciences	2.52%
Consumer Staples	Food, Beverage & Tobacco	2.00%
Financials	Insurance	1.95%
Consumer Discretionary	LODGING	1.84%
Consumer Discretionary	Commercial & Professional Services	1.47%
Consumer Discretionary	LEISURE TIME	1.28%
Industrials	Materials	1.19%
Information Technology	Technology Hardware & Equipment	1.11%
Consumer Discretionary	Real Estate	1.05%
Consumer Discretionary	Software & Services	0.82%
Consumer Discretionary	Household & Personal Products	0.79%
Communication Services	Commercial & Professional Services	0.78%
Consumer Discretionary	Consumer Durables and Apparel	0.76%
Industrials	Industrials	0.66%
Financials	Commercial & Professional Services	0.66%
Industrials	Consumer Services	0.54%
Information Technology	Capital Goods	0.50%

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To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

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.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund does not commit to making environmentally sustainable investments within the meaning of the EU Taxonomy Regulation, and, accordingly, 0% of its sustainable investments with an environmental objective are considered as aligned with the EU Taxonomy.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>(1)</sup>?**

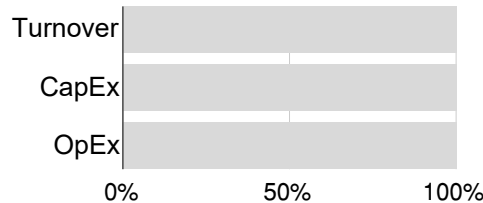
Yes:

In fossil gas       In nuclear energy

No

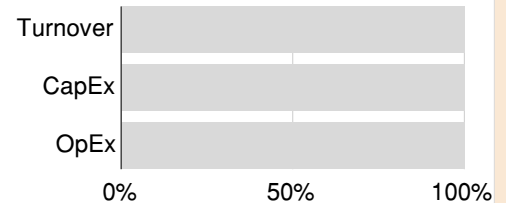
*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the taxonomy alignment in relation to all the investments of the financial product 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\*



- Taxonomy-aligned: Fossil gas  
Turnover: / CapEx: / OpEx:
- Taxonomy-aligned: Nuclear  
Turnover: / CapEx: / OpEx:
- Taxonomy-aligned (no gas and nuclear)  
Turnover: / CapEx: / OpEx:
- Non Taxonomy-aligned  
Turnover: / CapEx: / OpEx:

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas  
Turnover: / CapEx: / OpEx:
- Taxonomy-aligned: Nuclear  
Turnover: / CapEx: / OpEx:
- Taxonomy-aligned (no gas and nuclear)  
Turnover: / CapEx: / OpEx:
- Non Taxonomy-aligned  
Turnover: / CapEx: / OpEx:

This graph represents of the total Investments.

\* For the purpose of these graphs, 'sovereigns bonds' consist of all sovereign exposures.

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

**What was the share of investments made in transitional and enabling activities?**

For the purposes of this report, 0% of the Sub-Fund's investments were identified as being in transitional and enabling activities within the meaning of the EU Taxonomy Regulation.

**How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

In the previous reporting period, the Sub-Fund did not commit to making environmentally sustainable investments within the meaning of the EU Taxonomy Regulation, and, accordingly, 0% of its sustainable investments with an environmental objective were considered as aligned with the EU Taxonomy.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The Sub-Fund had 34.2% 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's sustainable investments framework measures contribution to an environmental and/or social objectives of the sustainable investments through their positive contribution to one or more of the environmental and social SDGs. Consequently, the Sub-Fund does not distinguish between sustainable investments with an environmental or social objective. Accordingly, the Sub-Fund's proportion of sustainable investments is a mix of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy or a social objective or a combination of both, and the exact composition may fluctuate.



**What was the share of socially sustainable investments?**

The Sub-Fund had 34.2% 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's sustainable investments framework measures contribution to an environmental and/or social objectives of the sustainable investments through their positive contribution to one or more of the environmental and social SDGs. Consequently, the Sub-Fund does not distinguish between sustainable investments with an environmental or social objective. Accordingly, the Sub-Fund's proportion of sustainable investments is a mix of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy or a social objective or a combination of both, and the exact composition may fluctuate.



**What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

The 0.1% of assets which fell into the sub-category "#2 Other" represents the indirect exposures which were used for efficient portfolio management purposes only. Such assets were cash, FX and financial derivative instruments which are used for liquidity management, and such assets are not subject to any minimum environmental or social safeguards.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In addition to identification and analysis of PAIs, the Investment Manager utilised a combination of some, or all of, the following mechanisms and guiding principles in order to ensure that the environmental and social characteristics promoted by the Sub-Fund were met:

**Investment Strategy:** The Sub-Fund tracked the Benchmark Index and thus, met the environment and social characteristics incorporated in benchmark index methodology as outlined in the above section 'To what extent were the environmental and/or social characteristics of the Fund met?'

**Engagement:** The Investment Manager's engagement framework has identified priority areas for engagement which are communicated to the appointed sub-investment manager. Stewardship activities were also monitored via an annual Manager Engagement Survey.

The Investment Manager applied oversight to the activities of the Sub-Investment Manager throughout the reporting period to ensure that the investment processes were implemented on a continuous basis and also effectively monitored the Sub-Fund on an ongoing basis using the sustainability indicators.

Oversight of the investment strategy was applied on a quarterly basis via investment management risk committee meetings and regular meetings with the sub-investment manager.

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**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**How did this financial product perform compared to the reference benchmark?**

For the reference period, the Fund has designated the Benchmark Index as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund. The Sub-Fund achieved the environmental and social characteristics it promotes through successfully tracking the Benchmark Index. See "How did the sustainability indicators perform?" for the relevant performance information.

● **How does the reference benchmark differ from a broad market index?**

The Benchmark Index tracks the performance of corporate fixed and floating-rate debt instruments across Developed Market high yield issuers. The Benchmark Index applies an ESG scoring and screening methodology to tilt exposure towards issuers ranked higher on ESG criteria and green bonds, which raise finance for climate and environmental projects that are sustainable and socially responsible (as categorised by the Climate Bonds Initiative, a not for profit organisation which provides a certification program for bonds that contribute to addressing climate change). In addition the Benchmark Index will underweight or exclude issuers that rank lower, including issuers with direct revenue from thermal coal, tobacco or weapons and issuers that are not in compliance with the UN Global Compact principles

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

The Sub-Fund achieved the environmental and social characteristics it promotes through using an index-tracking strategy, where it invested in the constituent securities represented within the Benchmark Index.

● **How did this financial product perform compared with the reference benchmark?**

Please see below. The table represents the Sub-Fund and Reference Benchmark as at the reporting date.

	Sub-Fund	Reference Benchmark
% market value exposure excluded based on screens	0%	0%

● **How did this financial product perform compared with the broad market index?**

Please see below. The table represents the Sub-Fund and Broad Market Index (J.P. Morgan Global Developed Market High Yield BB-B Rated Liquid Corporate Index) as at the reporting date.

	Sub-Fund	Broad Market Index
% market value exposure excluded based on screens	0%	4.96%