Sustainable Investment and

Sustainable Preferences Guide

How can you define sustainable investing?

Sustainable investing can be summarised as investing in companies that manage environment, social and governance (ESG) risks well and excluding companies where there is evidence of adverse behaviour or harmful activities. Initially, you may think it's focused on buying into "green" or environmentally friendly companies. But in fact there is a lot more to ESG than just this. E.G., investing based on your personal values might mean considering ESG factors such as:

• Environmental factors which measure the impact on the environment such as climate change, carbon emissions, pollution and deforestation.

• Social factors which measure the impact on society like employee working conditions and inclusion and hiring programmes, racial diversity, inequality.

• Governance factors which consider issues such as corporate pay (how much top executives earn compared to other workers), ethics (whether a company is involved in bribery or corruption), tax transparency and board management.

What exactly are sustainable preferences?

Under EU law we are obligated to ask you about your current sustainable preferences to see if you want ESG factors to be taken account of when we are reviewing the funds we have that may be suitable for you. Under this new legislation, sustainable investment preferences are categorised as follows:

1. Environmentally sustainable investments

Environmentally sustainable investments are investments that contribute substantially to one or more of six environmental objectives set out in an EU classification system (known as the "EU Taxonomy"), while at the same time not doing any significant harm to any of the remaining objectives. The six environmental objectives under EU law are:

- Climate change mitigation &
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

2. Sustainable investments

Sustainable investments are investments in economic activities that have an environmental or social objective, provided that such investments do not significantly harm any environmental or social objective. The investee companies must follow good governance practices. Sustainable investments may or may not be aligned with the EU Taxonomy. These are known as “Article 9” or “dark green” investments.

3. Investments that consider how the investment strategy may negatively impact any ESG factors

These investments consider the negative impact of investment decisions on ESG factors for example factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. These investments often promote environmental or social characteristics and invest in companies that follow good governance practices. These investments types are known as “Article 8” or “light green” investments.

What can we offer you where you tell us that you have a sustainable investment preference?

We currently offer Article 8 Funds through our range of saving, investment and pension products. Typically our sustainable product range will not invest in certain “restricted” companies, e.g. a company that makes controversial weapons, or that would actively select investments based on certain ESG characteristics. These funds do not have a sole ESG objective. When we ask you if you have a sustainable preference, we are asking you whether you would like to invest in one of our Article 8 Funds.

What can we offer if you do not have a sustainable investment preference for your entire portfolio?

We can offer investments that are not promoted as having ESG factors or objectives. These investments may bring other benefits to your portfolio, not currently available through investments that align with sustainability preferences.

Warning: The value of your investment may go down as well as up.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: If you invest in these funds you may lose some or all of the money you invest.

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