

FINANCIAL PROMOTION/MARKETING MATERIAL
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Exclusions policy for corporate and sovereign fixed income in the Responsible Horizons fund range

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Introduction

Purpose

This document sets out the minimum exclusions and thresholds applicable to our range of Responsible Horizons funds, as well as the extent of that application. We believe that investors in our Responsible Horizons funds would not expect the excluded securities and issuers set out in this document to form part of the portfolio of a Responsible Horizons fund. This document also sets out our opinion on certain additional sustainability criteria which we currently do not have exclusions for, recognising that this may change over time.

Scope

The exclusions set out in this document:

- **apply** solely to the Responsible Horizons fund range;
- **apply** only to physical financial instruments in fixed income held within the applicable in-scope funds;
- **may not** be applied in respect of holdings in collective investment schemes (“CIS”) held within the applicable Responsible Horizons fund. Insight may, at its discretion, where the holdings of the CIS are published, assess the investments within the CIS in order to check they meet Responsible Horizons eligibility criteria and a fund's ESG objectives (including, for example, holdings in ESG Exchange Traded Funds, where such holdings are permissible in accordance with the fund documentation);
- **may not** be applied in respect of sovereign bonds invested in by Responsible Horizons funds for: (a) liquidity purposes and/or (b) duration management for hedging and/or investment purposes;
- **may not** apply where exposure to an issuer is indirect (for example, via the use of derivatives); and
- “use of proceeds” bonds (as defined in the ESG glossary document) that pass our framework from issuers active in environmentally sensitive sectors are not subject to the environmental and climate-related exclusions outlined in this document.

This document is not intended to override, supplement or amend the terms of any prospectus or supplement for a fund or any contractual document with a client. This document will be applied by us to the extent consistent with our legal, contractual and regulatory obligations and within the scope of the mandate that we are appointed to manage.

A current list of Responsible Horizons funds is set out below.

Effective date and periodic updates

We endeavour to review this document at least annually. We may update this document from time to time without notice, including (but not limited to) where we believe any change is in the best interests of our clients or to reflect any applicable legal or regulatory changes or to reflect industry guidance.

Definitions

We have developed an ESG glossary document which can be found [here](#) which sets out the meaning of certain terms used within this document.

Application

In setting out our policy, we have factored in the following considerations:

- Insight's core value of 'doing the right thing';

- Client feedback;
- Industry best practice; and
- Applicable regulatory requirements, especially the EU's "do no significant harm" principle.

Insight recognises that the list below may be deemed to be too extensive for some investors and not broad enough for others. Insight also recognises that best-practice convention may change by jurisdiction and vary over time. As such, we have split the exclusions between the following areas:

- 1 Responsible Horizons (RH) baseline criteria which apply to all relevant Responsible Horizons funds, as set out in sections 1.1 and 2.1 of this document ("**Minimum Criteria**"); and
- 2 Additional Responsible Horizons criteria which apply on a fund-by-fund basis in accordance with the product literature for the relevant Responsible Horizons fund, as set out in sections 1.2 and 2.2 of this document ("**Optional Criteria**").

For the avoidance of doubt, all Responsible Horizons funds will follow the Minimum Criteria set out in 1.1 (for corporate debt) and 2.1 (for sovereign debt). By exception only, Responsible Horizons funds that invest in sovereign bonds for (a) liquidity purposes, and/or (b) duration management for hedging and/or investment purposes, may (in each case) elect not to follow the exclusions outlined in 2.1. Most of the Responsible Horizons funds will also apply a selection of the Optional Criteria, as and to the extent described in the relevant prospectus supplement.

The Responsible Horizons strategies currently in the range are:

- Responsible Horizons UK Corporate Bond Fund
- Responsible Horizons Strategic Bond Fund
- Responsible Horizons Multi-Sector Credit Fund
- Responsible Horizons Euro Corporate Bond Fund
- Responsible Horizons Euro Impact Bond Fund
- Responsible Horizons EM Debt Impact Fund
- BNY Mellon Responsible Horizons Corporate Bond ETF

The list above may be amended by us from time to time without notice and without necessarily updating this document, for example to reflect any new funds in the range.

Whilst we set out exclusion criteria for a number of different themes, including relating to environmental and social themes (including, climate change), our approach in Responsible Horizons goes beyond exclusions alone. Whilst some red lines are appropriate for many funds in the range, our focus is on encouraging companies to decarbonise via positive allocation and engagement.

Additional exclusions/considerations

In addition to the Responsible Horizons range exclusions covered in this document, we have firm-wide positions on Controversial Weapons and Thermal Coal which apply to all assets under management, except where prevented by our contractual obligations and the terms of the specific client mandates that we manage.

These policies can be found here:

- [Controversial Weapon Policy](#)
- [Insight's position on thermal coal](#)

Insight uses third-party data from prominent data vendors as a basis for identifying issuers that are subject to exclusions on a regular basis, based on the methodology set out below. Exclusion lists employed may not capture all of the relevant issuers and/or securities relating to a specific activity or exclusion to the

extent that they are not captured by these data providers. Additionally, subject to the terms of the mandate or the product documentation, Insight may take a view (based on its sole judgment and at its sole discretion) on a case-by-case as to whether or not a security or issuer falls within a relevant exclusion.

In some circumstances, where funds move outside of the exclusionary criteria set, there may be an extended resolution period to enable engagement with the issuer with the aim of seeking to resolve the issue identified prior to divestment. It is therefore possible that the funds may, at times, hold positions outside of the exclusionary parameters set.

1 Corporate debt holdings

1.1 Responsible Horizons baseline criteria (Minimum Criteria)

To qualify for the Responsible Horizons label, funds are required to adopt the exclusions set out in this section 1.1.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.1.1	Controversial weapons	The use of controversial weapons is indiscriminate and causes unnecessary excess suffering.	Producers and manufacturers of controversial weapons (including nuclear weapons). Companies are flagged for involvement in cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.	Issuers are excluded as flagged by our data providers as having involvement in the production or manufacture of controversial weapons.
1.1.2	Tobacco production	There is extensive scientific research which emphasises significant health and economic costs of consumption of tobacco products.	Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.	Issuers that derive >5% of their revenue from the manufacture of tobacco products are excluded.
1.1.3	Companies consistently and seriously in breach of international norms	Controversial conduct whereby firms demonstrate serious breaches of internationally accepted norms are usually a sign of mis-managed entities. Many investors wish to avoid such entities due to the financial risks including litigation, in addition to the reputational risk associated with owning them.	Companies that are not in compliance with global norms, such as the United Nations Global Compact, UN Guiding Principles on Business and Human Rights, OECD guidelines for Multinational Enterprises, ILO Conventions.	An assessment conducted by our Ratings and Exclusions Group (REG), informed by external data providers' controversy information, will determine if the issuer should be excluded.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.2.1	Lowest Insight Prime corporate ESG rated issuers ¹	Inadequate management of broad sustainability risks.	Insight Prime ESG ratings, updated quarterly, are used to identify issuers with the lowest overall Prime ESG rating, normalised by sector. Scores are 1 (best) - 5 (worst).	Corporates with a Prime ESG rating of 5 are excluded. Corporates with no Prime ESG rating are excluded.
1.2.2	Gambling	The addictive nature of gambling, coupled with the predatory tactics used by some companies and lack of safeguards means gambling can cause significant societal problems, particularly for the least well-off members of society.	Percent of revenue/ maximum estimated percent, a company has derived gambling related business activities.	Issuers that derive >5% of revenues from gambling related business activities are excluded.
1.2.3	Adult entertainment	The adult entertainment industry contributes to the objectification of men and women and can create dangerous ideas of appropriate conduct, can encourage/support illegal activity (for example, trafficking). and is illegal in many regions.	Percent of revenue, or maximum estimated percent, a company has derived from adult entertainment.	Issuers that derive >5% of revenues from adult entertainment are excluded.
1.2.4	Unconventional oil and gas extraction	Unconventional oil and gas are carbon intensive energy sources that contribute to climate change. They cause heightened biodiversity risk, due to their use of non-traditional extraction methods, and the sensitive nature of the locations in which they are operated.	Percentage of revenue or fuel mix generation (either reported or estimated) that a company derives from unconventional oil and gas extraction. It includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane and arctic onshore/offshore oil and gas.	Issuers that derive >5% of revenues from unconventional oil and gas extraction are excluded, unless: a) the exposure is achieved via use of proceeds environmental bonds; b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact; and c) the investment manager considers the instrument issued meets its ESG criteria.

¹ Ratings may be asset-class adjusted for relevant fund types. This means that the renormalisation of scores takes place within the relevant investment universe for the fund in which the ratings are to be used.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.2.5	Coal mining & power generation (all coal)	Coal has been the single biggest contributor to anthropogenic climate change and remains responsible for 35% of global electricity supply. Unlike other industries, economically viable transition options exist	Percentage of revenue (either reported or estimated) that a company derives from coal mining or coal power generation or the percentage of power generation from coal for utilities	<p>Coal mining: >5% revenues are excluded ,</p> <p>Coal power generation: >10% revenues are excluded or >30% coal in fuel mix for utilities are excluded</p> <p>Unless:</p> <p>a) the exposure is achieved via use of proceeds environmental bonds</p> <p>b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact; and</p> <p>c) the investment manager considers the instrument issued meets its ESG criteria.</p>

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.2.6	Conventional oil and gas activities (minimum requirements)	Fossil fuels are a significant cause of anthropogenic emissions causing climate change as carbon intensive non-renewable sources of energy.	Percentage of revenue (either reported or estimated) that a company derives from conventional oil and gas or the percentage of capital expenditure dedicated to contributing activities (including but not limited to the EU Taxonomy, the EU environmental objectives or the Sustainable Development Goals).	Issuers that derive >5% of revenues from conventional oil and gas are excluded unless: a) the exposure is achieved via use of proceeds environmental bonds rated as Light Green or Dark Green by the investment manager; or b) the investment manager classifies the issuer as a transition leader or transition-aware company, defined as a company with a clearly defined, long-term plan to address its environmental impact and the investment manager considers the instrument issued meets its ESG criteria including a minimum classification of 'committed to alignment' according to our net-zero tool and percentage of low-carbon capital expenditure. ²
1.2.7	Carbon intensity	Carbon dioxide is the primary greenhouse gas emitted through human activities causing anthropogenic climate change.	This factor normalises company Scope 1 and Scope 2 carbon emissions by revenue to compare how much carbon is produced by a company for each \$1 of revenue.	Issuers with a >2000 tons/USD million sales carbon intensity are excluded Unless: a) the exposure is achieved via use-of-proceeds environmental bonds or an 'Improving Issuer ³ ', and b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact.

² Details are available to clients on request.

³ A bond which is not a Use-of-proceeds Impact Bond and is issued by a company or institution whose core investment plans (affecting at least 20% of their revenue streams, capital expenditure, or operating expenditure including non-capitalised costs that represent research and development) are compliant with the EU Taxonomy Regulation. The Responsible Horizons EM Debt Impact Fund is the only fund expected to invest in these securities initially.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.2.8	Cannabis production	Cannabis is an illegal drug in many jurisdictions due to the negative health implications associated with its use.	Percentage of revenue from companies involved in cannabis production	Issuers which derive >5% of revenues from cannabis production are excluded.
1.2.9	Impact bonds	This aims to prevent investment in impact bonds that exhibit signs of 'impact washing' which refers to any behaviour or activities that give the impression that an entity is doing more to support or protect social and/or environmental issues than it really is. We may also exclude investment where there is insufficient information regarding the impact bond framework (including no commitment regarding the allocation, or a lack of transparency or reporting by the issuer).	Insight has a proprietary in-house rating process which all 'use of proceeds' bonds held in Responsible Horizons portfolios have to be assessed against prior to purchase. The output is either Dark Green (best in class), Light Green (pass) or Red (fail).	Impact bonds rated Red (fail) are excluded.

1.2 Additional Responsible Horizons Criteria (Optional Criteria)

In addition to those afore-mentioned exclusion, we may adopt one or more of the exclusions below in respect of any Responsible Horizons fund in accordance with the product documentation.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.3.1	Power generation (Nuclear)	While nuclear energy is a reliable low carbon source of energy it presents significant health and safety and environmental risks driven by the production of radioactive waste and the mining of uranium, which have the potential to cause a large scale accident.	Percentage of revenue or power generation (either reported or estimated) that a company derives from the nuclear energy-based power generation	Issuers that derive >5% of revenue from nuclear energy-based power generation are excluded unless: a) the issuer fulfils nuclear and environmental safety requirements, and b) the instruments purchased are use of proceeds environmental bonds not specifically funding nuclear activity.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.3.2	Additional power generation (coal) threshold	Coal has been the single biggest contributor to anthropogenic climate change and remains responsible for 35% of global electricity supply. Unlike other industries, economically viable transition options exist	Generation of power and heat from non-renewable sources	Issuers that derive >5% of revenue from coal power generation are excluded unless: a) the exposure is achieved via use of proceeds environmental bonds; b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact; and c) the investment manager considers the instrument issued meets its ESG criteria.
1.3.3	Additional conventional oil and gas threshold	Fossil fuels are a significant cause of anthropogenic emissions causing climate change as carbon intensive non-renewable sources of energy.	Percentage of revenue (either reported or estimated) that a company derives from conventional oil and gas or the percentage of capital expenditure dedicated to contributing activities (including but not limited to the EU Taxonomy, the EU environmental objectives or the Sustainable Development Goals).	Issuers that derive >5% of revenues from conventional oil and gas are excluded unless: a) the exposure is achieved via use of proceeds environmental bonds; and b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact; and c) the investment manager considers the instrument issued meets its ESG criteria.
1.3.4	Non-civilian weapons	While countries have a right to defend their sovereignty, the potential end use of weapons to be used in an act of aggression or intimidation and the corruption within the weapons industry means defence weapons can be used by terrorist groups or autocratic regimes to conduct harmful criminal activity that can cause humanitarian crises.	Percentage of revenue (either reported or estimated) that a company derives from the production of weapons systems for non-civilian applications	Issuers that derive >5% of revenues from the production of non-civilian weapons systems are excluded

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
1.3.5	Civilian weapons	Weapons can be used in an act of aggression or intimidation that causes significant harm to individuals or society at large. The corruption within the arms industry means civilian weapons can be used by terrorist groups or autocratic regimes to conduct harmful criminal activity that can cause humanitarian crises.	Percentage of revenue, or maximum estimated percent, a company has derived from the manufacture and retail of civilian firearms and ammunition	Issuers that derive >5% of revenues from the manufacture and retail of civilian firearms and ammunition are excluded
1.3.6	Tobacco wholesale distributors	Extensive scientific research emphasising significant health and economic costs of consumption of tobacco products	Companies that distribute tobacco products	Issuers that derive >5% of revenues from the distribute tobacco products are excluded
1.3.7	Lowest Insight Prime Climate Risk rated issuers	Where we have assessed that the issuer has inadequate management of broad environmental risks	Insight Prime climate risk ratings, updated annually, are used to identify issuers with the lowest Prime climate risk rating for either transitional or physical climate risks. Scores are 1 (best) to-5 (worst)	Corporates that have been rated and have a Prime climate risk rating of 5 are excluded, unless: a) the investment manager believes the issuer has a clearly defined, long-term plan to address its climate impact. ⁴
1.3.8	Principal Adverse Impacts (PAI) Screen	Do no significant harm (DNSH) criteria and regulatory requirement. PAIs are “Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity.”	16 PAI indicators plus 2 optional indicators	Issuers pass PAI screen. Where an issuer fails the PAI screen, it will be escalated to the REG to decide what mitigating action is appropriate. Mitigating actions may include the reduction of position, outright sale or entering into an engagement.
1.3.9	Alcohol production	Alcohol can have significant societal and health consequences.	Percent of revenue, or maximum estimated percent, a company has derived from manufacturing alcoholic products	Issuers that derive >5% of revenues from the manufacturer of alcoholic products are excluded

⁴ Currently, the intention is that this exemption (to the exclusion) will only apply to the Responsible Horizons EM Debt Impact Fund, such that all other funds in the Responsible Horizons fund range exclude corporates that have a Prime climate risk rating of 5. Despite this, the investment manager reserves the right to apply this exemption more broadly at its discretion.

2 Sovereign debt holdings

2.1 Responsible Horizons baseline criteria (Minimum Criteria)

To qualify for the Responsible Horizons label, funds are required to adopt the exclusions set out in this section 2.1. Notwithstanding the foregoing, Responsible Horizons funds that invest in sovereign bonds for: (a) liquidity purposes, and/or (b) duration management for hedging and/or investment purposes may, but are not required to, comply with these exclusions.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
2.1.1	Paris Agreement	There could be significant consequences of climate change for the Antarctic ice sheet if the Paris Agreement target of 2 degrees Celsius is not met.	Paris Agreement - Status of Ratification	Non-signatories are excluded
2.1.2	The Treaty on the Non-Proliferation of Nuclear Weapons (NPT)	The use of controversial weapons is indiscriminate and causes unnecessary excess suffering. The Treaty is designed to prevent the spread of nuclear weapons and weapons technology, to foster the peaceful uses of nuclear energy, and to further the goal of disarmament.	NPT Membership	Non-members are excluded
2.1.3	Blacklisted countries by the Financial Action Task Force (FATF)	Money laundering and Terrorist Financing diverts resources away from economically and socially productive uses and can negatively affect a country's financial system by undermining its stability. The FATF blacklist identifies nations with weak anti-money laundering and counter-terrorist funding regulatory frameworks.	FATF Blacklist	Countries listed on the Blacklist are excluded

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
2.1.5	Controversies	Controversies highlight weaknesses or wrongdoing of countries with regard to ESG risks.	As a part of the Insight ESG Sovereign rating framework, there are various flags which are applied at the discretion of the Sovereign ESG working group. A red flag highlights a potential ESG deterioration, and a black flag indicates a material deterioration from an ESG risk perspective, and results in an automatic post framework adjustment to ESG risk 5 and impact E.	Countries with a Black controversy flag are excluded
2.2.1	Insight Prime ESG sovereign risk rating	The measure of a country's exposure to and management of ESG risks	Insight ESG sovereign risk ratings, updated quarterly, to identify issuers with the lowest overall ESG rating, scores are 1 (best) to 5 (worst)	Sovereigns with an ESG risk rating of 5 are excluded, unless the issuer has positive Sovereign ESG Impact Momentum. Sovereigns with no ESG risk rating are excluded.
2.2.2	Insight Prime ESG sovereign impact rating	A current snapshot of a country's progress with regard to ESG factors aligned with the UN SDGs. This rating can help to differentiate between those countries most likely to achieve the UN SDG targets, and those at risk of failing to do so.	Insight ESG sovereign impact ratings, updated quarterly, to identify issuers with the lowest overall ESG rating, scores are A (best) to E (worst)	Sovereigns with a worst-in-class ESG impact raw score without sufficient momentum (as determined by Insight in its sole discretion) are excluded. Sovereigns with no ESG impact rating are excluded.
2.2.3	Labour Rights	Human rights are moral principles or norms for certain standards of human behaviour and are regularly protected in municipal and international law. Labour rights form part of the 1948 Human Rights convention under article 23	Ratification and Implementation of the ILO's declaration on Fundamental Rights and Principles at Work. This covers freedom of association, forced labour, discrimination, child labour and occupational safety and health.	States that have not ratified or have not implemented in equivalent national legislation at least six of eleven fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work are excluded.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
2.2.4	Human Rights	Human rights are moral principles or norms for certain standards of human behaviour and are regularly protected in municipal and international law.	In the Cato Institute Personal Freedom index, countries are measured against 82 indicators split across personal and economic freedoms. Personal freedoms include: rule of law, security and safety, movement, freedom of religion, association, assembly and civil society, expression and information, and relationships. Economic freedoms include: size of government (specifically government consumption, transfers and subsidies, government investment, top marginal tax rate, and state-owned assets), legal system and property rights, sound money (specifically money growth, standard deviation of inflation, inflation in recent years, and freedom to own foreign currency bank accounts), freedom to trade internationally, and regulation.	Countries that score less than 6 on the Cato Institute Personal Freedom score are excluded.
2.2.5	Biodiversity	Biodiversity is a natural capital asset that is essential to the maintenance of health ecosystems that are able to provide humans and companies with essential ecosystem services.	The Yale Environmental Performance Index measures 180 countries against 6 indicators. Namely, Terrestrial Biome Protection, National & Global Weights (45% of issue category), Marine Protected Areas (22% of issue category), Protected Area Representativeness Index (PARI) (14% of issue category), Species Habitat Index (SHI) (8% of issue category), Species Protection Index (SPI) (8% of issue category), Biodiversity Habitat Index (BHI) (3% of issue category).	Countries that score less than 30 on the Biodiversity and Habitat indicator as part of the Yale Environmental Performance Index are excluded.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
2.2.6	Carbon Intensity	Greenhouse gases pose severe environmental and health issues.	Countries are ranked by forward-looking projected carbon intensity excluding Land Use, Land-Use Change and Forestry (LULUCF).	Countries in the bottom 10% for carbon intensity are excluded, renormalised for Emerging Markets and Developed Markets.
2.2.7	Transparency International Corruption Perceptions Index (CPI)	Corrupted economies are not able to function properly as corruption prevents the natural laws of the economy from functioning freely. The CPI ranks countries by their perceived levels of public sector corruption.	The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt).	Countries that score less than 30/100 are excluded.
2.2.8	Impact bonds	This aims to prevent investment in impact bonds that exhibit signs of 'impact washing' which refers to any behaviour or activities that give the impression that an entity is doing more to support or protect social and/or environmental issues than it really is. We may also exclude investment where there is insufficient information regarding the impact bond framework (including no commitment regarding the allocation, or a lack of transparency or reporting by the issuer).	Insight has a proprietary in-house rating process which all 'use of proceeds' bonds held in Responsible Horizons portfolios have to be assessed against prior to purchase. The output is either Dark Green (best in class), Light Green (pass) or Red (fail).	Impact bonds rated Red (fail) are excluded. Impact bonds issued by sovereigns rated Light Green or Dark Green that address issues identified in exclusions 2.2.1 to 2.2.7 are eligible for investment in emerging market debt Responsible Horizons funds, and all Responsible Horizons funds not classified as Article 9 under EU SFDR.

2.2 Additional Responsible Horizons Criteria (Optional Criteria)

In addition to those afore-mentioned exclusion, one or more of the exclusions below may be applied in respect of any Responsible Horizons fund to the extent set out in the product's current offering documentation.

Reference	Exclusion	Rationale	Measurement	Exclusion Threshold
2.3.1	Additional Human & Labour Rights threshold	Human rights are moral principles or norms for certain standards of human behaviour and are regularly protected in municipal and international law.	Implementation of ILO standards and International Rights Treaties. Freedom in the World analysis of the electoral process, political pluralism and participation, the functioning of the government, freedom of expression and of belief, associational and organisational rights, the rule of law, and personal autonomy and individual rights in any country.	States that have not ratified or have not implemented in equivalent national legislation: The 11 fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work, and at least half of the 18 core International Human Rights Treaties, are excluded. States qualified as 'Not free' by the Freedom House 'Freedom in the World' survey are excluded.
2.3.2	Biodiversity commitment	Biodiversity is a natural capital asset that is essential to the maintenance of health ecosystems that are able to provide humans and companies with essential ecosystem services.	The Convention on Biological Diversity is a multilateral treaty. The convention has three main goals, including the conservation of biological diversity.	Non signatories to the UN Convention on Biological Diversity are excluded.
2.3.3	Military expenditure	Military spending is intimately linked to war, which causes unnecessary excess suffering.	Military spending as share of GDP.	States with particularly high military budgets (>4% GDP) are excluded.
2.3.4	Transparency International Corruption Perceptions Index (CPI) – higher threshold	Corrupted economies are not able to function properly as corruption prevents the natural laws of the economy from functioning freely. The CPI ranks countries by their perceived levels of public sector corruption.	The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt).	Countries that score less than 40/100 are excluded.

3 Additional sustainability considerations

At Insight we consider that we have a duty to our clients to assess how various sustainability matters may influence both the value and impact of their investments. As such, we have outlined our view and approach to some of the additional ESG risks that we assess but do not currently include as explicit exclusions for the Responsible Horizons range. This is not a definitive list of ESG issues that we assess, and we will continue to add to the list over time.

Reference	Consideration	Insight's position
3.1	Biodiversity	<p>Biodiversity is a natural capital asset that is essential to the maintenance of healthy ecosystems that provide essential ecosystem services that contribute a flow of benefits to companies and people. However, we are facing an unprecedented rate of decline in biodiversity and species extinction due to human and company activity. The 2020 WWF Living Planet Index showed that biodiversity declined by 68% between 1970 and 2016. This decline in biodiversity and other natural capital stocks represents a risk to businesses as it contributes to the deterioration of ecosystem services that many are so dependent on and poses a reputational and regulatory risk to those companies causing biodiversity decline. Also, the climate-nature nexus highlights the interaction between climate change and nature loss as mutually reinforcing. Deforestation is a key driver of biodiversity loss and due to the interactions between climate change and biodiversity is aiding the acceleration of climate change.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context biodiversity metrics are incorporated within our Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. Biodiversity impacts also constitute one of the PAI assessments and will thereby be integrated where that screen is adopted, subject to data availability.</p> <p>In addition to the above, Insight has conducted top-down thematic research on biodiversity and natural capital assets risks, opportunities and impacts in corporate fixed income. This has helped us to understand how these risks, opportunities and impacts materialise across sectors and geographic locations and has enabled us to identify best practice. This research also demonstrated real data gaps which need to be resolved before systematic integration will have a high level of efficacy.</p> <p>The Taskforce for Nature related Financial Disclosures (TNFD) has developed a disclosure framework for organisations to report and act on evolving nature-related risks. In 2022 Insight became a member of the TNFD Forum (https://tnfd.global/about/the-tnfd-forum/) which provides regular updates on the Taskforce's work on developing the TNFD standards and opportunities to support the technical work of the Taskforce.</p>

Reference	Consideration	Insight's position
3.2	Water use	<p>Clean water is essential to human life and health. It is a key component of natural capital that provides key ecosystem services that contribute a flow of benefits to companies and people. However, The UN estimated that there will be a 40% shortfall of the available global water supply by 2030 as water is vulnerable to our changing climate and the irresponsible use of water by corporations. Recent research has also highlighted the significance of the financial impacts of water risks, which are much greater than the costs of addressing them. Many businesses and their supply chains rely on withdrawing fresh water in water scarce areas, and water scarcity can significantly increase the risk of business interruption. Climate change is also exacerbating many water-related risks including increased water scarcity in some areas and increased flood risk in others.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context Water metrics are incorporated within our Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. Water use also constitutes one of the PAI assessments and will thereby be integrated where that screen is adopted, subject to data availability.</p> <p>Alongside the above, water is also a current area of thematic engagement for our stewardship team.</p> <p>In 2022 Insight joined the Valuing Water Finance Initiative, a collaborative investor group with 64 signatories overseeing over \$9.8 trillion in assets. We have participated in collaborative engagements as a member of the initiative.</p>
3.3	Pollution & waste (plastics)	<p>The overconsumption of non-renewable materials, including single-use plastics, generates a large amount of waste and pollution. It is also a significant contributor to greenhouse gas emissions. A circular economy approach is urgently needed to mitigate the environmental consequences of the abundant use of single-use plastic. There is also growing public awareness of the damage and pollution being caused by plastics, putting reputational pressure on companies to find alternative materials to use.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context pollution and waste metrics are incorporated within our Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. If waste and pollution risk is highlighted as a key issue for companies within our Prime ESG rating output, analysts are expected to conduct further bottom-up research to understand specific company's exposure to, management and mitigation of pollution and waste related risks and impacts.</p>

Reference	Consideration	Insight's position
3.4	Taxation	<p>Tax is an important source of government revenue which can be used to provide essential social services to societies and populations. Companies find themselves under increasing pressure to display tax transparency and to pay what society deems is their 'fair share'. Companies that breach tax rules can lose trust from the public and erode their ability to operate in a jurisdiction. The international tax system is also being targeted for reform to keep pace the international nature of many companies due to globalisation. Tax has traditionally lacked transparency making it challenging for investors to understand the potential risks to companies' profitability that tax reforms pose, and if companies' profits are being boosted by a short term tax advantage.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context tax transparency metrics are incorporated within our Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. If tax transparency is highlighted as a key issue for companies within our Prime ESG rating output, analysts are expected to conduct further bottom-up research to understand specific company's exposure to, management and mitigation of tax transparency related risks and impacts.</p>
3.5	Gender & diversity	<p>Diversity, equity and inclusion (DEI) is a topic of increasing importance across both social and governance themes. There is an increasing body of research to support improving DEI at companies. For example, McKinsey's 2019 research found that companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile. The research also found that the likelihood for outperformance is higher for diversity in ethnicity than for gender, as companies in the top quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context diversity metrics are incorporated within our Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. Data transparency remains somewhat constrained in this area meaning it is not expected that diversity metrics will be regularly identified as a material risk to a company. However, if diversity is highlighted as a key issue for companies within our Prime ESG rating output, analysts are expected to conduct further bottom-up research to understand specific company's exposure to, management and mitigation of diversity related risks and impacts.</p> <p>With the engagement and stewardship role we play as a key active fixed income, we have a responsibility to advocate companies to conduct their business in a way that mitigates their risk exposure and reduces their negative impact on the environment and society. Engagement is also one of the key tools we use as an investor to conduct research and understand the gender and diversity risks a company is exposed to.</p>

Reference	Consideration	Insight's position
3.6	Oppressive regimes (State and company level)	<p>The Universal Declaration of Human Rights (UDHR) 1948 set out fundamental human rights to be universally protected. The UN defines human rights as “Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination”. International cooperation has set out International laws that outline the obligations of governments to uphold human rights for everyone. Insight uses the UDHR 1948 as a basis to understand countries progress in protecting and upholding human rights. Insight views Human Rights as an important component to ESG assessments, to be included in the investment process for sovereigns. Insight recognises all the Human Rights as important ESG impact factors. Therefore, all 30 articles where there is appropriate data are included in the impact framework. Governments have significant capacity to influence the respect and protect the ability to uphold human rights. Oppressive regimes refer to countries with political systems that allow human rights abuses through unjust and cruel treatment of the population.</p> <p>In the Responsible Horizons range, our approach places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making, underpinned by the belief that ESG issues can be important drivers of investment risk and impact. In this context, whilst human rights metrics are more systematically analysed in our sovereign process, human rights controversies are incorporated within our corporate Prime ESG framework and, where deficiencies are highlighted that are sufficiently material, will be evaluated by analysts during the credit analysis process, through the use of our landmine checklist. Data transparency remains somewhat constrained in this area meaning it is not expected that human rights metrics will be identified as a material risk to a company. However, if human rights is highlighted as a key issue for companies within our Prime ESG rating output, analysts are expected to conduct further bottom-up research to understand specific company's exposure to, management and mitigation of human rights related risks and impacts.</p>
3.7	Death penalty	<p>The death penalty is a divisive issue. While it is illegal in many countries it remains legal in a significant number of countries. In the absence of an international norm and a client driven mandate to exclude countries where the death penalty is legal and used, we do not exclude based on the death penalty. However, Insight does consider human rights more broadly as part of our ESG integration process.</p>
3.8	Forward contracts on agricultural commodities	<p>There is significant debate surrounding forward contracts on agricultural commodities. While some argue that it facilitates sustainable agriculture by providing farmers with the opportunity to hedge their risk, it can also be argued that the price discovery risk hedging is responsible for raising the price of food which in turn leads to hunger. Because there is no consistently accepted standard, Insight therefore does not currently exclude forward contracts on agricultural commodities.</p>

Risk disclosures

Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

Associated investment risks

ESG

- **Investment type:** The application and overall influence of ESG approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe.
- **Integration:** The integration of ESG factors refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG factors in this way will not typically restrict the potential investable universe, but rather aims to ensure that relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.
- **Ratings:** The use and influence of our ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without specific ESG or sustainability objectives, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.
- **Engagement activity:** The applicability of Insight firm level ESG engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved.
- **Reporting:** The ESG approach shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.
- **Performance/quality:** The influence of ESG criteria on the overall risk and return characteristics of a portfolio is likely to vary over time depending on the investment universe, investment strategy and objective and the influence of ESG factors directly applicable on valuations which will vary over time.
- **Costs:** The costs described will have an impact on the amount of the investment and expected returns.
- **Forward looking commitments and related targets:** Where we are required to provide details of forward-looking targets in line with commitments to external organisations, e.g. Net Zero Asset Managers Initiative, these goals are aspirational and defined to the extent that we are able and in accordance with the third party guidance provided. As such we do not guarantee that we will meet them in whole or in part or that the guidance will not evolve over time. Assumptions will vary, but include whether the investable universe evolves to make suitable investments available to us over time and the approval of our clients to allow us to align their assets with goals in the context of the implications for their investments and issues such as their fiduciary duty to beneficiaries.

Insight applies a wide range of customised ESG criteria to mandates which are tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific ESG criteria applicable to a Fund or portfolio. Please refer to the investment management agreement or offering documents such as the prospectus, Key Investor Information Document (KIID) or the latest Report and Accounts which can be found at www.insightinvestment.com and where applicable information in the following link for mandates in scope of certain EU sustainability regulations <https://www.insightinvestment.com/regulatory-home/sustainability-regulations/>; alternatively, speak to your main point of contact in order to obtain details of specific ESG parameters applicable to your investment.

Other disclosures

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