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Exclusions policy for corporate fixed income in the Responsible Horizons fund range

22 July 2022



Introduction

Purpose

In this document we (Insight Investment) aim to set out the minimum exclusions and thresholds we have elected to implement across the range of Responsible Horizons funds (as set out below). These exclusions are applied on the basis that we believe that investors in those products would not expect for the excluded securities/issuers (as set out in this document) to form part of the portfolio in which they are invested. This document also sets out some of the additional business involvements and activities that are excluded for certain products reflecting either client demand or the specific nature of the products in place.

Scope

For the avoidance of doubt, the exclusions:

- **apply** solely to the Responsible Horizons fund range;
- **apply** to physical financial instruments in fixed income held within the applicable in-scope funds; and
- **may not** be applied in respect of holdings in collective investment schemes (“CIS”) held within the applicable Responsible Horizons fund, provided that Insight may at its option, where the holdings of the CIS are published, screen the investments of the CIS to assess if they are aligned with the objectives and guidelines of the Responsible Horizons fund and/or Insight’s values (including, for example, holdings in ESG Exchange Traded Funds, where such holdings are permissible in accordance with the fund documentation). Similarly, the exclusions may not apply where exposure to an issuer is indirect (for example, via the use of derivatives).

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 our 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.

Effective date and periodic updates

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

With respect to the Responsible Horizons Euro Impact Bond Fund, this document shall take effect from 22 July 2022.

With respect of all other Responsible Horizons funds, this document shall take effect from 01 August 2022.

We endeavour to review this document at least annually and this document was last updated as at July 2022. We may update this document from time to time, 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 Responsible Horizons funds, as set out in section 1.1 of this document ("**Minimum Criteria**"); and
- 2 Additional Responsible Horizons criteria which applies on a fund-by-fund basis in accordance with the product literature for the relevant Responsible Horizons funds, as set out in section 1.2 of this document ("**Optional Criteria**").

For the avoidance of doubt all Responsible Horizons funds will follow the Minimum Criteria. In addition, most of the Responsible Horizons funds will also apply a selection of the Optional Criteria.

The Responsible Horizons strategies currently in the range are as follows:

- 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 Fund¹
- BNY Mellon Responsible Horizons Corporate Bond ETF

The list above may be amended by us from time to time without notice, 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

As well as the exclusions covered in this document, we have firm-wide positions on Controversial Weapons and Thermal Coal, which apply to all assets under management (unless clients specifically requests otherwise) subject to our contractual obligations and the terms of the mandate that we manage.

These policies can be found here:

- [Controversial Weapon Policy](#)
- [Thermal Coal Position](#)

Insight uses third-party data from prominent data vendors as a basis for identifying issuers that are subject to exclusions on a monthly basis, based on our methodology 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

¹ The Responsible Horizons EM Debt Impact Fund is expected to launch during H2 2022 whereupon this document will apply to such fund.

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 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.

“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.

1 Corporate debt holdings

1.1 Responsible Horizons baseline criteria (Minimum Criteria)

To qualify for the Responsible Horizons label, funds are required to also adopt the exclusions below.

| 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. |

EXCLUSIONS POLICY FOR CORPORATE FIXED INCOME IN THE RESPONSIBLE HORIZONS FUND RANGE

| Reference | Exclusion | Rationale | Measurement | Exclusion Threshold |
|-----------|---|--|---|---|
| 1.2.1 | Lowest Insight Prime corporate ESG rated issuers ² | 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. |

² 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.

EXCLUSIONS POLICY FOR CORPORATE FIXED INCOME IN THE RESPONSIBLE HORIZONS FUND RANGE

| 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 | Coal mining: >5% revenues are excluded , Coal power generation: >10% revenues are excluded or >30% coal in fuel mix for utilities 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. |
| 1.2.7 | 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 an 'Improving Issuer' ³ , and b) the investment manager believes the issuer has a clearly defined, long-term plan to address its environmental impact. |
| 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. |

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 50% 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. "Improving Issuers" shall be issuers engaged in EU Taxonomy Regulation Transitional Activities. The Responsible Horizons EM Debt Impact Fund is the only fund expected to invest in these securities initially.

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: <ul style="list-style-type: none"> 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. |
| 1.3.2 | Power generation (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 | Generation of power and heat from non-renewable sources | Issuers that derive >5% of revenue from coal power generation are excluded unless: <ul style="list-style-type: none"> 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. |

| Reference | Exclusion | Rationale | Measurement | Exclusion Threshold |
|-----------|-------------------------------------|---|---|---|
| 1.3.3 | Conventional oil and gas activities | 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 CapEx 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 |
| 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 |

EXCLUSIONS POLICY FOR CORPORATE FIXED INCOME IN THE RESPONSIBLE HORIZONS FUND RANGE

| Reference | Exclusion | Rationale | Measurement | Exclusion Threshold |
|-----------|---|--|--|--|
| 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 ⁵ | 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 |
| 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.

⁵ PAI Screen to be applied to applicable funds from 01 August 2022

| Reference | Exclusion | Rationale | Measurement | Exclusion Threshold |
|-----------|--------------|---|---|---|
| 1.3.10 | Impact bonds | This aims to prevent investment in impact bonds that exhibit signs of “impact washing” which refers to any behaviour or activities aiming to give the impression that a company is doing more to support or protect social or environmental issues than it really is doing. 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/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 as “red” (fail) are excluded |

2 Additional sustainability considerations

At Insight 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 do not include as explicit exclusions above. 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> |
| 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 an area of thematic engagement for our stewardship team in 2022.</p> |

| Reference | Consideration | Insight's position |
|-----------|------------------------------|---|
| 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> |
| 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> |

| Reference | Consideration | Insight's position |
|-----------|--|---|
| 3.5 | Gender & diversity | <p>Diversity and inclusion ("D&I") is a topic of increasing importance across both social and governance themes. There is an increasing body of research to support improving D&I 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. D&I is one of our key engagement themes for 2022. We will use D&I performance data to identify companies with poor performance, with an initial focus on the UK, where there is more regulation. We will look to expand this to other markets over time.</p> |
| 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> |

| Reference | Consideration | Insight's position |
|------------------|---|--|
| 3.7 | Death penalty | 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. |
| 3.8 | Forward contracts on agricultural commodities | 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. |

Other disclosures

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For a full list of applicable risks, investor rights, KIID risk profile, financial and non-financial investment terms and before investing, where applicable, investors should refer to the Prospectus, other offering documents, and the KIID which is available in English and an official language of the jurisdictions in which the fund(s) are registered for public sale. Do not base any final investment decision on this communication alone. Please go to www.insightinvestment.com.

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