TAM Europe Asset Management A.V., S.A.U.

Sustainability-Related Disclosures – All Products

2023

TAM Europe Asset Management A.V., S.A.U.

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Sustainability-related disclosures for our discretionary investment management services

Sustainable investing refers to investing in a way that contributes to creating a sustainable economy. A sustainable economy is one that is resilient and provides a good quality of life for everybody, it stays within the limits of the planet and helps keep global warming well below the 2˚C threshold. Our planet is experiencing worrying environmental and social pressures. Many argue that the future of humankind hangs in precarious balance. Our next steps and decisions will determine which way the scales tilt, and that is pushing many people to think carefully about their choices, including how they invest. Investing responsibly has evolved drastically over the last few decades. Beginning primarily as ethical investing, funds would solely screen out unsustainability at the sector level. As the market has evolved, with increasing awareness around the mounting issues humankind faces, asset managers have developed a series of innovative approaches enabling clients to generate genuine positive impact by investing in companies that are tackling the world's biggest challenges.

The EU Sustainable Finance Disclosure Regulation (SFDR) came into effect in March 2021 and was followed by the EU Taxonomy Regulation (EU TR) which became effective in January 2022. The European Commission adopted the final Regulatory Technical Standards (RTS) under the SFDR in April 2022 and this integrates elements of the EU TR into the disclosure obligations set out by the SFDR. The objective of the SFDR is to strengthen protection for end investors and improve disclosures to them. The SFDR lays down harmonised rules for Financial Market Participants (FMPs) and financial advisers on transparency regarding their integration of sustainability risks, the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

The SFDR defines sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

There are three classifications for financial products in scope of the SFDR:

- **Article 6 –** A financial product that does not fall in scope of either of the below
- **Article 8 –** A financial product that promotes, among other characteristics, environmental and/or social characteristics, provided that the companies in which investments are made follow good governance practices
- **Article 9 –** A financial product that has sustainable investment as its objective

The SFDR defines a 'sustainable investment' as an investment in an economic activity that contributes to an environmental or social objective, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

TAM Europe Asset Management (TEAM) is the European arm of TAM Asset Management Ltd (TAM) which are based in the United Kingdom. The information below explains TEAM's compliance with the SFDR as an investment firm providing portfolio management services.

TEAM offer clients a range of ESG portfolios which promote environmental and social characteristics. Further disclosures regarding these can be found under 'TAM ESG Portfolios – Sustainability-related Disclosures', in accordance with Article 8 and Article 10 of the SFDR. The Global Balanced Fund and the Premier Portfolios do not promote environmental or social characteristics or have a sustainable objective. Therefore, other than those outlined below, no further disclosures are required.

Integration of sustainability risks

We are committed to reducing our environmental footprint and inspiring others to do the same. We have launched an initiative that provides an effortless way for clients to reduce their impact on the environment. The initiative enables clients of TEAM who have a General Investment Account (GIA) and clients of TAM with a GIA/ISA to offset their carbon footprint every year they are invested with us. On behalf of those clients who choose to participate, we purchase suitable carbon credits needed to offset their average footprint and these contributions will support certified carbon reduction projects around the world, such as renewable energy generation in India, or reforestation in Brazil. A full list of TAM/TEAM's current memberships, collaborations and initiatives can be found at the bottom of this document.

The TAM Europe investment management team recognise the long-term growth prospects within the ESG market. Beyond its ESG portfolio strategies, TAM in its diversified broad portfolios, whilst not committing to following a holistic investment mandate, retains the ability to invest into funds with specific ESG credentials (including funds classified as Article 8 or 9 under SFDR). TEAM/TAM appreciates the value in this long term ESG oriented global theme and believes ESG positions in broader portfolios increase the diversification measure within the portfolio mandate and are a core part of the TAM investment philosophy. We believe that long-term financial success is built on sound governance and consideration of social and environmental factors and, as such, we have integrated sustainability risk considerations into our investment decision-making process. Our investment management team seeks evidence of good quality management and the fund managers' adherence to the Stewardship Code and the Principles for Responsible Investment. This is done before a fund is selected for inclusion in any of the portfolios, and again at the biannual meetings with the fund managers. Following quantitative analysis, the investment team conduct a qualitative risk assessment on all funds before they are included in our portfolios, and this encompasses both financial and non-financial metrics. The non-financial metrics include the fund managers' ESG considerations, and will take into account, amongst other things, the fund managers' policies regarding due diligence, engagement, and their management of conflicts. The team will also seek to confirm the fund managers follow good governance practices and, in addition to satisfying themselves that there are sound management structures in place, will discuss the managers' approach to employee relations, remuneration of staff and tax compliance.

No consideration of adverse impacts on sustainability factors

Whilst TEAM/TAM does not currently consider the principal adverse impacts of investment decisions on sustainability factors due to the size, nature, and scale of its activities, this is something that is kept under review. As a DFM, all TAM Europe portfolios are composed solely of units in collective investment undertakings.

Remuneration Policy

TEAM is committed to responsible compensation practices. The need to reward TEAM's employees fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behaviour and actions, particularly in the areas of risk, compliance, control, conduct and ethics. Compensation contributes to the achievement of TEAM's objectives in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations, taking into account the capital position and economic performance of TEAM over the long term.

TEAM does not tolerate any form of discrimination, and equal compensation opportunity/ gender-neutral remuneration is one of the guiding principles of the Remuneration Policy. Risk-adjusted performance is factored into the allocation of variable compensation and TEAM uses an accrual approach that is reflective of risk adjusted performance-based metrics. Both financial and non-financial risks, such as: credit; market; liquidity; compliance; legal; operational; and reputational risks are considered.

Further details on TEAM's remuneration policy can be found on our website here.

Memberships, collaborations and initiatives

Carbon Footprint Ltd: A Quality Assurance Standard (QAS) approved provider of internationally recognised carbon footprint calculators and certified offset projects. TAM became a Carbon Neutral Plus Organisation in May 2022, offsetting an additional 25% of our total annual carbon footprint. Both TAM and TEAM offer clients with GIA accounts the opportunity to offset their carbon footprint for every year they are invested with us. More information on this initiative can be found on the website.

United Kingdom Sustainable Investment and Finance Association (UKSIF): The TAM Group is a proud member of UKSIF which bring together the UK's sustainable finance and investment community and supports their members to expand, enhance and promote this key sector. UKSIF are active in, and supportive of, efforts to promote the sustainable finance agenda and have worked closely with policymakers and others to find new ways to overcome the barriers to the growth of sustainability and deliver progress towards decarbonisation of the economy.

Recorra (formerly Paper Round): TAM use the services of these commercial recycling experts who help businesses become more sustainable, building a better future for our planet by 'bringing back' used resources as beautiful products.