William Blair B.V.

Sustainability Risk Integration Policy

Introduction

William Blair B.V. (“William Blair” or “Investment Manager” or “we”) believes that environmental, social, and corporate governance (“ESG” or “Sustainability”) factors can be financially material. As such, ESG factors are holistically embedded in Investment Manager’s fundamental analysis of investment risks and opportunities across different asset classes.

Sustainability Risk Integration

William Blair’s fundamental equity, fixed income and multi-asset investment teams integrate ESG risks and opportunities into their fundamental analysis of securities, including corporate and non-corporate issuers. Investment professionals have access to a range of proprietary and third party ESG data and research. Each team emphasizes proprietary research to identify material sustainability risks, consistent with their unique investment processes.

Materiality Framework. William Blair’s assessment of potential ESG risks and opportunities for different issuers, industries, and companies is supported by a materiality framework that was developed internally by the investment teams, with input from the Sustainability Accounting Standards Board (“SASB”) and sustainable investment research providers. Building on this framework, we developed a proprietary qualitative ratings system that is fully aligned with our views on the ESG factors that affect performance.

For equity strategies, teams integrate ESG risks and opportunities into their company analysis using the Investment Manager’s materiality framework, which highlights industry relevant ESG attributes that inform an initial investment thesis and ongoing due diligence. Materiality of ESG factors varies across companies, industries and sectors. The materiality framework guides the assignment of qualitative ESG ratings by the research analysts, reflecting their assessment of companies’ practices relative to industry peers.

For debt strategies, William Blair utilizes a proprietary scorecard to assess environmental, social and governance risks for issuers. The Investment Manager’s assessment of ESG factors for emerging market debt sovereign issuers is guided by a proprietary scoring model that incorporates data obtained from third party vendors and by publicly available sources. For corporate issuers, William Blair identifies material sustainability issues within each ESG pillar using the SASB Materiality Map as a starting point. Research analysts score sub factors on a qualitative basis based on company’s disclosures and interactions with management, which are rolled up to an ESG pillar score.

Environmental Categories. Sustainability risk related to the environmental factors can include the following:

- Climate Change: carbon/greenhouse gas emissions; exposure to potential climate regulation (such as stranded assets); exposure to physical climate changes (such as weather and natural disasters); exposure to market opportunities, innovation, or subsidies in renewable energy

- Natural Resources Stewardship: responsible depletion of natural resources, including water, commodities, and land; impact on biodiversity; exposure to market opportunities; innovation or government subsidies in the areas of energy efficiency, sustainable water, and green building
- Pollution and Waste: toxic emissions and waste; packaging; electronic waste; exposure to market opportunities, innovation, or government subsidies in pollution and waste-prevention and control

Social Categories. Sustainability risks related to social factors include the following:

- Human Capital: employee recruitment, development, and retention (such as pay, benefits, diversity, and inclusion); workplace health and safety; exposure to operational risks from labor unrest
- Customer Well-Being: product quality and safety; responsible marketing; data privacy and security; exposure to market opportunities/ reputation benefits through access to finance, health care, nutrition, or communications
- Supply Chain Management: managing opportunities and risks beyond direct operations
- Community Relations: consideration of other stakeholders; community engagement and development

Governance Categories. Sustainability risks related to governance factors include the following:

- Corporate Governance: board experience and structure (such as independence, entrenchment, and diversity); ownership and control (minority shareholder rights); executive compensation
- Corporate Culture: the extent to which corporate values influence value creation; management track record; compliance with the spirit of laws and regulations; bribery and corruption risk exposure

Systematic Research Integration

William Blair integrates material ESG factors within the investment research analysis process and takes into account a holistic assessment of an issuer's opportunities and risks, which ultimately informs investment recommendations. For equity strategies, ESG factors are taken into account in our fundamental assessment of the quality of corporate management and sustainable value creation potential. The Investment Manager holistically integrates ESG analysis in the investment process by considering these factors alongside others that we believe can impact risk-adjusted returns. For sovereign debt, William Blair embeds ESG factors in valuation tools and relies on a multitude of inputs, including scores from its proprietary sovereign risk model, when choosing to invest in a country. The Investment Manager seeks to emphasize issuers that are demonstrating progress in improving their sustainability practices as reflected in its ESG scores. For corporate debt research, William Blair uses a proprietary scorecard to assess ESG risks for emerging market corporate issuers. For each of the ESG pillars, factors are assessed on a qualitative basis based on a company's disclosures and interactions with management.

Ownership and Proxy Voting Practices

William Blair seeks to be active owners by incorporating ESG issues into the Investment Manager's ownership policies and practices, including proxy voting, issuer engagement and commitment to global initiatives, in order to influence the behavior and activities of investee companies and issuers. William Blair believes that exercising voting rights on behalf of clients is integral to our active ownership responsibilities. As fiduciaries to clients and stewards of their assets, William Blair recognizes it has a duty to act solely in the best interests of clients without regard to the interests of the Investment Manager. This duty requires William Blair to vote client securities' proxies in a timely manner and make voting decisions that are in the best interests of clients. William Blair has adopted proxy voting guidelines that are focused on financial returns and consistent with the objectives of sustainability-minded investors. Sustainability-minded investors are concerned with economic returns and with ESG principles that could materially affect future financial outcomes.

William Blair makes its Proxy Voting Policy Statement and Procedures and voting activity available at: https://sicav.williamblair.com/investor_services/proxy_voting.fs

William Blair's investment team actively engages with issuers, including representatives from senior management, investor relations, sustainability teams, and board members. Engagement varies depending on the circumstances and issues being discussed, and may include in-person and virtual meetings, calls, or emails.

Governance and Oversight

Activities of William Blair are supervised by William Blair's Board of Directors, head of investment management and by members of a dedicated leadership team, who are ultimately overseen by William Blair's executive committee.

The following summarizes key governance groups responsible for stewardship and sustainability assurances at William Blair.

- William Blair's leadership team determines the investment management division's strategic focus, monitors enterprise risk, approves budgets and controls costs, and ensures appropriate communication with liaisons from information technology, legal and compliance, finance, and human resources, to maintain best practices.
- William Blair's risk oversight committee follows an enterprise risk committee structure and serves as the formal governance mechanism through which the identification, management, and mitigation of the Investment Manager's risk exposure is undertaken.