

Product name: Polar Capital Funds plc – Global Insurance Fund (the “Fund”)
Legal entity identifier: 549300NR2E7UPARF0U07

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The Fund invests broadly in the global insurance industry but predominantly focuses on investing in the non-life subsector (also known as property and casualty insurance), which the Investment Manager believes positively impacts most, if not all, the UN SDGs.

The UN SDGs are part of the United Nation's 2030 Agenda for Sustainable Development, adopted by all UN member states in 2015, and comprise 17 goals which aim to tackle the world's approach to the environment through considerations such as responsible consumption and production, and social matters, such as ending poverty and ensuring children receive quality education. The full list of the 17 UN SDGs can be found on the UN's website: <https://sdgs.un.org/goals>.

Where investee companies demonstrate deteriorating performance on environmental, social and governance metrics that the Investment Manager believes are relevant, the Investment Manager will engage with those investee companies to encourage improved ESG performance thereby ensuring continued alignment with the UN SDGs.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund will use the Global Insurance UN SDG Matrix to measure the attainment of the Fund's ESG characteristics against the categories described in further detail below.

The Investment Manager's Global Insurance UN SDG Matrix will demonstrate whether each sub-sector of insurance held within the Fund impacts a UN SDG and to what degree that sub-sector impacted the relevant UN SDG(s). The Investment Manager's Global Insurance UN SDG Matrix will only be used by the portfolio managers of the Fund.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Fund does not invest in Sustainable Investments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund does not invest in Sustainable Investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund does not invest in Sustainable Investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

Where material, the Investment Manager will consider the principal adverse impacts of a company on the environment and society.

Unless subject to an exclusion, the Investment Manager will seek to improve material adverse impacts of investee companies through active ownership activities such as engagement, voting or if necessary, divestment from the company within a reasonable timeframe, taking into consideration the best interests of the Fund and its Shareholders.

Factors taken into account when assessing a company's impact on the environment include GHG emissions, including, but not limited to, indicators such as absolute emissions, carbon footprint, emissions intensity and carbon reduction initiatives. Revenues of investee companies attributed to the fossil fuel sector are considered by the Investment Manager. Where material revenues are flagged, the Investment Manager will assess the company's carbon reduction policies or targets related to achieving net zero.

Similarly, where biodiversity is deemed material to an investee company by the Investment Manager, they will seek to encourage the investee company to adopt appropriate measures for the protection of biodiversity and the environment.

The Investment Manager will consider the board diversity of investee companies, and will, where it deems appropriate, use its tools of active ownership to encourage better diversity practices.

The Investment Manager considers the standards of the United Nations Global Compact (UNGC), and the Organisation for Economic Co-Operation and Development's (OECD) Guidelines for Multinational Enterprises. If a company is involved in severe controversies or norms violations, the Investment Manager will assess the severity of the incident and decide the appropriate action of whether to monitor, enter enhanced engagement, or divest from the company. The Investment Manager will also assess whether an investee company has appropriate compliance mechanisms in place to monitor compliance with UNGC Principles and the OECD Guidelines for Multinational Enterprises.

The Investment Manager will exclude any company involved in the manufacture and sale of controversial weapons such as cluster munitions and anti-personnel mines.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Information relating to these principal adverse impacts for this Fund will be made available in the Fund's annual report.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow?

The Investment Manager's strategy is to invest in a concentrated portfolio, typically between 30-35 stocks, and to invest for the long term, with the objective of providing an attractive total return irrespective of broader markets.

The Investment Manager's key performance metric for evaluating issuers within the Fund's investment universe is growth in tangible book value per share, which ensures the Investment Manager's investment decision-making process is focused on managing the downside risks that may disrupt an issuer's growth of book value per share.

The Investment Manager seeks only to invest in companies with exposure to risks underwritten by it where the Investment Manager has confidence the company has priced for, and understands, those risks.

The Investment Manager evaluates a company's approach to sustainability with reference to the Investment Manager's multi-factor and directional ESG scoring model, the Global Insurance ESG Framework which is evaluated and, where appropriate, updated on a quarterly basis.

The Global Insurance ESG framework consists of over 20 separate ESG factors and each individual company will be attributed a score for its performance on each of the environmental, social and governance factors outlined by the Investment Manager. Companies will then be attributed an overall ESG score, which is calculated based on a weighted average of the company's environmental, social and governance scores.

The Investment Manager evaluates a company's management of its climate risk exposures and seeks to limit the Fund's investment in companies whose look-through premiums are exposed to property catastrophe reinsurance (as a result of events such as earthquakes, hurricanes and other natural catastrophes) above a percentage the Investment Manager deems appropriate in the current market conditions.

The Investment Manager evaluates a company's societal focus by assessing a number of metrics determined by the Investment Manager given the Fund's focus on best-in-class underwriting and high quality human capital management, as well as the approach taken by companies to help close the insurance industry's 'protection gap', defined as the level of economic losses suffered during a given year that were not insured.

The Investment Manager's investment decision-making process involves a robust assessment of an issuer's governance framework given the importance of an issuer's long-term focus and close alignment of the issuer's management with investors and other stakeholders through the management's material ownership interest in the issuer. Where appropriate, and given the mix of business written, the Investment Manager will also evaluate a company's engagement in industry initiatives, led by parties such as the Insurance Development Forum (IDF), the United Nations and the World Bank, as relevant factors in its assessment.

This ESG scoring process is then used as one of the inputs for the Investment Manager's proprietary UN SDG Matrix, which measures the alignment of investee companies and the Fund as a whole with the UN SDG.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager applies the following binding elements within the investment process to attain the Fund's ESG characteristics:

- (i) analysis of companies against the Global Insurance ESG Framework, and
- (ii) engagement with companies on material ESG issues.

The Investment Manager seeks only to invest in companies with exposure to risks underwritten by it where the Investment Manager has confidence the company has priced for, and understands, those risks.

A minimum of 50% of the Fund's investments are positively aligned with one or more SDGs using the Global Insurance UN SDG Matrix

The Investment Manager actively engages with companies on their underwriting and investment approaches to encourage more sustainable practices.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not commit to reduce the scope of investments by a minimum rate prior to the application of the investment strategy.

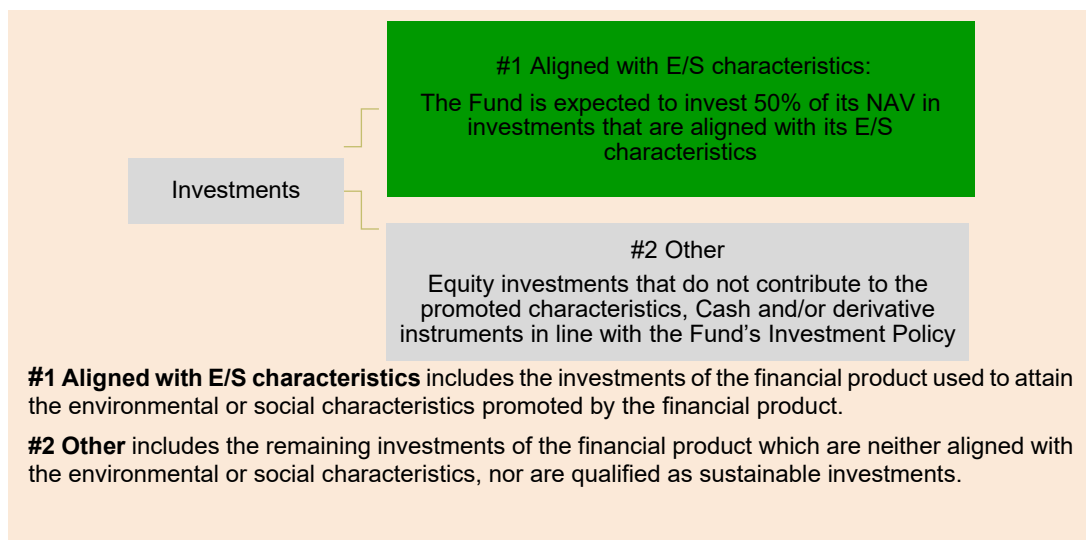
● ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager's investment decision-making process involves a robust assessment of an issuer's governance framework given the importance of an issuer's long-term focus and close alignment of the issuer's management with investors and other stakeholders. This includes assessment of a company's management practices, remuneration policies, its employee relations and compliance with all relevant regulations including relevant tax legislation.

The Fund has a bias towards companies with significant management ownership as executive alignment and incentivisation is important in supporting per share value creation in insurance over time with is particularly important given that insurers do not know their cost of goods sold at the point of sale with losses only becoming clear later.



What is the asset allocation planned for this financial product?



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund invests primarily in securities of insurance related companies worldwide. The Investment Manager uses the Global Insurance ESG Framework and the Global Insurance UN SDG Matrix to assess the environmental and/or social characteristics ("E/S") of each investee company.

100% of the companies the Fund invests in are assessed under the Investment Manager's Insurance ESG Framework and the Global Insurance UN SDG Matrix, which is used to assess and deliver the environmental or social characteristics promoted by the Fund.

The minimum proportion of the investments of the Fund used to meet the environmental or social characteristics promoted is 50% positively aligned with one or more UN SDGs using the Global Insurance UN SDG Matrix.

The Fund's investments identified as #2 Other in the above diagram will be held in equity securities that do not contribute towards the Fund's promoted characteristics, cash and/or derivative instruments.

Any equity holdings not positively aligned with the promoted E/S characteristics are held in order to meet the fund's investment objective: to achieve long term capital appreciation. Highlighted within the investment strategy, the Investment Manager carries out broader assessment of the ESG risks and opportunities relevant to the company of all holdings. This assessment begins with the review of third party ESG data and research analysis, with the Investment Manager carrying out further investigation into areas of concern that are highlighted by the data and research.

Up to 20% of the Fund's investments may be held in cash and/or derivative instruments, in line with the Fund's investment policy. There are no minimum environmental or social safeguards applicable to these investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Although the Fund is permitted to invest in financial derivative instruments, the Investment Manager will not generally seek to invest in these instruments to promote its environmental or social characteristics. However, financial derivative instruments may be held by the Fund for risk management purposes, for efficient portfolio management purposes or where they have been received from an investee company pursuant to a corporate action (e.g. an issue of warrants or share options)

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

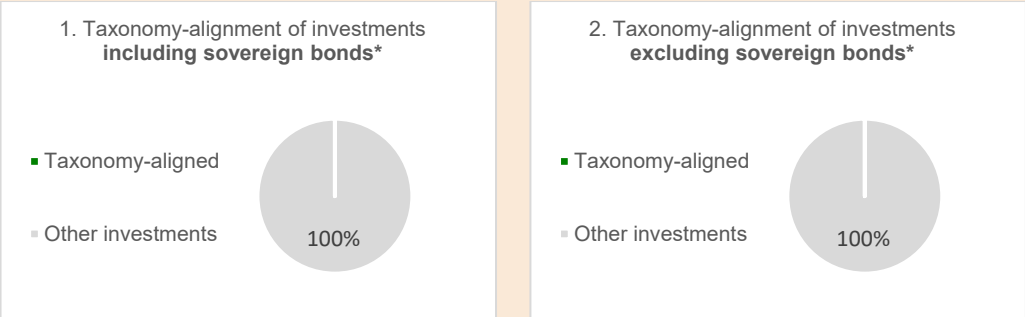
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.




To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of investments in transitional and enabling activities?

The Fund does not invest in environmentally sustainable activities, transitional activities or enabling activities under the EU Taxonomy Regulation.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not invest in environmentally sustainable activities, transitional activities or enabling activities under the EU Taxonomy Regulation.



What is the minimum share of socially sustainable investments?

The Fund does not invest in socially Sustainable Investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund’s investments identified as #2 Other in the above diagram will be held in equity securities that do not contribute towards the Fund’s promoted characteristics, cash and/or derivative instruments.

Any equity holdings not positively aligned with the promoted E/S characteristics are held in order to meet the fund’s investment objective: to achieve long term capital appreciation. Highlighted within the investment strategy, the Investment Manager carries out broader assessment of the ESG risks and opportunities relevant to the company of all holdings. This assessment begins with the review of third party ESG data and research analysis, with the Investment Manager carrying out further investigation into areas of concern that are highlighted by the data and research.

Up to 20% of the Fund's investments may be held in cash and/or derivative instruments, in line with the Fund's investment policy. There are no minimum environmental or social safeguards applicable to these investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and/or social characteristics.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and/or social characteristics.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and/or social characteristics.

- ***How does the designated index differ from a relevant broad market index?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and/or social characteristics.

- ***Where can the methodology used for the calculation of the designated index be found?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and/or social characteristics.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.polarcapital.co.uk/Our-Funds/Global-Insurance/#!/Literature>

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.