

Summary

This disclosure is made by Polar Capital LLP (the “Investment Manager”) on behalf of the Global Technology Fund (the “Fund”) – a sub-fund of Polar Capital Funds Plc - pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”).

The Fund seeks to invest in companies within the technology investment universe that promote the following characteristics:

- (i) Access to technology and communications infrastructure
- (ii) Increasing business productivity and efficiency
- (iii) Empowering individuals

The Investment Manager’s investment decision making process, from an ESG perspective, consists of four stages:

- (i) An exclusion screening process carried out on the Fund’s investment universe, including the application of both normative and negative screens
- (ii) An assessment of the alignment of companies within the Fund’s investment universe with the Fund’s promoted characteristics
- (iii) An assessment of the broader ESG profile of a company
- (iv) Where a company becomes an investee company, ongoing monitoring of the investee company’s alignment with the Investment Manager’s exclusion screens, the Fund’s promoted characteristics and their broader ESG profile.

To ensure the above, the Investment Manager carries out evaluation using a variety of sources, including information and data published by the companies themselves, information gathered directly through engagement with company management and sustainability teams, and third-party data and research providers.

The Investment Manager will engage with the investee companies of the Fund and companies within the Fund’s investment universe on a periodic basis regarding ESG matters considered material to that company.

‘No Sustainable Investment Objective’ disclaimer

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics promoted by the Fund

The Fund primarily seeks to invest in companies within the technology investment universe with products and services which contribute to the following:

- (i) Access to technology and communications infrastructure
- (ii) Increasing business productivity and efficiency

(iii) Empowering individuals

For the avoidance of doubt, the Fund may invest in companies within the technology investment universe the products and services of which do not, in part or in whole, contribute to the promoted characteristics outlined above. Such companies may include, by way of example, those operating in emerging areas of technology which lack well-defined use cases or for which their contribution to the promoted characteristics is uncertain, as long as the Investment Manager is of the view that an investment offers attractive investment opportunities for the Fund and aligns with the broader ESG elements of the Fund's investment process.

Indicators used to measure the attainment of these characteristics

The Investment Manager will measure the attainment of the Fund's promoted characteristics by analysing the proportion of its investee companies' current or estimated future revenues derived from products, services or activities aligned with each promoted characteristic.

Description of the investment strategy of the Fund

The Investment Manager's investment decision making process, from an ESG perspective, consists of four stages:

- (i) An exclusion screening process carried out on the Fund's investment universe, including the application of both normative and negative screens
- (ii) An assessment of the alignment of companies within the Fund's investment universe with the Fund's promoted characteristics
- (iii) An assessment of the broader ESG profile of a company
- (iv) Where a company becomes an investee company, ongoing monitoring of the investee company's alignment with the Investment Manager's exclusion screens, the Fund's promoted characteristics and their broader ESG profile.

Exclusion Screening Process

At the first stage of the investment process, the Investment Manager carries out an exclusion screening process on the Fund's investment universe which, in the belief of the Investment Manager, amounts to approximately 4,000 companies globally.

The Investment Manager first applies a norms-based exclusion screen to the Fund's investment universe to ensure that potential investee companies that are involved in controversial practices from an ESG perspective are excluded from the Fund.

This involves the Investment Manager evaluating each company against their alignment with the United Nation's Global Compact, the United Nation's Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises.

Where the Investment Manager feels that a company does not align adequately with these standards, the Investment Manager will exclude that company from the Fund's investment universe. Where a company no longer aligns with these standards following investment, the Investment Manager will, as a guideline, engage with that company first to understand the materiality of the risks and management's strategic direction to ensure future alignment. Where the company does not demonstrate adequate and timely progress towards re-aligning with these standards, steps will be taken to divest from the company within a reasonable timeframe, taking into consideration the best interests of the Fund and its Shareholders.

The Investment Manager's investment process excludes those companies that are involved in controversial weapons production or that derive more than 5% of their revenues from the following activities:

- (i) Tobacco production
- (ii) Thermal coal production
- (iii) Conventional and non-conventional oil and gas exploration and generation

Alignment Assessment

Once the Investment Manager has applied its normative and negative exclusion screens to the Fund's investment universe and carried out its fundamental assessment of the financial profile and growth prospects of a company, the Investment Manager will review the company's alignment with the Fund's promoted characteristics.

The Investment Manager assesses the alignment of a company with the characteristics in the following manner:

Access to technology and communications infrastructure - The Investment Manager assesses the ability of a company's products and services to provide technology, communications, clean technology (i.e., any process, product or service that reduces negative environmental impacts through significant energy efficiency improvements, the sustainable use of resources or environmental protection activities) and data security infrastructure to promote inclusive and sustainable industrialization and foster innovation.

Increasing business productivity and efficiency - The Investment Manager assesses the ability of a company's products and services to contribute to responsible economic growth through products and services that enable increases in workforce productivity, new business formation and more efficient use of resources.

Empowering individuals - The Investment Manager assesses the ability of a company's products and services to enhance the wellbeing and lives of individuals through innovative platforms and services that support social empowerment, improved communication, broader access to commerce, lifelong learning, training and inclusion.

The Investment Manager seeks to ensure that at least 50% of the Fund's aggregated current or estimated future revenue exposure is derived from products, services or activities aligned with the Fund's promoted characteristics.

For the avoidance of doubt, where a company does not currently derive substantive revenue from products, services or activities aligned with the Fund’s promoted characteristics, but in the Investment Manager’s view, has the potential to do so in the future, the Investment Manager will use its own analysis and forecasts, taking indicators such as the company’s research and development spend as an input, to estimate the company’s future revenue from new, or existing and improved, products, services or activities aligned with the Fund’s promoted characteristics.

ESG Analysis

The Investment Manager combines evaluation of the contribution of a company to the Fund’s promoted characteristics with a broader assessment of the ESG risks and opportunities relevant to the company.

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.

The Investment Manager assesses the governance practices of companies as part of their investment process. This involves an assessment of the company’s governance framework in the context of its peers taking account of the composition of the company’s board, its remuneration structures and executive compensation.

Description of how the Environmental or Social characteristics are monitored

The Investment Manager will monitor investee companies’ alignment with its exclusionary screening process, alignment with the Fund’s promoted characteristics and broader ESG profiles through the Investment Manager’s fundamental analysis of the investee companies, through third party ESG research and data and through an assessment of that investee company’s corporate disclosures, including their annual financial and sustainability reports as well as third party ESG research sources.

The Investment Manager also engages with the investee companies of the Fund and companies within the Fund’s investment universe on a periodic basis regarding ESG matters considered material to that company

Description of methodologies used by the Investment Manager to evaluate the characteristics

Each company in the portfolio is evaluated with respect to the proportion of its revenue aligned with the Fund’s promoted characteristics.

For the avoidance of doubt, the Investment Manager may invest in companies within the technology investment universe whose products and services do not, in part or in whole, contribute to the promoted characteristics outlined above. As long as the Investment Manager is of the view that an investment offers attractive investment opportunities for the Fund and aligns with the broader ESG elements of the Fund’s investment process.

In cases where a company’s revenue is aligned with more than one of the promoted characteristics, the alignment will be split equally between two characteristics to avoid double counting. In the event of insufficient disclosure on the part of the company to determine an accurate split, the Investment Manager will collaborate with sell-side research analysts in order to form an informed estimation.

Description of data sources and how they are used

The Investment Manager carries out this evaluation using a variety of sources, including information and data published by the companies themselves, information gathered directly through engagement with company management and sustainability teams, and third-party data and research providers.

The Investment Manager uses software platforms to identify, collate and manage data sources, and assist them in the above steps of the process. The assessment of a company's ESG profile and characteristic alignment work is recorded in an ESG Assessment for each company.

Description of the limitations of the methodology and data

Limitations in the availability, quality and relevance of the sustainability related data outlined above may make it difficult for the Investment Manager to ascertain the exposure of a company to the Fund's characteristics, to assess the progress of a company in the context of the characteristics over a certain time frame, to carry out consistent analysis on companies from the perspective of the sustainable investment against its industry peers in the same or other jurisdictions or to verify the Investment Manager's assumptions and calculations concerning a particular company.

Where there is insufficient information to determine the level of risk and opportunity of a security, the Investment Manager does not automatically exclude a company from the investment universe, but reviews management quality and whether this is reflective of the company's early-stage approach or if poor strategy is driving the lack of information.

Description of engagement policies used when this is part of the investment strategy

The Investment Manager engages with the investee companies and those within the Fund's investment universe on a periodic basis regarding ESG matters considered material. These conversations are used to build a deeper understanding of the competitive environment, technology risks, ESG factors and political or macroeconomic influences, and in some cases to try to positively influence company behaviour. Regarding engagement, sustainability issues are considered by the Investment Manager in four ways:

- (i) If research flags a particular ESG risk for a company, the Investment Manager engages with the company at the next available opportunity in order to better understand the issue and try to positively influence the company.
- (ii) If material ESG issues are uncovered during the Investment Manager's assessment of a company, the Investment Manager will engage with the company in order to better understand the issue and try to positively influence the company.
- (iii) The Investment Manager makes use of Institutional Shareholder Services (ISS) proxy advice services to assist with proxy voting and records all occasions on which they have voted against ISS or management (or both).
- (iv) By taking the opportunity to join collaborative shareholder engagement efforts.

In the case of sustainability controversies, the Investment Manager may engage with the company's senior management, and if this proves unsatisfactory, with its Board of Directors.

Description of reference benchmark as an index

The Fund does not use a reference benchmark for the purpose of measuring the achievement of its characteristics.