



First Sentier Investors Global Umbrella Funds plc

Stewart Investors sub-funds

European SRI Transparency Code

December 2021 | For professional clients in UK and Switzerland only



Risk factors

This material is a financial promotion for Stewart Investors Global Emerging Markets Sustainability Fund (VCC), Stewart Investors Worldwide Sustainability Fund (VCC), Stewart Investors Worldwide Leaders Sustainability (VCC), Stewart Investors Asia Pacific Sustainability Fund (VCC), Stewart Investors Asia Pacific Leaders Sustainability Fund (VCC), Stewart Investors European Sustainability Fund (VCC), Stewart Investors Global Emerging Markets Sustainability Fund (OEIC), Stewart Investors Worldwide Sustainability Fund (OEIC), Stewart Investors Worldwide Leaders Sustainability Fund (OEIC), Stewart Investors Asia Pacific Sustainability Fund (OEIC), Stewart Investors Asia Pacific and Japan Sustainability Fund (OEIC), Stewart Investors Asia Pacific Leaders Sustainability Fund (OEIC), Stewart Investors Indian Subcontinent Sustainability Fund (OEIC), intended for professional clients only in the UK, Switzerland and elsewhere where lawful.

Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Currency risk:** the Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- **Specific region risk:** investing in a specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Indian Subcontinent risk:** although India has seen rapid economic and structural development, investing there may still involve increased risks of political and governmental intervention, potentially limitations on the allocation of the Fund's capital, and legal, regulatory, economic and other risks including greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Concentration risk:** the Fund invests in a relatively small number of companies which may be riskier than a fund that invests in a large number of companies.

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this material has been sourced by Stewart Investors and is displayed as at 31 December 2021 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

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The European SRI Transparency logo signifies that Stewart Investors commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Sustainable Responsible (SRI) policies and practices related to the funds.

Detailed information about the European SRI Transparency Code can be found on www.eurosif.org, and information of the SRI policies and practices of the Stewart Investors funds can be found at stewartinvestors.com. The Transparency Code is managed by Eurosif, an independent organisation.

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Stewart Investors. We have been involved in SRI since 1988 and welcome the European SRI Transparency Code.

This is our statement of commitment and covers the period to 31 December 2022. Our full response to the European SRI Transparency Code can be accessed below and on our website.

Compliance with the Transparency Code

Stewart Investors is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Stewart Investors meet the full recommendations of the European SRI Transparency Code.

Eurosif classification of Sustainable and Responsible Investment strategies

1. List of funds covered by the Code

Name of the fund(s): Stewart Investors Global Emerging Markets Sustainability Fund (VCC) Stewart Investors Worldwide Sustainability Fund (VCC) Stewart Investors Worldwide Leaders Sustainability (VCC) Stewart Investors Asia Pacific Sustainability Fund (VCC) Stewart Investors Asia Pacific Leaders Sustainability Fund (VCC) Stewart Investors European Sustainability Fund (VCC) Stewart Investors Global Emerging Markets Sustainability Fund (OEIC) Stewart Investors Worldwide Sustainability Fund (OEIC) Stewart Investors Worldwide Leaders Sustainability Fund (OEIC) Stewart Investors Asia Pacific Sustainability Fund (OEIC) Stewart Investors Asia Pacific and Japan Sustainability Fund (OEIC) Stewart Investors Asia Pacific Leaders Sustainability Fund (OEIC) Stewart Investors Indian Subcontinent Sustainability Fund (OEIC)					
Dominant/ preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 31 December	Other labels	Links to relevant documents
Best-in-Class Investment section Engagement & Voting ✓ ESG Integration Exclusions Impact Investing Norms-Based Screening -Leading to exclusions -Leading to risk management analysis/ engagement ✓ Sustainability Themed	Passively managed Passive investing – core benchmark: specify the index tracking Passive investing– ESG/ SRI benchmark: specify the index tracking Actively managed Shares in a euro area country Shares in an EU country ✓ International shares Bonds and Other debt securities denominated in euro International bonds and other debt securities Monetary assets Short-term monetary assets Structured funds	✓ Controversial weapons ✓ Alcohol ✓ Tobacco ✓ Arms ✓ Nuclear power ✓ Human rights ✓ Labour rights ✓ Gambling ✓ Pornography Animal testing ✓ Conflict minerals ✓ Biodiversity ✓ Deforestation ✓ CO2 intensive (including coal) ✓ Genetic engineering ✓ Other (please specify) All practices which are inconsistent with our investment philosophy are detailed in our position statement on harmful and controversial products and services	To be filled out with a number of AuM: EUR 15,295m	French SRI label French TEEC label French CIES label Luxflag Label FNG Label Austrian Ecolabel ✓ Other (please specify) FebelFin for the Stewart Investors Worldwide Sustainability Fund (VCC)	<ul style="list-style-type: none"> • KIID • Prospectus • Management report • Financial and non- financial reporting Corporate presentations Other (please specify) Please refer to our website for details and articles on our investment philosophy, process and reporting.

2. General information about the fund management company

2.1 Name the fund management company that manages the applicant fund(s)

The Investment Manager of First Sentier Investors Global Umbrella Fund plc is First Sentier Investors (Hong Kong) Limited. The Investment Manager of First Sentier Investors ICVC is First Sentier Investors (UK) Funds Limited. Portfolio management activity is sub-delegated to First Sentier Investors (UK) IM Limited, First Sentier Investors (Singapore) and First Sentier Investors (Australia) IM Limited – all of which are entities in the First Sentier Investors group.

Stewart Investors is a semi-autonomous business and a sub-brand of First Sentier Investors. This document relates to the investment strategies of Stewart Investors within the First Sentier Investors Global Umbrella Fund and First Sentier Investors ICVC.

2.2 What are the company's track record and principles when it comes to incorporating SRI into its processes?

Responsible investment and stewardship are central to Stewart Investors' investment philosophy, and have been since 1988. At the heart of this philosophy is the principle of stewardship – careful, considered and responsible management of our clients' funds in accordance with our Hippocratic Oath. Further information on our principles are available on our [website](#).

Stewart Investors' first strategy investing only in companies that contribute to sustainable development was launched in 2005. Our track record is available [here](#).

2.3 How does the company formalise its sustainable investment process?

Our sustainable investment policy is covered by our position statement on harmful and controversial products and services, our engagement and voting policy, climate change statement and diversity statement. These are all published on the Stewart Investors website.

2.4 How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?

Sustainability is core to our investment philosophy and integrated into our investment process. We do not have a separate team that looks at sustainability – every investment analyst in Stewart Investors analyses the sustainability

positioning of a business, and is also responsible for engagement and proxy voting.

We only invest in high-quality companies that contribute to, and benefit from, sustainable development. We define development as sustainable if it furthers human development and has an ecological footprint that respects planetary boundaries. All members of the investment team sign our Hippocratic Oath, pledging to uphold the principles of stewardship.

We approach sustainability as a means to mitigate risks and as a driver of investment returns. Integrating sustainability into our analysis is a natural extension of having a long-term investment horizon; the sustainability headwinds and tailwinds that affect companies are different to the shorter-term risks that businesses face.

Our consideration of sustainability is holistic; it includes ESG but is more than ESG. We consider financial sustainability – conservatism around the balance sheet, for example – and stewardship by management – the treatment of all stakeholders through a crisis, for example – to be as essential to the sustainability positioning of a company as the product or service the company sells.

When assessing a company's sustainability we ask ourselves the following questions:

> Commercial proposition

Do the products and services make a valuable contribution to sustainable development?

> Operational impact

Is the company trying to reduce negative impacts in its operations?

> Company ethos

Do the culture and values embody sustainability and continuous improvement?

> Context

Can the company benefit from sustainability tailwinds and headwinds?

We avoid companies that have unsustainable business models and we engage with companies to improve sustainability outcomes. This leads us to seek out companies with exceptional cultures, run by responsible stewards, where the products, services and operations help reduce ecological footprints or solve environmental problems, or advance human development, or both, wherever possible.

We have established a materiality threshold for harmful or controversial activities at 5% of revenues – 0% for tobacco production and controversial weapons. Within Stewart Investors, we explicitly seek to invest in companies that are

making a positive contribution to society. You can read our position statement in full on the [website](#).

We supplement our internal research around sustainability using Sustainalytics. At the end of each quarter, portfolios are checked to ensure companies meet global norms for best practices and raise no red flags against our thresholds for harmful activities. We also receive controversy reporting from RepRisk.

2.5 How many employees are directly involved in the company's sustainable investment activity?

All 14 members of our investment team are sustainability/RI specialists. Sustainable investing is fully integrated into the role of each team member as sustainable investment is central to our investment philosophy.

The investment analysts and portfolio managers are responsible for all company analysis including evaluating ESG risks and opportunities, identifying engagement priorities and engaging our investments and making all voting decisions.

2.6 Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<p>ECCR – Ecumenical Council for Corporate Responsibility</p> <p>EFAMA RI WG</p> <p>European Commission's High- Level Expert Group on Sustainable Finance</p> <p>✓ ICCR – Interfaith Center on Corporate Responsibility</p> <p>National Asset Manager Association (RI Group)</p> <p>✓ PRI - Principles For Responsible Investment</p> <p>✓ SIFs - Sustainable Investment Fora</p> <p>✓ Other (please specify) – see below</p>	<p>✓ CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.)</p> <p>Climate Bond Initiative</p> <p>Green Bond Principles</p> <p>IIGCC – Institutional Investors Group on Climate Change</p> <p>Montreal Carbon pledge</p> <p>Paris Pledge for Action</p> <p>Portfolio Decarbonisation Coalition</p> <p>Net Zero Asset Managers Initiative</p> <p>✓ Other (please specify) see below</p>	<p>✓ Access to Medicine Foundation</p> <p>Access to Nutrition Foundation</p> <p>Accord on Fire and Building Safety in Bangladesh</p> <p>✓ Other (please specify) see below</p>	<p>ICGN – International Corporate Governance Network</p> <p>✓ Other (please specify) see below</p>

In addition to the above, Stewart Investors are involved with the following global initiatives:

- > Carbon Disclosure Project
- > EUROSIF Transparency
- > Responsible Investment Association of Australia
- > Tobacco-Free Finance Pledge
- > Access to Medicine
- > WWF – Un-Plastic Collective
- > PRI Collaborative Platform – leading collaborations on micro-insurance and plastic pellets
- > UK Sustainable Investment and Finance Association
- > FAIRR
- > Pensions for Purpose
- > Intentional Endowments Network
- > Mission Investor Exchange
- > Responsible Investment Association of Canada
- > First Sentier MUFG Sustainable Investment Institute

More widely, at a First Sentier Investors Group level, we support a number of industry and trade groups that are focused on developing and improving Responsible Investment. A list of the initiatives First Sentier Investors actively support and engage with is available on the First Sentier Investors website.

3. General information about the SRI funds that come under the scope of the Code

3.1 What is (are) the fund(s) aiming to achieve by integrating ESG factors?

We aim to generate strong long-term risk-adjusted returns by investing in the shares of high-quality companies that are particularly well positioned to contribute to, and benefit from, sustainable development. Sustainability is fully integrated into the management of risk and return. The team seeks to improve sustainable outcomes by avoiding businesses linked to harmful activities, investing in companies contributing to solutions, and engaging and voting for positive change.

3.2 What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Our research is primarily qualitative and based on proprietary research. This research involves meeting with company management, suppliers, customers and competitors as well as desk-based research using company reports. We do not use ESG ratings from third parties as part of its process although we do have access to third-party ESG data. Currently Sustainalytics and RepRisk are our main external providers of ESG data - we use these services to validate our own in-depth analysis of companies. We also use MSCI for carbon foot printing, ISS-Ethix for climate change scenarios and CDP for emissions data. In addition, we use NetPurpose for impact and company level climate change targets data.

Quantitative sustainability metrics (for example metric tons of plastic packaging being used by a company, or the grams of sugar in products) are used to track company progress against stated sustainability targets, especially in areas where the team have engaged companies and encouraged them to make improvements. This information tends to be directly sourced from company reports and meetings but also includes data from Bloomberg and other third-party data providers.

We regularly commission specialist third-party research to improve our understanding of a company's sustainability tailwinds and headwinds, and to inform our engagement strategies. A wide variety of research partners includes academics, independent research institutes and consultancies, non-governmental organisations and private individuals, as well as the research teams of more traditional brokerage groups and investment banks.

3.3 What ESG criteria are taken into account by the fund(s)?

The most material consideration in the company selection process is whether sustainability is core to the business and its long term success. We will only invest in a company if it is well positioned to both contribute to, and benefit from, sustainable development and management is fully committed to sustainability, including the operational impacts of ESG factors.

An assessment of each company's sustainability journey and the direction of travel is integrated into the analysis and influences the analysts' conviction level.

Key considerations include:

Environmental

- > Do products and services have a net-positive impact on the environment, particularly on climate change and biodiversity?
- > How does the company map against environmental solutions?
- > Does the company use natural resources efficiently?
- > How are waste, water and energy and other natural resources managed?
- > What are the physical risks relating to water scarcity, heatwaves and other environmental factors?

Social

- > How does the company approach diversity, equality and inclusion for workers and customers?
- > How do the products and services (including supply chains) impact on human health (for example addictive substances or the side-effects of medical treatments)?
- > What is the approach to fair remuneration, particularly the gender pay gap and living wage?
- > How are health and safety issues managed?
- > Is the company managed to benefit all stakeholders, including suppliers, employees and the community?
- > Which human development pillars does the company map to? These include nutrition, health & wellbeing, education, information & connectivity, income & employment, financial inclusion, housing and standard of living.

Governance

- > Is the corporate strategy and legal structure appropriate?
- > What is the company's approach to taxation? Is it simple and fair?
- > Are ESG policies, processes, reporting and disclosure in line with (or better than) industry best practice?
- > Is the board sufficiently diverse?
- > Do board members have integrity and are they appropriately experienced?

3.4 What principles and criteria linked to climate change are taken into account in the fund(s)?

Our statement on climate change is included on Stewart Investors website.

In summary, we avoid companies with significant risks associated with climate change, invest in companies involved directly or indirectly in climate change solutions, engage with companies to improve climate change and biodiversity outcomes, and vote in favour of proposals that improve climate-related policy, processes, reporting and disclosure.

We only invest in companies that are well positioned to contribute to, and benefit from, sustainable development. Climate change and biodiversity loss are important considerations when evaluating if a company's products and services are aligned with the protection of the environment. As an outcome of the investment process, and the selection of companies with sustainable products and services, carbon risk is significantly lower than the benchmark as the strategies naturally avoid many of the world's highest carbon emitting companies.

Our position statement on controversial products and services makes a commitment to avoid companies that do not take their environmental stewardship responsibilities seriously including companies materially involved in the exploration, production or generation of fossil fuels.

In addition to avoiding companies that are facing significant climate change headwinds such as fossil fuel producers, the strategies invest in a broad range of climate change solutions. All portfolio holdings are mapped to [Project Drawdown's list of 80 climate change solutions](#).

This includes companies directly and indirectly involved in renewable energy, energy efficiency, recycling, reduced food waste and electric vehicles. In 2021, our portfolios were circa 90% lower in carbon than their corresponding benchmarks, free of fossil fuel extraction companies, and had more than 50% of companies contributing to climate change solutions.¹ We have reservations about focussing on a single metric to combat climate change; we engage with businesses and use proxy voting to improve climate and biodiversity related outcomes.

3.5 What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

We only invest in quality companies that contribute to, and benefit from, sustainable development.

We are benchmark agnostic. A company does not need to be in the Index to be included in the portfolio; in fact, many large index constituents fail our quality and sustainability criteria. To be included in the portfolio a company must have high quality management, franchise and financials and contribute to, and benefit from, sustainable development.

We carry out the majority of research ourselves. Our assessment of quality includes:

- > Management; attitude to ESG impacts, long-term performance, attitude to risk and alignment, with a preference for stable, long-term stewards leading the company
- > Franchise; social/environmental usefulness of the products/services, environmental impact and efficiency, responsible business practices, traditional considerations such as pricing power, barriers to entry and market position
- > Financials; performance over the economic cycle, cash flows, margins, appropriate payment of taxes, with a preference for net cash balance sheets

We do not score companies. We analyse as broad a range of quantitative and qualitative factors as possible. To do so, we use rigorous bottom-up analysis supplemented by credible third-party frameworks and external research to assess companies' sustainability characteristics.

We use a range of frameworks and hope to use more with time. For example:

- > Project Drawdown's climate change solutions.
- > Adapted Human Development Index, using the main planks from HDI including health and wellbeing, income, access to essential services and inclusion.
- > Access to Medicines Index, the Access to Nutrition Index, the Circular Economy and Planetary Boundaries.
- > Specialist third-party research commissioned to deepen our understanding of complex sustainability issues.

We also use Sustainalytics and RepRisk to check for controversies, MSCI for carbon reporting data, CDP for emission disclosure, ISS-Ethix for climate scenario metrics and NetPurpose for impact data.

We regularly commission specialist third-party research to improve our understanding of a company's sustainability tailwinds and headwinds, and to inform their engagement strategies. A wide variety of research partners includes academics, independent research institutes and consultancies, non-governmental organisations and private individuals, as well as the research teams of more traditional brokerage groups and investment banks.

3.6 How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

ESG risks and opportunities are fully integrated into our ongoing monitoring of each company held.

Our analysts and portfolio managers continually evolve their conviction in each company's quality and sustainability through ongoing research and engagement on ESG risks and opportunities. Engagement with company management on ESG issues and their response to our engagement influences our level of conviction in each company and this, in turn, influences position size. All else being equal, where conviction in the quality and sustainability of the company is growing we are likely to increase the position size.

In addition to ongoing proprietary research and research tenders, we also screen our portfolios quarterly using Sustainalytics to ensure that each company we hold continues to meet the global norms for best business practices. These include the UN Human Rights Norms for Businesses and the UN Global Compact Principles. We also receive regular updates from controversy monitoring service RepRisk on all companies in the portfolio. If a controversy is highlighted by a third-party data provider we will investigate the legitimacy of the highlighted issue. If the concern is proved to be legitimate and material we will engage with the company on the issue. Our typical approach is to engage over a sensible period of time (depending on the seriousness of the controversy and our knowledge of the company). The way company management responds to our engagement will increase / decrease conviction in the company. If the issue is significant and the engagement is unsuccessful we will divest.

¹ Calculated by Stewart Investors using MSCI data and our own assessment against company contributions to Project Drawdown's climate change solutions. All data as at 31 December 2021.

4. Investment process

4.1 How are the results of the ESG research integrated into portfolio construction?

We take a long-term approach to investing in high-quality companies that contribute to, and benefit from, sustainable development. Our approach is benchmark agnostic and driven by bottom-up stock selection. Position sizing is based on conviction and our long-term investment horizon. Quality of management, franchise and financials, the ability of a company to contribute to, and benefit from, sustainable development, valuation and growth potential (using a 10 year + perspective) are the primary determinants for excluding or including a company in a portfolio. We avoid companies, or indeed entire sectors/countries, where we have concerns about sustainability or believe that the level of expected return is not sufficient to justify the level of risk.

Conviction is influenced by quality and sustainability, valuation, growth potential and liquidity. Diversification is also an important consideration. Position sizes are typically small when initiated and increase over the life-time of the investment as conviction grows through strengthening relationships with company management and successful engagement. A new inclusion in the portfolio will often be a company that has been on the shortlist for some time but where the valuation was previously overstretched.

We use Sustainalytics, to monitor exclusions versus our “position on controversial and harmful products/services”, pre-trade and on a quarterly basis. This includes internationally agreed standards for business, including the UN Human Rights Norms for Businesses and the UN Global Compact Principles.

We also subscribe to RepRisk, a controversy monitoring service. Where flags are raised by the external service providers, we investigate the controversy. If it is legitimate, we engage with the company on this issue. The way company management responds to our engagement will increase/decrease conviction in the company. If the issue is significant and the engagement is unsuccessful we will divest.

4.2 How are criteria specific to climate change integrated into portfolio construction?

We avoid companies with significant risks associated with climate change, invest in companies involved directly or indirectly in climate change solutions, engage with companies to improve climate change and

biodiversity outcomes, and vote in favour of proposals that improve climate-related policy, processes, reporting and disclosure.

We only invest in companies that are well positioned to benefit from and contribute to sustainable development. Climate change and biodiversity loss are important considerations when evaluating if a company's products and services are aligned with the protection of the environment. As an outcome of the investment process carbon risk is significantly lower than the benchmark as our strategies naturally avoid many of the world's highest carbon emitting companies.

Our position statement on controversial products and services makes a commitment to avoid companies that do not take their environmental stewardship responsibilities seriously including companies materially involved in the exploration, production or generation of fossil fuels.

In addition to avoiding companies that are facing significant climate change headwinds such as fossil fuel producers, the strategies invest in a broad range of climate change solutions. All portfolio holdings are mapped to Project Drawdown's list of 80 climate change solutions. This includes companies directly and indirectly involved in renewable energy, energy efficiency, recycling, reduced food waste and electric vehicles. The emissions intensity of each of our investment strategies has consistently been at least 60% below its respective benchmark index. We have reservations about focussing on a single metric to combat climate change and are engaging with businesses to improve climate and biodiversity related outcomes.

4.3 How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)? Please specify how much the funds can hold

Not applicable. We analyse all companies within the portfolio from an ESG perspective and all companies we hold are selected for their ability to both contribute to, and benefit from, sustainable development.

4.4 Has the ESG evaluation or investment process changed in the last 12 months?

Our investment process has not changed but recently we have been expanding the way we assess and report on how our companies are contributing to various solutions to human development challenges. This builds upon our work mapping the contribution our companies are making to climate solutions featured in [Project Drawdown](#).

We have added the Project Drawdown climate solutions and Human Development Pillars, alongside the Sustainable Development Goals, to [Portfolio Explorer](#), an interactive tool on our website which provides the sustainability positioning of the companies we invest in across our regional and global strategies.

4.5 Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

Yes, the funds seek to make investments that contribute to both positive social and environmental sustainability outcomes.

Positive social sustainability outcomes include the enablement of improved health and wellbeing; access to income-generating and enterprise opportunities; fair employment and workplace safety; access to education and learning opportunities; communication and access to information; financial inclusion; sustainable transport and mobility; better access to housing, water, sanitation and electricity; and social inclusion and reduced inequality.

All portfolio holdings are mapped to Human Development Pillars which can be viewed via [Portfolio Explorer](#), an interactive tool on our website.

4.6 Does (do) the fund(s) engage in securities lending activities? If so, (i) is there a policy in place to recall the securities so as to exercise the voting rights? (ii) does the process for selecting the counterparty(ies) integrate ESG criteria?

Not applicable. Stewart Investors does not participate in securities lending.

4.7 Does (do) the fund(s) use derivative instruments? If so, please describe

- (i) their nature;
- (ii) their objectives;
- (iii) the potential limits in terms of exposure;
- (iv) if appropriate, their impact on the SRI nature of the fund(s).

Not Applicable. While the terms of the Prospectus permit the funds to use derivatives for hedging and efficient portfolio management purposes, we do not make use of derivatives.

4.8 Does (do) the fund(s) invest in mutual funds? If so, how do you ensure compatibility between the policy for selecting mutual funds and the SRI policy of the fund(s)? How many funds can be held?

Under the terms of the Prospectus, the funds may invest up to 10% of their assets in collective investment schemes. However, we do not invest in collective investment schemes and have no intention of doing so in the future.

5. ESG controls

5.1 What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?

We use external data provider Sustainalytics to monitor exclusions versus our ESG policy, pre-trade and on a quarterly basis. This includes internationally agreed standards for business, including the UN Human Rights Norms for Businesses and the UN Global Compact Principles. We also subscribe to RepRisk,

a controversy monitoring service. Where flags are raised by the external service providers, we investigate the controversy. If it is legitimate we engage with the company on this issue. If the issue is significant and the engagement is unsuccessful we will divest. It is the Lead Portfolio Manager's responsibility to ensure portfolios are in compliance with ESG rules. Our portfolios are also reviewed by the risk assurance and performance team at our parent, First Sentier Investors on a regular basis.

6. Impact measures and ESG reporting

6.1 How is the ESG quality of the fund(s) assessed?

We assess ESG quality from the bottom-up on a company by company basis. We believe that sustainability is core to long-term investing and a key driver of investment returns. We invest in businesses where success is tied to the social and environmental benefits they deliver. We believe that fully incorporating E, S and G into the investment process is the best way to protect and

grow capital for clients over time. The long-term performance of our funds is a key measure of how our philosophy works in practice.

Our strategy is primarily a sustainable investing strategy but also has the objective of delivering and measuring impact. Impact data collection and reporting is evolving and we have recently selected a third party data provider to provide comprehensive reporting which includes carbon

emissions, CEO pay ratios and board gender diversity. In our climate change statement we have committed to reporting on a range of climate related measures. All our sustainable development funds are classified as SFDR Article 9 and we will be reporting on the required indicators from 2023.

We have added the Project Drawdown climate solutions and Human Development Pillars, alongside the Sustainable Development Goals, to Portfolio Explorer, an interactive tool on our website which provides the sustainability positioning of the companies we invest in across our regional and global strategies.

6.2 What ESG indicators are used by the fund(s)?

We map the portfolios to Project Drawdown (climate change solutions) and our human development pillars (social solutions like financial inclusion and water and sanitation). All holdings are also mapped to the Sustainable Development Goals. The mappings are available on our [Portfolio Explorer](#), an interactive tool on our website which provides the sustainability positioning of the companies we invest in across our regional and global strategies.

Indicators used at the company level are company specific but include leverage ratios, executive pay, gender diversity, gender pay gap, living wage, use of renewable energy, waste, and energy efficiency, health and safety records, and taxation.

6.3 What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Given our focus on sustainable development, we believe that our focus on quality, sustainability positioning and stewardship should reward both patient investors and society. The vast majority of our reporting and communications is centred on ESG content and we hope it highlights the careful and deliberate way we invest and engage with companies – both when we get it right and when we do not.

Examples of what we provide include:

- > A quarterly client update featuring commentary and proxy voting results and rationales per strategy plus a round-up of our articles, insights and news during the quarter.
- > Portfolio Explorer, an interactive tool, (updated quarterly on our website) which provides the sustainability positioning of the companies we invest in across our regional and global strategies. Each company is mapped to how we believe they are

contributing to Project Drawdown climate solutions, human development pillars and the Sustainable Development Goals. For each company we also provide our investment rationale, sustainability positioning, risks and areas for engagement

- > Material exposure disclosure of any companies held that have activities and practices above our permitted thresholds.
- > A 'live' proxy voting tool is available on the First Sentier Investors website which provides information on our voting decisions immediately following each company meeting. Statistics relevant to Stewart Investors can be found in our team profile.
- > An annual engagement booklet which provides an update on our engagement activity with companies during the period, an update on our thematic and collaborative engagement initiatives, and a round-up of our proxy voting results.
- > Regular webcasts from the Portfolio Managers that discuss the latest portfolio, performance and sustainable development opportunities and challenges for their strategies.
- > MSCI Carbon footprint reports and Sustainalytics portfolio monitoring reports are available on request.

On our website we also share our articles, webcasts, videos and statements which explore our thinking on sustainable investment, including the challenges and issues we grapple with in our search for high-quality companies.

In addition to using CDP for emissions data and ISS-Ethix for climate scenario metrics we recently appointed NetPurpose to enhance our impact reporting. Our strategies available to European clients are SFDR Article 9 and will report in line with these requirements from 2022.

6.4 Does the fund management company publish the results of its voting and engagement policies?

Yes. In addition to publishing voting details in our Quarterly Client Updates, we produce an annual engagement booklet which provides an update on our engagement activity with companies during the period, an update on our thematic and collaborative engagement initiatives, and a round-up of our proxy voting results.

A 'live' voting tool on the First Sentier Investors website provides information on our voting decisions immediately following each company meeting. Statistics relevant to Stewart Investors can be found in our team profile.

Important information

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About First Sentier Investors

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