

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.

Product name:
First Sentier Asian Quality Bond Fund

Legal entity identifier:
 5493008WVEXTGNWJDZ34

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ **Yes**
☒ ☐ ☒ **No**

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: %	<input type="checkbox"/> 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
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: %	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



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 social characteristics promoted by the Fund in respect of its non-government debt securities holdings are:

- diversity on boards of directors;
- the protection of workplace safety, being the provision of safe and secure working environments for all workers;
- exclusion of companies with activities linked to tobacco products and;
- exclusion of certain companies linked to controversial weapons (as further defined below)

Given that many companies in Asia are still not disclosing emissions, the Fund promotes an environmental characteristic by encouraging better disclosure of greenhouse gas emissions. The Fund seeks to promote disclosure of in-scope companies' greenhouse gas emissions through monitoring disclosure and engaging with companies for further disclosures where found to be lacking.

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

Social Indicators	
Diversity	<ul style="list-style-type: none"> • Board Gender Diversity (Percentage of female board members) of corporate companies • Number of companies in the fund lacking any female board member
Workplace Safety	<ul style="list-style-type: none"> • Number of companies in the fund lacking workplace accident prevention policy or similar policies
Exclusion	<ul style="list-style-type: none"> • Number of companies/issuers that derive any revenue directly from the manufacture of controversial weapons or tobacco products; or that own more than a 50% interest in entities that derive any revenue directly from the manufacture of controversial weapons or tobacco product
Environmental Indicators	
Greenhouse gas emissions	<ul style="list-style-type: none"> • Number of companies in the fund lacking any GHG emissions disclosure

- **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?**

Not applicable.

- **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?**

Not applicable.

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

Not applicable.

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 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

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.

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,

The Fund considers principal adverse impacts on sustainability factors through the Investment Manager's assessment of each company through its investment process and its consideration of those principal adverse impact indicators set out in the SFDR Regulatory Technical Standards that it believes to be relevant to the company. The Investment Manager uses external data¹, where available, and may rely on information directly from the company or its own research and knowledge of the relevant industry to assess those principal adverse impacts. Where material adverse sustainability impacts are identified, the Investment Manager will seek to engage with the company in accordance with the commitments made under its group Responsible Investment and Stewardship Policy and Principles.

The annual report of the Company will include information on how the Fund has considered the principal adverse impacts on sustainability factors in respect of the relevant financial year.



No,



What investment strategy does this financial product follow?

The Fund invests primarily (at least 70% of its Net Asset Value) in debt securities of governments or quasi-government organization issuers in Asia and/or issuers organised, headquartered or having their primary business operations in Asia.

The Investment Manager assesses each company considered for investment against the ESG characteristics promoted by the Fund.

Exclusions: The Investment Manager excludes companies involved in the manufacture of certain types of controversial weapons (anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, certain nuclear weapons and white phosphorus munitions), and companies whose primary business is the manufacture of cigarettes and other tobacco products. The exclusion also applies to companies that own more than a 50% interest in entities that derive any revenue directly from the manufacture of controversial weapons or tobacco products. The Investment Manager will regularly monitor revenue (0% revenue threshold) and ownership status of in-scope companies.

If any existing investment being capture by the above exclusions, the Investment Manager will subsequently seek an orderly sale of that investment within three months. However, this timeframe may vary on a case-by-case basis.

Diversity: Board gender diversity can be an indicator of a company's approach to both governance and gender equity more broadly. When looking at board composition, diversity of thought and skills are important for companies to achieve their potential and to reduce risk exposure. The Investment Manager aims to promote this value to all corporate companies invested in by the fund ("in-scope companies") and regularly monitor their progress. The Investment Manager will monitor companies without any female representation on boards closely and these companies will stay flagged for

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

¹ such as ISS and Sustainalytics, for further information on our sources, please visit our website www.firstsentier.com

targeted engagement on diversity. Engagement will include checking if the company acknowledges this issue, what caused it and what they are doing to improve the gender balance in board membership. The investment Manager will encourage companies to have diversity-related policies in place. In event where the engagements with companies does not provide the Investment Manager with adequate comfort in order to make an ESG assessment, or if there is clear evidence that the trajectory of the company is deteriorating and the company is unable to provide sufficient rationale. The Investment Manager would then decide to either abstain from investment, divest, or both.

Workplace Safety: The Investment Manager believes that ensuring workers have a safe and healthy work environment is fundamental to well-being. The Investment Manager will monitor data on investee company policies relating to health and safety, often located within a Human Rights policy, and will seek to identify companies in industries which are more prone to workplace accidents (e.g. construction or chemicals) and those that have yet to establish any policies or procedures designed to prevent workplace accidents or adverse health and safety issues. Where such companies are identified, the Investment Manager will seek to engage with the company to encourage the establishment of such workplace health and safety (or similar) policies. In the event the Investment Manager's engagement does not provide the Investment Manager with adequate comfort in order to make an assessment, or if there is clear evidence that the trajectory of the company is deteriorating and is unable to provide sufficient rationale, the Investment Manager will then decide to either abstain from investing, divest, or both.

Greenhouse gas emissions: For each in-scope asset held by the Fund, the Investment Manager will regularly (minimum once a year per in-scope company) monitor the presence of TCFD (Taskforce on Climate-related Financial Disclosure) and/or International Sustainability Standards Board (ISSB) equivalent aligned reports, and scope 1, 2, 3 emissions disclosures (where data is available), including companies commitments to reduce emissions (absolute and intensity).

The Investment Manager will also identify companies lacking greenhouse gas emissions disclosure and flag them for engagement – this is to promote the importance of measuring GHG emissions to in-scope companies that have not disclosed any such information to investors. The Fund does not abstain from investing in fossil fuel companies (including oil, gas, thermal, metallurgical coal mining and power generation, as well as fossil fuel related infrastructure and services).

ESG credit risk considerations

More generally, the Investment Manager's credit research analysts incorporate material ESG risks faced by a company, with an added focus on the characteristics promoted by the Fund. The Investment Manager determines whether material risks stem from Environmental, Social or Governance factors for each company on a case by case basis and assesses how well the company is managing these material risks. The Investment Manager relies on a combination of company engagement, company reports and third party research providers including Sustainalytics, MSCI, RepRisk, to arrive at their ESG risk assessment.

In event where the engagements with companies do not provide the Investment Manager with adequate comfort in order to make an ESG assessment, or if there is clear evidence that the trajectory of the company is deteriorating and the company is unable to provide sufficient rationale. The Investment Manager would then decide to either abstain from investment, divest, or both.

● ***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 expects investee companies to be prepared for the transition to a low carbon economy and to be transparent about their strategies and processes to achieve this outcome. As such, the Investment Manager will engage with companies where the Investment Manager is of a view that the investee company is not making sufficient progress on climate related issues.

The following are binding elements of the investment strategy for the Fund applicable to all investments:

Exclusions – The Investment Manager will follow the tobacco and controversial weapon exclusion policy laid out in FSI's Global Responsible Investment and Stewardship Policy and Principles. Companies held by the Fund are subject to ongoing monitoring using the Investment Manager's exclusion policy and bottom-up research performed by the Investment Manager/analysts, augmented with information from external data providers.

Evidence: Exposure check file for in-scope companies

Frequency of monitoring exclusion: quarterly

Frequency of engagement: n/a

The following are binding elements of the investment strategy for the Fund applicable to non-governmental debt issuers:

Social characteristics – review of boards gender diversity and workplace accident prevention policies or similar human rights policies

Evidence: no female representation on board, OR no workplace accident prevention policy

Frequency of monitoring exclusion: annual

Frequency of engagement: engage within 12 months from identification of issue

Engagement type: Bilateral meetings/calls, roadshows, letters. Evidence of engagement can consist of meeting notes, emails and letters clearly mentioning the issues raised and response from companies

Environmental characteristics - monitoring of GHG emissions

Evidence: no GHG emissions disclosures

Frequency of monitoring exclusion: annual

Frequency of engagement: engage within 12 months from identification of issue

Engagement type: Bilateral meetings/calls, roadshows, letters. Evidence of engagement can consist of meeting notes, emails and letters clearly mentioning the issues raised and response from companies

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

The Fund has no committed minimum rate by which the holdings need to surpass in applying the Fund's investment strategy.

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

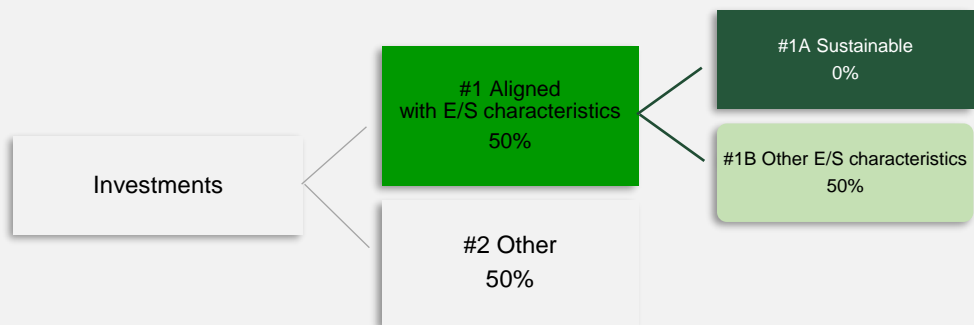
The Investment Manager assesses and monitors investee companies relevant ESG risks including corporate governance risks, practices and issues as outlined in its Responsible Investment and Stewardship Policy. The Investment Manager adopts a principles-based assessment of good corporate governance practices which is guided by four governance pillars - Accountability, Independence, Transparency and Stewardship. Each pillar is described in the Responsible Investment and Stewardship Principles adopted by the Investment Manager's corporate group and are aligned with the broader stewardship approach taken by the Investment Manager. Assessment of good governance may include, for example, taking into account indicators such as ownership profile, board structure, board independence, and remuneration of staff. Where the Investment Manager is in a position to engage with a company's management and board, they will endeavour to do so with a view to making clear any expectations or preferences for improvements in the company's corporate governance practices.



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



#1 Aligned with E/S Promotion of the E/S characteristics will be applied to all corporate credits invested in the Fund ("in scope companies"). In aggregate the percentage of holdings that are deemed "in scope companies" would consist of at least 50% of the Fund's AUM .

#2 Other includes the remaining investments of the financial product which are excluded from contributing towards the promoted characteristics (i.e., government issuers), as well as cash and near cash assets

The Subcategory **#1A Sustainable** covers sustainable investments with environmental or social objectives

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The Fund may only use FDIs for purposes of hedging and efficient portfolio management. It is not intended that the Fund will use FDI to attain the environmental or social characteristics promoted by the Fund .

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

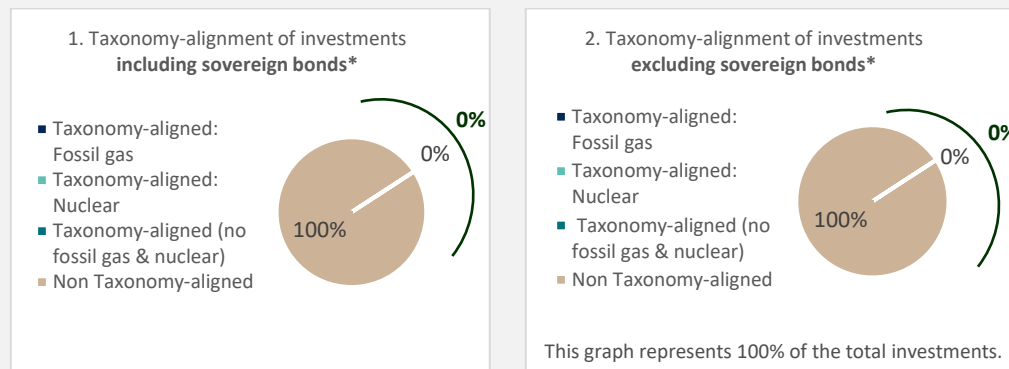
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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?
Not applicable.

The two graphs below show in navy 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

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

The Fund will not seek to make any sustainable investments. Accordingly, there is no minimum share of investments in transitional and enabling activities.



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

The Fund will not seek to make any sustainable investments. Accordingly, there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The Fund will not seek to make any sustainable investments. Accordingly, there is no minimum share of socially sustainable investments



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

The “#2 Other” assets are entities excluded from contributing towards the promoted characteristics (e.g., government entities) plus cash and near-cash assets. Due to the nature of these assets, no minimum environmental or social safeguards are applied



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?

No specific index is designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics promoted.

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

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable



Where can I find more product specific information online?

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

<https://www.firstsentierinvestors.com/uk/en/institutional/responsible-investing/regulatory-disclosures.html>