

## Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** First Sentier Investors (Ireland) Limited, LEI 254900UC15SMIDJKJ902 as UCITS Management Company to First Sentier Investors Global Umbrella Fund plc, LEI 254900OVUN9Y9ARAEV90

### Summary

First Sentier Investors (Ireland) Limited, LEI 254900UC15SMIDJKJ902 considers principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on principal adverse impacts on sustainability factors of First Sentier Investors (Ireland) Limited, as it relates to First Sentier Investors Global Umbrella Fund plc (“FSIGUF”). This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

First Sentier Investors (Ireland) Limited has delegated the investment management function to First Sentier Investors (“FSI”). As such, the principal adverse impact of investment decisions made on behalf of these funds is included in the consideration of principal adverse impact at the level of First Sentier Investors. The information in tables 1, 2 and 3 contain the consolidated principal adverse impact metrics for each of the funds managed by First Sentier Investors Global Umbrella Fund plc.

### Description of the principal adverse impacts on sustainability factors

The impacts in Table 1 are calculated as the average of impacts on 31 March, 30 June, 30 September and 31 December from 1 January 2023 to 31 December 2023.

**Indicators applicable to investments in investee companies**

<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2022</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	597,417.78	581,548.40	Scope 1 emissions capture direct GHG emissions from operations that are owned or controlled by a company. This typically relates to the combustion of fossil fuels on-site and in direct control of the company. Scope 1 emissions declined by 2.66% year on year.	First Sentier Investors is committed to reducing greenhouse gas emissions across its investment portfolios in line with a target of net zero emissions by 2050 (or sooner). Investment teams have developed a range of targets at team, portfolio and/or company level that they have committed to pursue over the short, medium and long term,
		Scope 2 GHG emissions	203,581.44	189,603.96	Scope 2 emissions capture the indirect	

					<p>GHG emissions of a portfolio, and directly linked to the value invested in a portfolio.</p> <p>The indirect Scope 2 emissions cover the emissions generated through the purchase of energy and is a good measure to understand the energy intensity of a business. Better understanding Scope 2 will play a pivotal role in unleashing corporate demand for more renewable electricity. Scope 2 emissions declined 6.87% year on year.</p>	<p>which are available on individual teams' websites. FSI aim's to increase the proportion of assets covered by formal net zero commitments (by 2050 or sooner) over time. Additionally, we are a signatory to the Net-Zero Asset Managers Initiative (NZAMI).</p> <p>Each GHG indicator at product level is reviewed by our Investment Teams and Global Investment Committee on a quarterly basis.</p>
		Scope 3 GHG emissions	4,652,363.27	4,949,557.74	<p>Scope 3 emissions cover emissions that are not "produced" by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain. Scope 3 emissions</p>	

					increased 6.39% year on year.
		Total GHG emissions	5,453,362.49	5,720,710.10	Total GHG emissions cover the full spectrum of both direct and indirect emissions as well as the ones controlled and not controlled by a company. It gives an indication of all emissions that are related linked to the goods and services produced by investee companies. Total GHG emissions increased 4.9% year on year.
	2. Carbon footprint	Carbon footprint	312.72	369.70	The carbon emissions of a portfolio per US \$m invested. Scope 1 and 2 emissions are allocated to investors based on an Enterprise Value ownership approach i.e. if an investor owns 10% of a company's total enterprise value including cash (EVIC), then they own 10% of the company and therefore 10% of the

					company's emissions. This is then normalised by portfolio value. Carbon footprint increased 18.22% year on year.
	3. GHG intensity of investee companies	GHG intensity of investee companies	35,057.86	42,864.63	GHG intensity calculates the emissions per million EUR of revenue for each company, and the portfolio GHG intensity is the weighted average intensity by portfolio weight. The GHG intensity metric can't be used to help measure overall exposure to high carbon intensity holdings. GHG intensity of investee companies increased 22.27% year on year.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.78%	6.41%	A key consideration for this indicator is that it flags all companies involved in fossil fuels to the same extent. i.e Whether the company derives 1% or 100% of revenues from fossil

					fuels. The metric declined 17.62% year on year.
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption: 85.77%  Production: 12.28%	Consumption: 85.89%  Production: 11.14%		Share of non-renewable energy consumption and production are marginally higher and lower respectively year on year.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Electricity, gas, steam and air conditioning supply: 472.18  Water supply, waste management and remediation activities: 181.25  Transportation and storage: 86.97	Electricity, gas, steam and air conditioning supply: 730.42  Water supply, waste management and remediation activities: 208.36  Transportation and storage: 73.51  Wholesale & Retail Trade &		This metric provides a detailed breakdown of the energy consumption for sectors that are considered high impact. High impact based on the fact that they emit a high number of GHG emissions or have high energy needs.  The metric is measured in GWh per million EUR of revenue, and allows for easy comparison across portfolios and

			<p>Wholesale &amp; Retail Trade &amp; Repair of Motor Vehicles &amp; Motorcycles: 54.32</p> <p>Real Estate Activities: 9.54</p> <p>Mining &amp; Quarrying: 135.62</p> <p>Manufacturing: 51.09</p> <p>Construction: 19.12</p> <p>Agriculture, Forestry &amp; Fishing: 503.29</p>	<p>Repair of Motor Vehicles &amp; Motorcycles: 4.53</p> <p>Real Estate Activities: 9.85</p> <p>Mining &amp; Quarrying: 169.61</p> <p>Manufacturing: 23.25</p> <p>Construction: 14.56</p> <p>Agriculture, Forestry &amp; Fishing:</p>	<p>benchmarks. The results are split into 9 Nomenclature of Economic Activities (NACE)</p> <p>sectors that have been deemed to be high impact climate sectors</p>	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.38%	1.18%	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas was marginally lower year on year. The metric	<p>We monitor investee companies activities that negatively affect biodiversity sensitive areas.</p> <p>FSI's have developed an internal toolkit to support company assessment and engagement on deforestation issues, focusing on business</p>

					declined 14.73% year on year.	activities that contribute to land conversion, fail to protect high conservation value forest and/or land or systematically violate human rights or the rights of local communities. Building on the deforestation engagement framework laid out in the toolkit, we aim to engage with priority companies (with material forest risk) in order to eliminate deforestation and related human rights abuse within their direct activities and supply chains. FSI will also encourage companies to adopt and participate in internationally accepted standards and certification programs.  FSI is also a signatory to the Finance for Biodiversity Pledge.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per	112.50	0.01	This metric tells us the amount of Emissions to Water and is measured in tonnes of pollutants.	Corporate data coverage remains limited for Emissions to Water. Where adverse



		million EUR invested, expressed as a weighted average			<p>This indicator identifies companies which cause significant adverse impacts to freshwater and marine ecosystems via various pollutants. The following pollutants are considered for the purpose of this metric: direct nitrates, direct phosphate emissions, direct pesticides emissions, direct emissions of priority substances (i.e. heavy metals, loads of organic pollutant parameters such as biochemical oxygen demand (BOD) and chemical oxygen demand (COD), nitrogen and phosphorus compounds, soluble salts, and suspended solids).</p> <p>The primary driver of the decline was due to a reduction of emissions to water data disclosed compared to 2022.</p>	<p>sustainability impacts are identified, investment teams shall engage with the company.</p>
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Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	15,445.75	3,268.23	The hazardous waste ratio is measured in tonnes of hazardous waste per million EUR invested. This includes both hazardous and radioactive waste as reported by companies. This metric is aggregated at the portfolio level using the same company ownership approach as in the GHG emissions indicator, using EVIC as a proxy for company size Tonnes of hazardous and radioactive waste represents a 78.84% decline year on year. No specific actions can be attributed to the decline.	We flag any companies with high exposure to hazardous waste.  Where adverse sustainability impacts are identified, investment teams shall engage with the company
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic	Share of investments in investee companies that have been involved in	Breach - 4.87%	Breach – 5.39%	On a quarterly basis, the FSI responsible investment team screens companies for compliance with	First Sentier Investors approach to responsible investment includes commitments to international norms and

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			<p>UNGC, OECD Guidelines for MNE's. No specific actions can be attributed to the year on year increase.</p> <p>We believe that engaging with investee companies both proactively and reactively is the best method for advancing human rights in the first instance.</p>	standards. FSI supports the World Health Organisation Framework on Tobacco Control and conventions relating to the manufacture of anti-personnel mines (Ottawa Convention) and cluster munitions (Oslo Convention). Investment teams monitor investee company violations of the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights through third party service providers.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance	79.73%	73.62%	This indicator tracks companies that lack 'policies to monitor compliance with the UNGC Principles or OECD Guidelines' or that lack 'grievance/complaints handling mechanisms to address violations'	As above

	Guidelines for Multinational Enterprises	/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			of the principles or guidelines.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1.64%	10.01%	Data coverage remains very low for this indicator. No specific actions can be attributed to the year on year increase.	It is not currently a mandatory requirement to publish unadjusted pay gap data in corporate reporting, although corporate disclosures on this metric are expected to improve over time. In 2023, the First Sentier MUFG Sustainable Investment Institute published a thematic report titled 'Diversity, Equity & Inclusion: Gender and Beyond'
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	18.11%	20.59%	This indicator measures the weighted average proportion of females on company boards, aggregated to the portfolio level using portfolio weights.No specific actions can be	We note that there are significant regional differences with regards to progress around board gender diversity. While there are greater private and public sector efforts to progress gender diversity across

					attributed to the year on year increase.	the region, the pace of change is expected to differ significantly compared to many developed market economies. Therefore, funds with sizeable Asia or country specific focus may be observed to lag in this metric for some time to come. Where we identify high adverse impacts, issuers may be subject to further analysis and potential actions.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Nil	Nil	This indicator represents the share of investments in companies that are involved in the manufacturing or selling of controversial weapons: Antipersonnel mines, cluster munitions, chemical weapons and biological weapons.	Any exposure to controversial weapons will flag this indicator as Red as it raises a potential violation of FSI's exclusion policy. the effective direct exposure to controversial weapons across this selection of funds is 0%.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						

Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	0.25	0.35		
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	-	-		
<b>Other indicators for principal adverse impacts on sustainability factors</b>						
<b>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</b>						

In addition to our Principal Adverse Impacts Statement, the FSI Responsible Investment and Stewardship Policy, and FSI Responsible Investment and Stewardship Principles describes how FSI approaches and considers adverse impacts. The policy and principles were last approved on the 20<sup>th</sup> of June 2023 by the First Sentier Investors Global Responsible Investment Executive Committee (the “GRIEC”) which is chaired by the FSI CEO. The GRIEC meets quarterly and is responsible for setting the direction and strategy for RI, and approval of the policy framework and oversight of FSI’s adherence to global ESG regulations. The GRIEC has oversight of all group wide policies relating to sustainable investment, ESG integration, sustainability risks and responsible investment and stewardship processes. Such policies, including the Responsible Investment and Stewardship Policy and Principles, are reviewed annually. Implementation of the policy is managed by the FSI Responsible Investment team.

**Methodologies to select and assess PAIs:**

PAI’s for each fund of the First Sentier Investors Global Umbrella Fund are reviewed and assessed on a quarterly basis by FSI’s Global Investment Committee (the ‘GIC’). The GIC monitor trends across quarters and those indicators with comparatively higher impacts to various benchmarks i.e funds with higher carbon footprint relative to a normal range. FSI maintain an internal PAI dashboard which allows for a greater level of assessment of indicators.

**Margin of error with our methodologies:**

PAI data is subject to data availability and quality. Limitations to the data provided from third parties will stem from their coverage and methodologies and from limited disclosures by issuer companies, in particular with issuers based in regions without mandatory disclosure requirements. Where data is not available, third party providers may use estimation models or proxy indicators. Methodologies used by data providers may include an element of subjectivity or proxy information. Whilst data is collected on an ongoing basis, in this rapidly evolving environment, data can become outdated within a short time period

**Data sources used:**

The data sources that are used to monitor the PAIs are from third party research providers and from direct engagement with investee companies. The third party data providers include but are not limited to: Sustainalytics and ISS. Prior to procurement, data vendor services are assessed for coverage, accuracy and timeliness by FSI’s ESG Impacts Committee, which is managed by FSI’s Responsible Investment team. Once procured, Investment managers will report back to the data vendors where they believe information is inaccurate.

- Sustainalytics - ESG Risk Ratings research, Product Involvement research, Global Standards Screening, Country Risk Ratings, SFDR Principle Adverse Sustainability Impacts research and EU Taxonomy research
- MSCI - governance and carbon research
- Institutional Shareholder Services (ISS) - carbon data and climate research

- RepRisk – provider of intelligence on ESG controversies
- Glass Lewis - provider of governance services including proxy vote management
- Ownership Matters - provides proxy voting research and recommendations on S&P ASX 300 companies
- Qontigo - maps companies' business activities to the SDGs

### **Engagement policies**

Where adverse sustainability impacts are identified, the Investment Manager shall engage with the company in accordance with the commitments made under the corporate engagement section of the FSI Responsible Investment and Stewardship Policy. Engagement may be undertaken directly or as part of collaborations with other investment institutions.

Where engagement is unsuccessful in mitigating or reducing adverse sustainability impacts, the investment teams shall consider escalating the issue by:

- Reporting the issue to the ESG Impacts Committee, Global Investment Committee and Global Responsible Investment Executive Committee
- Voting against directors we feel are not providing appropriate oversight
- Wider engagement with other investors
- Making our views public; or
- Reducing or divesting the holding of the issuer

The FSI Responsible Investment and Stewardship Policy and Principles document can be found at: <https://www.firstsentierinvestors.com>

### **References to international standards**

First Sentier Investors approach to responsible investment includes commitments to international norms and standards. FSI supports the World Health Organisation Framework on Tobacco Control and conventions relating to the manufacture of anti-personnel mines (Ottawa Convention) and cluster munitions (Oslo Convention).



FSI also:

- support and uphold fundamental principles of human rights as articulated in the Universal Declaration of Human Rights;
- support international norms and standards enshrined in widely adopted treaties, conventions and codes of practice including the OECD Guidelines; and
- uphold the highest standards of environmental stewardship.

These standards are applied in the investment processes by reference to the FSI Human Rights and Modern Slavery toolkit <https://www.firstsentierinvestors.com> and Climate Change Working Group and are informed by data sourced from the third party ESG data service providers.

Where we hold ‘sustainable investments’ defined under the SFDR Article 2(17), our investment teams monitor investee company violations of the UN Global Compact principles, the OECD Guidelines for Multi-national Enterprises, and the UN Guiding Principles on Business and Human Rights through third party service providers. We also source data from the Global Slavery Index and KnowTheChain benchmark data, which are key inputs into our modern slavery risk assessments.

Additionally, FSI utilise forward-looking climate scenario information from third party provider ISS ESG based on current International Energy Agency (IEA) scenarios.

**Historical comparison**

See explanations above

*Table 2*

**Additional climate and other environment-related indicators**

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
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<b>Indicators applicable to investments in investee companies</b>		
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		
Emissions	Investments in companies without carbon emission reduction initiatives Lack of carbon emission reduction initiatives – 59%	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
	Water usage and recycling Percentage of Water withdrawal – 64.84% Cubic meters – 10,696,733,021	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies  2. Weighted average percentage of water recycled and reused by investee companies

*Table 3*

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>
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<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<b>Indicators applicable to investments in investee companies</b>		
Human Rights	Number of identified cases of severe human rights issues and incidents 17.95	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis