

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:
Stewart Investors Worldwide Sustainability Fund

Legal entity identifier:
549300CUQ1MDVG6JSB91

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

 No

It will make a minimum of **sustainable investments with an environmental objective: 40%**

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

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

It will make a minimum of **sustainable investments with a social objective: 90%**

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

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

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

With a social objective

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



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

What is the sustainable investment objective of this financial product?

The Fund seeks to achieve long-term capital appreciation by investing in companies which both contribute to, and benefit from, sustainable development, achieving positive social and environmental sustainable 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.

Positive environmental sustainability outcomes include more careful, efficient and productive use of natural resources; reduced waste and improved waste management; the wider adoption of circular economy practices and measures; the adoption of renewable and cleaner energy technologies; reduced greenhouse gas emissions; reduced water, air and other environmental pollution; a slowing in the rate of land degradation, land use change and loss of forests and biodiversity; and measures and technologies that enable climate change adaptation and resilience.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The contribution of the Fund's investments to the social and/or environmental objectives are assessed by reference to two framework indicators:

- The Investment Manager's human development pillars.

The Investment Manager has determined 10 broad pillars which they believe encapsulate the essence of human development and which can be mapped to companies. Each investee company must be contributing in a tangible way to at least one of the following pillars:

- Nutrition
- Healthcare and hygiene
- Water and sanitation
- Energy
- Housing
- Employment
- Finance
- Standard of living
- Education
- Information

- Project Drawdown's climate change solutions.

Project Drawdown is a non-profit organisation founded in 2014 which has mapped, measured and modelled over 80 different solutions to global warming, with the ultimate goal of reaching drawdown – i.e. the point in the future when emissions stop increasing and start to steadily decrease. Each Fund investment is mapped by the Investment Manager against the c.80 Project Drawdown solutions (which are captured in eight broader solutions of Buildings, Circular economy / industry, Conservation / restoration, Energy, Food system, Human development, Transport and Water). The Investment Manager's focus is on whether the companies themselves are making a meaningful contribution and will have meaningful involvement with the delivery of any of those solutions.

Where the companies in which the Fund invests do contribute to any of the solutions, they will be involved in making products and delivering services directly, by enabling/supporting those solutions, or indirectly.

Note, not all investments will necessarily align with a Project Drawdown climate solution but all companies will be aligned with a human development pillar (with the exception of assets held in order to allow efficient operational exit of positions).

Further information about how the Investment Manager uses the human development pillars and Project Drawdown climate solutions is available on the Investment Manager's website and Portfolio Explorer tool available on the Stewart Investors website.

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The Fund only invests in companies that are sustainable investments which contribute to a social and/or environmental objective.

The hallmarks of the investment strategy are an exclusive focus on companies that contribute to, and benefit from, sustainable development; a research-driven, fundamental, bottom-up approach to the selection and ongoing analysis of investments; a focus on the quality and sustainability attributes of every company; a focus on company stewardship and sound governance; a long-term investment horizon; and a commitment to engagement in order to address sustainability concerns and issues.

The bottom-up investment process results in portfolios composed of companies without material exposure to harmful products, services or processes. All harmful business activities are defined and publicly disclosed, and subject to a materiality assessment by the Investment Manager. The Investment Manager's position on harmful and controversial products and services and investment exclusions is available on the Stewart Investors website.

Socially harmful activities include the production of alcohol products, tobacco products and armaments; involvement in gambling operations; the production and sale of pornography; poor animal welfare practices; animal testing that breaches ethical principles and regulatory standards;

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.

failure to respect sexual and reproductive health rights; genetic and embryonic and adult stem cell research activities that fail to meet the highest ethical, safety and regulatory standards or are aimed at the reproductive cloning of humans or animals; failure to comply with globally accepted human rights, norms and standards in relation to modern slavery, child labour, customary land tenure and indigenous rights; and unethical and discriminatory employment practices.

Environmentally harmful activities include the exploration, production or generation of fossil fuels and nuclear power. Companies that fail to discharge their environmental stewardship responsibilities in line with the UN Global Compact and other global standards are also excluded.

Unacceptable governance practices include carrying out operations with and within oppressive regimes; systemic bribery and corruption; tax avoidance and unacceptably low levels of tax payments; and poor ethical conduct when dealing with customers, suppliers and competitors.

If an investment is held in a company that has material exposure to harmful products and services, this will be disclosed on the Stewart Investors website, and the reasons for the exception and for maintaining the holding explained. Exceptions may occur if a company is winding down a legacy commercial activity (in which case the company will be engaged and encouraged to cease the commercial activity concerned), or if a company is only indirectly exposed to a harmful industry or activity, for example, a company making safety products for a wide range of industries may also have customers in the fossil fuel or defence industries.

The Fund's exposure to such activities is monitored on an ongoing basis through pre and post trade compliance systems.

Where any material exposure to these harmful activities is found, the Investment Manager will:

- review the company research and investment case, noting the response where they believe it is adequate,
- engage with the company where they require further information or wish to encourage improved practices and an appropriate resolution of the issues,
- exit the Fund's position in the company where engagement has been unsuccessful, or where part of a pattern of behaviour raises concerns regarding the quality and integrity of the company's management.

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

Adverse impact indicators, relevant to each Fund investee company, are taken into account through the Investment Manager's bottom-up research, company engagement, adherence to their position statement on harmful and controversial products and services, Group-wide exclusion policies and third-party research providers.

The Investment Manager meets and liaises with companies on an on-going basis and is continuously assessing their sustainability credentials and quality. Where the Investment Manager has identified changes to a company's quality or sustainability positioning through either meetings, ongoing monitoring and reviewing their annual reports, the Investment Manager will re-evaluate the investment case.

The Fund portfolio is assessed on an ongoing basis by external service providers including controversy monitoring, product involvement, carbon footprints and other impact measures, and breaches of social norms.

The Principal Adverse Sustainability Indicators (as prescribed under the SFDR) are incorporated into the Investment Manager's company analysis, team discussion and engagement programme.

Depending on the nature of the issue and the response by the company, the Investment Manager's actions can range from:

- reviewing the company research and investment case, noting the response where they believe it is adequate,
- engaging with the company where they require further information or wish to encourage improved practices and an appropriate resolution of the issues,
- exiting the Fund's position in the company where engagement has been unsuccessful, or where part of a pattern of behaviour raises concerns regarding the quality and integrity of the company's management.

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

The Fund's sustainable investments are aligned with these Guidelines and Principles.

The Investment Manager continually monitors the companies owned to understand any changes to their strategies. The Fund's portfolio is assessed by an external service provider for compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, UN global norms and exposure to high-risk sectors. The Investment Manager also receives regular updates from a controversy monitoring service. Where issues are raised by these services, the Investment Manager will review and consider these as part of the investment analysis and depending on the detail may engage with the company in question, and if necessary will divest to ensure the portfolio continues to meet the principles which sit at the heart of the investment philosophy.



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



Yes, Principal adverse impacts on sustainability factors, relevant to each Fund investee company, are taken into account through the Investment Manager's bottom-up research, company engagement, adherence to their position statement on harmful and controversial products and services, Group-wide exclusion policies and third-party research providers.

The Investment Manager meets and liaises with companies on an on-going basis and is continuously assessing their sustainability credentials and quality. Where the Investment Manager has identified changes to company quality or sustainability positioning through either meetings, ongoing monitoring and reviewing their annual reports, the Investment Manager will re-evaluate the investment case.

The Fund portfolio is assessed on an ongoing basis by external service providers including controversy monitoring, product involvement, carbon footprints and other impact measures, and breaches of social norms.

This information is incorporated into the Investment Manager's company analysis, team discussion and engagement programme.



No,



What investment strategy does this financial product follow?

The Fund only invests in companies that are sustainable investments which contribute to a social and/or environmental objective.

The hallmarks of the investment strategy are an exclusive focus on companies that contribute to, and benefit from, sustainable development; a research-driven, fundamental, bottom-up approach to the selection and ongoing analysis of investments; a focus on the quality and sustainability attributes of every company; a focus on company stewardship and sound governance; a long-term investment horizon; and a commitment to engagement in order to address sustainability concerns and issues.

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

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

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding process for selecting and making sustainable investments is oriented towards the sustainable investment objective in the following ways:

- Idea generation is focused only on companies whose products and services help solve difficult problems, meet critical needs, and contribute to a more sustainable future.
- Company research is bottom-up and makes use of all available qualitative information and quantitative data to assess and form a judgement on the quality attributes, sustainability positioning, and context in which each company operates.
- Portfolio construction follows a bottom-up process and is done without reference to a sustainability benchmark or any other form of benchmark index.
- Ongoing monitoring focuses on company evolution, including changes in quality and sustainability attributes, the commercial and competitive landscape, the regulatory environment, the political economy context in which the company operates, and in valuation.
- Company engagement is aimed at encouraging company management teams to address sustainability issues and other investment risks and opportunities.

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

The Investment Manager undertakes analysis of corporate governance practices, both at a boardroom level and in operational execution, as an essential part of the investment philosophy, strategy and process – from idea generation and research through to position sizing and engagement. The analysis focuses on whether company culture, ownership and incentives combine to create a governance approach which balances the interests of all stakeholders – labour, the environment, suppliers, local communities, customers and shareholders.

Important areas of focus are the independence and diversity of Board directors, remuneration structures, staff turnover rates, management longevity, supplier terms like accounts payable days, capital allocation policies and practices, tax policies and practices, and whether companies behave in ways that are more than adequate for them to retain their social license to operate.

Alongside desk research, conversations and meetings take place with company owners, leaders and independent directors in order to build conviction in investee companies' governance practices. Bespoke and independent research is commissioned on sustainability topics – ranging from hazardous chemicals in paint production to conflict minerals in electronics supply chains – in order to understand how companies are living up to their social and environmental responsibilities.

Analysis performed by third-party data providers is used to assess and monitor whether investee companies comply with standards around governance best practice, global norms and controversies, and to gauge whether companies meet expectations in relation to governance.

Further, all of First Sentier Investors' (FSI) investment teams assess corporate governance practices in line with the relevant policies and guidelines. Examples are:

- Board assessment – there should be a transparent procedure for the appointment of new directors to a board. FSI expect that companies are able to demonstrate diversity of gender, age, ethnicity, sexuality and thought across their organisation and at board level.
- Ownership and shareholder rights – in general, FSI will not support resolutions that propose: changes to the corporate structure that curtail shareholder rights; or changes to the capital structure that could dilute shareholders' voting and/or economic rights.
- Remuneration – FSI expect remuneration structures to be simple, long-term oriented, aligned with shareholder value/return, to encourage responsible risk taking and to the extent relevant embrace broader notions of 'success'.



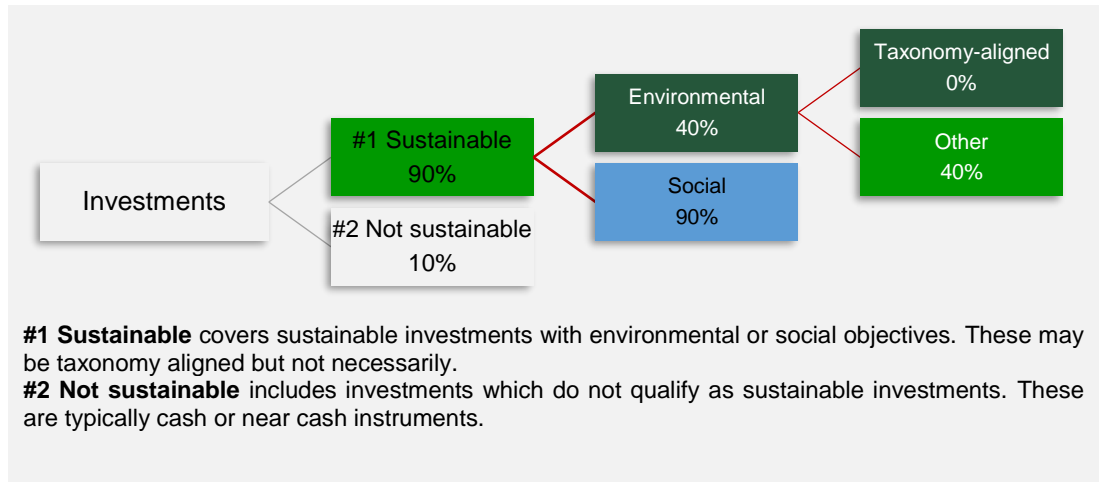
What is the asset allocation and the minimum share of sustainable investments?

The Fund invests primarily (at least 90% of its Net Asset Value) in companies that are positioned to contribute to, and benefit from, sustainable development. Sustainable development is based on the Investment Manager's own philosophy explained in the paragraph below.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

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



#1 Sustainable covers sustainable investments with environmental or social objectives. These may be taxonomy aligned but not necessarily.
#2 Not sustainable includes investments which do not qualify as sustainable investments. These are typically cash or near cash instruments.

● How does the use of derivatives attain the sustainable investment objective?

The Fund may only use derivatives for purposes of hedging and efficient portfolio management. It is not intended that the Fund will use derivatives for investment purposes.



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

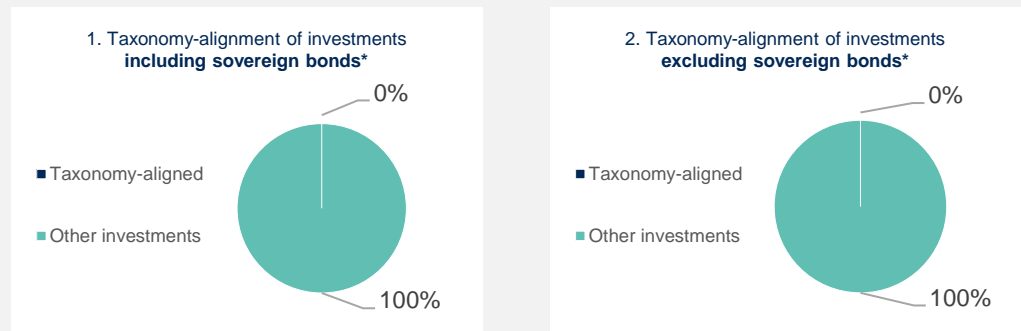
The Fund does not explicitly seek to invest to a minimum extent in EU Taxonomy aligned assets.

Compliance with the requirements of the EU Taxonomy to determine alignment is not subject to an assurance provided by an auditor or reviewed by a third party. Disclosure of EU Taxonomy alignment is based on data received from a third-party provider. The degree of alignment with the EU Taxonomy is measured by turnover.

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.


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



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

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

The Fund does not explicitly seek to invest to a minimum extent in EU Taxonomy aligned assets, and therefore the minimum share of investments in transitional and enabling activities is 0%.

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



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

Each of the Fund's investments may have a combined social and environmental objective or a social objective only. Companies are selected for portfolio inclusion based on bottom-up analysis. The Fund will have a minimum proportion of 40% of sustainable investments with an environmental objective. The Fund does not actively target EU Taxonomy aligned assets therefore the minimum amount can be zero.



What is the minimum share of sustainable investments with a social objective?

Each of the Fund's investments may have a combined social and environmental objective or a social objective only. Each investee company must be contributing in a tangible way to at least one of the Investment Manager's human development pillars described above such that at least 90% of the investments are aligned with a social objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Not sustainable” assets are cash and near-cash assets held pending investment, to meet liquidity requirements, or assets held in order to allow efficient operational exit of positions. Cash is held by the depositary.

The Fund's service providers for these assets are reviewed and assessed for compliance with FSI's modern slavery policy.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No index is designated as a reference benchmark.

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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**
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?**
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/private/responsible-investment/responsible-investment-regulatory-disclosures.html>