

SUSTAINABLE FINANCE DISCLOSURE – CIRCULAR ECONOMY

The strategy has sustainable investment as its objective within the meaning of article 9 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector.

The sustainable investment objective is attained by mainly investing in companies that advance the United Nations Sustainable Development Goals (SDGs).

This investment approach employs a precise and proprietary definition of the theme, i.e., companies that are positively aligned with the United Nations Sustainable Development Goals and that are materially advancing the achievement of a circular economy. The strategy will invest primarily in companies that:

- Enhance production processes and products to strengthen the circular economy
- Minimise the use or consumption of resources
- Reduce waste and increase sustainable recycling
- Provide technology solutions enabling the achievement of a circular economy

The strategy integrates sustainability criteria as part of the stock picking process through a theme-specific sustainability assessment (thematic universe methodology) that selects as eligible investments only companies whose business models support the strategy's objective. For such an analysis, areas like corporate governance, supply chain management, human capital management as well as dealing with potential sustainability controversies are considered.

The Investment Manager carries out its own assessment of the environmental and social performance of companies in which it invests, based on its own research and knowledge of the companies, public information, and information (including specialised ESG information) and ratings from external data providers ("Data Providers").

The portfolio construction process employed by the Investment Manager excludes holdings deemed inconsistent with its Responsible Investment Guidelines or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investment Committee. Further, the strategy cannot invest in companies which are involved in certain activities including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds. Full details of these exclusions and thresholds are available in the Responsible Investing Policy of the Investment Manager which can be viewed on its website at www.kbiglobalinvestors.com.

The Investment Manager also assesses the governance practices and governance performance of companies in which it invests. This assessment is based on the

Investment Manager's own research and knowledge of the company based on its direct interactions with companies, its analysis of the financial statements and related materials of companies and information including specialised governance information and ratings from at least one Data Provider in order to satisfy itself that the relevant issuers follow good governance practices, in particular, with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager monitors compliance with the social and/or environmental characteristics outlined above on a regular basis through both its own ongoing research and monitoring of companies as well as through the use of research and ratings from Data Providers.

The Investment Manager monitors the achievement of the sustainability objective by calculating the proportion of the strategy which is invested in companies making a positive contribution to the achievement of the SDGs and in companies advancing the circular economy.

The Investment Manager has designated the MSCI AC WORLD Index as a reference benchmark. The Index is not aligned with all the environmental or social characteristics promoted by the strategy, as it includes a broad variety of companies and not just those involved in the circular economy sector.

Sustainability Risks

The likely impacts of sustainability risks are difficult to quantify. Although the ESG practices of a company may influence its long-term value, there can be no guarantee regarding the performance of individual investments, nor on the returns of the strategy, despite the integration of sustainable risks

Taxonomy

The Technical Screening Criteria ("TSC") require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient reliable, timely and verifiable data available for the Investment Manager to be able to assess investments using the TSC. While there are investments in this strategy that are in economic activities that contribute to an environmental objective and may be eligible to be assessed against the TSC, the Investment Manager is not currently in a position to describe:

- a) the extent to which the investments of the strategy are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation.
- (b) the proportion, as a percentage of the strategy, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation; or
- (c) the proportion, as a percentage of the strategy, of enabling and transitional activities (as described in the Taxonomy Regulation).

The Investment Manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the strategy's investments become available, the Investment Manager will provide you with an update.

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