

SUSTAINABLE FINANCE DISCLOSURES – WATER STRATEGY

The Water Strategy promotes environmental and social characteristics by investing in companies which, in the opinion of the Investment Manager, generate a substantial proportion of their turnover and operate on a sustainable basis in the water sector, including but not limited to water and wastewater treatment, water testing, infrastructure, filtration, engineering/consulting services and pumps/valves (but excluding the consumer bottled water sector). The provision of clean, safe water and sanitation services is, in the opinion of the Investment Manager, a benefit to the environment and to society.

In identifying investments which allow the Water strategy to promote environmental or social characteristics, the Investment Manager adopts the following strategies:

- The Investment Manager identifies companies which operate in the water sector and integrates an analysis of such companies' Environmental, Social and Governance ("ESG") performance into its investment analysis and investment decisions.
- 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. The Strategy does not invest in any company which is not involved in the water sector, including but not limited to water and wastewater treatment, water testing, infrastructure, filtration, engineering/consulting services and pumps/valves. Further, the Water 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 portfolio companies as well as through the use of research and ratings from Data Providers.

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics outlined above, including:

- The percentage of revenues earned on an estimated basis by portfolio companies which are from the water sector.
- The weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies supplied by Data Providers.
- The carbon intensity of the portfolio measured by an external provider of carbon footprint measurement services.
- The percentage of board members of companies in which the water strategy invests which are female.

The Water Strategy has designated the MSCI AC WORLD Index as a reference benchmark. The Index is not aligned with all of the environmental or social characteristics promoted by the strategy, as it includes a broad variety of companies and not just those involved in the water 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 as a whole, despite the integration of sustainable risks

Taxonomy

The Technical Screening Criteria (“TSC”) recently published 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.