

## **SUSTAINABLE FINANCE DISCLOSURE – GLOBAL ENERGY TRANSITION STRATEGY**

The Strategy promotes environmental 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 energy solutions sector, including but not limited to solar, wind, biomass, hydro, fuel cells and geothermal energy. The provision of clean energy products and services is, in the opinion of the Investment Manager, a benefit to the environment.

In identifying investments which allow the Strategy to promote environmental characteristics, the Investment Manager adopts the following strategies:

The Investment Manager identifies companies which operate in the energy solutions 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 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 energy solutions sector, including but not limited to solar, wind, biomass, hydro, fuel cells and geothermal energy. 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 the 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](http://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 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 characteristics outlined above, including:

- The percentage of revenues earned on an estimated basis by portfolio companies which are from the energy solutions 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 Strategy has designated the Wilderhill New Energy global Innovation Index as a reference benchmark in order to determine whether the Strategy is promoting environmental characteristics. In the opinion of the Investment Manager, the Index is consistent with the environmental characteristics promoted by the Strategy because it is comprised of companies in the energy solutions sector whose technologies focus on generation and use of clean energy, lower-CO2 renewables, conservation and energy efficiency. More information about the Index and its method of calculation is available at [https://nexindex.com/about\\_nex.php](https://nexindex.com/about_nex.php).

### ***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”) 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.