

Website Disclosure – KBI Circular Economy Strategy (Article 9)

Introduction

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) requires that firms publish certain information on their website, including a description of the sustainable investment objective together with information on the methodologies used to assess, measure and monitor the impact of the sustainable investments selected for the financial product (for Article 9 products).

KBI Global Investors Limited (the “**Investment Manager**”) is the investment manager of the financial product.

a) SUMMARY

Environmental and social objectives:

The environmental and social objectives of the product are the advancement of the Circular Economy (as defined below).

The current linear economic model takes resources from the earth, makes products, uses these products and then discards them when no longer wanted, often because of the way the products are made. The circular economy aims to transform this model by following the 3R approach: **Reduce, Reuse and Recycle**: resource usage is minimised (reduce); the reuse of products and component parts is maximised (reuse); and raw materials are reused (recycle) (the “Circular Economy”).

Sustainability Indicators:

The Investment Manager monitors a range of indicators to measure the environmental and social objectives of the product including:

- The percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals.
- The weighted average ESG rating of the product, as determined by the use of ESG ratings of companies, supplied by an external data provider of ESG research and ratings.
- The carbon intensity of the product measured by an external provider of carbon footprint measurement services.

Sustainability in investment strategy:

The Investment Manager identifies companies that are involved in the advancement of the circular economy sector and integrates an analysis of such companies’ Environmental, Social and Governance (“ESG”) performance into its investment analysis and investment decisions.

Harm to environmental or social objectives:

The sustainable investments of the product are assessed to ensure that they do not cause significant harm to any environmental or social objective.

The sustainable investments of the product are assessed to ensure that they do not cause significant harm to any environmental or social objective. This assessment makes use of Principal Adverse Impact Indicators (“PAI Indicators”), where applicable and where data is sufficiently available, and ensures that certain minimum standards are reached for each applicable PAI Indicator. The PAI Indicators relate to a number of potential negative impacts, including but not limited to greenhouse gas emissions, social and employee matters, respect for human rights, involvement with fossil fuels, gender balance on boards, whether a company is in breach of the Principles of the UN Global Compact, and anti-corruption and anti-bribery matters.

The product does not invest in companies involved in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability in excess of certain thresholds. These include but are not limited to companies involved in the

manufacture of tobacco products, companies with any involvement in certain types of controversial weapons, and companies with a high degree of involvement in coal extraction or coal-fired electricity generation.

Assessment of Good Governance:

The Investment Manager assesses the governance practices and governance performance of all companies in which the product invests. This assessment is based on (i) the Investment Manager's own research and knowledge of the company based on its direct interactions with companies and its analysis of the financial statements and related materials of companies; and/or (ii) information including specialised governance information and ratings from at least one external 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.

Minimum proportions:

The Investment Manager commits to invest a minimum of 95% of the product's assets in sustainable investments with an environmental or social objective, all of which will be via direct exposure to investee companies. The remaining 0% to 5% of investments will be in investments which are used for the purpose of hedging and cash held as ancillary liquidity.

Methodology to measure environmental and social objectives:

For measuring the percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals ("SDGs"), the Investment Manager examines the business activities of each investee company, and then assesses whether each activity was positively, neutrally or negatively aligned to the achievement of each SDG.

For the weighted average ESG score, the Investment Manager uses ESG scores from an external data provider, where available, and weights each score according to the weight of that company within the portfolio as a whole.

For the weighted average carbon intensity of the portfolio, data is obtained from an external data provider which uses a combination of data reported by investee companies and its own estimates when reported (i.e. company-sourced) data is not available.

The percentage of the product in investments with an environmental objective and the percentage of the product in investments with a social objective is calculated using the Investment Manager's own estimates or data provided by MSCI ESG Research (where available) relating to the alignment of companies with the United Nations Sustainable Development Goals.

Due Diligence:

All due diligence is conducted internally but often with input and/or assistance from external data providers. The Investment Manager's ESG data and research provider provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of most though not all companies in which the Investment Manager invests or considers for investment on behalf of the product.

Engagement:

The Investment Manager carries out both direct and collaborative engagement.

The objective of the engagement activity is to improve the ESG performance of investee companies. The Investment Manager believes that this has benefits to society and the environment, but also assists investment performance.

Reference Benchmark:

No specific index has been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and social objectives of the product.

B) NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE.

The sustainable investments of the product are assessed to ensure that they do not cause significant harm to any environmental or social objective. This assessment makes use of Principal Adverse Impact Indicators ("PAI Indicators"), where applicable and where data is sufficiently available, and ensures that certain minimum standards are reached for each applicable PAI Indicator. The PAI Indicators relate to a number of potential negative impacts, including but not limited to greenhouse gas emissions, social and employee matters, respect for human rights, involvement with fossil fuels, gender balance on boards, whether a company is in breach of the Principles of the UN Global Compact, and anti-corruption and anti-bribery matters.

The indicators for adverse impacts on sustainability factors are taken into account by applying certain exclusion strategies aligned to the PAI Indicators and by monitoring the PAI Indicators in the following manner:

1. As explained above, the Investment Manager makes use of the PAI Indicators when ensuring that a sustainable investment does not cause significant harm to any environmental or social objective and the Investment Manager ensures that certain minimum standards are reached for each applicable PAI Indicator.
2. The product does not invest in companies involved in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability in excess of certain thresholds. These include but are not limited to companies involved in the manufacture of tobacco products, companies with any involvement in certain types of controversial weapons, and companies with a high degree of involvement in coal extraction or coal-fired electricity generation.
3. The Investment Manager engages with companies in which it invests on a range of issues, including engagement with companies which have high adverse impact (as measured by the PAI Indicators and by other factors), with a view to influencing the company to change its activities in a manner which will reduce the adverse impact.

The product does not invest in any company which violates, repeatedly and seriously, one or more of the ten principles of the UN Global Compact. To implement this, the Investment Manager uses data from data providers which rely on international conventions such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, as sources of data to determine risk exposure of companies' geographies of operation and business segments.

Sustainable investments align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through the use of environmental and UNGC (UN Global Compact) controversies screening as an indication for alignment with OECD guidelines / UN guiding principles along with other tools including ESG scores and research as part of the investment.

C) SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

The environmental and social objectives of the product are the advancement of the Circular Economy.

The objectives of these sustainable investments are to minimise the use or consumption of resources, or to enhance production processes and products that strengthen the Circular Economy, or to reduce waste and increase sustainable recycling, or provide technology solutions which enable or accelerate the achievement of the Circular Economy. The delivery of these objectives is, in the opinion of the Investment Manager, a benefit to the environment and to society. The sustainable investments contribute to these objectives by helping to minimise resource usage, to maximise the reuse of products and component parts and to maximise the recycling of raw materials.

No reference benchmark has been designated for the purpose of attaining the environmental and social objectives of the product.

D) INVESTMENT STRATEGY

The product invests primarily in equity and equity- related securities of companies which, in the opinion of the Investment Manager, on an aggregate portfolio basis generate a substantial proportion of their turnover from advancing the Circular Economy.

The Investment Manager identifies companies which are involved in the circular economy 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.

The portfolio construction process excludes holdings deemed inconsistent with the Investment Manager's Responsible Investment Policy or that are involved in certain controversial sectors, as determined by the Investment Manager's Responsible Investing Committee. The product does not invest in any company which is not involved in the advancement of the circular economy. All investee companies are involved in activities that materially advance the achievement of the circular economy by minimising the use/consumption of resources, enhancing production processes and products to strengthen the circular economy, reducing waste and increasing sustainable recycling, or providing technological solutions enabling or accelerating the achievement of a circular economy.

Further, the product 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 section of the Investment Manager's website which can be found at www.kbiglobalinvestors.com.

Assessment of Good Governance.

The Investment Manager assesses the governance practices and governance performance of all companies in which the product invests, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This assessment is based on (i) the Investment Manager's own research and knowledge of the company based on its direct interactions with companies and its analysis of the financial statements and related materials of companies; and/or (ii) information including specialised governance information and ratings from at least one external 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.

When assessing the governance practices of investee companies, the Investment Manager (and/or its data provider, as applicable), has regard to a range of issues including but not limited to:

- Corporate governance: the impact that a company's ownership, board and other corporate governance practices (including the pay of senior management) have on investors.
- Corporate behaviour: the extent to which companies may face ethics issues such as fraud, executive misconduct, corruption, money laundering, or tax-related controversies.
- Staff remuneration: the extent to which pay of the CEO exceeds average pay per employee.
- Labour management: the relationship between management and labour.
- Tax compliance: a company's revenue-reporting transparency and involvement in tax controversies.

E) PROPORTION OF INVESTMENTS

The product invests primarily in equity and equity- related securities of companies which, in the opinion of the Investment Manager, on an aggregate portfolio basis generate a substantial proportion of their turnover from advancing the Circular Economy.

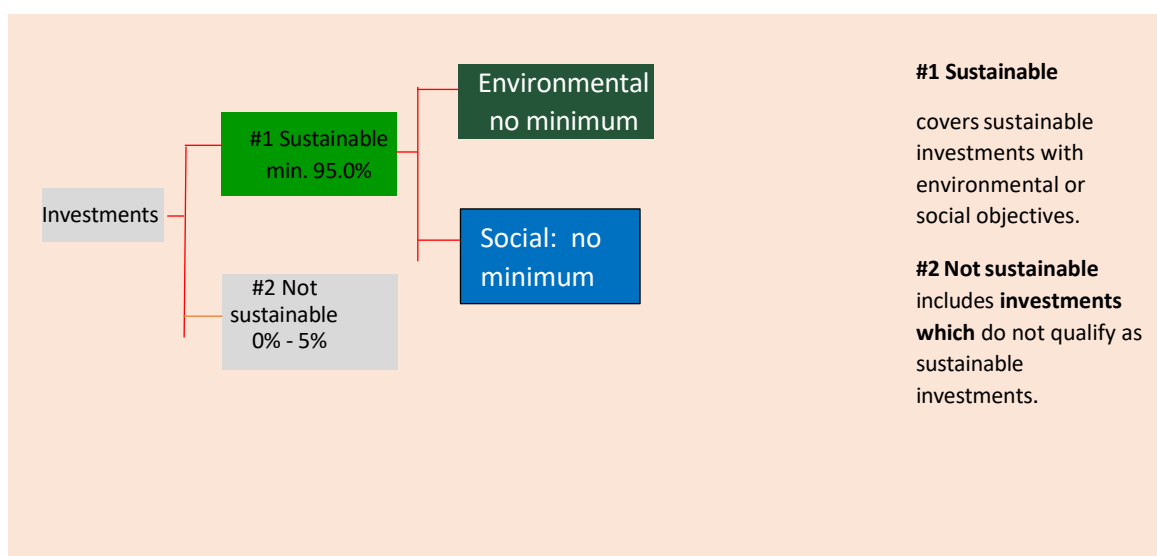
#1 Sustainable

The Investment Manager commits to invest a minimum of 95% of the product's assets in sustainable investments, all of which will be via direct exposure to investee companies.

While the sum of sustainable investments with an environmental objective invested and sustainable investments with a social objective invested will add up to the product's minimum share of 95% sustainable investments, the product does not commit to a certain allocation between environmental and social objectives individually. Accordingly, the product does not commit to any minimum share of investments with an environmental objective or any minimum share of investments with a social objective.

#2 Not sustainable

The remaining 0% to 5% of investments will be in investments which are used for the purpose of hedging and cash held as ancillary liquidity



F) MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVES

The environmental and social objectives of the product are the advancement of the circular economy.

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social objectives of the product, including: (i) the weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies, supplied by an external data provider of ESG research and ratings and (ii) the weighted average carbon intensity of the portfolio measured by an external provider of carbon footprint measurement services and (iii) the percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals.

These indicators are monitored using a variety of internal and external data sources, as below.

- The ESG score of an investee company is an objective evaluation of a company's performance with respect to Environmental, Social, and Governance (ESG) issues, with a minimum score of zero and a maximum score of ten. The calculation is carried out at least quarterly.
- The weighted average carbon intensity of the portfolio measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales). This calculation is carried out at least quarterly, using data from an external data provider which uses a combination of data reported by investee companies and its own estimates when company-sourced data is not available. It should be noted that carbon emissions data are not available for every company.

- The percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals is estimated by the Investment Manager. The calculation of this number is carried out at least annually but may be more frequent.

Further, the Investment Manager's ESG data and research provider provides continuing analysis of the environmental, social and governance-related business practices of companies in which the Investment Manager invests on behalf of the product. This research is used to exclude companies from the portfolio where those companies are involved in certain sectors, in excess of certain thresholds, such as the manufacture of cluster bombs or land mines, the manufacture of tobacco products, or involvement in large-scale thermal coal extraction or coal-fired electricity generation.

G) METHODOLOGIES

The methodology used to measure how the attainment of the environmental and social objectives of the product are met is set out below.

- The ESG score of an investee company is an objective evaluation of a company's performance with respect to Environmental, Social, and Governance (ESG) issues, with a minimum score of zero and a maximum score of ten. For the purpose of calculating the weighted average ESG score of the portfolio, the Investment Manager uses ESG scores from an external data provider, where available, and weight each score according to the weight of that company within the portfolio as a whole. The calculation is carried out at least quarterly. It should be noted that an ESG score is not available for every company. The ESG score of a company is used by the Investment Manager as a factor in its investment decisions such as whether the product should invest in a company and what the size of that investment should be, and companies with particularly poor ESG scores are entirely excluded from the portfolio.
- The weighted average carbon intensity of the portfolio measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales). This calculation is carried out at least quarterly, using data from an external data provider which uses a combination of data reported by investee companies and its own estimates when company-sourced data is not available. Greenhouse gas emissions are classified as per the Greenhouse Gas Protocol and are grouped in three categories known as Scope 1, Scope 2 and Scope 3, but for the purpose of this calculation only Scope 1 and Scope 2 emissions are measured. Scope 1 GHG emissions are those directly occurring from sources that are owned or controlled by the institution, including: on-campus stationary combustion of fossil fuels; mobile combustion of fossil fuels by institution owned/controlled vehicles; and "fugitive" emissions. Fugitive emissions result from intentional or unintentional releases of GHGs, including the leakage of hydrofluorocarbons (HFCs) from refrigeration and air conditioning equipment as well as the release of CH₄ from institution-owned farm animals. Scope 2 emissions are "indirect emissions generated in the production of electricity consumed by the institution." The greenhouse gases included in the GHG emissions are Carbon Dioxide, Methane, Nitrous Oxide, Hydrofluorocarbons, Perfluorocarbons and Sulphur Hexafluoride. It should be noted that carbon emissions data are not available for every company. The Investment Manager may decide not to invest in companies with particularly high carbon intensity. It may also use carbon intensity as an indicator that it would be helpful to engage with the company with the aim of reducing that company's carbon intensity.
- The percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals is estimated by the Investment Manager, based primarily on data from investee companies' financial statements, but also using other disclosures that those companies may make from time to time. In the absence of such information, the Investment Manager uses its own estimates which are based on the Investment Manager's knowledge of the company and the Investment Manager's judgement and opinions on the division of revenue between various business activities. The calculation of this number is carried out at least annually but may be more frequent.

H) DATA SOURCES AND PROCESSING

(a) Data sources used to attain each of the environmental and social objectives:

For the weighted average ESG score, the Investment Manager uses ESG scores from an external data provider, where available, and weights each score according to the weight of that company within the portfolio as a whole. The ESG scores aim to measure a company's resilience to long-term financially relevant ESG risks and the data provider determines a set of key issues relevant to each sector. Examples of key issues include climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour etc.

For the weighted average carbon intensity of the portfolio, data is obtained from an external data provider which uses a combination of data reported by investee companies and its own estimates when reported (i.e. company-sourced) data is not available. When there is no reported data, the data provider uses one of three models. If possible, a Company Specific Intensity Model is used, which is based either on emissions data previously reported by the particular company or in the case of electric utilities, on the fuel mix the company uses for electricity generation and therefore reflects the specifics of the businesses that the company is in and its own production processes. If the company does not report, a Global Industry Classification Standard (GICS) Sub Industry Model is used, which is more generalised but is based on the data provider's own emissions database. In order to refine these models, the data provider built a robust data set of reported emissions for the years 2008 to 2012 for companies in its research universe (reported data on about 1900 global companies). Lastly, for those companies that did not report data and whose GICS Sub Industry was not represented in the data set, the Economic Input Output Life Cycle Assessment Model is used, a generalised model based on Standard Industrial Classification (SIC) codes.

For the percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals, the Investment Manager uses its own estimates based primarily on data from investee companies' financial statements, but also using other disclosures that those companies may make from time to time. It uses its own estimates because in many cases companies do not disclose the breakdown of revenues in sufficient detail to allow the Investment Manager to avoid the use of estimates. The basis for each estimate, and backup information related to that estimate, are recorded in writing and the estimates are approved by the Investment Manager's Responsible Investing Committee or its delegates.

(b) Measures taken to ensure data quality

For the weighted average ESG score, the data provider collects and standardizes a range of publicly available data from both company-reported and alternative sources. Data sources of a company's operations include its annual reports, investor presentations, financial and regulatory filings. Data sources such as the International Labour Organisation (ILO), Organization of Economic Co-Operation and Development (OECD) and the International Monetary Fund (IMF) and many others to assess macro level risk exposure to companies' geographies of operation and business segments. To assess companies' risk management and track record, the data provider refers to corporate documents, government data, trade and academic journals, and news media as its sources. To assess governance, the data provider refers to regulatory and stock exchange websites and databases. The data provider's review process allows for companies to comment on the accuracy of company data for all research reports, and it communicates directly with companies.

For the weighted average carbon intensity of the portfolio, data is obtained from an external data provider which uses a combination of data reported by investee companies and its own estimates when reported (i.e. company-sourced) data is not available. When there is no reported data, the data provider uses one of three models. If possible, a Company Specific Intensity Model is used, which is based either on emissions data previously reported by the particular company or in the case of electric utilities, on the fuel mix the company uses for electricity generation and therefore reflects the specifics of the businesses that the company is in and its own production processes. If the company does not report, a Global Industry Classification Standard (GICS) Sub Industry Model is used, which is more generalised but is based on the data provider's own emissions database. In order to refine these models, the data provider built a robust data set of reported

emissions for the years 2008 to 2012 for companies in its research universe (reported data on about 1900 global companies). Lastly, for those companies that did not report data and whose GICS Sub Industry was not represented in the data set, the Economic Input Output Life Cycle Assessment Model is used, a generalised model based on Standard Industrial Classification (SIC) codes.

For the percentage of percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals, the Investment Manager uses its own estimates based primarily on data from investee companies' financial statements, but also using other disclosures that those companies may make from time to time. It uses its own estimates because in many cases companies do not disclose the breakdown of revenues in sufficient detail to allow the Manager to avoid the use of estimates. The basis for each estimate, and backup information related to that estimate, are recorded in writing and the estimates are approved by the Investment Manager's Responsible Investing Committee or its delegates.

c) how data are processed

The data from the third-party data provider is integrated directly into the Investment Manager's systems via the Application Programming Interface (API), which enables the Investment Manager to retrieve stock and index data programmatically without the operational risk which might arise as a result of human intervention. This data is stored on the Investment Manager's database, giving the in-house applications instant access to use the data.

d) proportion of data that are estimated

The proportion of data that are estimated is as set out below.

For the weighted average ESG score for the portfolio, ESG scores from an external provider are available for approximately 90% -100% of the portfolio. Estimates are not used. It should be noted that these percentages are approximate and subject to change from time to time due to changes in the investment portfolio and changes in the availability of data for companies.

For the weighted average carbon intensity of the portfolio, reported and estimated data are available for approximately 90% - 100% of the portfolio while the balance is excluded as no data, either estimated or reported, is available. It should be noted that these percentages are approximate and subject to change from time to time due to changes in the investment portfolio and changes in the availability of data for companies.

For the percentage of revenues percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals, all data is estimated.

I) LIMITATIONS TO METHODOLOGIES AND DATA

For the weighted average ESG score for the portfolio, there is full reliance on an external data provider to supply ESG scores for investee companies. The Investment Manager closely monitors those scores and investigates apparent errors or anomalies that come to its attention, but it is not possible to entirely remove the possibility of error from this calculation. However, the Investment Manager believes that any such errors, if they exist, are unlikely to affect how the environmental and social objectives of this product are met.

For the weighted average carbon intensity of the portfolio, a limitation of the data is that not all investee companies report carbon emissions. However, as outlined about in the Methodology section, the data provider uses a variety of mathematical models to overcome this limitation. The Investment Manager believes that the use of these models is likely to ensure that the data limitations are unlikely to affect how the environmental and social objectives of this product are met.

For the percentage of investee companies whose revenues are positively aligned with the achievement of the United Nations Sustainable Development Goals, the Investment Manager is reliant on information provided by investee companies, usually in its financial statements. However, it is often the case that this information is not sufficiently detailed to allow the proportion of revenues that are positively aligned with the achievement of the SDGs to be directly deduced, and the Investment Manager in such cases is required to use its own estimate. The Investment Manager believes that while there is a high degree of estimation to this metric, this is unlikely to affect how the environmental and social objectives of this product are met.

J) DUE DILIGENCE

All due diligence is conducted internally but often with input and/or assistance from external data providers. The Investment Manager's ESG data and research provider provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of most though not all companies in which the Investment Manager invests or considers for investment on behalf of the product. This research is also used, where required, to exclude companies from its portfolios where those companies are involved in certain sectors, in excess of certain thresholds, such as the manufacture of cluster bombs or land mines, the manufacture of tobacco products, or involvement in large-scale thermal coal extraction or coal-fired electricity generation. Where relevant data or information is not available from the external data provider(s), 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.

For governance issues, the Investment Manager carries out its own due diligence on all companies in which it invests or considers for investment, but this may be assisted with research and voting recommendations from an external proxy voting advisor.

In addition, the Investment Manager is a member of or signatory to various industry bodies and initiatives. These industry bodies in many cases provide valuable input through peer discussion of relevant issues as well as specific research on certain topics.

The Investment Manager then takes all external information and incorporates it into its internal research process to come to its own assessment and view.

As part of this process, meetings may be held with investee company management. Further, staff members of the Investment Manager may attend specialist conferences as well as (for example) undertaking investee company plant tours.

K) ENGAGEMENT POLICIES

The Investment Manager carries out both direct and collaborative engagement.

The objective of the engagement activity is to improve the ESG performance of investee companies. The Investment Manager believes that this has benefits to society and the environment, but also assists investment performance.

There are many reasons why the Investment Manager may commence engagement, including but not limited to concerns re board structure and governance, excessive or inappropriately structured executive compensation, management's intention or ability to deliver shareholder expectations, disclosure of environmental information, and breaches of best practice with regard to stakeholder management.

However, while any of these factors may lead to commencement of engagement, climate and diversity are particularly prioritised when engaging with companies.

For climate, engagement is prioritised for companies that do not meet the minimum expectations of reporting carbon emissions to CDP and reporting on climate-related financial disclosures using the Taskforce for Climate related Financial Disclosures ("TCFD") framework.

L) ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVES

No reference benchmark has been designated for the purpose of attaining the environmental and social objectives of the product.