KBI Emerging Markets Equity Fund

LEI: 635400SILGSJVHNYFH80

Introduction

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) requires that firms publish information on environmental or social characteristics that their products promote (for Article 8 products), together with information on the methodologies used to assess, measure and monitor them.

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

a) SUMMARY

Environmental or social characteristics:
This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

The environmental and social characteristics promoted by this product are reductions in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society, by, for example, enhancing human capital or providing improved social opportunities to services such as finance, health care, and communications.

Sustainability Indicators:
The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics 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.

Sustainability in investment strategy:
The Investment Manager integrates an analysis of companies' 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 portfolio construction process excludes holdings deemed inconsistent with the Investment Manager's Responsible Investment Policy or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investing Committee, including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds.

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:
A minimum of 25% of the investments of the product are used to meet the environmental and social characteristics promoted by the product in accordance with the binding elements of the investment strategy and the product seeks to invest a minimum of 25% of its assets in sustainable investments with an environmental or social objective, all of which will be via direct exposure to investee companies.

Methodology to measure environmental and social characteristics:
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.

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 characteristics that it promotes.

b) NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental and social characteristics but does not have as its objective sustainable investment.

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 any companies materially engaged in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability. 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.

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 process.

c) ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The environmental and social characteristics promoted by the product are reductions in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society, by, for example, enhancing human capital or providing improved social opportunities to services such as finance, health care, and communications. While the product promotes carbon emission reduction and better corporate practices, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR.

d) INVESTMENT STRATEGY

Investment Strategy

The Investment Manager integrates an analysis of companies' ESG performance into its investment analysis and investment decisions. Companies are rated on an AAA-CCC scale relative to the standards and performance of their industry peers, which is then translated into an ESG score. The Investment Manager gets a single ESG score for each stock from MSCI ESG Research (the "Data Provider"), each stock receiving a score of between 0 and 10.

The product is managed with the aim of progressively reducing net carbon emissions of investee companies and of eventually reaching net zero emissions by 2050. The product also seeks to have a carbon intensity level lower than the Index. The Investment Manager monitors the carbon intensity of companies in which the product invests. Carbon intensity is a measure of greenhouse gas emissions, in tonnes, relative to the revenue of the company or portfolio. The Investment Manager obtains carbon intensity data from the Data Provider.

While the product promotes carbon emission reduction and better corporate practices, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR. Further, the investment strategy of the product is not continuously aligned with the Index and the Index is not used for the purpose of determining the attainment of the environmental and social characteristics promoted by the product. The Index is a broad market index and is not aligned with the environmental and social characteristics promoted by the product.

The portfolio construction process excludes holdings deemed inconsistent with the Investment Manager's Responsible Investment Policy or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investing Committee. 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 at the following link: https://www.kbiglobalinvestors.com/sfdr-icavproduct-info/hiyem/.

Assessment of Good Governance.

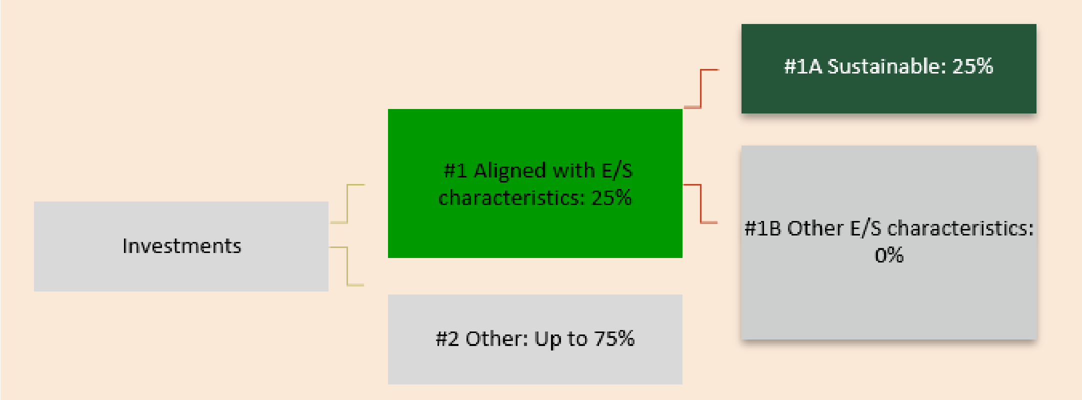
The Investment Manager assesses the governance practices and governance performance of all companies in which the product invests. This assessment is based on (i) the Investment Manager's own research and knowledge of the company based on its direct interactions with companies and its analysis of the 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.

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

A minimum of 25% of the investments of the product are used to meet the environmental and social characteristics promoted by the product in accordance with the binding elements of the investment strategy and the product seeks to invest a minimum of 25% of its assets in sustainable investments with an environmental and/or social objective, all of which will be via direct exposure to investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The product invests in sustainable investments even though such investments do not meet all of the detailed criteria for "environmentally sustainable investments" within the meaning of the EU Taxonomy Regulation. The product has no investments in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy.

f) MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The environmental and social characteristics of the product are reductions in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society, by, for example, enhancing human capital or providing improved social opportunities to services such as finance, health care, and communications.

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics 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.

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. It should be noted that ESG scores data may not be available for every company.
- 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 may not be available for every company.

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 may be used to exclude companies from the portfolio where those companies are involved with certain sectors 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 environmental and social characteristics 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 Managers 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 calculation is carried out at least quarterly. It should be noted that an ESG score may not be available for every company.
- 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 CH_4 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.

h) DATA SOURCES AND PROCESSING

(a) Data sources used to attain each of the environmental or social characteristics:

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.

(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 may be used 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, 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.

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, ESG scores from an external provider are available for approximately 100% of the portfolio. Estimates are not used. It should be noted that this proportion is 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, reported data are available for approximately 86% of the portfolio and estimated data is used for approximately 14% while the balance (if any) 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.

i) LIMITATIONS TO METHODOLOGIES AND DATA

For the weighted average ESG score, 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 characteristics of this product are met.

For the weighted average carbon intensity, 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 characteristics of this product are met.

j) DUE DILIGENCE

The Investment Manager uses an external data provider which provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of companies in which the product invests or considers investing, and provides an overall ESG score for companies, taking into account all ESG factors including ESG risk. Those ESG scores, as well as carbons emissions, are factors used by the Investment Manager in its due diligence process.

The Investment Manager also uses data and information from an external data provider firm, which provides corporate governance research, proxy advisory and voting services. The data provider carries out stock-specific governance research on behalf of the investment manager and provides it with voting recommendations. Its policy research approach includes employing the use of ESG risk indicators to identify moderate to severe ESG risk factors at public companies and holding culpable board members accountable for failure to sufficiently oversee, manage, or guard against material ESG risks. The ESG risk indicators cover several topics including the environment, human rights and impacts of business activities on local communities, labor rights and supply chain risks, consumer product safety, bribery and corruption, and governance & risk oversight failures.

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) DESIGNATED REFERENCE BENCHMARK

No specific index has been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

The MSCI Emerging Markets Index (the "Index") is used to compare the ESG performance of the product against the ESG performance of the Index. However, the investment strategy of the product is not continuously aligned with the Index and the Index is not used for the purpose of determining the attainment of the environmental and social characteristics promoted by the product. The Index is a broad market index and is not aligned with the environmental and social characteristics promoted by the product.

m) VERSION HISTORY

VERSION	DATE PUBLISHED	MAIN CHANGES
1.0	JANUARY 3RD 2023	
1.1	JULY 21ST 2023	• CLARIFICATION RE NET-ZERO 2050 CARBON EMISSIONS TARGET • SUSTAINABLE INVESTING AND COMPLIANCE WITH EU TAXONOMY REGULATION IN SECTION (E) • GENERAL TEXT EDITS / CLARIFICATIONS