Sustainability-related Disclosures

Summary

Ownership Capital manages discretionary portfolios for collective investment vehicles and individual accounts ("Financial Products") according to a single investment strategy. For each Financial Product the following disclosure applies.

The Investment Manager has determined that the Financial Product is categorised as an Article 8 product pursuant to the SFDR as a result of the Financial Product promotion of decarbonisation as an environmental characteristic.

The Investment Manager believes that companies will only deliver outstanding investment results over the long-term if they have sound business strategies that are executed in a sustainable, and well-governed manner.

These companies typically exhibit strong revenue growth, high quality and sustainable margins, low capital requirements, high return on capital, strong management and governance, long-term profit orientation, good environment and social indicators.

The Financial Product's investment universe is comprised of public companies listed on exchanges in global developed markets. The Investment Manager narrows down the number of public companies within the investment universe through quantitative screening based on investment principle-related metrics including strong revenue growth, stable margins, a low degree of company leverage and alignment with certain minimum Environmental, Social and Governance ("**ESG**") factors described in the "Investment Strategy" section below.

The Investment Manager seeks to identify companies with attractive business strategies that are executed in a sustainable and well-governed manner. The companies which align with the investment principles of the Investment Manager (strong revenue growth, high quality and sustainable margins, low capital requirements, high return on capital, strong management and governance, long-term profit orientation, good environment and social indicators) and are trading at an attractive price relative to the Investment Manager's valuation, based on the 10-year financial analysis, will likely be selected for the portfolio.

Following selection, the Investment Manager actively engages with all portfolio companies on a continuous basis. This engagement includes addressing key areas highlighted for improvement during the investment due diligence process. Examples would include board composition, diversity, management compensation structure and improving reporting on ESG factors. Working together with management, the Investment Manager encourages portfolio companies to invest in the future in order to achieve sustainable growth and business durability that is the foundation of long-term success.

Promotion of Environmental Characteristics

The environmental characteristic promoted by the Financial Product, under Article 8 of SFDR, is decarbonisation, which the Investment Manager considers to be the contribution to stabilization of GHG concentration, reduction of GHG emissions, or the increase of GHG removals. The Financial Product promotes decarbonisation through investing in companies with low levels of carbon intensity, which contribute to decarbonisation through their operations and/or products and services and/or have the ability and willingness to reduce their level of carbon intensity over time.

No sustainable investment objective

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

The Financial Product expects a minimum of 5% of investments that will be sustainable investments. The objective of the sustainable investments that the financial product partially intends to make is to promote the stabilization of GHG concentration, reduction of GHG emissions, or the increase of GHG removals. The sustainable investment contributes to this objective through investing in companies which promote decarbonisation through their operations and/or products and services. This can include companies with low operating emissions and companies producing sustainable products which support the low-carbon transition.

For sustainable investments, the indicators for adverse impacts on sustainability factors (the "**PAI indicators**") are either directly or indirectly included in the investment due diligence process and have been taken into account by ensuring that the investments do no significant harm to any environmental or social objective. The Investment Manager considers principal adverse impacts on sustainability factors as referred to in Annex I of the SFDR Delegated Act. Please refer to the Investment Manager's PAI Statement available on their website (https://www.ownershipcapital.com/sfdr) for more information.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (the "**OECD and UN Guidelines**") via the Investment Manager's proprietary ESG Questionnaire.

The Investment Manager assesses material impacts of investee company operations and products/services on Sustainability Factors through analysis conducted during the investment due diligence process, and regular monitoring throughout the holding period. The Investment Manager assesses the company through its own environmental, social and governance ("**ESG**") analysis tool, which is an extensive questionnaire based on different ESG factors. ESG factors are defined as measures used to evaluate the company across management, environmental, social and governance categories. The Investment Manager considers principal adverse impacts on sustainability factors as referred to in Annex I of the SFDR Delegated Act. Please refer to the Investment Manager's PAI Statement available on their website (https://www.ownershipcapital.com/sfdr) for more information.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (the "OECD and UN Guidelines") via the Investment Manager's proprietary ESG Questionnaire.

Environmental or social characteristics of the financial product

The environmental characteristic promoted by the Financial Product, under Article 8 of SFDR, is decarbonisation, which the Investment Manager considers to be the contribution to stabilization of GHG concentration, reduction of GHG emissions, or the increase of GHG removals. The Financial Product promotes decarbonisation through investing in companies with low levels of carbon intensity, which contribute to decarbonisation through their operations and/or products and services and/or have the ability and willingness to reduce their level of carbon intensity over time. The Investment Manager assesses each company for their contribution to decarbonisation using the metric of carbon intensity. Carbon intensity is calculated as Scope 1 (direct emissions from owned or controlled sources) + Scope 2 (indirect emissions from the generation of purchased energy) emissions per million USD sales. The Financial Product expects a minimum of 5% of investments will promote environmental characteristics, which may or may not be sustainable investments.

Investment strategy

The Financial Product's investment universe is comprised of public companies listed on exchanges in global developed markets with a market capitalisation of above USD 1 billion. The Investment Manager narrows down the number of public companies within the investment universe through quantitative screening based on investment principle-related metrics including strong revenue growth, stable margins, a low degree of company leverage and alignment with certain minimum Environmental, Social and Governance ("**ESG**") factors described below.

The investment strategy includes the assessment of the environmental characteristics promoted by the Financial Product, good governance practices and other ESG related analysis. Sustainability risks are identified and integrated into the investment decision-making process. The Investment Manager seeks to identify and invest in such companies based on rigorous bottom-up analysis which includes:

i. <u>Fundamental analysis:</u> An in-depth financial analysis is performed on all portfolio companies over a 10-year time horizon. In addition, face-to-face meetings with management and visits to stores, factories and offices where their business is done also forms part of the analysis.

ii. <u>ESG analysis:</u> The Investment Manager's proprietary ESG analysis tool is used to assess a company's ESG performance and highlight the key material ESG risks and opportunities for each company. ESG analysis is conducted by the members of the Investment Manager's investment team. The outcome of the ESG analysis informs the long-term risk and return outlook for the investee company, and therefore the investment decision making process.

iii. <u>ESG integration analysis:</u> ESG factors are incorporated throughout all steps of the Investment Manager's stock selection process: screening, investment due diligence and investment monitoring and engagement. During the screening phase, the Investment Manager conducts a high-level ESG and management analysis of the target company whereby the Investment Manager assesses whether the company meets certain minimum ESG standards that the Investment Manager has set including, but not limited to, access to the senior management team and a willingness to engage, board independence and no evidence of repeated social or environmental misconduct in the last 5 years. In the next stage, the investment due diligence phase, the full management profile and ESG analysis is completed. This analysis is performed in parallel with the in-depth financial analysis. The Investment Manager scores the company using the Investment Manager's own ESG analysis tool, which is an extensive questionnaire based on different ESG factors (the "**ESG Questionnaire**"). The ESG Questionnaire is completed for all holdings in the portfolio prior to investment in the relevant target company and updated on an ongoing basis throughout the holding period of the company to ensure that the analysis remains up-to-date. The ESG Questionnaire is completed based on quantitative and qualitative data available through the Investment Manager's internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. ESG factors are defined as measures used to evaluate the company across Management, Environmental, Social and Governance categories. Examples of these criteria include:

- Management - Succession Plan and Managerial Strength.
- Environmental - Formal Environmental Policy, Climate Change and Greenhouse Gas ("**GHG**") Emissions, Pollution, Waste Management and Energy and Water Usage.
- Social - Health and Safety Certifications and Human Capital Management.
- Governance - Board Independence, Ethics and Compliance.

Given the focus of the Financial Product on investing in companies with good environmental and social indicators, the Investment Manager typically will not invest in companies which score poorly on ESG factors, which are considered material to the target company, as determined by the ESG Questionnaire. In certain cases where the company scores poorly on relevant ESG factors, the Investment Manager may still choose to invest and engage with the company to improve their performance on the ESG factor. The Investment Manager will not invest in companies which score poorly on relevant ESG factors that cannot be improved through engagement.

iv. Engagement: The Investment Manager engages with all investee companies on the material ESG risks and opportunities identified for each business through the proprietary ESG analysis. Engagement is defined as direct interaction between the Investment Manager and the investee companies, including conference calls, emails and in-person meetings.

The investment portfolio is actively managed through an engaged ownership approach whereby financial and extra-financial factors (including ESG issues) are analysed and integrated into the investment-decision making process to reduce portfolio risk and create long-term value.

The Investment Manager conducts a full management profile and ESG analysis for each investee company. This analysis is performed in parallel with the in-depth financial analysis. The Investment Manager scores the company using the ESG Questionnaire. The ESG Questionnaire is completed for all holdings in the portfolio prior to investment in the relevant target company. The ESG Questionnaire is completed based on quantitative and qualitative data available through the Investment Manager's internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. ESG factors are defined as measures used to evaluate the company across management, environmental, social and governance categories.

Carbon-related metrics including carbon intensity and decarbonisation targets are assessed through the ESG Questionnaire as part of the Investment Manager's environmental assessment.

All portfolio companies are assessed across multiple governance metrics including compliance, board independence, ethics and with the UN Global Compact, incidents of bribery or corruption, discrimination or diversity incidents, business ethics incidents, controlling shareholder concerns, multiple equity classes with differing voting rights and government ownership for each company. Companies with repeated violations of the UN Global Compact or other incidents of poor governance will not be considered for investment.

Proportion of investments

The Financial Product expects a minimum of 5% of direct investments will promote Environmental Characteristics, which may or may not be sustainable investments. The Financial Product expects a minimum of 5% of investments that will be sustainable investments. The Financial Product does not invest in derivatives, and an obtain direct long-only exposure to investee companies. Regarding the remaining proportion of investments that do not meet the environmental characteristics of the Financial Product, the Investment Manager typically will not invest in companies which score poorly on ESG factors, which are considered material to the target company, as determined by the ESG Questionnaire. In certain cases where the company scores poorly on relevant ESG factors, the Investment Manager may still choose to invest and engage with the company to improve their performance on the ESG factor. The Investment Manager will not invest in companies which score poorly on relevant ESG factors that cannot be improved through engagement.

The Financial Product has zero exposure to taxonomy-aligned investments. The “do no significant harm” principle applies only to those investments underlying the Financial Product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this Financial Product do not take into account the EU criteria for environmentally sustainable economic activities.

Monitoring of environmental or social characteristics

The Investment Manager assesses each company for their contribution to decarbonisation using the metric of carbon intensity. Carbon intensity is calculated as Scope 1 + Scope 2 emissions per million USD sales. Scope 1 emissions are direct emissions from owned or controlled sources, while Scope 2 emissions include indirect emissions from the generation of purchased energy.

As carbon intensity is expected to vary depending on the market or industry sector, the Investment Manager determines the company’s contribution to decarbonisation on a case-by-case basis by taking into account the carbon intensity of the individual company and its market or industry sector and any relevant qualitative data. While the primary metric used to measure the attainment of contribution to decarbonisation is carbon intensity, examples of the additional criteria used to inform the assessment include adoption of formal environmental policies, effective processes for managing carbon intensity, public reporting of GHG emissions and GHG intensity reduction targets.

A reference benchmark has not been designated for the purpose of attaining the Environmental Characteristics. Within this document, the “Benchmark” refers to the weighted average carbon intensity (Scope 1 + 2 emissions / $m sales) of the MSCI World Index (M1WO) used as a metric to assist with determining whether an asset is consider to be low carbon intensity and promoting Environmental Characteristics.

All companies in the portfolio are assessed for their contribution to decarbonisation using the metric of carbon intensity prior to investment and at least annually. Each company is also assessed annually by reviewing the company’s i) reports, including any publicly available reports on carbon emissions; (ii) performance against carbon intensity reduction targets; and (iii) level of progress towards meeting carbon intensity reduction targets.

The investment strategy involves active engagement with all portfolio holdings on their level of carbon intensity to understand their approach to decarbonisation and potentially improve their decarbonisation performance over time. Engagement activity is tracked internally and reviewed at least annually.

While all companies are assessed for their contribution to decarbonisation, only companies which meet the criteria described below are considered to promote Environmental Characteristics.

The Financial Product considers investments with a carbon intensity below the Benchmark to be low carbon intensity and promoting Environmental Characteristics.

The Financial Product considers investments with carbon intensity above the Benchmark to also be promoting Environmental Characteristics if they publicly disclose carbon emissions and have a publicly disclosed decarbonisation target, as they are contributing to overall decarbonisation through an active and transparent process to reduce their emissions.

Companies with high carbon intensity above the Benchmark that do not publicly disclose carbon emissions and have a publicly disclosed decarbonisation target are not considered to be promoting Environmental Characteristics.

The Investment Manager also conducts a full management profile and ESG analysis for each investee company. This analysis is performed in parallel with the in-depth financial analysis. The Investment Manager scores the company using the ESG Questionnaire. The ESG Questionnaire is completed for all holdings in the portfolio prior to investment in the relevant target company. The ESG Questionnaire is completed based on quantitative and qualitative data available through the Investment Manager's internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. ESG factors are defined as measures used to evaluate the company across management, environmental, social and governance categories.

Carbon-related metrics including carbon intensity and decarbonisation targets are assessed through the ESG Questionnaire as part of the Investment Manager's environmental assessment.

Methodologies for environmental or social characteristics

The Financial Product promotes decarbonisation through investing in companies with low levels of carbon intensity, which contribute to decarbonisation through their operations and/or products and services and/or have the ability and willingness to reduce their level of carbon intensity over time. Carbon intensity is a measure of a company's exposure to carbon and is used as a proxy to determine if a company contributes to decarbonisation. Companies with a low level of carbon intensity contribute to decarbonisation as they are considered carbon efficient and can generate revenues with a low carbon footprint. By monitoring and engaging on the carbon intensity of all investee companies in the portfolio, the Investment Manager aims to support decarbonization.

The Investment Manager uses Scope 1 GHG emissions and Scope 2 GHG emissions, where possible, expressed in carbon dioxide equivalents. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 includes indirect emissions from the generation of purchased energy. Carbon intensity normalizes carbon emissions by company revenues, the metric is calculated as a company's total annual Scope 1 GHG emissions and Scope 2 GHG emissions divided by its annual sales (the amount of CO^2 emissions required to generate US$1 million of revenue). The Investment Manager also evaluates if the investee company publicly reports their Scope 1, Scope 2 and/or Scope 3 GHG emissions and if the company has set a publicly decarbonisation target. This information is tracked for each investee company using the Investment Manager's proprietary ESG Questionnaire.

The Investment Manager also tracks engagement activity with investee companies. Engagement activity includes calls and meetings with the investment company on decarbonisation.

While all companies are assessed for their contribution to decarbonisation, only companies which meet the criteria described below are considered to promote Environmental Characteristics.

A reference benchmark has not been designated for the purpose of attaining the Environmental Characteristics. Within this document, the "Benchmark" refers to the weighted average carbon intensity (Scope 1 + 2 emissions / $m sales) of the MSCI World Index (M1WO) used as a metric to assist with determining whether a asset is consider to be low carbon intensity and promoting Environmental Characteristics.

The Financial Product considers investments with a carbon intensity below the Benchmark to be low carbon intensity and promoting Environmental Characteristics.

The Financial Product considers investments with carbon intensity above the Benchmark to also be promoting Environmental Characteristics if they publicly disclose carbon emissions and have a publicly disclosed decarbonisation target, as they are contributing to overall decarbonisation through an active and transparent process to reduce their emissions.

Companies with high carbon intensity above the Benchmark that do not publicly disclose carbon emissions and have a publicly disclosed decarbonisation target are not considered to be promoting Environmental Characteristics.

Data sources and processing

The Investment Manager uses the following data sources to support their assessment:

- MSCI ESG Research LLC for ESG data and controversy screening on investee companies
- Bloomberg ESG Data

The Investment Manager reviews data quality during due diligence of the provider, including reviewing the data model and coverage for their investment universe. The review process included members of the Client Group, Investment Team and Operations team.

The ESG Questionnaire is completed based on quantitative and qualitative data available through the Investment Manager's internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. The Investment Manager uses its own assessments of ESG issues and may also consider standards as set forth by recognized global organizations.

The type of data used, and how it is obtained, is generally unique in some way for each issuer. This is in part because much of the data used comes from investee companies themselves and/or there are few, if any mandatory, standardised ESG reporting frameworks that apply to those issuers. In addition, the data available to supplement an issuer's disclosures frequently differs materially depending on the issuer's industry, region, and specific circumstances. Further, the ESG analysis also requires qualitative analysis and judgement, and is often informed by direct discussion and engagement with an issuer.

Based on current levels, the amount of Scope 1 GHG emissions and Scope 2 GHG emissions data that is estimated, using estimates from MSCI ESG Research LLC, is expected to be in the region of 36%. The remainder of data is reported by investee companies. These numbers are subject to change as the holdings in the Financial Product change and corporate reporting of GHG emissions changes over time.

Limitations to methodologies and data

There is a risk that the available data in relation to an investee company is out of date or incomplete. The primary limitation to the methodology or data source is the lack of available corporate data. While we expect the introduction of CSRD will improve this data availability for EU-listed companies, our global investment strategy means that most of our companies are not subject to this required disclosure. To overcome this issue, we rely on MSCI ESG Research LLC estimated data for companies without reported data. We believe using a third-party, verified data source is more reliable than creating our own estimates for our companies.

The Investment Manager relies on information provided to it by screening agents and other third-party service providers in respect of ESG data. The Investment Manager cannot guarantee that the information provided by the third-party service providers is always correct. Additionally, such information may not include the total universe of relevant investments or there may be a delay in updates to the information provided and accordingly, it is possible that the Financial Product may invest in a company that does not meet the relevant ESG considerations or restrictions imposed by the Investment Manager.

The Investment Manager continues to engage with its investee companies on improving corporate disclosure.

Due diligence

The investment strategy of the Financial Product includes the assessment of the environmental characteristics promoted by the Financial Product and good governance practices. Sustainability risks are identified and integrated into the investment decision-making process. The Investment Manager seeks to identify and invest in such companies based on rigorous bottom-up analysis which includes:

> <u>Fundamental analysis:</u> An in-depth financial analysis is performed on all portfolio companies over a 10-year time horizon. In addition, face-to-face meetings with management and visits to stores, factories and offices where their business is done also forms part of the analysis.
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> <u>ESG analysis:</u> The Investment Manager's proprietary ESG analysis tool is used to assess a company's ESG performance and highlight the key material ESG risks and opportunities for each company. ESG analysis is conducted by the members of the Investment Manager's investment team. The outcome of the ESG analysis informs the long-term risk and return outlook for the investee company, and therefore the investment decision making process.
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> <u>ESG integration analysis:</u> ESG factors are incorporated throughout all steps of the Investment Manager's stock selection process: screening, investment due diligence and investment monitoring and engagement. During the screening phase, the Investment Manager conducts a high-level ESG and management analysis of the target company whereby the Investment Manager assesses whether the company meets certain minimum ESG standards that the Investment Manager has set including, but not limited to, access to the senior management team and a willingness to engage, board independence and no evidence of repeated social or environmental misconduct in the last 5 years. In the next stage, the investment due diligence phase, the full management profile and ESG analysis is completed. This analysis is performed in parallel with the in-depth financial analysis. The Investment Manager scores the company using ESG Questionnaire. The ESG Questionnaire

is completed for all holdings in the portfolio prior to investment in the relevant target company and updated on an ongoing basis throughout the holding period of the company to ensure that the analysis remains up-to-date. The ESG Questionnaire is completed based on quantitative and qualitative data available through the Investment Manager's internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. ESG factors are defined as measures used to evaluate the company across Management, Environmental, Social and Governance categories. Examples of these criteria include:

- Management - Succession Plan and Managerial Strength.
- Environmental - Formal Environmental Policy, Climate Change and Greenhouse Gas ("**GHG**") Emissions, Pollution, Waste Management and Energy and Water Usage.
- Social - Health and Safety Certifications and Human Capital Management.
- Governance - Board Independence, Ethics and Compliance.

Given the focus of the Financial Product on investing in companies with good environmental and social indicators, the Investment Manager typically will not invest in companies which score poorly on ESG factors, which are considered material to the target company, as determined by the ESG Questionnaire. In certain cases where the company scores poorly on relevant ESG factors, the Investment Manager may still choose to invest and engage with the company to improve their performance on the ESG factor. The Investment Manager will not invest in companies which score poorly on relevant ESG factors that cannot be improved through engagement.

<u>Engagement:</u> The Investment Manager engages with all investee companies on the material ESG risks and opportunities identified for each business through the proprietary ESG analysis. Engagement is defined as direct interaction between the Investment Manager and the investee companies, including conference calls, emails and in-person meetings.

The investment strategy will assess the ESG performance of every company in the portfolio before and throughout the investment. All companies in the portfolio must be open to direct engagement with the Investment Manager and demonstrate a willingness to improve their ESG performance, as determined by the Investment Manager during the due diligence process. Openness to engagement and a willingness to improve ESG performance are determined, prior to investment and on an ongoing basis, through direct communication with the company, as well as an assessment of past ESG practices and performance.

Based on the Fundamental analysis, ESG analysis, ESG integration analysis and Engagement, as outlined above, the Investment Manager is able to identify companies with attractive business strategies that are executed in a sustainable and well-governed manner. The companies which align with the investment principles of the Investment Manager (strong revenue growth, high quality and sustainable margins, low capital requirements, high return on capital, strong management and governance, long-term profit orientation, good environment and social indicators) and are trading at an attractive price relative to the Investment Manager's valuation, based on the 10-year financial analysis, will likely be selected for the portfolio.

Following selection, the Investment Manager actively engages with all portfolio companies on a continuous basis. This engagement includes addressing key areas highlighted for improvement during the investment due diligence process. Examples would include board composition, diversity, management compensation structure and improving reporting on ESG factors. Working together with management, the Investment Manager encourages portfolio companies to invest in the future in order to achieve sustainable growth and business durability that is the foundation of long-term success.

Engagement policies

The Investment Manager recognises the importance of shareholder engagement and the contribution that environmental, social and governance considerations encourage sustainable investment outcomes. Engagement with portfolio companies is at the core of the Investment Manager's investment philosophy. The Investment Manager engages on financial factors and business strategy as well as environmental, social and corporate governance factors.

Engagement by the Investment Manager is important to its understanding of an investee company's strengths and weaknesses. The Investment Manager believes engagement is useful in assessing the performance and suitability of investee company's management team and is key to influencing the behaviour of the companies. The Investment Manager regularly meets with company management and engages with company updates to ensure they are able to monitor the strategy of an investee company.

Designated reference benchmark

The does not designate a specific index as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

The Financial Product uses the MSCI World Net Total Return USD Index (Bloomberg ticker: M1WO) (the "Index") as a 'comparator benchmark' to compare performance of the Financial Product against. The investment strategy is not influenced nor constrained by the benchmark. The MSCI World Net Total Return USD Index is also used for determining the Performance Fee of the Financial Product . The Investment Manager uses the MSCI World Weighted Average Carbon Intensity (Scope 1 + 2 emissions / $m sales) as a metric to assist with determining whether a asset is consider to be low carbon intensity and promoting Environmental Characteristics.

The Index is not consistent with the environmental characteristics promoted by the Financial Product .