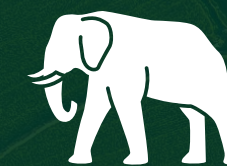


Stewart Investors European (ex UK) Sustainability Strategy

2023 Annual Review - Data

For professional/institutional clients only



Stewart Investors

Risk factors

This material is a financial promotion for the Stewart Investors European (ex UK) Sustainability Strategy intended for professional and institutional clients only in the UK, Switzerland, EEA, Hong Kong and Singapore, institutional and adviser clients in Australia, wholesale clients in New Zealand, qualified clients in the US and elsewhere where lawful.

Investing involves certain risks including:

- > **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- > **Currency risk:** the Strategy invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Strategy and could create losses. Currency control decisions made by governments could affect the value of the Strategy's investments and could cause the Strategy to defer or suspend redemptions of its shares.
- > **Specific region risk:** investing in a specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- > **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this material has been sourced by Stewart Investors and is displayed as at 31 December 2023 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

If you are in any doubt as to the suitability of our strategies for your investment needs, please seek investment advice

Contents

This report should be read in conjunction with the [Stewart Investors 2023 Annual Review](#)

	Page
Sharing the stories of all companies – Portfolio Explorer	4
Human development pillars – positive social outcomes	5
Climate change solutions – positive environmental outcomes	6
Harmful or controversial products, services or practices	7
Engagement and proxy voting	8
Climate data	9

Sharing the stories of all companies - Portfolio Explorer



Portfolio Explorer

Discover a world of sustainable companies

By sharing the stories of every company we invest in through our online tool, we aim to be fully transparent.

Scan here to visit Portfolio Explorer.



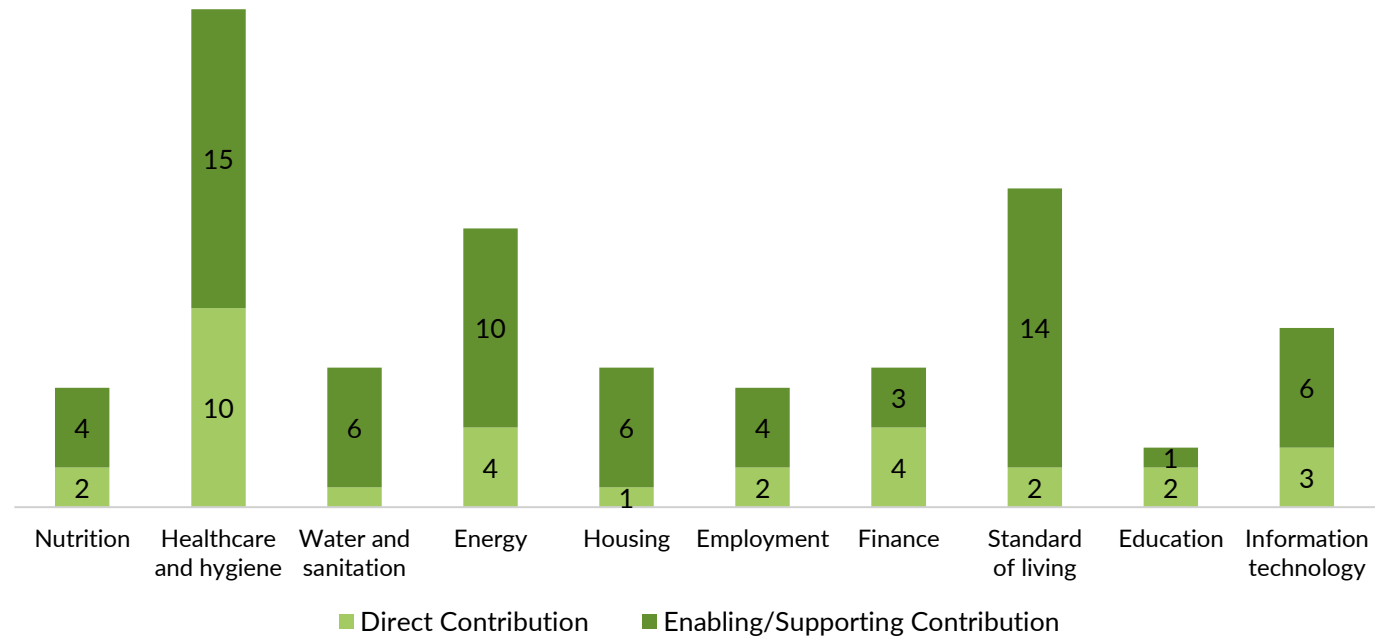
Human development pillars – positive social outcomes

Adapted from the three components of the United Nations Human Development Index (income, education and health), we have determined 10 pillars within four broad themes that encapsulate the essence of human development and can be mapped to companies. Each investee company must contribute tangibly to at least one of the pillars.

- > **Health and well-being** – improved access to and affordability of nutrition, health care, hygiene, water and sanitation
- > **Physical infrastructure** – improved access to and affordability of energy and housing
- > **Economic welfare** – safe employment offering a living wage and opportunities for advancement, access to finance and improved standards of living
- > **Opportunity and empowerment** – improved access to and affordability of education and information technology

As at 31 December 2023, the Strategy held **40** companies. All companies (**100%**) were contributing to at least one human development pillar and, in total, were making **100** contributions to the pillars.

Number of companies contributing to each pillar



Visit our website to read more on this topic: [stewartinvestors.com](https://www.stewartinvestors.com)

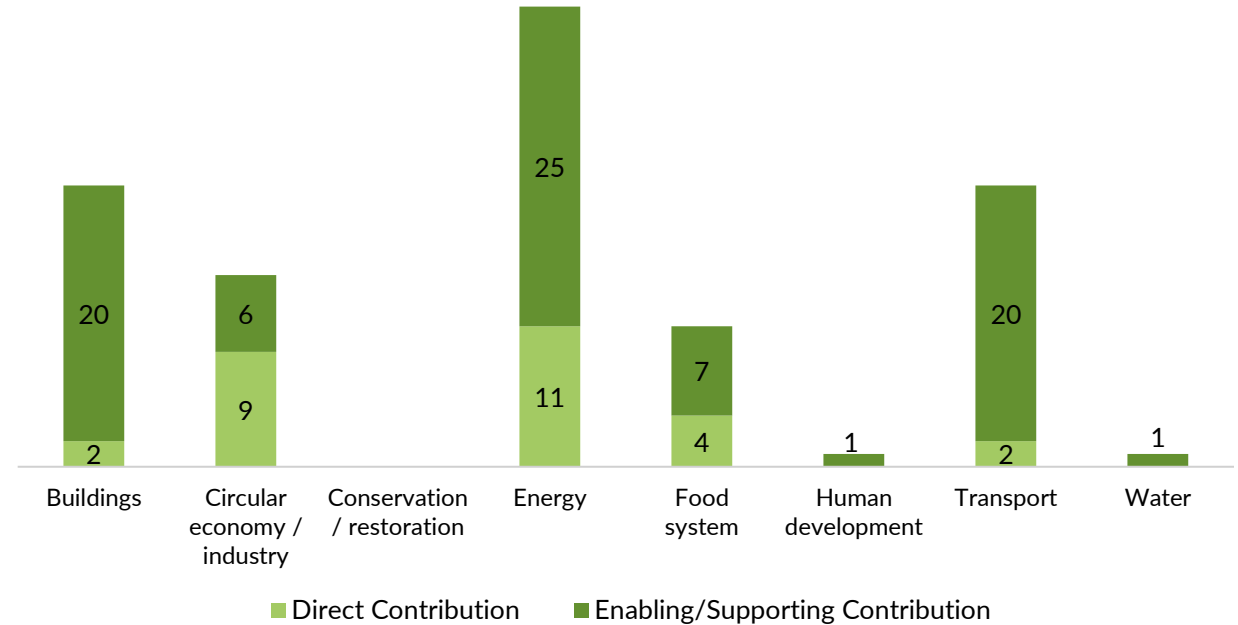
Source: Stewart Investors and company data. Number of pillars and companies as at 31 December 2023 for the Stewart Investors European (ex UK) Sustainability Strategy. The Human Development Index (HDI) is a broad measure of human development created for the United Nations inspired by economist Amartya Sen and his concept of 'development as freedom.' It includes metrics related to income, education, and health. Contributions are defined by the team as demonstrable contributions to any solution, either direct (directly attributable to products, services or practices provided by that company), or enabling (supported or made possible by products or technologies provided by that company).

Climate change solutions - positive environmental outcomes

Project Drawdown is a non-profit organisation founded in 2014, which has mapped, measured and modelled over 90 different solutions that it believes will contribute to reaching 'drawdown', - i.e. the future point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline. We have captured the solutions across eight broader categories:

- > **Food system** - sustainable farming, food production and the distribution of products and services
- > **Energy** - adoption of renewable energy and other clean energy and related technologies
- > **Circular economy and industries** - improved efficiency, reduced waste, and new business models for closing resource loops in linear value chains and production processes
- > **Human development** - advancement of human rights and education that drive environmental conservation and sustainable use of resources
- > **Transport** - efficient transport technologies and growth in fossil fuel-free transportation options
- > **Buildings** - products and services which reduce the environmental footprint of the built environment, including energy efficiency, electrification, improved design, and use of alternative materials
- > **Water** - less energy-intensive methods for treating, transporting and heating water
- > **Conservation and restoration** - supporting deforestation-free and environmentally regenerative supply chains, operations and end-of-life impacts

Number of companies contributing to each solution



As at 31 December 2023, the Strategy held **40** companies. **32** companies (**80%**) were contributing to climate change solutions. These companies were contributing to **42** different solutions and, in total, were making **108** contributions to the solutions.

Visit our website to read more on this topic: [stewartinvestors.com](https://www.stewartinvestors.com)

Source: Stewart Investors, company data and © Project Drawdown (drawdown.org). Number of solutions and companies as at 31 December 2023 for the Stewart Investors European (ex UK) Sustainability Strategy. Contributions are defined by the team as demonstrable contributions to any solution, either direct (directly attributable to products, services or practices provided by that company), or enabling (supported or made possible by products or technologies provided by that company). It is not to be read as implying that Project Drawdown has reviewed or otherwise endorsed the Stewart Investors framework.

Harmful or controversial products, services or practices

Our position statement on harmful and controversial products, services or practices

- > We invest in the shares of companies we consider to be of high-quality and that we believe are well positioned to contribute to, and benefit from, sustainable development
- > We believe that fully incorporating sustainability considerations into our investment process is the best way to protect and grow our client's capital. Subject to any exceptions, we do not invest in companies with material exposure to harmful or controversial products, services or practices
- > The Strategy's exposure to harmful or controversial products, services or practices is monitored on at least a quarterly basis. For harmful products and services which are revenue-generating, we apply a 5% revenue threshold (controversial weapons and tobacco production are 0%)
- > In other areas where harmful or controversial activities are not attributable to revenue (for example, employee or supply chain issues) we use internal analysis and research from external providers to monitor and assess companies
- > The assessment includes checks for compliance with the OECD Guidelines for Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights, UN global norms and exposure to high-risk sectors
- > We disclose any exceptions to the position statement on our website and explain why we continue to own these companies
- > During 2023 the Strategy **did not include any holdings in companies** which flagged against the position statement

Visit our website to read our position statement in more detail:  stewartinvestors.com

Source: Stewart Investors, external environmental, social and corporate governance (ESG) research provider data and company data. Company flag(s) against the position statement are for 2023 for the Stewart Investors European (ex UK) Sustainability Strategy. The OECD is the Organisation for Economic Co-operation and Development, an intergovernmental organisation.


Engagement and proxy voting

No company is perfect, and engagement and voting are key responsibilities for us as long-term shareholders in companies. We believe that engagement is a means to mitigate business risks, protect against potential headwinds (challenges) and improve sustainability outcomes. Engagement is fully integrated into the responsibilities of the investment team and contributes invaluable insights into their understanding of each company

Over the period and across our strategies, we engaged on issues such as:

- > **Pollution, natural resource degradation, biodiversity and climate change** – packaging, plastic pellets, deforestation, sustainability of supply chains (soy, palm oil and coffee), fossil fuel versus renewables, water, waste and energy efficiency
- > **Aligned remuneration and incentives** – living wage, gender pay gap and complexity of incentives
- > **Animal testing/welfare** – animal testing exposure
- > **Human rights and modern slavery** – conflict minerals in the supply chains of semiconductors, trafficking, forced labour and child labour in the Asia Pacific region and public health
- > **Diversity, equity and inclusion** – diversity, particularly gender, in senior management and on boards
- > **Addictive products** – indirect exposure to tobacco, chemicals, gaming, adult entertainment, and sugar content in food
- > **Governance** – corporate strategy and legal structure

Proxy voting is an extension of our engagement activities. It is not outsourced to an external provider or separate proxy voting/engagement team. We consider each proxy vote individually and on its own merits in the context of our knowledge about that particular company

- > We provide voting rationales and have a live proxy tool on our website 

During 2023 we engaged with **44%** of Strategy companies split by:

- > Environmental issues **8%**
- > Social issues **25%**
- > Governance issues **67%**

Strategy voting activity: 2023	Count
Total proposals to vote on	727
Number of meetings to vote at	41
Number of companies that held voting meetings	38
Number of votes against management proposals	14
Number of votes abstained from voting	0
Number of shareholder proposals to vote on	2
Number of shareholder proposals to vote against	2
Number of shareholder proposals abstained from voting	0

Visit our website to read more on our engagement:  stewartinvestors.com

Source: Stewart Investors. Engagement and voting records are for 2023 for the Stewart Investors European (ex UK) Sustainability Strategy. Engagements may relate to one or multiple environmental, social or governance issues.

An aerial photograph of rolling green hills under a cloudy sky. A paved road winds through the center of the hills. A dark green rectangular box is overlaid on the left side of the image, containing the text 'Climate data'.

Climate data

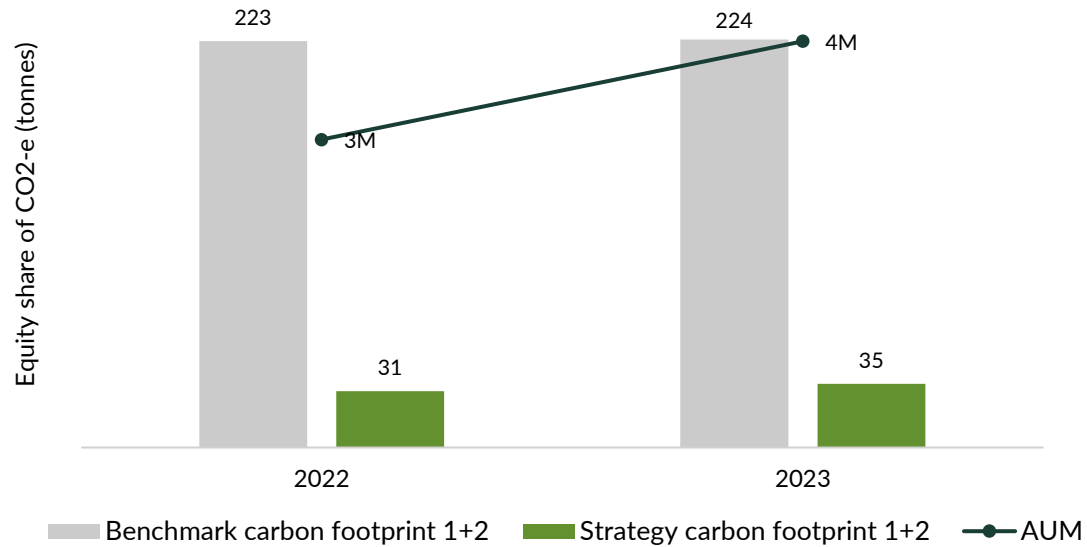
Climate change data considerations

Climate change is a complex issue. Attempting to measure the implications of climate change is impossible to do in a single metric and there are various limitations with the available data. The following pages include some of the most requested climate and carbon data measures that we are asked for by our clients. We highlight the following issues to be mindful of:

- > **Data quality and availability** – while this has been improving, many companies do not report their emissions. This means that estimates are used instead
- > **Timing of data** – data has a lag. Our external data provider updates data once all companies in a given year have reported. This is currently 2022 data. This results in a mismatch between holdings data (which is up to date) and carbon data sourced from the external provider. Regular updates during the year may also change current and historic data, which again could result in a mismatch of data depending on when the report is produced
- > **Methodology** – we use the Partnership for Carbon Accounting Financials (PCAF) methodology to calculate the carbon footprints for our strategies. Like all individual metrics it has limitations and needs to be considered alongside other relevant information
- > **Emissions intensity** - is calculated as emissions divided by sales (revenue) and is intended to allow for comparison between companies of different sizes. While it is recommended by the Taskforce for Climate Related Financial Disclosures (TCFD), revenue can be influenced by unrelated factors like currency or commodity prices
- > **Emission scopes** – we currently provide reporting for Scope 1 and Scope 2 emissions. Scope 1: All direct GHG emissions. Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity. Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam. The carbon emissions of a company's supply chain or the use of their products and services (Scope 3) is not included in carbon footprints and is difficult to measure. Stewart Investors does not invest in fossil fuel companies and considers Scope 3 emissions when investing and engaging with companies
- > **Other risks** - including physical risks and the ability of company to transition to zero emissions are not captured in strategy carbon footprints

Carbon footprint

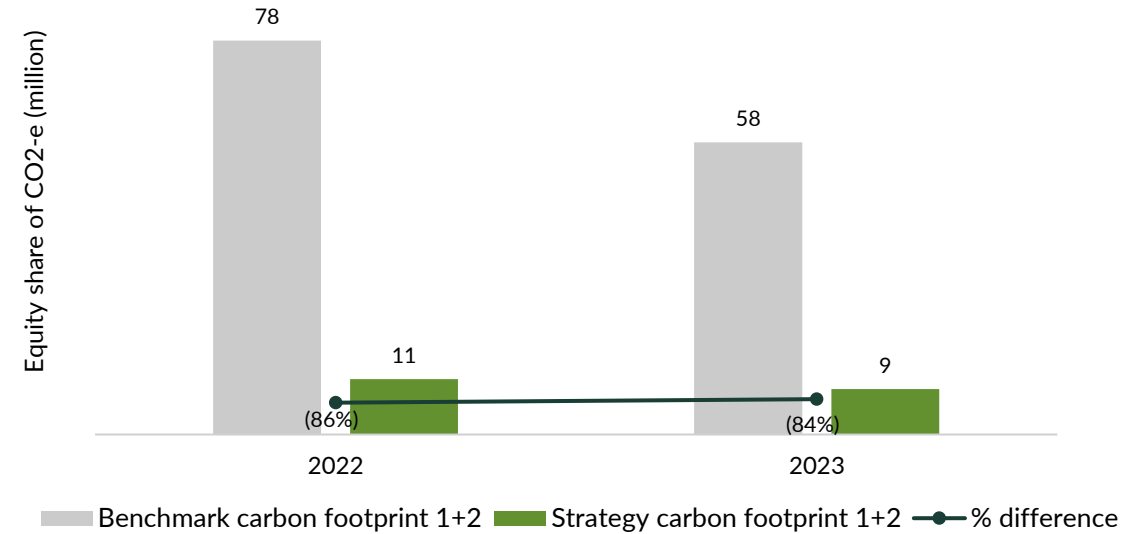
Total carbon footprint (Scope 1 + 2) vs benchmark



This metric measures the absolute greenhouse gas (GHG) emissions associated with a portfolio (Scope 1 and 2) expressed in tonnes of carbon dioxide emissions (tCO₂e). Scope 1 and 2 emissions are allocated to investors based on an equity ownership approach (if an investor owns 10% of a company's total enterprise value, then they are allocated 10% of the company's emissions). This is sometimes called 'financed' or 'equity share' of emissions. Assets under management (AUM) is provided as, all other things being equal, higher AUM results in higher emissions. The benchmark value is calculated by assuming the benchmark has the same total value of investments as the strategy

Uses: measure the carbon footprint of a portfolio over time and compare to benchmark emissions

Carbon footprint (Scope 1 + 2) per million invested

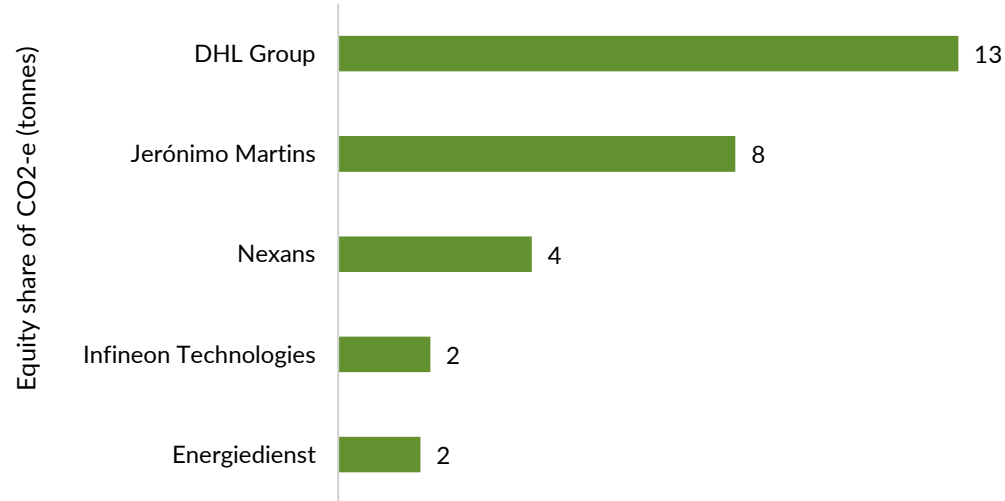


This metric measures the carbon emissions of a portfolio per million invested. Scope 1 and 2 emissions are allocated to investors in the same way as the total carbon footprint and is then normalised by portfolio value

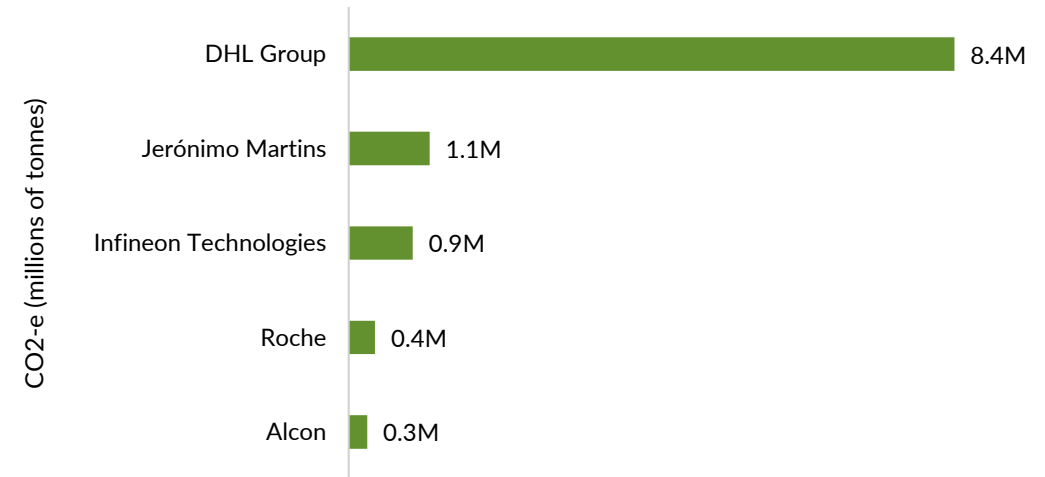
Uses: this metric normalises the measure of a portfolio's contribution and is useful to compare portfolios of any size

Carbon footprint

Top 5 companies contributing the most to the total carbon footprint



Top 5 companies emitting the most carbon

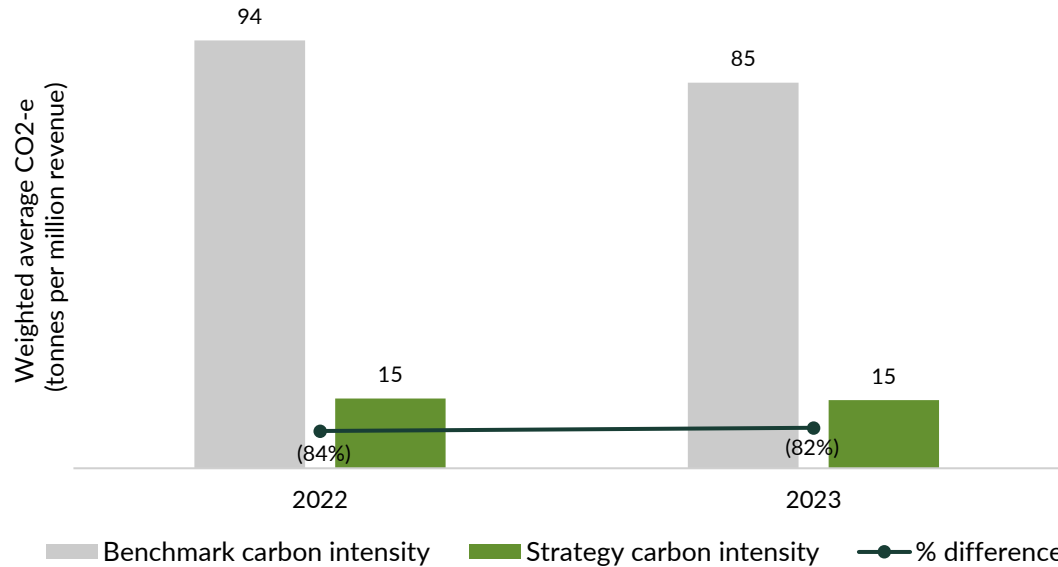


The companies contributing most to the strategy carbon footprint (left chart) are different to the highest emitters overall (right chart) because they are calculated based on what percentage of the company the strategy holds. This means a substantial holding in a relatively low emitting company can make a larger contribution than a small holding in a high emitting company. Company size also plays a role as the same amount of money invested results in different ownership percentages

Uses: because of these differences both measures are important for understanding the overall impact, and for prioritising company engagement activities

Carbon intensity

Carbon intensity (Scope 1 + 2) vs benchmark

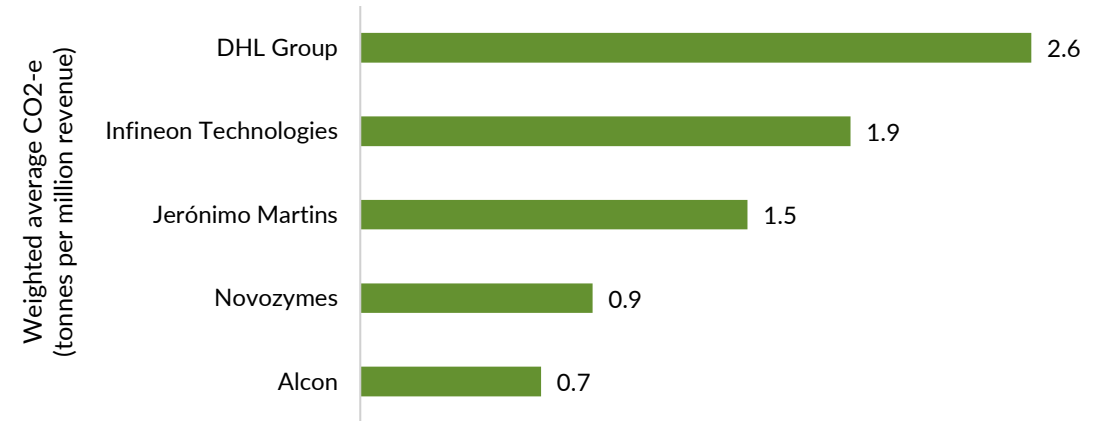


This metric captures each company's greenhouse gas emissions intensity (Scope 1 & 2) by dividing emissions by million sales. The emissions intensity is then averaged, weighted by the value of each holding in the strategy. Intensity normalises company emissions by total sales, which means larger companies (with more revenues and emissions) can be compared to smaller companies. It should show which company is more efficient

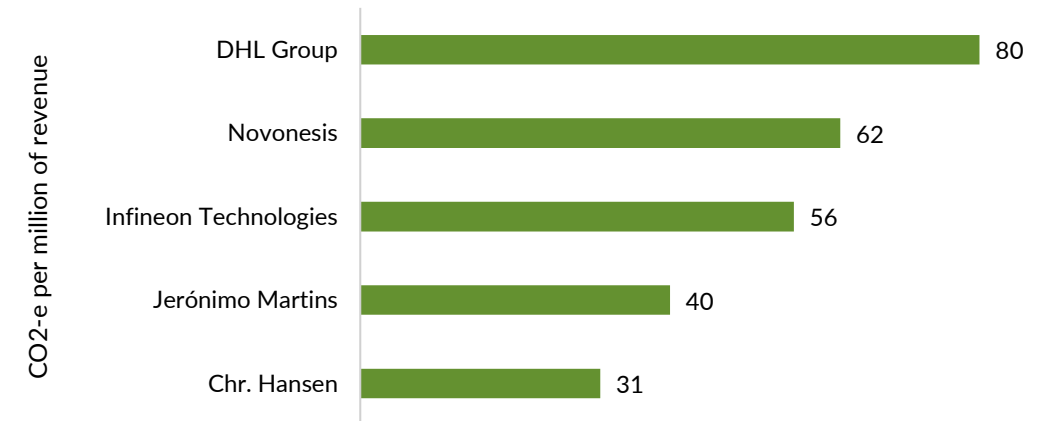
Largest company contributors to carbon intensity and highest intensity companies overall uses the same method as for the carbon footprint

Uses: to compare emissions intensity against a benchmark or other portfolio

Top 5 companies contributing the most to the total carbon intensity

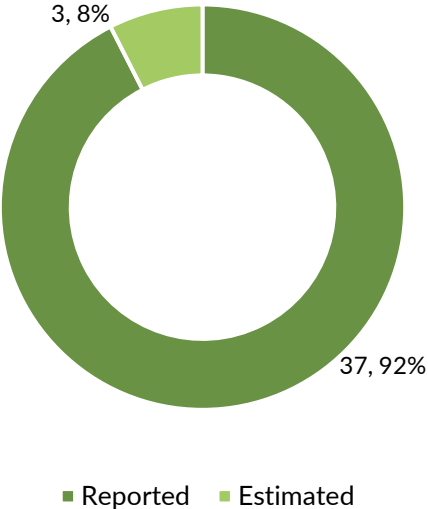


Top 5 companies with the highest intensity



Emissions disclosures

Strategy companies with reported versus estimated emissions (count and %)

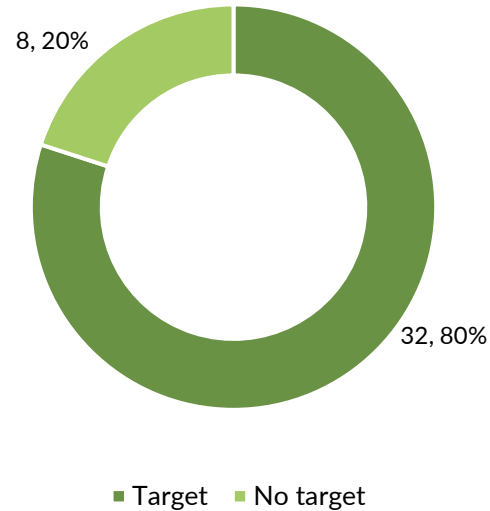


The carbon footprint and carbon intensity data on the previous pages includes estimates (by the external data provider) for companies who do not disclose emissions

We engage with companies and encourage them to disclose emissions as we do not believe emissions estimates (by any provider) are accurate. We do not validate the estimates provided

Climate targets

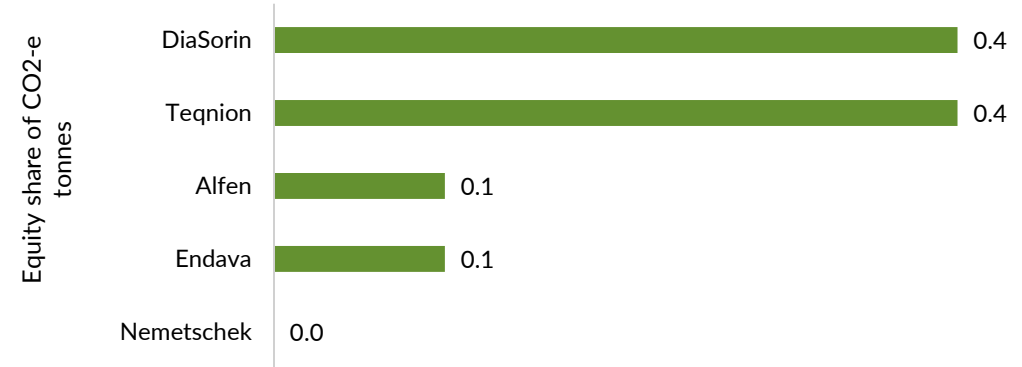
Strategy companies with targets (count and %)



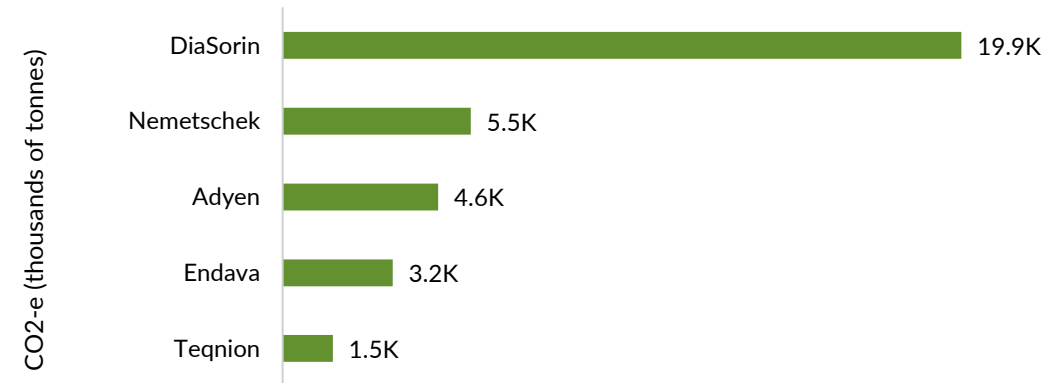
We commission research provider Net Purpose to collect and categorise carbon targets for all companies. We engage with companies and encourage them to set climate targets, preferably higher quality targets such as absolute emissions reduction targets including those certified by the Science Based Targets initiative (SBTi). The charts on the right are the companies contributing most to the strategy carbon footprint (top right chart) and the highest emitters overall (bottom right chart) per the carbon footprint page but only showing companies that have not set climate targets

Uses: both measures are important for understanding where target gaps exist and for prioritising company engagement activities

Top 5 companies contributing the most to the total carbon footprint without targets



Top 5 companies emitting the most carbon without targets



Sources, data methodology and data reliability

Carbon data. Source: ISS ESG Solutions. Strategy data is updated to 31 December 2023. Carbon footprint data is the latest annual data available from the external provider and is provided once a year in January once emissions data for all companies in a given year have been reported (latest data available 2022). Regular updates during the year can impact latest and historic values. This data includes estimates for companies who do not disclose emissions.

AUM. Source: Stewart Investors. Figures have been converted from the base currency of each account using the WM Reuters 4pm exchange rate as at report date. All AUM figures are unaudited and may differ from final audited AUM figures when published. The AUM data provided is for information purposes only and should not be used for any other purpose.

Company target data sourced from Stewart Investors and Net Purpose as at 31 December 2023 holdings data. Underlying company data is based on the latest published and public company information.

For **emissions (footprint)** reporting we have used the Partnership for Carbon Accounting Financials (PCAF) methodology which calculates a shareholder's or lender's share of scope 1 and 2 emissions for each company it invests in. Scope 1 covers all direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the reporting entity. Scope 2 covers indirect GHG emissions from the consumption of purchased electricity, heat or steam. An investor's share is based on the amount invested over the Enterprise Value including Cash (EVIC). For example, if a shareholder owns 10% of the company, it is allocated 10% of the company's emissions. For shareholders this is sometimes called 'financed' or 'equity share' of emissions. To calculate the benchmark comparisons we have used the same approach by assuming benchmarks hold the same total value of investments as comparable strategies. We provide the total footprint, which is influenced by the size of the total value of the investment strategy (shown in 1000s of tonnes of CO₂-e) and on a 'per 1 million invested' basis, which is useful for comparison purposes.

Carbon intensity is calculated as the weighted average of Scope 1 and 2 emissions per million of revenue of investee companies. The measure is commonly used to assess the carbon efficiency of an investment portfolio, however, there are many factors (e.g. commodity prices, currencies etc.) that will influence company revenues and consequently its carbon intensity by revenues. The measure is most useful for companies in the same industry that generate revenues in the same currency. For most companies an activity or output-based intensity measure is a better indicator of efficiency, however, this data is not commonly available.

Data reliability. We have made best efforts to ensure the data in this report is accurate and reliable. This has included comparing two different sources of information for emissions data (ISS) and company targets (Net Purpose). However, a significant number of companies still do not disclose their emissions or their disclosures are not consistent with widely adopted reporting standards like the Greenhouse Gas Protocol. There will also be a lag between information provided by data providers and the most recent published by companies. Where emissions information is not available, we have relied on estimates provided by the data providers. Estimates require assumptions that do not match individual companies' circumstances in the real world. We engage with companies to disclose emissions as we do not believe emissions estimates (by any provider) are accurate.

Important information

This material is for general information purposes only. It does not constitute investment or financial advice and does not take into account any specific investment objectives, financial situation or needs. This is not an offer to provide asset management services, is not a recommendation or an offer or solicitation to buy, hold or sell any security or to execute any agreement for portfolio management or investment advisory services and this material has not been prepared in connection with any such offer. Before making any investment decision you should conduct your own due diligence and consider your individual investment needs, objectives and financial situation and read the relevant offering documents for details including the risk factors disclosure. Any person who acts upon, or changes their investment position in reliance on, the information contained in these materials does so entirely at their own risk.

We have taken reasonable care to ensure that this material is accurate, current, and complete and fit for its intended purpose and audience as at the date of publication. To the extent this material contains any measurements or data related to environmental, social and governance (ESG) factors, these measurements or data are estimates based on information sourced by the relevant investment team from third parties including portfolio companies and such information may ultimately prove to be inaccurate. No assurance is given or liability accepted regarding the accuracy, validity or completeness of this material.

To the extent this material contains any expression of opinion or forward-looking statements, such opinions and statements are based on assumptions, matters and sources believed to be true and reliable at the time of publication only. This material reflects the views of the individual writers only. Those views may change, may not prove to be valid and may not reflect the views of everyone at First Sentier Investors.

To the extent this material contains any ESG related commitments or targets, such commitments or targets are current as at the date of publication and have been formulated by the relevant investment team in accordance with either internally developed proprietary frameworks or are otherwise based on the Institutional Investors Group on Climate Change (IIGCC) Paris Aligned Investment Initiative framework. The commitments and targets are based on information and representations made to the relevant investment teams by portfolio companies (which may ultimately prove not be accurate), together with assumptions made by the relevant investment team in relation to future matters such as government policy implementation in ESG and other climate-related areas, enhanced future technology and the actions of portfolio companies (all of which are subject to change over time). As such, achievement of these commitments and targets depend on the ongoing accuracy of such information and representations as well as the realisation of such future matters. Any commitments and targets set out in this material are continuously reviewed by the relevant investment teams and subject to change without notice.

Past performance is not indicative of future performance. All investment involves risks and the value of investments and the income from them may go down as well as up and you may not get back your original investment. Actual outcomes or results may differ materially from those discussed. Readers must not place undue reliance on forward-looking statements as there is no certainty that conditions current at the time of publication will continue.

References to specific securities (if any) are included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. Any securities referenced may or may not form part of the holdings of First Sentier Investors' portfolios at a certain point in time, and the holdings may change over time.

References to comparative benchmarks or indices (if any) are for illustrative and comparison purposes only, may not be available for direct investment, are unmanaged, assume reinvestment of income, and have limitations when used for comparison or other purposes because they may have volatility, credit, or other material characteristics (such as number and types of securities) that are different from the funds managed by First Sentier Investors.

Selling restrictions

Not all First Sentier Investors products are available in all jurisdictions.

This material is neither directed at nor intended to be accessed by persons resident in, or citizens of any country, or types or categories of individual where to allow such access would be unlawful or where it would require any registration, filing, application for any licence or approval or other steps to be taken by First Sentier Investors in order to comply with local laws or regulatory requirements in such country.

This material is intended for 'professional clients' (as defined by the UK Financial Conduct Authority, or under MiFID II), 'wholesale clients' (as defined under the Corporations Act 2001 (Cth) or Financial Markets Conduct Act 2013 (New Zealand) and 'professional' and 'institutional' investors as may be defined in the jurisdiction in which the material is received, including Hong Kong, Singapore, Japan, and the United States, and should not be relied upon by or be passed to other persons.

The First Sentier Investors funds referenced in these materials are not registered for sale in the United States and this document is not an offer for sale of funds to US persons (as such term is used in Regulation S promulgated under the 1933 Act). Fund-specific information has been provided to illustrate First Sentier Investors' expertise in the strategy. Differences between fund-specific constraints or fees and those of a similarly managed mandate would affect performance results.

Important information

About First Sentier Investors

References to 'we', 'us' or 'our' are references to First Sentier Investors, a global asset management business which is ultimately owned by Mitsubishi UFJ Financial Group (MUFG). Certain of our investment teams operate under the trading names AlbaCore Capital Group, FSSA Investment Managers, Stewart Investors, RQI Investors and Igneo Infrastructure Partners, all of which are part of the First Sentier Investors group.

This material may not be copied or reproduced in whole or in part, and in any form or by any means circulated without the prior written consent of Stewart Investors.

We communicate and conduct business through different legal entities in different locations. This material is communicated in:

- > **Australia and New Zealand** by First Sentier Investors (Australia) IM Ltd, authorised and regulated in Australia by the Australian Securities and Investments Commission (AFSL 289017; ABN 89 114 194 311).
- > **European Economic Area** by First Sentier Investors (Ireland) Limited, authorised and regulated in Ireland by the Central Bank of Ireland (CBI reg no. C182306; reg office 70 Sir John Rogerson's Quay, Dublin 2, Ireland; reg company no. 629188).
- > **Hong Kong** by First Sentier Investors (Hong Kong) Limited and has not been reviewed by the Securities & Futures Commission in Hong Kong. First Sentier Investors, FSSA Investment Managers, Stewart Investors, RQI Investors and Igneo Infrastructure Partners are the business names of First Sentier Investors (Hong Kong) Limited.
- > **Japan** by First Sentier Investors (Japan) Limited, authorised and regulated by the Financial Service Agency (Director of Kanto Local Finance Bureau (Registered Financial Institutions) No.2611)
- > **Singapore** by First Sentier Investors (Singapore) (reg company no. 196900420D) and this advertisement or material has not been reviewed by the Monetary Authority of Singapore. First Sentier Investors (registration number 53236800B), FSSA Investment Managers (registration number 53314080C), Stewart Investors (registration number 53310114W), RQI Investors (registration number 53472532E) and Igneo Infrastructure Partners (registration number 53447928J) are the business divisions of First Sentier Investors (Singapore).
- > **United Kingdom** by First Sentier Investors (UK) Funds Limited, authorised and regulated by the Financial Conduct Authority (reg. no. 2294743; reg office Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB).
- > **United States** by First Sentier Investors (US) LLC, authorised and regulated by the Securities Exchange Commission (RIA 801-93167).
- > **Other jurisdictions**, where this document may lawfully be issued, by First Sentier Investors International IM Limited, authorised and regulated in the UK by the Financial Conduct Authority (FCA ref no. 122512; Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB; Company no. SC079063).

To the extent permitted by law, MUFG and its subsidiaries are not liable for any loss or damage as a result of reliance on any statement or information contained in this document. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment products referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk, including loss of income and capital invested.

© First Sentier Investors Group. All rights reserved.