

Stewart Investors Worldwide Sustainability Strategy

Climate Report 2021

For specified audiences in all jurisdictions where lawful



Stewart Investors

Please note, this strategy-specific climate report should be read in conjunction with our Climate Report 2021: The race to zero, available at stewartinvestors.com

For more information on the companies we invest in, please visit our [Portfolio Explorer](#) tool on our website.

Risk factors

This material is a financial promotion for the Stewart Investors Worldwide Sustainability Strategy intended for retail and professional clients in the UK, professional and institutional clients only in 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.
- > **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.

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 2021 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.

About carbon footprinting

The Partnership for Carbon Accounting Financials (PCAF) methodology for portfolio reporting calculates a shareholder's or lender's share of scope 1 and 2 emissions for each company it invests in. An investor's share is based on the amount invested over the market value of the company plus its total debts. For shareholders this is sometimes called the equity share of emissions.

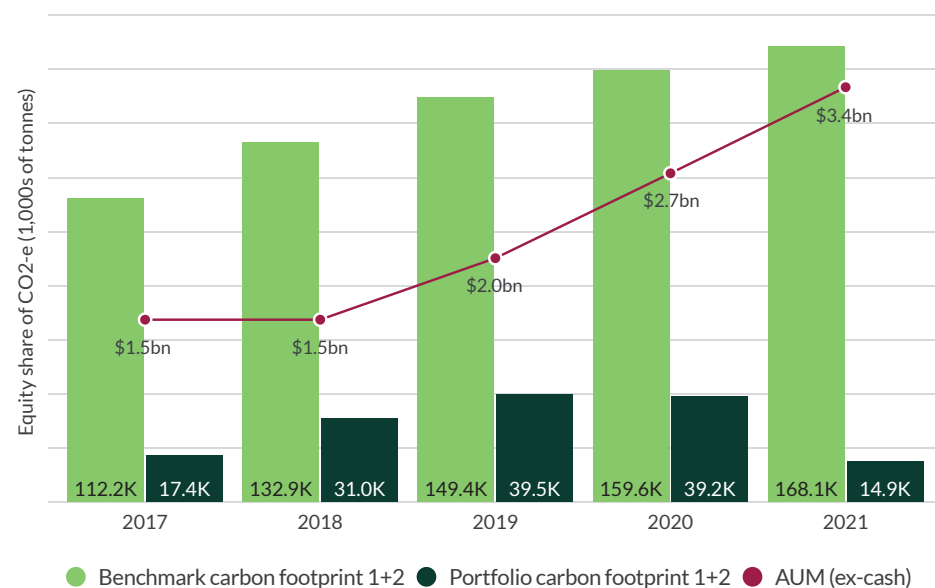
These emissions can be aggregated to a portfolio, strategy or whole of firm level. To calculate the benchmark comparisons for our strategies we have used the same

approach by assuming benchmarks hold the same total value of investments as the strategy it is being compared to.

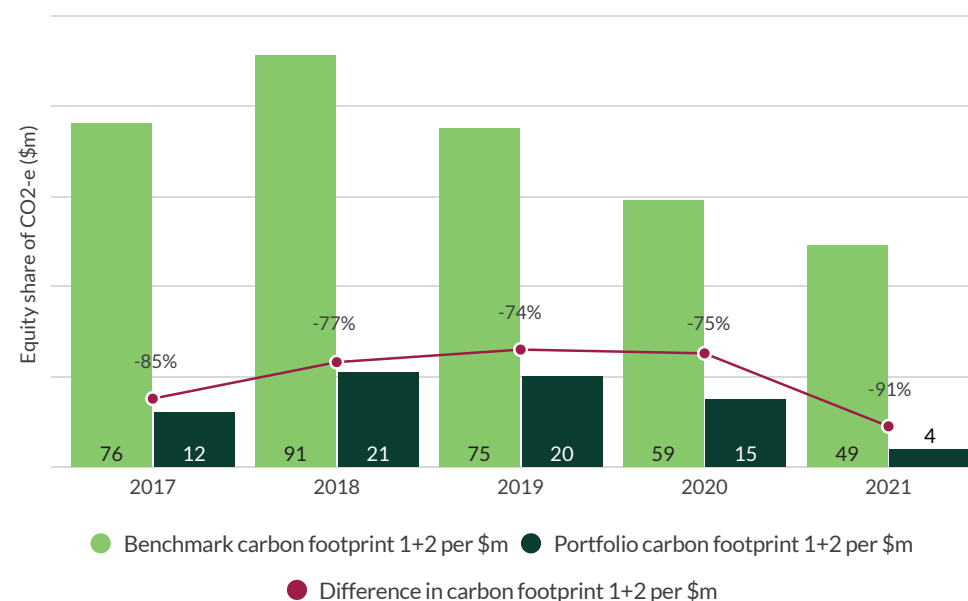
We provide the total footprint, which is influenced by the size of the total value of the investment strategy and on a 'per US\$1m invested' basis, which is useful for comparison purposes.

As different funds report in different currencies depending on where they are available, we have used US dollars to calculate our footprint for aggregation and comparison purposes.

Total carbon footprint for the strategy (scope 1 + 2) vs benchmark



Carbon footprint for the strategy (scope 1 + 2) per \$m invested



Carbon metrics stated are sourced from Stewart Investors and MSCI as at 31 December 2021.

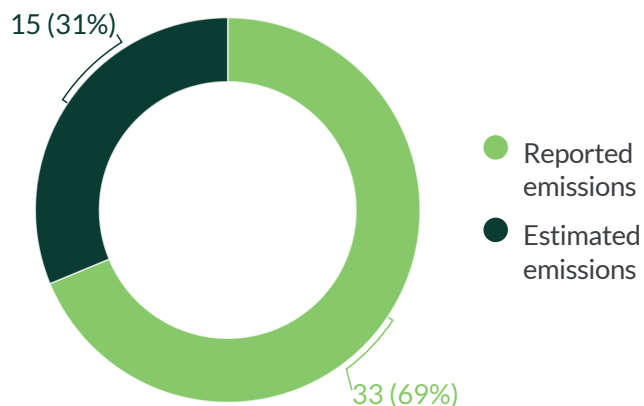
Source: Stewart Investors. AUM figures have been converted from the base currency of each account using the WM Reuters 4pm exchange rate as at 31 December 2021. All AUM figures are unaudited and may differ from final audited AUM figures when published. The AUM data provided is for information purposes only and should not be used for any other purpose.

Largest emitters vs largest contributors

The companies contributing most to our portfolios' carbon footprint can be different to the highest emitters overall because they are calculated based on what percentage of the company we own on behalf of clients. This means a substantial shareholding in a relatively low emitter can make a larger contribution than a small holding in a high emitter. Company size also plays a role here as the same amount of money invested results in different ownership percentages.

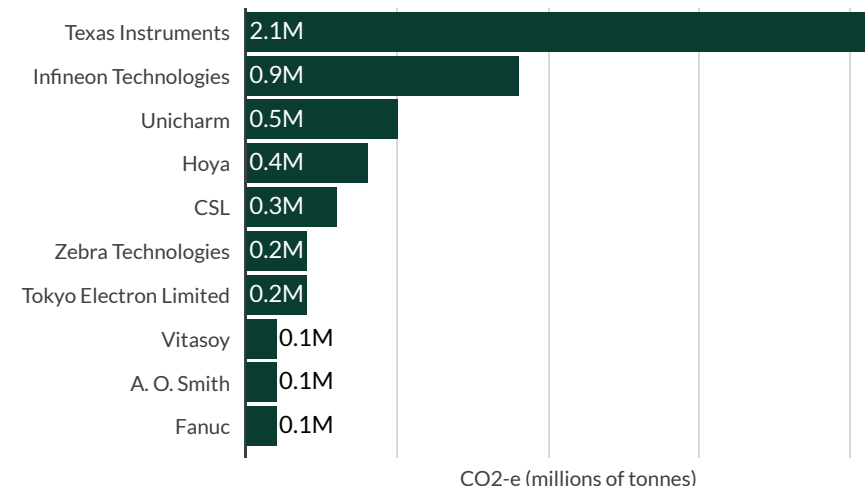
Another important consideration is company disclosure, as many companies still do not disclose their greenhouse gas emissions to international standards. Improving disclosure is a precursor to reducing emissions and so will be an important part of our company engagement.

Because of these differences, both measures are important for understanding our overall impact and for prioritising our company engagement activities.

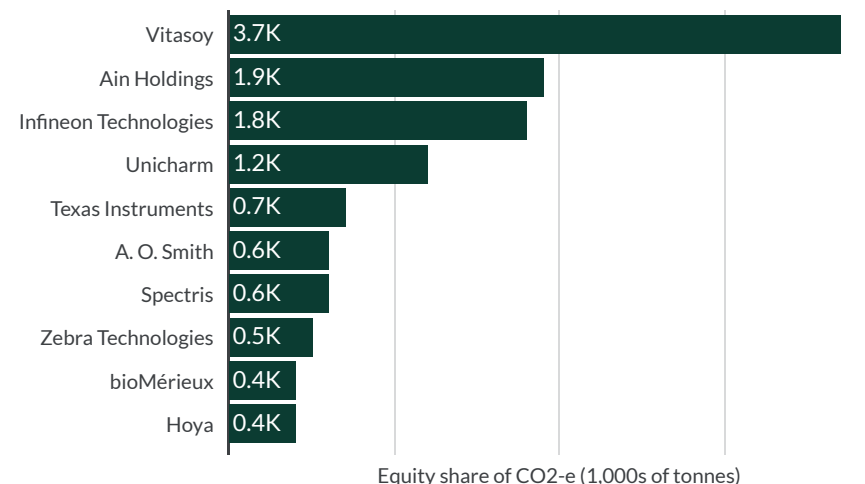


Carbon metrics stated are sourced from Stewart Investors and MSCI as at 31 December 2021. This stock information is provided for illustrative purposes to demonstrate Stewart Investors' carbon exposure. It does not constitute any offer or inducement to enter into any investment activity, nor is it a recommendation to purchase or sell any security. Holdings are subject to change.

The ten investee companies in the strategy which emit the most carbon overall



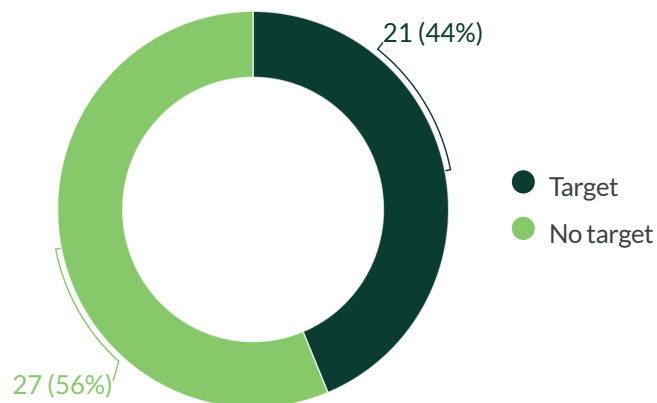
The ten investee companies contributing the most to the strategy's carbon footprint



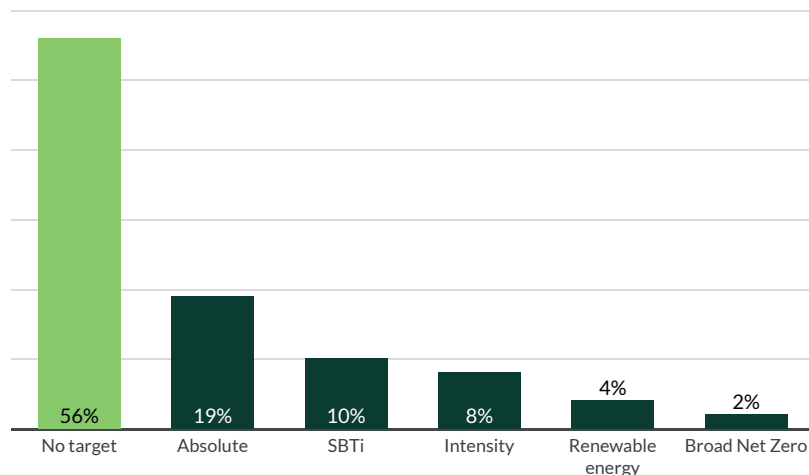
Carbon and company targets

Many companies are setting targets for net-zero emissions by 2050, however long-term aspirations need to be backed by short and medium-term targets and clear plans. Companies setting targets in line with climate science is essential if we are to achieve our own target of a 50% reduction in portfolio emissions by 2030.

Strategy by company targets

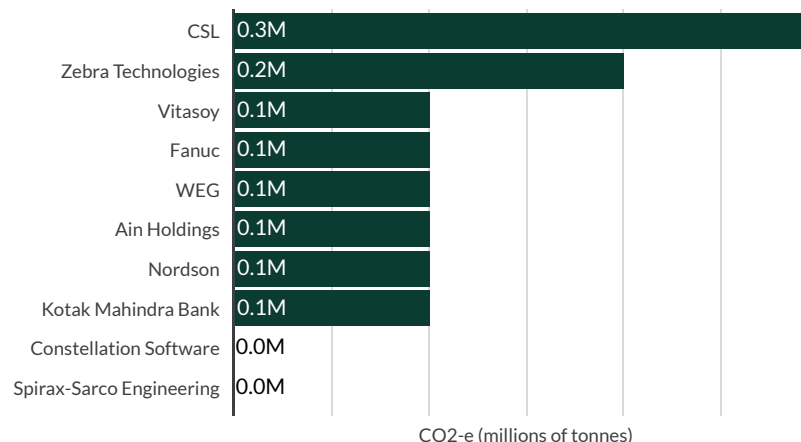


Company targets by type

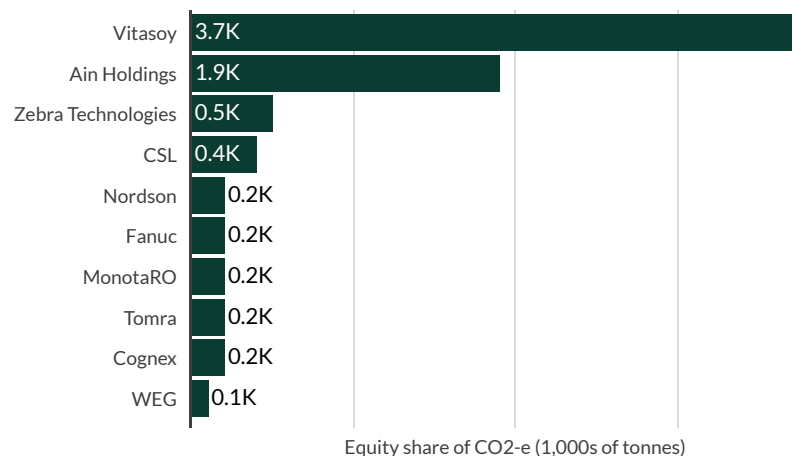


In 2022 we will expand our engagement with companies to encourage them to disclose emissions and set reduction targets. Our priority for these companies will be those who are the largest emitters overall and those who make the greatest contribution to portfolio carbon footprints.

The strategy's largest emitters without targets



The strategy's largest contributors to carbon footprints without targets



Company target data sourced from Stewart Investors and Net Purpose as at 31 December 2021. This stock information is provided for illustrative purposes to demonstrate Stewart Investors' exposure to companies without emissions reduction targets. It does not constitute any offer or inducement to enter into any investment activity, nor is it a recommendation to purchase or sell any security. Holdings are subject to change. Figures are subject to rounding.

Solutions

We invest in high-quality companies contributing to, and benefiting from, sustainable development. We take a broad view of sustainable development because human and economic development are intrinsically linked to environmental sustainability.

To demonstrate these interconnections and their relationship to climate change, we have assessed the contributions the companies we invest in make against Project Drawdown's c.80 climate change solutions. We were attracted to Project Drawdown's framework because it demonstrates how scaling existing technologies and social changes could limit the maximum temperature increase to 1.5°C, as called for by the Paris Agreement. We have grouped Project Drawdown's solutions into eight categories: food, energy, transport, buildings, the circular economy, water, conservation and human development.

Project Drawdown's solutions help us understand the role companies can play throughout the value chain. This is important because we often invest in 'picks and shovels' companies who contribute to a good or service but may not actually make that good or service. For example, our companies may not make solar panels or electric vehicles directly, but their products and services enable those technologies to be developed.

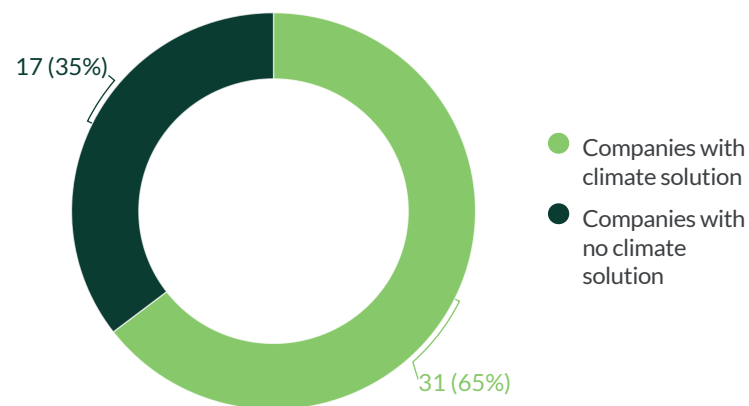
Similarly, we recognise indirect contributions of sufficient scale, such as a company that underwrites the development of new renewable-energy infrastructure through a formal power purchase agreement. To capture these different types of contributions, we separate company contributions into direct, enabling and indirect categories. More details on how we make these judgements, and the results for how we have assessed every company we invest in, are available on our [website](#).

Mapping the companies we invest in to Project Drawdown's diverse solutions provides us with a more complete view of how the companies we invest in contribute to climate action.

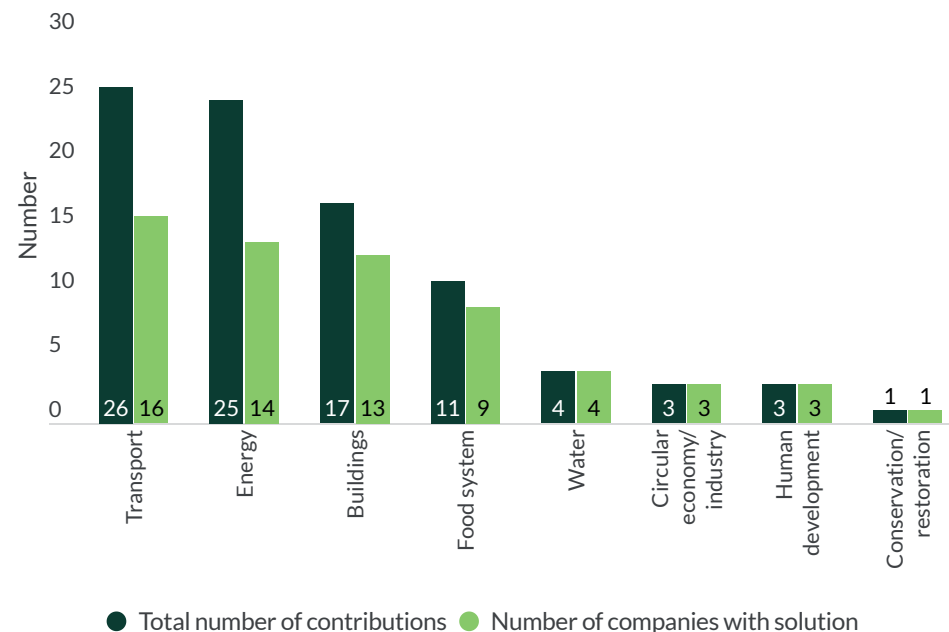
About Project Drawdown

Founded in 2014, Project Drawdown is a non-profit organisation that seeks to help the world reach 'drawdown' – the future point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline. Project Drawdown's deeply researched collection of c.80 climate change solutions, which if scaled up, can deliver the Paris Agreement's goal to cap temperature rises at 1.5°C. The full set of solutions, along with the research that backs them, are publically available on drawdown.org.

The strategy by companies contributing to solutions



The strategy by climate solution types



Source: Stewart Investors and Project Drawdown solutions data.
Please note - companies can have multiple contributions.

Data sources and methodology

Notes regarding MSCI Carbon Footprint data

© MSCI ESG Research LLC Reproduced by permission. Although Stewart Investors information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the “ESG Parties”), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. Where company reported data is not available, emissions are estimated by an MSCI ESG Research carbon estimation model.

Notes regarding Net Purpose data

Underlying company data is based on the latest published and public company information.

Notes regarding Project Drawdown data

© 2014–2022 Project Drawdown (drawdown.org). Contributions are defined by the Stewart Investors team as demonstrable contributions to any solution, either direct (directly attributable to products, services or practices provided by that company), enabling (supported or made possible by products or technologies provided by that company) or indirectly (companies that are involved in and around the solution). View our Portfolio Explorer tool for further explanations and our company assessments.

Data methodology

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 market value of the company plus its total debts. 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 for our strategies 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 US\$1m invested’ basis, which is useful for comparison purposes. We have used USD to calculate our footprint for aggregation and comparisons.

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 (MSCI) 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. Where emissions information is not available, we have relied on estimates produced by MSCI. Estimates require assumptions that do not match individual companies’ circumstances in the real world.

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 but the information contained in the material may be subject to change thereafter without notice. 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.

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 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 and the United States, and should not be relied upon by or be passed to other persons.

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). This material is solely for the attention of institutional, professional, qualified or sophisticated investors and distributors who qualify as qualified purchasers under the Investment Company Act of 1940 and as accredited investors under Rule 501 of SEC Regulation D under the US Securities Act of 1933 ("1933 Act").

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, Inc (MUFG). Our investment team operates under the trading name of Stewart Investors which is 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 First Sentier 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 194311)
- > the **European Economic Area** by First Sentier Investors (Ireland) Limited, authorised and regulated in Ireland by the Central Bank of Ireland (CBI ref no. C182306; Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland; 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 and Stewart Investors are business names of First Sentier Investors (Hong Kong) Limited.
- > **Singapore** by First Sentier Investors (Singapore) (Company no. 196900420D) and this advertisement or material has not been reviewed by the Monetary Authority of Singapore. First Sentier Investors (registration number 53236800B) and Stewart Investors (registration number 53310114W) are business divisions of First Sentier Investors (Singapore).
- > the **United Kingdom** by First Sentier Investors (UK) Funds Limited, authorised and regulated by the Financial Conduct Authority (FCA ref no. 143359; Registered office: Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB; Company no. 2294743).
- > the **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

Please contact your relationship manager if you would like to view this information for a specific fund

Edinburgh	London	New York	Singapore	Sydney
23 St Andrew Square Edinburgh EH2 1BB United Kingdom	Finsbury Circus House 15 Finsbury Circus London EC2M 7EB United Kingdom	10 East 53rd St Level 21 New York NY 10022	58 Duxton Road 2nd & 3rd Floor Singapore 089522	Suite 10, Level 3 13 Hickson Road Dawes Point Sydney NSW Australia 2000
t. +44 131 473 2900	t. +44 207 332 6500	t. +1 212 497 9980	t. +65 680 59670	t. +61 2 8274 8000