

SUSTAINABILITY-RELATED DISCLOSURES

20UGS (UCITS) FUNDS PINESTONE GLOBAL EQUITY (the “Fund”)

LEI: 213800QQW1FHA7VF298

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1. SUMMARY

These disclosures are made in accordance with Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) and Articles 23 to 36 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council (“**SFDR RTS**”). The disclosures are made by PineStone Asset Management Inc. in its capacity as investment manager (“**Investment Manager**”) of and with respect to the Fund.

(a) No sustainable investment objective: The Fund promotes environmental characteristics but does not have sustainable investment as its objective. The Fund does not make any sustainable investments.

(b) Environmental or social characteristics of the financial product: The Fund promotes climate change mitigation by ensuring that it maintains a weighted average carbon intensity that is lower than the MSCI World Net Index.

(c) Investment strategy:

The investment objective of the Sub-Fund is to achieve capital appreciation with low risk while maintaining a carbon footprint below that of the MSCI World Net Index.

The Investment Manager will focus on investing in a concentrated (yet diversified) portfolio of high-quality companies that have unique competitive advantages, enabling them to achieve strong returns on invested capital, provide long-term growth potential with increasing returns, generate predictable free cash flow, consistently compound shareholder wealth, and preserve capital, while also making sure that the Fund promotes climate environmental characteristics. Companies which violate one or more of the United Nations Global Compact principles will be excluded from the investments of the Fund, unless the Investment Manager determines that either positive engagement with the implicated company can correct the issue, or that there are other positive environmental or social reasons which justify an investment. Companies which are at risk of non-compliance are closely monitored, or otherwise excluded. The investment manager will also exclude companies that derive revenue from controversial weapons and are involved in coal and oil sands extraction. Additionally, the Investment Manager will consider whether the investee company has set emissions reduction targets and has policies in place to reduce greenhouse gas emissions.

(d) Governance:

The investment manager assesses the good governance practices of investee companies before and during the investment holding period, using a standardized scoring methodology that integrates corporate red flags related to governance issues. The scoring system considers pre-established criteria and covers various governance issues such as board independence, potential conflicts of interest, and non-independent chairmanship.

(e) Proportion of investments:

The Investment Manager aims to have at least 60% of the portfolio satisfying at least one of the Additional Factors, while the remaining 40% align with the general investment strategy. The Fund may invest in equities that do not meet the Additional Factors, and may also hold GDRs,

ADRs, and other similar securities. The Fund is expected to have direct exposure to investee companies through shareholdings.

(f) Monitoring of environmental or social characteristics:

The Investment Manager's investment team is responsible for monitoring the environmental characteristics of the Fund's portfolio, with support from the ESG-RI Working Group. The Investment Manager compares the portfolio's WACI to that of the MSCI World Net Index to ensure that the Carbon Footprint is achieved. ESG exclusions and limitations are monitored with pre-trade restrictions and by the investment team.

(g) Methodologies:

The Investment Manager uses three sustainability indicators, as carbon footprint (Scope 1 and 2), greenhouse gas intensity of investee companies, and portfolio's WACI, to measure its attainment to the environmental characteristic it promotes.

(h) Data sources and processing:

The Investment Manager uses third-party ESG information and data provided by investee companies to attain sustainability characteristics. Measures are taken to ensure data quality, and potential ESG risks and opportunities are identified through ESG dashboards. Third-party data providers are used to generate estimates and proxies where carbon emissions reporting is missing or unreliable.

(i) Limitations to methodologies and data:

The Investment Manager's research process effectiveness depends on the investment and sustainable investment team's experience and the quality of data available to them. Third-party ESG information can be incomplete or inaccurate, and there is a lack of legally binding definition and comparability among ESG ratings. This increases the risk of incorrect assessment, leading to the inclusion or exclusion of securities from the portfolio. The Investment Manager mitigates this risk through its own assessments.

(j) Due diligence:

The Investment Manager's investment team conducts due diligence on the Fund's holdings using third-party data providers, research tools, and company engagement.

(k) Engagement policies:

The Investment Manager engages constructively and collaboratively with investee companies on financial and ESG factors, addressing material ESG issues proactively and reactively. Investment teams are flexible in implementing engagement practices and selecting topics. The firm has a track record of active dialogue with investee companies and encourages them to recognize the importance of ESG factors and improve transparency and disclosure.

(l) Designated reference benchmark: No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

2. NO SUSTAINABLE INVESTMENT OBJECTIVE

The Fund promotes environmental or social characteristics, but it does not have as its objective sustainable investment. The Fund does not make any sustainable investments.

3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Investment Manager has identified the following climate environmental characteristics that will be promoted as part of the Fund's investment process:

- **Carbon Footprint.** The Fund will aim to have a weighted average carbon intensity ("**WACI**") is consistently lower than the MSCI World Net Index.

The Investment Manager assesses the Fund's WACI as recommended by the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This metric calculates the average carbon intensity of a portfolio, expressed in tons of CO₂ equivalent emissions by millions of revenues, weighted by the relative size of the investments in the portfolio.

- **Coal.** The Fund will not invest in companies that extract coal.
- **Oil sands.** The Fund will not invest in companies that are involved in oil sands extraction

The Investment Manager considers the above requirements to be binding during the whole holding period.

4. INVESTMENT STRATEGY

The investment objective of the Sub-Fund is to seek capital appreciation without undue risk.

As indicated above, the Investment Manager will ensure that the Fund's WACI remains consistently below the WACI of the MSCI World Net Index ("**Carbon Footprint**").

The Investment Manager assesses the WACI of the Fund as recommended by the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This metric calculates the average carbon intensity of a portfolio, expressed in tons of CO₂ equivalent emissions by millions of revenues, weighted by the relative size of the investments in the portfolio.

The strategy is rooted in the belief that sustainable returns can be achieved by investing in a concentrated (yet diversified) portfolio of what the Investment Manager believes to be remarkably high-quality companies, which as a result of unique competitive advantages, can:

- generate a strong return on invested capital;
- provide ample long-term growth potential at incrementally higher return on invested capital;
- generate strong and predictable free cash flow;
- consistently compound shareholder wealth over the long term;

- preserve capital.

To ensure this strategy is achieved on an ongoing basis, the Investment Manager considers the portfolio's WACI compared to that of the MSCI World Net Index, primarily using data sourced from third-party data providers, and takes any necessary action to ensure that the Carbon Footprint is achieved. As further detailed in the prospectus supplement, the Investment Manager measures the Fund against the MSCI World Net Index for performance monitoring purposes.

When assessing whether a particular investment is aligned with the environmental characteristic of climate change mitigation, the Investment Manager's primary consideration is whether such investment is aligned with the Fund meeting its binding Carbon Footprint requirement as set out above.

Such Carbon Footprint requirement applies to the portfolio as a whole and is therefore applicable (in aggregate) to all the investments of the Fund. In addition, when assessing whether a particular investment is aligned with the environmental characteristic of climate change mitigation, the Investment Manager considers whether the investee company:

- has a carbon intensity that is less than the WACI of the MSCI World Net Index;
- has a carbon intensity that is less than its industry peers;
- has set formal emissions reduction targets to achieve the goal of net-zero greenhouse gas emissions by 2050 or sooner (including whether these targets have been established in accordance with methodologies approved by the Science Based Targets initiative ("SBTi"); and/or
- has in place formal policies that are intended to reduce their emissions of greenhouse gases, including efforts to improve energy efficiency and/or policies to derive energy from cleaner fuel sources.

To the extent that an investee company satisfies one or more of the above factors (together, the "**Additional Factors**"), such investment may be considered by the Investment Manager to be aligned with the environmental characteristic promoted by the Fund.

All holdings are expected to contribute to the investment objective of the Fund, i.e. the aim to provide long-term capital appreciation through a portfolio of broadly diversified securities, by region and industry, invested across world markets.

Further, in selecting companies for potential investment by the Fund the Investment Manager considers and applies the following ESG exclusions and limitations:

- **Coal**
Companies that generate the majority of their own power from coal and which do not have a committed plan to transition to more sustainable sources of power generation will also be fully excluded.
- **United Nations Global Compact**

Companies which violate one or more of the United Nations Global Compact principles are generally excluded from the investments of the Fund, unless the Investment Manager determines that either positive engagement with the implicated company can correct the issue, or that there are other positive environmental or social reasons which justify an investment.

Companies which are at risk of non-compliance are closely monitored, or otherwise excluded. The United Nations Global Compact (www.unglobalcompact.org) is a globally recognized common framework that applies to all industrial sectors. This initiative is based on international conventions in the areas of human rights, labour standards, the environment, and the fight against corruption.

Similarly, any identification of possible 'controversies' by a company (being an instance or ongoing situation in which a company may allegedly have a negative environmental, social or governance impact) are considered and further investigated and the Investment Manager will either engage with the implicated companies or divest from companies if no reasonable efforts are made to correct the issue.

- **Controversial weapons**

A company will be deemed ineligible for investment if it derives any of its revenue directly from the manufacture or sale of controversial weapons. Controversial weapons are those that are either prohibited under international conventions or are deemed particularly controversial because of their humanitarian impact.

They include weapons of mass destruction such as nuclear, chemical, and biological weapons, and weapons that fail to discriminate between civilians or combatants or cause disproportionate harm, such as cluster munitions or anti-personnel mines.

5. GOOD GOVERNANCE

The good governance practices of investee companies are assessed prior to making an investment and continually assessed during the investment holding period. Governance-related considerations are integrated as part of the investment quality scoring methodology. This system is used to assess each investee company and its attributes using a score based on pre-established and standardized criteria. Additionally, the scorecard integrates the concept of corporate red flags covering most governance issues in the fundamental research phase.

The corporate red flags include but are not limited to: excessive indulgence by management and board, tax matters, non-independent chairmanship, multi-voting stock structure, board independence, potential conflicts of interest between management or controlling shareholder and the primary shareholders.

6. PROPORTION OF INVESTMENTS

Whilst the Investment Manager does not pre-determine its asset allocation based on the Additional Factors, the Investment Manager expects that at least 60% of the portfolio will at all times satisfy at least one.

Any remaining investments of the Fund give effect to the general investment objective and strategy of the Fund. The remaining 40% are invested in equities and may or may not satisfy at all times at least one of the aforementioned criteria.

The Fund is expected to have direct exposure to investee companies through holding shares issued by the companies. The Fund may also hold global depository receipts (GDR), American depository receipts (ADR) and other securities characteristics which are similar to equities. [

7. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Investment Manager's investment personnel responsible for the discretionary management of the Fund's portfolio has the primary responsibility for monitoring the environmental characteristics promoted by the Fund, using the data and systems available to and/or obtained by the investment team. The investment team may be assisted in its monitoring efforts by the Investment Manager's sustainable investment team.

To ensure that Carbon Footprint (as described within the section "Investment Strategy" above) is achieved on an ongoing basis, the Investment Manager considers the portfolio's WACI compared to that of the MSCI World Net Index, primarily using data sourced from third-party data providers, and takes any necessary action to ensure that the Carbon Footprint is achieved.

ESG exclusions and limitations are monitored with pre-trade restrictions and, separately, by the Investment Manager's investment team.

8. METHODOLOGIES

The Investment Manager uses the following sustainability indicators to measure the attainment to the environmental characteristic it promotes:

- The carbon footprint (Scope 1 and Scope 2);
- The greenhouse gas intensity of investee companies; and
- The portfolio's WACI.

9. DATA SOURCES AND PROCESSING

- Data sources used to attain the characteristics.

The Investment Manager relies upon a combination of third-party ESG information and/or information provided or published directly by the investee company. Third-party ESG information are used to enhance the Investment Manager's understanding of a company's ESG profile and practices and include risk ratings and sustainability frameworks (such as the IFRS (International Financial Reporting Standards) Sustainability Disclosure Standards).

- Measures taken to ensure data quality

Since the Fund primarily invests in global publicly listed equities, holdings are generally well-covered by third-party data and research providers. However, there are limitations within the data and, as a result, holdings may be incorrectly assessed. Where identified, the Investment Manager will seek to mitigate this risk through its own assessment, including through company engagement.

- How data is processed

Potential ESG risks and opportunities are identified by the Investment Manager, which produces ESG dashboards across a broad range of ESG factors that assist its investment team in reviewing and comparing a range of ESG data points and ESG qualitative disclosures.

- The proportion of data that is estimated.

The Investment Manager relies upon third-party data providers who use a variety of models to generate estimates and proxies where carbon emissions reporting from companies is missing or unreliable. The proportion of estimated data varies depending upon the data points reviewed.

10. LIMITATIONS TO METHODOLOGIES AND DATA

The effectiveness of the Investment Manager's research process depends largely upon the experience and skill of its investment team and sustainable investment team as well as the quality of data and information available to the relevant teams. ESG information from third-party data providers may be incomplete, inaccurate, or unavailable. There is currently a lack of legally binding definition and comparability among providers of ESG ratings or legal requirements to ensure transparency of underlying methodologies of such ratings. As a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of a financial product ("**ESG Data Risk**"). Where identified, the Investment Manager will mitigate this risk through its own assessments.

11. DUE DILIGENCE

The Investment Manager's investment team is responsible for conducting initial and ongoing due diligence on the Fund's holdings. The investment team's analysis is based upon data and information obtained from third-party data providers, data and research tools developed by the investment team and/or company engagement.

12. ENGAGEMENT POLICIES

The Investment Manager is committed to engage in a constructive and collaborative way with prospective and existing investee companies. The scope of engagement typically spans both financial and ESG factors.

When meeting with companies, the investment team is expected to seek to address material ESG issues both on a proactive basis, to raise awareness of potential issues and on a reactive basis, to revisit past issues and assess how the investee company has addressed them. The Investment Manager allows its investment teams to implement the engagement practices they deem most appropriate for their investment style, and to select the engagement topics they deem most material to the investment in question.

The Investment Manager has a long track record of active dialogue with companies in which the firm invest on behalf of its clients and looks to work proactively toward constant improvement on matters related to ESG and overall performance.

The Investment Manager seeks to encourage companies to recognize the importance of ESG factors and supports their efforts to improve the transparency and disclosure of their approach and performance as they relate to material ESG issues.

13. DESIGNATED REFERENCE BENCHMARK

No reference benchmark has been designated for the purpose of attaining the environmental characteristics promoted by the Fund.

14. THE INFORMATION REFERRED TO IN ARTICLE 8 SFDR AND ARTICLE 11 SFDR

The Investment Manager is a signatory to the UN PRI and a member of the IFRS Sustainability Alliance. UN PRI signatories are required to report on their responsible investment activities annually.

Reports of our proxy votes and engagement activities are available upon request.

The Fund promotes environmental characteristics pursuant to Article 8 SFDR, as set out in detail at the end of the Sub-Fund Appendix contained in the prospectus of 20UGS (UCITS) FUNDS which can be obtained [here](#).

Further information on the extent that the Fund's promoted characteristics were met and how principal adverse impacts on sustainability factors were considered for the Fund will be provided in the annual report.