June 2022

# Mondrian Investment Partners Limited

## Statement with regard to Article 6 of Regulation (EU) 2019/2088 (SFDR)

***Definitions***

| | |
|---|---|
| **"Sustainability Factors"** | are environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. |
| **"Sustainability Risk"** | a sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. A Sustainability Risk can either represent a risk on its own or have an impact on other risks and contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. |
| **"SFDR"** | means 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, as amended from time to time. |

***Sustainability Disclosures***

This document discloses the manner in which Sustainability Risks are integrated into investment decisions and also the results of the assessment of the likely impacts of Sustainability Risks on the returns of accounts where SFDR is applicable.

Mondrian Investment Partners Limited (the "Investment Manager") considers Environmental, Social, and Corporate Governance (ESG) factors as part of its broader analysis of individual issuers including with regards to Sustainability Risk assessment. The factors which will be considered by the Investment Manager will vary depending on the security in question, but typically include the themes addressed by the Sustainability Risks described in the Risk Factors section. Assessment of Sustainability Risks is complex and requires subjective judgements, which may be based on data which is difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager will fully assess the impact of Sustainability Risks on an investor's current or proposed investments. Furthermore, what constitutes a Sustainability Risk is subjective, and it is therefore possible that the Investment Manager may not take into account a factor that an investor considers to be a Sustainability Risk but which the Investment Manager does not.

The impacts following the occurrence of a Sustainability Risk may be numerous and may vary depending on the specific risk, region and asset class. In the event that a Sustainability Risk arises, this may cause the Investment Manager to determine that a particular investment is no longer suitable and to sell it or decide not make an investment in it.

The Investment Manager does not currently consider the principal adverse impacts of its investment decisions on Sustainability Factors. The Investment Manager has opted out of doing so, primarily as the regulatory technical standards supplementing SFDR which will set out the content, methodology and information required in the principal adverse sustainability impact statement have not yet come into force. The Investment Manager intends to consider the principal adverse impacts of investment decisions on Sustainability Factors once the regulatory technical standards come into effect.

***Sustainability Risks / ESG Risks***

Sustainability Risks may arise in respect of a company or an issuer itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental sustainability risks, including risks arising from climate change, are associated with events or conditions affecting the natural environment. Social sustainability risks may be internal or external to a company or an issuer and are associated with employees, local communities, suppliers, customers or populations of companies or countries and regions. Governance sustainability risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies and issuers.

Loss of investment value following a Sustainability Risk may occur in numerous ways. For investments in a corporate issuer, losses may result from damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. Laws, regulations and industry norms may play a significant role in controlling the impact of sustainability factors on many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. A corporate may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the Sustainability Risk, including changes to business practices and dealing with investigations and litigation. Sustainability Risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which an investor is exposed may also be adversely impacted by a Sustainability Risk. Further, certain industries face considerable scrutiny from regulatory authorities, non-governmental organisations and special interest groups in respect of their impact on sustainability which may cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such scrutiny may also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses.

Sustainability Risks are relevant as both standalone risks, and also as cross-cutting risks which could manifest through many other risk types which are relevant to the assets of an investor. For example, the occurrence of a Sustainability Risk can give rise to financial and business risk, including through a negative impact on the creditworthiness of other businesses.

*Environmental Risks*

Many economic sectors, regions and/or jurisdictions, including those in which an investor may be invested in, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

An investor may have exposure to potential physical risks resulting from climate change. For example, the tail risk of significant damage due to increasing erratic and potentially catastrophic weather events such as droughts, wildfires, flooding and heavy precipitations, heat/coldwaves, landslides or storms. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region.

*Social Risks*

Adverse treatment of people, including employees, consumers, and others impacted, were it to occur, may give rise to negative consumer sentiment, fines and other regulatory sanctions and investigations and litigation in respect of entities in which an investor may be invested. The profitability of a business which is reliant on adverse treatment of people may appear materially higher than if appropriate practices were followed and it may not be apparent to investors that such adverse treatment is occurring at the time.

*Governance Risks*

The absence of a diverse and relevant skillset within a board or governing body of an entity in which an investor is invested may result in less well informed decisions being made without appropriate debate and an increased risk of "group think". Further, the absence of independence among board members, particularly where roles are combined, may lead to a concentration of powers and hamper the board's ability to exercise its oversight responsibilities. Lack of scrutiny of executive pay: failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long-term interest of a company.

Ineffective or otherwise inadequate internal and external audit functions of a company may increase the likelihood that fraud and other issues are not detected and/or that material information used as part of an entity's valuation and/or the Investment Manager's investment decision making is inaccurate. The tax strategy employed by a company may impact on the returns and performance of that company.

The extent to which rights of shareholders, and in particular minority shareholders are appropriately respected within a company's formal decision making process may have an impact on the extent to which a company is managed in the best interest of its shareholders as a whole and therefore the value of an investment in it. The effectiveness of a company's controls to detect and prevent bribery and corruption may have an impact on the extent to which a company is operated in furtherance of its business objectives. The effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security within a company will affect such company's susceptibility to inadvertent data breaches and its resilience to "hacking".

The absence of appropriate and effective safeguards for employment related risks such as discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistle-blowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately have a negative impact on an investment in that company.