

SEILERN INVESTMENT MANAGEMENT LTD. ENTITY-LEVEL SFDR DISCLOSURES

Seilern Investment Management Ltd. (“SIM”) is the delegated investment manager for certain European-domiciled funds, the Seilern International Funds Plc.

This document is intended for European Investors and has been published in order to comply with the requirements of articles 3 and 4 of the 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 (the “SFDR”).

Information about the integration of sustainability risks (Article 3 SFDR):¹

SIM identify and integrate sustainability risk as part of the investment process, in accordance with 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 (the “SFDR”).

Sustainability risk is defined as an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund’s investment. Sustainability risks can either represent risks of their own or have an impact on other risks.

Sustainability risks may contribute significantly to risks such as market risks, operational risks, liquidity risks, or counterparty risks. The assessment of sustainability risks is complex and may be based on environmental, social, or governance data, which is difficult to obtain, incomplete, estimated, out of date, and/or otherwise inaccurate. Assessment of these risks can also be qualitative in nature. The primary tool to manage sustainability-related risks is via our exclusion process. By formally excluding those sectors with the highest sustainability risk SIM considerably reduce the funds’ exposure to such risks in the first instance. SIM looks to invest in companies that can deliver sustainable earnings growth with a high degree of forecastability. Investment analysts will report on the companies under their coverage on an ongoing basis and are responsible to flag any matter which poses a risk to the long-term sustainability of our investments. These include, among others, issues concerning corporate governance, matters that adversely impact their reputation, matter that could lead to regulatory fines or disproportionate behaviour towards stakeholders as well as the environment in which they operate.

Further detail on the integration of Sustainability Considerations can be found in the Responsible Investment Policy [www.seilernfunds.com/en/literature].

Consideration of principal adverse impacts of investment decisions on sustainability factors:²

¹ Art.3 [SFDR](#)

² Art. 4 (1a) and 4 (2) [SFDR](#)

SIM considers the principal adverse impacts (“PAI”) of investment decisions on sustainability factors. Principal adverse impacts are defined as the most significant negative impact of investment decisions on sustainability factors relating to environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

SIM excludes companies that have significant environmental and social risks through our exclusive search for growth process that eliminates companies that do not meet our tests for Quality Growth.

A) Information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;

The principal adverse impacts on sustainability factors, including the identification, prioritisation, and any relevant action to be taken to manage exposure to these, will be reviewed by SIM on an annual basis following this publication.

SIM applies sectoral and geographical exclusions in order to minimise the impact of its decisions on sustainability factors as further detailed below.

The principal adverse impacts on sustainability factors that SIM has identified and will take into account are:

- Exposure to Fossil Fuels

Industries that derive revenues from the exploration, mining, extraction, distribution, or refining of hard, liquid, or gaseous fuels (i.e. coal, oil, natural gas)

- Greenhouse Gas emissions (GHG)

The level of any type of greenhouse gas that is released by a company, measured in volume and intensity.

- Carbon emissions

Specifically, and in addition to GHG emissions, the level of carbon dioxide equivalent that is released by a company, measured in volume and intensity (pollution).

- Compliance with United Nations Global Compact principles

Observing that companies at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

- Exposure to controversial weapons

Industries that derive revenues from the manufacture or selling of controversial weapons (i.e. anti-personnel landmines, cluster munitions, chemical, biological, radiological and nuclear weapons)

B) Description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;

SIM exclude companies that have significant environmental and social risks through our exclusive search for growth process that eliminates companies that do not meet our tests for Quality Growth.

Where a company already invested in is flagged as part of our ongoing analysis as no longer performing in any of the E, S, or G areas based on our internal research process and external ESG data providers, SIM will engage with the business, as detailed in section 4.2 of the Responsible Investment Policy.

C) Brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable;

A thorough understanding of our portfolio companies is the cornerstone of our investment philosophy and engaging with these companies is an essential part of this process. During the initial research process and once admitted to the universe, companies are continuously scrutinised and monitored. From an ESG perspective, the team will look to identify any possible issues that might affect the long-term sustainability of the company's earnings, such as controversies that might negatively affect the company or material changes in management and stakeholder relations.

This includes reviewing annual reports and meeting with company management, at regular intervals. We aim to have continuous contact with the companies that we invest in and our analysts strive for, wherever possible, ongoing open communication with the management of investee companies, in order to refine their investment analysis, and will discuss an investee company's corporate governance, long-term strategy, leverage, and financial statements.

As long-term owners of these companies, we have developed relationships with a number of management teams over a period of many years. The resulting depth of knowledge and long-term investment horizon facilitates meaningful dialogue with management teams of investee companies.

While engagement at the most senior levels of our companies is important, we also place strong value on engaging across various levels of the companies we invest. We find that we can glean essential insights by engaging with stakeholders of all levels, including vendors, clients and competitors of our investee companies. This gives our analysts a clearer picture of a company's values, corporate culture and treatment of stakeholders – intangible qualities that can factor into our overall assessment of a company.

We have binding elements of the investment strategy to ensure that any individual element which brings the overall sustainability of the business into question is investigated in greater detail. Our process for this is as follows:

- We initially assess the degree to which the breach environmental, social or governance characteristic interferes with the overall sustainability of the business.
- If it is deemed to jeopardise the overall sustainability of the business, we then engage with management on the issue.
- If management choose a course of inaction and we are determined that the issue negatively affects the overall sustainability of the business, we dispose of our position, allocating capital away from the offending company and toward companies that do promote sustainable characteristics.

- D) Adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.

Seilern is a signatory of the Principles of Responsible Investment, effective January 2019. It follows internationally recognized principles for sustainable business conduct, such as the 10 principles of the UN Global Compact, the UN Principles for Responsible Investments and the UN Guiding Principles on Business and Human Rights.

Document last updated on [21 October 2022]