Responsible Investment Policy

1. Introduction and purpose

Seilern Investment Management Ltd ("SIM") is a UK authorised and regulated investment manager. SIM has been appointed as discretionary investment manager for two EU authorised UCITS funds, namely Seilern International Fund ("SIF") and Seilern Global Trust ("SGT"), collectively known as the "Funds". The Funds are required to comply with the provisions of the Sustainable Finance Disclosure Regulation ("SFDR").

SIM's priority is the preservation and enhancement of client capital. To achieve this, SIM acts as a responsible steward of that capital. For SIM, responsible investment means investing in businesses with the mindset of an owner with the long-term sustainable interests of the business at heart.

This policy explains how responsible investment aligns with SIM's values and investment philosophy, and how it is integrated into SIM's investment process.

2. ESG characteristics and the Seilern Universe

The Funds promote, among other characteristics, a combination of environmental, social and governance ("ESG") characteristics and are classified as Article 8 under SFDR.

When assessing investible companies (the "Seilern Universe"), SIM prioritises companies whose policies and/or practices fulfil a range of ESG criteria, including (but not limited to):

- E - addressing pollution and sustainable production and, where relevant, credible plans or targets to manage and reduce environmental impacts.
- S - supporting the fair treatment of employees and business partners.
- G - implementing strong corporate governance practices, including appropriate board oversight and alignment with long-term stakeholders' interests.

These considerations form part of SIM's admission and ongoing monitoring process for the Seilern Universe.

3. Sustainability risk

"'Sustainability risk'" is an ESG event or condition that, if it were to occur, could cause a material negative impact on the value of an investment. This policy describes how SIM consistently considers sustainability risks in its investment decision-making.

4. Responsible investment process

Sustainable characteristics are captured through an exclusion process and are continually monitored throughout the investment process, using SIM's "Ten Golden Rules" research framework (described in more detail on SIM's website in the Investment Philosophy section).

By investing in businesses that embody these characteristics, the Funds aim to reduce sustainability risks and generate superior risk-adjusted returns for investors. Admission to, and retention in, the Seilern Universe follows three steps:

1. Integration (I) Exclusions
2. Integration (II) Ten Golden Rules
3. Integration (III) Ongoing Research

Integration I: Exclusions
To achieve the investment objectives, SIM operates an exclusion-driven investment process, continually eliminating companies that do not meet SIM's criteria, including ESG criteria.

ESG exclusions are incorporated throughout each stage. Initially, companies domiciled in non-Organisation for Economic Cooperation and Development ("OECD") countries are filtered out, leaving companies from countries that demonstrate a commitment to democracy, the protection of human rights and open and transparent free markets.

At the next stage, SIM employs a screening process to exclude companies whose principal business activities are inconsistent with a Fund's objectives. In accordance with this policy, companies that are classified under any of the following Global Industry Classification Standard ("GICS") sub-industries are excluded from the Fund's investment universe:

i. Oil & Gas Drilling
ii. Oil & Gas Equipment & Services
iii. Integrated Oil & Gas
iv. Oil & Gas Exploration & Production
v. Oil & Gas Refining & Marketing
vi. Oil & Gas Storage & Transportation
vii. Coal & Consumable Fuels
viii. Aluminium
ix. Diversified Metals & Mining
x. Copper
xi. Gold
xii. Precious Metals & Minerals
xiii. Silver
xiv. Steel
xv. Casinos & Gaming
xvi. Tobacco

Companies whose principal business activities are identified at the time of being added to a Fund's investment universe as being within any of the above sub-industries are deemed to be inconsistent with the Fund's commitment to sustainability and are, therefore, excluded from potential investment. SIM reserves the right to review, update, and, if necessary, revise the list of excluded sub-industries on an annual basis to reflect evolving sustainability standards and potential changes in the GICS classification.

In addition, companies that engage in controversial weapon production and arms manufacturing are excluded.

As a result of this exclusion process, potential exposure to environmentally damaging and controversial sectors is minimised from the outset.

Integration II: Ten Golden Rules
A cornerstone of SIM's investment philosophy is the conviction that, over time, earnings drive share prices. Ensuring the sustainability of the earnings growth is therefore an essential component of the investment strategy.

SIM believes that Quality Growth businesses are rare and share specific characteristics. Such companies typically have superior business models, stable and predictable economics and a sustainable competitive advantage. They also have strong management teams with high integrity and whose interests are closely aligned with long-term shareholders and long-term stakeholders. This assessment includes monitoring the ESG impact of investee companies to evaluate whether they support conditions for sustainable growth.

SIM considers ESG risks material to a company's ability to grow over the long term and, therefore, to the Funds' ability to achieve strong risk-adjusted returns. Examples include reputational damage, regulatory fines (for example, due to pollution) or strike action (for example, due to unsafe working conditions). The initial negative screen helps mitigate these risks, and ESG factors are integrated into SIM's fundamental, bottom-up analysis from an early stage of the investment process.

After passing the initial negative screen, companies are further refined using the Ten Golden Rules, within which E, S and G characteristics are considered. This stage is intended to ensure that only the best-in-class companies progress towards admission to the Seilern Universe.

Companies are assessed on a fundamental basis by using qualitative and quantitative tools. At their core, the Ten Golden Rules provide the framework for the analysis, including factors that support the sustainable development of a business. The investment team is required to adhere to both the "spirit" and the "letter" of each rule. This approach aligns with ESG principles in identifying businesses capable of sustainable development. For example:

- To maintain a sustainable competitive advantage – a key element of business sustainability – a company must adhere to local regulations on matters such as air and water pollution and energy efficiency, thereby mitigating the risks associated with non-compliance.
- Companies should respect human rights (all investee companies in the Seilern Universe are registered in OECD countries which uphold minimum human rights standards), foster employee engagement, and promote safe working environments for their direct employees. Where applicable, companies should also promote safe working environments within relevant parts of their supply chains.

These factors are also relevant to exemplary management and governance. The board and the executive management of each company are responsible for establishing culture, adhering to relevant standards, implementing appropriate processes (including those relating to environmental efficiency), and respecting the rights of employees and other stakeholders.

These factors support consistent industry leadership and strong organic growth. A company failing to meet such standards may face repercussions from regulatory bodies, courts, employees and/or customers. Within SIM's framework, a company cannot be considered sustainable if it does not adhere to the Ten Golden Rules, which encompass ESG factors among others.

By excluding companies that perform poorly on ESG factors through screening and applying the Ten Golden Rules framework (including embedded ESG factors), risks associated with poor ESG performance are reduced. This approach can also help identify investment opportunities with the potential to generate superior risk-adjusted performance for the Funds compared to the broader market.

Integration III: Ongoing Research

Once a company passes the initial screens and exclusions, it undergoes rigorous scrutiny by SIM's investment team before being admitted into the Seilern Universe.

After admission, each analyst conducts ongoing reviews of their assigned companies to keep research up to date. This includes research updates communicated in report form and deep-dive investigations at the team's regular investment meetings.

SIM seeks to invest in companies capable of delivering sustainable earnings growth with a high degree of forecastability. SIM monitors these companies on an ongoing basis, and analysts are responsible for flagging issues that may pose a risk to long-term sustainability of the investments. These issues include, but are not limited to: corporate governance concerns, matters adversely impacting reputation, potential regulatory fines, disproportionate behaviour towards stakeholders, and environmental considerations.

Indicators used to assess the attainment of environmental and social characteristics promoted by the Funds include metrics deemed relevant for estimating overall business sustainability. This analysis may include both internal information (produced by the company) and external information (produced by third parties). If a company is identified as underperforming in E, S or G areas, SIM will assess the impact on the overall business sustainability and consider engagement where applicable.

5. Engagement

A thorough understanding of investee companies is a cornerstone of SIM's investment process. Engagement with these companies, where possible, is therefore a key component. During initial research and after admission to the Seilern Universe, companies are continuously scrutinised and monitored. From an ESG perspective, SIM aims to identify issues that might affect long-term earnings sustainability, such as environmental, social or corporate governance controversies, and material changes in management and stakeholder relations.

Monitoring includes reviewing annual reports and meeting with the company management, where possible, at regular intervals. Continuous contact with investee companies is a priority. Analysts seek ongoing, open communication with management, where possible, to refine investment analysis. Discussions may cover corporate governance, long-term strategy, leverage and financial statements.
As long-term owners, SIM may develop strong relationships with management teams over many years. The depth of knowledge and long-term investment horizon support meaningful dialogue.

SIM also values engagement across multiple levels within investee companies. Insights may be obtained by engaging with stakeholders at different levels, including vendors, clients and competitors. This can provide a clearer picture of a company's values, corporate culture and treatment of stakeholders – intangible qualities that contribute to the overall assessment of a company.

Binding escalation steps
There are binding elements of the investment strategy to ensure that any factor calling into question the overall sustainability of the business is investigated in greater detail. The process is as follows:

- The initial assessment determines the extent to which the breach of an ESG characteristic interferes with the overall sustainability of the business.
- If the breach is deemed to jeopardise overall sustainability, SIM will engage with management on the issue where possible.
- If management chooses inaction and it is determined that the issue negatively affects the overall sustainability of the business, SIM will dispose of the position and reallocate capital accordingly.

6. Proxy voting

SIM votes on behalf of the Funds and aims, where practicable, to vote at all shareholder meetings. SIM draws upon both internal research and voting guidance produced by external proxy voting specialist firms before independently voting.

SIM believes that the management of investee companies generally know best how to run the business. As such, SIM will normally vote with management recommendations unless a proposal might jeopardise the long-term sustainability of the business. In such cases, SIM will assess the potential impact on the sustainability of the business and may liaise with company management to share SIM's perspective, then make its decision on the grounds of the investment philosophy.

7. Principal adverse sustainability impacts

Principal Adverse Sustainability Impacts are defined as the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social, and employee matters, respect for human rights, anti-corruption and anti-bribery issues.

These impacts are carefully considered at the individual Fund level. Companies with significant environmental and social risks are excluded through SIM's rigorous investment process, which eliminates those failing to meet the Ten Golden Rules.

If an invested company is flagged during ongoing analysis as underperforming in E, S, or G areas, SIM will seek to engage with company management.

8. Governance and conflicts of interest

SIM's Board of Directors, alongside the Chief Investment Officer, are responsible for overseeing the integration and implementation of the responsible investment process.

SIM maintains a conflicts of interest policy, together with organisational and administrative arrangements, to take appropriate steps to identify, prevent or manage conflicts of interest.

9. Integration of sustainability risks in the remuneration policy

The Seilern Universe is the primary risk mitigation tool of SIM. When constructing investment portfolios, the investment team may only select companies that have been admitted into the Seilern Universe through a multi-stage approval process. For a stock to be approved into the Seilern Universe, all ten of the Ten Golden Rules (which incorporate ESG characteristics) must be met.

As per its Remuneration Policy, SIM is committed to maintaining responsible and effective remuneration structures that promote effective risk management, and responsible business practices and do not encourage excessive risk-taking including with regards to sustainability risks which are embedded in the investment process.

10. Data sources and processing

To gather and assess ESG information and risks, SIM leverages in-house research and may also use specialised firms to expand knowledge and understanding. External partners are selected based on the quality of the information provided and scope of coverage.

These resources supplement in-house research but do not serve as the basis for automatic exclusions or investment decisions. Rather, they provide guidance and may trigger additional research.

11. United Nations Principles of Responsible Investment

SIM is a signatory of the United Nations Principles of Responsible Investment ("PRI") and strives to apply the following principles and behaviours:

- Incorporate ESG considerations into investment analysis and decision-making.
- Act as active owner and incorporate ESG considerations into ownership policies and practices.
- Seek appropriate disclosure of ESG data by the entities in which investments are made.
- Promote acceptance and implementation of the principles within the investment industry.
- Work together as a team to enhance effectiveness in implementing the principles.
- Report on activities and progress towards implementing the principles.

On an annual basis, SIM completes reporting via the PRI assessment questionnaire to measure progress and adherence to these principles.

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