

## ANNEX I

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Guinness Global Equity Income Fund

**Legal entity identifier:** 635400NTZHLHONBYQG56

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics in the following manner:

The fund will not invest in companies as per the Investment Manager's exclusion policy (to include, but not limited to, companies directly involved in the design, manufacture or sale of cluster munitions and anti-personnel mines, and companies that generate a certain revenue, as determined by the Investment Manager, via thermal coal extraction or thermal coal power generation), and any other fund specific exclusion criteria. For further details on the Fund's exclusions applied, a copy of the exclusion policy can be found [here](#).

The Investment Manager undertakes engagement activities, where relevant, to encourage investee companies to improve aspects of some or all of their environmental, social or governance practices.

The Investment Manager assesses the environmental and social credentials of investee companies, and their governance practices, in particular with respect to company-specific material ESG factors and overall disclosure through qualitative and quantitative analysis of company and third-party data. Examples of ESG factors may include, but are not limited to, climate and environmental indicators, social and human capital factors, management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors.

### ● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

To measure the attainment of the environmental or social characteristics, the investment manager will use material climate, other environmental and social indicators to the extent that relevant data is available, alongside an assessment of management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors.

More information on the indicators can be found in the sustainability related website disclosures [here](#).

### ● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The fund promotes environmental and social characteristics, but does not commit to make any sustainable investments.

**Principal adverse impacts** are 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 matters.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

n/a

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

n/a

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

n/a

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**


☒

Yes

☐

No

As part of its due diligence process, the Investment Manager assesses the sustainability impacts of investee companies in line with the EU’s Principal Adverse Impact (PAI) framework. Relevant principal adverse indicators currently considered for this Fund include greenhouse gas (GHG) emissions (PAI 1), carbon footprint (PAI 2), GHG intensity of investee companies (PAI 3), involvement in violations of the UN Global Compact (UNGC) principles or OECD Guidelines for Multinational Enterprises (PAI 10),

lack of processes to monitor compliance with these frameworks (PAI 11), board gender diversity (PAI 13) and exposure to controversial weapons (PAI 14).

When making investment decisions and evaluating the existing portfolio, the Investment Manager uses information, both from third party providers and company disclosures to inform a high-level assessment of the target investments level of adverse impact. Where a relevant PAI indicates a material adverse impact the Investment Manager will undertake further internal analysis and may initiate engagement with the issuer. The objective of such engagement is to better understand the underlying issue and, where appropriate, to encourage the issuer to adopt more sustainable practices. Engagements may extend over both shorter-term (by way of example only, 12–24 month) and longer-term (by way of example only, 3–5 year) periods depending on the nature and complexity of the issue. The actual engagement period will entirely depend on the nature and complexity of the ESG matter upon which engagement is initiated. If engagement proves unsuccessful or the issue remains unresolved, the Investment Manager may consider divestment. Divestment however is not automatically triggered, if, having due regard to the nature of the investment, the Investment Manager is of the view that the position warrants holding in the portfolio (i.e., there may be a financial opportunity for the Fund in respect of the holding of the position).

Further information, including how the indicators for adverse impacts have been considered, will be disclosed in the Fund's annual report.



### What investment strategy does this financial product follow?

The investment objective of the Fund is to provide investors with both income and long-term capital appreciation.

In seeking to achieve its investment objective the Fund intends to invest primarily in a portfolio of global equities providing an above average yield (i.e. a higher yield than the yield of the overall global equity market).

The Investment Manager assesses the environmental and social credentials of investee companies, and their governance practices, in particular with respect to company-specific material ESG factors and overall disclosure through qualitative and quantitative analysis of company and third-party data. Examples of such ESG factors may include, but are not limited to, climate and environmental indicators, social and human capital factors, management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors. Such assessments are designed to aid evaluation of a company's competitive advantages, growth drivers, profitability, and exposure to material risks alongside traditional financial metrics.

The Investment Manager analyses how well a company manages its material ESG exposures. For the environmental and social categories, the Investment Manager evaluates factors specific to the company's industry and for the governance category, the Investment Manager evaluates a company with consideration to regional norms.

The Fund will not invest in companies as per the Investment Manager's exclusion policy, and any other fund specific exclusion criteria. A copy of the Fund's exclusion policy can be found [here](#).

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager monitors compliance with the environmental, social and governance characteristics outlined above on a regular basis through ongoing monitoring of key indicators using company and third-party data providers.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund will not invest in companies as per the Investment Manager's exclusion policy, and any other fund specific exclusion criteria.. A copy of the Fund's exclusion policy can be found [here](#).

The Investment Manager's ESG analysis as described above.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

No such commitment.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices (including, but not limited to, sound management structures, employee relations, remuneration of staff and tax compliance) are assessed by the Investment Manager using company and third-party data. The Investment Manager's good governance policy is available [here](#).

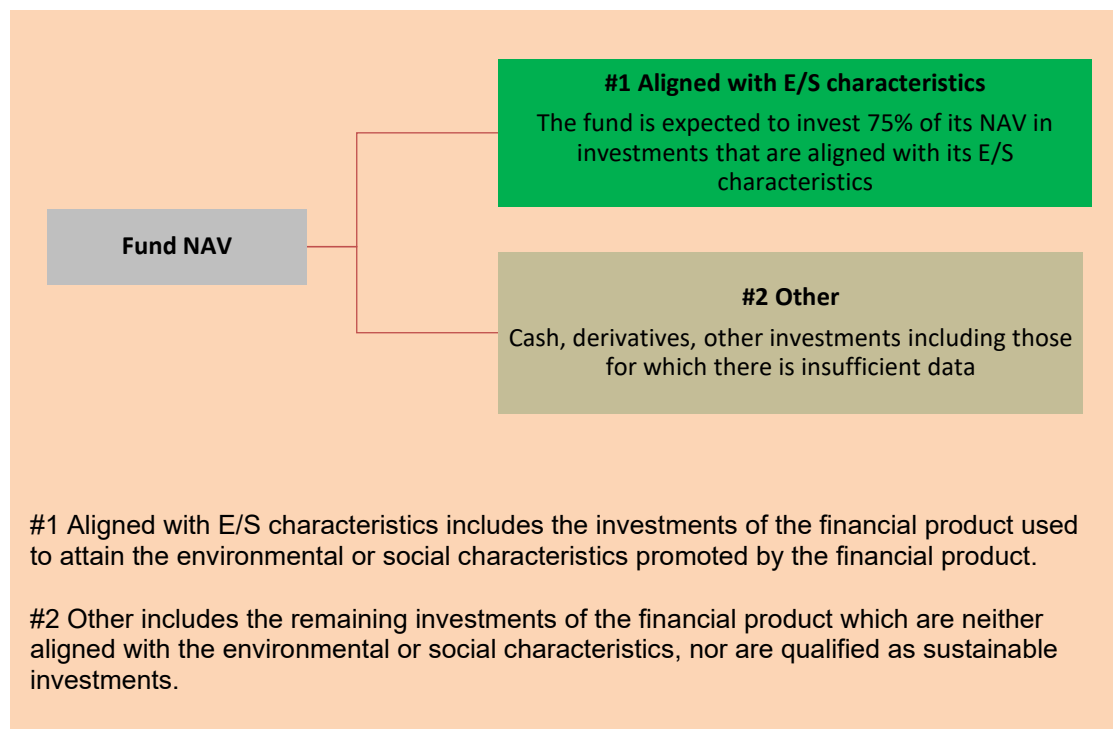
**Asset allocation**  
describes the share  
of investments in  
specific assets.



Taxonomy-aligned  
activities are expressed  
as a share of:

- **turnover** reflecting the  
share of revenue from  
green activities of  
investee companies
- **capital expenditure**  
(CapEx) showing the  
green investments  
made by investee  
companies, e.g. for a  
transition to a green  
economy.
- **operational  
expenditure** (OpEx)  
reflecting green  
operational activities of  
investee companies.

## What is the asset allocation planned for this financial product?



The above asset allocation is a minimum asset allocation and allocations may be higher than the minimum disclosed at any given time.

### ● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Derivatives are not used to attain the environmental or social characteristics promoted by the fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



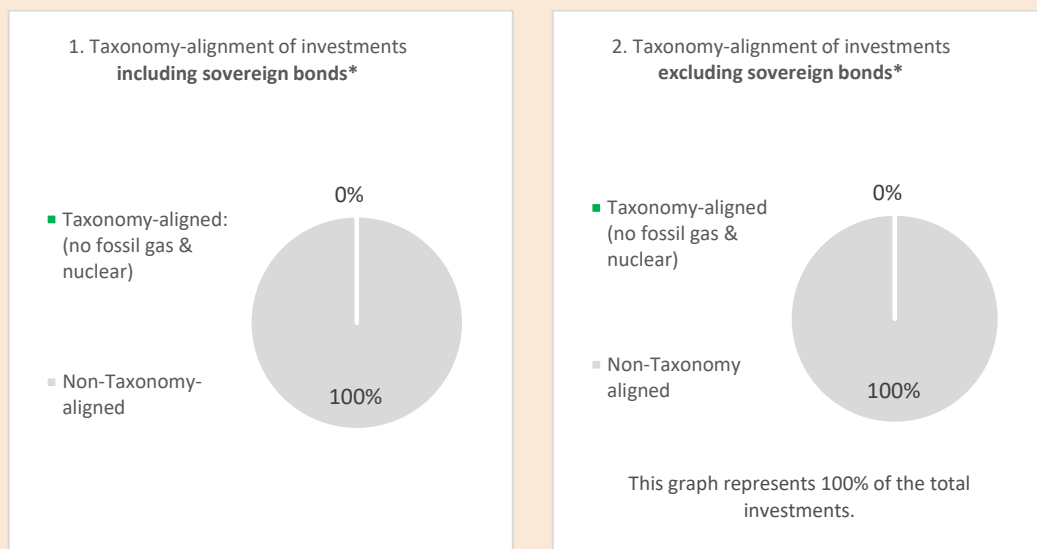
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of NAV.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?



*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures



## What is the minimum share of investments in transitional and enabling activities?

0% of NAV.



<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0% of NAV. The Fund promotes environmental and social characteristics, but does not commit to make any sustainable investments. Taxonomy-aligned investments are a sub-set of sustainable investments.



**What is the minimum share of socially sustainable investments?**

0% of NAV. The Fund promotes environmental and social characteristics, but does not commit to make any sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments such as cash held as ancillary liquidity or derivatives used for hedging purposes, in accordance with the provisions in the Supplement for the Fund.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

n/a

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

n/a

- ***How does the designated index differ from a relevant broad market index?***

n/a

- ***Where can the methodology used for the calculation of the designated index be found?***

n/a



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.guinnessgi.com/funds/guinness-global-equity-income-fund>