SARASIN
& PARTNERS

SUSTAINABILITY–RELATED DISCLOSURES

SARASIN IE DIVERSIFIED ENDOWMENTS FUND

A. SUMMARY

Sarasin IE Diversified Endowments Fund (“the Trust”) promotes Environmental and Social characteristics but does not intend to make sustainable investments as defined by the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“the SFDR”). It also does not have sustainable investment as its objective.

The Trust seeks to achieve its investment objective through investment in a broadly diversified global portfolio of securities, primarily including stocks and bonds. The Trust employs a diversified strategic allocation approach, investing in bonds to seek to produce a reasonable level of current income as well as investing in stocks to seek to achieve long term capital growth and income growth for investors' future requirements.

The Trust also avoids investments in companies which are materially engaged in certain sectors, including tobacco, alcohol, armaments, gambling, adult entertainment, human embryonic stem cell research, contraceptives and the production or use of abortifacients.

The Trust encourages the improvement of environmental and social behaviours of investee companies (and other investee entities e.g. corporate bond issuers). It promotes changes in the activities of investee entities through engagement with the board of directors and management and through engagement with policymakers in respect of regulation.

Engagement strategies may be company-specific or follow an identified theme: for example, the product is managed in line with the climate change mitigation goal to limit global warming to 1.5oC above pre-industrial levels through reductions in emissions of greenhouse gases (“GHG”), consistent with net zero emissions by 2050.

Sarasin & Partners LLP (“the Investment Manager”) makes its own assessment of the environmental and/or social impacts caused by each investee entity, using a variety of inputs. The sustainability impacts for each investment are measured by the Investment Manager’s proprietary Sarasin Sustainable Impact Matrix (“SSIM”).

Environmental assessments may include: climate change; use of materials, waste and failure to recycle (circular economy); land and biodiversity damage; water and ocean pollution and mismanagement; air pollution and particulates. Social assessments may include: diversity, working conditions, forced labour and discrimination in the supply chain; employee contracts and treatment; customer harms; bribery and corruption; unfair social contribution and broader adverse societal impacts such as poor tax behaviour.

Among the quantitative indicators considered within the SSIM, the Investment Manager measures the negative effects of investee entities included in the portfolio as the result of its investment decisions. These negative principal adverse impacts or PAIs include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters in accordance with SFDR. More specifically, the Investment Manager measures prescribed metrics known as sustainability indicators in accordance with the SFDR methodology (PAI Scores).

The sustainability impacts identified by the SSIM will inform the Investment Manager’s engagement and voting strategy to encourage an investee entity to transition to a more sustainable approach. Timescales for transition vary but, for example where the investee entity is classified as having a high climate risk and lacks an explicit commitment and credible transition plan, the Investment Manager will engage to support the investee entity in adopting a net zero-aligned strategy. Entities that fail to transition create significant financial risk for shareholders and their holdings in the Trust may ultimately be sold by the Investment Manager.

By tracking changes in PAI Scores over time, the Investment Manager gathers evidence of improvements in environmental and/or social performance associated with the Trust's investee entities.

Attainment of reductions in adverse environmental and social impacts is judged in terms of the real-world changes in the activities of investee entities as distinct from change achieved by altering the composition of the Trust's investment portfolio. Indicators, therefore, separate the underlying change in an adverse impact caused by a change in an investee entity's behaviour from the change caused by transactions that may, for instance, reduce the Trust's holding in an investee entity that has high PAI Scores.

Alongside monitoring changes in PAI Scores, the Investment Manager seeks to track how its engagements are responsible for these improvements by recording all substantive interactions with the underlying investee entity and the associated impacts.

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

This financial product encourages the improvement of environmental and social behaviours of investee companies (and other investee entities e.g. corporate bond issuers). It promotes changes in the activities of entities through engagement with the board of directors and management and through engagement with policymakers in respect of regulation.

Engagement strategies may be company-specific or follow an identified theme: for example, the product is managed in line with the climate change mitigation goal to limit global warming to 1.5oC above pre-industrial levels through reductions in emissions of greenhouse gases ("GHG"), consistent with net zero emissions by 2050.

The Investment Manager makes its own assessment of the environmental and/or social impacts caused by each investee entity, using a variety of inputs. Environmental assessments may include: climate change; use of materials, waste and failure to recycle (circular economy); land and biodiversity damage; water and ocean pollution and mismanagement; air pollution and particulates. Social assessments may include: diversity, working conditions, forced labour and discrimination in the supply chain; employee contracts and treatment; customer harms; bribery and corruption; unfair social contribution and broader adverse societal impacts such as poor tax behaviour.

D. INVESTMENT STRATEGY

The Trust seeks to achieve its investment objective through investment in a broadly diversified global portfolio of securities, primarily including stocks and bonds. The Trust employs a diversified strategic allocation approach, investing in bonds to seek to produce a reasonable level of current income as well as investing in stocks to seek to achieve long term capital growth and income growth for investors' future requirements.

The Trust also avoids investments in companies which are materially engaged in certain sectors, including tobacco, alcohol, armaments, gambling, adult entertainment, human embryonic stem cell research, contraceptives and the production or use of abortifacients. Environmental and social characteristics are promoted through engagement with the board of directors and management and through engagement with policymakers in respect of regulation.

The Trust's investment strategy follows a strict process, throughout which ESG considerations are integrated. The Investment Manager's investment process embeds two major ESG considerations.

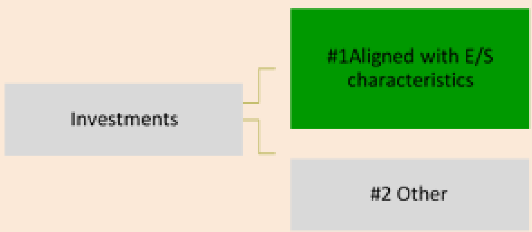
The first major element of the investment strategy used to select the investments to attain each of the environmental or social characteristics is analysis of the significant unsustainable activities of the entity, identified using the SSIM.

The second major element is the engagement and voting strategy to encourage the entity to transition to a more sustainable approach. Timescales for transition vary but, for example where the investee entity is classified as having a high climate risk and lacks an explicit commitment and credible transition plan, the Investment Manager will engage to support the entity in adopting a net zero-aligned strategy. Entities that fail to transition create significant financial risk for shareholders and their holdings in the Trust may ultimately be sold by the Investment Manager.

The Investment Manager assesses the governance practices of investee entities, including sound management structures, employee relations, remuneration of staff and tax compliance. A wide variety of factors are considered in the SSIM to make the assessment of overall governance practices. The policy of the trust is to address governance practices of concern through engagement. The Investment Manager's Corporate Governance and Voting Policy, which is available on the Investment Manager's website, sets out detailed expectations for investee entity governance practices. If poor practices are not addressed through engagement, the Investment Manager will vote against the investee companies management on relevant resolutions. These actions are normally sufficient to address poor governance practices but failure by the investee company to discuss, address or resolve significant externalities may lead to disposal of the investment by the Investment Manager.

E. PROPORTION OF INVESTMENTS

The minimum proportion of the investments of the Trust that are aligned with the environmental and social characteristics promoted by the Trust is at least 90% (#1Aligned with E/S characteristics) which do not qualify as sustainable investments. Up to 10% of the investments of the Fund are not aligned with these characteristics (#2 Other). Cash and derivatives are included under #2 Other.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

F. MONITORING OF ENVIRONMMENTAL OR SOCIAL CHARACTERISTICS

The sustainability impacts for each investment are measured by the Investment Manager's proprietary Sarasin Sustainable Impact Matrix (SSIM).

Among the quantitative indicators considered within the SSIM, the Investment Manager measures the negative effects of investee entities included in the portfolio as the result of its investment decisions. These negative principal adverse impacts or PAIs include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters in accordance with SFDR. More specifically, the Investment Manager measures prescribed metrics known as sustainability indicators in accordance with the SFDR methodology (PAI Scores). By tracking changes in PAI Scores over time, the Investment Manager gathers evidence of improvements in environmental and/or social performance associated with the Trust's investee entities.

Attainment of reductions in adverse environmental and social impacts is judged in terms of the real-world changes in the activities of investee entities as distinct from change achieved by altering the composition of the Trust's investment portfolio. Indicators, therefore, separate the underlying change in an adverse impact caused by a change in an investee entity's behaviour from the change caused by transactions that may, for instance, reduce the Trust's holding in an investee entity that has high PAI Scores.

The SFDR Principal Adverse Impact Report for this product and the Investment Manager's engagement report will be made available on the Investment Manager's website.

G. METHODOLOGIES

Alongside monitoring changes in PAI Scores (as described above), the Investment Manager seeks to track how its engagements are responsible for these improvements by recording all substantive interactions with the underlying investee entity and the associated impacts.

H. DATA SOURCES AND PROCESSING

The Investment Manager uses ESG data provided from MSCI ESG Research. MSCI ESG Research uses data from multiple sources, including company direct disclosures (e.g., sustainability reports, annual reports, regulatory filings, and company websites) and company indirect disclosures (e.g., government agency published data; industry and trade association data; and third-party financial data providers).

Where company disclosure is unavailable, MSCI ESG Research may leverage a subset of suggested estimated metrics from MSCI ESG Research datasets. These datasets are built based on proprietary methodologies and informed by data from companies, market and industry peers, media, NGOs, multilateral, and other credible institutions.

MSCI ESG Research also uses derived data based on its proprietary datasets, including, for example: MSCI Business Involvement Screening Research, MSCI ESG Ratings, MSCI ESG Metrics, MSCI Climate Solutions, and MSCI ESG Controversies. Additional information on MSCI's SFDR Adverse Impact Metrics mapping is also available to clients through the MSCI client support site.

MSCI ESG Research looks at a broad range of dimensions when defining quality: completeness, exhaustivity, timeliness, accuracy as well as traceability back to source (evidence).

The automated and manual quality checks conducted by MSCI ESG Research address the key aspects of data consistency and data accuracy. Its model is built on query extracts from internal database and flag the whenever pre-specified conditions relating to score changes are triggered, or in case of any suspect values. The data that does not meet the quality standards is subject to further review and correction.

The measures that MSCI ESG Research applies on the data that feeds into MSCI's SFDR module include, for example: dual vendor validation quality assurance to validate data against alternate source using Natural Language Processing (NLP) or AI-driven extraction; keyword scan for disclosure detection/coverage; change based (outlier)/range-based quality assurance on all quantitative data to check large variations, anomalies; negative disclosure checks for qualitative datapoints; data validation and constraints implemented on data input to ensure data consistency and completeness; and validation for consistency on unit of measurements. Through MSCI's proprietary Issuer Communications Portal, issuers can provide feedback to the underlying data along with the link to a publicly disclosed source. MSCI data teams evaluate and apply quality checks to issuer-provided data prior to publication.

Relevant data is accessed by the Investment Manager and retrieved via MSCI's platform. The data is subsequently incorporated into Sarasin's Sustainability Impact Matrix.

MSCI ESG Research uses estimated data on a limited basis in cases where the issuer does not directly disclose the data. As at June 2022, the proportion of companies that disclosed data relevant to some Principal Adverse Impact Indicators was as low as 2% of the MSCI All Countries World Index which covers more than 9,200 large, mid and small-cap companies in 23 developed and 24 emerging markets. For example, MSCI ESG Research uses estimated data related to GHG/CO2e emissions in cases where the issuer does not directly disclose, or has limited disclosure of, carbon emissions data.

I. LIMITATIONS TO METHODOLOGY AND DATA

The main limitation of MSCI's PAI and EU Taxonomy data is based on the level of publicly available disclosures. MSCI covers around 10,000 issuers. However, not all of them publicly disclose specific indicators that are needed. Such gaps are driven by many reasons, including lack of regulatory requirements (not subject to EU Disclosure regulations), lack of relevance (e.g., disclosure of toxic emissions and biodiversity protection policies is not relevant for Health Insurance companies), and lack of clear definition (SFDR metrics referring to undefined concepts such as violations of global norms). An underlying objective of EU Sustainable Finance regulatory efforts is to facilitate transparency and disclosure. For this reason, at this stage of the regulation roll-out, MSCI is deliberately focusing on companies' disclosure as a key input with minimal reliance on estimates.

Furthermore, MSCI does not currently include all transitional, hard-to-abate activities in our MSCI Sustainable Impact Metrics Methodology (used for estimating Taxonomy alignment). We aim to monitor these activities for companies with potential alignment but currently there are no set plans to add new activities. Having said this, MSCI will collect company reported Taxonomy eligible and aligned KPI's and include all activities, low carbon, enabling, transitional activities in the data collection efforts as disclosed by companies.

J. DUE DILIGENCE

The Investment Manager identifies mega-themes that drive growth and lead to disruption in global economies and industries, and will shape the world in which we live and companies will operate in the future. Companies are selected based on analysis of which are the most likely to benefit from these themes, and are well placed to grow their revenues and cash flows as a result of them.

These mega-themes share four common characteristics in that they are: i) Long term (20-30-year duration); ii) Meaningful. (A large addressable investment market); iii) Disruptive (Foresee a change in industry structure and/or shift in competitive landscape); and iv) Evolving and changing.

The five mega-themes currently identified are: Digitalisation, Automation, Evolving Consumption, Ageing, and Climate Change.

Each mega-theme is divided into three to seven more granular sub-themes. Sub-themes share the characteristics of the mega-themes although their life-span may be shorter due to the pace of disruption.

All the stocks that are identified as being aligned with the characteristics of a theme are collated into a Thematic Investable Universe which is a list of stocks the Trust can invest into. From this long-list of potentially attractive investments, individual stocks are brought forward by the investment analysts to the investment due diligence process. Integral to this process is more detailed analysis of the company's thematic credentials, including consideration of its alignment with ESG characteristics. Importantly, ESG analysis considers 'double materiality', examining first the impact of the company on people and planet, and then factoring-in the financial risks to the business of addressing those externalities.

This detailed ESG analysis is conducted through the framework of the Sarasin Sustainability Impact Matrix (SSIM). The SSIM identifies the externalities of the company; that is, how the company impacts on the environment and society and how it conducts its governance. This is a qualitative process, using company quantitative data whenever available, in which investment analysts answer a multitude of questions to determine 'traffic light' judgements of the external impacts of the company. Assessments are made for each of 5 environmental, 5 social and 5 governance factors (Red – significant impact, Amber – some impact, Green – little impact).

The SSIM then informs an absolute (not a relative) judgement of the ESG risks to capital, summarized in a higher-level E, S and G traffic light rating (Red - highly material risks threatening capital and/or reputation, Amber - passable management of potentially material issues, Green - no concerns or potential benefit from positive factors or trends). These judgements are reflected in the financial modelling for the investment.

An overall ESG score, from A to E, and momentum indicators (+/-) are then applied. An 'A' indicates ESG has a positive tailwind for the investment case; whereas 'E' is effectively uninvestable. Momentum indicators (+/-) may also be allocated where the ESG performance is clearly changing in a positive or negative direction to illustrate that the company's ESG score may be upgraded or downgraded in the near future.

K. ENGAGEMENT POLICIES

Responsible stewardship is fundamental to Sarasin's investment process. This is because the Investment Manager believes that it is most likely to deliver enduring value through the careful selection of investment targets and the close monitoring of those companies it holds in the Trust. Before the Investment Manager commits capital to an investee company, it undertakes detailed due diligence guided by its thematic investment process as described above. Once invested, it stays close to the investee entity's management as well as industry / sector or broader macro-economic or political developments that could have a bearing on the underlying health of the company.

On occasion, the Investment Manager encounters unexpected threats or risks. In these instances, it will review the ownership case, consider the evidence available, and whether it can positively influence the path the investee company might take, or the threat it faces. Where it believes it can play a helpful role to restore or secure the investee company's prospects, it will seek to do so. However, with any such engagement – whether it is with management, the Board of Directors, regulators or other stakeholders – the Investment Manager will proceed prudently, cognisant of the potential influence it can exert, and in keeping with the relevant regulatory context.

The principles that govern how the Investment Manager manages company engagements, offering insight into how it fulfils its stewardship responsibilities; and detail around its motives and the methods it may employ are covered further in the Principles for Engaged Ownership Report which is available at www.sarasinandpartners.com/stewardship/#ownership .

L. DESIGNATED REFERENCE BENCHMARK

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by this Trust.