SGA Environmental Policy

February 2022

Sustainable Growth Advisers ("SGA") recognizes that greenhouse gas ("GHG") emissions and other forms of environmental degradation present a broad array of investment risks and opportunities and we have a fiduciary duty to consider these factors into our investment analysis, as with all material factors that may impact a company's ability to generate long-term sustainable growth.

While our philosophy naturally directs investment of our clients' capital away from more traditional carbon-intensive industries such as oil & gas, mining, utilities, and aviation, we acknowledge that all industries are exposed to the risks of future constraints on their businesses because of their energy intensity, GHG emissions, and the resulting environmental degradation, climate change and regulatory risks. We believe businesses as well as governments, investors and individuals each have a responsibility to limit GHG emissions.

The physical risks of environmental degradation and transition risks of moving to a low-carbon economy are broad and inherently difficult to model in traditional financial analysis, particularly in light of the largely opaque and incomplete data that is available to shareholders. We believe comprehensive disclosure of data pertaining to material climate-related risks and opportunities facing companies enhances our ability to achieve our objective of generating optimal risk-adjusted long-term portfolio returns for our clients. Increased disclosure improves awareness of climate-related risks and opportunities within companies resulting in better risk management and more informed strategic planning, while also enhancing our ability to integrate the consideration of ESG factors in our investment process via our Identify, Assess, Model and Engage framework. To this end, we are pleased to be affiliated with two leading organizations in the promotion of climate-related financial disclosure, the Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP).

We rely on proprietary primary research to identify material environmental issues and assess and model these to the best of our abilities. We supplement our primary work with input from third party research and data service providers to ensure we have identified the most salient factors and analyzed them completely. A critical step in this framework is to engage with the management teams to gain a better understanding of material risks and opportunities identified by our research. In addition, as responsible long-term shareholders, we recognize we have the unique opportunity to exert influence on management teams to improve pertinent policies, practices and transparency, and become an agent for change through both proxy voting and direct dialogue. Our ultimate objective is to increase the durability and sustainability of growth to the benefit of all stakeholders.

As is relates to issues of environmental degradation, we are actively advocating for companies across our Qualified Company List to:

- Recognize and address the potential for climate change to impact their ability to generate long-term sustainable growth,
- Establish clear internal accountabilities and oversight, particularly at the Board level, for GHG emissions and environmental impact issues,
- Provide enhanced corporate disclosure and transparency into GHG emissions and climate related risks and opportunities, and;
- Establish greenhouse gas emission reduction targets and transition plans to achieve Net-Zero emissions by 2050, including interim Science-Based Targets (SBTs). SBTs bridge the gap between the present day & long-term targets and can provoke real & immediate action, increasing the priority of climate action efforts.

Lastly, we will make more informed voting decisions that are aligned to the above four objectives.