

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: European Equity Fund

Legal entity identifier: 213800WYXNEU5CDV6M15

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes
 No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: _____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</p>	<p><input checked="" type="checkbox"/> 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 15% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and social characteristics (i.e., maintaining a lower blended environmental intensity than its benchmark) by making investments in companies that meet the standards of the Investment Manager's proprietary sustainability assessments and by excluding investments in certain sectors or business areas.

Blended environmental intensity is a proprietary metric representing an equally weighted combination of greenhouse gas emissions intensity*, landfill waste intensity, and water usage intensity.

Details of the proprietary sustainability assessment and information on exclusions are explained in the question below on 'what investment strategy does the financial product follow?'

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

**The Investment Manager has used Carbon Direct + First Tier indirect intensity which comprises of Scope 1 & 2 greenhouse gas intensity, plus a company's first-tier upstream supply chain (i.e. direct suppliers).*

Sustainability

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

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

The Investment Manager seeks to maintain a lower blended environmental intensity than the Sub-Fund's benchmark.

On at least an annual basis, the following sustainability indicators will be used to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund:

- the blended environmental intensity of the Sub-Fund;
- the blended environmental intensity of the benchmark; and
- 'Carbon avoided' (in tonnes per CO₂e per US\$M invested) for sustainable investments with an environmental objective.
- Percentage of direct equity holdings, where applicable, contributing to the following environmental and/or social objectives
 - financial inclusion
 - access to education
 - healthcare impact
 - climate adaption

Currently, the Sub-Fund's blended environmental intensity is the weighted average of the blended environmental intensity of each investee company, where the weights represent the size of the company's holding in the Sub-Fund.

The Sub-Fund's promotion of blended environmental intensity is intended at the aggregate Sub-Fund level. This means not every investment held will have a lower blended environmental intensity than that of the Sub-Fund's benchmark at any single time.

'Carbon avoided' are the carbon emissions avoided by using a product or service that has less carbon emissions than the status quo thereby contributing to decarbonisation.

● **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?**

The Sub-Fund focuses on sustainable investments with environmental and/or social objectives.

To do this, currently, the Sub-Fund intends to make sustainable investments in companies believed by the Investment Manager to contribute to:

- positive environmental change through sustainable decarbonisation (the process of reducing carbon dioxide emissions). The Sub-Fund currently uses 'carbon avoided' as an indicator to assess, measure and monitor the carbon impact associated with a company.
- supporting and/or improving socio-economic resilience and outcomes by facilitating financial inclusion (i.e., access to useful and affordable financial products and services that meet the needs of underserved individuals and businesses delivered in a responsible manner).
- access to education by providing access to high quality educational and training products and/or services for underserved groups.
- healthcare impact by providing access to products and/or services that facilitate access to healthcare in underserved or underperforming markets.
- climate adaption through products and/or services which mitigate against the impacts of climate change, driven by longer-term shifts in climate patterns and/or acute event-driven climate risks.

Following the Investment Manager's assessment, the investments that meet one of the abovementioned environmental objectives and pass the *Do No Significant Harm* test are considered sustainable investments in their entirety (i.e. the whole company is a sustainable investment).

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?***

The Investment Manager assesses sustainable investments in relation to the 14 mandatory principle adverse impacts to determine that the investment does not cause significant harm to other sustainable investment objectives. This Do No Significant Harm test is applied to the whole investment.

As detailed in the question below on 'what investment strategy does this financial product follow?' the Investment Manager uses a proprietary sustainability framework to analyse the material harmful effects that a company has on society or the environment.

In addition, to mitigate potential negative impact of the Investment Manager's investment decisions on other sustainable investment objectives, the Investment Manager assesses the material negative externalities (i.e., harmful effects) of a potential investment on its stakeholders and, as a result, the Sub-Fund does not invest in certain business groups or activities.

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

The investment process implemented by the Investment Manager allows it to identify and prioritise the potential adverse sustainability impacts of investment decisions (particularly as part of the fundamental analysis stage) and to demonstrate that each investment decision made by the Investment Manager does not significantly harm other environmental or social objectives.

As part of the in-depth fundamental analysis on an individual company, the 14 mandatory principal adverse impact indicators are taken into account when assessing if significant harm is caused by the Sub-Fund's intended sustainable investments.

The Investment Manager uses quantitative data (i.e., the metrics for the mandatory principal adverse sustainability indicators as outlined in Annex I of the Commission Delegated Regulation (EU) 2022/1288), where available, and applies a qualitative assessment where the Investment Manager applies their knowledge, experience and judgement to the quantitative PAI data to form a conclusion which considers the context of the company's business model and its activities. For material principal adverse impacts, the Investment Manager focuses assessment on progress made against the principal adverse impact and/or the policies, business models and operations the company has in place to manage adverse impacts.

Under this assessment, detailed analysis is performed on material principal adverse impacts however some principal adverse impacts are considered non-material if not directly related to the Sub-Fund's environmental objective. The materiality of a principal adverse impact indicator is determined by the Investment Manager through the application of their proprietary sector sustainability framework which incorporates assessing the materiality of a principal adverse impact indicator in the context of the applicable sector. For example, the sector sustainability framework for the consumer staples sector highlights the importance of water resources in this sector and indicates where further scrutiny for companies where this might be a potential issue may be required.

Where potential adverse impacts are identified, the Investment Manager may engage directly with company management and/or exercise proxy voting rights in an effort to catalyse change.

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

The OECD Guidelines for Multinational Enterprises and UN Guiding Principles including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights are considered as part of the application of the Investment Manager's sector sustainability framework and assessment of material negative externalities. Based on this analysis, the Investment Manager deems whether sustainable investments are aligned with these considerations. Third party data, from providers whose methodologies are consistent with international norms represented in numerous widely accepted global conventions including those mentioned above, complements the identification of these considerations.

In addition, the Sub-Fund will not invest in companies the Investment Manager deems to be in violation of the UN Global Compact principles.

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, as part of the in-depth fundamental analysis of an individual company, the following principal adverse impact indicators are currently considered for the Sub-Fund's investments:

- GHG emissions
- Carbon footprint
- GHG intensity of investee companies

In addition, as described in the section on the investment strategy followed below, the Sub-Fund does not invest in certain companies in relation to the following principal adverse impacts:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

An assessment of the principal adverse impacts at the aggregate Sub-Fund level will be reported on an annual basis in the annual report as required by Article 11 SFDR.

No



What investment strategy does this financial product follow?

Sustainability Framework

As part of the fundamental analysis stage of the investment process, the Investment Manager assesses the investee companies using the frameworks listed below to determine whether they meet the standards required by the Investment Manager. This analysis uses a variety of qualitative information and available data. There will be no mechanistic reliance on external ESG ratings and scores.

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

Sustainability is fully integrated into the analysis of every company and is assessed according to the following frameworks:

1. Sector Sustainability Frameworks

These frameworks aim to identify key sustainability issues across three pillars (i) efficient utilisation of resources, (ii) social license to operate, and (iii) governance, determine their materiality, establish measurement metrics and prioritise sustainability-related engagement with companies.

2. Carbon Scorecard

The carbon scorecard aims to monitor the path towards net zero of high portfolio emitters. It provides an engagement roadmap to encourage companies on their journey (from disclosure to setting emission targets, through to net zero alignment).

Exclusions

The Investment Manager believes that companies do not fully embed in their valuations the negative externalities caused by certain activities. As these externalities are reflected in valuations over time, the Investment Manager believes it will impact the investment attractiveness of these companies. For this reason, the Investment Manager also seeks to exclude investments in certain business groups and activities (in some cases subject to specific revenue thresholds).

As a result, the Sub-Fund will not invest in companies that derive more than 5% of their revenue from the following business activities (to the best of the Investment Manager's knowledge):

- thermal coal extraction or power generation;
- the production of crude oil from oil sands;
- the manufacture and production of tobacco products; or
- adult entertainment production or distribution.

Furthermore, the Sub-Fund will not invest in companies that (to the best of the Investment Manager's knowledge):

- are directly involved in the manufacture and production of controversial weapons (including biological and chemical weapons, cluster munitions, and anti-personnel landmines);
- are directly involved in the manufacture and production of nuclear weapons; or
- the Investment Manager deems to be in violation of the UN's Global Compact principles.

Over time, the Investment Manager may, in its discretion, elect to apply additional exclusions to its strategy that it believes are consistent with the Sub-Fund's investment policy. Such changes will be disclosed on the Investment Manager's website, as they are implemented and subsequently updated in this Prospectus at the next available opportunity.

Additional Considerations

The Sub-Fund's holdings will be monitored on an ongoing basis by the Investment Manager. A holding may be sold for a range of reasons but in particular, if it is determined that the investment case for the holding has been weakened or it no longer satisfies the investment objective and policy of the Sub-Fund. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the Shareholders of the Sub-Fund.

- ***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 Investment Manager applies its sustainability analysis consistently and on an ongoing basis to assess the environmental and social characteristics of the Sub-Fund's investments.

In the securities selection process, the Investment Manager applies in a binding manner the promoted environmental characteristics of better environmental intensity, as described above, to the portfolio of the Sub-Fund.

This criterion does not apply to the Sub-Fund's '#2 Other' investments – please find more detail in the question about 'asset allocation planned' below.

In addition, the Sub-Fund will not invest in certain sectors or investments, 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?***

N/A

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

The Investment Manager follows an internal investment framework to analyse any governance issues related to investee companies. This is rooted in widely accepted governance principles and guidelines which are outlined in the Investment Manager's Ownership policy on its website. The following corporate governance themes are core to Ninety One's policy in relation to managing governance related issues and determining good governance:

- Leadership and Strategic Control, including board diversity, independence and engagement;
- alignment with the long term, including remuneration and governance of sustainability issues;
- climate change, including adequacy of management and disclosure of risks;
- protecting capital through capital management and preserving shareholder rights; and
- audit and disclosure, including financial reporting quality and auditor competence.

Third party data complements the governance assessment.

For the Sub-Fund, assessing the good governance practices of companies is part of the in-depth fundamental analysis that the Investment Manager performs on investee companies and through the ongoing monitoring of holdings. The Investment manager considers, amongst other elements, sound management structures, employee relations, remuneration of staff, and tax compliance.

Where a governance issue is identified, the Investment Manager may engage directly with company management on this issue and /or exercise proxy voting rights in an effort to catalyse change.

Good governance

practices include sound management structures, employee relations, remunerations of staff and tax compliance.



Asset allocation

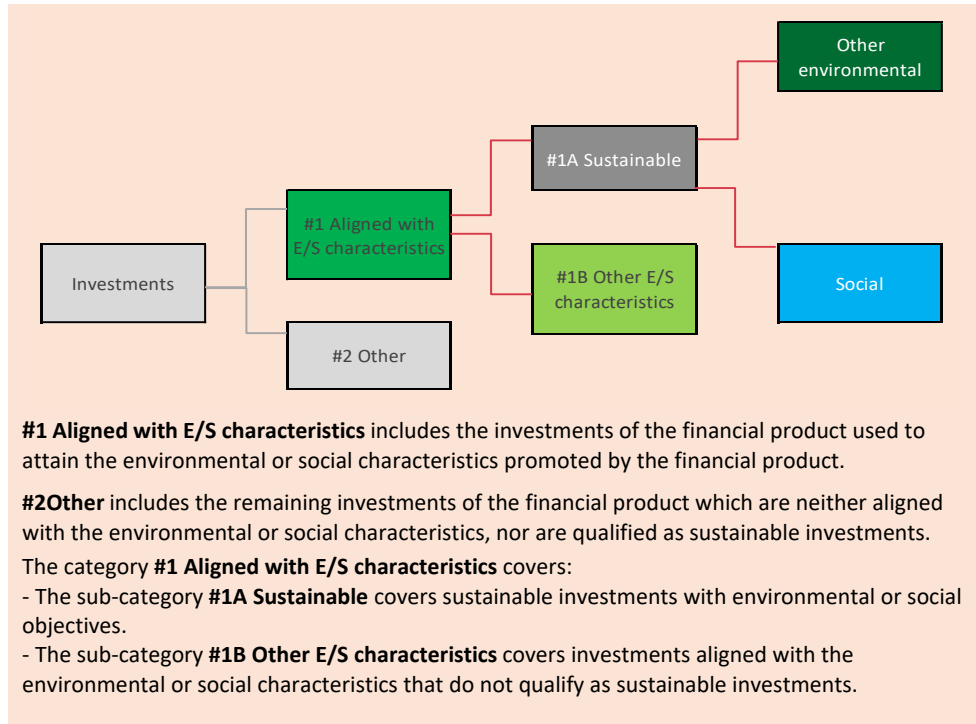
describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The minimum proportion of investments used to meet the environmental or social characteristics promoted by the Sub-Fund (i.e. 'Aligned with E/S characteristics') is 51% of its assets. At least 15% of assets held in the Sub-Fund are sustainable investments within the meaning of Article 2(17) SFDR.

Information on the purpose of the remaining investments and any minimum environmental or social safeguards applied is outlined in the section below on 'What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?'

The investments included in '#1 Aligned with E/S characteristics' will be selected in accordance with the binding criteria outlined in the section 'what investment strategy does this financial product follow?' under the sub-section entitled 'Sustainability Framework' and 'Exclusions'.



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

N/A



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

The minimum extent to which the Sub-Fund invests in environmentally sustainable investments within the meaning of Article 3 the EU Taxonomy Regulation is currently 0% of the Sub-Fund's assets.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²⁸?**

- Yes:
 - in fossil gas in nuclear energy
- No

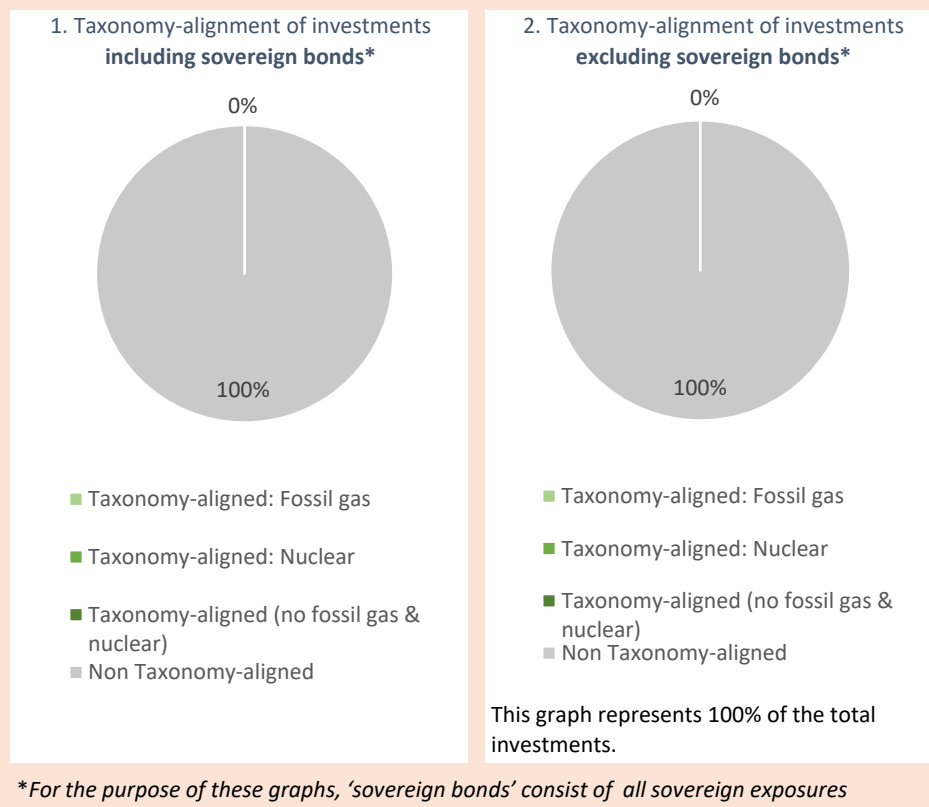
Taxonomy-aligned activities are expressed as a share of:

- **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.

²⁸ 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.

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.

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.



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

The minimum share of investments in transitional and enabling activities is 0% of the Sub-Fund's assets.

are sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under the EU Taxonomy.



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

The Sub-Fund commits to have a minimum of 10% of its assets in sustainable investments with an environmental objective aligned with SFDR and does not yet commit to invest in EU Taxonomy-aligned investments. Some of these sustainable investments could be aligned with the EU Taxonomy, but the Investment Manager is not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is 1% of the Sub-Fund's assets.



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

‘#2 Other’ includes (1) investments previously ‘#1 aligned with E/S characteristics’ which are under the Investment Manager’s review due to an unforeseen event (e.g. a controversy), and (2) investments, as described in the Sub-Fund’s investment policy, that support the financial objective and other management activities of the Sub-Fund such as:

- equities that are considered not aligned with E/S characteristics;
- derivatives for hedging, and/or Efficient Portfolio Management;
- Cash held for liquidity purposes as an ancillary asset, deposits, and money market instruments; and
- shares or units in other funds and exchange traded funds in which the Investment Manager does not have direct control of the underlying investments.

No minimum environmental or social safeguards are applied. Such investments will not usually represent a material proportion of the Sub-Fund’s portfolio. These investments are not expected to affect the promotion of environmental or social characteristics of the Sub-Fund on a continuous basis as they do not form a material part of the Sub-Fund’s portfolio.

After the Investment Manager has completed its review, a holding may be sold if it's determined to no longer satisfy the Investment Manager’s sustainability framework. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the Shareholders of the Sub-Fund.



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?

N/A

- ***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

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



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://ninetyone.com/srd>