Article 10 Disclosure of the Emerging Markets Growth Fund

Environmental and Social Characteristics of the Emerging Markets Growth Fund

The Sands Capital Emerging Markets Growth Fund (the "**Emerging Markets Growth Fund**"), a sub-fund of Sands Capital Funds plc (the "**Company**") promotes environmental and social characteristics in the manner contemplated by Article 8 of the EU's Sustainable Finance Disclosures Regulation ("**SFDR**"), but it does not have as its objective sustainable investment, and does not specifically target sustainable investments. No index has been designated as a reference benchmark for the Emerging Markets Growth Fund within the meaning of the SFDR (i.e., the Emerging Markets Growth Fund is not a passively managed product).

The environmental and social characteristics promoted by the Emerging Markets Growth Fund consist of reducing the aggregate level of greenhouse gas emissions of portfolio companies relative to companies forming part of an emerging markets equity index; routine engagement with portfolio companies that may promote transparency, change and awareness with respect to environmental, social, and governance ("**ESG**") considerations; and the general exclusion of certain issuers that are not aligned with the environmental and social characteristics set out below.

a. *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Emerging Markets Growth Fund?*

(1) The ratio of the Emerging Markets Growth Fund's portfolio's weighted average Carbon Intensity[1] relative to that of the MSCI Emerging Markets Index);

(2) The percentage of the Emerging Markets Growth Fund's portfolio companies with which the Investment Manager attained ESG Engagement (as defined below);

(3) The percentage of the Emerging Markets Growth Fund's total assets, exclusive of cash and cash equivalents, that consists of portfolio companies that fall within the Revenue Exclusions (as defined below); and

(4) The percentage of the Emerging Markets Growth Fund's total assets that consists of portfolio companies that fall within the Human Rights Exclusions (as defined below).

Investment Strategy

The investment strategy used by the Emerging Markets Growth Fund to attain the environmental and social characteristics described above includes: (1) the application of the Investment Manager's six investment criteria, as described in the section of the Prospectus entitled "Investment Policy," which tends to lead to investment in companies that are in less carbon-intensive industries; (2) routine engagement, which is an integral aspect of the Investment Manger's deep, business-focused approach and provides a platform to promote ESG-related changes, where appropriate; and (3) the application of exclusionary criteria to identify issuers that are not aligned with certain environmental and social characteristics that may negatively affect a business's long-term value creation.

a. *What are the binding elements of the investment strategy used to select the investments to attain the environmental and social characteristics promoted by the Emerging Markets Growth Fund?*

The following binding elements of the investment strategy are used to attain the environmental and social characteristics described above:

(1) Maximum Relative Carbon Intensity Commitment

[1] The Emerging Markets Growth Fund Fund's weighted average Carbon Intensity is provided by MSCI ESG Research and is a measure of a portfolio's exposure to carbon related potential market and regulatory risks, translated into the sum product of the portfolio companies' Carbon Intensities and weights. More information on this metric can be found in the section below entitled "Data Sources and Processing."

The Investment Manager will manage the Emerging Markets Growth Fund's such that its weighted average Carbon Intensity is less than half of the MSCI Emerging Markets Index's weighted average Carbon Intensity, as measured on a quarterly basis. This metric indicates the carbon emissions of the Emerging Markets Growth Fund's portfolio companies relative to those of the companies in the benchmark. Accordingly, this commitment will promote the environmental characteristic of reducing the impact of greenhouse gas emissions as it will ensure that the Emerging Markets Growth Fund's holdings remain in portfolio companies that, in the aggregate, emit less than half as much carbon per revenue dollar as compared to the constituent companies of the MSCI Emerging Markets Index.

(2) ESG Engagement

The Investment Manager views engagement focused on a company's ESG risks and opportunities with its management team and/or board of directors ("**ESG Engagement**") as a valuable tool and an integral aspect of the investment strategy. The Investment Manager will undertake ESG Engagement with at least 35% of the Emerging Markets Growth Fund's portfolio companies each year.

ESG Engagement provides both an opportunity to learn more about portfolio companies' ESG initiatives and, when merited, a forum for the Investment Manager to proactively express its views regarding, among other stakeholder issues, ESG considerations. Examples of ESG considerations that may be raised during ESG Engagement include:

Environmental
Environmental policy and strategy
Energy use and efficiency
Pollution and waste management
Water use and efficiency
Greenhouse gas emissions or climate change strategy
Materials use and sourcing
Compliance with applicable law and regulation

Social
Data security and privacy
Human capital management
Human rights
Labour rights
Product safety and impact
Diversity and inclusion
Compliance with applicable law and regulation

Governance
Ownership and control
Audit and accounting
Board structure or composition
Capital structure
Executive compensation
Employee relations
Related-party transactions
Shareholder protection and rights
Management accountability
Increasing transparency and disclosure
Compliance with applicable law and regulation

The Investment Manager uses information learned through ESG Engagement to inform investment decisions. When merited, the Investment Manager may seek commitments for improved disclosure or policy changes. Additionally, the Investment Manager may reduce or exit the Emerging Markets Growth Fund's position in a portfolio company if the company is unable or unwilling to address the Investment Manager's ESG concerns.

Through regular ESG Engagement, the Investment Manager leverages the Emerging Markets Growth Fund's assets to promote positive environmental and social characteristics among its portfolio companies, in addition to encouraging good governance.

(3) Excluded Investments

The Emerging Markets Growth Fund will invest no more than 10% of its capital assets, excluding cash and cash equivalents, in issuers that (i) derive more than 20% of their annual revenues from any of the following business activities: coal mining, coal power generation, oil and gas exploration, conventional and unconventional oil and gas, or the production or sale of tobacco, or (ii) derive any amount of revenue from the production or sale of controversial weapons[2] (collectively, the "**Revenue Exclusions**").[3]

Compliance with the Revenue Exclusions will be monitored on an ongoing basis using data provided by MSCI ESG Research, LLC ("**MSCI**").

The Emerging Markets Growth Fund will not hold investments in any issuers that are in breach of the principles of the UN Global Compact, including those in relation to the use of forced or child labour (the "**Human Rights Exclusions**").

Compliance with the Human Rights Exclusions will be monitored on an ongoing basis using data provided by MSCI.

b. What is the policy to assess good governance of the investee companies?

The Investment Manager will assess the good governance practices of portfolio companies as part of the integration of sustainability risks into its investment process (as described in the section below entitled "*Due Diligence*") and through the commitment to routine ESG Engagement. Examples of governance issues that may be considered during this process include: ownership and control, audit and accounting, board structure or composition, capital structure, executive compensation, employee relations, related-party transactions, shareholder protection and rights, management accountability, increasing transparency and disclosure, and the company's history of compliance with applicable regulations. Additionally, the Investment Manager may consider whether each portfolio company has policies and procedures in place to manage risk appropriately.

Proportion of Investments

The weighted average Carbon Intensity commitment is with respect to the aggregate portfolio. Therefore, 100% of the Emerging Markets Growth Fund's assets will be used to attain the associated environmental characteristics promoted by the Emerging Markets Growth Fund.

The ESG Engagement commitment requires that in any given year, the Investment Manager will attain ESG Engagement with at least 35% of the Emerging Markets Growth Fund's portfolio companies. Therefore, at least 35% of the the Emerging Markets Growth Fund's portfolio companies will contribute towards the attainment of the associated environmental and social characteristics promoted by the Emerging Markets Growth Fund. The percentage of the Emerging Markets Growth Fund's assets this corresponds to will vary. There may be no ESG Engagement with up to 65% of the Emerging Markets Growth Fund's portfolio companies each year. This is to account for the natural cycle of engagement topics among portfolio companies and the Emerging Markets Growth Fund's strategy of long-term investment. The Investment Manager does not apply a standard slate of engagement topics or themes across all portfolio businesses each year. Rather, portfolio company engagement topics are dynamic from company to company and from year to year.

The Revenue Exclusions require that no more than 10% of the Emerging Markets Growth Fund's total assets, exclusive of cash and cash equivalents, can be invested in portfolio companies that derive more than 20% of their revenues from the enumerated business activities that have negative environmental or social

---

[2] The term "controversial weapons" includes biological and chemical weapons, anti-personnel mines, cluster munitions and nuclear weapons.

[3] Revenue data and the scope of the activities listed are provided by MSCI.

consequences. Therefore, at least 90% of the Emerging Markets Growth Fund's assets seek to promote the associated environmental and social characteristics.

The Human Rights Exclusions require that the Emerging Markets Growth Fund will not invest in any issuers that have certain identifiable human rights issues. Therefore, 100% of the Emerging Markets Growth Fund's assets seek to promote the associated social characteristics.

Monitoring of Environmental and Social Characteristics

The Investment Manager monitors the environmental or social characteristics referred to above through numerous processes. The Investment Manager's resources and personnel include a centralized stewardship team, a centralized compliance team, and a decentralized approach employed by all investment professionals. The stewardship and the compliance teams use data provided by MSCI to monitor compliance with the Carbon Intensity commitment, the Revenue Exclusions, and the Human Rights Exclusions on an ongoing basis. In addition to reviewing the Emerging Markets Growth Fund's weighted average Carbon Intensity relative to the benchmark, the Investment Manager uses more granular data provided in MSCI Carbon Portfolio Analytics reports to identify individual portfolio companies that are driving trends in the portfolio-level carbon metrics. That information is also shared with the relevant investment professionals.

With respect to ESG engagement, the lead analyst for a given portfolio company has primary responsibility for engaging with the business, but every investment professional is involved in evaluating portfolio businesses on ESG-related attributes based on the Investment Manager's six investment criteria. Each investment team member has access to an Internal Research Notes ("**IRN**") database, which contains internally generated ESG-related information as well as third-party research reports. Analysts are expected to report regularly on relevant ESG factors affecting businesses under their coverage and produce proprietary ESG reports that are saved to the IRN database and are accessible to all members of the team. Additionally, ESG Engagements are tracked through the IRN database. Through these tools, the centralized stewardship team and compliance teams can monitor environmental and social characteristics attained by the Emerging Markets Growth Fund, along with positive and negative contributions of portfolio companies.

Methodologies

The methodologies the Investment Manager will use to calculate the sustainability indicators are described below:

(1) *Maximum Relative Carbon Intensity Commitment*

At the end of each quarter, the Investment Manager will divide (x) the Emerging Markets Growth Fund's then-current weighted average Carbon Intensity by (y) the MSCI Emerging Markets Index's then-current weighted average Carbon Intensity to calculate the percentage of weighted average Carbon Intensity. So long as the percentage is less than 50%, the Emerging Markets Growth Fund will be deemed as attaining the environmental characteristic promoted.

(2) *ESG Engagement*

At the end of each calendar year, the Investment Manager will divide (x) the total number of Emerging Markets Growth Fund portfolio companies with which the Investment Manager attained ESG Engagement in the previous 12 months by (y) the total number of portfolio companies held by the Emerging Markets Growth Fund in the previous 12 months to calculate the percentage of portfolio company ESG Engagement. So long as the percentage is greater than 35%, the Emerging Markets Growth Fund will be deemed as attaining the environmental and social characteristics promoted.

(3) *Excluded Investments*

On an ongoing basis, the Investment Manager will divide (x) total dollar value of assets of the Emerging Markets Growth Fund portfolio companies that are captured by Revenue Exclusions by (y) the total asset value of the fund after subtracting any cash or cash equivalents held by the fund at that time to calculate the percentage of its assets that are captured by the Revenue Exclusions. So long as that percentage remains under 10%, the Emerging Markets Growth Fund will be deemed as attaining the environmental and social characteristics promoted.

On an ongoing basis, the Investment Manager will monitor if any portfolio companies held by the Emerging Markets Growth Fund are in breach of the principles of the UN Global Compact, including those in relation to the use of forced or child labour. So long no portfolio companies are in breach, the Emerging Markets Growth Fund will be deemed as attaining the social characteristic promoted.

Data Sources and Processing

The data sources used to assess the identified sustainability indicators are described below:

(1) Maximum Relative Carbon Intensity Commitment

The Emerging Markets Growth Fund's weighted average Carbon Intensity is a measure of the portfolio's exposure to carbon related potential market and regulatory risks. Carbon Intensity measures the carbon efficiency of an issuer by comparing its total carbon emissions against its sales. Because the metric adjusts for the size of the company it is a more accurate measurement of efficiency of output when compared to absolute carbon footprint. Each issuer's total carbon emissions are calculated by MSCI as the sum of the company's Scope 1 and 2 emissions. Scope 1 emissions are those directly occurring from sources that are owned and controlled by the institution while Scope 2 emissions are indirect emissions generated in the production of electricity consumed by the institution. The percentage of portfolio companies for which data is available will be disclosed with each periodic report. When there is no reported data from the issuer, MSCI estimates the company's Scope 1 and 2 emissions.[4] Once the Carbon Intensity of each portfolio company is calculated, the Emerging Markets Growth Fund's portfolio weighted average Carbon Intensity is calculated by taking the Carbon Intensity of each portfolio company and multiplying this against the portfolio weight of the investment. The portfolio-level weighted average Carbon Intensity is then the sum product of all the Emerging Markets Growth Fund's portfolio companies' weights and their Carbon Intensities.

(2) ESG Engagement

ESG Engagements are tracked by the Investment Manager using its IRN Database where analysts are able to tag their research notes as an engagement and highlight the specific type of engagement (e.g., shareholder rights, board structure, human capital management). This tool allows members of the investment team to record and track the qualitative outcomes of individual engagements and serves as a reporting record to inform future engagements to measure progress.

(3) Excluded Investments

With respect to the Revenue Exclusions, the Investment Manager relies on revenue data collected and analysed by MSCI. MSCI analyses the financial statements of each portfolio company and categorises revenues according to several criteria. These categories allow the Investment Manager to determine whether a portfolio company derives more than 20% of its revenues from tobacco, coal mining, coal power generation, oil and gas exploration, conventional oil and gas, or unconventional oil and gas. Additionally, MSCI provides data that allows the Investment Manager to determine whether an issuer derives any revenues from controversial weapons.

With respect to the Human Rights Exclusions, the Investment Manager relies on MSCI's Global Norms Screening to provide assessments of whether any of the Emerging Markets Growth Fund's portfolio companies are in breach of UN Global Compact Principles. MSCI monitors company disclosures, government, media and NGO sources to determine if a company has faced a significant controversy related to the UN Global Compact Principles. MSCI provides the Investment Manager an overall pass, fail or watch list assessment of each portfolio company based on the severity of any related alleged violations in which a company is implicated.

[4] Additional information about these models can be found at MSCI ESG Research's website.

The Investment Manager deems any issuer that is assessed as "failing" by MSCI as excluded pursuant to the Human Rights Exclusions.

Limitations to Methodologies and Data

The Investment Manager's methodologies and data with respect to weighted average Carbon Intensity, the Human Rights Exclusions, and the Revenue Exclusions are each limited by the accuracy of the data the Investment Manger receives from third-party sources. For these indicators, the Investment Manager relies on third parties to collect and analyse ESG-related data, and those third parties in turn rely on self-reported or estimated data. While the Investment Manager cannot ensure the accuracy of the data it receives, it is the Investment Manager's belief that the potential for inaccuracies does not affect the overall attainment of environmental and social characteristics promoted by the Emerging Markets Growth Fund because the data will still provide a reasonable estimation of the relevant indicators.

Due Diligence

As investment discretion of the Company has been delegated to the Investment Manager, ESG-related due diligence on portfolio companies is integrated at the level of the investment decisions made by the Investment Manager, in accordance with the Investment Manager's ESG policy.

The Investment Manager takes a fundamental, business-focussed research approach in its investment process with respect to analysing each potential investment. As part of this investment process, the Investment Manager considers all financial risks that it deems relevant in its investment decisions and evaluates these on an ongoing basis. In doing so, all sustainability risks that it deems relevant are also taken into account. As such, when considering sustainability risks, its approach is materiality-based. The Investment Manager places emphasis on the risks that it considers to be most important to each portfolio company and its stakeholders, which may depend on the region, country, or industry in which the portfolio company operates. The Investment Manager's analyst teams may leverage external frameworks such as the Sustainability Accounting Standards Board standards as a reference to identify financially-material sustainability risks or may consult ESG ratings and research provided by specialised rating agencies such as Sustainalytics and MSCI, though the Investment Manager's analyst teams will always maintain independence in the execution of their research.

Examples of sustainability risks that the Investment Manager may consider in its due diligence process include:

- Environmental risks, particularly in energy intensive industries that are particularly sensitive to changing environmental regulations;
- Social risks, including in relation to human capital management, supply chain management, and product safety and impact;
- Governance risks, including in relation to the quality of the management team, executive compensation and alignment of incentive structures with stated long-term objectives, board composition, quality of disclosures and capital structure, ownership control and shareholder protections and rights.

This is an indicative list only, and the Investment Manager recognises that the universe of relevant sustainability risks will evolve and grow over time and adjusts its due diligence procedures accordingly.

Engagement policies

The Company maintains an Engagement Policy that is compliant with SRD II. Engagement activities are carried out by the Investment Manager on behalf of the Company and the Emerging Markets Growth Fund.

The Investment Manager engages with portfolio companies, or potential portfolio companies, to advance the following primary objectives: (1) to inform the investment case; (2) to exchange perspectives on matters that are relevant to the interests of long-term shareholders, including ESG considerations (examples of which are included in the sectioned above "*Investment Strategy*"); (3) to advocate for corporate change when in the best interest of shareholders, including with respect to ESG considerations; and (4) to discuss ballot proposals and inform our proxy voting decisions. As the Investment Manager collectively advises clients that, in the aggregate, are frequently among a portfolio company's largest shareholders, this enables the Investment Manager to engage constructively on ESG and other issues that can impact a company's long-term strategy and stakeholder stewardship. With respect to ESG Engagement, the Investment Manager seeks to:

- understand the ESG issues that impact companies in which the Emerging Markets Growth Fund is invested;
- evaluate a company's particular policies and practices in relation to relevant ESG considerations;
- encourage companies to align with best practice on ESG considerations, where appropriate;
- enter into constructive dialogue and engagement where a company's approach or practices on relevant ESG matters is below investor expectations;
- leverage investor rights to push for desired outcomes from portfolio companies; and
- align votes at general meetings with stated engagement objectives.

Engagements may take the form of in-person meetings, conference calls, or written correspondence, and are company-specific. The Investment Manager does not establish an engagement template that is applied across all portfolio businesses. Instead, the Investment Manager makes judgements about the issues that could have a material impact on investments. When merited, the Investment Manager may seek commitments for improved disclosure or policy changes. Additionally, the Investment Manager may reduce the Emerging Markets Growth Fund's position in a portfolio company if the company's management is unable or unwilling to address ESG-related concerns.

In line with applicable UCITS rules, the Company also has in place a policy on the exercise of voting rights which sets out the mechanism for: (i) monitoring relevant corporate events; (ii) ensuring the exercise of voting rights is consistent with the investment objective and policies of the Company's sub-funds; and (iii) preventing or managing conflicts of interest that arise from the exercise of voting rights.