

# Responsible Investing Policy

Responsible investing policy for Premier Miton Group plc and its subsidiaries Premier Portfolio Managers Ltd (PPM) and Premier Fund Managers Ltd (PFM) (together “Premier Miton”).

## Introduction

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Premier Miton is a UK based fund management group managing a range of investment products. Our purpose is to actively and responsibly manage our clients' investments for a better financial future. We are committed to investing responsibly and providing responsible and sustainable investment products as part of our product offering. In doing so we seek to enable and support our customers to pursue their financial objectives.

Our Head of Responsible Investing is part of the investment team and brings significant experience and skills to support and direct our responsible investing approach and to ensure that we are well positioned to manage current and prospective clients' money in a world that is increasingly focussing on sustainability. We have been a signatory of the United Nations supported Principles for Responsible Investment (PRI) since January 2020 which confirms our commitment to responsible investing.

Responsible investing activities are directed by Premier Miton's Chief Investment Officer (CIO) with implementation by our Responsible Investing team working closely with the investment team. Premier Miton's Responsible Investing Oversight Committee (RIOC) monitors the responsible investing process to support our strategic objectives and comply with responsibilities to various stakeholders, including but not limited to, regulators and clients. This includes overseeing the integration of ESG factors in investment decision making, the implementation of stewardship activities, publication of disclosures as well as adherence to relevant rules and regulations.

This policy complies with the regulatory requirements from the Financial Conduct Authority (FCA) and is aligned with the Financial Reporting Council's (FRC) Stewardship Code 2020.

## Responsible investing

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At Premier Miton we define responsible investing as an approach to investing that includes the consideration of Environmental, Social and Governance (ESG) factors alongside financial factors, supported by stewardship activities. We regularly engage with the management of companies in which we invest, or are considering investing in, and we take a thoughtful approach to voting on company resolutions at annual general meetings (AGMs) and other shareholder meetings.

## The integration of ESG factors in investment decision making

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We consider ESG factors in a proportionate and appropriate manner in the investment approaches across our different investment strategies.

When considering ESG factors alongside financial factors we can enhance our decision making by considering all relevant information on whether an investment is suitable for inclusion in a fund.

We believe that assessing a company's approach to ESG-related risks can provide additional information on the investment opportunity. When applied, this is undertaken across the investment process including in company research and analysis, portfolio monitoring and buying and selling decisions. We believe that combining financial analysis with ESG analysis can lead to improved decision making and better outcomes for investors in the funds.

We are able to use a variety of ESG information sources including company reporting, meetings with management and boards as well as independent specialist ESG research and data.

The Responsible Investing team and the CIO have oversight of the integration of ESG factors in the investment decision making process across our different investment teams.

Our experience is that, over time, governance is the most important of the three ESG factors with an experienced chairperson and suitably composed and diverse board of directors usually critical to facilitate a company's delivery of good long term financial performance. Management expertise and appropriately aligned remuneration are additionally important to implement a company's strategy and to manage risks. The management of environmental risks, especially climate related financial risks, has grown in importance particularly in high climate risk sectors such as oil and gas as well as utilities. A company's approach to social risks such as diversity and labour practices are increasingly viewed as an indicator of competent management and an important factor of future success. Furthermore, the consideration of biodiversity is increasingly becoming an area of attention.

## Exclusions

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Our equity, fixed income and directly invested multi asset products are excluded from investing in companies which are involved in the following banned weapons: biological, chemical, non-detectable fragments, blinding laser, anti-personnel mines and cluster munitions. We screen out these companies using the services of a specialist third party provider, Institutional Shareholder Services. This exclusion does not apply to indices, derivatives and Exchange Traded Funds.

Whilst we don't enforce additional firm level exclusions, our active investment approach and ESG analysis results in many of our funds and investment trusts having a low exposure to so called 'controversial companies'. These companies are those that have been involved in ESG related incidents that may result in negative impacts for stakeholders and the environment and include areas such as corruption, human rights violations, and environmental pollution.

Further to the firm level approach to exclusions, a number of our responsible and sustainable products have specific investment policies that include avoiding investing in companies we believe have negative societal or environmental impacts, such as those with major business activities in tobacco or gambling or which contravene human rights.

We also have a policy in place to ensure that we do not inadvertently breach any asset freeze or investment ban (collectively described as 'sanctions') which have legislative or regulatory force in the United Kingdom.

## ESG research and data

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Where appropriate, we use company specific ESG research and data to support the mitigation of ESG-related risks and take advantage of opportunities. Additionally, we use ESG data as a portfolio monitoring and oversight tool. As an active investor, detailed ESG company research focussed on evaluation of the ESG risks and opportunities can provide insight, rather than a single, combined ESG score. Larger sized companies usually have more detailed ESG policies and disclosures, making ESG research more available. Smaller companies are typically expected to have less robust ESG policies and disclosures, sometimes leading to lower ESG scores, although that may not automatically reflect higher ESG risk or poor ESG risk management compared to larger companies in the same industry.

We subscribe to a number of independent providers of ESG data and research including Ethical Screening, ISS ESG, ISS Governance Research & Voting, Integrum ESG, Net Purpose, CDP global environmental disclosure system, Transition Pathway Initiative and Bloomberg as well as reviewing publicly available ESG company reporting. We regularly interact with our ESG research providers on a range of topics including ESG scoring methodologies and discussions on the differences between their ESG analysis compared with our own analysis. Additionally, we use ESG commentary and data from our external providers of non-ESG specific research.

When there is no robust ESG data available from third party ESG data providers for a particular investment, we may undertake bespoke due diligence in order to review the ESG characteristics. This may include reviewing disclosures and data released by the company and contacting the company with requests for information. In some cases, particularly for smaller companies that typically offer a lower level of ESG disclosures compared with larger companies, we have created bespoke ESG expectations covering factors such as corporate governance, investor engagement and disclosures. For any such investments being considered or held in a responsible or sustainable investment product, we usually commission a specific piece of analysis from a specialist third party ESG research company.

## Climate related financial risks

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There are a number of initiatives that support the UK government with their ambition to achieve net zero carbon emissions by 2050.

These provide a framework for us to consider climate related financial risk across our funds. We consider the UK's Climate Change Act (2008) and the Climate Change Committee annual progress reports alongside specific financial sector reporting guidance from the FCA on climate-related disclosures, which refer to the Task Force on Climate-related Financial Disclosures (TCFD). Premier Miton Group plc continues to publish climate-related financial disclosures in line with TCFD recommendations at entity level and for the first time published TCFD aligned product reports in June 2024.

For many of our investment strategies, we aim to consider company carbon emissions data (where available) and climate related financial risk in our investment analysis, investment process and/or fund monitoring and we continue to assess relevant climate scenarios. Where data does not exist, we may engage with companies to encourage them to report their carbon emissions, for example through the CDP climate change assessment.

Due to the nature of our active investment philosophy and typically a strategy of selecting companies, which in our view, have strong management teams and good prospects, we find that our investment portfolios often have low fossil fuel exposure. Where we do invest in companies who remain involved in fossil fuels, we may seek to encourage them to develop a credible transition plan.

We became a signatory to the Net Zero Asset Managers (NZAM) initiative in November 2022 which involves a commitment to support the Paris climate agreement goal of limiting global warming to well below 2 degrees Celsius and of pursuing efforts to limit global warming to 1.5 degrees Celsius compared to pre-industrial levels in the 1850s. Across our investment portfolio, the interim Net Zero target is a 50% reduction in the weighted average carbon intensity (scope 1+2 carbon dioxide equivalent emissions per £1 million revenue) from 2022 to 2030 across our specified Net Zero in-scope assets. Our in-scope assets have been defined as our listed equity holdings where climate-related financial information is robust and will represent at least 35% of assets under management.

The Premier Miton Environmental Committee is responsible for implementing the Environmental Policy, which covers the activities the company takes to reduce its operational environmental footprint in line with our operational net zero target.

## Long term investing

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We aim to invest for the long term and typically five years is the minimum recommended period for holding shares in Premier Miton funds. This can provide the opportunity to build a long term and strong relationship with company management which facilitates engagement and can assist in monitoring a company's performance over time against its commitments in areas such as ESG management and disclosure.

## Stewardship

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Stewardship covers voting and engagement activities with assets in which our funds and investment trusts invest and is an important part in most of our investment management processes. As an active investor, we will generally select companies with strong management and good ESG practices although this will not always be the case. Therefore, we rarely have to exert influence to improve the quality of management or weak ESG practices. Additionally, we would not expect to have a significant portion of voting against management at shareholder meetings.

## Engagement

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When we engage with companies, we do so through a number of channels, with the aim of developing our understanding of their business strategy, financial position and prospects, amongst many other factors. Where relevant, ESG factors may be included in the engagement process, in particular we would encourage those with weaker ESG practices and disclosures to make positive changes. We believe this approach can enable stronger investment decision making and oversight.

If possible, for many of our investment strategies, we aim to be in contact with, and preferably meet with, the companies we invest in annually, however, this is not always possible. For example, not all companies will be willing to meet with us or it may be more difficult to meet companies based outside the UK. Company meetings will often include discussions on relevant ESG risks and opportunities. We additionally find value in meeting competitors, suppliers and end users of their products or services when researching companies to support our investment analysis. Site visits can also form part of our investment research process.

We aim to have an engagement plan to support our ESG discussions with companies where appropriate. This includes company specific ESG related risks and broader engagement themes which can include remuneration, diversity, climate risk, improved ESG management and sustainability outcome reporting. We will typically focus more on investments where we have more exposure, either as an amount of money invested or the amount of the company owned, and where there are higher ESG related risks

An existing relationship can present an opportunity for successful engagement, potentially resulting in long-term enhancement of shareholder value.

We generally meet with the CEO, but additionally extend this to the Chairperson, when we wish to escalate an issue. Where we have concerns over company supervision of material ESG risks and where engagement has been unsuccessful, we consider selling the holding.

We engage in a number of ways, individually by the fund managers or across a number of internal investment teams, through theme specific engagement driven by the Responsible Investing team, as well as in collaboration with other investors, usually through groups such as the PRI, Investor Forum, CA100+ and the Net Zero Engagement Initiative.



## Voting

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In assets where we get a vote, usually equities, voting activity occurs around formal shareholder meetings such as AGMs. The focus is usually on corporate governance issues although increasingly we are seeing the inclusion of environmental and social issues being raised both by companies and through shareholder resolutions.

We aim to vote at all shareholder meetings where we have the opportunity. We have appointed Institutional Shareholder Services group (ISS) as our proxy voting adviser (subject to an annual review) who provide research and recommendations on resolutions. Fund managers are responsible for reviewing external research alongside their specific company knowledge before making a final decision. Additionally, fund managers can share information and views with our other internal fund managers and discuss matters with the Responsible Investing team before making decisions. Where there is concern over a specific resolution we may engage with the company before making our final decision. Voting decisions can differ by fund depending on the specific investment objective of the relevant fund or investment trust. More detail is available in our Proxy Voting Policy.

## Investment scope

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This policy is applied to all funds and investment trusts managed by Premier Miton, although it may be enhanced for certain investment strategies. We invest in bonds, company shares and many other asset classes worldwide. We recognise that different asset classes require different responsible investment approaches due to their different characteristics, practices and different ownership structures. We also recognise it is more difficult for us to influence larger companies as we will be less significant shareholders.

We include listed real estate investment trusts (REITs) and listed infrastructure assets within the scope of this policy and expect the same standard of ESG management and disclosure as other listed investments.

## Approaches to derivatives and stock lending

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We undertake transactions in exchange traded and over-the-counter derivatives which may include indexes, baskets of assets and individual companies. A derivative is a financial contract whose value is related to the value of an underlying asset, group of assets or index, often used with the aim of managing risk or enhancing returns. We are able to be long or short a specific company's financial risk via a derivative or contract for difference and we would still find value in meeting companies as part of the investment process, although we will be unable to vote at shareholder meetings. We do not undertake stock lending, which are a form of short-term loan which uses a stock or security as collateral for the loan.

## Different approach across investment strategies

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Each of the funds and investment trusts managed by Premier Miton has a specific investment objective and a number have non-financial objectives such as the consideration of ESG and sustainability factors in their investment policies.

We employ a responsible investment approach that is appropriate for and proportionate to each investment objective and investment strategy. For example, where we invest in companies in emerging markets we accept there is likely to be a lower level of corporate governance applied compared with developed markets; where we invest in bonds, we understand that we will have less opportunity to meet with or influence company management and are unable to vote. When we invest in smaller companies we are aware that, generally, there will be less ESG disclosure, therefore we may include ESG in discussions with management as part of our due diligence. Within our multi-asset, multi-manager funds, we invest in funds managed by other fund managers and in these cases we review and monitor those fund managers' approaches to responsible investing through bespoke questionnaires.

For the funds that are included in our responsible and sustainable range that have non-financial considerations in their investment approach, the fund managers, along with the Responsible Investing team, undertake additional research in the investment process as detailed in the fund prospectus. Additionally, we will report on how these funds have delivered against their non-financial objectives utilising global frameworks such as the United Nations Sustainable Development Goals.

## Involvement in responsible investing related initiatives

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We participate in a number of aligned initiatives to enhance our knowledge in specific areas, to support well-functioning financial markets as well as to understand issues that are related to delivering good outcomes to our clients.

The Investment Association (IA) is a trade body that represents investment managers and asset management firms in the UK. We are an active member and the Head of Responsible Investing is a member of their Sustainable and Responsible Investment Committee where we actively contribute to the positioning of the IA. We contribute to various groups including the IA Sustainability Disclosure Requirements Implementation Forum.

We became a signatory to the United Nations supported Principles for Responsible Investment (PRI) in 2020; and completed our most recent annual assessment in 2023. We actively support their work and promote the principles.

We are signatory of the FRC UK Stewardship Code with our latest stewardship report being accepted in 2024.

We are members of the Investor Forum, an organisation that supports UK asset managers on collaborative company engagement.

We recently joined the IIGCC to support our net zero strategy and are members of CA100+ and Net Zero Engagement Initiative. Our climate analysis and engagement is also supported by both the CDP Non-Disclosure Campaign and the Transition Pathway Initiative.

We are supportive of the work of the CFA Institute in developing the certificates in ESG Investing, Climate and Investing and Impact Investing. We have a number of employees who have successfully studied for these certificates and continue to encourage others across all areas of the company to do so.

## Conflicts of interest management

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We have a conflicts of interest policy which guides the monitoring, reporting and resolution of any conflicts between clients and Premier Miton. Where a fund manager or anyone else identifies a conflict of interest, Premier Miton's aim would be to put the clients' best interests first. Our approach also covers conflicts of interest where it relates to stewardship, ESG or sustainability matters and provides guidance where conflicts may exist to ensure that clients' best interests are met.

## Modern slavery

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We have a Modern Slavery Act Transparency Statement, and we support the financial sector's work on highlighting and removing modern slavery and human trafficking. We are focussed on raising awareness of modern slavery risks and integrating modern slavery considerations into investment processes.

## Annual reporting

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We will monitor our progress and report annually on our activities and outcomes to our clients through reports such as our Group level Annual Report, annual Stewardship and Responsible Investing Report and annual TCFD reports, all of which are published on the Premier Miton website.

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