Sustainability-related Disclosures required under REGULATION (EU) 2019/2088

As a signatory to the Principles for Responsible Investment (PRI), we incorporate ESG monitoring into the investment analysis, and also actively disqualify investments in certain potential investee companies. With respect to the latter, we will not knowingly invest in companies involved in the production, use or distribution of anti-personnel land mines or cluster munitions as part of our commitment to the Anti-Personnel Landmines Convention and Convention on Cluster Munitions.

We consider sustainability risks as a qualitative metric in our decision-making process. Our investment evaluation model considers various factors where Climate and other ESG risks have an influence on the scoring, including Structural Outlook, Company Returns, Profit & Loss Risk, Balance Sheet Risk, Macro Risk and Regulatory effects.

With respect to the screening process, we use leading third-party ESG ratings/research providers such as Sustainalytics, Hermes EOS and S&P Trucost as part of the investment analysis, considering both their rankings and research where available on potential/existing investee companies prior to making an investment decision. We may however invest in companies with below average ESG rankings in situations where we form the view, after extensive research, that the existing ranking does not fully capture real-time positive ESG-related operational developments at the investee company. Furthermore, where investee companies have disclosed specific sustainability-related targets, we monitor their progress against these metrics. Investment decision making is based on a holistic assessment of all relevant quantitative and qualitative factors, including sustainability factors.

The thematic aspect of our investment process is in part aimed at identifying secular shifts which may have long term consequences for exposed companies either positive or negative. For example, the environmental problems caused by the global dependence on the use of plastics is evident and plastic substitution is a theme likely to have significant implications across a range of industries. We are also currently assessing the likely impact of any significant rise in European carbon pricing and the specific implications this would have on the most likely impacted sectors such as Energy, Utilities, Cement, Steel, Aluminium and Chemicals.

Our Engagement Policy, available on our website, identifies the factors against which we monitor investee companies, conduct dialogue with investee companies (whether individually or using the services of a stewardship services provider), exercise our voting rights and manage conflicts of interest.

Our Proxy Voting Policy describes the general principles guiding how we exercise voting rights on securities held by the portfolios that we manage. Recognising that sustainable investing is in the long term interests of investors, we leverage voting rights to highlight material ESG and other issues that may risk future long-term returns and hence impact investor returns. We retain a third-party service provider to provide proxy recommendations or guidelines, but we review all recommendations before exercising voting rights.

Our Remuneration Policy is designed to align portfolio manager incentives with the long-term interests of our clients. Employee bonuses are subject to the achievement of a range of objectives, including specific ESG-related objectives, rather than being wholly reliant on short-term investment performance.