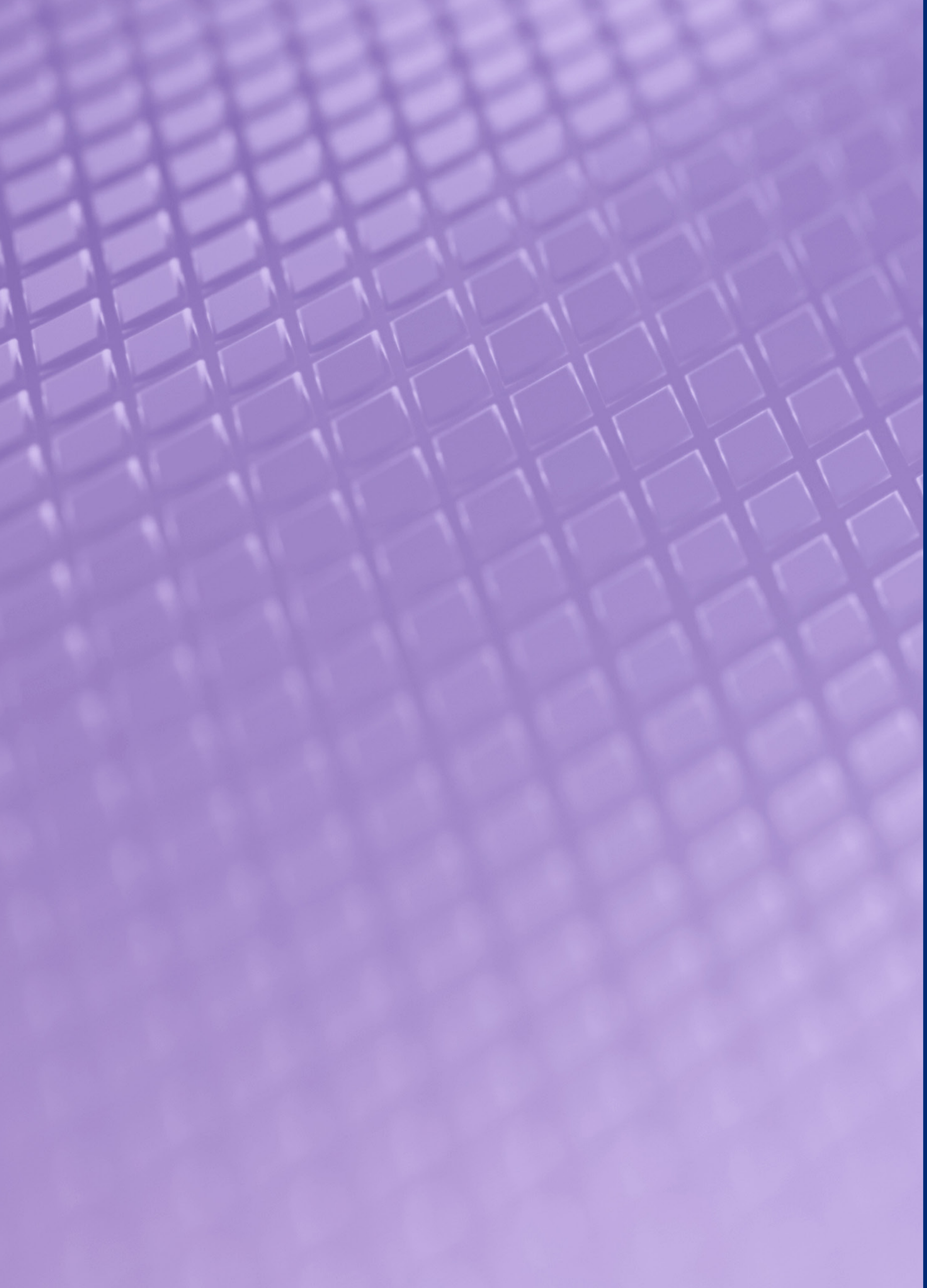
Responsible Investment *Policy Statement*

November 2024



Contents

Introduction

This document describes our responsible investment policies and practices. To us, acting as a responsible investor means we act as responsible stewards of our clients' capital by integrating consideration of Environmental, Social and Governance (ESG) factors into our investment processes and active ownership practices. ESG integration is the explicit and systematic inclusion of ESG issues into investment analysis and decision making.

Increasingly, public policy drivers, regulatory developments and societal demands are progressing the case for implementing a responsible investment approach that considers ESG risks and opportunities in investment processes. We believe that by incorporating an assessment of ESG risk and opportunities we have a more holistic understanding of investment risk which can help lead to informed decision-making and improved client outcomes.

Active ownership means we monitor for ESG risks throughout the life of a buylist investment, exercise ownership rights and engage with companies and fund managers on matters that can have a material impact on our client's investments.

We are continually looking to improve our approach and therefore incorporate any change as our investment research is periodically reviewed.

Brooks Macdonald is a signatory of, and is committed to implementing, the six principles of the United Nations supported Principles for Responsible Investing (PRI) in our investment management activities.

We also understand the importance of reflecting these beliefs in how we manage our own business. For more information on our corporate sustainability agenda please refer to our Annual Report and Accounts, available on our website.

Governance and oversight

Role	Responsibility
Chief Investment Officer(s) (Co-CIOs)	Executive responsibility for responsible investment.
Investment Committee	Chaired by the External Adviser and responsible for: – Reviewing and approving the firm level responsible investment policy, – Providing advice to the Co-CIOs on responsible investment matters.
Asset Selection Committee	Chaired by the Co-CIOs and responsible for: – Monitoring and oversight of policy statement implementation and effectiveness, – Assessing ESG analysis in investment research – Overseeing engagement and proxy-voting activities.
Responsible Investment Working Group	Chaired by the Responsible Investment Lead and: – Reviews and continually enhance the firm's approach to ESG integration, engagement and voting, considering strategic and regulatory developments, – Assesses requirements for implementation (such as third-party data and training requirements).
Responsible Investment Team, Sector Research Teams	Day-to-day responsibility for assessing ESG factors in asset research and decision-making. Day-to-day implementation of engagement and proxy-voting activities.
Central Research Team	Supports the Responsible Investment Team and Sector Research Teams in accessing quantitative ESG data and ensures that ESG Management Information can be adequately reported to the Investment Committee.
Responsible Investment Service (RIS) Oversight Committee	Focuses on the RIS' compliance with the RIS Policy and is chaired by the second line.

Exclusions

Where we invest directly in securities (direct equities and corporate bonds) we seek to ensure we are not investing in companies involved in the manufacture, development or trade of anti-personnel mines or cluster munitions, or components or services of the core weapon system which are considered tailor-made and essential for the lethal use of such weapons.

These weapons are subject to international and national law and are of concern due to their humanitarian consequences and the harm caused through their use. Our assessment and monitoring of holdings is informed by Morningstar Sustainalytics data.

For indirect holdings held in active[1] third-party funds, we use Morningstar Sustainalytics data coupled with fund manager meetings and questionnaire responses to ascertain whether funds have any exposure to cluster munitions and/or antipersonnel landmines.

We do not require funds to have a formal exclusion on controversial weapons, however prior to inclusion in the portfolio we assess whether the process is such that cluster munitions and anti-personnel landmines will be avoided, and we assess existing underlying holdings. We monitor for any exposure on a quarterly basis (please see page 6 for further detail on our monitoring process).

1 Implementing ethical or exclusionary policies in passive strategies is challenging, as it would interfere with their main goal of replicating the index.

ESG Integration

ESG integration is the incorporation of ESG factors into an investment process, based on the beliefs that ESG factors can affect the risk and return of investments and that ESG factors may not be fully reflected in asset prices.

ESG integration involves seeking out ESG information, assessing the materiality of that information, and integrating information deemed to be material into investment analysis and decisions.

ESG issues can be broad and varied, examples may include:

ENVIRONMENTAL
The impact the company has on the environment. Areas of analysis may include carbon emissions, climate related risks, resource depletion (including water, waste management and recycling), pollution or biodiversity loss.

SOCIAL
The impact the company has on society. Areas of analysis may include human rights, labour rights and standards, diversity & inclusion, supply chain management, community engagement, conflict, health and safety.

GOVERNANCE
The process by which a company is managed and overseen. Areas of analysis may include executive pay, board diversity and effectiveness, shareholder protections and rights, tax strategy, transparency, corporate culture.

Notably, consideration of ESG factors depends on the asset class and does not imply:

- that there are restrictions on the investment universe,
- that ESG factors are given more or less consideration than other types of factors,
- that all ESG factors are given equal consideration,
- that the resulting portfolio will have any particular characteristics.

As global multi-asset investors, our approach to assessing ESG factors is tailored to each asset class and the vehicle used to invest in each asset class. Analysts make qualitative and quantitative assessments using a variety of available resources, of which ESG factors are just one element.

Integrating ESG factors into third-party fund selection

Funds managed by third-party fund managers make up the majority of our clients' investment portfolios. We expect managers to integrate ESG analysis into their investment decisions and stewardship activities as we believe this enhances the chances of our clients benefitting from improved risk adjusted returns over the longer term.

Our ESG integration approach involves assessing third-party managers at both a firm-level and fund-level, based on due diligence questionnaire responses, ESG data provided by an external third party and fund manager meeting output. This core framework forms the basis of our approach however is tailored based on the type of strategy and the asset class(es) the manager is investing in. Below we have outlined the key inputs to our research and due diligence for different asset classes and types of investment vehicle the third-party manager is investing in and implementing.

Equity and Fixed Income funds

Firm-level ESG integration

A questionnaire format is applied to assess asset managers on their firm-wide approach to responsible business culture and investment. Assessment of culture can be informed by factors such as a firm's approach to diversity, equity and inclusion (DEI), employee wellbeing and transparency on progress in these areas. Assessment of the responsible investment approach includes consideration of the asset manager's commitment, strength of policies, governance and oversight, stewardship capabilities and strength and depth of resource.

For each key area of assessment, investment managers are assigned a rating, which reflects the degree to which they are adopting best practice and displaying ambition to progress. This rating strives to incorporate contextual factors such as firm size and regional nuance, to ensure fair comparison between managers. Asset managers who score lower on the rating scale will be prioritised for ongoing engagement and monitoring, with progress expected over time. Our view is that engagement is a more effective tool than divestment, however where, following engagement, companies display little willingness to improve on low rated areas, this may lead to the decision to divest.

Fund-level ESG integration: actively managed strategies

For actively managed strategies, a questionnaire format is applied to assess the fund-level integration of ESG across the investment lifecycle, the consideration of climate risks and opportunities, the strength of stewardship activities[2] and resourcing. For each area of focus, asset managers are assigned a rating, which reflects the degree to which they are adopting best practice and displaying ambition to progress.

We are conscious that managers will take different approaches to integrating ESG factors into their investment process and that there is no one-size-fits all to good ESG integration. We reflect this in our assessment, while expecting broad minimum criteria to be met. It is our expectation that ratings should stay stable and ideally improve over time and use the output to inform engagement priorities.

Alongside the qualitative questionnaire responses, we incorporate assessment of a fund's underlying exposures using ESG datapoints from Morningstar Sustainalytics, which feed into a proprietary fund-level dashboard.

The dashboard is designed to support our understanding of whether a fund's stated ESG integration process is implemented in practice and our identification of potential ESG risks. Given challenges associated with ESG data, such as the different methodologies adopted by different vendors to derive similar metrics as well as incomplete and imperfect coverage, dashboard outputs do not automatically preclude investment.

They require further investigation and enable productive conversations with fund managers, as well as the setting of engagement and monitoring priorities. In some cases, we may decide not to invest if we conclude after further research and engagement that the datapoint is suggestive of a fund's poor ESG risk management or non-fulfilment of stated processes.

The key datapoints which feed into the dashboard cover:

- **Material corporate controversies**
  Controversy ratings assess companies' involvement in incidents with negative ESG implications (spanning environmental, social and governance issues). If a fund is exposed to companies involved in severe controversies, this is highlighted in the dashboard and requires further investigation. We do not automatically exclude funds that are exposed to severe controversies but consider how these companies are managing issues and whether the outlook is positive or negative, which can be informed by Sustainalytics research. We expect fund managers to evidence an understanding and monitoring of the controversy, engagement on the issue where relevant, and rationale for continued investment. We recognise that different data and research providers have different methodologies for deriving controversy ratings and take this into consideration.
- **United Nations Global Compact (UNGC) violations**
  The UNGC Principles are widely accepted corporate sustainability principles that cover human rights, labour standards, the environment and corruption. Companies that fail to comply with the UNGC principles may face reputational, financial or operational risks. Fund exposure to such companies is highlighted in our dashboard and requires further investigation, including consideration of the fund manager's rationale for holding, outlook and related stewardship activity. We acknowledge that there can be differences between data reported by third-party providers and the opinion of the fund manager and/or company itself.

2 While fixed income managers do not have voting rights, large fixed income managers can influence the funding structure of issuers and can engage on similar matters to equity investors.

- **Climate-related transition risks**
  The degree to which a firm's activities and products are aligned to a net zero pathway and exposed to the risks of the net zero transition. This can be informed by fund-level: implied temperature rise ratings, low carbon transition value at risk and emissions management ratings. Severe misalignment and value at risk, and/or weak management is highlighted in the dashboard. This helps inform discussion with fund managers on their approach to managing carbon risks and opportunities and supports assessment of whether fund managers are adequately embedding climate risk consideration into their investment process and stewardship activities.

- **Climate-related physical risks**
  The degree to which a company is exposed to physical climate change and the associated potential financial impacts. Severe value at risk is highlighted in the dashboard and is used to inform assessment of whether fund managers are adequately embedding climate risk consideration into their investment process and stewardship activities.

- **Product involvement in controversial weapons**
  Controversial weapons here refer to antipersonnel mines, biological and chemical weapons, cluster weapons, depleted uranium ammunition, nuclear weapons, and white phosphorus weapons. As outlined in our Exclusions section, we have no tolerance for exposure to antipersonnel mines and cluster weapons. Involvement in controversial weapons, in the broadest sense of the term is flagged in the dashboard, requiring further investigation using Morningstar and Sustainalytics. If there is exposure to antipersonnel mines and cluster weapons, this precludes investment.

- **Portfolio sustainability ratings**
  These are based on company-level ESG risk ratings which measure the degree to which a company's enterprise value is at risk due to ESG factors (spanning environmental, social and governance issues). Lower fund-level sustainability ratings are highlighted in the dashboard and trigger further research into risk ratings of underlying holdings. This helps inform dialogue with fund managers and supports assessment of whether ESG risks are being appropriately managed by the fund.

Fund-level ESG integration: Sovereign bond funds

We acknowledge that sovereign bond ESG analysis is a more nascent exercise compared to analysis of credit issuers, and that the measurement of sovereign ESG quality is not straightforward. For single or multi geography government bond funds managed by third parties, our fund-level ESG integration considers the strategy's use of sovereign risk ESG frameworks, including the approach to climate risks, but places less emphasis on stewardship approach.

This qualitative analysis is complemented with Morningstar Sustainalytics country risk scores which combines an assessment of the government entity's current stock of capital with an assessment of its ability to manage the wealth in a sustainable manner. To quantify the amount of risk, the rating combines two dimensions: Wealth and ESG performance.

If this risk score is higher than a defined threshold, this is highlighted in the dashboard and may suggest that ESG risks are not being integrated as stated, therefore the need to investigate further is triggered.

Fund-level ESG integration: passive strategies

For passive strategies, we consider the strategy-level approach taken if ESG and/or sustainability tilts and exclusions are applied, however our ESG integration approach centres around the asset manager's firm-wide approach to responsible investment. As owners of entire indices and without the option to divest, passive providers' engagement and voting activity at a firm-wide can be very influential.

Property

Due diligence on Real Estate Investment Trusts (REITs) considers the REIT's governance of responsible investment, and how ESG and sustainability factors are integrated at pre-investment and post-investment stages. This is complemented by a ESG template that draws on environmental, social and governance data that is increasingly being incorporated within REIT disclosures and reporting, such as annual sustainability and Task Force on Climate-Related Financial Disclosures (TCFD) reports.

Examples of the datapoints that are captured include Energy Performance Certificate (EPC), Global Real Estate Sustainability Benchmark (GRESB) and Building Research Establishment Environmental Assessment Method (BREEAM) ratings, carbon emissions, energy/water consumption, and the percentage of energy procured from renewable sources. The exact data considered will depend on the property type and data availability and is modified accordingly. These inputs, alongside with engagement, inform our investment recommendations and monitoring.

Infrastructure

Investment companies that finance infrastructure can have a clear positive social and environmental impact with favourable longer-term investment tailwinds. Our due diligence considers the investment companies governance of responsible investment, and how ESG and sustainability factors are integrated at pre-investment and post-investment stages.

This is complemented by an ESG template that draws on environmental, social and governance data. Unlike the property sector, there are no consistent ESG focused data disclosure frameworks due to the variety of asset types and our selection of data points is much more dependent on the company's own disclosures.

The quality depth and breadth of this reporting is improving rapidly, and it can provide meaningful insight into the material impacts of the assets as well as the treatment of stakeholders. This information, alongside engagement, helps inform investment recommendations.

Absolute return/Hedge funds

Our ESG integration approach centres around the asset manager's firm-wide approach to responsible investment, with a primary focus on commitment, governance and oversight.

The assessment acknowledges that hedge fund managers may face challenges in incorporating ESG issues into its stewardship policies, due to rapid portfolio turnover or short holding positions. Strategy-level analysis depends on the asset classes invested in and whether investments are physical or via derivatives.

Monitoring of third-party funds

On an annual basis, due diligence on third-party funds is refreshed. If any areas of our assessment suggest backsliding or backwards progress, this will trigger engagement requirements with the asset manager.

We have also developed a quarterly monitoring process that operates independently of the annual formal review. As well as monitoring for exposure to cluster munitions and anti-personnel mines, we monitor for any new exposure to severe controversies and UNGC violations.

Any material changes in exposure are to result in engagement with the relevant fund managers to understand how they are monitoring and engaging on these issues and reflect on whether the exposure is suggestive of weaknesses in their ESG integration and stewardship approach.

Integrating ESG factors into direct investments

Although most of our client's investment exposure is through third party funds, we also invest directly into several asset classes.

Equities

Where we invest directly in equities, we undertake our own research to assess ESG risks and opportunities, in conjunction with consulting Morningstar ESG data.

The key metrics informing the dashboard are the same as those used in fund research, but applied to companies rather than funds. Where metrics fall below a defined threshold, this is highlighted in the dashboard and requires further investigation.

This quantitative information is considered alongside supporting qualitative information provided by Sustainalytics, sector specific considerations, a review of the company reporting (annual/sustainability reports) and a governance assessment provided by our proxy-voting service provider, Institutional Shareholder Services (ISS). These inputs provide us with a holistic understanding of the material ESG related risks and opportunities attached to potential investments helping to inform our investment recommendations.

Bonds

We have an established partnership with an external research firm called Ambra Research who provide our direct corporate bond research team with extensive due diligence information on the issuers that we either hold or that are under consideration. This includes data on ESG factors.

For direct government bonds, in alignment with our fund research approach, we consider the Morningstar country risk score and if below a defined threshold an amber light is triggered and if the analyst wishes to propose the sovereign for buylist inclusion they must address the Morningstar risk assessment and outline why they believe it is still suitable for inclusion.

Structured return products

We utilise the Ambra Research analysis of the banking counterparties that we have on panel for structured return products.

We are continuing to review and develop our approach to ESG integration across the asset classes and vehicles that we invest in to ensure we continue to consider the most relevant and material information that can help improve client outcomes.

The Responsible Investment Service

We also manage a Responsible Investment Service (RIS) where the two strategies have defined responsible investment objectives alongside financial objectives.

Advance

The strategy invests in funds which provide investment exposure to:

Solution providers

Businesses providing products and services that are positively contributing to addressing sustainability challenges. The strategy is framed in the context of eight core sustainability themes when analysing these businesses:

CLEANER ENERGY

RESOURCE EFFICIENCY

WATER & WASTE MANAGEMENT

SUSTAINABLE TRANSPORT

SAFETY

EDUCATION

FINANCIAL INCLUSION

HEALTH & WELLBEING

Responsible businesses

These companies are deemed to make a looser contribution to tackling sustainability challenges through their products/services, but are leading in their approach to increasing their positive impacts and minimising their negative impacts on the planet and society. We deem these companies' products and services to do no significant harm through their products and services.

Avoid

The Avoid strategy is designed for clients who wish to formally exclude companies involved in the production of certain goods or services. The strategy has a formal exclusion policy on the following five product areas.

ARMAMENTS

ALCOHOL

GAMBLING

PORNOGRAPHY

TOBACCO

This requires third party funds to have explicit exclusions in these areas (this requirement does not apply to Alternative funds, where exclusion to these areas is an implicit outcome of the nature of the asset class).

The RIS invests in third party funds only and, like our core ESG approach, incorporates both firm and fund-level considerations, with research based on fund manager questionnaire responses, ESG data and fund manager meetings. There are meaningful differences in how responses are assessed in order to reflect that responsible investment characteristics are a formal part of strategy objectives, rather than purely an input into the risk assessment.

Greater importance is paid to the fund's sustainability objective and specific approach to sustainability, use of positive inclusionary and negative exclusionary criteria, and engagement for sustainability outcomes, ensuring that this aligns with the objectives of RIS. The quantitative proprietary dashboard used has more stringent parameters for triggering investigation requirements.

We publish a bi-annual report which shows the alignment of the Advance strategies to our themes. The report also contains company case studies and insights into sustainability and responsible investment debates.

We see our RIS as a key growth area due to the increasing client demand. The Advance strategy can be accessed through our Bespoke and Managed Portfolio Services (platform and custody), and the Avoid strategy can be accessed through our Bespoke Portfolio Service.

Active ownership through voting and engagement

Voting on direct positions

Company shares usually carry voting rights and as a responsible investor we use these rights to vote on items raised at Annual General (AGM) and Extraordinary General (EGM) shareholders meetings.

Our voting policy applies to all buy list assets, irrespective of product or service, for discretionary client holdings. We employ ISS, a leading proxy-voting service, to provide research and voting recommendations Whilst we use ISS voting recommendations, we retain complete discretion to vote against either ISS or management. Please see the Voting Policy Statement on our website for further information on the principles and guidelines that shape our voting approach.

We manage a variety of additional multi-asset funds, the majority of which have a very limited number of direct investments that carry voting rights. As a result, we do not apply our centralised voting approach to these funds, but each manager retains the discretion to vote where it is in our clients' best interest.

We publish our voting activities on a quarterly basis on our website.

Engagement with direct positions

For direct equities, investment trusts (ITs) and REITs our engagements are focused on improving the company's business practices and long-term performance. Areas where we may reactively engage include but are not limited to situations where:

- We are concerned about the strategic direction the company is taking or the performance of a company.
- We identify ESG concerns that could affect the long-term value of an investment.
- We are concerned about a company's remuneration practices.
- We require further information or clarification from the company when making proxy-voting decisions.
- There has been an ESG event or controversy at the company that could impact the value of the investment.

Engagement activities can be resource intensive and our ability to engage with companies can be limited, as the proportion of shares we hold in companies is generally lower than that of larger asset managers. In order to maximise effectiveness of any activity, we take a risk-based approach to engagement activity, prioritising our efforts according to the:

- Magnitude of risk or the severity of the issue.
- Size of our holding (we are more likely to engage where we own a bigger percentage of the share capital such as the companies held in our AIM Portfolio service).

This reactive engagement activity is led by the relevant sector research team and/or the Responsible Investment (RI) team, and can take several forms including informal dialogue, formal written correspondence and meetings with management.

Where a company proves unresponsive to engagement methods, we may escalate engagement activity by:

- Voting against a resolution, the board of directors or the annual report.
- Engaging with a company on a collective basis with other investors to escalate any concerns.
- Divestment if it is deemed to be interest of our clients.

We do not typically disclose the identities of the companies we have engaged with.

Stewardship activity within and with funds

Our discretionary portfolios primarily have exposure to externally managed, third-party funds. As we invest in the funds and not in the underlying holdings directly, this means that we delegate the responsibility to engage with and vote on these holdings to the third-party fund manager. We expect our third-party fund managers to establish and apply their own voting and engagement policies.

As part of our due diligence process, we assess these policies, including their records regarding engagement, voting and the transparency of their stewardship activities. Where we identify that a fund manager's stewardship or voting approach is not meeting our expectations we will communicate our views to them.

In instances where we do not see the required improvement, we may reduce exposure, or in more severe instances instruct a mandatory sell of the fund across the business.

Where appropriate, we reactively engage with asset managers on their firm-wide and fund-level approaches to responsible business culture and responsible investment, as part of our due diligence, both for information-scoping purposes and, increasingly, to encourage progress. This is an area we are continually improving.

Where we have concerns about an asset managers' responsible investment capabilities, credentials and performance, where in the interest of our clients we may consider:

- Not investing in new funds that the manager may be launching.
- Divestment.

Climate change and the Task Force on Climate-Related Financial Disclosures (TCFD)

We recognise the serious risk climate change presents to the world and view it as a critical investment issue that can materially impact on the long-term value of investments if not managed properly.

We support a transition to a low-carbon economy and the Paris Agreement to limit global warming to well below 2 degrees Celsius above pre-industrial levels, and preferably to 1.5 degrees Celsius. We believe the impacts of climate change create both risks and opportunities for the companies we invest in which is why it is an important element of our broader strategy and risk management to integrate ESG factors into our investment decisions.

We are committed to addressing and mitigating climate investment risks by:

- Assessing material risk and opportunities related to climate change when making investment decisions. Through our investment process we look to identify whether potential investments face material risks from the transition to a low-carbon economy, and are continually making enhancements to the quantitative and qualitative research inputs that enable this. Where we identify material climate related risks, we will conduct further analysis to understand how these are being mitigated.
- Encouraging proactive management of climate risks by both our investee companies and third-party fund managers. We support the recommendations of TCFD and expect fund managers and investee companies to be working towards reporting in line with the recommendations.
- Developing a net zero strategy for our investments, in alignment with the UK Government's target of net zero by 2050.

More information on our approach can be found in our annual TCFD reporting. Going forward, we will focus on enhancing our implementation of the TCFD recommendations in our investment process and reporting, in line with data and industry developments.

How we approach conflicts of interest related to engagement

Our Conflicts of Interest Policy can be provided on request. Examples of how we would potentially manage conflicts related to our stewardship activity are set out below:

The conflict	How we manage the conflict
A client is a director of a company in which we invest and engage with. There is a risk that a conflict of interest could influence our judgement when undertaking stewardship activities related to this company.	If this conflict were to arise, it would be reported to the Asset Selection Committee and a management plan would be put in place, with oversight from the compliance team. In this scenario, that could involve ensuring that no engagement activity or voting decisions are made by the staff member that has the relationship with the client. Furthermore, if we believed that the arrangements put in place were insufficient for us to be reasonably confident that our clients could not be disadvantaged, we will avoid such an investment.
A staff member may have a personal relationship with a company we are engaging with or voting on. There is a risk that a conflict of interest could influence our judgement when undertaking stewardship activities related to this company.	Controls are in place to ensure that staff member's outside business interests are declared and properly supervised. There is an escalation policy ensuring that conflicts of interest are reviewed by sufficiently senior management of the firm.
Issues may arise from the fact that Brooks Macdonald Group PLC is a listed company and subject to the principles of the UK Corporate Governance Code. The direction of our voting and engagement activities may not be consistent with the corporate governance arrangements of Brooks Macdonald, under some circumstances.	The internal corporate governance of Brooks Macdonald is outside of the remit of this policy statement and will not be taken into consideration in any voting or engagement activity relating to an investee company.
In the course of our monitoring and engagement with company management, specific members of staff can become insiders (i.e. receive non-public, price sensitive information).	Any staff member that comes into contact with inside information must record the information on an insider log, as required by market-abuse regulation. That staff member is then prohibited from trading/dealing in the relevant security (or related securities), encouraging others to deal in the security (or related securities), or disclosing the information to anyone else.

Important information

The value of investments, and the income from them, may go down as well as up and neither is guaranteed. The value of your investment may be impacted if the issuers of underlying fixed income holdings default, or market perceptions of their credit risk change. Investors should be aware of the additional risk associated with investing in smaller companies/ emerging or developing markets. Investors could get back less than they invested. Changes in exchange rates may have an adverse effect on the value of an investment. Changes in interest rates may also impact the value of fixed income investments. The information in this document does not constitute advice or a recommendation and investment decisions should not be made on the basis of it.

More information about the Brooks Macdonald Group can be found at
brooksmacdonald.com

BM121-2024-11-008