RESPONSIBLE INVESTMENT POLICY

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We recognise that we have clear responsibilities as stewards of our clients' capital. Principal among these is to protect and enhance their capital over the long term. We believe that sustainability (environmental and social) and governance factors create risks and opportunities for investors.

We believe the sustainability of a company's business model is critical to maintaining its competitive industrial positioning and strong capital returns. Incorporating sustainability analysis alongside traditional financial analysis provides valuable insight into the companies we invest in and the quality of the management in those companies. We believe that companies exhibiting strong governance and that are well managed are more likely to be successful, long-term investments. We believe our integrated approach helps identify good management teams, understand their motivation and determine whether their interests are aligned with minority investors.

As long-term investors, engagement and active ownership are key elements to our overall approach to stewardship. Our focus is on issues that may impact the ability of investee companies to generate long term sustainable returns.

OUR APPROACH

We believe an investment approach that incorporates an assessment of a company's governance and sustainability enhances fundamental research and can help identify those business models that are most likely to sustain high returns and resist competitive pressures. As sustainability risks and opportunities tend to play out over the longer term it is important, as long-term investors, that we consider these when analysing potential investments for our clients.

We consider a variety of sustainability factors to better understand their impact on companies we research. These factors are essentially those that can have a material impact on a company's cash flows, balance sheet, reputation and ultimately, corporate value.

They reflect the growing pressures that all companies are under from their key stakeholders. Regulators, customers, suppliers, investors, local communities, and employees, as well as systemic risks such as climate change, all present companies with a number of challenges that ultimately have to be addressed by management.

Corporate governance as a starting point

Corporate governance sits at the heart of our analysis, as we believe this is a fundamental determinant of long-term performance and thus the sustainability of a business. As global investors, we recognise there is no one-size-fits-all approach given the different corporate governance structures and levels of corporate maturity in many parts of the world. As such, our assessment of the quality of corporate governance will take into consideration the local context for the company concerned.

We believe that good corporate governance of the companies in which we invest is an essential part of creating shareholder value and delivering investment performance for our clients. Importantly, problems here tend to go hand in hand with issues on the environmental and social front, making it a very useful barometer for the broader sustainability of a business.

For these reasons we analyse each company and situation on its own merits, within a framework of our Global Corporate Governance Principles and regarding their local corporate governance requirements.

SUSTAINABILITY RISK

Sustainability risk is an important consideration and means an environmental, social, or governance event or condition, that, if it occurs, could potentially cause a material negative impact on the value of an investment. Sustainability risks can either represent a threat of their own or have an impact on others and may contribute significantly to market operational, liquidity or counterparty risks.

Sustainability risks can manifest themselves in different ways, such as, but not limited to:

- Failure to comply with sustainability standards resulting in reputational damage, causing fall in demand for products and services, or loss of business opportunities for a company or industry group.
- Changes in laws, regulations or industry norms giving rise to possible fines, sanctions or change in consumer behaviour affecting a company or an entire industry's prospects for growth and development.
- Changes in laws or regulations that may generate higher demand for, and thus undue increase in prices of securities of companies perceived as meeting higher sustainability standards. Prices of such securities may become more volatile if perception from market participants about companies' adherence to sustainability standards changes, and
- Changes in laws or regulations may incentivise companies to provide misleading information about their sustainability standards or activities.

Sustainability analysis can also identify potential opportunities, for example, those created by the transition to more sustainable economic growth or those companies whose products and services can help meet the ambitions of the UN Sustainable Development Goals (SDGs).

We identify what matters

The risks that are material to a particular company will be company specific but will also be influenced by where the company operates and which industry it operates in. These geographic and industry risks can be fundamental to assessing potential material risks. In addition, where relevant we consider other types of sustainability and governance risk. This could include risks related to the following:

- Regulators - regulation is increasingly pervasive across all sectors and geographies. Tightening labour laws, environmental standards and capital requirements are some of the issues that management need to address.

- Customers - changing societal expectations of good corporate practice and an explosion in the use of social media has allowed for the rapid dissemination of negative news flow following bad practice.

- Suppliers - companies are increasingly held responsible for the activities of their supply chain such as the failure to adequately monitor suppliers' behaviour in key areas of environmental performance and the treatment of labour.

- Investors - a combination of increased regulation and a preference for greater transparency around sustainability risks from investors has led to best practice for companies to be viewed as being able to provide transparent and verifiable evidence of their performance across a range of sustainability indicators.

- Local communities - the pace of industrialisation across much of the emerging world has led to growing friction between local communities and companies. Management face growing pressure to ensure their expansion plans are aligned with the interests of those communities most affected.

- Employees - companies face intensifying challenges to retain and recruit skilled labour in many countries. A successful strategy to plan for talent development is key to enable companies to achieve growth ambitions.

In addition, there are systemic issues that we consider in our analysis:

- Climate change - the impacts of climate are complex but the risks broadly can be categorised as physical risks – the risk presented by acute and chronic outcomes of climate change, and transition risks – the risks presented by regulatory, technological and behavioural change as the economy transitions to a lower carbon economy. Climate change will also present opportunities for some businesses. We believe that the Taskforce for Climate-related Financial Disclosure (TCFD) reporting framework is an important step forward and we encourage companies to adopt this as a reporting template. We engage with companies to identify the risks and opportunities presented by climate change, understand how they are working to mitigate these risks and understand the potential opportunities that may arise as a result of the transition to a lower carbon economy.

- Biodiversity - biodiversity risk materialises through the dependency or impact that companies have either directly, or more often through their supply chains. Biodiversity is also inextricably linked to climate change – both to the impacts that climate change has and to the potential for biodiversity to support the achievement of climate ambitions as set out, for example, in the Paris Agreement. We recognise that the disclosures and measurement of biodiversity risk is nascent, but we believe the Taskforce for Nature-related Financial Disclosure (TNFD) provides a useful starting point for companies in this complex space.
- Human rights and modern slavery - human rights are universal and relevant to businesses and as such are a key consideration in our sustainability analysis. Respect for human rights is also fundamental to advancing the U.N. Sustainable Development Goals (SDGs). The risk of modern slavery practices is assessed in conjunction with labour and human rights risks leveraging our proprietary framework which helps identify those sectors, geographies and companies where the risks are likely to be highest. We expect companies to comply with the Guiding Principles on Business and Human Rights and observe the OECD Guidelines for Multinational Enterprises. We also expect companies to comply with and report on any relevant regulatory obligations that apply in markets in which they are listed or operate. We believe companies should engage with supply chains, employees, customers and other stakeholders to avoid contributing to human rights impacts. Factors to consider for modern slavery include vulnerable workers, complex business models, high risk product/service categories and high-risk geographies.

Companies that fail to manage the relevant material factors effectively and are unable to address the needs of key stakeholders may face substantial reputational and financial damage.

Equally a focus on opportunities

We also recognise that a focus on sustainability and the transition to a more sustainable economy will present opportunities for companies. As such our approach is also focused on the extent to which sustainability is embedded in business practices and behaviours and how well companies are positioned to embrace potential opportunities, including those presented by the UN SDGs.

We believe that the companies in which we invest can have a significant part to play in contributing to achieving the goals and targets of the SDGs. This creates significant opportunities for companies providing solutions to these challenges through growth opportunities for products and services that contribute to achieving the SDGs., The SDGs therefore provide us with a useful lens through which to analyse the sustainability opportunities of companies that we invest in.

While the 17 goals set the overall framework, it is the underlying 169 specific targets that are most relevant to companies. Our analysis is therefore focused on the extent to which companies are able to address or contribute to the relevant targets.

Led by the portfolio managers and analysts

Our sustainability analysis is fully integrated into our investment process and, as standard, we consider material sustainability factors when analysing the investment case for a company. Since we started more than a decade ago, our approach has always been that, to fully integrate this analysis, responsibility should reside with the individual research specialists and portfolio managers. The Stewardship, Sustainability & Impact (SSI) team, has specific responsibility for overseeing this aspect of our research process. At Martin Currie we focus on those factors that are relevant and material to the investment case. This applies equally to fundamental factors as to sustainability factors. As such our analysis of sustainability issues is integrated with our broader research for evaluating companies. Where relevant and material, we explicitly model some of these impacts and for factors that are not as explicit such as regulatory change, this can be stressed via a cost of capital sensitivity.

Proprietary Ratings

Our work on sustainability is ultimately focused on the long-term economic success of the underlying business – essentially understanding how these factors may influence the ability of the company to generate sustainable returns (over the long term). We express these views in our Governance and Sustainability risk ratings.

The first component is Governance. Recognising the different governance frameworks across the globe and our clients' international portfolios we take a 'principles' as opposed to a 'rules'-based approach. This provides the opportunity to assess governance in the context of individual company circumstances and identify any particular areas of weakness. Our focus is on board quality, management quality, remuneration, capital allocation and culture.

The second part is Sustainability. An assessment of the extent to which the company has integrated sustainability into its business model and strategy. In referring to sustainability we think about it in economic terms – what might impact the ability of a company to generate long-term sustainable returns? Our focus is therefore on what is potentially material to the business – relevant environmental risks and social risks – and common factors including climate change, human capital, cyber security and tax

The framework for our analysis and risk ratings is set out in a series of consistent areas that we focus on and questions that we ask. This framework allows us to leverage our deep knowledge of the companies and our understanding of the context of the underlying companies. The analytical framework helps to identify risks, opportunities and areas for engagement. The resulting risk ratings from each team are based on consistent informed judgement of the extent to which the companies demonstrate strong practice or face potential risks in the various aspects of governance and sustainability.

Impact Assessment

For those investment products focused on impact we have established a proprietary impact assessment framework which focuses on the intentionality, additionality and materiality of the impacts created by companies through their products and services. We have based our Impact Assessment Framework on the Impact Frontiers' 'Five Dimensions of Impact', which provides a comprehensive, decision-useful tool for assessing the impact, both positive and negative, of companies. The key elements of this framework are set out below.

Based on the Theory of Change, we identify the impact area, the problem the company is solving, the mechanism for contributing to this and the key business KPIs for measurement of the impact; who is impacted; how much - the real-world impact; an assessment of the additionality of the impact; and the risk associated with creating the impact. We use this analysis to inform our impact conviction.

Principal Adverse Impact

For our products offered under Article 8 or 9 of the EU's Sustainable Finance Disclosure Regime (SFDR), Martin Currie is integrating into our investment decisions consideration of the principal adverse impacts on sustainability and governance factors of each investment. Much as sustainability factors can have an impact on the companies that we invest in we also recognise that companies themselves can have an adverse impact on, for example, the environment, their employees or the communities in which they operate. These adverse impacts include, but are not limited to, the generation

of greenhouse gas (GHG) emissions and other forms of pollution or potential violations of the UN Global Compact Principles. Our analysis of companies takes these factors into account and where we identify potential adverse impacts, we will look to engage with the companies concerned as set out in the next section, and in more detail in our Stewardship and Engagement Policy.

Under the specific requirements of the EU SFDR we will also report on the Principal Adverse Impact indicators as identified in the regulation using company sourced data or look for proxies where these are not available.

We are active and engaged owners

As an active manager of long-term concentrated portfolios, we place a significant emphasis on stewardship. Engagement is a key element of this. We are motivated by a firm belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. We build strong relationships with investee companies and engage in a constructive manner. Our engagement is led by our investment analysts and portfolio managers and our focus will always be on issues that are most material and thus could have an impact on long-term value creation, such as strategy, capital structure, governance and wider sustainability matters including adverse impacts as outlined above.

While we typically engage in private, we will join collaborative efforts, particularly in relation to systemic risks and when it is deemed likely to be more effective than acting alone. Our decision to pursue the latter will, among other things, be a function of the particular nature of the issue, the likely efficacy against acting privately and the degree of alignment with the other investors. Our approach to engagement and how we approach stewardship more broadly is set out in our Stewardship and Engagement Policy which is available on our website.

Our analysis and engagement also frame our approach to how we vote the proxies on behalf of our clients. Our approach is set out in our Proxy Voting Policy with all our voting decisions made in-house and undertaken in accordance with our Global Corporate Governance Principles and in line with our clients' best interests.

Ethical Investment

We draw a clear distinction in our Responsible Investment Policy between our overall approach which integrates sustainability throughout the investment process and Values-based or Ethical Investment. Ethical investment uses screens (negative and/or positive) as a starting point which can exclude securities based on religious, ethical, or cultural implications.

We work with separate account clients to tailor their mandates to accommodate their specific ethical needs and in doing so assess both the practicality of such restrictions and their potential impact on the performance potential or risk profile of their portfolio.

To determine those companies excluded based on norms-based screening (e.g., those assessed as fail under the UN Global Compact) or activity-based restrictions (e.g., those with revenue from tobacco production) we typically use third party data provision to determine which securities are excluded. Exceptions can only be made after the analyst conducts a formal review of alleged violations or activities and provides sufficient evidence that the company is not complicit in violations of the principles or that there is a factual error in data that results in excluded activities falling below the minimum threshold (typically 5%). For norms-based controversies the severity of the violation, response, frequency and nature of the involvement are considered in making a judgement on whether the company observes international conventions such as the UNGC. Funds which operate ethical exclusions can only invest in the company if the override of this data is reviewed and approved by the SSI team or, where necessary, escalated to and approved by, the Martin Currie Stewardship & ESG Council. If the SSI team and the respective portfolio managers reach consensus that the company has taken the necessary steps to address the controversy, or has effectively remediated the issue, the company can continue to be owned.

Governance and evolving our approach

Our Stewardship & ESG Council is our dedicated high-level forum specifically related to stewardship and sustainability at Martin Currie, to oversee the corporate approach to sustainability, to ensure that we are fulfilling our stewardship responsibilities and to provide a channel for assurance, feedback, evolution and improvement of our stewardship activities.

The Council is co-chaired by the Chief Investment Officer (CIO) and Head of Stewardship, Sustainability & Impact (SSI) and is the steering body for Martin Currie's stewardship and sustainability principles, long-term goals, and execution. This includes future planning, regulatory accountability and sign-off, ownership of Martin Currie's stewardship and sustainability policies and assurance that appropriate resources and training are in place. The Council also has oversight of third-party vendors in relation to proxy voting and client reporting.

We have an internal ESG Working Group, led by the Head of SSI, that reviews the Responsible Investment Policy to reflect any enhancements to our approach as needed. The ESG Working Group comprises dedicated specialists from each investment team whose role is to:

- Continue to drive excellence in stewardship and sustainability across our investment teams by collaborating and working in partnership.
- Future proof our work in this area by delivering on the agreed sustainability strategy, including product innovation.
- Continue to evolve the approach in each team, establish minimum standards, share best practice, ensure broad consistency and efficiency of approach and messaging, identify training needs, and build expertise.

CONFLICTS OF INTEREST

Martin Currie has a Conflicts of Interest Policy that applies to the company as a whole and governs situations where conflicts could arise due to the business activities of different entities within Martin Currie. The policy applies to all clients, irrespective of their regulatory classification, and must be observed by all employees, without exception.

Proxy voting is a key element of our approach to Responsible Investment and Martin Currie recognises that there is a potential conflict of interest when we vote for a proxy solicited by a company with which we, or our portfolio managers, have a material business or personal relationship. As such we set out our approach to managing conflicts of interest in relation to proxy voting in particular, in our Proxy Voting Policy which can be found on our website.

MEMBERSHIPS AND AFFILIATIONS

We carefully choose the memberships and affiliations that we take up with regards to Responsible Investment. We look to ensure that the affiliations that we support or the organisations that we join do not advocate positions that are materially conflicted with our approach to Responsible Investment. We will also look to play an active role in these groups.

- Principles for Responsible Investing (PRI)
- International Corporate Governance Network (ICGN)
- The Investment Association (IA)
- Carbon Disclosure Project (CDP)
- Supporter of the Taskforce for Climate-related Financial Disclosures (TCFD)
- Signatory to the Net Zero Asset Managers (NZAM) initiative
- Member of the Institutional Investors Group on Climate Change (IIGCC)
- Signatory to Climate Action 100+
- Signatory UK Stewardship Code
- Signatory Japanese Stewardship Code
- Signatory Korean Stewardship Code

PRINCIPLES FOR RESPONSIBLE INVESTMENT

Martin Currie has been a signatory to the PRI since 2009. As signatories to the PRI, we:

- Formally incorporate ESG factors into our analysis.
- Record this to provide evidence of our activity.
- Interact with companies directly to address either limited disclosure or departure from best practice on sustainability issues, and
- Make full disclosure of our activities to the PRI and to our clients.

We submit a report annually to the PRI to describe our approach and activities with regard to responsible investment. Below we summarise how we have met each of the PRI's six Principles. We promote the Principles to our clients and have undertaken to share our PRI returns with clients and consultants.

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Our investment team has long recognised the importance of a wide range of sustainability factors when researching companies. Corporate governance is an essential part of how any company operates and we believe this is an important starting point when analysing companies. Issues such as climate change, resource depletion, employee diversity and shareholder rights create both risks and opportunities for investors. We believe it is in the interests of our clients for the companies we invest in to manage these aspects of governance and sustainability appropriately. We integrate sustainability analysis into our investment process and assess the materiality of these matters in the investment case, focusing on the impact on revenues, costs and risks.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Engagement and active ownership are key elements of our overall approach to stewardship. We engage regularly with investee companies focusing on issues that are pertinent to their long-term success. In particular, we focus on their approach to governance, strategy, capital allocation and other sustainability factors that may influence their ability to generate sustainable returns over the long term.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We expect investee companies to make appropriate disclosures on relevant and material issues that will help inform investors. Where we identify shortcomings in disclosures, we work with investee companies to encourage improvements and where possible point them to examples of strong practice by peers.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

We play an active role in promoting the understanding and benefits of responsible investment. We articulate this in our own materials and regularly participate in external opportunities to promote the Principles.

Principle 5: **We will work together to enhance our effectiveness in implementing the Principles.**
We are an active participant in a number of PRI co-ordinated collaborative engagements. As well as leading engagements on targeted companies in certain cases, we will also set the terms and targets for the engagements. Our decision to pursue a collaborative effort will, among other things, be a function of the particular nature of the issue; the relevance to our clients; the likely efficacy against acting privately; and the motivations of the other investors. Our focus here will always be on issues that are material and thus could have an impact on long-term shareholder value for our clients. Our work with the PRI has included collaborative engagements on Fracking Disclosure, Employee Relations with a focus on the retail industry, Water Risks in the Agricultural Supply Chain, Cyber Security and Climate Change.

Principle 6: **We will each report on our activities and progress towards implementing the Principles.**
We submit a report as often as required to the PRI to describe our approach and activities regarding responsible investment.

CONTACT

David Sheasby
Head of Stewardship, Sustainability & Impact
T: 44 (0) 131 479 4819
E: dsheasby@martincurrie.com