

ESG Principles Statement

February 2021



Introduction

This ESG Investment Principles Statement sets out the ESG investment principles which we use to inform and guide all investments made as an asset manager. These principles are consistent with M&G plc's ESG principles and reflect the firm's purpose and corporate values of Care and Integrity.

These principles support, and do not supersede, our fiduciary responsibility to our clients: to invest according to a given investment mandate, or as defined in fund documentation. In general, for funds other than ESG-labelled funds, the overall objective will be to deliver a specific financial outcome or to optimise investment return in line with any level of risk defined in the fund documentation or client investment mandate.

Our ESG investment principles

- A. For all investments, we take into consideration environmental, social and governance (ESG) factors that have the potential to have a material financial impact. In addition, for ESG-labelled funds / mandates we take into consideration ESG strategies as necessary to deliver the specific objectives as defined in the fund documentation / investment mandate.
- B. For all investments, we believe consideration of the implications for society and the environment to be part of investment stewardship and in line with our fiduciary duty to our customers.
- C. We take a long-term approach, keeping in mind customer time horizons, the urgency of individual ESG issues and delivery of the firm's ESG priorities and commitments.
- D. We identify ESG themes and risk factors and integrate them into our general investment and risk management processes.
- E. We are active investors and believe in active management, preferring stock selection, engagement and voting (where relevant) over exclusion. Our aim is to invest in the solution not the problem. Therefore, as a responsible investor, we seek to support companies transitioning towards the creation of a more sustainable economy.
- F. As an investor we are politically neutral, we do not engage in political contributions, nor do we have a direct affiliation with any political party in any country. We are committed to working with our stakeholders, including our investee companies, to help end slavery, human trafficking, child labour or any other abuse of human rights. Therefore, we take into consideration politics where they impact human rights, the rule of law, fairness and equality, and where local and/or geo-political risk impacts the risk / return profile of the investment.
- G. Where an investment, either by the nature of its business or by the nature of the investee company's activities or behaviours, breaches our core values, we will assess the investment under our exclusion process. Where we believe engagement and voting have been or will be ineffective in influencing positive change, we may exclude the company from our portfolios.
- H. We review our ESG approach regularly in order to align with scientific and technological improvements, changes in the global economy, and the evolution of good practice, sustainability and ethics.
- I. We aspire to produce research of the highest quality for our investment teams, generating market leading proprietary research and data, integrating ESG into the investment process across all asset classes.
- J. We recognise the complexity in identifying and addressing the drivers of ESG issues, given the interdependence of ESG factors, some of which are inherently subjective and where available data may not be of high quality. In such cases we adopt a pragmatic approach, balancing the implications for the economy, society and the environment where available information is not objective or reliable.
- K. As providers of capital to investee companies, we are not responsible for the day-to-day management of the company. However, we are cognisant of the need to encourage good corporate governance and sustainable business practices and, if necessary, vote for changes to board composition where this is not the case.