

Environmental, Social and Governance Policy

Introduction

This policy describes the SGH Group¹ (SGH) approach to ensure Environmental, Social and Governance (ESG) risks and opportunities are appropriately considered as part of our investment practices.

Commitment and approach

As an investment manager, SGH recognises the role we can play in supporting and influencing the impact of ESG issues in our investment process. As asset owners, collectively we are in a unique position to have a positive impact via active engagement with companies and investment decision making. We believe that over time, good ESG practice delivers both direct and indirect impacts on shareholder value and provides a broader public community benefit.

As a business, SGH takes ESG issues seriously. We have had a Board endorsed ESG policy in place since 2010. Our commitment to incorporate ESG principles into our investment processes was further demonstrated when SGH became a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2021. The Principles consist of the following 6 objectives:

- ⇒ We will incorporate ESG issues into investment analysis and decision-making processes
- ⇒ We will be active owners and incorporate ESG issues into our ownership policies and practices
- ⇒ We will seek appropriate disclosure on ESG issues by the entities in which we invest
- ⇒ We will promote acceptance and implementation of the Principles within the investment industry
- ⇒ We will work together to enhance our effectiveness in implementing the Principles
- ⇒ We will report on our activities and progress towards implementing the Principles.

Investment Process

SGH is committed to embed ESG considerations into our investment decision practices where the timeframe incorporated in the investment philosophy of the relevant fund is consistent with the medium to longer term nature of ESG factors. In making this commitment, SGH recognises and undertakes to:

- ⇒ Integrate ESG factors into mainstream investment decision making processes
- ⇒ Identify ESG issues and risks as part of the stock selection process for consideration when buying and holding stock (i.e., ESG risks will be factored into the price of the stock)
- ⇒ Consider ESG issues as investment opportunities

The materiality of ESG issues will vary from one company to another depending on the activities of the company, and different issues will be relevant to different operations.

Environmental

We acknowledge that companies which understand and actively apply sustainable business practices are more likely to achieve a competitive advantage.

Currently, we consider environmental factors on a case-by-case basis including:

- ⇒ Climate change
- ⇒ Environmental degradation
- ⇒ Water management
- ⇒ Waste disposal and pollution

Our effort in analysis will shift where issues are identified.

¹ SG Hiscock & Company Limited and its subsidiary, DMP Asset Management Ltd (DMPAM or DMP), are collectively the SGH Group (SGH).

Social

Effective management of the risks associated with social and ethical matters can lead to long-term financial benefits for the companies concerned. Social issues are similarly assessed on a case-by-case basis including:

- ⇒ Community impact
- ⇒ Occupational Health & Safety
- ⇒ Diversity and inclusion
- ⇒ Corporate culture and conduct

Governance

We believe that the effective governance and management of business risks has a direct impact on a company's intrinsic value over the long term and helps to reduce investment risk. At SGH we conduct our business ethically, maintaining good corporate governance, compliance, and risk management. We promote management practices that are honest and transparent.

Active Ownership

As active owners, we acknowledge that we can influence the impact of ESG issues as we support and promote long-term success. At SGH, we focus our active ownership activity in our engagement with companies and via exercising voting rights.

Engagement

At SGH, we participate in active share ownership, demonstrated by the way we engage with companies we invest in or may consider investing in. Through engagement with companies, we are seeking to improve company sustainability.

Voting

We consider proxy voting rights to be an important power, which if exercised diligently can enhance client returns over the long term.

Reporting on ESG implementation

As part of our commitment to implement the UN-supported Principles for Responsible Investment, signatories are required to report on an annual basis the progress made during the year in meeting the objectives. SGH will submit its first voluntary report in March 2023. In the meantime, investors can read about our ESG activity on our web page and in our newsletters.

Application of this policy

This policy applies to all SGH Group products (including private client Managed Discretionary Accounts).

Policy review

This policy was first issued in 2010 and has been updated over time to reflect ESG best practice. The policy is reviewed annually by the SGH ESG Committee and approved by the SGH Group Board.