Responsible Investment Policy

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1. Introduction

W1M are thoughtful, long-term investors and responsible stewardship of client capital is at the core of our business. We aim to create long term value for our clients/investors while also contributing to better corporate behaviours and positive change. This requires careful consideration of sustainability in all its forms.

W1M (through the Waverton Investment Management business)* has been a signatory to the Principles for Responsible Investment since May 2019 and the UK Stewardship Code since 2022. We value our inclusion in both frameworks, providing acknowledgement that our approach to responsible investment and our wider corporate stewardship standards, meet best practice standards and compliance with UK regulatory requirements.

W1M has adopted the Responsible Investment Policy first published by Waverton Investment Management in 2019. While this approach has been refined over time, the core principles we outlined then remain firmly in place today. In fact, our conviction in the merits of a forward-looking, pragmatic and genuinely integrated approach to responsible investment has only strengthened. These are the core principles that will continue to guide us as we move forward as W1M.

We have always emphasised that the assessment of environmental, social and governance (ESG) factors should be considered an integral part of good fundamental research rather than something new to incorporate. As such, it is reflected across all client portfolios and funds. Similarly, we have been clear in our preference for constructive engagement with management and exercising our voting rights, over the use of blanket exclusions, as a more effective way to encourage better corporate practices and positive real-world impact.

This policy details how we incorporate all elements of responsible stewardship into our investment process. More detailed explanations are provided in our annual Engagement & Voting and Stewardship Reports, which also highlight examples of how ESG factors are integrated into our investment decisions and of our engagement and voting activities.

*We will seek signatory status for the combined W1M business in 2026 in alignment with the reporting and assessment cycles for both frameworks.

2. Scope

The Responsible Investment Policy applies to W1M and its subsidiaries.

3. Our approach

3.1 W1M investment approach

We continue to believe in the benefits to clients of our long-standing investment approach - Global | Active | Direct and High Conviction. We have a differentiated and repeatable investment process and a proven track record of navigating market cycles and rotations, generating value primarily through our bottom-up security selection but with asset allocation decisions also contributing positively over time.

The delivery of long-term sustainable value

We believe this approach also lends itself to producing positive and credible outcomes for clients from a wider sustainability perspective. As active and predominantly direct investors, we have the added advantage of full control over what we own (and what we choose not to own) on behalf of clients. Our Investment team is directly responsible for all due diligence on and selection of investee companies, for all discussions with company management and all voting decisions. This genuine integration of every aspect of investment and stewardship enables us to assess a company's sustainability from all angles and, in conjunction with our direct and high conviction approach, also provides clients with greater transparency around what they own and, importantly, more detailed insights as to why.

We also retain our conviction in the merits of a pragmatic, forward-looking approach to responsible investment, where the assessment of material ESG factors is naturally integrated into our fundamental analysis. We have been consistent in our approach, having always chosen to acknowledge a period of transition, to incorporate companies across the entire supply chain, and to focus on direct engagement with company management over blanket exclusions, as a better and more credible way to bring about positive change.

3.2 ESG integration

We firmly believe the assessment of ESG factors is an integral part of good fundamental investment research, rather than something new or separate to accommodate. Governance is central to delivering a sustainable business in all its forms (durability, returns for shareholders, improving ESG standards), and so the review of a company's governance standards and practices has always been a core part of our analysis. Similarly, when considering other relevant factors that could impact (either positively or negatively) a company's ability to generate free cash flow (FCF) and sustain high/improve returns on capital over the long term, it is difficult to ignore material environmental and social factors that could have significant reputational, operational and financial consequences for its business.

ESG factors are, therefore, intrinsically linked to the long-term returns of an asset and we employ a bespoke framework that helps identify and prioritise those that are financially material to the companies in which we place our clients' capital. While much of this is intuitive from a fundamental research perspective, the framework ensures the ESG issues most relevant to specific industry groups are identified and investigated in a more consistent manner across the Investment team, without removing the flexibility to also consider any company specific risks/opportunities. Not only is this focus on materiality more relevant to an assessment of a company's long-term financial sustainability, but we believe it is also a more effective way to assess real-world environmental and social impact.

Materiality framework

Our framework is adapted from the Sustainability Accounting Standards Board's (SASB) ESG materiality framework and based around its five sustainability pillars: Environment; Social Capital; Human Capital; Business Model & Innovation; and Leadership & Governance. It has been integrated into the investment process of our direct Equities, Fixed Income and Multi-asset Strategies teams and will continue to evolve over time. A different approach is required for some of the more complex Alternatives sub-asset classes.

Specialist ESG data

The Investment team has access to specific sustainability resources through our membership of CDP, and ESG and climate risk data from MSCI (multi-asset), Moody's (credit) and Morningstar (third party funds). While these resources can provide useful reference points, we do not use ESG ratings/scores as a decision driver in either our security selection or portfolio construction.

This reflects our view that the use of negative screens or a reliance on ESG scores tend to lead to decisions based on backward-looking information, and fail to acknowledge that under good management and with technology evolving at an ever more rapid pace, companies can change for the better.

Transition not exclusion

At the corporate level, therefore, we have chosen not to implement blanket exclusions and prefer to engage actively with companies in all industries and focus on their direction of travel. Where we identify concerns, we use engagement and voting to help influence or encourage the behaviours we believe are needed to deliver progress in ESG standards over time

This approach provides us with the flexibility to invest not only in those companies with strong ESG credentials today, but also well-managed businesses that we believe will successfully adapt to or mitigate ESG risks over time. We also consider all elements of the value chain, incorporating companies that form an essential part of the transition solution (the 'enablers') in our investment universe. The latter two categories are often where most value is to be found and, importantly, where the contribution to positive sustainability outcomes is frequently overlooked.

Our approach to screening

While W1M has opted for an integrated rather than exclusionary approach to responsible investment, some clients wish to implement negative screening policies to reflect their personal beliefs and values as a complement to our core process. We have a long history of managing these policies within segregated mandates, and an appreciation of the degree of trust that clients place in us to achieve their objectives.

ESG integration across asset classes

Our investment universe incorporates a wide range of asset classes including equities, bonds, alternatives and third-party funds.

Equities

We seek to identify companies where the market underappreciates the quality of the business. This can either be the long-term sustainability of high returns on capital (i.e. driven by enduring competitive advantages) or a structural improvement in returns on capital from lower levels, enhancing the business quality. Both have strong track records of outperforming the broader market over time. Typically, we look for opportunities with a 3-5+ year investment horizon.

Stock selection

We evaluate each company through the lens of our four key criteria and seek to identify:

— **Durability:** A sustainable competitive advantage providing pricing power and, in turn, the ability to sustain high or improve returns on capital over the long term

— **Opportunity:** An opportunity to grow future free cash flow (FCF), either sustaining more predictable FCF growth or a positive inflection in FCF growth as margins and returns on capital improve

— **Alignment:** Efficient capital allocation and aligned management incentives

— **Valuation:** A fundamentally attractive valuation given the opportunities and risks

Focus on FCF

The market typically focuses on non-GAAP earnings per share, which are susceptible to manipulation and generous adjustments by management. Our focus on FCF (cash flow from operations less capital expenditure) helps to look through these accounting judgments, with the added benefit of normalising valuations across geographies that may have different accounting standards. Analysing a company's ability to grow free cash flow provides a clearer measure of a company's long-term financial sustainability and is a core part of our "Opportunity" attribute analysis.

Integration of ESG factors

The identification of our four key criteria ensures a thorough review of both quantitative and qualitative factors, including those related to ESG. We assess ESG factors in the same way as any other material factor that could impact a company's financial sustainability and long-term investment performance (positively or negatively), either by enhancing or undermining its competitive position (Durability) and/or ability to grow FCF over the long term (Opportunity). Understanding corporate governance standards and management incentives is also a core part of our "Alignment" attribute analysis.

Identifying responsible allocators of capital and capturing the improvers

We have always adopted a pragmatic approach to Sustainability, recognising that informed investment decisions require an in-depth understanding of a company's business model, an acknowledgement of a period of transition and an assessment of its direction of travel. We aim to identify businesses allocating capital in efficient and responsible manner, ensuring resilience in their underlying business model and long-term financial sustainability.

These companies tend to exhibit strong (or improving) governance standards and forward-looking management already meeting or adapting to the increasingly discerning ESG requirements of customers, regulators, shareholders and other stakeholders. These companies are more likely to maintain a competitive advantage over time, supporting their growth.

Companies with a focus on efficient capital allocation and FCF growth do not stand still. In reality, technology continually evolves, and well-managed businesses will already be working to mitigate their exposure to ESG risks or to take advantage of ESG opportunities, and on a path to an improved ESG profile over the medium to long term. These companies are also likely to strive to be as efficient as possible in regard to both their cost and capital structure.

We firmly believe, therefore, that an integrated and active management approach that also captures the ESG "improvers" and "enablers", is an effective and repeatable way to deliver both genuinely responsible outcomes and strong risk-adjusted returns for clients over the long term.

Fixed income

Our fixed income strategy is a combination of top-down and bottom-up analysis of markets which help us assess the appropriate decisions to make on the three key drivers of bond returns – duration, credit and currency. The top-down view helps the Fixed Income team to focus its bottom-up approach on the most suitable points of the yield curve, the best industries, regions and, where applicable, the most attractive currencies. The team employs a mixture of qualitative and quantitative methods to identify and engage with issuers that meet our fundamental ESG selection criteria, aligned with W1M's materiality framework.

Multi-asset strategies

Our multi-asset strategies benefit from the fundamental analysis undertaken by the Equity and Fixed Income teams when constructing multi-asset funds and portfolios.

In Alternatives, we use W1M's materiality framework to assess the investment and have embedded it in the research templates for our Real Assets investments. This includes assets which clearly map to a Global Industry Classification Standards (GICS®) sub-industry sector such as infrastructure, utilities, shipping, property etc. Where our managers operate in more complex investment areas, such as the derivatives space, and/or do not interact with management of public/private companies i.e. trend following futures, we expect the manager to maintain high levels of governance and responsible investment practices at firm level. We encourage our specialist managers to adopt ESG policies which are applicable to complex asset classes, while recognising the challenges to achieving this.

Third-party funds

Third-party funds is a small part of our total AUM but, where appropriate, we assess the ethical and responsible investment approach of third-party funds using the Spectrum of Capital, which is a widely adopted responsible investment framework. It provides a tool for fund selection and determines what we can expect of a fund's stewardship activities, outcomes, and guidance for ongoing monitoring. This allows us to assess the overarching fund approach towards ESG and responsible investment before undertaking further analysis.

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3.3 Engagement Policy

We are committed to contributing to an improvement in corporate practices, public disclosures and outcomes across the ESG spectrum over time. Our approach to engagement and voting focuses on aspects where we believe we can be most effective in influencing or encouraging better behaviours, while enhancing or protecting shareholder value. This could be in relation to a company's management of specific ESG issues or improvements in public disclosures.

An advantage of our direct and high conviction investment approach is that it enables us to have more detailed understanding of individual holdings, to engage with management more regularly and to monitor them more effectively on an ongoing basis.

Direct engagement

Direct dialogue with companies forms an important part of our investment process. As long-term investors, we seek to build constructive relationships that facilitate a deeper understanding of a company's business model and strategic direction, more effective monitoring of operational performance, and a fuller assessment of management quality, corporate culture and governance standards – insights that cannot be gained from screening or corporate reports alone. These meetings also provide a forum for us to advocate for strong governance standards and the responsible allocation of capital.

Escalating our concerns

Where we identify concerns with an investee holding, members of the Investment team look to discuss these with their contacts at the company and with senior management if the escalation evolves. This includes meetings, writing letters and even working collaboratively with other investors to ensure our voice is heard. We do not implement a specific comply-or-sell policy for management issues but consider each on a case-by-case basis. Divestment is our ultimate recourse should we feel there is a thesis break with the potential to significantly undermine the creation of shareholder value over the long term, and/or the response to our engagement efforts have not mitigated our concerns.

Collaborative engagement

To date, we have focused on collaborative engagement initiatives with other investor groups to drive an improvement in the availability, reliability and consistency of corporate disclosures on environmental impact, the prerequisite to a more accurate assessment of companies' current performance and their progress against targets. W1M is a member of two leading climate initiatives focused on improving corporate disclosures– Climate Action 100+ and CDP.

We have seen significant improvement in the quality of corporate climate disclosures since 2021 and, going forward, will continue to review a wider range of collaborative initiatives to ensure we not only make the most effective use of our time, but also focus on areas where we can actively contribute to improved practices and standards.

3.4 Voting Policy

We have a responsibility as equity investors to vote on important issues at the companies in which we invest. We firmly believe that a company's governance standards are usually indicative of its management of other issues, including those that are environmental and social in nature. Much of our voting activity, therefore, focuses on promoting transparency, better disclosure of relevant risk factors, robust governance structures, responsible and efficient capital allocation, appropriate executive remuneration policies and management engagement with shareholders.

As active managers, we use voting where we feel there is an opportunity to drive higher corporate standards and enhance or protect shareholder value. An integral part of this is to influence corporate behaviours in a way that will contribute to positive environmental, social and governance outcomes.

W1M's voting process is based on proxy voting reports and recommendations provided by Glass Lewis, a leading independent voting advisory service provider. With our operations outsourced to SEI, their strategic partner, Broadridge Financial Services, now facilitates the voting.

The responsibility for voting decisions sits with the Investment team as part of our genuinely integrated approach to ESG. While most of our proxy voting aligns with Glass Lewis recommendations, we review each proposal, paying particular attention to recommendations that are against management or relate to contentious issues on which we may have strong views. This may not always support the Board of the investee company or follow the recommendation of Glass Lewis.

Voting universe

Our voting policy applies to all stocks owned in our range of equity and multi-asset funds, which amounts to over 200 stocks and covers the majority of total equity AUM. We vote on all holdings of these 200+ stocks across the firm. The remaining stocks consist of non-discretionary holdings; those held in external custody accounts and a long tail of mainly single holdings.

4. Conflicts of interest

We maintain a Conflicts of Interest Policy on our website, which identifies applicable conflicts and sets out the controls and processes in place to mitigate risk.

5. Governance

W1M's Board Sustainability Committee provides strategic oversight of our responsible investment commitments and wider stewardship activities. In addition, there are several oversight committees that cover the full investment process and a Responsible Investment Working Group to enhance coordination and implementation of our integrated ESG approach across the Investment team. Working group members are all part of the Investment team and have a depth of sustainability experience which is utilised by wider team members and client-facing colleagues. All asset classes are represented.

6. Reporting

As signatories of the Principles for Responsible Investment, we are required to report on their six principles, and this forms part of an annual assessment of our progress and the effectiveness of our approach. We also report in line with the UK Stewardship Code 2026, which covers the integration of ESG factors in our investment decisions, our engagement and voting activities, as well as wider corporate stewardship standards.

In addition, we report in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This sets out our approach to managing climate-related risks and opportunities at a corporate level as well as in relation to our direct equity and corporate bond holdings.

Additional information can be found in the following documents on our website. All relate to the 2025 reporting period for W1M:

- Engagement & Voting Report
- Stewardship Report
- TCFD Report

7. Review

This policy has been adopted by W1M. The policy will be reviewed at least annually.

Date: May 2026
Current Version: 4.0

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Important information

The value of investments and any income from them can fall as well as rise and neither is guaranteed. Investors may not get back the capital they invested. Past performance is not indicative of future performance.

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