Polar Capital LLP

UK Stewardship Code Report 2023

UK Stewardship Code Report

We are pleased to present our Stewardship Report for the year to March 2023, showcasing our commitment to responsible investment and stewardship. Against the backdrop of a challenging macroeconomic and geopolitical environment, and a continual evolution for responsible investment, this has proven to be an important year for our business and the asset management industry at large.

Our continued commitment to improving stewardship practices is evident in the steps taken to enhance our approach to data, analysis and monitoring the impact of our own as well as our portfolio holdings on the environment and society. We have refined our analysis and methodologies to develop the capabilities of our central Sustainability Team and add further value for our investment teams. Bolstered by additional resources, the central Sustainability Team has made significant progress in advancing key initiatives. The principles of double materiality and Principal Adverse Impact indicators (PAIs) have become integral components of responsible investment and ESG oversight processes. Our aim is to develop a consistent analysis of critical factors such as climate strategy, board-level gender diversity and an alignment with global norms such as the UN Global Compact to enable us to prioritise engagements and stewardship practices.

The ever-changing landscape of ESG and responsible investment considerations brings both challenges and opportunities. Geopolitical shifts, such as Russia's invasion of Ukraine and its impact on energy supplies, have reshaped the climate change agenda. We have continued to develop our climate strategy, to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Once again, in our 2023 Annual Report and Accounts we produced a high-level disclosure on the TCFD recommendations regarding our practices related to governance, strategy and risk management for climate-related risks and opportunities. We plan to provide our first full TCFD report in the first half of 2024.

While European regulation has dominated our and our clients' focus over the past several years, emerging UK and US ESG-related regulation will also affect our business. In the UK, the Sustainability Disclosure Requirements (SDR) include proposals for sustainable investment labels and anti-greenwashing rules along with disclosure requirements and restrictions. The SDR is still in development following significant feedback received during the consultation period. Similarly, the US Securities and Exchange Commission (SEC) has proposed new rules regarding ESG classifications, disclosures and reporting for investment products, which will affect our US-domiciled products. Again, the rules are in development and we await further guidance from the regulators.

We remain committed to ensuring that our funds adhere to systematic, rigorous and evidencable approaches to responsible investment. While we do not consider SFDR categorisations to be ESG or responsible investment labels, we do value the rigour and credibility of the process for formalising responsible investment processes and are pleased that more of our funds have gone through our internal process for recategorisation, with enhanced disclosures and transparency of these a key element.

The Sustainability Committee and the Responsible Investment Working Group have been instrumental forums for addressing regulatory updates, developing new policies and refining internal processes. As we face a proliferation of regulation, we remain committed to sharing responsible investment information effectively while seeking guidance on systemic issues such as net zero strategies and human rights approaches.

Our commitment to responsible investment remains resolute, and over the coming period we will seek to further consolidate our practices and principles for responsible investment and stewardship, building on the positive progress made this year. We look forward to another year of progress, collaboration and contribution to advancement within our business and the asset management industry as well as the wider society.

As the governing body of the regulated entity, Polar Capital LLP, the Executive Committee has approved this report.

Gavin Rochussen

Chief Executive Officer

October 2023

Contents

The 12 Principles of the UK Stewardship Code

Principle 1:

Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Polar Capital is a specialist, investment-led, active fund manager with a collegiate and meritocratic culture where the capacity of investment strategies is managed to enhance and protect performance. Our strategy remains to deliver a range of fundamentally driven investment products that deliver differentiated, long-term, competitive investment returns to professional and institutional investors.

The Group supports 13 investment teams managing 24 funds, three investment trusts and a number of segregated accounts across a range of long-only and alternative products, with combined Assets under Management (AuM) at 31 March 2023 of £19.2bn.

One of our core principles is to establish a strategy and business model which promotes long-term value for our shareholders and clients of our funds. In addition to our aim of providing clients with superior investment products, we place great emphasis on providing high levels of customer service (Principle 6), operational integrity and independent risk control (Principle 2), sustainability (Principles 2, 4 and 7) and compliance supervision (Principles 2 and 3). Further information on each of these central pillars that support our fund management and stewardship practices are provided in the Principles noted above.

Each portfolio manager has autonomy over their fund's investment philosophy and process. There is no house view – the specialisation and domain expertise of the portfolio managers is a core strength of Polar Capital.

One of Polar Capital's key drivers is the belief that if funds perform well, they will attract investors. Therefore, while our investment teams are autonomous, they share the attributes of managing specialist, active and capacity-constrained portfolios.

The investment beliefs of our investment teams, while independent of each other, are clearly defined and robust. The Operations, Risk, Compliance and Sustainability teams all play roles in ensuring our investment teams remain focused on their primary objective of investing on behalf of our clients in a manner consistent with their fund's stated investment objective and limits.

In the same way that each investment team has its own distinct investment philosophy and process, we believe incorporating ESG and stewardship approaches into the investment process is something that should be driven by the investment teams, ensuring ESG analysis, engagement and voting decisions are closely linked with the investment decision-making process, while being supported by robust central resources.

Key investment beliefs and how they guide stewardship

Polar Capital does not impose a house view on its portfolio managers. Individual investment teams' strategies, beliefs and objectives vary substantially across the Group's fund range. Further details of the specifics for each fund are available on our website.

There are, however, several key beliefs that are consistent across our investment teams:

Autonomy: It is Polar Capital's belief that allowing portfolio managers the freedom to not only choose their own investments and strategy, but also lead the development of ESG and stewardship brings greater engagement and appetite for building their own idiosyncratic processes that are most appropriate to their specific allocations in terms of asset class, geographic distribution and company size. This also serves to ensure that ESG and stewardship processes are embedded as part of their fundamental analysis to suit their investment style.

Stock-picking through fundamental analysis: Investment teams are able to gain a deep knowledge of the companies held in their portfolios which is broader than just, for example, a company's financials. This allows for a better understanding of how specific investments align with a fund's ESG and stewardship goals. This permits a variety of approaches and levels of engagement with companies, depending on the level of sophistication concerning ESG topics present in the market or sector, as well as strategic considerations of the investment management team. These range from full exclusions applied to industries, to engagement with companies to educate and encourage transparency and best practice, through to engagements encouraging climate transition and net-zero commitments. The investment teams' individual philosophies and reasonings are explored throughout case studies in this report (Principles 7 and 9-12).

Specialisation and domain expertise: Polar Capital firmly believes the benefit provided by portfolio managers' specialisation and deep knowledge of their investment universes allows for a more effective identification of business risks and therefore potential areas for engagement. They run predominantly long-only equity funds that cover single country, regional and global mandates as well as specialist thematic funds in the technology, healthcare and financial sectors. This core strength of Polar Capital's thematic and regional expertise is fundamental to their responsible investment and stewardship approaches. Each team uses this expertise to incorporate material ESG factors into their investment process as well as prioritise engagements and voting activity based on issues important to the investment team.

Their industry expertise and appreciation of regional diversity in norms and corporate structures contribute to their teams' abilities to bring about successful engagement with companies.

A focus on investment performance over gathering assets: We believe there is an alignment of interest between our portfolio managers, with their focus on delivering superior returns and the interests of professional and institutional clients seeking differentiated investment products. This is reflected through the remuneration of portfolio managers; of which more detail is provided in Principle 2. In addition, constrained capacities on funds and strategies prioritises client outcomes and ensures investments can be made across market-cap and liquidity bands without compromising performance.

Oversight: Polar Capital's institutional infrastructure ensures rigorous oversight and support for investment teams across compliance, risk monitoring, sustainability, IT, product management, marketing and communications, finance and trading to ensure investment teams focus on their core investment objectives.

Working environment: We have a focus on providing and maintaining an entrepreneurial, vibrant, collegiate and transparent environment for our portfolio managers and other employees as we believe this will become an increasingly important factor in the attraction and retention of talented people.

More information on our investment teams' stewardship practices is provided throughout Principles 7, 9, 10, 11 and 12.

Operations

The Group maintains a robust and scalable operational infrastructure and system of risk control which, in collaboration with third-party service providers, support all business areas.

Our operational infrastructure provides support to investment teams in the areas of compliance, risk monitoring, sustainability, IT, product management, marketing and communications, finance and trading. Third-party service providers are used to provide portfolio accounting, custody, ESG data and back-office services to ensure resources are concentrated on our core competency of fund management.

Further information on the resources and governance structure that support our teams' stewardship practices is provided under Principle 2, details on how Polar Capital manages conflicts of interest are provided in Principle 3.

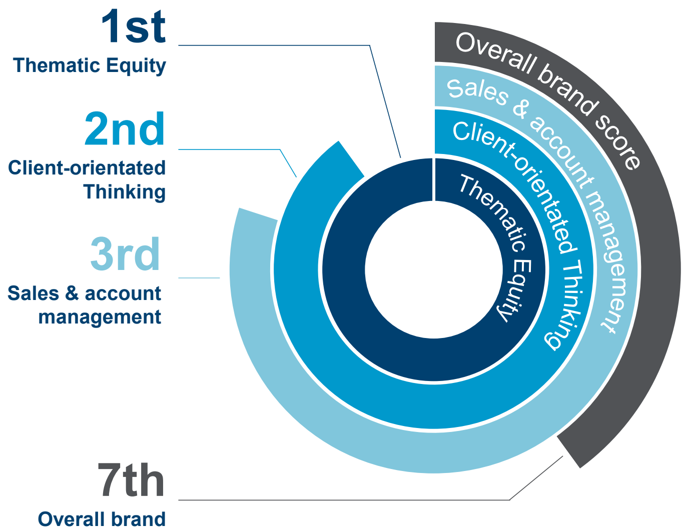
Distribution

The Group's Distribution and Client Services teams distribute its products to professional and institutional investors, with regular and ad hoc communication through insightful content via our strong digital platforms as well as through third-party distribution.

The product range available differs according to geography, with UCITS and SICAV products distributed through the UK and internationally with 40 Act Funds available in the US only. Investment trusts are promoted to professional and retail investors in the UK only.

As shown by the results of the annual Broadridge UK Fund Brand 50 Survey, Polar Capital continues to develop as a client-focused organisation, against much larger peers in the UK we were ranked:

- 7th highest overall brand;
- 1st for thematic equity;
- 2nd for client-oriented thinking; and
- 3rd in sales and account management.



Source: Polar Capital & Broadridge, April 2023

A key measure of our success in servicing the best interests of our clients and beneficiaries is the performance of funds. As at 31 March 2023, 79% of our UCITS funds' AuM was in the top two quartiles against the Lipper peer group over one year, 65% in the top two quartiles over three years with 87% and 93% in the top two quartiles over five years and since inception respectively. It is notable that no less than 88% of our UCITS AuM is in the first quartile against the Lipper peer group since inception. Of our 22 funds listed within the Dublin UCITS umbrella, 73% were in the top two quartiles over one year, and 85%, 80% and 96% in the top two quartiles over three years, five years and since inception respectively.

We provide further information on how we consider the needs of our clients and beneficiaries, a breakdown of our client base by client type and region, and how we have communicated our investment and stewardship practices with them in Principle 6.

Strategy

Corporate sustainability, how we treat our employees and how we treat the environment and society alongside responsible investment and stewardship are the fundamental elements of Polar Capital's approach to sustainability. The Board of Polar Capital Holdings plc and company management have prioritised the development and implementation of sustainability practices and invested in resources that facilitate responsible investment and good stewardship practices across our investment teams. Reflecting this importance, ESG and climate change have been agenda items in Board meetings since the start of 2021.

The Group Risk Committee (GRC) considers all Group risks including enterprise, operational and portfolio risk. Part of this includes a review of nine key macro risks to the business, each of which comprises a number of underlying micro risks that form the risk register and risk monitoring programme. In 2021, one of the top macro risks identified was 'strategy, business model and sustainability'. This was expanded from the previous 'strategy and business model' risk and, as a result, included additional micro risks. It was agreed that the Executive Committee's view of the level of this risk should be elevated given the increased regulation, complexity and regulatory focus on sustainability, including ESG and climate-related risks and opportunities.

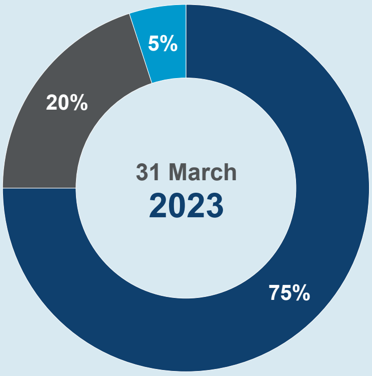
There are various categories of climate-related risk that may impact investment performance due to their effect on underlying investments, in the same way they may affect the Group's business operationally. These risks include reputation, policy, legal and regulatory, technology and market.

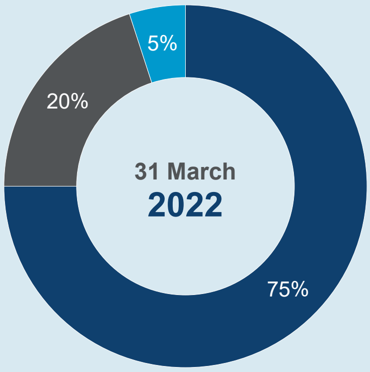
While these sustainability and climate risks have been incorporated into the Strategy, Business Model and Sustainability risk factors, they are also inputs into other top macro risks for the business. In particular, regulatory risk and reputational risk to the business are elevated, and are expected to remain elevated, in part due to the regulatory and reputational sustainability risks to the business.

From June 2023, the FCA implemented the first phase of mandatory Task Force on Climate-related Financial Disclosures (TCFD) reporting for asset managers. Polar Capital, with AuM between £5-50bn, falls within the second phase of reporting of the FCA's TCFD requirements from January 2023, requiring our first full report by June 2024. In our Annual Report we again provided a high-level disclosure focusing on the governance, strategy and risk management of climate-related risks and opportunities.

Sustainability, and an investment team's ability to manage sustainability-relate risk and capture opportunities through thematic trends or factors still play a role in senior management and the Board's strategy for product development and their approach to attracting portfolio management teams.

AuM split by type



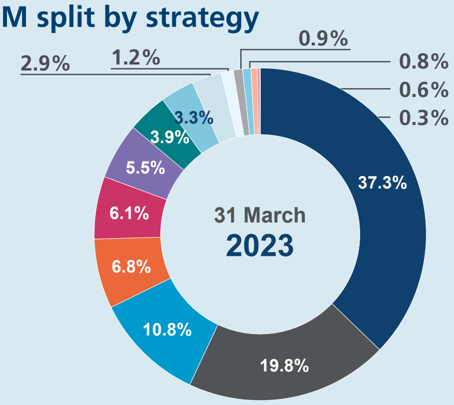


	£bn	%
Open ended funds	14.3	75%
Investment Trusts	3.9	20%
Segregated mandates	1.0	5%
Total	**19.2**	**100%**

	£bn	%
Open ended funds	16.6	75%
Investment Trusts	4.4	20%
Segregated mandates	1.1	5%
Total	**22.1**	**100%**

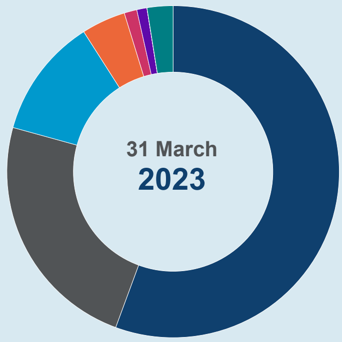
Source: Polar Capital, as at 31 March 2023.

AuM split by strategy



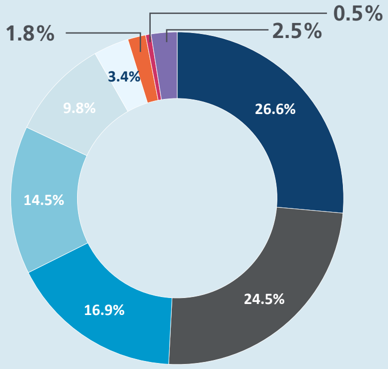
	£bn	%
Technology	7.2	37.3%
Healthcare	3.8	19.8%
Global Insurance	2.1	10.8%
Emerging Markets and Asia	1.3	6.8%
UK Value	1.2	6.1%
European Opportunities	1.1	5.5%
Convertibles	0.7	3.9%
North America	0.6	3.3%
Financials	0.5	2.9%
Sustainable Thematic Equities	0.2	1.2%
Japan Value	0.2	0.9%
European Income	0.2	0.8%
European Long/Short	0.1	0.6%
European Absolute Return**	0.5	0.3%
Phaeacian*	0.0	0.0%
Melchior Global Equity	0.0	0.0%
Total Assets	**19.2**	**100%**

Region Exposure



	%
US & Canada	55.9%
Europe	23.8%
Asia Pac (ex-Japan)	11.7%
Japan	4.3%
Latin America	1.2%
Middle East & Africa	1.0%
Unclassified	0.0%
Cash	2.5%
Total	**100%**

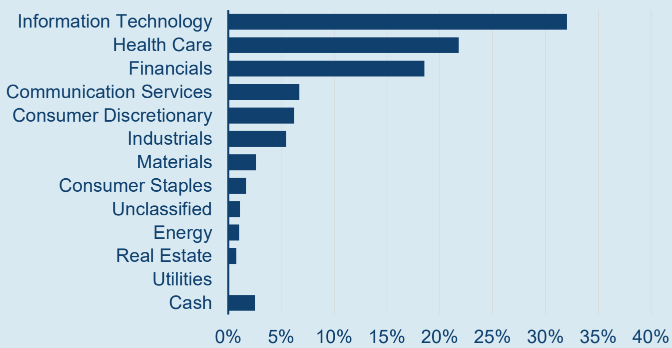
Market-cap exposure



	%
Mega Cap (>$100bn)	26.6%
Mid to large cap ($10bn - $50bn)	24.5%
Large Cap ($50bn - $100bn)	16.9%
Small Cap ($1bn - $5bn)	14.5%
Small to mid cap ($5bn - $10bn)	9.8%
Micro Cap ($0.5bn - $1bn)	3.4%
Nano Cap (<$0.5bn)	1.8%
Unclassified	0.5%
Cash	2.5%
Total	**100%**

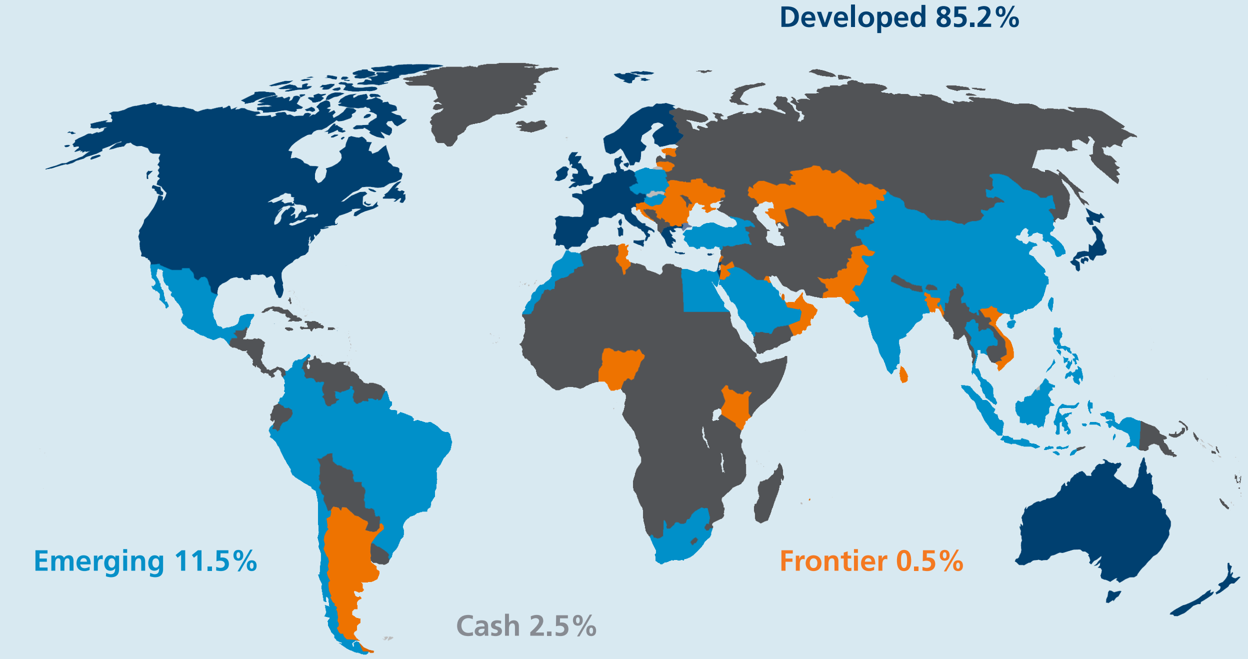
Source: Polar Capital, as at 31 March 2023.

Sector exposure



	%
Information Technology	32.0%
Health Care	21.8%
Financials	18.5%
Communication Services	6.7%
Consumer Discretionary	6.2%
Industrials	5.5%
Materials	2.6%
Consumer Staples	1.7%
Unclassified	1.1%
Energy	1.0%
Real Estate	0.8%
Utilities	0.1%
Cash	2.5%
Total	**100%**

Market Exposure



Source: Polar Capital, as at 31 March 2023. Unclassified exposure: 0.7%

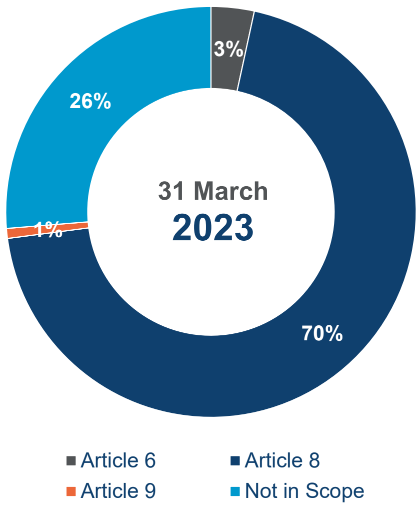
As our investment and responsible investment process prioritises the autonomy of investment teams, there is no single measure to gauge responsible investment and stewardship practices uniformly across teams. We therefore provide updates on the ESG integration, engagement and voting approaches and practices of our funds and how these are driving positive stewardship outcomes in Principles 7 and 9-12.

As the majority of our funds are domiciled in Ireland or Luxembourg, the EU Sustainable Finance Disclosure Regulation (SFDR) and accompanying regulation has shaped how our funds communicate their responsible investment and stewardship approaches. Although the SFDR classification system is not in itself a label or accreditation of responsible investment, our internal framework and sign-off process requires evidence of a systematic and rigorous process of responsible investment and stewardship, and clear articulation and evidence of the sustainability characteristics of the funds in order to be eligible for classification as Article 8 or Article 9 under SFDR.

Therefore, our funds' progress in classification under SFDR and the commitment to achieving sustainability standards are good indicators of the progress towards incorporating responsible investment and stewardship in the investment processes of our funds. Over the period to 31 March 2023, the number of UCITS/SICAV funds classified as Article 8 increased to 15 from 8, and our Smart Energy and Mobility Funds remain classified as Article 9. At the time of writing, a number of funds in scope of the SFDR have been through the review and sign-off process for reclassification to Article 8 and been approved by the relevant central bank.

Several funds maintain external accreditation and validation of their sustainable approaches. The Polar Capital Healthcare Opportunities, Biotechnology, Smart Energy and Smart Mobility funds maintained the Towards Sustainability label (issued by Febelfin, the Belgian financial sector federation).

SFDR status - 31 March 2023



Source: Polar Capital, note that segregated madates are reported as out of scope in this report.

The label seeks to set a high standard for sustainable and socially responsible investment products. The Melchior European Opportunities Fund continues to hold the LuxFlag ESG label (Luxembourg), also setting a high standard and demonstrating a rigorous ESG process.

Culture

Recruiting, retaining and developing the best financial services professionals is vital to the success of our business. To achieve this, the Group seeks to ensure that working conditions are of a high standard, having in place effective management and staff communications, with the ability for staff to engage in decision-making. The Group aims to remunerate staff in line with market practice as well as provide development opportunities to encourage staff motivation and retention.

The Firm's ultimate parent (Polar Capital Holdings plc) is listed on Alternative Investment Market (AIM), and staff ownership of shares is encouraged through various share incentive schemes. This enables the interests of our staff to be aligned with shareholders, fosters a sense of loyalty and collegiality, and helps ensure staff uphold the high standards expected.

Diversity and Inclusion (D&I)

Our Diversity and Inclusion Committee is an essential body for ensuring that Polar Capital remains a positive place to work for all and considers the perspectives of all our employees. The D&I Committee has members from across the business, ensuring a diverse set of voices is heard. The Committee focuses on diversity activity and initiatives, but also other issues important to our culture such as mental health, social events and activities, employee engagement, charitable giving and our bursary programme offered in partnership with a sixth form local academy.

A diverse and inclusive workplace allows us to achieve the best for our business and our clients. By having a diverse, inclusive workforce, we believe that we are reducing the risk of 'groupthink', analysing problems from different perspectives, which leads to better decision-making and, ultimately, better results for our clients.

Staff development

Staff development and training is essential for the success of our business, not only through the knowledge base improving productivity but also for enhancing job satisfaction and fostering a collegiate and ambitious workforce.

There is a formal appraisal process on at least an annual basis where staff are encouraged to raise any training and development suggestions to their line manager.

Training is also provided on a basis broader than simply specific to an individual's role. Online training in areas such as diversity and unconscious bias are compulsory for all staff. Polar Capital has also provided mental health training for managers to support their teams and offered mental health first aid courses for all staff. In 2021 a 'teach-in' initiative was launched, with each department offering a training session to everyone across the organisation. Initially this was launched to enable junior staff in particular to understand different teams across the firm and encouraging questions and dialogue between departments. However, these have increasingly been a forum for sharing ESG approaches between investment teams and encouraging best practice. In the past year, two investment teams that are leaders in responsible and thematic sustainable investment, the Emerging Markets & Asia team and Sustainable Thematic Equity team, provided sessions to investment and central staff on their responsible investment approaches and processes.

The Group has 194 employees, of whom 64 are investment professionals. Staff turnover for the 12 months to March 2023 was 15% including the departures following the closure of the Phaeacian partnership and its funds (12% excluding these). For the previous 12-month period, turnover was 12%, including Phaeacian.

Our staff are at the heart of our business and it is encouraging to be able to report that over 91% of them, in our most recent survey, replied that they would recommend Polar Capital as a great place to work. We remain convinced that the alignment of interests between portfolio managers delivering long-term superior returns, supported by excellent staff providing great client service, and operational resilience is the best way to run our business.

Principle 2:

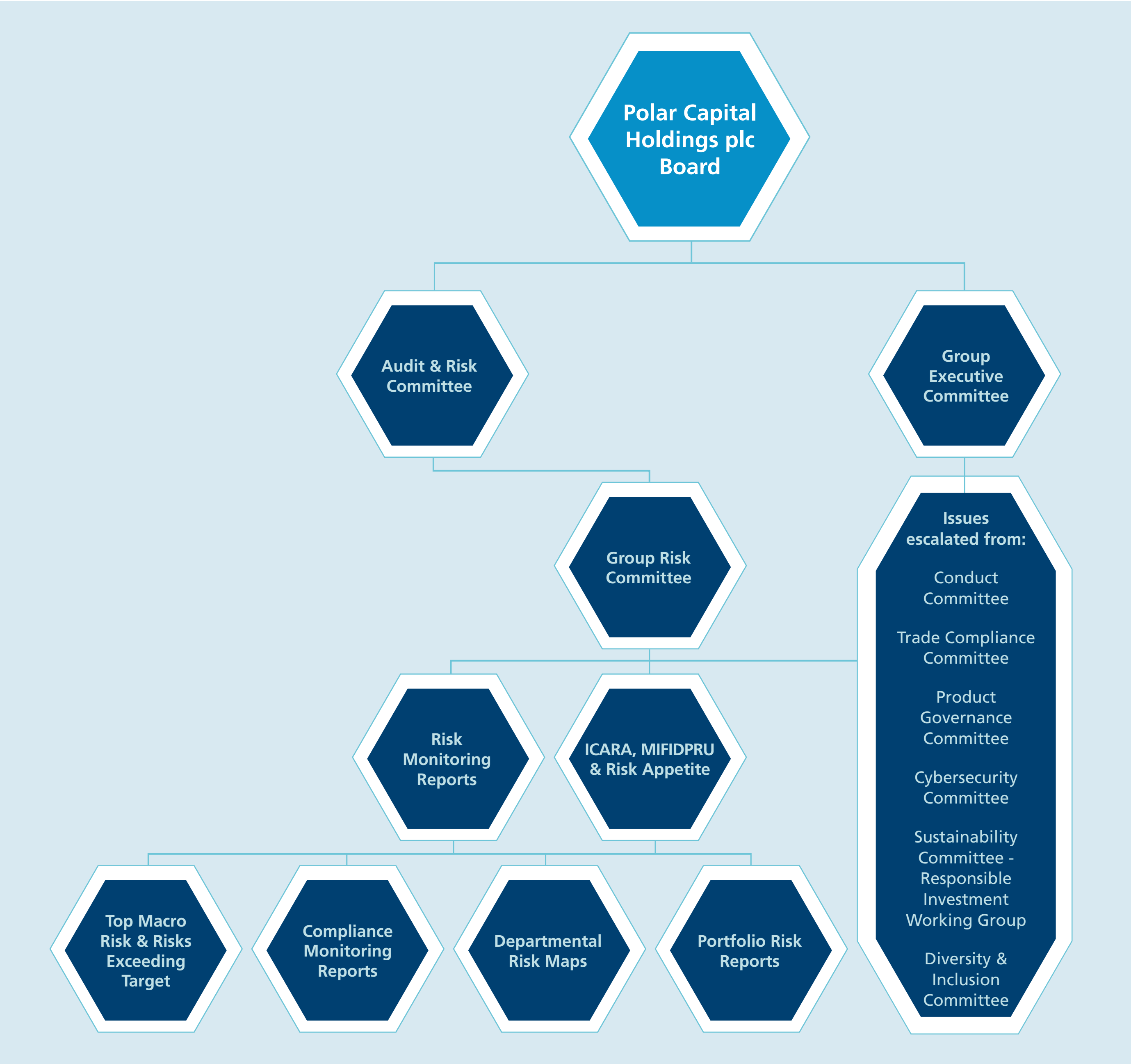
Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

One of Polar Capital's core objectives is to sustain high levels of corporate governance and transparency, working to adopt and apply best practices where appropriate.

As an AIM-listed company, the Board follows the requirements of the Corporate Governance Code published by the Quoted Companies Alliance in 2018 (the QCA Code). The Board reports on compliance with the QCA Code in the Annual Report and Accounts and therein provides the required disclosures.

The Board is responsible for the overall stewardship of the business, approving its strategy and holding the Executive Committee to account for the running of the business. ESG and climate-related risks and opportunities are increasingly prominent in the Board's discussions and strategy development.



Role of the Board and Committees in monitoring ESG activities

The Group Risk Committee (GRC), chaired by the Chief Legal and Compliance Officer (CLCO), meets at least quarterly. Membership also includes the Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Investment Officer (CIO) and other senior managers. Among other duties, the Committee has responsibility for monitoring all risks to the business on an ongoing basis and reporting to the Polar Capital Holdings Board, via the Audit and Risk Committee (ARC).

Sustainability is integrated into this process at a macro level since it is identified as one of the top macro risks to the business and will be flagged as an emerging risk if the Committee members deem it to be. Furthermore, the CIO reports to the Committee on any items requiring to be escalated from the Sustainability Committee. At a more granular level, the Compliance Risk Monitoring programme looks at ESG and sustainability risk within a risk map framework and reports to the GRC where risks have become elevated or changed, for example due to new regulations, challenges or breaches in that specific area.

In addition to this, meetings are held three times per year with investment teams which also incorporate ESG and climate-related risk analysis. These meetings are comprised of the CIO, CRO, Head of Sustainability and portfolio manager. Risks identified in these meetings can be escalated through the Executive Committee.

- Sustainability-related regulation risks and client demand is fed through the Sustainability Committee and escalated via the Executive Committee and GRC to the Board.

- The Sustainability Committee includes members of the GRC and Executive Committee. The Board is also updated on climate and sustainability activity and progress in each Board meeting through the CEO's report. The Board also receives regular progress reports from the Head of Sustainability.

- The ARC also receives regular updates from the CLCO, highlighting the most serious risks and escalated issues over the period.

The Group operates in several jurisdictions and is therefore subject to the oversight of various regulators and state authorities across those locations. Polar Capital engages with its regulators and relevant state authorities primarily through the Group compliance and finance functions by way of regular mandatory reporting as well as any ad hoc interactions required by changing regulations and requirements. The Board receive regular reports from the CLCO via the ARC on the Group's regulatory processes and procedures, its risk management framework and interaction with regulators in different jurisdictions. Incorporating responsible investment and sustainability into these processes is being developed.

Responsible Investment Working Group

In 2020, Polar Capital established the Sustainability Committee which has been a key forum to develop our corporate and investment initiatives. At the start of 2022, we built on this with the Responsible Investment Working Group (RIWG), reporting into the Sustainability Committee. Its purpose is to be a forum for sharing approaches and best practice for responsible investment and stewardship. It provides investment teams with information on upcoming regulations, industry and company initiatives, sharing information, potentially collaborating on engagements and voting, and developing climate change strategy and net-zero frameworks for portfolios. The RIWG includes members from all Investment teams and is supported by the central Sustainability team.

- The Sustainability Committee is chaired by the Head of Sustainability and includes members of staff from across the Firm including the CEO, CIO and CRO. It co-ordinates the Group's sustainability initiatives at a corporate level as well as promoting the sharing of best practice for ESG integration and knowledge insight across the business.

- The D&I Committee, comprising individuals from across Polar Capital including the CEO, works to make recommendations on, oversee and monitor the implementation of Polar Capital's D&I strategic goals.

- The Sustainability and D&I committees report directly to the Group Executive and Group Risk Committees.

- The Responsible Investment Working Group, a forum for sharing approaches and best practice for responsible investments, includes members from all Investment teams and is supported by the central Sustainability team.

These committees are chaired and meet on at least a quarterly basis; the meetings are minuted. All committees are required to escalate any material issues to the Group Executive Committee and GRC on a quarterly basis. The GRC then reports any issues to the ARC and the Board.

Key activity over the period

Key activities of the Sustainability Committee and RIWG over the period included regulatory updates in areas such as the EU SFDR, UK SDR (Sustainability Disclosure Regime) and TCFD, the dissemination of new responsible investment policies, such as ESG Policy updates, and discussions on revisions to internal ESG processes such as the central oversight process and tightening controls in the exclusion process. Both groups have been useful in ensuring responsible investment information is effectively shared, however much of their time across the review period was taken up due to the proliferation of regulation in the space. More recently, we have tried to use the groups for direction on systemic issues such as the development of our net-zero strategy and our approach to human rights.

Resources

The portfolio managers are supported in their ESG and stewardship practices by a number of central resources, including the Sustainability, Operations, Legal, Compliance, Product and Risk teams. The Client Services team provides valuable insight into client preferences and how we can improve our practices to meet their requirements.

The Sustainability team, led by the Head of Sustainability with three full-time sustainability analysts, aims to provide best-in-class service to our investment teams and clients.

The Sustainability team's experience ranges from one to eight years of industry experience. All members have completed the CFA Certificate in ESG Investing and two have completed the CFA Certificate in Climate and Investing.

This team plays a key role in our responsible investment and stewardship process and over the year they have addressed a number of important priorities. Regulation continues to be an area of focus for the Sustainability, Legal, Product Management and Compliance teams.

The EU SFDR remains the regulation of greatest direct exposure for our fund range, and regulation compliance, policy development, implementation and reporting have been major projects over the period.

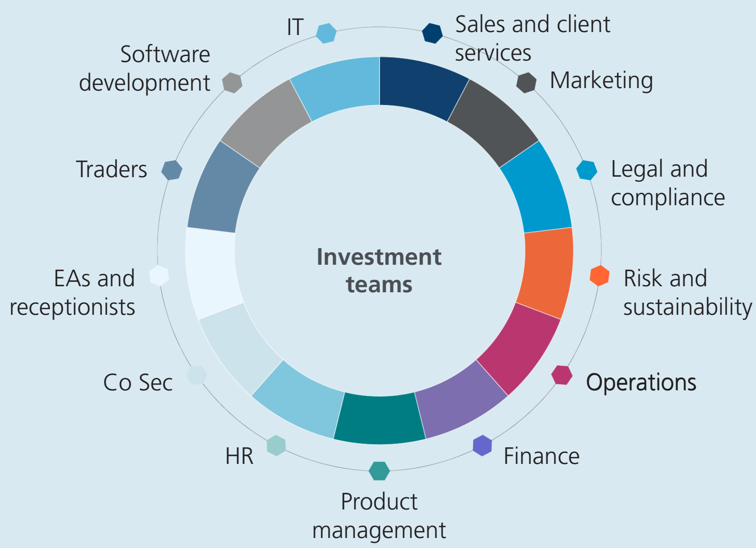
The FCA has introduced mandatory TCFD reporting for asset managers in the UK. While Polar Capital falls under the second phase of implementation, the Sustainability team and other stakeholders are preparing for the increased data and analysis requirements to produce this climate-related reporting. The TCFD recommendations apply to broader risk management, strategy and governance processes, and information on our approach to these is provided in our annual Sustainability Report. We also provide further information on the progress we have made related to our climate-related risk and opportunity analysis, data capabilities and reporting in Principles 4 and 7.

The Sustainability team provides insight and guidance on best practices relating to responsible investment and company engagement. We have made further progress on developing our approach to proactive and thematic ESG engagement across our investment teams. This and our ambitions for further action on thematic and collaborative engagement are discussed in principles 9-11.

Continuing from the last reporting period, the Sustainability team and Investment teams have increased focus on double materiality and adverse impact consideration. Double materiality as a sustainability concept refers to assessing both the potential financial impact of sustainability issues on a company's value, as well as the impact that a company (or portfolio) has on the environment and society.

This concept has been captured in the EU SFDR through the Principal Adverse Impacts (PAI) on sustainability factors. The team has developed an approach to identifying adverse sustainability impact indicators at the investee company and portfolio level to determine the most material issues within each fund. This allows our funds to identify risks and opportunities and prioritise engagement and interaction with investee companies in the most meaningful way. Further information on the PAI consideration process, how it is incorporated into funds' responsible investment processes and driven engagement is provided in Principles 7 and 9-12.

Each of our investment teams owns and controls its investment philosophy, research process, security selection and portfolio decision-making, and are supported by robust central resources



ESG oversight

A key role of the Sustainability team is providing oversight of the ESG characteristics of our Investment teams' portfolios and their responsible investment practices.

The majority of our funds operate a multi-faceted responsible investment approach, for instance implementing certain norms-based screens and negative business activity exclusions, ESG integration (often with a proprietary scoring methodology), consideration of double materiality or PAIs and, in some cases, a positive thematic screen.

ESG and climate change metrics are incorporated into our central monitoring and oversight of portfolio risks. This is conducted by the Sustainability team in a review meeting with the CIO, CRO and Risk team, who look at other factors including liquidity, macro and behavioural analysis. In the four-monthly meetings, the Sustainability team seeks to assess and monitor various elements of these processes using their own analysis and data, flagging issues that may have been identified to the Investment teams. This includes an assessment of a fund's ESG profile and scoring using third-party data methodology, monitoring ESG-related controversies and compliance with global norms and conventions (such as the UN Global Compact – UNGC), as well as climate-related risk profile of investee companies. As discussed in more detail in Principle 7, an important part of this is the PAI consideration analysis that is conducted by the Sustainability team and provided to the investment teams. This looks at a range of indicators from greenhouse gas (GHG) emissions, climate strategy and targets, to board gender diversity. Analysis is conducted to flag companies for review by the investment teams, with the purpose of driving deeper due diligence, company dialogue or engagement, or other escalation measures to reduce the negative impacts of the portfolio on the environment or society.

These meetings are also used to understand the broader outlook for responsible investment for the Investment team, understanding client interactions and demands related to ESG, communicating upcoming regulatory activity and implications, and sharing any insights or activity required from the Responsible Investment Working Group (RIWG), Sustainability Committee or from meetings with other managers.

Separately, the Sustainability team, with oversight from the Compliance team, monitors the ESG-related practices and characteristics of each fund on a quarterly basis. This is to ensure that all commitments and restrictions placed on funds in their documentation are valid, applied and monitored on an ongoing basis. This includes compliance with exclusions, norms-based screening, and, where applicable, proprietary ESG assessments have been conducted and meet any minimum thresholds.

This monitoring is conducted in conjunction with the ongoing implementation of trading checks where possible. For example, where relevant, a fund's exclusion policy will generally either be related to business involvement (e.g. the fund may not invest in companies with involvement in thermal coal production, or companies that have greater than 5% revenue generated from tobacco production or distribution), or ESG controversy-related exclusions (e.g. the fund will not invest in companies that have been involved in human rights violations). The Sustainability team maintains the exclusions lists for all funds that use an exclusionary approach. This involves third-party data to screen a fund's investment universe to identify companies that are not investable based on the exclusion criteria. The Compliance and Operations teams implement the exclusion lists into the Bloomberg Compliance Management Platform (CMGR). All such exclusion lists are implemented as a pre-trade block, requiring review by the Compliance or Operations teams before a position can be traded. Over the period, this process has been continually improved, either through enhanced data or adapting elements of the process to provide tighter controls.

External resources

Data and third-party resources for responsible investment and stewardship have continued to improve in quality and scope of products over the past year.

We are constantly looking at new datasets and providers that may enhance our responsible investment capabilities, as well as maximising the value of existing datasets by overlaying our own analysis on underlying ESG data.

Our primary ESG data and research provider is MSCI, which supplies ESG ratings, underlying ESG company metrics, climate-related data, norms and controversies research and business involvement research.

Proxy voting is carried out using the Institutional Shareholder Services (ISS) Proxy Voting system, which is managed by a member of the Operations team. ISS provides detailed governance (and environmental and social research where relevant) for investee companies ahead of AGMs. Voting recommendations and accompanying research provided by ISS are reviewed by the portfolio managers who retain the final voting and act accordingly.

This ESG research is provided to all investment teams and used to different extents depending on process, coverage and other sources of information. This data, among others, is an important source of information for the central Sustainability team and is used in their regular oversight meetings with Investment teams and for PAI analysis, as described above and later in this document.

Investment teams may use additional ESG-related sources for their investment process, such as specialist sell-side research that may be tailored to their region or sector focus.

Further information on external resources is provided under Principles 7 and 8.

Incentives

As stated in the Polar Capital Holdings plc Annual Report for the year to March 2023, the Executive Directors' total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short and longer term.

When setting the levels of short-term and long-term variable remuneration and the balance of equity and cash within the package, consideration is given to obtaining the appropriate balance so as not to encourage unnecessary risk-taking, while ensuring that performance hurdles are suitably challenging. This is broken down into fixed and variable pay.

To drive and reward performance against annual objectives which are consistent with the strategy and align to shareholder interests, the Directors' total remuneration package provides a deferral element to variable compensation above a certain level to ensure there is a link to the longer-term performance of the business. In the year to March 2023, the annual report disclosed that 40% of the bonus was based on profit performance against budget, 30% was based on performance against three financial KPIs and the remaining 30% on strategic objectives which included ESG as one part of the Executive Directors' strategic as well as individual objectives.

Polar Capital believes there is an alignment of interest between the portfolio managers they recruit, their focus on delivering superior returns and the interests of wholesale and institutional clients who are seeking differentiated investment products.

A Polar Capital portfolio manager has three streams of remuneration: a salary, a bonus linked to their business unit's ad valorem annual management charge (AMC) profitability and, where applicable, a bonus that is a function of the quantum of performance fees received from products managed by the individual.

Polar Capital believes this remuneration scheme further helps align the interests of the business and portfolio managers with those of our clients by incentivising long-term performance over and above short-term profits which, in turn, embraces the objective of sustainability.

Further information on Polar Capital's remuneration, including remuneration of non-investment staff and long-term equity incentive plans, can be found in Polar Capital's MiFIDPRU Public Disclosure Document on our website and in our Annual Report and Accounts.

Principle 3:
Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Polar Capital's Conflicts of Interest (COI) Policy (available here) outlines the procedures in place to ensure conflicts of interest are identified, monitored and managed in a fair way. It outlines Polar Capital's obligation to put its clients' interests first and act in their best interests. It is reviewed by the Compliance team annually and on an ad-hoc basis.

Overview of procedures

It is Polar Capital's policy to identify the conflicts of interest that may exist between (1) ourselves or anyone linked to the firm (including managers, employees, partners and controllers (a controller is generally considered to be a shareholder with interests of 20% or more)) and Polar Capital funds (including investment trusts and managed accounts) or the investors in those funds; (2) one fund or its investors and another fund; (3) a fund and its investors, and another fund and its investors; (4) two funds, or (5) ourselves and any third-party or 'delegate' as defined under the Alternative Investment Fund Managers Directive (AIFMD).

"Polar Capital [has an] obligation to put its clients' interests first and act in their best interests. [The Company] must, as a priority, aim to ensure that clients are not adversely affected by potential conflicts

Polar Capital must, as a priority, ensure that clients are not adversely affected by potential conflicts. It is therefore our policy to document the arrangements we have put in place to manage the conflicts identified. Where the organisational arrangements made by the business to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure that the risk of damage to investors' interests will be prevented, we have an obligation to disclose this to clients and investors alongside our COI Policy.

Examples of potential COIs and controls in place to manage and mitigate:

Potential conflict of interest	Situation	Procedure/controls in place
1. Staff members with external business interests	External business interests and directorships could lead to staff not fulfilling their services to Polar Capital therefore impacting our ability to service clients.	Polar Capital has a COI policy in place to ensure all external business interests and directorships are disclosed to the compliance team and approved by the CLCO. Annual and quarterly attestations are in place to remind staff that any outside business interests must be disclosed to compliance. Online training on personal conflicts of interest is completed by all staff on an annual basis.
2. Personal investments/holdings	Staff members may conduct personal trading activities, using the inside knowledge that is available to them, putting their own interests ahead of that of the clients.	A Personal Account Dealing Policy is in place which all staff must adhere to. Annual and quarterly declarations of compliance with the policy are required. All staff are subject to an initial compliance induction, which includes the Compliance team explaining the Personal Account Dealing Policy. All personal account dealings must be pre-approved by Compliance before a personal trade is made. Contract notes must also be sent to Compliance for all trades. All staff must disclose their personal account holdings and those of their associated parties (e.g. spouse or dependent children), on an annual basis (as part of the annual declaration) which is then reconciled by the Compliance team. Any breach of the policy follows a consistent and robust process, is logged in the breaches register and signed off by the compliance officer.
3. Inside information	When an employee is made inside, a staff member could leverage this for their own personal use either directly or via their clients' portfolios to the detriment of the wider market.	An established Market Abuse Policy and insiders list procedure is in place. An insiders list is maintained by the Compliance and Operations teams in accordance with our Insiders list procedures. When a staff member is made inside a pre-trade compliance restriction is added to the order management system. Annual and quarterly declaration compliance with Market Abuse Policy is required by all staff. Fund and personal account trades are monitored against the Insiders list. All employees are required to complete Market Abuse Regulation training annually. Expert network policy and procedures also manage this risk.
4. Organisational structure	Polar Capital LLP's ultimate parent company (Polar Capital Holdings plc) is listed on AIM. Poor corporate governance and reporting lines could result in conflicts in prioritising personal interests directly or via third-parties over those of the investment manager or its clients.	An established corporate governance infrastructure. At the AIM-listed parent company level, Independent Non-Executive Directors comprise the majority of the Board. All Board members are subject to the Companies Act 2006 duties to disclose conflicts of interest. The Nomination Committee of Polar Capital Holdings considers the independence of each Director and possible conflicts. Within the business, the committee with overall responsibility for oversight of risks is the Group Risk Committee, which is independent from direct investment responsibilities. This committee also independently oversees portfolio risk matters. Other internal committees and their members manage or oversee potential conflicts, for example the Product Governance and Trade Compliance committees. A risk monitoring programme reviews conflict risk on an annual and ad hoc basis.
5. Proxy voting	Proxy proposals may present conflicts between the interest of clients and Polar Capital, its affiliates and their employees.	Polar Capital has an established Proxy Voting policy and default position to vote with the proxy advisor. Each autonomous team will assess each resolution on its merits and will vote on their own fundamental view which may differ from the Proxy Adviser. This allows for each team to vote independently in order to ensure they act in the best interest of their clients. Oversight of voting is conducted by the Sustainability team.

New product launches

All product launches are subject to the Product Governance process and approval from the Product Governance Committee (PGC). As part of this, consideration is given to ensure the product is complementary to the existing product range. This process will also consider, among other things, the risk of cannibalisation of an existing product with similar characteristics and the capacity of the investment team to manage an additional product. The PGC meets on a quarterly and ad hoc basis. In addition, on an ongoing basis, it conducts reviews of the established product range to ensure they are continuing to deliver for clients as well as monitoring whether conflicts have impacted the outcome for clients.

New products launched over the period included the Emerging Markets Ex-China Stars Irish and US-domiciled funds.

Conflicts arising between clients

We seek to understand clients' ESG and stewardship expectations and requirements on an ongoing basis, an important consideration as we develop our own approach. However, there are cases in which the ESG strategy of clients does not align with that of Polar Capital or particular funds. While potential opportunities for this conflict to arise have been identified in the past, and disclosed in our most recent Stewardship Code Report, this has not been an issue over the current reporting period.

Allocations of investments

Polar Capital has established an allocations policy consistent with FCA Principles and Conduct of Business Sourcebooks such that all clients must be treated fairly.

Typically, trades will be routed to the central trading desk, however investment teams reserve the right to trade themselves should they wish.

Across the Polar Capital fund range, multiple funds may be competing to invest in the same investment idea. This may be within the same investment team or between multiple investment teams.

To ensure each client is treated fairly, all allocation instructions must be placed pre-trade and under no circumstances can there be a post-trade change in allocations without pre-approval from the CLCO or their designee.

Each team has its own autonomy and therefore the default position is not to aggregate transactions. This is also consistent with how the trading instructions are typically provided to the central trading desk by each individual portfolio manager.

In the event that funds are trading in opposite directions, any cross-trade would only be considered if it was in the best interest of both clients and approved by both portfolio managers involved and would be subject to Polar Capital's Cross-Trade policy.

Conflicts related to Polar Capital Holdings plc

The Nomination Committee reviews the other positions held by each Director to ensure they have sufficient time to dedicate to the business of the Group. The Committee also considers if any conflicts exist which needed to be disclosed and explained.

In assessing the independence of Non-Executive Directors, the Nomination Committee takes account of their experience, character and judgment, and their dependence or relationships with the Group. However, guidance generally used to assess independence considers the length of service, or the holding of a previous executive positions within the Group, or a material business relationship with the Group, including shareholdings, to impair the perceived independence of the Non-Executive Director.

As announced last year, two of the Company's founders retired from the Board as part of the succession plans for the Group as it transitions to a 'post-founder' leadership team.

Further information on the outcome of the assessments of independence and time commitments and other conflicts of interests of Directors can be found in the Nomination Committee Report in the Polar Capital Holdings plc Annual Report.

Proxy voting

From time to time, proxy proposals may present conflicts between the interest of clients and Polar Capital, its affiliates and their employees. Such conflicts may arise when proxy votes on non-routine matters are solicited by an issuer who has a business relationship with the applicant or its affiliates. In the event of a conflict, the portfolio managers, the CIO and the CLCO will determine how such proxies should be voted to achieve the best interests of the clients, which may include disclosure of the facts surrounding any material conflict to the client for consent before voting. In applying client policies and best practice guidelines, Polar Capital considers each vote on an individual basis based on the relevant circumstances at the company. Polar Capital may communicate with other shareholders regarding a specific proposal but will not agree to vote in concert with another shareholder without approval from the CLCO.

Upon request, or as required by law or regulation, Polar Capital will disclose to a client or a client's fiduciaries the manner in which portfolio managers exercised voting rights on behalf of the client. Polar Capital will review any requests from clients about its intended vote on a case-by-case basis. In the event that a client in one of Polar Capital's open-ended funds or investment trusts wishes to influence the direction of proxy voting for a fund they are invested in, requests concerning the direction of voting may be taken into consideration by the portfolio managers, but there is no requirement to alter their voting intention in response to client requests.

Cases may also arise where clients may express desired voting action for specific company meetings. While we look to understand the reasoning behind any such voting intention, the core principle remains staying true to the fund's stewardship approach and voting accordingly. No such situations arose in this reporting period, and should they arise they are referred to the Compliance team and assessed on a case-by-case basis.

Principle 4:

Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

It is central to Polar Capital's structure that the autonomous investment teams focus on specific and systemic investment risks. The oversight function provides additional understanding of these key risk areas.

The Group, like any business operating in the financial services sector, faces a number of challenges to its successful operation and growth. The principal risks and uncertainties are addressed through a risk management framework that provides a structured process for identifying, assessing and managing risks associated with the Group's business objectives and strategy.

Polar Capital operates in a highly competitive industry and if it is unable to deal with adverse market and economic conditions, such as market uncertainty or volatility, ongoing impacts of the Russia/Ukraine conflict, or company collapses putting entire sectors or even economies under threat (as with US regional bank failings), its business could be adversely affected.

Polar Capital takes steps to mitigate these risks through clearly defined investment processes that aim to deliver active outperformance within agreed investment mandates. The GRC considers corporate, operational and distribution as well as investment and portfolio risk. It reviews all the portfolios managed by the Group alongside analysis from the Group Investment Risk team relating to portfolio structure, exposure, concentration, performance, liquidity and risk.

The Group operates an independent investment risk management system, separate from the Investment teams. This independent risk control process is managed by the CIO, CRO and Investment Risk team, and monitored by the Operations and Compliance teams, with quantitative controls used to ensure portfolio characteristics are managed to a level consistent with clients' investment objectives.

As well as risk, the Risk team monitors the consistency of each fund's investment style, looking at the market-cap profile, value/growth weightings, P/E profile, P/B profile, sector weights and sector rotation. Standard risk measures such as beta and tracking error are closely monitored. The portfolios' active positions (stock and sector) are also monitored on a regular basis. Additionally, several other metrics (volatility, correlation, tracking error, value at risk, stress tests, currency exposure, geographic exposure, sector exposure, Sharpe Ratios, betas) are calculated on a regular basis.

> The principal risks and uncertainties are addressed through a risk management framework that provides a structured process for identifying, assessing and managing risks associated with the Group's business objectives and strategy

The use of stress testing and scenario analysis is incorporated into the risk monitoring for the funds. Polar Capital measures the potential major depreciation of a fund's net asset value as a result of unexpected changes in the relevant market parameters and correlation factors. Past events utilised include 9/11, the 2008 global financial crisis, various emerging markets crises and so on. In addition, factor analysis is used to monitor the portfolio to highlight correlation among key asset classes and style risks.

Key market and systemic risks over the period

Russia's invasion of Ukraine carried over into the reporting period and continued to inflict a tragic human impact on the country throughout the year as well as causing economic shocks further afield. Rising energy prices exaggerated inflationary pressures already emerging after Covid-led expansive policies, particularly in the US. It is this battle with inflation that led the narrative over the period, specifically the degree to which tighter central bank monetary policies appeared to be reining in the threat of persistently high inflation. Having already embarked upon tightening cycles in the US and UK, the year was characterised by central banks' regular rate rises and market hopes of a Fed pivot as soon as possible. Beginning with a fear that central banks would lift rates too aggressively and for too long, inevitably leading to recession, a robust labour market and resilient US consumer prompted the market to ask if a soft landing could be achieved.

On the other side of the inflationary coin, China's challenges stemmed from a prolonged zero-Covid policy which held back growth and weakened consumer confidence. With the 20th National Congress of the Chinese Communist Party proving to be a turning point for hopes of a resurgent China, the turn of the year brought expectations of relaxed lockdowns and a strong recovery in business and consumer sentiment, powered by a release in pent-up household savings. By the end of the period, the reality of a much less immediate reset in both western inflation and Chinese economic participation revealed the extent of the market's optimism. Expectations of a higher-for-longer interest rate environment coupled with significant hurdles in the Chinese real estate sector now present material risks for a normalisation to pre-Covid conditions.

Investment insights related to systemic risks

The Investment teams' ongoing research and domain expertise allows them to identify market-wide and systemic risks. Their autonomy allows them to assess how these might impact their funds independently of each other, with oversight from Polar Capital's investment risk management system. Over the year, portfolio managers produced videos, webcasts, insight pieces, fact sheet and ad hoc commentaries explaining their positioning given the impact of market and systemic risks on their portfolios, actions taken to mitigate risk and the ongoing impacts of these risks on the environment and society.

Examples include the Sustainable Thematic Equity team's reflection on the war in Ukraine's knock-on effects on the need to accelerate efforts towards clean energy independence. Responding to the crisis, the team reiterated the Polar Capital Smart Energy Fund's positioning and guided on government plans to increase attention on energy independence and, ultimately, the theme at the core of the strategy. Likewise, the Financials team offered insights into the failure of Silicon Valley Bank and news of the forced sale of Credit Suisse to rival UBS during the period. The managers explained concerns around the US regional banking system, clarified the causes and risks attached to the sector and detailed portfolio changes in light of newly attractive opportunities.

Regular contact is maintained with existing clients and potential investors, while the strategy of the Group remains to diversify its product offering to be less susceptible to market movements and poor performance in different sectors or geographies.

Examples of investment team positioning over the period

Sustainable Thematic Equity: The negatives of an ongoing battle with climate change and the acceleration of the need for independent clean energy sources brought about by Russia invading Ukraine are positives for the Polar Capital Smart Energy Fund. The Fund is well placed given its strategy is to invest in companies at the forefront of the global transition towards a cleaner, more efficient and sustainable energy future.

Emerging Markets & Asia: The team run a relatively well diversified portfolio, with a bottom-up, growth and quality investment style and a strong focus on valuation. They aim to identify the so-called future 'Star' sustainable economic value added (EVA)-creating companies, using sustainability analysis as an integrated part of an overall framework. From a portfolio positioning point of view, most of their risk is at the individual stock level. Historically, they have been able to better find the combination of growth, quality and attractive valuation levels within emerging markets in Asia. At March 2023, their largest overweight positions are in India and Vietnam, they are close to neutral in South Korea and Taiwan and have a significant underweight in China. From a factor analysis, their most significant risk factor is a rising US yield curve.

Technology: The dominance of large-cap technology stocks, which they are structurally underweight, was the team's largest headwind, followed by their move to next-generation software companies a little early during the derating process in the middle of a higher-rate environment. The team are positioned to benefit from the rapid adoption of artificial intelligence (AI) and the subsequent explosion in interest in AI, most easily accessed via mega-cap stocks within the semiconductor and cloud computing subsectors. The greatest systemic risk is the potential for further geopolitical tension around Taiwan given its pivotal position within the technology and AI value chains.

Global Insurance: The Polar Capital Global Insurance Fund's long-established focus on defensive non-life insurers resulted in strong performance in a difficult period for financial markets. This was despite undeserved, in their view, contagion from banks' poor management of their liquidity risk in March 2023. Non-life insurers continue to benefit from excellent underwriting margins and earnings power which has been further increased by rising yields on their diversified, low risk and short duration investment portfolios given higher inflation.

Global Financials: The impact of geopolitical risk given the Russia/Ukraine war just prior to the start of the reporting period was mitigated by minimal direct exposure to either country.

As regards potential risks relating to rising interest rates, the team's quality bias with a focus on strong balance sheets and strong underwriting track records limited the risks from slowing economic growth and a deterioration in asset quality across the fund range.

North American: The normalisation in interest rates that have played out after years closer to zero has had a significant impact on the team's positioning in financials and related businesses. This change, of course, contributed to the failure of Silicon Valley Bank, which the team did not own, but also led to them reducing their exposure to banks down to zero. The spectre of yet more regulation in the aftermath of the banking crisis also contributed to the team's thinking. More broadly, they have also been more circumspect about companies with higher leverage.

Bespoke client communication

All the investment teams produce regular monthly commentaries as well as an annual update, with some producing detailed quarterly updates for existing and potential clients. This is part of a regular communication programme that also includes webcasts, videos and podcasts giving clients the choice of how they access information from the investment teams.

Given Russia invaded Ukraine just before this reporting period, the **Sustainable Thematic Equity** team gave regular updates on its impact, particularly on the growing importance of clean, decarbonised energy sources and the move to energy independence. They explained which sectors could benefit the most from this and how the Polar Capital Smart Energy Fund, which is managed by this team, seeks out compelling opportunities across four key thematic investment clusters, investing for a decarbonised energy future that is smart, sustainable and secure.

The **Emerging Markets & Asia team** produced a series of regular written articles looking at the risks and opportunities in, for example, Brazil, Vietnam and Indonesia. They also put together a number of videos, including one from lead manager Jorry Nøddekær explaining how the Polar Capital Emerging Market Stars Fund was positioned to respond to the rapidly changing environment within emerging markets.

The team, through webcasts and videos as well, regularly explained how and where they were investing at a country, sector and company level.

The **Technology team** provided written, audio and video communications for their clients throughout the period, including regular updates explaining monthly and quarterly sector positioning in the context of the current macro environment. They also created specific written and video pieces explaining, for example, the opportunities brought about by supply chain issues as well as the move to onshoring and promoting local industries.

In response to various economic and market influences, the **Global Insurance team** took the opportunity to remind investors how fundamentally different the non-life insurance industry is to the wider financials sector, especially banks. The consistency of their messaging was maintained across the different media used to communicate with clients, explaining strong book value growth, good underwriting conditions and the position non-life insurance has within the wide-ranging financials sector.

The **Global Financials team** wrote a series of articles about the collapse of a number of US regional banks and the forced sale of Credit Suisse to UBS Group (along with the write-down of its AT1 bonds) on the days around the Silicon Valley Bank collapse. They did the same to cover ongoing risks and potential impacts from rising interest rates, high inflation, slowing economic growth and geopolitics.

The **North American team** produced detailed quarterly commentaries to back up the regular monthly update they provide to clients.

Given the sensitivities of the Polar Capital North American Fund to interest rate and market-impacting company considerations, they consistently commented on the changing investment environment, its impact on the Fund and the changes they made as a result.

These are just a few examples of the 150+ written commentaries and 30+ videos and webcasts that Polar Capital put together, founded on the client-focussed monthly, quarterly, annual and bespoke ad hoc commentaries.

Climate change and net-zero analysis

Climate change will be a defining factor in the future of the global economy, financial markets, and society, and our investment teams recognise climate change as a long-term systemic risk. Polar Capital has continued to prioritise climate change as a key ESG issue. Over the course of the reporting period, the Polar Capital Sustainability team has continued to develop its analysis of holdings, investee companies, fund and Group level carbon-related metrics. As highlighted last year, climate-related risk data and analysis have been incorporated into the regular investment risk oversight meetings for all our funds. Polar Capital has access to the extensive data modules available through third-party ESG data providers, including the various carbon datasets. This allowed us to develop and assess carbon-related risks and opportunities within funds and across the Group. While carbon-related data is not perfect, it has been improving in its accuracy and coverage over the year and we have continued to develop our reporting and transparency of these metrics at the product level to investors upon request.

Over the year, we have continued to focus on the strategy and analysis around managing Polar Capital's investment portfolios in line with a net-zero future. To help this, Polar Capital became a member of the Institutional Investors Group on Climate Change (IIGCC) to gain further access and insight into market-leading practices in developing a net-zero strategy. Aided by IIGCC's team, we have continued to refine our process of assessing companies in line with the IIGCC Paris Aligned Investment Initiative Net Zero Framework. Under the framework, the validity of an investee company's progress towards a net-zero future is assessed in line with the Climate Action 100+ benchmark criteria that relies on a mixture of quantitative and qualitative disclosures, goals, policies and strategies. Carbon data is complemented by data and analysis from specific carbon organisations such as the Science Based Targets Initiative (SBTi), Transition Pathway Initiative and Climate Action 100+ Benchmark assessments. This developing analysis aims to assess a company's progress made towards net-zero. The framework brings together the best available data in order to evaluate a company against the 10 criteria under the net-zero famework.

Beyond the ability to assess a holding in line with the Net Zero Framework, the analysis allows the Sustainability team to collect and monitor various other metrics across Polar Capital Holdings. This includes metrics incorporated within the company level assessment such as the number of holdings reporting to the CDP (formerly the Carbon Disclosure Project), number of holdings with SBTi Targets either committed or approved or number of companies and percentage exposure to high impact sectors as defined by the Paris Aligned Investment Initiative Net Zero Framework. This data will be essential in determining the material areas of focus when developing Polar Capital's engagement and active ownership strategy around climate change.

Further information on our investment teams' approaches to incorporating climate-related and net-zero assessments into their responsible investment and stewardship practices is provided in Principle 7 and in Principles 9-12.

Industry-wide initiatives and involvement

Polar Capital continues to participate in initiatives to promote well-functioning markets and aims to further increase its participation and contribution to such initiatives going forward.

In June 2021, Polar Capital signed the UN PRI's public engagement letter to the Secretary of the SEC (the US Securities and Exchange Commission), supporting the proposal for standardised disclosure of material climate and ESG information. In November 2022, the PRI again called on investors to reiterate their support for the original response to the consultation on the proposed climate-related financial disclosures rule. Polar Capital supported this and signed the letter to the SEC with the aim of ensuring that the proposed rule be finalised and that its final version remain ambitious in order to provide clear and comparable information for investors considering climate-related risks in their portfolios. We are currently awaiting further guidance on this from the SEC.

Although formally outside the reporting period, in July 2023 Polar Capital supported a joint sign-on statement to the European Commission regarding the need for certain reporting for corporates to be mandatory under the European Sustainability Reporting Standards (ESRS).

The statement, which was developed by the UN PRI in collaboration with Eurosif, IIGCC, EFAMA, UNEP FI and investors, called for mandatory reporting by companies of information under the ESRS that we believe is important as an input for responsible investment processes, and to enable investors to meet our own regulatory obligations to report on portfolio-level metrics, such as those required under the SFDR's PAI regulation.

Through our Emerging Markets & Asia team, we continue to be involved with Climate Action 100+, the collaborative engagement initiative. Further information on our ongoing engagement with Reliance Industries is provided in Principle 11.

In early 2023, Polar Capital joined the Institutional Investors Group on Climate Change (IIGCC), the European membership body for investor collaboration on climate change. The IIGCC's mission is to support and enable the investment community to drive significant and real progress by 2030 towards a net-zero and resilient future. The IIGCC is the key organisation in developing the Net Zero Asset Managers Initiative and Net Zero Investment Framework, which is used by asset managers to develop net-zero commitments and targets. We hope membership will help us develop our own net-zero strategy and support collaborative engagement on climate change within our portfolios.

Polar Capital's Sustainability and Legal teams have been actively involved in various Investment Association (IA) forums focused on promoting responsible investment and stewardship practices. These forums have been valuable in developing our understanding and informing our approach to the relevant topics within our business.

Over the past year, the focus shifted towards TCFD reporting and net-zero implementation, however the ongoing work within the forums and working groups related to regulation such as the UK SDR and EU SFDR, and stewardship-related reporting, remain very valuable.

Implementation of the SFDR has not been static over the past year and engaging with our peers through the IA's SFDR Implementation Forum has been an important way to learn and understand best practices emerging from our peers and share our interpretation of the regulations.

The IA TCFD Implementation Forum shares challenges faced across client expectations, data and methodologies related to emissions and broader TCFD reporting. The recently launched IA Net Zero Forum supports members through expert insights and sharing of best practices to understand net-zero alignment methodologies, frameworks and challenges and has also been useful in progressing our understanding of and approach to portfolio net-zero alignment assessment. More information on our progress on TCFD reporting is provided in Principle 1 and 7.

We are also still active in the Independent Investment Managers Initiative's (IIMI) Responsible Investment Forum, where ESG practitioners from smaller, independent asset managers share experiences and best practice for responsible investment and stewardship.

Principle 5: Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

In a complex business environment, the management of risk through the design and implementation of sound internal controls combined with the need for a clearly defined regime of corporate governance, rigorously applied, remains at the forefront of the minds of the Board and employees of Polar Capital. Today, the financial services sector has become one of the most highly regulated industries and we aim to create a culture which recognises the importance of adhering to the spirit and intent rather than just the letter of these demanding standards.

> Polar Capital prides itself on the principle of investment team autonomy, however, we have a responsibility to ensure that teams' ESG practices are supported by central oversight and monitoring of commitments, limits, ESG and climate-related risk

The day-to-day controls and systems operating within Polar Capital are designed to deliver the standards expected of the company, both now and in the future as we continue to grow, and to provide clients, regulators and investors with comfort of how the key risks facing the company are identified and controlled. We have worked hard to win a reputation for first delivering top class investment performance and second for building a robust and scalable operational infrastructure which supports and is monitored by an integrated and effective control environment.

Polar Capital continues to develop and refine its procedures and is committed to maintaining, throughout the organisation, a comprehensive set of controls within a working environment of constant vigilance to the changing risks facing the business.

For a system of internal controls to be effective, the whole organisation must support and operate the controls so they become embedded in the fabric of every business decision. Polar Capital conducts a comprehensive risk-monitoring programme on a continuous basis.

Our compliance team reviews all policies at least annually. If any amendments and adjustments need to be made, they are completed on a case-by-case basis when, for example, there is a change in regulation, or a recommendation is made by the FCA, other regulators and/or external consultants. Any changes are logged by the Compliance team.

The Compliance team updates these policies through careful assessment of whether all references are still current. For example, they ensure all FCA handbook references are updated and remain valid. The policies are then sent to the Head of Compliance to review and approve. Final sign-off and review is done by the Group's CLCO.

Our compliance monitoring programme looks at different risk areas across the Group and, where certain policies apply, the team will test whether the policy is being adhered to. Both the Head of Compliance and CLCO then review the reports and have final sign-off. If any issues/discrepancies are found, they will be escalated to the CLCO and remedied. If a policy/procedure is not being followed, controls will be re-assessed to determine whether additional or new controls should be put in place to ensure compliance in the long term.

Monitoring also includes the annual declaration made by all members of staff which requires attestations of knowledge, understanding and compliance with key policies and procedures.

All staff are required to undertake compliance training on an annual basis. There are certain key modules that all staff are required to complete, including anti-money laundering, anti-bribery and corruption, conflicts of interest and market abuse among others, as well as modules undertaken according to role, such as client-facing positions.

ESG

As our investment teams have adopted formal approaches to ESG incorporation, the ESG-related obligations and restrictions on our funds have increased. Polar Capital prides itself on the principle of investment team autonomy, however, we have a responsibility to ensure that teams' ESG practices are supported by central oversight and monitoring of commitments, limits, ESG and climate-related risk. Over the course of the reporting period and through 2022, internal processes were reviewed to ensure compliance with ESG commitments and that our funds remain true to their label. This has resulted in enhanced processes that involve our Sustainability, Legal, Product Management, Compliance and Operations teams.

In order to adopt a formal policy for ESG or reclassify a fund from Article 6 to Article 8 or 9 under SFDR, the proposed change must go through an internal review process. The proposal is developed in conjunction with our Legal, Sustainability and Product Management teams to ensure the process is credible, rigorous and evidencable, and reviewed within the context of relevant regulation. The proposal is reviewed and approved by the PGC, external legal counsel, management company and fund board, before being submitted to the relevant central bank.

As has been described in detail in this report, the investment ESG risk oversight process has continued to be reviewed and evolve over the past year. We have built on the processes adopted in 2022, that further involved our Sustainability, Legal, Product Management, Compliance and Operations teams in the development and monitoring of investment teams' responsible investment processes, ensuring these processes are also credible, rigorous and evidencable.

Internal procedures for monitoring compliance of ESG commitments and restrictions have been enhanced by the Sustainability and Compliance teams, improving visibility of ESG characteristics of our funds for internal stakeholders. This includes updating internal reporting processes, for instance ensuring that the PGC has a quarterly report on our funds' compliance with their ESG policies and introducing a traffic light system for flagging potential issues.

Where funds use an exclusion policy in addition to their ESG integration approach, the Sustainability and Compliance teams will maintain exclusions lists within the ESG limit census. These are maintained by the Compliance team who also implement the exclusion lists for the relevant fund in the Bloomberg compliance manager system (CMGR), which is in turn implemented by the Operations team.

ESG restrictions

In early 2023, the Trade Compliance Committee, which is tasked with reviewing issues arising from monitoring trade allocations, leverage limits, best execution, market abuse etc, initiated a review of our approach to exclusions monitoring and implementation. This led to more robust processes for exclusion lists, ensuring they are captured in CMGR and having a pre-trade hard block on companies in the system, such that any attempt to trade a company on an exclusion list requires input from the Sustainability and Compliance teams before being approved.

Committee structure

The Sustainability Committee and Responsible Investment Working Group have been working alongside each other for the past year and the usefulness and effectiveness of both remains positive. There have been no significant changes to the membership or terms of reference for either group.

The Sustainability Committee structure was informally reviewed in the first quarter of 2022 to ensure it was delivering its key objectives and best serving our sustainability strategy. As a considerable portion of effort of the committee had been focused on investment-related issues, it was resolved that the Responsible Investment Working Group be established. This was done to ensure the Sustainability Committee remains able to cover investment and corporate ESG initiatives, to develop the Working Group as a forum focused on responsible investment and to ensure all funds are represented.

Client communications

Polar Capital's stewardship reporting is provided through due diligence and client requests, fact sheets, presentations and annual reviews.

In due diligence requests, stewardship activities are provided by and reviewed by the portfolio management teams and the Head of Sustainability. Any fact sheet, ESG or stewardship disclosures are produced by the investment teams and reviewed by the Compliance team. ESG and stewardship disclosures in the Annual Report are produced by the Head of Sustainability in conjunction with members of the Sustainability Committee. The Polar Capital Holdings plc Board of Directors is responsible for producing the Annual Report and Accounts.

This UK Stewardship Code Report has been prepared by the Sustainability team, with input from stakeholders across the business. As the governing body of the regulated entity, Polar Capital LLP, the Executive Committee has approved the document.

Independent assessment on our ESG and stewardship activities

As described above, the Compliance team monitors all activities within the business and produces risk maps specific to each area within the Group. An ESG risk map captures all ESG activities and processes.

Some of the monitoring and testing areas include reviewing:

- Risk reports for ESG oversight
- The UN PRI requirements and disclosures made by Polar Capital
- Regulatory developments and requirements within the ESG landscape
- The proxy voting policy and procedures
- The Group level approach to ESG
- Disclosure information (e.g. post-SFDR implementation)

Compliance monitoring of Polar Capital's ESG activities takes a risk-based approach and is completed on a quarterly, six-monthly and annual basis.

Over the period, the Polar Capital Group ESG Policy was updated to reflect updates to our funds' compliance with the SFDR classification system. The policy now reflects more comprehensively how our funds approach responsible investment and stewardship, and the key governance structures and internal infrastructure in place to facilitate these practices The current ESG Policy on our website will reflect changes made to a review conducted in the third quarter of 2023.

Internal controls

The Board has overall responsibility for the Group's system of internal controls, including its risk management framework, compliance and financial reporting.

Polar Capital's system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It is recognised that such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. Any incidents are reviewed to ensure there are no systemic issues and additional controls are put in place to prevent recurrence.

As part of its role, the ARC has reviewed and monitored the effectiveness of the internal controls for the year ended 31 March 2023, approved the ISAE 3402 internal control report for the 12 months to 31 December 2022.

More information on the activities of the ARC is set out in their report on pages 67 to 71 of the Polar Capital Holdings plc Annual Report and Accounts. Overall, the ARC has concluded that there was a satisfactory process in place to identify and manage the business risks.

> We are a signatory of the UN Principles for Responsible Investment (PRI) and are committed to upholding the Principles

In the reporting period, the ARC also agreed the implementation, scope and timings for a newly outsourced internal audit function, as well as over the implementation of internal audit recommendations from the audits carried out in the year. With the appointment of Minerva Risk Consulting ('Minerva') as the Group's outsourced internal audit function in July 2022, the ARC agreed an internal audit plan. The ARC reviewed the first two internal audit reports covering the risk management framework and central trading, at the February 2023 meeting. Implementation of the recommendations will be tracked and monitored by the ARC. The ARC received regular updates from Minerva at each committee meeting on the internal audit plan, recommendations and observations from their work.

Overall, the ARC has concluded there was a satisfactory process in place to identify and manage the business risks.

UN Principles for Responsible Investment (UN PRI)

We are a signatory of the UN Principles for Responsible Investment (PRI) and are committed to upholding the Principles. In late 2022, we received our assessment for the report we produced in March 2021. Under the new PRI assessment, we scored three 'stars' out of five for Investment & Stewardship Policy, four stars for active fundamental listed equity incorporation, and four stars for voting. We have recently completed our PRI report submission for 2023 and expect these results to be published in Q4 2023.

Principle 6:
Client and beneficiary needs

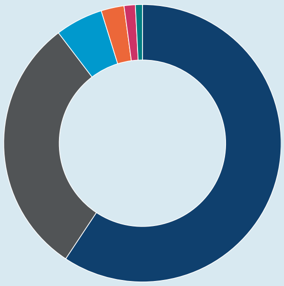
Signatories take account of client and beneficiary needs and communicate the activities and outcome of their stewardship and investment to them.

Clients

Polar Capital provides investment management services to clients who are predominantly UK and Europe-based professional and wholesale investors, along with an increasing number of institutional investors. Our goal is to help them all achieve their long-term investment objectives.

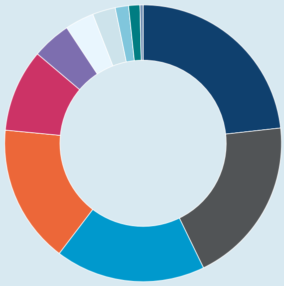
Below is a breakdown of our client base by client type and region as at 31 March 2023.

Investor mix by geography



	%
UK	59.3%
Europe	30.3%
Asia	5.5%
Nordics	2.7%
North America	1.3%
Other	0.8%

Investor mix by holdings



	%
Bank	23.2%
Polar Investment Trusts	19.6%
Private Wealth Manager	17.5%
Platform	16.1%
Asset Manager	9.7%
Fund of Funds	4.5%
Pension Fund/Foundation	3.4%
Family Office	1.6%
Insurance Company	1.3%
Consultants	0.4%
Other	2.7%

Source: Polar Capital, as at 31 March 2023.

Our Product Management team reviews the target market classification of all our funds to ensure we accurately classify and market the right funds to the right clients, looking at factors such as investor type (retail, professional or institutional), return profile (growth or income) and investment time horizon. All Polar Capital funds are recommended to be held for the medium to long term, which we define as three years or more.

At the end of 2022, sustainability preferences were incorporated into the target market classification review for our funds. This exercise sought to designate funds as suitable or not suitable for investors seeking funds with sustainability characteristics or sustainability objectives.

Communicating with our clients

We interact with our clients through our Marketing, Client Services and Distribution teams as well as the Investment teams. They maintain contact with clients, shareholders and appropriate media outlets through a combination of virtual and in-person meetings, written, audio and video communications, presentations and our annual Polar Capital Investor Conference. The content of these meetings ranges from fund performance updates to initiatives that Polar Capital is involved in; the frequency of these meetings is on a case-by-case basis.

During the year, 3,344 client meetings were held, in 1,694 of which a portfolio manager was present. Over the reporting period, the Firm continued to significantly increase engagement with clients and shareholders on ESG and stewardship. These interactions have been valuable in informing our approach to incorporating ESG and stewardship at a fund level as well as understanding the expectations of clients for corporate sustainability. The Board receives a report on distribution and client servicing at each Board meeting.

We aim to provide our clients with exceptional service and support and believe that, now we are able to work without the restrictions of Covid-induced lockdowns, face-to-face engagement remains a key element of that provision.

Our goal is to configure and optimise our distribution, client services, marketing and communication so they are increasingly tailored to specific client segments and geographies. Client communication and engagement is fast becoming a point of differentiation and a way for smaller asset management firms to compete with larger groups beyond simply price and investment performance.

Therefore, it was pleasing to see that Polar Capital scored well in the annual Broadridge Fund Brand 50 survey of investment professionals. Within the UK, we were the seventh highest ranked brand, up from eighth the previous year, the smallest group in the top 10 based on AuM and in the company of many much larger peers. Given our approach has always been to deliver a specialist investment offering with a premium service to our clients, it was also pleasing to see Polar Capital retain its number one ranking for Thematic Equity in the UK and come second for client-oriented thinking. The same survey ranked us third (up from fourth) in sales and account management, and sixth (13th) in marketing and communications.

In a trend largely accelerated by the pandemic, how clients engage with us has changed and for many of them that engagement, at least initially, is increasingly digital. In response, we continue to focus on and invest in our digital marketing capabilities, aiming to further enhance and expand the way in which we engage and communicate with our clients.

By successfully combining our sales and digital marketing capabilities we are extending the reach of our distribution to accelerate growth and facilitate our strategy of growth through diversification.

We communicate directly with clients during their due diligence on our funds and, increasingly, ESG and stewardship practices are a core element of this. Therefore, we communicate with clients openly about these practices and the policies behind them as well as activities at a firm and fund level.

We continue to build on the ESG information provided for the growing number of Polar Capital funds with Article 8 or 9 designations under SFDR on dedicated pages on each fund's page within the Polar Capital website, showcasing the fund and Investment team's ESG process and philosophy when it comes to managing client money.

In addition to regular reporting through fact sheet commentaries, dedicated sustainability-related disclosures and annual report updates, we produced 150+ investment insights – through a combination of written articles, video, radio appearances, webcasts and podcasts – that were sent to clients and published on our website. The topics covered ranged from market and thematic updates, the investment analysis of key events, up-to-date news comments and ESG-related insights from our specialist fund managers.

Insights covering responsible investing as well as ESG and market-related issues that needed careful stewardship on our clients' behalf from our investment teams include:

- 'Smart' technology driving the move to clean energy
- Clean energy unleashing growth, innovation and investment opportunities
- The European Green Deal: Europe's answer to the US Inflation Reduction Act
- US banks in turmoil
- SVB's collapse: Exposure and implications
- ChatGPT: 'Smart' technology driving the move to clean energy
- China Stars: Opportunity in a shifting macro environment
- Corporate governance changes 'a declaration of war' [in Japan]
- How close are we to 'peak fear' for UK equities?

Engaging with clients

We engage regularly with our clients on ESG and stewardship practices, to understand their approaches and expectations for us as investment managers. We also engage with our clients to understand their approach to assessing our funds and our company as a whole on ESG grounds, whether that be through third-party services or by a proprietary assessment method. These conversations have included topics such as ESG reporting, data capabilities, central resourcing, regulation, stewardship priorities and approach to net zero.

These interactions have helped inform our responsible investment and stewardship practices. Understanding our clients' priorities for thematic engagement has, in part, increased our analysis of adverse impact indicators to drive engagement on carbon emissions and Board-level gender diversity. The importance of net zero, and many of our clients joining or expecting membership of the Net Zero Asset Managers Initiative (NZAMi) has been a factor in motivating us to develop our net zero strategy and methodology for assessing the net zero alignment of our portfolios.

The information is communicated, directly or through the Sustainability Committee and Responsible Investment Working Group, to investment staff, the Head of Sustainability, CEO and CIO depending on the topic of the engagement. The majority of our funds are open-ended; therefore we have hundreds of clients, all of whom may have slightly different expectations and approaches to responsible investment and stewardship. While we aim to understand these, as well as emerging best practice, it is, however, our prerogative to develop our stewardship approach in a way that fits our size, business model and our funds' investment philosophies.

Communication with shareholders

Shareholders are key beneficiaries of our Group. The ongoing support and engagement of our shareholders is vital in helping us deliver our long-term strategic objectives and growing the business.

Roadshows are arranged each year after the annual and interim results to allow the CEO and Group Finance Director to meet with potential and existing shareholders to discuss the financial performance of the Group. The Chair contacts, and is available to meet, major shareholders without the Executive Directors present to facilitate direct feedback.

Other responsible investment, stewardship and sustainability communications

UN PRI

We communicate our overall approach to responsible investment through the UN PRI reporting process, publishing our Transparency Report on our website as recommended by the UN PRI, to allow clients access to information on our practices following the UN PRI assessment format.

Annual Report

For the third year, we have included a sustainability report within our annual report, in which we provide insight on the developments and initiatives related to our internal and external corporate sustainability initiatives as well as our approach to responsible investment and stewardship.

The Annual Report also includes Board-level disclosures such as the Directors' Duty Statement, Section 172 Statement under the Companies Act and a Corporate Governance Report against the QCA code.

We have again provided disclosure based on the recommendations of the TCFD, explaining how this is incorporated into our governance, strategy and risk management processes. We will produce our full TCFD report for Polar Capital by June 2024.

More information from this report can be found on page 32 of the Annual Report and Accounts.

SFDR-related reporting

As many of our funds are Irish-domiciled, the EU SFDR and accompanying regulation has shaped how our funds communicate their responsible investment and stewardship approaches.

Each Polar Capital fund classified as Article 8 or 9 now has a dedicated ESG webpage which explains their responsible investment process as well as providing links to relevant communications and SFDR-related documents. These include key characteristics of their ESG approach, the methodology for ESG assessment and their engagement approach.

More information on the classification of funds under SFDR, key elements of our process and breakdown of funds classified as Article 8 or 9 is provided in Principle 7. Here, we detail the increased communication with clients, formally and informally, in relation to SFDR.

> In addition to regular reporting through fact sheet commentaries, dedicated sustainability-related disclosures and annual report updates, we produced around 130 investment insights that were sent to clients and published on our website

In addition, in their Annual Report any funds classified as Article 8 or 9 produce a report on their ESG approach, the ESG characteristics/ objectives of the fund, how and to what extent the fund has attained them, and what actions were taken to achieve them. Building on disclosures in previous years, we have now incorporated reporting on principal adverse impact (PAI) indicators, such as the carbon footprint of the portfolio, weighted average carbon intensity and Board-level gender diversity, for those funds that consider these formally.

Voting record

Our voting records are published annually on our company website and are detailed under Principle 12. As part of the new ESG web pages produced for Article 8 funds, we now provide their voting records every six months.

Principle 7:

Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Polar Capital aims to provide a range of fundamentally driven investment products that deliver differentiated, long-term returns to our investors and promote long-term value for shareholders and other stakeholders, acting as responsible stewards of our clients' capital. One of our founding principles is the autonomy of the investment teams and this same principle is applied to investment-related ESG practices. We believe incorporating ESG and stewardship approaches into the investment process is something that should be driven by the investment teams, ensuring ESG analysis, engagement and voting decisions are closely linked with the investment decision-making process, while being supported by robust central resources.

ESG factors can affect an investment team's view of a company's growth rate assumptions, competitive position and the discount rate used in financial models. We do not view ESG questions as non-financial. These issues have the potential to affect the long-term financial profile of companies in the same way as more obvious financial considerations such as sales, margins and asset returns. Generally, our funds focus on integrating material ESG risks and opportunities into their investment process, and these factors may differ depending on the region and sector of the investment team's focus. Polar Capital funds invest in companies globally, therefore consideration is given to local standards, regulations and best practices related to sustainability factors when identifying companies within portfolios for enhanced due diligence or engagement.

We consider engagement and voting integral parts of our funds' responsible investment and stewardship approaches (further information on this is provided in Principles 9-12). As engagement and voting are so fundamentally tied to the overall responsible investment process of our funds, case studies provided in these principles contain references to ESG integration, engagement and voting, and have been included where most appropriate.

> Our investment teams benefit from a devolved structure, where each investment team has autonomy over their own investment strategy, where there is no one-size-fits-all investment approach. As such, analysis and interpretation of ESG issues is specific to each investment team

Our funds have discretion over whether they adopt an exclusionary approach in their process. This allows investment teams to adopt a strategy that fits their investment philosophy and beliefs. Examples of exclusion approaches taken by funds are provided as case studies below.

Polar Capital implements a firm-wide exclusion on all companies involved in the production of controversial weapons such as cluster munitions and antipersonnel mines, and also considers EU sanctions, the US OFAC list, HM Treasury Sanctions list and UN-sanctioned entities.

Oversight

Separate to the investment teams' internal responsible investment processes, portfolio characteristics are observed and monitored centrally by Polar Capital's CIO and Risk and Sustainability teams, with ESG monitoring an integral part of their oversight process.

Each investment strategy is reviewed in detail every four months in a meeting with the lead portfolio manager, CIO, CRO and the Head of Sustainability. The Sustainability team monitors changes in the aggregated ESG scores of the strategy and any material changes in company ratings. The portfolio is screened from a norms and controversies perspective to highlight any lagging company practices with regards to the UN Global Compact (UNGC) principles, global norms, human or labour rights. The report highlights any companies with material business involvement activities of particular interest to the strategy. Finally, company-specific carbon performance data and aggregated portfolio-level carbon metrics are included for review.

Portfolio managers have access to the full specialist ESG research and, as is the case with conventional third-party investment research, they do not always agree with the third-party ratings, but they can assess the consensus view. The appropriate course of action remains the portfolio manager's prerogative.

Key sustainability themes

Climate change

Given the autonomous structure of our investment teams, analysis and interpretation of ESG issues, including climate change, is specific to each investment team and the necessary actions taken to address these issues is ultimately the decision of the portfolio manager. This allows investment teams to apply a nuanced analysis of the risks and opportunities of climate change within the spectrum of their different specialist sectors, themes or geographies. While the main objective of the net-zero transition is clear, to rapidly reduce carbon emissions globally, the implementation is complex and requires a wide range of actions across all industries.

Polar Capital's range of actively managed funds will often leverage their relationships with company management to affect change where they feel it is required. This includes where portfolio managers believe the risks of climate change are not being properly addressed by the companies. The specific changes required depend on the particular company, however, the sentiment has led to the broad formalisation of consideration of principal adverse impacts relating to climate change.

Within the context of the EU SFDR and concept of PAIs, at 31 March 2023, of Polar Capital's AuM that is in scope of SFDR (excluding segregated mandates), 85% have formally chosen to consider principal adverse impacts relating to carbon emissions and exposure to fossil fuel sectors (63% of Polar Capital's total AuM). Factors taken into account when assessing a company's impact on the environment include greenhouse gas (GHG) emissions, including, but not limited to, indicators such as absolute emissions, carbon footprint, emissions intensity and carbon reduction initiatives. Revenues of investee companies attributed to the fossil fuel sector are considered by the Investment Manager. Where material revenues are flagged, the Investment Manager will assess the company's carbon reduction policies or targets related to achieving net-zero.

They will also seek to improve material adverse impacts of investee companies through active ownership activities such as engagement, voting or, if necessary, divestment from the company within a reasonable timeframe, taking into consideration the best interests of the fund and its shareholders.

Examples of investment teams' consideration of PAIs and subsequent impact on investment decisions, engagement practices or voting is provided later in this Principle and in Principles 9-12.

There has undoubtedly been consensus on the general direction required to meet the risks and opportunities relating to climate change. The uptake of formal thermal coal exclusions by the investment teams signifies the growing risk that owning a thermal coal related company poses and reflects the need to transition away from certain fossil fuels. However, we acknowledge that while an exclusionary approach helps to manage potential climate change risks, it does not necessarily lead to real world decarbonisation. At 31 March 2023, 57% of Polar Capital's total AuM was subject to a revenue-based thermal coal production exclusion.

Social factors

Investment teams may assess companies' labour management and supply chain labour standards, human capital approach, and product safety and quality standards. Many funds incorporate human rights assessments into their ESG investment processes and use third-party research to screen for companies for compliance with the UNGC and Human Rights principles.

As regards SFDR and the concept of PAIs, this has led to the consideration of UNGC violations and Board-level gender diversity being formally adopted across 63% Polar Capital's total AuM (85% of AuM in scope of SFDR, excluding mandates) as at 31 March 2023. This norms-based screening involves assessing portfolio alignment with standards and conventions such as the UNGC, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises.

Where the investment team assesses that a company does not align adequately with these standards, the Investment Manager will exclude that company from the Fund's investment universe. Where a company no longer aligns with these standards following investment, the Investment Manager will, as a guideline, engage with that company first to understand the materiality of the risks and management's strategic direction to ensure future alignment. Where the company does not demonstrate adequate and timely progress towards realigning with these standards, steps will be taken to divest from the company within a reasonable timeframe, taking into consideration the best interests of the fund and its shareholders.

While Board-level gender diversity is simple to assess in nature, the pace of change varies significantly between sector and jurisdiction. Polar Capital's autonomous structure allows Investment teams to consider the Board-level gender diversity of investee companies within the context of the company's location and sector. As an example, in the UK, the FCA has implemented rules to enhance Boards' gender diversity in listed companies, whereas in many emerging markets this is not the case. The two differing examples of Board-level gender diversity considerations of the Emerging Markets & Asia and UK Value teams highlight these disparities and show the nuanced approaches to this issue.

Case Study: Emerging Market Stars Fund

The Emerging Market Stars investment team captures the number of companies in the portfolio that do not have any women on their boards. As at 31 December 2022, eight of the fund's 47 investee companies had no female Board members. This represents 17% of the fund by number of holdings and a lesser 12.5% of the fund by weight, as on average the investment team holds smaller positions in these companies. It should be noted that six of these eight companies are in the technology sector, principally in high-value, leading-edge companies related to the semiconductor industry. The remaining two are in much earlier stage economies: Vietnam and Saudi Arabia.

Part of the investment team's process involves engagement with all companies regarding Board structure, efficiency, controls and oversight which involves analysis of diversity representation. As part of this work. it has questioned companies over a period of years regarding the absence of women on their boards. There is a strong consensus in the response: despite a keen willingness, there is a shortage of women with sufficient seniority, specific technical skills and managerial experience in these particular areas due to very low levels of women having studied to become semiconductor engineers or software programmers 15-20 years ago – where they exist, they are highly sought after, but are few and far between. In middle-management and all tiers further down, throughout technology organisations there are increasing numbers of women, which the investment team views as encouraging and is hopeful that strong pipelines of future female leaders are being built, that investee companies are keen to bring into their leadership teams or to board level, in the not too distant future. The investment team has good relationships with the management of these companies and believes they are well equipped to manage their top-level talent and structure their management well, in a diversified manner such that strategic thought receives balanced input, challenge and the benefit of a range of backgrounds.

The investment team, and the investee companies, are highly aware of the paramount importance of a strong culture on the overall success of a business. When the portfolio manager scores a company in its proprietary Material ESG scoring framework, it has the ability to make a specific adjustment with regard to board diversity – either to reflect very positive performance, or to deduct points for what it assesses to be a poor setup relative to industry peers. The Investment Manager strongly supports gender and racial/ethnic diversity on boards of the fund's investee companies, captures as much data as it can and engages to promote this. However, there are nuances across the portfolio which the investment team does not believe should be seen as negative, as companies try to invest in the right talent to support their business, now and for the future – which conversely provides a bright outlook for improvement.

Case Study: UK Value Opportunities Fund

Illustrating the contrast between regional investment focus and the need for tailored approaches to responsible investment, the UK Value Opportunities team engaged with 20 investee companies on female Board diversity in 2022, of which 16 did not have at least 33% female representation. Much of the investment team's engagement in 2021 came into fruition in 2022, as the team made 25 engagements on gender diversity in 2021, of which 23 were high priority, involving companies with less than 33% female representation on the board. Eight of these engagements have subsequently seen improvements, with seven in the high priority group, including Anglo American, Computacenter, Cranswick, Grafton, Gleeson, Morgan Sindall and Sigma Roc. The percentage of investee companies with at least 33% of women on the board rose from 55% to 69% between December 2021 and December 2022.

Case Study: Sustainable Thematic Equity Team's ESG Integration Update

As highlighted in last year's report, the Sustainable Thematic Equity team focuses on companies that have a direct positive contribution to the decarbonisation of the energy and transport sectors. The initial step the investment team applies is specific thematic exclusion criteria. Companies involved in the exploration and production of oil, natural gas, coal and the first generation of biofuels (derived from food crops) and palm oil producers are excluded. Also excluded are utilities with fossil fuel or nuclear power generation, as well as natural gas transmission & distribution utilities.

Further, as part of the commitment/alignment to the 'Do no significant harm' (DNSH) principle, as outlined within both the SFDR and Taxonomy Regulation, the investment team applies norms-based screening and exclusion of investment in companies that are assessed by the Investment Manager to be in breach of global norms standards, such as the UNGC, UN Guiding Principles on Business and Human Rights and International Labour Organisation conventions. The team excludes investment in companies involved in the production, distribution and/or sale of controversial weapons, such as cluster munitions and anti-personnel mines, as well as those companies involved in the production, distribution and/or sale of nuclear weapons. They also exclude companies that derive more than 5% of their revenues from conventional weapons production, components or systems. A 0% revenue threshold exclusion is applied to companies active in the areas of civilian firearms, tobacco, alcohol, gambling and/or adult entertainment.

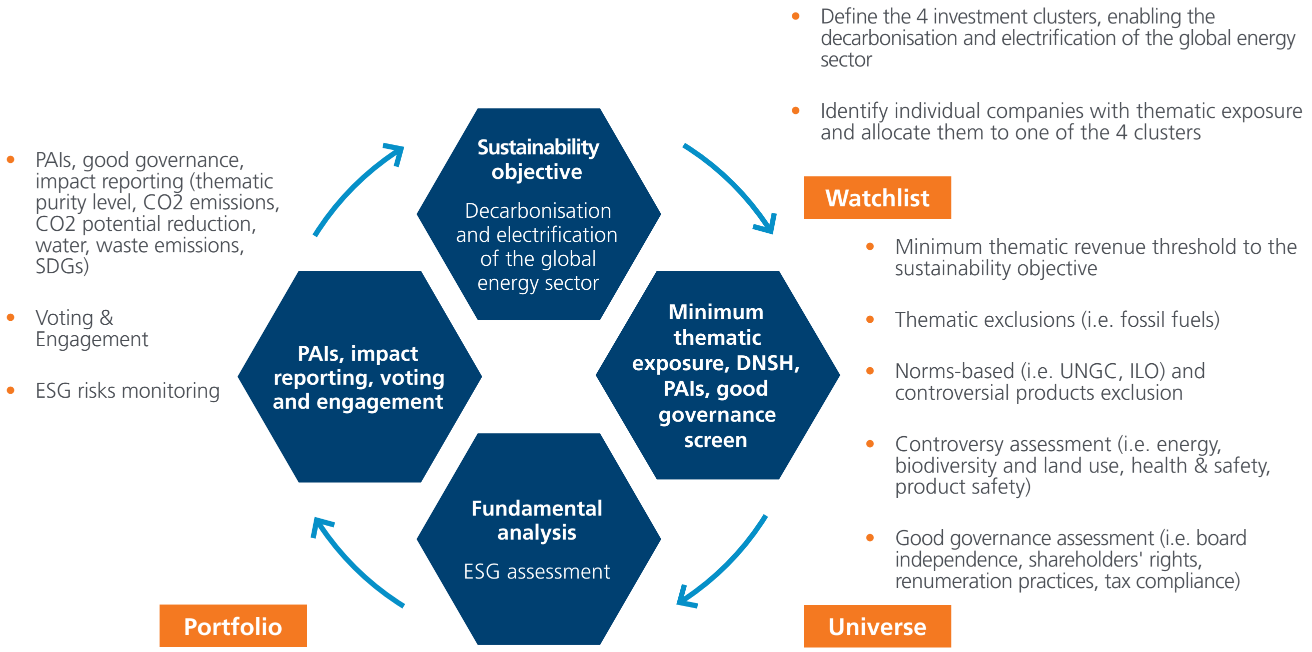
In its assessment of the DNSH principle, the investment team does a thorough analysis on PAI indicators as defined by the EU SFDR. The team analyses the governance practices of the company through assessment of factors such as, tax compliance, compensation, board structure, board-level gender diversity and controversies related to governance practices. Good governance practices may also include, but are not limited to, management structures, employee relations, remuneration of staff, business ethics, accountability, shareholders' rights and ownership structure. The team assesses good governance, using a number of key metrics, while also allowing for consideration to be given to local standards, regulations and best practices related to governance.

Where a company has a related severe controversy, or flag as failing the relevant PAIs, this may be deemed to significantly harm the sustainability indicators. The company will be prohibited to enter the eligible universe. Instead, it will be put on a watchlist and might be reassessed again at a later stage.

The investment team also assesses the corporate governance structure of companies, according to the good governance criteria as outlined in the SFDR (sound management structures, employee relations, staff remuneration, tax compliance). Where relevant, additional governance factors, such as business ethics, transparency, board independence, quality, diversity and accountability, shareholders' rights and ownership structure are included.

As part of the investment team's fundamental analysis and going beyond the pre-checks of the DNSH principles as outlined within both the SFDR and the Taxonomy Regulation, the team analyse how well a company manages its material environmental (E), social responsibility (S) and governance (G) issues and integrate this in their company assessment. ESG factors are important, can have a fundamental influence on a given company's operations and its ability to generate value for shareholders and will vary between industries. Factors that may be assessed include, for example, a company's supply chain management, human capital management, its capacity for innovation, its environmental and social impact, including any ESG controversies and its corporate governance structure. The team base their ESG analysis on a proprietary assessment, using a mix of independent inputs from ESG data providers such as MSCI ESG is part of their approach. Overall, the team believe they have better insights into some of the variables than some of the data providers given their experience and expertise on sustainability research, constant interaction and engagement with management teams and their thorough research process. For example, significant concerns and controversies on a company's business ethics, governance structure or poorly-designed management remuneration structure may create undesirable downside risk for shareholders. Similarly, controversies on social issues such as human rights, labour disputes, workplace safety or community engagement may also harm a company's reputation, potentially negatively to sales, liabilities and litigation. The team's sustainability analysis complements their investment thesis qualitatively but may also impact their quantitative assessment of a company, for example by affecting growth, profitability and cost of capital assumptions.

The below graphic provides an overview of the team's four-step investment process.



Source: Polar Capital. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital.

PAIs: Principal Adverse Impact indicators, DNSH – Do no significant harm (to other environmental or social objectives), UNGC – United Nations Global Compact, ILO – International Labour Organisation.

As an example, the team excluded both Xinjiang Goldwind, a wind turbine manufacturer, and Jinko Solar, a solar panel manufacturer based in China, from the eligible universe during the review period. Several investigative reports alleged the companies are in violation of human rights. The companies were alleged to have employed Uyghurs and other ethnic minorities in forced labour as part of the Chinese government's labour transfer programmes where they were held in 're-education camps', subjected to abuse and kept under surveillance. Further in August 2022, the United Nations High Commissioner for Human Rights (OHCHR) published its Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China which concluded there was evidence of forced labour practices. Therefore, after the team reviewed the various reports and conducted its own assessment, they decided to exclude both companies from its investable universe as it viewed their responses to the reports as unconvincing in refuting the allegations.

Furthermore, the team also excluded the company Lithium Americas from the eligible universe in Q4 2022 due to potential UNGC violations regarding its impact on the local community from its proposed Thacker Pass lithium mine in Nevada. There is an ongoing lawsuit filed by environmental groups against the proposed project due to concerns over animal habitats and the environmental impact as well as alleged significant deficiencies in the environmental review for the proposed mine. Also, there was opposition from indigenous communities over potential damage to historical sites. The team decided to move the company out of the eligible universe after assessing the company's response as inadequate. The company is currently undergoing further environmental and stakeholder studies and the team will continue to monitor the situation.

Case Study: Convertibles Team ESG Integration

The Convertibles Team represents the majority of Polar Capital's assets held within the fixed income asset class. During the reporting period, their Global Convertible Fund and Global Absolute Return Fund formalised their sustainability practices and were reclassified as Article 8 as at 26 August 2022. Their process can be broadly explained as a three-stage process of norms-based screening (considering UNGC compliance and human rights violations), exclusions (of companies in the long portfolio that derive the majority of their revenues from thermal coal production, tobacco production, adult entertainment and weapons), and assessment of companies' operational alignment against their ESG framework. The framework considers the alignment of companies issuing convertible bonds with the United Nations Sustainable Development Goal 8: Decent Work and Economic Growth. They analyse potential investments against eight indicators, including promotion of economic growth, equality of opportunity and resource efficiency, and determine either alignment or misalignment. They are then able to construct a portfolio ensuring that the majority of the long portfolio is positively aligned to their ESG framework.

Global Technology

The Polar Capital Technology team, who manage the Global Technology Fund, Artificial Intelligence Fund and Polar Capital Technology Trust, continue to enhance their approach to ESG, but the primary aim remains unchanged: to consider the wide range of ESG risks prevalent in the technology sector while still reflecting the enormous opportunities for technology companies to help solve existential environmental and social challenges such as climate change and financial inclusion. Their approach focuses on the ESG issues and factors they believe are most material to the portfolio and the planet, and seeks to combine their sector domain expertise with rigorous external research and oversight. The investment team engage with companies on ESG matters where it can add value to their investment process and/or where they can use our influence to support positive change.

The team continue to enhance the process, for example introducing enhanced pre-trade ESG checks for new positions and greater use of research tools which can augment ESG-related research, including AI-powered research tool Alphasense and expert network transcript service Tegus. The services of an in-house ESG consultant remain invaluable as the team continues to develop its knowledge and experience in ESG analysis.

> [The Team's] aim remains unchanged: to consider the wide range of ESG risks prevalent in the technology sector while still reflecting the enormous opportunities for technology companies to help solve existential environmental and social challenges such as climate change and financial inclusion.

Some parts of the process have worked very well. For example, the team's focus on governance and remuneration practices has helped the team identify companies with the potential for earnings surprises and multiple rerating as many software and internet companies become more attuned to investors' desire for a more even balance of profitability and growth. This has not necessarily been a question of identifying companies with the 'best' governance, but rather those with the potential for the biggest change in their remuneration policies and hiring practices. They made up part of the team's investment thesis in previously heavily loss-making companies, including Confluent, Freshworks and Monday.com. The ESG process has also prompted incremental company interactions that would have been less likely without it, including direct conversations with investee company board directors, including those at Smartsheet.

Other aspects require further attention. Some investee companies have been unreceptive to engagement attempts; others have engaged but offered little detail beyond their publicly stated commitments.

Principle 8:

Monitoring managers and service providers

Signatories monitor and hold managers and/or service providers to account.

Using third-party resources and service providers are a key part of delivering a robust ESG strategy. We continue to invest in these to ensure we have the best possible information and data to support our strategy.

Any ESG-related service provider is subject to a trial period before adoption and ongoing review while any agreements entered into with service providers must first be vetted and approved by the Firm's Legal team. We seek to understand the methodologies and sources of information used by third-parties to ensure they are transparent, robust and credible.

Proxy voting

The Firm utilises and works alongside the proxy voting provider ISS, allowing us to vote by balancing the best interests of the company concerned over the long term while maximising the value of investments for our clients, on consideration of advice received from ISS.

To ensure the Group Proxy Voting Policy is adhered to and followed, it is a requirement within the policy that the following areas are monitored periodically:

- Annual review by the CLCO or designee of the adequacy and effectiveness of the procedures listed within the policy
- A periodic review of the proxy service vendor by the CLCO or designee, who is a member of the compliance team
- A periodic review of proxy votes by the CIO and Operations team
- Spot check to ensure that proxies are being voted consistent with the proxy voting guidelines:
  - That the investment team will generally vote in line with ISS recommendations, however they are able to vote in another way if they believe this is in the best interest of their fund;
  - Proxy voting is sent to the Compliance and Risk teams for periodic testing on a rolling annual basis;
  - Where ISS recommends votes against company management, this is noted by the Firm's Operations team.
- Review of proxy votes by investment teams:
  - The Compliance team periodically check proxy votes for all funds and makes an assessment of whether all portfolio managers are voting in line with the service provider.

ESG research and data

We review our existing data providers and assess new options on an ongoing basis. Our primary ESG data and research provider, MSCI, is subject to ongoing engagement and feedback on their products. This is done formally every quarter as well as on an ad-hoc basis. Ongoing, we also work with MSCI and other data providers to understand new products and initiatives that may help with our ambition to deliver a best-in-class responsible investment strategy. We have provided regular feedback on data quality and accuracy, and engage on a regular basis to communicate our priorities and key challenges with the data. Key topics discussed in these meetings over the period have included timeliness and accuracy of MSCI's collection and dissemination of company-reported data, development of biodiversity-related data capability and timing of implementation onto the MSCI ESG Manager portal, enhancements to regulatory reporting data modules and, importantly, additional modules related to climate metrics that support portfolio net-zero analysis and TCFD reporting.

At the time of writing, we are testing additional ESG research providers and alternative sources of ESG data. We are undertaking various data trials with the aim of assessing the quality and coverage of data and research, timeliness, usability and the interface of systems in comparison to existing providers.

In the period, we have not added new modules or data providers to our central resources.

Investigating new ESG software

As the importance and focus on engagement has increased within the industry and at Polar Capital, potential data solutions are starting to emerge. We have begun to assess whether such technological solutions would be useful for our business model, including platforms for engagement tracking and management. This is still in the exploration stage. Our Compliance team undertake a formal process with third-party service providers on a regular basis to review the levels of service provided to the Firm or its clients, including investors in our funds. This process is supplemented by the day-to-day interaction with the third-party service providers which allows senior management to review the arrangements and risks inherent in outsourced services. The Firm's sales and investor support teams keep in close contact with existing and potential investors in our funds.

Principle 9:

Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Polar Capital's engagement activities are a key aspect of the wider investment process which, given the principle of investment autonomy, is undertaken differently by the investment teams within the Group. As communicated throughout this report, we believe this approach best suits Polar Capital's business model and ensures that stewardship and responsible investment are integrated into the investment process rather than being managed by a separate team. An active, bottom-up approach to engagement and voting is an essential way for our portfolio managers to enact active ownership and perform their duty as stewards of their investors' capital. We are not activist investors though do we engage with companies where we feel it will have a positive impact on that company's performance and enhance stakeholder value. Portfolio managers lead stewardship activities and are ultimately accountable for them. This activity is not outsourced or delegated to a third-party.

> We are not activist investors though do we engage with companies where we feel it will have a positive impact on that company's performance and enhance stakeholder value

What do we engage on?

Engagement by portfolio managers incorporates a broad range of potential issues, including business strategy, key risk outlook and management, remuneration, capital structure and environment or social issues that are material to the company and investment team, such as climate strategy, approach to human capital development and treatment of employees, board and company diversity, among many others.

For the most part, investment teams choose to engage on issues they have discovered through their specialist knowledge of the companies and their investment universe. As our portfolio managers run highly active and often concentrated portfolios, their engagement focus is on idiosyncratic, company-specific issues. Interaction with investee companies can be broadly broken down into three categories.

The first is meeting with company management to investigate specific issues, test their investment theses and understand how companies are managing key risks and opportunities. This gathers information without the intention of influencing company behaviour or practices. The second is engagement for further analysis or challenge, such as engaging with a company to improve disclosure on topics such as board diversity, modern slavery policy and GHG emissions of the business (though noting that for many companies this is part of a broader and more detailed climate strategy engagement). The third is engagement for action by the company. This is the most active and targeted form of engagement where a fund has a particular goal.

The materiality of an issue is an important consideration for how an engagement is conducted and informs the selection of engagements by investment teams and how they are prioritised within a fund. The materiality of the issue is assessed according to the sector or regional specialism. These three categories are not always distinct. In many cases a meeting with management to understand more about a company's ESG practices where public information may be limited could lead to engagement with that company. If the practices are in place, this may solely be to encourage their disclosure. Where a fund identifies the company lacks or lags practices compared to peers and it is a material issue, as identified by the portfolio manager, this may lead to a targeted engagement to improve the practices of the company.

While the majority of engagement for our funds is driven by material company-level issues, we have also been developing our central ESG data capabilities and resources, looking to adopt more thematic engagement on key issues that affect all our funds, such as climate and GHG emissions strategy, board diversity or global norms compliance. The focus in 2022 has been on delivering company and portfolio analysis of these key issues to flag to our portfolio managers for their consideration and, where assessed as appropriate and necessary, they will use engagement, escalation tools (described below) and voting to encourage change. If an issue is deemed material, such that it impedes the business case and the portfolio manager believes it cannot be improved through engagement, they may reduce exposure or sell their holding entirely.

How do we engage and with whom?

The typical forum for engagement with companies is through meeting company management so portfolio managers can candidly discuss and communicate key issues. Generally, portfolio managers take a discrete approach to dialogue with companies as they often have long-term relationships with company management and feel the best forum for influencing company behaviour is in private, open conversations with management, where both parties' views are exchanged. This is best suited to funds and holdings where the fund has a significant holding in a company or close and direct access to management for increased disclosure.

The appropriate medium for this may be direct email with investor relations (IR), management or the sustainability team. If an issue is deemed more severe or material, other approaches include writing a letter to the company identifying the issue, the position of the portfolio manager and desired outcome of the engagement. This may initially be directed to IR or a sustainability team, depending on the issue, and escalated to the appropriate management level, individual, committee, board, chair or president of the company. Our portfolio managers' approach to engagement as long-term investors is generally done discreetly and directly, and there are only a few instances where we have made engagements public.

One example is our collaborative engagement with Reliance Industries through CA100+. While this is a public forum, it is an engagement with a select group of investors and collaboration is the key driver for success, not publicity of the engagement (see Principle 10 for further information). Voting can be another form of publicly disclosed engagement where a fund seeks to effect change using their right to vote on specific issues (see Principle 12).

In presenting our engagements in this report, it is important to acknowledge the nuanced nature of engagement and the relationship between investor engagement and subsequent action by a company.

While there are cases where our investment teams' engagements have been acknowledged by company management as important drivers of their change in practices, for the most part attributing causality to a single engagement can be difficult. Many external factors, including existing corporate strategy, regulation, pressure from other investors and wider society, may all play roles in shaping a company's behaviour. Our intention is to provide an understanding of the key issues that we have prioritised and raised to encourage positive change with the companies in which we invest.

Case Study: UK Value Opportunities ESG Integration

The fund's approach is to take ESG issues into consideration through integration into the investment process. The proprietary EVA Sustainability Score (SS) integrates the risks and opportunities of ESG factors into the investment team's EVA SS framework. Each company in the portfolio is assessed and scored on their approach to six ESG topics: carbon emissions, short-termism, efficiency, ESG regulation, customer demand and thematic trends. Within this framework the cost of capital is an extremely powerful force and the investment team believes carbon emissions policies will increasingly affect the cost of capital. As such, the level of carbon emissions is the single most important ESG factor attracting the highest weighting in the investment team's EVA SS. Further climate change risks and opportunities are captured within the other five factors. Waste, water and plastic reduction polices are assessed with the efficiency factor. The possibility of climate-related taxes, bans or quotas are assessed with the ESG regulation factor. Environmental considerations are included within the investment team's assessment of changes in consumer demand. The opportunities emerging from the transition economy are captured within the thematic trends category. With respect to carbon emissions, companies are scored on their emissions policies. The scoring is consistent with the investment team's ambition that investee companies will reach net zero emissions by 2050 or sooner. Over the period, the EVA SS impacted: 1. stock selection; 2. position sizing; and 3. engagement, with examples provided below:

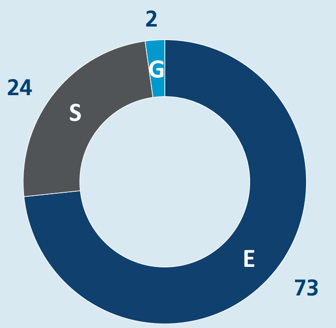
1. Stock selection: A position was exited as a result of failed engagement on the investment team's carbon emissions category. In short, the investee company is yet to recognise the impact of climate change on its cost base. Additionally, several companies' shares have not been bought despite appearing on the team's watchlist, including Glencore and DCC, on the basis of their carbon emissions score; Plus 500 and Playtech were not purchased on the basis of their short-termism score; and Imperial Tobacco was not purchased on the basis of its thematic trends score.

2. Stock weightings: No investee companies shifted division within the fund over the review period on the basis of changes in EVA SS.

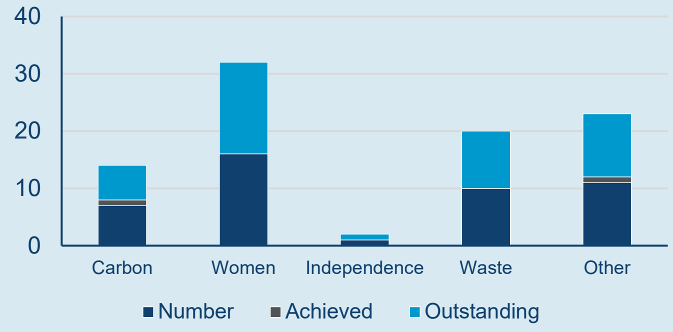
3. Engagement: The investment team has written bespoke individual letters to investee companies in 2022 in support of its ESG agenda on each of the six factors, of which carbon emissions received a particular focus.

Company-specific feedback is given within every topic, including areas for improvement and areas of success. The investment team is currently focusing on decarbonisation, board independence, female representation, executive renumeration and waste reduction. In 2022, the team made 30 engagements on carbon, 20 on female representation, 31 on waste and 11 on other topics. They had notable success during the review period on the introduction of carbon emissions reduction targets at Serica and the collapse of the non-voting share class, which limited minority shareholders' ability to exercise effective stewardship, at Schroders. The team's proprietary ESG tool monitors outstanding engagements with a high priority status. Meaningful change takes time to achieve, and a number of key successes relate to engagements in the previous year. During the reference period, following engagement they had 19 cases of improved carbon targets, eight cases of improved female representation and nine cases of the improvements in waste management.

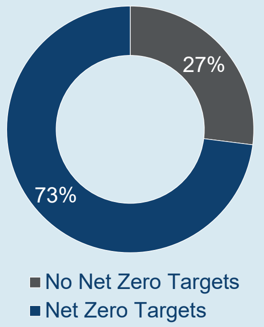
Engagements by Category



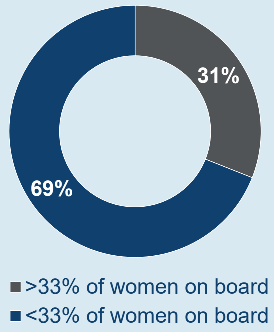
Engagement Effectiveness*



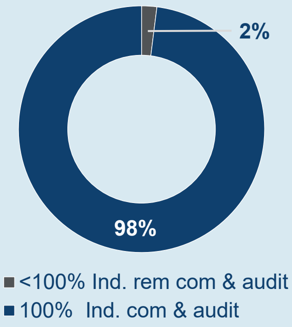
Carbon



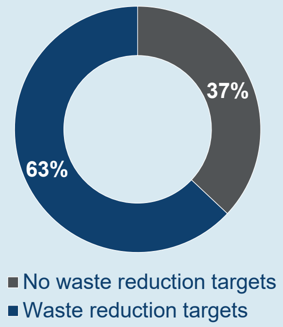
Gender Diversity



Rem com



Waste



Source: Polar Capital, as at 31 December 2022. *Status of high priority interactions only.

Case Study: Global Insurance Fund

During the financial year 2021-22 proxy season, which predominantly took place in April and May 2022, Chubb and Travelers, both investee companies of the Polar Capital Global Insurance Fund, were subject to shareholder resolutions calling for the measurement or disclosure of financed GHG emissions related to underwriting and investment activities, and the cessation of underwriting fossil fuel investments.

The investment team participated in significant engagement with both companies around these points, which included meetings discussing comprehensive commentary issued by the companies that provided further context to their ESG approach and specifically with respect to GHG emissions. The companies highlighted the significant difficulties of measuring the GHG emissions of the companies they insure within their underwriting portfolios and that there are challenges in respect of investments where measurement is not currently expected to result in the publication of useful data. It is not realistic to expect fund holdings to no longer underwrite fossil fuels given the need for energy security and the negative impact this would have on the ability to fund the net zero carbon emissions transition. Also, for many consumers there is currently no viable net zero alternative to fossil fuels.

However, the investment team's approach is to continue to encourage companies and investee companies through engagement to align with the approach of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance. The team made several recommendations to management teams over the review period with respect to how they could improve the implementation of the UNEP FI Principles into the underwriting and investment process, and it was pleasing later in the year to discover at subsequent company meetings that several of these recommendations had been adopted.

Case Study: China Stars Fund

Meidong Auto is a best-in-class luxury car dealership run by a great owner/ operator. Through the investment team's proprietary research on its business practice and strategy, it is confident Meidong has a strong culture to retain and attract the best talent in the industry, a business strategy aligned not only with operational excellence but also the auto industry's transition towards digitisation and electrification. As a result, the investment team did not feel this was being reflected in third-party ESG ratings so started to engage with Meidong senior management directly to improve its scores with these providers. The aim was that improved scores would have material impact on its cost of capital in the future as the company looks to continue to expand its footprint. The investment team helped convince the management about the importance and urgency of improving third-party ESG ratings and identified areas for improved communication and disclosure to address concerns. Through highly engaged dialogue with the providers on disclosure and communication, the company proved its ESG credentials and potentially improved its cost of accessing capital in future which the investment team welcomes.

Principle 10: Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our investment teams usually conduct engagement directly and discretely with company management, using their often long-standing relationship with the companies to guide and encourage the companies on the issues discussed in Principle 9. However, we recognise that in certain circumstances the combined assets and voices of multiple investors may improve the influence and chance of success on an issue. Polar Capital's engagement with other investors through informal and formal groups will be pursued where necessary and is appropriate to achieve the objective of acting in the client's best interest.

External collaborative engagement

While the Polar Capital Emerging Market Stars team continue to be co-lead investors of the Climate Action 100+ collaborative engagement with Reliance Industries, they are supported by contributing investors. In the engagement approach, all leading and contributing investors are encouraged to hold individual meetings with the company to assure multiple reiteration of the engagement objectives and report these interactions to the group, as well as seek support for the engagement from their clients and other investors. Furthermore, the contributing investors offer support by providing context and information from previous engagements with Reliance, share company contacts and increase the shareholder weight held within the collaborative engagement.

The investment team spent significant time during the review period visiting management at their operations in India. In addition, a letter was sent by one of the Climate Action 100+ engagement group participants to the Chair of Reliance Industries' Corporate Social Responsibility and Governance Committee highlighting a range of suggestions for potential improvement of the company's climate governance and strategy.

In terms of ongoing progress, compared to the previous year, the team notes that Reliance Industries provided additional detail regarding its decarbonisation strategy as the company identified the set of actions and investments it intends to undertake to achieve its GHG reduction targets.

At the consolidated level, the company's Financial Year 2022 emissions performance showed improvement year-on-year with reduction across most GHG metrics. The company has targeted TCFD reporting by 2024 and has an ambition to implement Science Based Targets Initiative (SBTi) reporting too. They have also been improving aspects on governance, notably Board oversight and compensation structures, which will take a further two years. Part of the improvement in governance includes the establishment of the Reliance New Energy Council, an internal advisory council where the intention is to gain knowledge and perspective from the experience of the council members and for them to help assist Reliance's transition. Their commitment towards alignment of disclosures with TCFD recommendations has been recognised, nevertheless more needs to be done in terms of standardisation. On the positive side, additional steps were taken by the company during the review period, including the announced Board committees overhaul that the collaborative engagement group tend to attribute, in part, to the engagement group efforts, including a letter sent by one of the participants. The new ESG Committee is set to "review progress towards meeting the Group's ambitions regarding its net carbon footprint, climate change, circular economy, the energy transition and inclusive growth".

As Reliance Industries continues to make steady progress towards its climate transition goals, the investment team voted in favour of company management at the recent AGM.

Internal collaborative engagement

In the last report we provided an example of our Global Insurance team and two other investment teams working together to provide a consistent message regarding a remuneration issue to a common holding. As certain holdings overlap given the regional and sectoral commonality of the funds, the same group came together again in late 2022 and throughout 2023 to date, to engage with an investee company.

> We recognise that in certain circumstances the combined assets and voices of multiple investors may improve the influence and chance of success on an issue.

Led by the Global Insurance team, the focus of the engagement was to rectify an ongoing issue with the company needing to restate key financial performance metrics which had been a recurring issue over the past two years, occurring in 2020 and again for y/e 2022. The engagement group had initially made clear its concerns to management following the 2020 issue.

As a result in early 2023, the group met to assess the options available and potential actions that may be taken following further issues in the year end 2022 reporting.

As part of this, in April 2023, the group wrote a formal letter to Chair of the company voicing their significant concerns with regards to the effectiveness of the Audit Committee's Governance and oversight of the company's capital raise and financial reporting processes.

To further emphasise to the board the seriousness of their engagement, for the AGM held in 2023 the funds also abstained on the re-election of the Audit Committee Chairman and abstained on the election of the Auditors. The engagement group then followed-up on the engagement later in the year where they had the opportunity to meet with the new Chair to monitor progress and understand the steps taken to rectify the historical issues and strengthen governance at the company.

Subsequent to this meeting the company made a further misstatement of a basic financial metric within certain new disclosures. The engagement group met together on two occasions to discuss the best way forward. It was agreed that at the first instance the group would reach out to the Chair and arrange a further meeting to discuss their concerns. The group re-emphasised their view that concrete steps needed to be taken to review and rectify the company's financial reporting processes and governance to ensure the correct personnel were in place to provide confidence to investors and the market that further issues would absolutely not occur.

Unfortunately, the case ended with the CFO of the company announcing their intention to step down from the role and leave the company. This was a possible outcome for the engagement group, however, not the optimum solution for anyone given that the engagement team had worked hard to convey the gravity of the issue right up front at the first engagement several years earlier given the company plenty of time to improve its internal processes.

The engagement group then escalated concerns at the 2023 AGM to both the management and the board and made clear it was unacceptable. Ultimately the engagement group was disappointed that the company did not take action on its own earlier but with the departure of the CFO it is clear that these issues are now truly in the rear-view mirror. The funds are still invested in the company at the time of writing, and the engagement group is closely monitoring the implementation of processes to resolve this issue for the future and the company's selection of a suitable CFO successor with appropriate accounting experience.

Principle 11:
Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

We do not follow a uniform escalation procedure across investment teams as approaches to engagement depend on each team's style and approach. Furthermore, changing and effecting company behaviour or management mentality can take years and multiple meetings to see movement in the right direction. Therefore, investment teams consider how the conversation is developing, whether management is open to recommendations and whether they lead to positive change in the company.

The majority of Polar Capital's assets under management are listed equities so escalation would usually involve holding additional meetings with the aim of continuing a constructive dialogue with the company and escalating to the Board or Chair if a material, operational or strategic issue is not being resolved with the CEO. Similarly, governance issues may be escalated to non-exec directors.

Voting may be used as a method of escalating an engagement, for instance on related shareholder proposals or against re-election of directors accountable for certain issues. Teams may exit holdings in full if warranted. Where share classes do not have the ability to vote, the portfolio manager will rely on engagement or divestment where necessary.

An escalation of stewardship activities is likely to be triggered in circumstances where the portfolio manager has identified that shareholders' interests may be at risk. These circumstances may include:

- Strategy
- Financial/non-financial performance and risk
- Capital structure
- ESG
- Corporate governance

An approach to the escalation of these issues will be undertaken on a case-by-case basis, with reference to the particular investment vehicle, and will depend on the issues which arise. This may include engaging in meetings with management of the investee company, acting in alliance with other institutional shareholders or ultimately selling shares in the investee company. An escalation strategy could, for example, lead to seeking dialogue with other stakeholders including regulators, banks, creditors, customers, suppliers and the company's workforce. Voting in concert with other shareholders will require prior authorisation by the CLCO and show regard to the Conflicts of Interest Policy.

Examples of collaborative engagement as a form of escalation are provided in the previous Principle.

Case study: EM Stars Fund divestment

ITM Semiconductor is a specialised technology company focusing on battery energy and safety management. Unfortunately, the company decided to use its technology to enter the e-cigarettes business which the portfolio manager does not feel comfortable with from a material ESG issues viewpoint, as well as an ethical perspective.

The investment team attempted to strongly engage with the company (as mentioned in last year's annual report), arguing that the upside from being able to be a very strong, clean ESG technology company, within the battery technology sector, would far outweigh the revenue/profit from e-cigarettes, as this line of business would, in the end, result in a significant 'ESG discount'.

The team was not able to convince the company and it took the decision to pursue e-cigarettes as a new main business line. As this became clear, the investment team acted in line with its philosophy and process, and fully exited the fund's position.

Case Study: Melchior European Opportunities Fund divestment

The Melchior European Opportunities Fund divested its holding in a European maritime transportation company after repeated engagements with the management to improve the governance structure and environmental impact of the business were rebuffed.

The investment team reached the conclusion that management was paying lip service to its suggestions, in particular regarding the re-appointment of the longstanding chairman and the structure of the board, and that there was little prospect of meaningful change.

Furthermore, although the investment team had engaged with the company for some time to reduce the environmental impact of its fleet, it reached the conclusion that the company would not be able to achieve a meaningful reduction in the fleet's emissions using viable technology.

Principle 12:

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

The majority (c95%) of Polar Capital's funds invest in listed equities and therefore have the ability to vote using their shareholding, conducted through the ISS ProxyExchange platform. The proxy adviser interfaces directly with the funds' custodians to process ballots onto the platform as they are received by the custodians.

In its capacity as proxy adviser, ISS provides company-specific research and vote recommendations according to the ISS Benchmark Proxy Voting Guidelines which highlight situations where they recommend voting against management, identify contentious issues and produce research as part of their recommendations.

Polar Capital proxy voting policy

Consistent with the company's approach to investment, ESG integration and engagement, voting is conducted by each investment team separately, as they are closest to their investee companies and know the businesses well. Aside from operational assistance on voting, each team is the final decision-maker on proxy voting and will vote in line with the principles of their investment philosophy and responsible investment process.

The teams will vote by balancing the best interests of the company concerned over the long term, in conjunction with maximising the value of investments for Polar Capital's clients, on consideration of advice received from the proxy adviser.

Polar Capital's default proxy instruction position is to vote in line with ISS's recommendation for all funds where clients of Polar Capital have delegated proxy voting authority to us. This group comprises all UCITS, SICAV, mutual and hedge funds, and investment trusts managed by Polar Capital but varies for managed accounts depending on client wishes.

This encourages greater active participation in the voting process, as instructions will not default to aligning with management recommendations, and portfolio managers actively review and assess each ballot resolution where ISS recommends voting against management.

Voting is monitored centrally by the Operations team to ensure ballots are received and to monitor any instances of share-blocking, uninstructed votes or cases of rejected ballots. The Sustainability and Operations teams ensure monthly summaries of votes cast are disseminated to investment teams and Compliance for review.

ISS benchmark policy

Polar Capital uses the ISS Benchmark Proxy Voting Guidelines as a starting point for all research and recommendations regarding proxy voting. These guidelines provide a granular breakdown of voting policies, which are market-specific, and consider company size, structure and location.

These recommendations are underpinned by four key principles of accountability, stewardship, independence and transparency to promote long-term shareholder value creation and risk mitigation through the support of responsible global corporate governance practices.

ISS's recommendations aim to support governance practices which respect shareholder rights, provide appropriate transparency while accounting for best practice codes of each market and region, and which promote the right and responsibility of shareholders to make informed voting decisions.

Shares on loan

Although Polar Capital funds are allowed to participate in stock lending, this is not a routine part of the Firm's overall strategy and is rarely used. Over the year to March 2023, no positions held in Polar Capital funds for which Polar Capital retains proxy voting responsibility were on loan at the time of relevant AGM/EGMs.

Activity

Below is an overview of voting statistics for the year to March 2023 for the Group. 'Meetings voted' refers to the number of AGMs or EGMs, excluding share re-registration votes or other purely administrative meetings. Cross holdings, where a position in a company is held across multiple funds or strategies, are only counted once.

Meeting overview

Category	Number	Percentage
Number of votable meetings	935	
Number of meetings voted	910	97.3%
Number of meetings with at least 1 vote Against, Withhold or Abstain	388	41.5%

Ballot overview

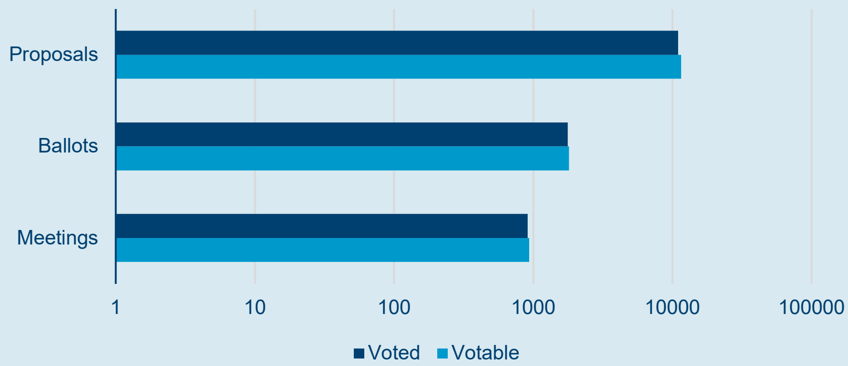
'Ballots voted' refers to the number of individual ballots received, which will be separate for each fund. Therefore, there may be multiple ballots per AGM where positions are held across multiple funds or strategies. 'Proposals voted' refers to the number of AGM/EGM proposal items voted, counting each meeting and proposal once even if held across multiple funds.

Category	Number	Percentage
Number of votable ballots	1,802	
Number of ballots voted	1,768	98.1%

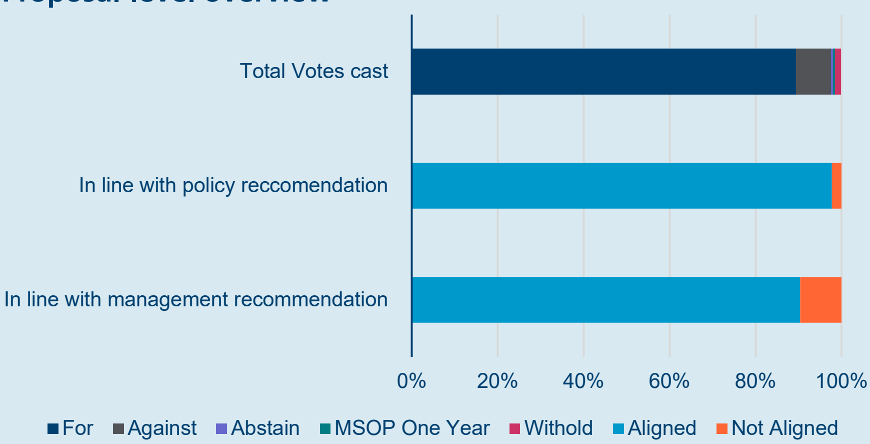
Proposal-level overview

Category	Number	Percentage
Number of votable proposals	11,544	
Number of proposals voted	10,955	94.9%

Voting Statistics



Proposal-level overview



Source: Polar Capital, ISS, as at 31 March 2023.

Vote alignment with policy

When looking at the alignment of votes with ISS's recommendations ('with policy'), with management and with shareholder proponent for shareholder proposals, we look at the total votes cast, accounting for all votes cast for each fund on each votable item. Over the period, there were a total of 20,024 items voted.

Overall, 89.4% of votes cast were FOR proposals and 8.2% AGAINST, with less than 2% being Abstained or Withheld.

Of these votes, 97.7% were in line with ISS benchmark policy recommendations.

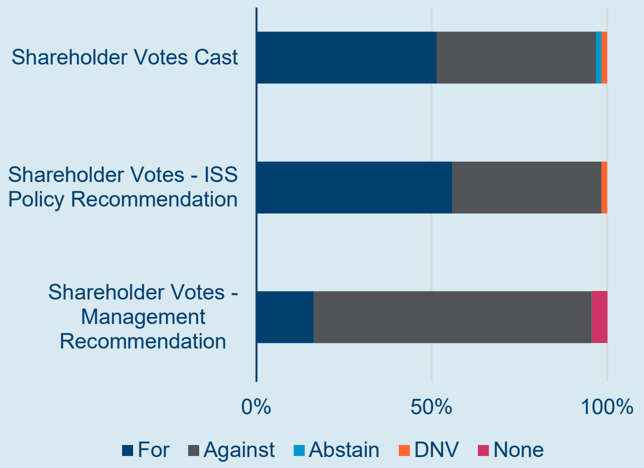
This compares to 90.4% of votes cast aligning with management recommendations.

Votes cast by proponent

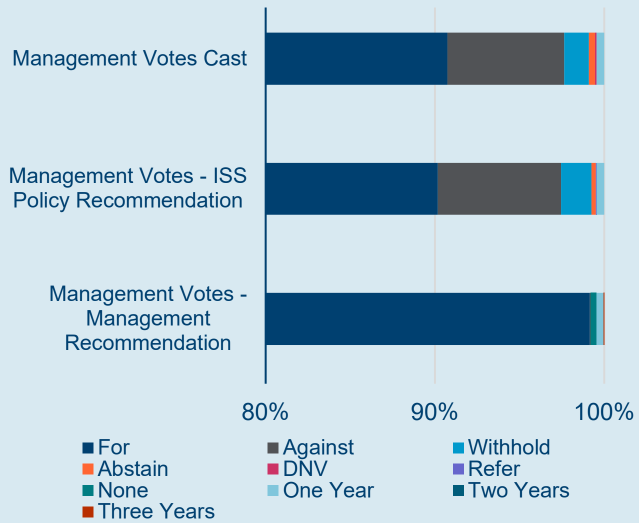
Of the 20,024 votes cast, 19,340 were proposed by management and the remaining 684 were put forward by shareholders. When split by proponent, for shareholder proposals, Polar Capital funds' voting was much more strongly aligned to ISS policy than to management recommendations.

For the shareholder proposals, Polar Capital's funds voted in favour of the proposals on 51% of votes, while ISS recommended voting in favour of the proposal for 56% of votes and management recommended voting for the proposal on only 16% of votes.

Shareholder proposals



Management proposals



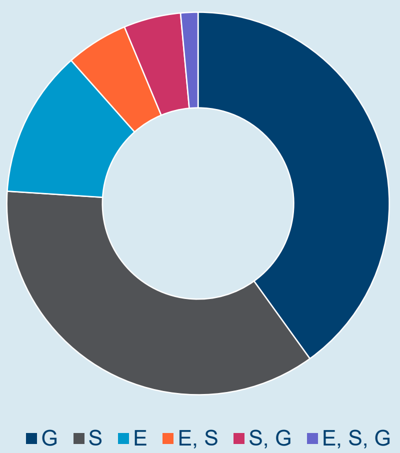
For management proposals, Polar Capital's funds voted in favour of the proposals on 91% of votes, while ISS recommended voting in favour of the proposal for 90% of votes and management recommended voting for the proposal on 99% of votes. 98% of vote instructions aligned with the ISS policy recommendations, and 92% were with management recommendation and 8% were against.

Votes cast by ESG pillar

When split by ESG pillar, 40% of **shareholder proposals** were aligned with the governance pillar, with a further 36% of proposals covering social concerns. Only 12.6% of proposals were solely focused on environmental aims, however another 12% were blended proposals covering E, S and G or a combination of two of the three.

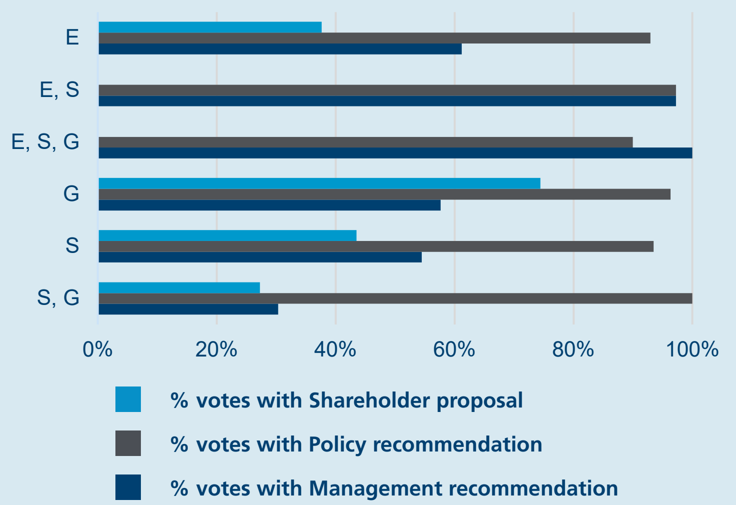
When looking at shareholder proposals by ESG pillar, vote alignment was much more strongly aligned with ISS policy recommendations than management, a trend continued across all three ESG pillars with a larger divergence to management occurring on environmental and social than for governance-related topics.

Shareholder proposals

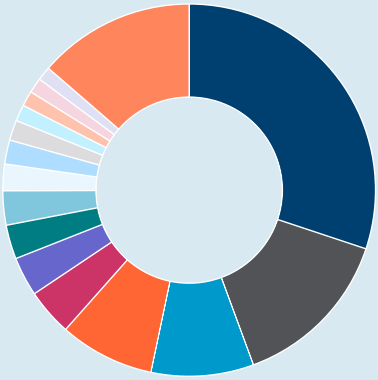


Source: Polar Capital, ISS as at 31 March 2023.

Shareholder vote breakdown by ESG category



Meetings voted by market



	%
USA	30.1
United Kingdom	14.3
Japan	8.9
China	8.2
Caymen Islands	4.1
France	3.4
India	3.0
Netherlands	3.0
Germany	2.3
Switzerland	2.1
Ireland	1.8
Denmark	1.4
Canada	1.3
Taiwan	1.3
South Korea	1.2
Other Markets	13.6

Source: Polar Capital, ISS, as at 31 March 2023.

Unvoted meetings

While Polar Capital aims to vote in 100% of the meetings where we hold the rights to exercise proxy votes, there are circumstances where this is not possible. Some countries allow companies to engage in share-blocking whereby trading company shares within a given period of time on or around a meeting date is prohibited. Given the liquidity risk that share-blocking poses to funds, it is Polar Capital's position to generally refrain from voting in markets where our custodians inform us that share-blocking is in place.

As mentioned last year regarding the Melchior fund range's unvoted meetings, which was due to share-blocking, the issue has been resolved and this is reflected in decreased unvoted meetings. This year, there have still been instances of share-blocking which has affected our ability to vote in certain markets, one of which is Norway, but this is expected to change next year.

Significant votes or key voting topics are determined by each fund individually, though topics may overlap from team to team.

Case Study: Technology Team

Executive compensation

For AGM or shareholder meetings, the portfolio manager of the Global Technology Fund will review the resolutions and document when they are voting against management.

At the Smartsheet AGM, the portfolio manager voted against a management recommendation on a resolution on executive compensation, this was in line with ISS's recommendation and the vote failed at the AGM.

A review of this issue prompted further engagement with the company, first with IR and then with the Chairman of the Board, on a wider range of ESG issues including employee remuneration and staff retention initiatives more generally.

Case study: Healthcare Team

Excessive pay of a CEO/assessment of remuneration

CEO pay was assessed when a third-party provider flagged potential excessive pay for the CEO in a company held in the Blue Chip Fund. The portfolio manager arranged a meeting with the company to understand the circumstances behind the pay increase. CEO pay had been frozen for a number of years; the increase brought it to the level it would have been if it had increased in line with the rest of the senior team who had received successive annual incremental raises.

The pay rise awarded to the CEO was a one-off catch-up payment. The absolute quantum of pay was deemed to be fair in comparison to peers and the portfolio manager noted that his performance has been exceptional, increasing the value of the company by a multiple of more than four times in two years and delivering sector-leading margins and return on capital employed. In addition, the CEO was not part of the Employee Stock Ownership Plan (ESOP).

A cash bonus incentive scheme had been established to allow participation on the basis of continued performance to a level similar to the ESOP, underpinned by a requirement for a compound annual growth rate of above 20%. These matters were put to the vote at the company's AGM and on the back of the information received through the engagement with the company, and assessment by the portfolio manager, the fund supported the company on both resolutions.

Case Study: Biotechnology Fund

CEO remuneration

At a US-based life sciences tools and diagnostics portfolio company, ISS advised against several recommendations related to executive remuneration, including CEO pay during shareholder proxy voting. The company reached out to the portfolio manager to discuss the ISS recommendations and was engaged with via a video conference call.

The company's management team made representations as to why they believed shareholders should vote in favour of the resolutions. To the portfolio manager, the representations seemed reasonable in the context of a small company attempting to attract and retain talent in a highly competitive field, where remuneration was aligned with performance.

ISS expressed dissatisfaction with the level of transparency around the structure of CEO remuneration during proxy voting at a commercial-stage, biopharmaceutical portfolio company. While having no issue with the overall level of remuneration, the portfolio manager agreed with ISS that greater transparency and explanation of components of the salary package were required and elected to vote against the company's recommendations, in line with ISS.

Case study: Global Insurance Fund

Climate reporting

Only one investee company demonstrated deteriorating performance against the fund's increasingly stringent ESG criteria during the year which was Berkshire Hathaway (a c2.7% average holding over the period).

The portfolio manager voted for a resolution that encouraged increased disclosure around climate reporting and the transparency of its climate footprint, and to more clearly articulate its approach to the transition.

This was against the company management's recommendation. Although this resolution did not pass, there was subsequent progress evidenced at the May 2022 AGM management discussion which the portfolio manager attended which showed that the company had, to some extent, taken note of shareholders' concerns.

Case study: Melchior European Opportunities Fund

Engagement escalation through voting

In the course of 2022, the portfolio manager voted against the management of a Dutch producer of leisure and sporting equipment for failing to adequately take into account the views of shareholders and stakeholders regarding the proposed acquisition of the company by a consortium.

This is a rare instance where the portfolio manager considers the response of the management team to be inadequate, so the portfolio manager took action by voting against the proposals. Other instances may involve divesting from the fund's investment in the company if other avenues are exhausted.

The vast majority of the portfolio manager's engagements were constructive, with management teams increasingly recognising the important of both the environmental and social impacts of their business and tangible measures to improve this.

Glossary of terms

ARC - Audit and Risk Committee

AUM - Assets under management

CEO - Chief Executive Officer

CIO - Chief Investment Officer

CLCO - Chief Legal & Compliance Officer

CMP - Compliance monitoring programme

COI - Conflicts of Interest Policy

CRO - Chief Risk Officer

DRP - Directors' Total Remuneration Package

ESG - Environmental, social and governance factors

ExCo - Group Executive Committee

GHG - Greenhouse gas

GRC - Group Risk Committee

ISS - Institutional Shareholder Services

Polar Capital Group (the "Group")

Polar Capital LLP's ("Polar Capital", the "Firm", "we")

QCA - Quoted Companies Alliance

TCFD - Task Force on Climate-related Financial Disclosures

UCITS - Undertakings for the Collective Investment in Transferable Securities

UN SDGs - United Nations Sustainable Development Goals

POLAR CAPITAL

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