

Stewardship and Responsible Investing Report 2022

2023

Contents

Foreword	3	Principle 8	34
Introduction	4	Signatories monitor and hold to account managers and/or service providers.	
Principle 1	5	Principle 9	36
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.		Signatories engage with issuers to maintain or enhance the value of assets.	
Principle 2	9	Principle 10	40
Signatories' governance, resources and incentives support stewardship.		Signatories, where necessary, participate in collaborative engagement to influence issuers.	
Principle 3	16	Principle 11	42
Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.		Signatories, where necessary, escalate stewardship activities to influence issuers.	
Principle 4	19	Principle 12	44
Signatories identify and respond to market wide and systemic risks to promote a well functioning financial system.		Signatories actively exercise their rights and responsibilities.	
Principle 5	23	Initiatives	48
Signatories review their policies, assure their processes and assess the effectiveness of their activities.		Internal governance	48
Principle 6	25		
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.			
Principle 7	30		
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.			

Foreword



Mike O'Shea
Chief Executive Officer

The last year has thrown up significant challenges that will have far reaching consequences for investors. The impact of the COVID-19 pandemic and the added geopolitical uncertainty created by the situation in the Ukraine has meant that the era of plentiful liquidity and cheap money that investors have grown used to in the period since the financial crisis of 2008/09 has now ended. Central banks are raising interest rates and withdrawing liquidity to tame an inflationary surge brought on, in part, by governmental responses to the pandemic and by the higher fuel prices resulting from the conflict between Russia and the Ukraine. In turn, rising prices are creating increased living costs and consumers will have to retrench as a result. Whether this results in a full-blown economic recession or merely a slowdown is not yet clear. With higher geopolitical risks, the globalisation of economies that was such a feature of the last ten to fifteen years appears to be in reverse.

Against this backdrop, we are committed to rising to these challenges and our purpose remains unchanged: to actively and responsibly manage our clients' investment for a better financial future. Our commitment to offering products that help clients achieve their investment goals remains strong as is our belief in the benefits from applying robust stewardship practices. As active investors, with long term investment horizons, we are firm believers that there is clear correlation between good stewardship and good financial performance.

We also understand that sustainability is inextricably linked to our future success and our aim is to lead by example, championing high standards of practice in the way we manage our business as well as the effect we have on the economy, environment and society.

We strive to invest responsibly and build successful, resilient investment propositions that embrace innovative thinking. One of our core values is "responsible" which includes being responsible stewards of capital by considering Environmental, Social and Governance (ESG) related factors alongside financial factors in our investment decision making where appropriate, actively engaging with companies to improve our knowledge of their operations and where possible becoming a positive influence. This includes ongoing dialogue with company management on ESG factors and commercial matters as well as voting at company meetings when we have the opportunity to do so. This approach is employed in a way that is appropriate for, and proportionate to, our various investment strategies, whether they have non-financial objectives or not. This enables our fund managers to integrate stewardship in a way that complements their investment approach with the support of our responsible investing, compliance, legal and independent risk teams.

Over the course of the year, we enhanced our stewardship and responsible investing approach and expanded our range of dedicated responsible and sustainable funds with the launch of the Premier Miton Diversified Sustainable Growth Fund. We further developed our robust governance framework with the Responsible Investing Oversight Committee and strengthened the resources available to all our fund managers with increased access to independent ESG data and research. We continued to develop our collaborative engagement strategy and have participated in various initiatives including those from Investor Forum, CDP, CA100+ and Rathbones' Votes Against Slavery. Our transparency to clients on these activities increased with publication of fund level sustainable investing policies, sustainability reports and non-financial objective reports where appropriate.

We are also pleased to have become a member of the Net Zero Asset Managers initiative ('NZAM') having joined to support the goal of net zero carbon emissions by 2050 or sooner and released our first climate-related financial disclosure in our 2022 annual report and financial statements.

As I hope this report shows, the principles of stewardship are embedded in our business and future plans, and we continue to take our responsibilities seriously.

Mike O'Shea

Introduction

As a UK based fund management group investing on behalf of our clients, we are committed to investing responsibly and offering dedicated responsible and sustainable investment products.

As genuinely active managers, we are making active decisions to hold the underlying investments in our portfolios, and this includes the consideration of ESG related factors alongside financial factors. Once we have invested in a company, bond, fund or other asset our stewardship activity includes regular meeting and productive dialogue with relevant company representatives, including senior executive management and chairs of the boards of directors. We also aim to use our holdings to actively and intelligently vote at company meetings on behalf of our clients. This is applied in a proportionate and applicable way across our various investment strategies.

We strive to uphold high ethical standards in how we behave as investors to help contribute to a more sustainable economy and society, which includes the management of climate change risks.

Our active and broad approach to stewardship supports us in delivering strong and durable performance to our clients and to meet our broader investment responsibilities.

This report covers responsible investing and stewardship activities undertaken by Premier Miton between 1 January 2022 and 31 December 2022, under the Financial Reporting Council's (FRC) UK Stewardship Code 2020. This includes specific examples of how we have applied the FRC's 12 Stewardship Principles. We first became accepted as a signatory of this code in 2022.



Principle 1

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.

Premier Miton is a genuinely active investment firm offering high conviction investment strategies covering different asset classes including equities, fixed income, multi-asset and absolute return that aim to generate good long-term investment performance, underpinned by responsive client service and transparent, proactive communication.

Our clients' investments with us are actively managed by our specialist investment teams, who employ their own proven and distinctive approaches. The diversity, strength and depth of our product range allows us to offer solutions to meet different types of objectives and investor preferences, including income, growth, wealth preservation, risk managed as well as those related to responsible and sustainable investing.

We take our stewardship responsibilities seriously in order to further strengthen our investment decision making and management and where possible have a positive influence.

Our purpose

Our purpose is to actively and responsibly manage our clients' investments for a better financial future. Our success is defined by our clients' success and our work is founded on serving those clients by helping them meet their investment objectives and preferences through well managed and defined investment products backed by strong client service.

We are committed to investing responsibly and strive to uphold high standards in how we behave as investors. We believe that sustainability is inextricably linked to our future success and that we must act in a way that creates long-term value for clients.

Our investment beliefs

Having the right investment beliefs is key to fulfilling our purpose and we believe that active investment management can deliver attractive risk-adjusted returns over the long term.

We are genuinely active investors without a house view which means clients' investments are managed by talented investment managers who are given appropriate freedom to think independently and exchange ideas. A distinctive

and comprehensive assessment of investment risks and opportunities is encouraged, and we aim to build successful, resilient investment propositions that embrace innovative thinking.

Our responsible investing approach comprises the following core elements applied in a way that is appropriate for and proportionate to each funds' investment objective, strategy and approach.

- Integration of ESG factors in investment decision making
- Active stewardship through voting and engaging with company management
- Collaboration to promote well-functioning financial markets
- Offering dedicated responsible and sustainable investment products
- Ensuring robust oversight of all responsible investing related activities

Our investment managers have deep knowledge of their specialist areas and can use this expertise to engage with these matters and promote more responsible business practices. We have a collegiate and collaborative approach within our investment teams.

Our business model and strategy

We believe in looking forward. Against a backdrop of constant change and development, we recognise that investment markets and our clients' requirements will continue to evolve. It's not enough to offer investment solutions for today, we will continue to adapt in order to ensure that our investment products evolve to meet our clients' changing needs.

Asset management is a large and fast-changing industry with attractive opportunities for growth. The UK remains well placed as an important centre for the industry and we look forward to the future with confidence. Our clients are mainly in the UK although many of our funds invest globally.

We have a resilient and well-designed business platform which is highly scalable and built to support significant growth in assets under management. We are targeting a greater market share within the UK without material change to our operating model. Alongside our focus on organic growth, we continue to look for new, sensible and well researched strategic or tactical opportunities to add value to clients and other stakeholders.

Having appointed a new Global Head of Distribution, we have created a single and unified team approach to the UK wholesale market. This will result in a UK wholesale distribution team capable of taking our strategies to clients and combined with a more strategic and consistent approach to marketing and sales will enhance our overall distribution capabilities. In addition,

the hire of a Head of Institutional Business Development opens a new distribution channel where we have already identified a select list of strategies that resonate with institutional investors.

Investing has such an important role to play in the lives of our clients and on wider society. This means we have a responsibility not only to perform well, but also to behave well. Our strategy includes acting responsibly, not only in terms of how we invest but also how we manage our business more broadly, for example our own environmental performance and approach to the people who work for us. This focus on responsibility is a core part of our culture and values.

Our culture and values

Our culture defines how we aim to work in a responsible and sustainable way to meet our purpose of actively managing our clients' investments for a better financial future. All our employees sign up to a Code of Ethical and Professional Conduct which means they are expected to conduct themselves with integrity and honesty, in an open and transparent manner and support our core values.

Responsible

- Understanding our regulatory and fiduciary responsibilities
- Acting with integrity
- Acting responsibly in terms of our impact on the environment and wider society

Dedicated

- Putting our clients' interests at the heart of everything we do
- Delivering for clients and other stakeholders
- Supporting colleagues in delivering for clients

Passionate

- Being responsive and accountable
- Showing urgency, energy and enthusiasm in our work for our clients
- Striving to achieve excellence

Independent

- Challenging the status quo to achieve better results aligned with our purpose
- Demonstrating versatile thinking, solving problems and exploring better ways of doing things
- Engaging in change positively and promptly

Collegiate

- Working collaboratively with colleagues within and across teams
- Assisting in building a strong sense of inclusion and belonging
- Treating others with respect

Our people and community

We believe that an inclusive, diverse and supportive working environment, in which freedom of thought is not just accepted but actively encouraged, provides the best possible environment for the well-being and personal development of our employees.

We strive to attract and retain the right quality of people across our business. We aim to employ talented individuals with the right skills, qualifications, experience and outlook to perform the different roles in our business, regardless of personal characteristics such as gender, race, religion or social background. As a matter of course we strive to provide competitive and appropriate remuneration structures and employee benefits. We support the development of their skills with training and promote opportunities to progress through the company as we understand the importance of retaining, encouraging and providing development pathways for our talented team.

Throughout the year we engaged with staff through company updates, team based work and social interactions and unstructured contact on a one-to-one basis from senior company individuals. This has developed into a regular series of virtual town hall gatherings, insights and magazines to update everyone on corporate matters and to showcase specific areas of the business to all staff. The health and welfare of our staff is a priority and we have introduced specialist third party, confidential on-line counselling and support sessions for those who have need for them.

We maintain a culture that embraces equality diversity and inclusion (EDI). During the year we provided EDI hiring training to help our managers improve their hiring decisions. As part of our commitment, we established the EDI Forum, which meets on a monthly basis to organise initiatives that promote an inclusive work environment and behaviours that produce a sense of belonging in our workplace. The EDI Forum comprises six individuals, including the CEO, and reports directly to the Executive Committee. In 2023 we plan to become members of the Diversity Project, a cross-company initiative championing a truly diverse and inclusive UK investment and savings industry with the right talent to deliver the best possible financial outcomes for our clients, to reflect the society we serve and ultimately build a more sustainable business.

Our investment teams comprised 57 members at the end of 2022, with a range and diversity of backgrounds and skills. Of these, 11 members were women, including the Head of Responsible Investing, Head of Investment Trusts, four fund managers and one assistant fund manager.

For more information, please see our Recruitment and Diversity Policy.

Our operational impacts

We understand the importance of acting in a way that helps to address global challenges relating to climate change, biodiversity, limited resources and socioeconomic inequality.

Our Environmental Policy sets out our approach to managing our environmental impacts and commitments to improve our performance in this regard. The Environmental Committee oversees the implementation of this policy and includes employees from across the business and an external consultant who specialises in implementing corporate sustainability practices.

One of our fundamental aims is to determine how we can reduce our carbon emissions and environmental impacts, which has included implementation of the following measures.

Reducing our environmental impact

- Track Greenhouse Gas (GHG) emissions and identify opportunities to reduce our footprint
- Improve understanding of how we can manage climate change risks and enhance the resilience of our business
- Embed initiatives to improve environmental performance in our operations and offices
- Offset GHG emissions associated with our office operations and business travel

Managing our energy use

- Review electricity suppliers and switch to 100% renewable energy tariffs
- Monitor energy use (where we pay the supplier bill).
- Raise awareness of energy efficiency in our offices by communicating with employees
- Engage with the managing agents of our offices to improve energy efficiency

Using resources efficiently

- Switching to products made with recycled materials, where available
- Encourage employees to avoid printing where possible; where we are printing documents, we aim to print black and white and on FSC certified paper
- Engage with suppliers with robust environmental credentials

Managing our waste

- Recycling bins are provided in all our offices, and we encourage employees to separate waste to improve our recycling rate.

Supporting biodiversity

- We are 'Gold' corporate partners of the Surrey Wildlife Trust and London Wildlife Trust.

We aim to offset our operational carbon emissions and, following an employee consultation process, we did so in 2022 through a Gold Standard Safe Water Access Project in Uganda. We also support the planting of trees in the UK to strengthen biodiversity through the Woodland Carbon Code, which creates independently verified carbon units and is recognised for high standards of sustainable forest and carbon management approved by the International Carbon Reduction and Offset Alliance. We also purchased additional carbon offsets through Woodland Carbon Units.

We recognise the value of staff volunteering and the difference our colleagues can make so each staff member is eligible to take one day paid leave annually to carry out work for the good of the community or to participate in fundraising events. This has included staff getting involved in shrub management at the Walthamstow Wetlands with the London Wildlife Trust and making breakfast at the Whitechapel Mission with The Breakfast Challenge. We also donated to four charities which have been selected by staff: Prostate Cancer UK, Alzheimer's Society, Born Too Soon and NYAS.

This is the first year we have made climate related financial disclosures consistent with the TCFD recommendations in our Annual Report and Financial Statements to provide insight into the work we have already done in this key area. This includes reporting our environment data through the CDP Global Disclosure System and we achieved a score of B in our 2022 climate change assessment.

We support the transition to a net-zero carbon economy having become a signatory to the Net Zero Asset Managers initiative ('NZAM'). Our climate strategy is overseen by the Board and its oversight and monitoring is integrated into the Premier Miton Group plc governance framework. The Board receives quarterly reports from the Head of Responsible Investing which includes an assessment of climate change risks and opportunities. To further develop our strategy, we have formed a Net Zero Working Group and hosted workshops for the investment team to provide guidance on the potential long-term implications for individual investment selection and portfolio construction. This is a long-term project and a vital one for our business and clients. It is therefore very important to build solid foundations from which to establish a robust and meaningful approach to support the goal of net zero greenhouse gas emissions by 2050 at

the latest.

How we enable stewardship across the business

All parts of our business play a role in helping us to maintain high stewardship standards, including those involved in risk management and performance, legal and compliance, client services, dealing, human resources, marketing and technology, all of which contribute to the efficient management, oversight and communication of our investment activities on behalf of our clients. Through our product governance process, our distribution, client service and investment teams, together with feedback from advisers and retail customers, we remain very aware of the expectations that our clients have of us in the stewardship of their assets.

Our investment beliefs, strategy and culture prioritise responsibility and this helps to enable effective stewardship. This also helps to inform our decision making as genuinely active investors to hold underlying investments in our portfolios. Understanding clients' changing expectations of investment managers also helps to shape and accelerate our progress in stewardship related activities.

Stewardship and responsible investing activities are directed by Premier Miton's Chief Investment Officer with implementation by our Responsible Investing team. Oversight of these activities, as well as reviewing the related policies, is provided by Premier Miton's Responsible Investing Oversight Committee (RIOC), which was implemented in 2021 to provide a focal point for all aspects of related activities, particularly to integrate them through all operational areas of our business. We encourage best practice through training as well as our quarterly Responsible Investing Forum and participation in collaborative engagement initiatives within Premier Miton and alongside our peers through Climate Action 100+, CDP Non-Disclosure Campaign, Rathbones Votes against Slavery and the Investor Forum initiatives. We also ensure that investment managers have access to third-party ESG research providers such as ISS, Sustainalytics and our specialist ESG research provider, Ethical Screening, to further inform their activities.

How we assess our effectiveness

We became a signatory to the United Nations Principles of Responsible Investing in January 2020 and completed our first assessment on our responsible investing activities in the 2021 pilot. We were rated 3 stars for our Investment and Stewardship Policy, and we believe that our approach to responsible investing has significantly improved since this initial assessment. We also participated for the first time in CDP in 2020 by submitting a climate change disclosure for Premier Miton Group plc. The aim of this work is to set an internal benchmark for climate risk management and to highlight areas where we need to improve. For our third year of completion in 2022 we

achieved a score of 'B.' This is above the 'C' global average and 'B-' average for financial services companies. Within our overall score, we achieved an 'A' for Governance, 'A' for Risk Management Processes and 'A-' for Business Strategy, Financial Planning & Scenario Analysis.

The boards of Premier Miton Group plc, Premier Portfolio Managers Limited and Premier Fund Managers Limited receive reports on and have scheduled discussions around responsible investing matters, industry trends and specific funds that Premier Miton manages with relevant non-financial objectives, as well as the integration of ESG factors, through the RIOC. The RIOC meets four times a year and is chaired by the Chief Investment Officer and includes the Head of Responsible Investing alongside other senior members of the Investment, Risk, Compliance and Marketing departments. Key responsibilities include oversight of funds' adherence to non-financial objectives, ESG integration and marketing of related matters, engagement, voting as well as all related policies and procedures. This level of oversight ensures that the effectiveness of our responsible investing activities is continuously monitored.

An annual assessment of the value we deliver to our clients is also included in our [Assessment of Value Report](#). This report assesses the value of each of our funds using seven assessment criteria set out by the Financial Conduct Authority, covering quality of service, performance, costs, economies of scale, comparable market rates, comparable services and share classes. This is done by the Board of Premier Portfolio Managers Limited (PPM), which is the Authorised Corporate Director (ACD), or operator, of Premier Miton funds. The Assessment of Value Report for the 12 month period ending 31 December 2022 is available on our website.

Principle 2

Signatories' governance, resources and incentives support stewardship.

Fostering good governance across our organisation helps achieve robust and defensible decision making, drive value and better serve our clients and stakeholders. We believe that our governance framework, strengthened resources and performance aligned incentive scheme implemented over the course of 2022 support our stewardship activities.

Governance framework supporting stewardship activities

The Premier Miton Group plc Board of Directors sits at the apex of our governance structure through which authority is delegated to ensure that the business as a whole is run smoothly. This includes scheduled discussions on responsible investing matters which covers stewardship activities and the consideration of environmental, social and governance factors in investment decision making.

Premier Miton Group plc	
David Barron	Non-Executive Director, Member of the Audit & Risk Committee and appointed to the Remuneration Committee on 1 October 2022
Robert Colthorpe	Non-Executive Chair of the Board, Chair of the Nomination Committee and Member of the Remuneration Committee
Alison Fleming	Senior Independent Director, Chair of the Remuneration Committee and appointed as a Member of the Nomination Committee on 1 October 2022
Piers Harrison	Chief Financial Officer
Sarah Mussenden	Non-Executive Director, Member of the Audit & Risk Committee
Will Smith	Non-Executive Director, Member of the Audit & Risk Committee and Remuneration Committee (Resigned 30 September 2022)
Mike O'Shea	Chief Executive Officer
Sarah Walton	Non-Executive Director, Chair of the Audit & Risk Committee

Regulated investment activities are overseen by the boards of the funds' operator, Premier Portfolio Managers Limited ('PPM'), and the investment management service provider, Premier Fund Managers Limited ('PFM'), which are authorised and regulated by the Financial Conduct Authority.

Premier Portfolio Managers Limited	
Rosamond Borer	Chief Risk Officer
Gregor Craig	Director of Compliance & Legal
Nick Emmins	Independent Non-Executive Director
Piers Harrison	Chief Financial Officer
Mike O'Shea	Chief Executive Officer (Chair)
Sarah Walton	Non-Executive Director, Premier Miton Group plc
Ian West	Chief Operating Officer
Jonathan Willcocks	Global Head of Distribution (Appointed 1 October 2022)



Premier Fund Managers Limited	
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Neil Bridge	Business Development Director, Discretionary (Resigned 30 September 2022)
Corrine Collier	Director of Marketing (Appointed 21 November 2022)
Gregor Craig	Director of Compliance & Legal
Niamh Dempsey	Head of HR (Resigned 30 June 2022)
Bart Edgar	Director of Finance & Strategy
Louise Greig	Director of Customer Operations (Appointed 1 March 2022)
David Hambidge	Investment Director - Multi Manager Funds (Resigned 30 September 2022)
Mike Hammond	Business Development Director, Advisory (Resigned 30 September 2022)
Piers Harrison	Chief Financial Officer
Mike O'Shea	Chief Executive Officer (Chair)
Ian West	Chief Operating Officer
Jonathan Willcocks	Global Head of Distribution (Appointed 1 October 2022)
Gervais Williams	Head of Equities
Simon Wilson	Marketing Director (Resigned 30 September 2022)

The governance framework supports the flow of information through the Group by way of orderly delegation of authority. The board of Premier Miton Group plc, and its regulated subsidiaries, Premier Portfolio Managers Limited and Premier Fund Managers Limited, receive quarterly reports on responsible investing matters, industry trends and the condition of specific funds that Premier Miton manages with relevant non-financial objectives, as well as the integration of ESG factors across the wider product range.

During the year, the Directors of Premier Miton Group plc attended two dedicated sessions focused on climate change, which included a deep dive with an independent adviser on ESG and received a presentation on a proposed net zero strategy from the Head of Responsible Investing and the Chief Investment Officer, as well as receiving training and briefings on a range of related topics. It was proposed that Premier Miton Group plc undertake the preparatory steps to become a signatory to the Net Zero Asset Managers Initiative ('NZAM') which was achieved on 22 November 2022.

The management information reported to the Boards reflects the activities and oversight of the Responsible Investing Oversight Committee and the Environmental Committee. This includes the operational carbon emissions and annual submission to the CDP Global Disclosure System. Stewardship, responsible investing and related ESG matters are also reflected in the Terms of Reference and Agendas of the following committees that report to the regulated boards: Conduct & Policies, Product Governance, Investment Oversight and Funds Risk committees. The risks associated with climate, sustainability and responsible investment are monitored across the Group through various risk oversight committees including the Audit and Risk Committee to Premier Miton Group plc.

Responsible Investing Oversight Committee

The Responsible Investing Oversight Committee (the 'RIOC') is responsible for overseeing all responsible investing activities across Premier Miton. The RIOC is a committee of the regulated firms' boards and meets four times a year. The RIOC takes overall responsibility for the responsible investing strategy and aims to provide appropriate oversight of the responsible investing process to comply with our responsibilities to various stakeholders, including, but not limited to, regulators and clients. This includes managing the integration of ESG factors in investment decision making across our funds and monitoring stewardship and other related activities against relevant disclosures, rules and regulations and will monitor our commitments as a signatory to the NZAM.

Responsible Investing Oversight Committee

Neil Birrell	Chief Investment Officer (Chair)
Rosamond Borer	Chief Risk Officer
Corrine Collier	Director of Marketing
Sian Connolly	Compliance Manager
James Smith	Fund Manager
Jonathan Willcocks	Global Head of Distribution (Appointed 04/10/2022)
Simon Wilson	Marketing Director (Resigned 04/10/2022)
Helene Winch	Head of Responsible Investing

Conduct & Policies Committee

John Banks	Head of Dealing
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer (Chair)
Sian Connolly	Compliance Manager
Neil Harris	Head of Investment Services
Ian West	Chief Operating Officer
Helene Winch	Head of Responsible Investing

A subcommittee of the Responsible Investing Oversight Committee meets at least quarterly and also on an ad-hoc basis as required, to consider the characteristics, eligibility and appropriateness of holdings in responsible and sustainable funds or any other holdings across the group where specific ESG criteria are required. This sub-committee has the authority to override investment managers and require them to engage with management on ESG related matters or sell a position if considered appropriate.

Responsible Investing Oversight Subcommittee

Neil Birrell	Chief Investment Officer (Chair)
Rosamond Borer	Chief Risk Officer
Sian Connolly	Compliance Manager
Simon Wilson	Marketing Director (Resigned 04/10/2022)
Helene Winch	Head of Responsible Investing

Product Governance Committee

Oversight of Premier Miton's investment products and services lifecycle, including product design, new product and product change approvals, provision of information and ongoing services to clients, portfolio monitoring, and product reviews are in the remit of this committee.

Product Governance Committee

Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Neil Bridge	Business Development Director, Discretionary (Resigned on 03/11/2022)
Corrine Collier	Director of Marketing
Gregor Craig	Director of Compliance & Legal
Bart Edgar	Director of Finance & Strategy
Ian West	Chief Operating Officer
Jonathan Willcocks	Global Head of Distribution (Chair) (Appointed 04/10/2022)
Simon Wilson	Marketing Director (Resigned 04/10/2022)

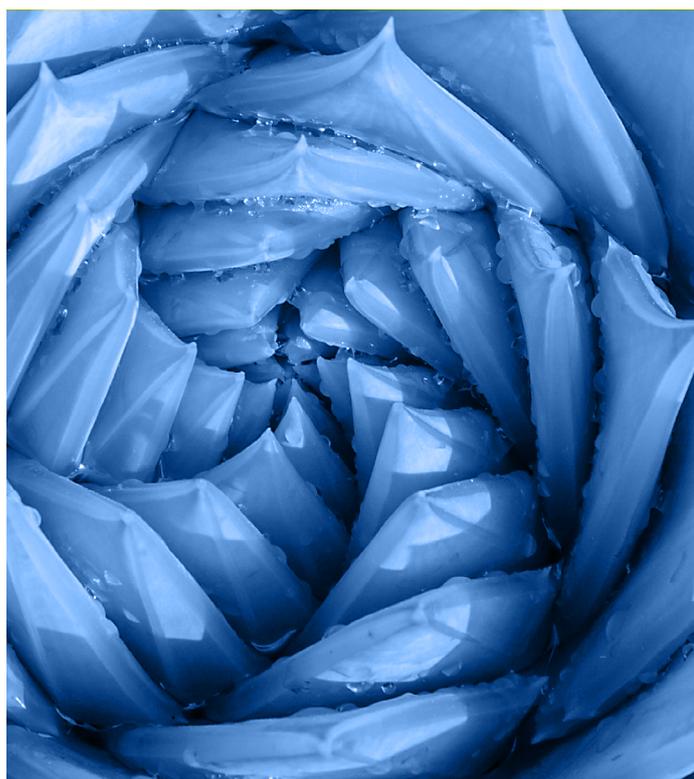
Conduct and Policies Committee

This committee is responsible for maintaining a compliant culture and for promulgating and monitoring good conduct across Premier Miton through appropriate policies, monitoring and reporting.

Investment Oversight Committee

The purpose of this forum is to provide analysis and challenge to the investment managers, comfort and transparency for customers, clients, management and stakeholders, as well as the regulator and ACD. Ensuring that funds are managed in a manner consistent with stated objectives and that investment risks are both proportionate and clear is front and centre of the Committee’s purpose and the firm’s commitment to treating customers fairly.

Investment Oversight Committee	
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Eoghan Dumigan	Senior Risk Analyst
Josh Haigh	Risk Analyst
Tony Hills	Risk Analyst
David Jane	Fund Manager – Multi Asset
Tim Short	Risk & Portfolio Construction Officer (Chair)
Gervais Williams	Head of Equities



Funds Risk Committee

The Funds Risk Committee reports and advises on investment and fund related risks to the Operational Risk Committee, which in turn, is responsible for escalating matters to the PLC, PPM and PFM boards, as required.

Funds Risk Committee	
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer (Chair)
Gregor Craig	Director of Legal & Compliance
David Hambidge	Director of Multi Manager Funds
Tim Short	Risk & Portfolio Construction Officer
Ian West	Chief Operating Officer
Gervais Williams	Head of Equities

Environmental Committee

The Environmental Committee is responsible for delivering the objectives of the company’s Environmental Policy including helping to protect the environment by endeavouring to reduce the environmental impact of our operational activities. The company retains the services of a specialist third party to provide an environmental advisory service and support covering policy, plans, implementation and oversight activities.

Environmental Committee	
Emma Burgess	Human Resources
Bart Edgar	Director of Finance & Strategy
Mirella Hart	Legal Adviser
Tony Hills	Risk Analyst
Anne Willey	Executive Assistant
Helene Winch	Head of Responsible Investing (Chair)
Simon Wilson	Marketing Director (Resigned on 30/09/2022)
Ryan Davies	Operational Product Manager

Resources supporting stewardship activities

The team

Responsible investing activities are directed by the Chief Investment Officer with implementation led by the Head of Responsible Investing and supported by a Responsible Investment Analyst. Together they form an integrated responsible investing team that works in collaboration with the equity, fixed income, absolute return and multi asset investment teams. They also work closely with the Marketing and Business Development teams to ensure actions are clearly articulated to clients and a wider stakeholder audience, including ratings agencies, the media and shareholders.

A Responsible Investing Forum, which aims to facilitate relevant discussions and share best practice on responsible investing activities with the investment team has been established. This forum facilitates discussions around engagement opportunities, significant voting activity, regulations such as the FCA's Sustainability Disclosure Requirements, sustainable investment themes and mapping exposures to the United Nations Sustainable Development Goals (SDGs), climate-related risks and opportunities, among other matters. This has become an increasingly popular group and plays a key role in the management and development of our stewardship activities.

Our people

We are committed to providing staff with the resources required to optimise our stewardship. New systems, data and research are regularly explored to help ensure we maintain access to relevant information to maintain and enhance our ongoing stewardship activities.

We strive to achieve as a strong, cohesive culture, driven by our shared focus and enthusiasm. We believe that an inclusive, diverse and supportive working environment, in which freedom of thought is not just accepted but actively encouraged, provides an environment that supports the well-being and personal development of employees as well as helping to achieve great outcomes for stakeholders, including our clients, shareholders and wider society.

Chief Investment Officer Neil Birrell leads and is accountable for the strategy and planning of all stewardship and responsible investing matters at Premier Miton. He joined in January 2013 from Elcot Capital, where he was part of the team responsible for managing multi strategy investments. Neil was previously Chief Investment Officer of Framlington Investment Management.

Helene Winch joined Premier Miton as Head of Responsible Investing in September 2019 and is responsible for deploying Premier Miton's overall responsible investing strategy. This includes co-ordinating the integration of ESG factors into the firm's general investment philosophy, process and oversight as well as reporting on stewardship activities. Helene joined the group from HSBC Global Asset Management where she was a Senior Responsible Investment Adviser. With over 20 years of investment industry experience her previous roles include Head of Policy and Research at the Principles for Responsible Investment, Portfolio Director at Low Carbon Ltd and Head of Policy at BT Pension Scheme Management. Helene holds an MA Hons in Engineering Science from Cambridge University and an MSc in Mathematics & Finance from Imperial College, London. Helene also holds the CFA Certificate of ESG Investing.

Helene Winch reports to the Chief Investment Officer and is supported by Ben Briceno, Responsible Investment Analyst. Ben started working as a Responsible Investment Analyst in November 2021 having joined Premier Miton as an Investment Communications Manager in October 2017. He started his career as an Intern for the Information Service at The United Nations, holds a Master of Sciences in Media and Communications from the London School of Economics and Political Science. Ben also holds the CFA Certificate of ESG Investing.

The wider investment team comprised 57 members at the end of 2022, with a range and diversity of backgrounds and skills. We take an active approach to promoting individuals within the company within and across departments. We are committed to diversity in all areas of the Group and a number of senior roles are held by women including our Chief Risk Officer, HR Director, Head of Responsible Investing, Director of Marketing, Director of Customer Operations, and Company Secretary and Head of Governance.

Our aim is to encourage development in all aspects of responsible investing, which are part of the day-to-day stewardship activities when managing funds, through a regular programme of training, specialist qualifications, ongoing flow of information to our investment teams, as well as providing specialist advice when required.

The integration of stewardship activities and ESG considerations into our investment management and decision making has been championed by the investment managers who have undergone training to ensure best practices are employed. 16 individuals had passed the CFA Certificate in ESG Investing by the end of 2022, including investment managers, analysts, the Head of Responsible Investing and Chief Risk Officer. A number of others from the investment, risk and client services teams have participated in internal educational sessions for this and the CFA Certificate in Climate & Investing in preparation for taking the exams.

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Our third-party systems, research and data

Where appropriate, we use company specific ESG research and data to support the mitigation of ESG related risks and take advantage of opportunities. Additionally, we use ESG data as a portfolio monitoring and oversight tool. We subscribe to a number of independent providers of ESG data and research including Ethical Screening, ISS Governance QualityScore, ISS Climate Solutions, ISS Norms Based Research, ISS Proxy Voting Research, CDP Global Disclosure System and Transition Pathway Initiative data. Towards the end of the year we reviewed Sustainalytics as a ESG data provider with a plan to subscribe to their ESG risk data in 2023. We work with these providers to enhance our knowledge at all levels, providing training for the investment team and those overseeing the process.

We also use data providers such as Bloomberg, ISS ProxyExchange and Data Desk, Morningstar and MSCI Fund Ratings to further understand the nature of our investments, and to assess external scoring and analysis of our funds although as active investors detailed ESG company research focused on evaluation of the ESG risks and opportunities can provide insight, rather than a single, combined ESG score.

In order to obtain bespoke and detailed third party ESG related analysis we work closely with Ethical Screening, an independent specialist research company. We adopt a collaborative approach with them, particularly on the mapping of the underlying revenues of the companies we hold in our responsible and sustainable funds to the United Nations Sustainable Development Goals, as well as ESG scoring of all companies held in these funds.

Investment managers, supported by the Responsible Investing team, are responsible for proxy voting on the companies held in their funds. ISS ProxyExchange is used to implement our proxy voting activities and offers research and recommendations on resolutions. For more information, please see our [Proxy Voting Policy](#) which is available on the [Premier Miton website](#).

Collaboration with industry leading initiatives

Investment managers engage with investee company management teams through regular engagement meetings to understand company strategy and monitor

financial and ESG performance to support investment decision making and portfolio monitoring. The firm also engages with investee companies on relevant industry leading initiatives. We are actively involved with the Investment Association, United Nations supported Principles for Responsible Investment, NZAM, CDP, Investor Forum and the Climate Action 100+, amongst others.

Incentives supporting stewardship activities

The overall aim of Premier Miton's remuneration policies is to align remuneration practices with the purpose and strategic objectives of the Group: to actively and responsibly manage our clients' investments for a better financial future, which is aligned with the interests of our shareholders, staff and other key stakeholders, including enhancing value through performance, attracting, motivating and retaining qualified and experienced staff able to deliver fund performance and manage risk in line with the Group's agreed risk appetite.

Remuneration arrangements are structured to comply with applicable regulatory requirements. The terms may vary by investment team, and are typically made up of three main constituent parts, as follows:

The first element, base salary, is aimed at being competitive by industry comparison and progressive. The second element is the annual bonus; for certain investment managers this may be linked to assets under management and have certain investment performance criteria. These bonuses are typically partially paid out in cash, with an element deferred and invested in the relevant funds. Analysts and other fund managers may receive a discretionary bonus linked to the quality and quantity of their input and which reflects the performance of the funds on which they work. The third element is shares in Premier Miton Group plc. Fund managers may either own shares in the company or have shares granted under Employee Benefit Trusts or both. Further shares may be issued and form part of the bonus. All shares are subject to restrictions and vesting requirements.

For those funds with specific non-financial objectives, the integration of stewardship and ESG factors into their investment decision making will be a factor of future remuneration. For other members of staff, with stewardship and ESG considerations as part of their role, this would be included as part of their annual appraisal and remuneration process. Investment managers and analysts' variable compensation is related to investment performance and other factors, which will be impacted by good ESG decision making.

The majority of Premier Miton's senior fund managers are linked to the success of the business. This supports our strategy of retaining key senior fund managers and ensuring high retention of key staff more generally.

Senior Management is aligned to the performance of Premier Miton Group plc through Long Term Incentive Plan (LTIP) awards in accordance with the 2016 LTIP Rules. The targets include an Earnings Per Share condition (40%), a Total Shareholder Return condition (40%), an Assets under Management condition (10%) and Operational conditions (10%). There are five operational conditions each weighted at 2%, and this includes an ESG condition. The Operational conditions are qualitative measures and will be assessed and monitored by the Remuneration Committee via a scorecard against the targets agreed at the commencement of the award. However, the assessment of these Operational conditions is not necessarily formulaic, and a level of judgement will be required by the Remuneration Committee to assess the extent to which these conditions, including the ESG target, have been met.

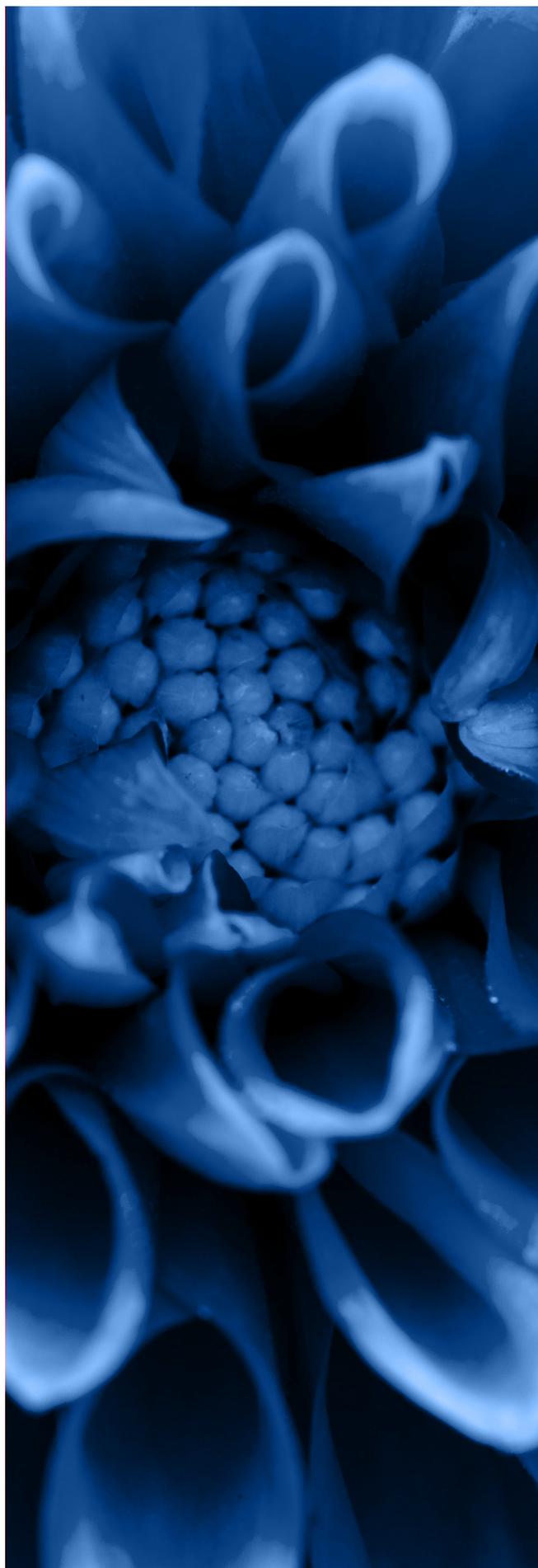
Effectiveness of chosen governance structure

The governance framework is kept under review to ensure that it remains fit for purpose and helps the Group to meet its stated objectives.

During the year, the integration of responsible investment matters across the various specialist committees ensures that various perspectives and specialist regulatory criteria and risk management are considered in the achievement

This helps to ensure the integration of our responsible investing framework is done in a proportionate and applicable manner across our various investment strategies. This is achieved through scheduled review of responsible investing activities including the integration of ESG considerations into the investment process and portfolio construction of funds and other mandates, adherence to non-financial objectives, use of appropriate descriptions in product literature, oversight of stewardship activities and maintaining relevant policies and producing management information to the Boards.

The Responsible Investing Oversight Committee was inaugurated in December 2021, and we will continue to develop its remit, reporting requirements and responsibilities over 2023. During 2022, we reviewed and developed the meeting papers including the metrics monitored in the dashboard. Towards the end of the year the risk register was updated and monitoring of NZAM commitments was added to the Terms of Reference. Looking to 2023, membership of the committee will be reviewed and reporting metrics regarding implementation of the NZAM and the FCA's forthcoming Sustainability Disclosure Requirements (SDR) and investment labels will be further developed.



Principle 3

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

Premier Miton is an active and independent fund manager not owned by a larger financial services company that is listed in its own right and does not own a distribution network. As such we are able to focus on delivering good outcomes for our clients without many of the conflicts faced by larger, more complex investment managers.

We manage a range of funds and investment trusts across a broad range of asset classes and investment strategies on behalf of investors. Our products are typically selected by intermediaries, such as discretionary fund managers or financial advisers, on behalf of their clients. We are employed to provide the investment outcomes that are described in our various product literature and communications, and our investment approaches, including our stewardship activities, are fundamental to achieving good outcomes for our clients.

Engaging with management teams at current or potential investee companies is a key element of our active management approach for the majority of our investment products. This enables us to dig deep into that company and their management of ESG factors. Voting at company meetings on these issues is another important part of the stewardship process to further ensure our views are communicated. This will form part of the success, or otherwise, of that company and a strong track in this regard complements our overall aim to achieving good investment performance for our clients and create long term sustainable benefits for the environment and society. Joining initiatives that focus on collaborative engagement also enables us to strengthen our influence, which we have continued and extended in 2022.

Clearly, with such a wide range of influences at play, conflicts or perceived conflicts will exist. We have a [Conflicts of Interest Policy](#) available on our website that details our commitment to ensuring that all clients are treated fairly and that all potential conflicts are recognised, reported and mitigated or resolved as necessary. Our internal conflicts of interest guidance and specialist training integrates stewardship examples into its framework.

The Conflicts of Interest Policy is designed to ensure we:

- take all reasonable steps to identify and resolve conflicts of interest that may arise in the course of providing any service, including with brokers and market makers
- maintain a record of such conflicts of interest
- maintain and operate effective organisational and administrative arrangements to prevent conflicts of interest

- review conflicts of interest arising under the Stewardship Code and ensure that they are properly managed or mitigated to give priority to clients' interests in decision making
- approve and periodically review the Conflicts of Interest register
- assess and review the policy and its effectiveness on at least an annual basis

The Conflicts of Interest Policy describes the identification and effective and equitable resolution of conflicts that exist or could arise between Premier Miton and its clients, one client and another, two or more of the Premier Miton group of companies or one or more employees and Premier Miton.

The boards of Premier Miton define, oversee and are accountable for the implementation of governance arrangements that ensure effective and prudent management including taking all reasonable steps to prevent conflicts of interest adversely affecting the interests of clients.

We have established appropriate procedures and controls to identify prevent or manage, on an ongoing basis, any conflicts of interest that may arise, with the aim of ensuring that the interests of the client are not compromised. These controls include a number of policies such as the Order Execution Policy, Personal Account Dealing Policy and Gifts, Hospitality and Non-Monetary Benefits Policy.

All staff are required to declare any potential conflicts as they occur and provide an annual attestation that they have read the policy and that no conflicts have occurred that have not been declared. We have taken appropriate steps to mitigate perceived, potential or actual conflicts of interests that are recorded in this register.

Examples where conflicts have been identified and managed in 2022 are listed below.

CONFLICT: The spouse of a senior individual in the distribution department is Head of Market Intelligence at another fund management company, analysing industry trends and flows. She does not distribute to clients, nor does she manage portfolios.

RESOLUTION: This will be monitored and should any segregated mandate business be explored from the other fund manager, the conflict would need to be disclosed. Review of gifts or entertainment offered or received by or to the other company will also be undertaken.

CONFLICT: The spouse of member of the investment team works as a Lead Operator and Analyst for commodity trading company and has access to confidential information about the business and their view on financial markets.

RESOLUTION: The spouse of the individual is unlikely to receive non-public information although there is an increased risk due to her role that she could come into possession of inside information. As such oversight of the member of staff's personal account trades is deemed a reasonable mitigation. The commodity trading company is unlisted and has no listed parent company, although it supplies fuel to a listed company in which one of our funds invests. It is not felt that this presents a conflict that requires management at firm level but any personal account dealing request from the member of staff in that listed company should be subject to additional scrutiny.

The Conflicts of Interest Policy has also been applied to stewardship activities in a variety of ways, including when we have undertaken collaborative engagement activities, or voted at the annual general meetings of competitor firms or client firms held in our portfolios.

In these circumstances, contentious issues are reported to the compliance department and then managed through discussion with the relevant fund managers, the Chief Investment Officer and the Head of Responsible Investing. Any resulting voting will be undertaken in the best interests of our clients, using the principles of Treating Customers Fairly, generally with us following our proxy adviser's recommendations or in extreme situations abstaining. We have updated our [Proxy Voting Policy](#) to reflect this and how to vote when a conflict exists.

We have relevant policies and procedures in place for managing the receipt of inside and market sensitive information, particularly when engaging with companies. This is overseen by our compliance department and reported up through our governance structure. Hard blocks on trading can be coded in our integrated dealing systems where necessary to prevent inadvertent trading.

To ensure we do not breach the Market Abuse Regulations, all relevant members of staff are provided with training. In particular, fund managers who are in regular contact with clients, company management and the press, are given training to ensure compliance with the regulations.

Those employed in the financial services industry, including in Premier Miton, may wish to invest on their own behalf. This can create conflicts. Whilst we encourage all staff to invest in our funds, they may wish to invest elsewhere. We particularly like our fund managers to invest in their own funds in order to help further align their interests with those of our clients. This forms a key element of the deferred element of their variable annual compensation. The majority of our funds are available for investment for members of the group pension plan/SIPP, and this is highlighted as part of the regular pension education seminars that are available for all staff. All other investment activity by individuals is captured by our Personal Account Dealing Policy which applies company wide.

Actual and potential conflicts of interest are recorded on the Conflicts of Interest Register which is maintained and routinely monitored by the Compliance Department. The Register is submitted to the Conduct & Policies Committee and the boards of PPM and PFM, who review the Register and challenge the reported conflicts of interest to ensure they have been appropriately resolved, avoided or disclosed.

The scope of the activities that are monitored is significant; it is therefore important that it is undertaken with the interests of our clients at the forefront of our activities.

Sources of perceived or potential conflicts of interest include are listed below for reference.

CONFLICT: The fund manager invests in a company who also provides a platform service to investors which includes Premier Miton funds.

RESOLUTION: The fund manager always considers the recommendation of ISS and must vote according to the best interests of clients. In the event of any contentious situations, fund managers should refer to the Head of Responsible Investing, Chief Investment Officer or other team members. The Responsible Investing Oversight Committee monitor voting activity on an ongoing basis.

CONFLICT: The fund manager invests in a company with which Premier Miton Group are in merger discussions, with the potential of additional conflicts if the merger proceeds.

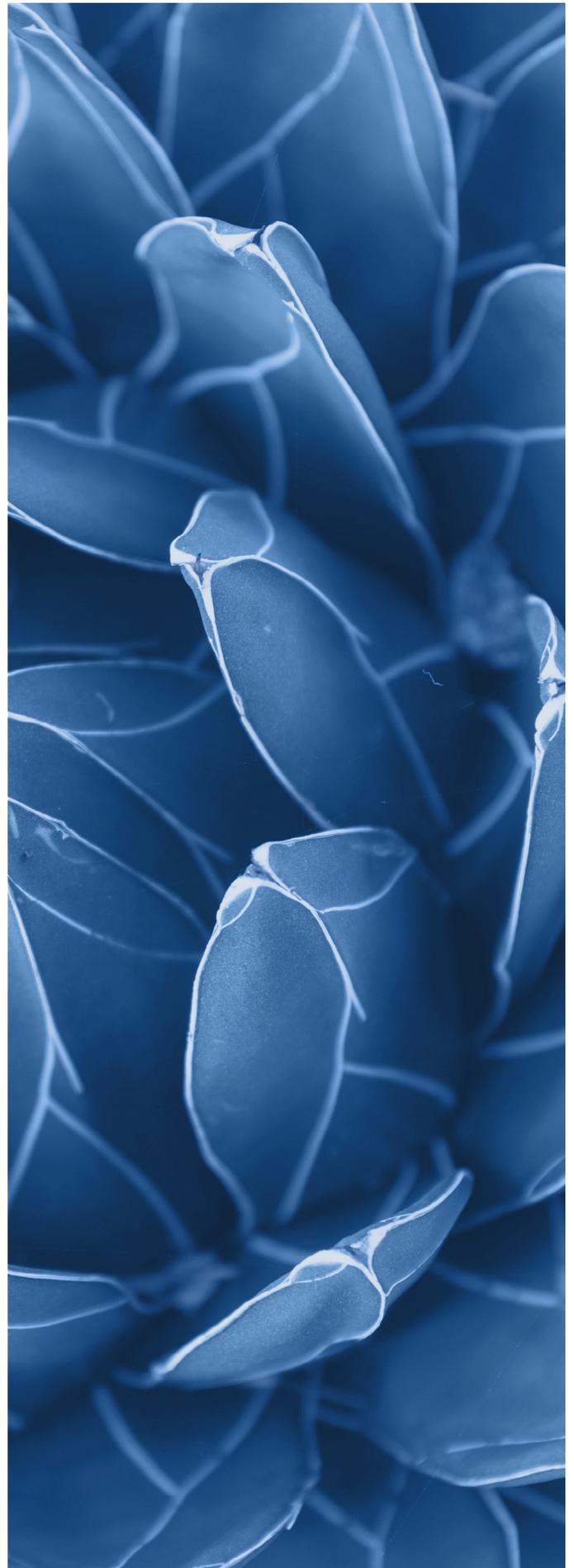
RESOLUTION: The fund manager will abstain from voting and engaging with the company.

CONFLICT: Members of staff may come into possession of inside information. The improper use of such information by members of staff could cause a conflict of interest between the Group and the interests of its clients, or between the interests of the clients, and may also be unlawful.

RESOLUTION: We manage these risks by maintaining and following our Insider Dealing and Market Abuse Prevention Policy and Procedures. These have been designed to prevent and detect instances of market abuse taking into account the nature of our business and the instruments typically traded. We have also implemented procedures to manage the risks of insider dealing, including the use of restricted lists and pre and post trade monitoring.

CONFLICT: A member of staff may engage in trading of securities or other instruments for their own account. Such trading activities may put those members of staff, in conflict with the interests of client portfolios or a Premier Miton fund.

RESOLUTION: All Premier Miton directors and members of staff are subject to the Premier Miton Personal Account Dealing Policy. This policy ensures that all dealing on behalf of client portfolios or Premier Miton funds takes precedence over personal account dealing and that no personal account dealing would be to the detriment of a client. The policy requires all members of staff to obtain prior approval, including from the Compliance Department, before they are allowed to transact in a security which might have an impact on a Premier Miton fund or client portfolio.



Principle 4

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

We understand our responsibility to identify, respond and help address market wide and systemic risks that affect financial markets while working with others to improve how they function.

Our risk framework aims to identify, review and monitor all potential market wide and systemic risks and how they might impact our business. At the centre of this framework is the Operational Risk Committee. The responsibilities of this committee include:

- ensure appropriate policies, procedures, controls and reporting are in place to identify, measure, manage and monitor operational risks, including professional liability risks and climate related risks
- review, monitor and manage the firms' liquidity risk profiles, changes to available liquidity and the liquidity risk management framework and ensure compliance with Financial Conduct Authority (FCA) liquidity adequacy requirements, making adjustments as necessary from time to time
- monitor the loss experience arising from operational risks and compare it to expected experience
- ensure that the potential for operational risk arising from significant changes to existing or new services, products and ventures have been correctly identified and evaluated in advance of the changes or the launch and review the risks after implementation
- review the Business Continuity Policy periodically, the results of Business Continuity tests and the follow up action taken
- review the Internal Capital Adequacy and Risk Assessment (ICARA) document, make a proposal for risk appetite and the Risk Appetite Statement, agree the capital charges allocated to specific risks and monitor overall capital requirements
- monitor the effectiveness of the operational risk framework and regularly (no less than annually) report on its effectiveness to the Boards of Premier Portfolio Managers Limited and Premier Fund Managers Limited

This risk management framework allows us to identify, monitor and manage specific risks associated with our business operations and for our clients. These are captured through a series of Risk Registers through the committee structures which assess potential risks, how likely they are to occur and their materiality. Under the new Investment Firms Prudential Regime implemented from January 2022 the ICARA was introduced as a replacement for the Internal Capital Adequacy Assessment Process (ICAAP). Some elements are similar but some adaption to the new

framework was required in line with FCA objectives of creating a risk of harm focused and commensurate capital framework. This includes the undertaking of scenario analysis and stress testing of risks to the business to determine how they impact the company's financial position.

The Premier Miton Group Audit and Risk Committee has a delegated responsibility to ensure that the risk and internal controls are, and continue to be, adequate for the firm. These responsibilities include

- keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems
- ensure that the Company's corporate reporting and risk management addresses relevant non-financial matters as well as financial matters, including oversight of ESG and climate related risks and opportunities
- advise on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Financial Conduct Authority, Financial Reporting Council and other authoritative sources that may be relevant for the Group's risk policies
- keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used
- review regularly and approve the parameters used in these measures and the methodology adopted
- set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance
- review the Group's capability to identify and manage new risk types
- review reports on any material breaches of risk limits and the adequacy of proposed actions
- consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions

Set out below are some recent examples of systemic risks that we and the wider financial system have had to contend with over the last 12 months.

Further escalation in the conflict between Russia and the Ukraine

The ongoing conflict between Russia and the Ukraine continues to upend global energy markets, agricultural markets and destabilise decarbonisation plans, bringing

into focus concerns over resilience and sovereignty when it comes to energy transition efforts. Sanctions waged have revealed structural vulnerabilities of companies and brought the need to restructure value chains and set foundations for structural deglobalisation. This has increased the systemic vulnerability of the global financial system. The rapidly changing energy prices have also changed companies profit profiles as well as government budgets. The subsequent contribution to the rise of inflation and resulting central bank and government policy had an impact across the financial system.

From an investment point of view, our funds continue to be expertly and actively managed by our investment teams. We are long term investors, but this period of volatility and uncertainty for economies, markets and investing needs to be carefully managed. We are aware that our clients will certainly be experiencing it in terms of more volatile markets, and we are focused on helping them through contact from our business development, investor services, investment and marketing teams, including through fund manager commentaries, insights, webinars and meetings with clients. There can be little doubt that investors' interest in riskier assets, particularly those that are more impacted, has waned. There have been significant redemptions from European equity funds, including our own, which has been managed and monitored to ensure ongoing liquidity for ongoing investors in our effected funds and this is monitored on an ongoing basis.

Our directly invested funds now have a policy to exclude Russian sovereign debt, corporate debt instruments and equities listed on a Russian exchange or issued by a company incorporated in Russia or Belarus and to fully comply with sanctions against Russia and other relevant countries, entities and corporations. Additionally, we aim to engage with companies that continue to operate and invest in these countries, encouraging them to exit where possible. Outside of our directly invested funds, including in our range of multi manager funds, we have a policy to exclude Russian domiciled funds and to ensure that managers of external schemes intend to fully comply with sanctions.

Inflationary pressure around the world

Inflation globally has risen sharply, catching policymakers, economists and investors by surprise as well as adding pressure to a cost-of-living crisis and worsening inequalities across the UK.

This is a result of the historically ultra-loose monetary policy adopted by central banks around the world, which was compounded by the unprecedented economic support packages provided by governments and central banks through the COVID19 pandemic which at the time was seen as a price worth paying for warding off a debilitating recession. As we rebounded from the pandemic induced downturn, inflationary pressures

increased and were turbo charged by the subsequent jump in oil and gas as supply chains were interrupted. The problem was exacerbated by the conflict between Russia and the Ukraine which had significant impact on the supply and price of energy, food and other goods.

The European Securities and Markets Authority (ESMA), the European Union's (EU) securities markets regulator, published a statement reminding firms to consider inflation and inflation risk when applying relevant MiFID II requirements in the interest of investor protection. We have responded to this by increasing the communication with clients as we are aware that they may not fully understand the impact of inflation on the financial system or their investments. This has included the publication of related insight notes to further their knowledge.

Disorderly transition to a low carbon economy

The transition to a low carbon economy has been cited as a potential driver of systemic risk that could lead to financial instability and negative macroeconomic outcomes. Transition risk refers to the economic and financial risks associated with the transition from a high -carbon economy to a low-carbon economy that meets the goals defined in the Paris Climate agreement. A disorderly rather than orderly transition is increasingly likely due to a lack of strong policy actions from governments. Research suggests that a disorderly transition is the most damaging for financial markets, including a potential sudden fall in fossil fuel related asset prices.

Reporting to CDP Global Disclosure System helps us get ahead of regulatory and policy changes, identify and tackle growing climate related risks, and find new opportunities for action aligned with the expectations of our different stakeholders, including our investors and shareholders.

In order to enhance our assessment of carbon risk we added the Extractives dataset to our existing subscription to Institutional Shareholder Services (ISS) Climate Solutions. This includes carbon data and related risk ratings for 25,000 companies globally and has been used to inform our investment decision making as well as calculating, monitoring and reporting the carbon metrics of our own investment products and aggregated investment portfolio. Other datasets are also being used to inform our approach including those from the Transition Pathway Initiative.

We support a variety of industry leading initiatives focused on achieving an orderly transition to a low carbon economy. This includes our membership to the Net Zero Asset Managers initiative ('NZAM') having joined in 2022 to support the goal of net zero carbon emissions by

2050 or sooner. Our net zero strategy is currently under development and will guide us in reducing both our operational emissions as well as our portfolio emissions from the companies we invest in. We also support CA 100+ to encourage the largest corporate carbon emitters to manage, report and reduce their carbon emissions.

Fossil fuel exposure remains low across our various investment strategies with 35% of total assets under management by Premier Miton in funds awarded the Morningstar Low Carbon Designation. Related exclusions have been implemented for the Responsible UK Equity Fund, European Sustainable Leaders Fund, Diversified Sustainable Growth Fund and the Global Sustainable Funds. Our fixed income funds have amended their internal ESG integration policy on investing in fossil fuels, where to date they have not held bonds issued by companies with significant revenue from coal or oil but can now buy their green bonds assuming third party sign-off that the proceeds would be used for transition efforts. This does not apply to sustainability-linked bonds.

Our fund managers are increasingly researching the renewable energy universe to find investment opportunities. This is especially the case for the Premier Miton Global Renewables Trust which has been awarded the London Stock Exchange Green Economy Mark.

Hidden scale of liability-driven investment strategies employed at UK pension funds

Regulators and policymakers are calling for action to address the risks associated with pension funds' use of derivatives which posed a significant threat to the UK government bond market. The crisis revealed that regulators did not have a reliable picture of the scale of hidden leverage in liability-driven investment (LDI) strategies which cover about £1.4 trillion of the future promises made by UK defined benefit pension schemes.

Since the 1990s the UK's defined benefit pension schemes have gone from allocating 50% plus of their assets to UK companies to today where on average the asset allocation is just over 2%. This reduced investment in the UK has a number of knock-on impacts. On a basic level, the lack of pension scheme support for the UK market reduces the attractiveness for other investors both abroad and at home. Additionally, the lack of competitiveness of the UK market, has led to a 40% reduction in the number of initial public offerings (IPOs) coming to the UK since 2007. This has reduced the number of new companies, especially in technology, that our UK focused investment funds can invest in. Lastly, a reduction in long term UK investors on the shareholder registers of UK companies has a negative impact on stewardship outcomes.

We continue to have significant investment in the UK and continue to support the UK as an attractive market to invest in across our communications. We will work with the initiatives that we are members of to support policy engagement on these issues to ensure any changes in regulation, such as the Edinburgh reforms are supportive for UK investment.

Additionally, over the same period, many UK pension schemes have looked to reduce the risk in their schemes both across their assets and liabilities and this has led to a strong uptake in LDIs where pension schemes will invest in assets that match their pension liabilities – in terms of inflation risk, interest rate risk and duration. These assets are usually synthetic and based on derivatives and the legal terms of these long-term assets include an agreement to mark to market through the exchange of cash as collateral as the underlying prices change. Following the budget in Autumn 2022 where gilt yields responded by rapidly rising from 3.5% to 5%, liability matching assets values fell with bond prices and the pension schemes owned significant cash payments to the counterparties who had provided the LDIs. While the liabilities had indeed fallen in value at the same time, this fall was not matched with a corresponding receipt of cash. Hence the pension schemes were left with a cashflow challenge and were forced to sell equities and bonds to meet the requirements, putting negative pressure on UK markets. The changes that pension schemes will make to reduce this issue reoccurring will reduce investment in UK assets by UK pension schemes.

At the time some of our funds were negatively impacted by these market moves, and we communicated with stakeholders to explain the negative market moves to them. Going forward we will input into consultations which aim to increase the pension schemes holdings in domestic assets.

Uncertainty over sustainable fund disclosure regulations

On 25 October 2022 the FCA published CP22/20 on Sustainability Disclosure Requirements and investment labels in which they proposed a package of measures aimed at clamping down on greenwashing. This includes sustainable investment labels, disclosure requirements and restrictions on the use of sustainability-related terms in product naming and marketing. The proposals have raised much concern across the industry not least because a substantial number of funds would not meet the requirements of the labels and would likely require changes to their fund name, policy objectives and strategy to take account of proposed prohibited words. There are also concerns that there is insufficient overlap with the EU's Sustainable Finance Disclosure Regulations (SFDR).

Our actions included participation in the Investment Association (IA)'s Sustainable and Responsible Investment Committee who drafted a response to the consultation. We also participated in the Principle of Responsible Investment's (PRI) meeting. We felt sharing our thoughts as a medium sized UK focused manager was important on behalf of others in a similar situation.

We have also participated in a number of other IA and FCA meetings where we stressed our requirement for regulatory guidance on reporting and labelling for sustainable investments. We felt sharing our implementation challenges as a medium sized UK focused manager was important on behalf of others in a similar situation.

Rising complexity and frequency of cybercrime

Cyber risk, defined as the risk of loss from a failure of computer systems or digital technologies, has grown in the financial system. Cyber events, especially cyberattacks, are among the top risks cited by institutions around the world.

We have in place many resources in relation to cybersecurity, which are continually being assessed, replaced and upgraded when and where necessary. At the perimeter we have next-generation firewalls, incorporating intrusion detection and prevention capabilities. Devices inside the network run software firewalls where appropriate, with antivirus software also installed across the network. Additional ransomware detection and prevention systems are in place. We have a number of cybersecurity focused training courses which all staff must complete.

Aside from the continual monitoring and review of our cybersecurity posture, cyber risks are specifically addressed by the IT Oversight Committee, which meets on a quarterly basis with representation from the IT, Compliance, Risk, Finance and Operations departments.

Managing risk

Our internal risk team, which is independent of the investment team, conducts on-going risk analysis of investment products, including stress testing and scenario testing. These stress tests are based on a range of internally generated metrics that have been agreed by the Funds Risk Committee and are considered to be appropriate for the different investment strategies and asset classes and may include oil price shocks, interest rate moves, large market selloffs, credit defaults or volatility spikes, amongst many other metrics. The scenario tests are, typically, based on previous macro or market events that have caused stress in markets, these may include Brexit, sovereign loan defaults, global financial crisis or COVID, amongst others. During the year the

responsible investing and risk teams worked to develop climate scenarios to add to the stress tests.

The output is reviewed at the Funds Risk Committee which may request additional tests be undertaken.

Furthermore, the risk team will consider, monitor and provide analysis of perceived risks as they occur. This may include reviews of major banks credit default swap pricing if fears arise of stress in the financial system or exposures that funds may have to geo-political events. Aside from market movements, monitoring of trading counterparties is undertaken to avoid potential exposure to a failing company.

Our work with other stakeholders

We are active participants in the UK investment industry and take advantage of opportunities to work with other stakeholders. It is in the interest of investment companies, our clients and wider society to have well-functioning financial markets. Some examples of this are set out below.

- Our Chief Operating Officer sits on the Investment Association Operations Committee
- Our Compliance team participate in various compliance, financial crime and other relevant Investment Association groups. It also actively reviews consultation papers and other regulatory guidance, responds and provides input from time to time.
- Our Head of Responsible Investing participates in the IA Sustainable and Responsible Investment Committee as well as a number of other IA Working Groups

Participation in industry wide initiatives

We continue to be actively involved in industry wide initiatives to promote well-functioning markets.

- United Nations supported Principles for Responsible Investment – Signatory
- Net Zero Asset Managers Initiative – Signatory
- Investment Association - Member and active participant in committees and working groups
- Investor Forum – Member and 3 staff members participated in their Development Program
- CDP Non-Disclosure Campaign - Member
- CA100+ - Member
- Rathbones Votes Against Slavery – Member
- Global listed infrastructure Organisation - Advisory board member

We review the list of initiatives that we are a member on an annual basis to ensure that these are appropriate and aligned with our requirements.

Principle 5

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

Premier Miton maintains documented policies for all key areas of the business. The relevant board will review and approve all necessary policy documents or authorise committees within the governance structure to do so on at least an annual basis, and on an ad hoc basis as required. Our Operational Risk Committee has a central role in oversight of this process.

Policies related to stewardship activities include:

- Responsible Investing Policy
- Proxy Voting Policy
- Conflicts of Interest Policy
- Code of Ethical and Professional Conduct
- Modern Slavery Act Transparency Statement
- Recruitment & Diversity Policy
- Remuneration Policy
- Treating Customers Fairly Policy
- Funds Risk Management Policy
- Research Policy
- Valuation Policy
- Asset Freezes and Investment Ban Policy
- Anti-Money Laundering and Counter Terrorist Financing Policy
- Anti-Fraud Policy
- Anti-Competition Policy
- Anti-Bribery and Corruption Policy
- Data Security Policy
- Insider Dealing and Market Abuse Prevention Policy
- Order Execution Policy
- Environmental Policy
- Sustainable Investing Policy for the Premier Miton Global Sustainable Funds
- Sustainable Investing Policy for the Premier Miton Diversified Sustainable Growth Fund
- Responsible Investing Policy for the Premier Miton Responsible UK Equity Fund
- ESG Integration Policy for Premier Miton Fixed Income Funds

The approach to the drafting and updating of policies is a collegiate one. Each policy is owned either by the regulated boards or a particular committee within the group. Typically, the annual review is led by a specialist analyst in the compliance team who engages the key stakeholders from all other departments for the review process. The policy is

then reviewed by the relevant committee for comment and approval before being routed through the governance structure as required. The final documents are available on the Premier Miton intranet site and all relevant policies are available on our client-facing website at www.premiermiton.com.

We seek input and advice from external advisers as required and have engaged lawyers and accountants to review and comment on our approach, for instance where the policy reflects new legislation or regulatory guidance. This approach continues to be extended to training for staff in areas such as market abuse, conduct rules, competition law and treating customers fairly requirements. External depositaries will also review certain policies as part of their annual due diligence on our approach, including our stewardship disclosures.

Process assurance

The reporting, monitoring, oversight and internal assurance of our stewardship activities is led by our Responsible Investing Oversight Committee, which was launched in 2021 and provides oversight of the responsible investing process at Premier Miton in line with responsibilities or obligations to various stakeholders, including but not limited to regulators and clients. Its objectives are to:

- Manage the integration of ESG factors, responsible investing and sustainability across all our funds including funds with ESG policies and monitor stewardship and ESG integration activities against relevant disclosures, rules and regulations
- Ensure that policies, reporting and other relevant communications on responsible investing practices are published
- Assist in the ongoing formulation of strategic responsible investing plans
- Monitor the application of responsible investing activities in the investment process and portfolio construction of funds and other mandates managed by Premier Miton
- Ensure that sustainable and responsible funds and other related mandates managed by Premier Miton are marketed and described appropriately in respect of any ESG, responsible or sustainable investing factors and
- Develop appropriate policies, procedures, controls and reporting to identify, measure and monitor climate related risks and opportunities at fund and firm level

Key responsibilities include oversight of the following:

- Adherence of funds and other mandates to their non-financial requirements, including managing climate related risks and opportunities
- Appropriate marketing and description of the ESG strategy and factors for funds with and without non-financial objectives in product literature

- Arbitration on whether individual investments are suitable for funds that have non-financial objectives, and all funds where specified exclusions apply
- Oversight of corporate engagement in respect of responsible investing related matters
- Oversight of adherence to the Responsible Investing Policy and [Proxy Voting Policy](#)
- Review of relevant responsible investing policies and reports at least annually and updated where necessary. These reports and policies include the Responsible Investing Policy, [Proxy Voting Policy](#), Stewardship and Responsible Investing Report and other fund responsible investing reports such as the Non-Financial Objective Reports and Sustainability Reports.
- Assessment of fund specific and investee company ESG ratings

The Responsible Investing Oversight Committee also oversees and monitors compliance with the UK Stewardship Code, to demonstrate that fund managers have appropriate information regarding potential and actual investee companies, and to provide assurance that investments are in the best interests of the relevant fund and our clients, taking into account the nature, complexity and size of each investment.

Management information and other reports on our stewardship and responsible investing activities, including ESG integration, ESG fund ratings, fund level climate data and engagement and voting activity, are reviewed quarterly by the Responsible Investing Oversight Committee to ensure that critical issues are properly monitored and review, and that relevant action plans are agreed. This discussion and related information form the basis of our external reports and policies, which are reviewed by our internal compliance department before publication to ensure that the reporting is fair, balanced and understandable.

As noted previously there is also reporting on stewardship, responsible investing and other ESG related matters through the Conduct & Policies Committee, Product Governance Committee, Investment Oversight Committee, Funds Risk Committee, Environmental Committee and the Net Zero Working Group, as well as the plc board and regulated boards (PFM and PPM). These committees review their own performance and respective terms of reference on at least on annual basis to ensure that they are operating at maximum effectiveness and implement any changes it considers necessary.

We have chosen this approach to assurance as it enables internal oversight and expertise from senior members of our investment, risk, compliance, distribution and marketing departments. This facilitates the comprehensive and aligned implementation of stewardship activities across the main areas of our business.

Our reporting of stewardship activities remains fair, balanced and understandable through a robust review process that

includes oversight from the marketing and compliance departments.

Assessing the effectiveness of our activities

We believe that this chosen approach is suitable to the firm's size and complexity. We are a medium sized, UK based asset management company with actively managed investment products. Our fund managers know their investee companies well and almost all our investment products are focused on long term investment horizons. We rely on this expertise for our responsible investment activities, which are supported by our dedicated Responsible Investing team with close involvement from the Chief Investment Officer. The Responsible Investing Oversight Committee ensures close oversight from senior leadership which provides additional assurance to our approach.

This facilitates ongoing monitoring, evaluation and assessment of stewardship and responsible investing activities and will enable us to improve our scope, reach and effectiveness over time. This is supported by our Responsible Investing Forum, where investment staff discuss their approach to these activities with colleagues supported by the Head of Responsible Investing and Responsible Investment Analyst.

Responsible investing strategy

Our approach to responsible investing is set out in our Responsible Investing Policy, published on our website. Oversight of activities, as well as an annual review of related policies, is provided by our investment and product governance structures including the Responsible Investment Oversight Committee. Where we act as managers of investment trusts or segregated mandates, we report on stewardship and responsible investing activities to their boards and clients respectively and receive feedback from them.

Our responsible investing strategy is part of our corporate sustainability strategy which also includes management of the environmental impact of our operations, people and community.

Evolving the strategy

The effectiveness of the governance structure and the process for implementation of responsible investing is kept under review. Over the course of the year, we further enhanced the activities of the Responsible Investing Oversight Committee and the Responsible Investing Forum. The aim of the forum is to facilitate relevant discussions and share best practice across the investment team on responsible investing activities and monitor progress on stewardship activities with the aim of achieving long term good financial returns for our clients. This has proven to be an increasingly popular group and will play a key role in the management and development of our stewardship

Principle 6

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

What we offer clients

Premier Miton's purpose is to actively and responsibly manage clients' investments for a better financial future. We never forget that we are here to manage other people's money. We take the trust that investors have placed in us very seriously. We are committed to delivering good long term investment outcomes that can help our clients achieve their financial goals.

We offer high conviction and directly invested single strategy funds across a broad range of asset classes as well as outcome based multi asset funds and investment trusts that aim to generate good long term investment performance. The diversity, strength and depth of our high conviction investment strategies covers different asset classes including equities, fixed income, absolute return and multi asset, allowing us to offer investment solutions to help different investor preferences, including income, growth, wealth preservation or risk management, as well as dedicated responsible and sustainable funds. This is underpinned by responsive client service and transparent, proactive communication.

Our client access is typically intermediated through UK financial advisers or wealth managers, serviced by our specialist business development team.

Our investment processes

Our aim is to deliver strong investment outcomes, through clear and straightforward products powered by active and independent minds. To achieve this, we pursue an enlightened, collaborative approach that gives our investment professionals the appropriate freedom to think, explore and invest according to their own proven convictions and processes.

We are committed to investing responsibly and uphold high ethical standards in how we behave as investors. We are increasingly integrating ESG factors in a proportionate and applicable manner in the investment approaches across our different investment strategies.

When considering ESG factors alongside financial factors we can enhance our decision making by considering all available information on whether an investment is suitable for inclusion in a fund. We believe that assessing a company's approach to ESG related risks can provide additional information on the investment opportunity.

When applied, this is undertaken across the investment process including in company research and analysis, portfolio monitoring and buying and selling decisions and is supported by the Head of Responsible Investing with oversight from the Chief Investment Officer. We believe that combining financial analysis with ESG analysis can lead to improved decision making and therefore better outcomes for investors in the funds.

For more information please refer to our [Responsible Investing Policy](#).

Assets Under Management (AUM) breakdown by asset class

As at 31 December 2022

Asset class	£ billion	% AUM
Equities	5.8	53
Multi asset	3.4	30
Fixed income	0.9	8
Investment trusts	0.5	5
Segregated mandates	0.4	4
Total	11.1	100.0

Over the last 12 months, we have seen an increase in investor demand for fixed income and bond funds. Rising inflation and interest rates caused the prices of bonds to fall and their yields to rise to levels that became more attractive to investors. This had a commensurate impact on the breakdown of our assets under management.

AUM breakdown by geography (by country of incorporation or listing)

As at 31 December 2022

Geography	£ billion	% AUM
UK	4.8	43.1
Europe ex UK	3.5	31.6
North America	2.5	22.8
Asia Pacific ex Japan	<0.1	0.7
Emerging markets	0.1	1.0
Japan	<0.1	0.9

There was no significant change in the geographical breakdown of our AUM and the UK remains our largest exposure in terms of our underlying portfolio company listing or incorporation. The North American exposure has increased as investors have invested in our US equity funds.

AUM breakdown by client category

As at 31 December 2022

Client type	% AUM
Retail	91.3
Institutional	8.7

Investment time horizon

We consider the investment time horizon appropriate to deliver good investment outcomes to our clients to be at least five years in our equity, multi asset and bond funds. We believe this time horizon is relevant considering the expected range of risk and return of these asset classes. Our absolute return funds have specific objectives to deliver an absolute return over rolling three-year periods, and this has been considered to be appropriate because of the specific investment strategies. The Premier Miton UK Money Market Fund is considered to be suitable for time horizons of up to one year bearing in mind the types of deposit investments held in this fund.

These time horizons are included in a number of client communications including Key Investor Information Documents, factsheets and Prospectus. These are available to financial advisers and third parties, including data vendors, via our website. We also make available Target Market Assessment Documents for investment professionals.

How assets have been managed in alignment with clients' stewardship and investment policies

Our governance processes are designed to ensure we continually monitor that client assets are being managed and aligned with our stewardship and investment policies. This includes ongoing reviews by our risk and information services team and oversight in various governance groups including the Investment Oversight Committee, Funds Risk Committee, Product Governance Committee, Conduct & Policies Committee and Responsible Investing Oversight Committee. These groups consider the performance, portfolio characteristics, non-financial requirements objectives and communication for our products compared with what we described we would do for clients. We remain confident our clients' assets are being managed in alignment with our stewardship policies, but where issues do occur, relevant action is taken.

What we communicate to clients: general

A key part of our client focused approach is ensuring that our communications clearly articulate stewardship and investment activities to existing and potential clients. We also ensure that individual investors, who may be investing directly, have access to ongoing communications about their investments and our stewardship activities.

Product information and updates for distributors are provided through a number of channels, including face to face meetings with representatives from our business development teams, investment teams and responsible investing teams, fund factsheets, presentations, reports, insight notes, videos, webinars, events, press, social media and a specialist fixed income blog. In line with our commitment to sustainability and changing communication preferences, most of our communication activity is now digital, including through our website that increasingly acts as our communication hub.

Our communications around stewardship and investment activity includes making a broad range of information available to existing and potential clients to keep clients properly informed before and after they make any investment with us. For example, this includes core product information available on our website product pages covering an investment overview, details of the investment approach, performance, portfolio breakdown, prices and charges, as well as information about our fund managers.

We provide quarterly fund manager commentaries on the website to keep distributors up to date with fund managers' assessment of performance, portfolio activity, investment views and ongoing strategy. Investors in the funds receive twice yearly statements on their holdings with an update from fund managers covering the same reporting period published on the website.

Our regular webinars, which typically feature a fund manager presentation, allow advisers and wealth managers to listen to our fund managers and other specialist presenters discuss our investments and related key issues.

We have specific investment guides targeted at retail investors designed to clearly explain our broad range of multi asset funds and using our funds for retirement income. We also provide specific updates, as appropriate, to explain wider systemic risks to financial market such as rising inflation.

We are continuing to develop our digital platform, including greater use of our website, online feedback tools, social media, podcasts and video content to continually improve the standards and speed of production of our communication services.

What we communicate: sustainable and responsible investing

We continue to strengthen communication on responsible investing with our dedicated 'Responsible Investing' section of the Premier Miton website. This offers the latest information on our approach to responsible investing and hosts our suite of policies, reports, disclosures, 'Responsible Thinking' insight notes and videos featuring our Head of Responsible Investing and the fund managers of our responsible and sustainable funds.

Our Responsible Investing Policy, Voting Policy, Voting Disclosure and Stewardship and Responsible Investing Report are updated regularly and can be accessed via the website. We also include the latest information on our ongoing relationship with industry bodies and collaborative initiatives such as the Principles for Responsible Investment, Climate Action 100+ and the CDP.

In addition to the non-financial objectives reports for our range of dedicated responsible and sustainable funds published every six months, we publish an annual sustainability report for two of these funds, for investment professionals, and a six-monthly sustainability report on another that is available to retail investors. We also produce responsible or sustainable investing policies for four of these funds with the intention of publishing one for each fund in the range. These documents provide insight into why we adopt the specific sustainable investment approach, the investment process and its impact including how the portfolios are aligned with the United Nations Sustainable Development Goals.

We have organised a series of video interviews and masterclasses, including with our Head of Responsible Investing, CIO and various fund managers, designed to provide a greater insight into the types of companies which we invest in on their behalf. We also produce more educational webinars, videos and insight notes covering key ESG related matters.

This has included the following videos:

- Responsible Investing Masterclass
- Responsible Investing Overview
- Responsible Investing Oversight Committee
- Introduction to the Global Sustainable Funds
- Introduction to the Responsible UK Equity Fund
- Duncan Goodwin interview with CEO of Aker Carbon Capture
- Duncan Goodwin interview with CEO of Anaergia
- Duncan Goodwin interview with CEO of IONQ

We aim to update our internal Responsible Investing presentation on a quarterly basis which is used by our business development team to provide an overview of our approach to responsible investing.

How we communicate

We have a robust framework in place to manage communications to our clients. We have a team responsible for producing marketing and communications which are tailored to the intended audience to ensure that the language is understood and ensure clients are supported in making informed investment decisions. Our customer facing communications are subject to ongoing reviews so that we can be sure that they are relevant to the audience.

We balance our communications to support the customer in making an informed decision by providing equal prominence to benefits and risks, and signpost risk information clearly on product information, such as our website pages, factsheets and Key Investor Information Documents.

Our Compliance Team has oversight of marketing and communications and measure the content against a set of criteria to ensure they are clear, fair and not misleading. They also have the autonomy to consider the whole of a communication to make sure that it would be understandable to an 'average' investor. We always strongly advise any retail investors to seek professional advice ahead of making an investment decision so that they can receive information about whether the product is suitable for their circumstances before they make an investment decision.

Our Compliance Team has oversight of marketing and communications and measure the content against a set of criteria to ensure they are clear, fair and not misleading. They also have the autonomy to consider the whole of a communication to make sure that it would be understandable to an 'average' investor. We always strongly advise any retail investors to seek professional advice ahead of making an investment decision so that they can receive information about whether the product is suitable for their circumstances before they make an investment decision.

Where appropriate, we use the services of third parties, such as Plain English Campaign and The Wisdom Council, to provide guidance and editing services, to help ensure our communications are appropriate for the intended audience.

We communicate with potential and existing clients through a wide range of channels, designed to enhance the opportunity for clients to stay up to date with our products, their specific investments with us and our business progress. As you would expect, this communication is increasingly digitally based, and we continue to look at how we can enhance and improve our digital client platform. Advisers and wealth managers can manage their communication with us through our preference centre.

Listed below are different channels we use to communicate with clients.

- Meetings with representatives from our business development and investment teams
- Client service team via email or telephone
- Half yearly retail investor statements and fund manager commentaries
- Monthly factsheets
- Quarterly fund manager commentaries (for investment professionals)
- Insight notes
- Emails
- Webinars
- Videos
- Events
- Press
- Podcasts
- Social media
- Fixed income blog – fixedonbonds.com
- Via third parties including partner platforms and general investment platforms

When we communicate

Our client communication includes a mix of regular monthly, quarterly half yearly, annual and ad hoc material. We strive to make sure our website is continuously providing relevant, timely information by having regular review meetings to discuss plans for future communications and consider feedback from our client service teams and advisers.

On occasion we will receive bespoke queries from clients asking why our sustainable or responsible funds have exposure to a specific company. We take these queries very seriously and will take the opportunity to seek rationale from the relevant fund manager and ensure that the client understands the investment decision and whether there are any planned engagements on the issue.

We also have dedicated Customer Service facing teams who provide ongoing support to investors across our range of products and services. They support clients with the ongoing servicing of their accounts, with no distinction in service levels made between clients looking to invest and those already invested or those looking to disinvest.

We aim to ensure that our support includes assisting clients who may have characteristics of vulnerability, such as offering large print documentation, 'talk to a friend' and support to understand the information we issue.

Client feedback

Our activities are continually evolving to reflect feedback from clients. We include requests for feedback on our website pages and in client communications, including our half yearly retail investor reports. Client feedback and complaints are reviewed by relevant teams at Premier Miton and at our quarterly Product Governance Committee.

We also seek and receive feedback via our client facing teams, including our business development teams, speaking to discretionary fund managers and advisers, and our investor services team through their management of calls and emails from retail clients. An online 'help centre' on the Premier Miton website enables clients to find answers to questions they may have about our services, and we actively encourage our clients to provide feedback. This information is used to help ensure that clients continue to receive the right support from us throughout our relationship.

We believe our current feedback process is robust. We actively seek feedback from clients and make relevant changes as appropriate, and we also understand the benefit of using digital feedback to assess levels of client satisfaction and to offer more opportunity for ideas to enhance our service. We have developed new online surveys on our website, including to assess the quality of information we provide and to gather comments on how we can improve our service.

Sustainability in communications

We are continually seeking to perform better from a sustainability point of view and contribute to the long-term sustainability of our operations, alongside our focus on responsible investing. As well as reducing paper communication and printing more sustainably, our website contains information for our clients on our environmental initiatives, including how we manage energy use, managing our waste and our carbon offset programme for our residual carbon footprint. A corporate sustainability report and our first climate related financial disclosures are included in the annual report and financial statement for Premier Miton Group plc. Our client website also contains details of our support for protecting and enhancing biodiversity through our gold partnerships with Surrey Wildlife Trust and London Wildlife Trust.



Principle 7

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

At Premier Miton we define responsible investing as an approach to investing that includes the consideration of environmental, social and governance (ESG) factors alongside financial factors, supported by stewardship activities. We regularly engage with the management of companies in which we invest, or are considering investing in, and we take a thoughtful approach to voting on company resolutions at annual general meetings and other shareholder meetings.

Fund managers are ultimately responsible for responsible investing activities with support from our Responsible Investing team with oversight from the Chief Investment Officer. We believe this assignment of activities ensures that stewardship is appropriately integrated into our different investment processes, rather than being undertaken by a separate stewardship team.

Integrating environmental, social and governance related considerations

We consider ESG factors in a proportionate and applicable manner in the investment approaches across our different investment strategies. When considering ESG factors alongside financial factors we can enhance our decision making by considering all available information on whether an investment is suitable for inclusion in a fund. Assessing a company's approach to ESG related risks can provide additional information on the investment opportunity. When applied, this is undertaken across the investment process including in company research and analysis, portfolio monitoring and buying and selling decisions. We believe that combining financial analysis with ESG analysis can lead to improved decision making and better outcomes for investors.

Our fund managers are encouraged to share investment ideas where appropriate and meet on a formal basis monthly to share market news, views and analysis. Furthermore, there are regular intra-team and inter-team meetings, as well as daily ad-hoc discussions. A Responsible Investing Forum, led by our Head of Responsible Investing, is held on a quarterly basis to discuss ESG issues more widely, including updates on new regulations, market trends, ESG integration, as well as other ESG related topics. Over 2022 these topics included portfolio mapping to the United Nations Sustainable Development Goals (SDGs), consultation on FCA Sustainability Disclosure Requirements,

ESG data from Sustainalytics, ESG thresholds monitored by the Responsible Investing Oversight Committee and collaborative engagement opportunities, amongst others.

Engaging with company management on material issues

When we engage with companies, we do so through a number of channels, with the aim of developing our understanding of their business strategy, financial position and prospects, amongst many other factors. Where applied, ESG factors may be included in the engagement process, in particular we would encourage those with weaker ESG practices and disclosures to make positive changes. We believe this approach can enable stronger investment decision making and oversight.

If possible, for many of our investment strategies, we aim to be in contact with, and preferably meet with, the companies we invest in annually, however, this is not always possible. For example, not all companies will be willing to meet with us or it may be more difficult to meet companies based outside the UK. Company meetings will often include discussions on relevant ESG risks and opportunities. We additionally find value in meeting competitors, suppliers and end users of their products or services when researching companies to support our investment analysis. Site visits can also form part of our investment research process.

We aim to have an engagement plan to support our ESG discussions with companies. This includes company specific ESG risks and common engagement themes including climate risk disclosure, diversity, improved ESG management and sustainability outcome reporting. We will typically focus more on investments where we have more significant exposure. An existing relationship can present an opportunity for successful engagement, potentially resulting in long-term enhancement of shareholder value. Where we have concerns over company supervision of material ESG risks and where engagement has been unsuccessful, we will consider selling the holding.

We engage in a number of ways, individually by the fund managers, through theme specific engagement driven by the Responsible Investing team, and in collaboration with other investment managers through the initiatives that we have joined. In 2022 we were able to return to face-to-face meetings, visiting companies and attending investment conferences which we believe has improved the effectiveness of our stewardship activities.

Voting

Voting activity occurs around formal company meetings such as AGMs. The focus is usually on corporate governance issues although increasingly we are seeing the inclusion of environmental and social issues being raised both by companies and through shareholder resolutions.

We aim to vote at all company meetings where we have the opportunity. We have appointed Institutional Shareholder



Services group (ISS) as our proxy voting adviser who provide research and recommendations on resolutions. Fund managers are responsible for reviewing external research alongside their specific company knowledge before making a final decision. Additionally, fund managers can share information and views with our other fund managers and discuss matters with the Responsible Investing team before making decisions. Where there is concern over a specific resolution we may engage with the company before making our final decision. Voting decisions can differ by fund depending on the specific investment objective of the relevant fund or investment trust. More detail is available under Principle 12 and in our [Proxy Voting Policy](#).

Different approaches across different investment strategies

We employ a responsible investment approach that is appropriate for and proportionate to each investment objective and investment strategy. We believe that the fund managers and investment analysts who undertake the research on a specific company are best placed to consider ESG factors and how they will impact of the profitability and sustainability of that company, and the potential financial returns for shareholders. Each investment team therefore takes its own approach to analysing ESG factors when making investment decision to best serve clients. These approaches are regularly discussed and reviewed with the Head of Responsible Investing and Chief Investment Officer, and they are reviewed by the Responsible Investing Oversight Committee.

Premier Miton responsible and sustainable funds

For the funds within our responsible and sustainable range that have non-financial considerations in their investment approach, the fund managers, along with the Responsible Investing team, undertake additional research in the investment process. We will also report on how these funds have delivered against their non-financial objectives utilising independent frameworks such as the SDGs. These are a global 'blueprint' to achieving a better and more sustainable future by addressing the global challenges we face, such as poverty and climate change.

There are minimum ESG criteria and scores required to be met before a company can be held in the funds and we ensure that our independent ESG research providers Ethical Screening maintain 100% coverage of all equity holdings across the range. Whilst this assessment is undertaken by the fund managers, they are supported by the Head of Responsible Investing and the Chief Investment Office and the whole process is overseen by the Responsible Investing Oversight Committee.

Premier Miton Responsible UK Equity Fund

The fund managers focus on companies that act responsibly, those with a strong ESG profile and those that are part of long-term themes that have a positive influence on society and the environment. These are Health and Wellbeing,

Protecting the Planet and Enhancing Society.

The fund managers analyse a company on a wide range of responsible factors including specific ESG criteria and will use this information to ensure it meets the required standards. This includes:

- **Corporate governance:** including female representation on board, remuneration structure, efficacy of auditors and disclosures.
- **Management:** including tenure, capability, clarity of strategy and policies
- **Environmental and social impact:** including carbon emissions, resource usage and intensity, supply chain management and business ethics

The fund has a Committee of Reference, comprising of independent, experienced individuals from a range of backgrounds. Alongside Premier Miton, the committee is responsible for reviewing, monitoring, where necessary, the responsible investing and ESG criteria, themes and exclusions.

Premier Miton Global Sustainable Growth and Global Sustainable Optimum Income Funds

The fund managers look for companies that reflect long term sustainable growth themes. ESG factors and the specific characteristics measured include the following.

Finances and valuation

- 5-year earnings forecasts
- Range of cash, earnings, short- and longer-term valuation metrics
- Near term earnings revisions
- Balance sheet analysis

Governance and business impact

- Efficacy of board, auditors, remuneration policy
- Competency of management, disclosure and clarity of strategy

Sustainability

- Regulatory risk, asset and supply chain risks
- Barriers to entry and role of innovation to maintain
- Contribution of products and services to the SDGs
- Environmental and social impact of operations

Premier Miton European Sustainable Leaders Fund

The fund managers focus on companies that reflect long-term sustainable growth themes and all companies in the portfolio will display strong sustainable business characteristics. ESG factors and the specific characteristics measured include the following.

- **Corporate governance:** including female representation on boards, remuneration structure, efficacy of auditors and disclosures
- **Management:** including tenure, capability, clarity of strategy and policies
- **Sustainability of business:** including barriers to entry, risks to assets, regulatory risk and innovation
- **Contribution to the SDGs:** including revenues aligned to the goals and avoiding negative impacts
- **Environmental and social impact of business:** including carbon emissions, resource usage and intensity, supply chain management and business ethics

Companies are ranked into three categories; Approved List, Improvers List, Avoid List and can move up and down these ranks over time. Analysis of ESG and sustainability factors will determine the ranking and are considered in absolute terms and relative to industry and regional peer groups.

Premier Miton Diversified Sustainable Growth Fund

We launched our first sustainable multi asset fund in 2022 with the investment team selecting investments across asset classes that feature strong ESG profiles and reflect long term sustainable growth themes. ESG factors and the specific characteristics measured include the following.

- **Corporate governance:** including female representation on boards, remuneration structure, efficacy of auditors and disclosures
- **Management:** including tenure, capability, clarity of strategy and policies
- **Environmental and social impact of business:** including carbon emissions, resource usage and intensity, supply chain management and business ethics
- **Sustainability of business:** including barriers to entry, risks to assets, regulatory risk and innovation

Additionally, for government bonds the investment team will assess a country's approach to factors including democracy, civil liberties, corruption and climate change. For alternative investments, hedge fund managers must be signatories to the Principles for Responsible Investment, or they will typically hold the London Stock Exchange Green Economy Mark.

Premier Miton Emerging Markets Sustainable Fund

We have announced plans to broaden our investment offering in 2023 with the addition of a new emerging markets sustainable equity fund. This fund will invest in high quality emerging market companies that the fund managers believe have a positive impact on society and the environment while offering the potential for attractive financial returns.

With the number of responsible and sustainable funds expanding, we acknowledge the need to have a consistent assessment of a company's sustainability including how to map against the SDGs. For the funds that align revenues

of the underlying investee companies to the SDGs, the fund managers utilise analysis from Ethical Screening and have regular detailed discussions on many areas including unaligned analysis, recent engagement or new reporting data. We ensure they understand the criteria we use to integrate stewardship and ESG into our investment process.

For 2023, we have defined sustainable growth themes for the sustainable funds as Financial Inclusion, Health & Wellbeing, Infrastructure, Energy Transition, Food Productivity & Safety, Circular Economy, Economic & Social Mobility, Digital Resilience and Sustainable Cities and Communities.

For more information on the funds listed above please see our range of related documents and disclosures including sustainable investing policies, non-financial objective reports or sustainability reports which are available on the [Premier Miton website](#).

Premier Miton equity, fixed income and multi asset multi managers funds

We aim to consider ESG factors in a proportionate and applicable manner in the investment approaches across our different investment strategies. We have also taken the opportunity to enhance our internal investment procedures across the wider investment team by asking fund managers to complete procedures documents on their approach to ESG integration.

Premier Miton Global Smaller Companies Fund

The fund managers aim to monitor the ESG profile of companies as part of their investment process to strengthen their knowledge of a company and its operations. One example of this the investment decision in Graphic Packaging, which is poised to benefit from the transition away from plastics as the largest producer of folding cartons in North America. Product innovation is clearly considered alongside sustainability with its Vision 2025 programme where targets include 100% of sales to be generated from recyclable products, reducing its use of low-density polyethylene by 40% and using its new line of non-polyethylene coating on fibre-based products. Other key developments noted were the addition of a Chief Sustainability Officer and becoming a signatory of the UN Global Compact. Following assessment, the fund managers' conviction that the company is contributing to a circular economy increased with a high value proposition to its own customers, who are also trying to improve their own supply chain environmental profiles, and also to the end-consumers, as it simplifies the recycling processes.

Premier Miton US Opportunities Fund and Premier Miton US Smaller Companies Fund

Following investment in Goosehead Insurance, the fund managers become concerned by high turnover in the senior management team. This prompted further investigation which uncovered poor corporate governance practices including widespread evidence of employing family members or other relatives at senior levels within the company. As management quality and integrity is considered a key factor in successful growth and following a number of earnings disappointments confidence in the company's ability to execute diminished. This resulted in the sale of the position.

Premier Miton UK Multi Cap Income Fund and Diverse Income Trust

The fund managers believe UK listed companies will set the standard globally for climate risk and social risk management as they have for governance. They participate in a large number of management meetings and are in a strong position to provide assistance to company management and influence outcomes. They therefore engage with most companies on ESG matters and have increased their monitoring and evaluation of these interactions.

Premier Miton fixed income funds

The Premier Miton fixed income team believe ESG factors can influence fixed income markets and that good practices are aligned with good financial returns over the long term. They have worked to integrate ESG factors into their investment process and developed an ESG Integration Policy to identify issuers exhibiting strong or weak ESG profiles within the investment universe.

They believe that poor ESG management can be a significant financial risk factor, potentially leading to a widening of credit spreads due to lack of investor interest. Credit rating agencies are increasingly considering ESG in their ratings and this can lead to downgrades, which can have a negative impact on spreads. This is the case in areas such as climate risk and corporate governance.

For a company to be investable, it must be considered to have a stable or improving credit profile, not expensive and not a laggard on environmental matters or have poor corporate governance. The team has built a database of over 40,000 global issuers against which data from a number of sources is used to generate an internal ESG score. These scores are supplemented by bespoke additional support from Ethical Screening as well as public ESG scores, further developed by internal analysis and engagement with companies where they have the opportunity. Those with the lowest score are excluded from the investment universe leaving the credit portfolios with an improved ESG position.

Premier Miton multi asset multi manager funds

The fund managers of Premier Miton multi asset multi manager funds integrate ESG into their investment process with a three-step approach.

1. Incorporate ESG considerations into the broad asset allocation discussion, evaluating areas of growth and opportunity as well as recognising those which are more challenged by the transition to a low carbon economy and greater awareness of wider stakeholder concerns
2. All of the individual elements of ESG factors are formalised into the research analysis and addressed for every fund recommendation
3. Actively allocate to investment opportunities linked to sustainability in delivering performance consistent with a mandate's objective

Integrating ESG into our multi manager funds, which invest in the funds of specialist third party managers, has particular challenges due to less ESG research or data being available on a fund basis. We created our own due diligence questionnaire to provide a better understanding of each underlying approach to responsible investing. Independent ESG assessment from organisations such as Morningstar are reviewed as well as the underlying firm's membership of related initiatives. When considering exchange traded funds (ETFs) the fund managers consider selective ESG index exposure alongside traditional index exposures in order to improve a portfolio's ESG profile.

Another example of this is the requirement to hold a low-cost broad Emerging Market (EM) equity exposure as part of the EM allocation. This was historically achieved with allocation to a iShares Core MSCI EM IMI ETF which was selected as it was amongst the cheapest ETFs for EM equity exposure and provided negligible tracking error to the required index. During the year following further analysis, this was replaced with another ETF (the MSCI EM ESG Enhanced UCITS ETF) which employs an ESG overlay with extensive business sector exclusions and adopts a climate transition benchmark with ongoing carbon reductions year-on-year while still optimised to an ex-ante tracking error of 1%. The ability to achieve a higher level of ESG integration without taking excessive tracking error risk at the same cost enabled the fund managers to make the switch.

The fund managers are also open to ideas that support or benefit from the transition to low carbon energy. One such opportunity is in carbon allowances issued by regulatory authorities in helping promote the move toward low carbon energy production. These allowances or permits place a cost on the permitted amount of carbon emissions, thereby helping to incentivise their reduction. As the cost of carbon emissions is widely believed to rise in the future, supported by tightening regulation, this provides a positive catalyst for the performance of the global carbon allowance market. This has resulted in exposure to Kraneshares Global Carbon Strategy.

Principle 8

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

Premier Miton uses a variety of ESG information sources including company reports, meetings with management and boards as well as specialist and independent research and data.

We subscribe to a number of independent providers of ESG data and research including Ethical Screening, Institutional Shareholder Services (ISS), Transition Pathway Initiative (TPI) and Bloomberg as well as publicly available sources. We undertook a review of the ESG data providers market during the year, and we added TPI to support the net zero assessments of the companies held in the funds and are planning to add Sustainalytics during Q1 2023 to support wider ESG integration activities.

The data providers for ESG information and data are decided upon by the Chief Investment Officer and Head of Responsible Investing, following consultation with Premier Miton's investment team.

All relevant agreements are reviewed by the in-house legal team and requests for changes are made when required. All indemnities that may be part of legal agreement must be approved by the Executive Committee. The ongoing suitability of existing or potential service providers are discussed quarterly at the Responsible Investing Oversight Committee and Responsible Investing Forum.

Premier Miton's Outsourcing Oversight Committee (OOC) also reviews and monitors key outsourced service and data suppliers, meeting quarterly to consider key risks associated with outsourced service providers and suppliers as required. A questionnaire for key vendors is sent out annually to gather information covering a broad range of areas including culture, code of ethics, policy with regards to diversity and inclusion, modern slavery and anti-bribery arrangements.

We regularly interact with research providers on a range of topics, including data, methodologies and discussions on the differences between their analysis compared with our own. In the situation where expectations have not been met, we will increase our frequency and level of service monitoring and elevate ongoing concerns to the relevant committees to review and consider relevant actions. As part of our overall policy regarding service providers, we maintain list of alternative suppliers, with priority given to key service providers to the business overall.

Ethical Screening

Ethical Screening is a bespoke ESG research provider we use for in-depth analysis as part of the due diligence on investments held in our responsible and sustainable funds. Ethical Screening company research provides more than just a single ESG score and includes a qualitative summary which we find supports our active investment style. We can also leverage their analysis of positive and negatives as initial questions in our company engagement. We recently met with them to discuss the methodology behind their United Nations Sustainable Development Goal (SDG) contribution and obstruction exposure alignment numbers, which we use for assurance in our non-financial objective fund reporting. They provide a bespoke coverage to our specific requirements, and we have extended their coverage further in advance of the launch of the Premier Miton Emerging Markets Sustainable Fund. We also share our own research to further inform their assessment. For example, following the publication of a dedicated ESG report from Sylvania Platinum we engaged in discussions with Ethical Screening on the ESG practices disclosure which led to an increase in its score.

ISS

ISS is a proxy voting advisory, analytics and research firm that we use for our voting activity as well as access to datasets including Governance Quality Score, Norms Based Research, Climate Solutions and Extractives. They are one of our main service providers on responsible investing. We attended the ISS Stewardship Briefing 2022 meeting and have participated in discussions with a number of their clients on whether ISS are sufficiently progressive on their climate related voting recommendations. Whilst we have challenged them on this and also considered an alternative voting policy, we have made the decision to increase our internal scrutiny of their voting recommendations on climate issues.

We hosted several discussions with their analysts and our fund managers on methodologies around climate data, which was updated to include latest CDP data, as well as governance quality scores, which were updated to include analysis of additional factors relating to diversity, compensation and performance against peers. Given our future reporting requirements we have also taken the opportunity to review their TCFD product level reporting functionality.

On company assessments, we raised an issue with their assessment of Volue ASA, which inherited the climate metrics of its parent company Arendals Fossekompagni. This seemed inappropriate considering Volue ASA is a software provider offering solutions for utility companies to manage the transition to more renewable energy sources as part of their supply of energy. ISS agreed to update their analysis following our discussions.

Sustainalytics

Sustainalytics (owned by Morningstar) is an ESG research, ratings and analytics firm. We undertook a trial of their data during the year and in Q1 2023, we plan to subscribe to their company ESG Risk Rating data to support ESG integration activities as well as support ESG related fund reporting and product descriptions to existing and potential clients. We already have some awareness of Sustainalytics data through Morningstar Direct access, but we did not have sufficient access to use this data in our investment decision making or in product descriptions.

As part of the process, we reviewed the data and service provided by MSCI, who are one of the most widely used and influential ESG data providers. We discussed MSCI's allegations of forced labour at Volkswagen Group and Sustainalytics provided their own assessment for comparative purposes.

Additionally, we are increasingly finding that Premier Miton's external providers of non-ESG specific research such as investment banks and specialist companies are providing ESG commentary and data within company research. One such example Berenberg provides a thoughtful daily ESG update and provides estimates of company SDG revenue alignment for use in investment process. Brokers are also arranging ESG themed events and conferences where focus is placed on notable companies in this space.



Principle 9

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

Our approach to engagement

We believe that engaging with the companies in which we invest gives us a greater understanding of their business activities including ESG characteristics, which are key factors in the potential returns that may be generated from any investment, and therefore our ability to meet the investment objectives of the funds and our clients' investment expectations.

Our fund managers have proven track records and are given the appropriate freedom to apply their own investment strategies and views in the portfolios, within a disciplined product governance framework which includes robust portfolio and compliance monitoring. If possible, for many of our investment strategies, we aim to be in contact with, and preferably meet with, the companies we invest in annually, however, this is not always possible. For example, not all companies will be willing to meet with us or it may be more difficult to meet companies based outside the UK. We also find value in meeting competitors, suppliers and end users of products or services when researching companies to support our investment analysis. Increasingly, meetings are coordinated with our Head of Responsible Investing where ESG risks exist or specific ESG engagement is being undertaken.

When we engage with companies, we do so through a number of channels, with the aim of developing our understanding of their business strategy, financial position and prospects, amongst many other factors including ESG and matters relating to sustainability.

Our fund managers, analysts and responsible investing team attended 3,105 meetings with company management and boards during 2022 with 53% of these including discussions around ESG matters. They typically find the Chief Executive Officer and Finance Director offer the best oversight on company strategy and business updates, but additionally they find value in meeting the Chair of the Board of Directors and investor relations representatives. They may also meet the Head of Sustainability as their relevance increases, particularly with our range of dedicated responsible and sustainable funds.

Topics discussed with company management during the year included company refinancing as well as mergers and takeovers, dividend strategy, remuneration, board structure and company reporting. ESG matters raised included decarbonisation initiatives, resource management and diversity in leadership, amongst others.

We view engagement as a dynamic, ongoing process rather than one that comes to a conclusion. If we discuss a particular issue with a company and it comes to a satisfactory conclusion, we will not consider that ends the requirement for monitoring. We continue the process of ongoing analysis through ongoing engagement to see where progress is being made. Where we have concerns over company supervision of material ESG risks and where direct or collaborative engagement has been unsuccessful, we consider voting against management at the next opportunity or selling the holding.

Engagement differs by fund, asset class and geography

Engagement is considered to be an important part of our investment strategies and differs from fund to fund, although this can be coordinated between internal fund managers when there is opportunity to do so, most often with UK companies. Fund managers ensure the level of engagement is appropriate for the investment strategy employed.

Responsible and sustainable funds

Our responsible and sustainable fund managers are active in meeting companies throughout the investment process and discussing non-financial matters relating to ESG and sustainability. Their engagement approach includes raising specific issues that are highlighted by our third party ESG research providers including lack of disclosure and ESG risk management. We increasingly discuss company alignment to sustainable activities, such as the United Nations Sustainable Development Goals (SDGs).

Service Corporation

The fund managers of the Premier Miton Global Sustainable Growth Fund engaged with the Chief Financial Officer, Head of Sustainability and Investor Relations at Service Corporation on requirements to measure and disclose the firm's environmental metrics. They explained that such activities will enable the firm to protect and improve its reputation, boost their competitive advantage, uncover risks and opportunities, and track and benchmark performance. In a world where mandatory carbon disclosure is gaining momentum, this will likely become a regulatory requirement and the fund managers advised the firm to consider making carbon emission reduction commitments using the Science Based Targets initiative. Following engagement, the fund managers recognised progress made and were pleased when the company released plans to establish a dedicated team to quantify environmental impacts, improve resource efficiency and publish appropriate disclosures. Implementation and future commitments will be monitored closely.

Gym Group

The fund managers of the Premier Miton Responsible UK Equity Fund engaged with the Chair of the Remuneration Committee at Gym Group who was deemed to be clearly very thoughtful, taking on comments around the importance of executive share ownership, discretion to ensure awards are truly reflective of operational delivery and alignment with ESG criteria for long term stakeholder benefits. Changes were made to the remuneration policy post shareholder discussions, removing the intention to award Long Term Incentive Plan (LTIP) based on the reference salary and instead the LTIP will continue to be based on the Chief Executive Officer's actual salary.

Interroll

The fund managers of the Premier Miton European Sustainable Leaders Fund engaged with Interroll, a company specialising in components and systems for the automation of storage and distribution of goods. The fund managers have been encouraging the company to improve its reporting of ESG factors with a focus on implementing gender diversity targets for executive leadership. After writing a letter to the Chair of the board, the fund managers followed up with a site visit and management meeting. During these discussions the management team reiterated their commitment to becoming a more sustainable business and shared a number of initiatives currently under development. Following data collection over the course of 2022 the company plan to issue their first ESG report alongside their financial statements in 2023. The fund managers look forward to analysing the data and targets to see how the company compares relative to its peers.

UK and European equity funds

Engagement is typically greater with smaller companies where we have a significant shareholding and increased influence, and UK and European companies where active and ongoing relationships with management are easier to maintain.

Palace Capital

Palace Capital is held in the Premier Miton UK Multi Cap Income Fund. The fund managers engaged with the regional property developer's Board, Non-Executive Directors and broker to discuss the strategic direction of the company. Their strategy was not resonating with the market and the fund managers advised added emphasis on improving environmental credentials of buildings. Such a strategy could capture the clear economic value creation from higher future rental and investment demand for such energy efficient buildings. The following month the company announced a strategic update, which included the following statement: "Palace Capital will prioritise investment in the office and industrial sectors in carefully selected locations outside of London. The team will continue to utilise its strong regional network and

asset management expertise to identify, acquire, and refurbish assets where appropriate, to make the space fit for purpose, with a particular regard to the growing need for buildings to satisfy improving EPC ratings."

Kingspan

The fund managers of the Premier Miton European Opportunities Fund invest in Kingspan and have held the company in high regard for its role in increasing the energy efficiency of buildings. Revelations from the Grenfell Tower inquiry in the United Kingdom raised concerns around the culture and controls within its insulation business. Following engagement with company management the fund managers were reassured by the safety record of products in the vast majority of cases when used correctly. Kingspan products accounted for ~5% of the insulation at Grenfell which were used without the company's knowledge. The fund managers also took the opportunity to engage on other issues such as board independence, remuneration and gender diversity and will continue monitor and evaluate the potential impact on the company's reputation, ability to hire staff as well as demand for their products.

Siemens Gamesa

ISS and Ethical Screening raised various concerns for Siemens Gamesa, who manufacture wind turbines considered an essential part of achieving net zero by 2050. These include the failure to assess environmental impacts of their operations and developing projects without the full consent of local communities. Fund manager discussions took place with senior management on these issues where they warned of the impact low ESG scores would have on financial forecasts and the company's ability to win future contracts. Matters such as the bidding process, decision making and how projects risks are incorporated into the management of the company were covered. The fund managers were reassured by the related policies and procedures now in place and concluded that these historical issues are unlikely to happen in future.

Global equity funds

It can be more difficult to engage when investing in companies outside the UK and Europe, particularly in obtaining one-on-one meetings. We make extensive use of specialist research providers in order to gain relevant information on companies. We maintain contact with relevant company advisers, particularly their brokers, as an indirect route to engage. A good example of this would be our contacts with regional brokers in the US who can provide insight and engagement with companies. We will also attend conferences physically, if possible, but increasingly virtually, to be able to engage with company management. These conferences can be general or sector specific.

Charles Schwab

Charles Schwab received a substandard Governance Quality Score from ISS for various governance concerns including a complex board structure, the combined role of Chair and Chief Executive and the lack of gender diversity at executive management level. The fund managers of the Premier Miton Global Sustainable Growth Fund engaged with the Head of Investor Relations on these issues. They learned that management proposals to declassify the board had not received shareholder support, there are plans to separate the Chief Executive Officer and Chair role in the near future and a grassroots program has been launched to increase diversity in leadership. Following engagement, the fund managers become more comfortable with governance at the company and will continue monitoring these developments through further engagement and voting activity where relevant.

Fixed income funds

The fixed income team generally attend a number of company meetings, usually through company roadshows held just before a bond is issued. Whilst this can be an impactful time to engage, it does not always allow significant time for detailed discussions. An increasing number of companies are issuing sustainability-linked bonds which we support in theory, but we typically would like to see more ambitious sustainability-linked targets from issuers with a larger penalty for non-performance.

Multi manager funds

The multi manager team regularly engage with their third-party managers. This includes discussion around ESG matters that are raised as part of the pre-investment questionnaire as well as ESG monitoring that is undertaken by the team.

ScotGems

The fund managers engaged with the Chair of ScotGems on governance issues. They remain supportive of closed-end funds but require equitable oversight for holdings by the appointed Boards of such funds, with the Board remaining aware of their responsibility to manage the affairs and communication of listed funds to meet shareholder needs and address persistent discount issues in a considered and appropriate manner. Given the persistent discount, small size and continuation vote in 2024 the fund managers initially engaged with the Chair to encourage greater action from the Board in addressing these matters. The Board responded with the appointment of research provider Edison to write and promote some research material on the trust.

Not long after this exchange the Board then announced the manager would be resigning. The fund managers engaged with the Board to request that they let shareholders decide the future of the trust by putting the

determination of the future fund strategy to a shareholder vote. Whilst there was discussion about the appointment of a new manager, the possible appointment would likely have led to a departure away from the original investment style and rationale when the fund was launched. In addition, the Board had not provided any proposals to deal with the discount, amending continuation vote, or how the 20% holding by the departing manager would be dealt with alongside the fair treatment or other shareholders. The fund managers wrote to the Chair setting out their objections and urging the continuation vote to be brought forward. Having provided stiff opposition to the Board's initial plans, and having taken feedback from other shareholders, the Board elected a managed liquidation, ensuring an equitable exit for shareholders.

Investment trust portfolios

We manage an open-ended fund and an investment trust that invest almost exclusively in investment trusts. A number of our multi-asset funds also use investment trusts to gain exposure to specific areas of financial markets. The investee trusts have boards of directors who, typically, appoint investment management companies to manage their assets.

Triam Investors 1

Triam Investors 1 is held in the Premier Miton Defensive Growth Fund. The company was listed in September 2018 as a limited life investment vehicle which would invest in a single company. The structure was a Guernsey domiciled company listed on the London Stock Exchange with three Directors and founding partner Nelson Peltz in reality having control. The vehicle was marketed as having an ESG strategy which alongside engagement would generate investment returns from undervalued companies.

In June 2021 there was a resolution to amend the investment policy and extend the life of the vehicle into permanent capital by reinvesting profits. 98% of shareholders voted with 52% in favour of the resolution. We voted against but there was at least one major fund manager shareholder who abstained on the change to investment policy.

Liquidity was impacted as no facility was provided to exit at value. The shares traded below value, although soon after the vote one investor was provided with liquidity to exit, something that other investors were not offered. There were concerns that without an ability to exit, and with the manager being rewarded shares, the manager's control of the vehicle would increase.

We engaged with the management with no success but were subsequently contacted by one of the other shareholders both directly and via the Investor Forum. Following conversations with the other investors, we

agreed to support their approach on requesting a special general meeting (SGM) and proposing a new board made up of two independent directors and one shareholder representative. The letter citing governance failures by the board was served to the board in June 2022 from three investors representing 43% of the share capital and we publicly supported this group of investors and pre-declared our voting intentions. The SGM was held on 5th July 2022 where we supported the shareholder resolutions and the chair received less than 50% vote support, and the shareholder representative appointed to the board.

One month later, the management announced that compulsory redemption of all shares will occur ensuring that all shareholders can exit.

Collaboration between investment teams

To fully take advantage of the wealth of expertise across our investment teams, we aim to engage collectively on material issues when a company is owned across various investment strategies.

Drax

BBC Panorama released a documentary on 3rd October 2022 accusing Drax of cutting down primary forests in Canada for biomass. Satellite images, logging licenses and drone footage were used as evidence. The fund managers of the Premier Miton Responsible UK Equity Fund and the Premier Miton Global Renewables Trust engaged with Drax on multiple occasions on the allegations raised including with the CEO, Head of Sustainability and two representatives from their North American Sustainability team. Engagement focused on supply chain audits, wood pellets and logging practices. These engagements increased our fund managers understanding of related operations at Drax and the fund managers took the opportunity to encourage the company to strengthen their related policies and evidence this in practice.



Principle 10

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

We continued to participate in and explore various collaborative engagement initiatives to positively influence companies on matters that in our view can enhance shareholder value. This has included those hosted by the CDP Non-Disclosure Campaign, CA 100+, Investor Forum and Rathbones' Votes Against Slavery. Whilst we acknowledge there was some initial caution on collaborative engagement from our fund managers and compliance team, our positive experiences have reinforced the view that collaborating with other likeminded investors or organisations can be beneficial.

CDP Non-Disclosure Campaign

We joined in 2021 with an objective to encourage smaller companies to report on climate risks and metrics so that we can use the information in our investment decisions and over time encourage companies to improve their record. With the upcoming regulations from the Task Force on Climate-Related Financial Disclosures (TCFD) and aligned reporting across the UK, encouraging companies to prepare early for mandatory disclosure is an important stewardship activity and the CDP remains a key initiative for us. We were already working with CDP on the annual disclosure of our own environmental impacts, processes and plans and when analysing their target companies for their campaign, we discovered that there was a good crossover with our own holdings. Additionally, the CDP company assessment data feeds directly into the ISS climate solutions database that we use as an input into our ESG integration as well as our climate reporting so there is a direct link and mutual benefit for encouraging company disclosure through CDP. Lastly, we are happy to share our own experience as a smaller company that completed the CDP company assessment and the benefits we have found in supporting the publication of our first climate related financial disclosures.

In our first year of joining the initiative we led the engagement with 24 UK smaller companies and co-signed letters to another 29 companies held in the responsible, sustainable and property company funds. The outcome was that 15 of the company letters that we co-signed and 5 of the company letters we led on then disclosed to CDP. In 2022 we co-signed letters for 16 companies held in the responsible and sustainable funds. The outcome was that 6 of these companies then disclosed to CDP.

CA 100+

As active fund managers, we generally have a low exposure to carbon intensive sectors across many of our portfolios, with many fund managers believing that the sector will not produce long term growth due to the growing regulation that limits global carbon emissions and supports renewable and low carbon energy. However, where we do have small allocations to these companies, including a small number of companies included in the CA100+ list of 167 highest carbon emitters, we were conscious of our limited ability to influence them through engagement due to our size. We therefore joined CA 100+ in 2021 as this initiative covers a number of held carbon intensive companies such as BP, Shell, Rio Tinto, National Grid and SSE in the UK as well as Enbridge and TC Energy in North America where we are actively involved in the engagement program. We are assessing our membership of IIGCC in 2023, to allow us access to the engagement program with the UK companies.

Enbridge and TC Energy

We hold Enbridge and TC Energy in the Premier Miton Global Infrastructure Income Fund. The fund manager has undertaken collaborative engagement throughout the year via the CA100+ initiative. This has included the request that the companies increase disclosure on climate-related public policy including lobbying activities and trade association memberships, increase renewable energy capital expenditure and other carbon-reduction and net zero goals, and take steps to reduce emissions of methane across their asset base. Both companies have appointed new CEOs, and both have undertaken proactive engagement on emissions reduction and on the importance of the wider climate change agenda. These are early days in terms of concrete steps to reduce emissions, but we are encouraged by the willingness to engage, and the early signs that capital allocation will reflect the pathway towards reducing Scope 1 and 2 emissions from the companies' activities, as well as promoting a wider decarbonisation of Canadian oil and gas production in line with Scope 3 objectives.

Investor Forum

In 2022 we became a member of the Investor Forum (IF), a formalised group of institutional investors that facilitate collective engagement on material issues with listed UK companies. As members, our aim is to strengthen our ability to engage with and positively influence investee companies. During the year we have learnt a lot from the experienced staff at the IF who have led engagements with some of our investee companies as well as supported the education of our fund managers that participate, alongside the Responsible Investing team.

Unilever

Fund managers attended a collaborative engagement with Unilever via the Investor Forum on concerns around board effectiveness, leadership and succession and capital allocation. Following media speculation on a Unilever bid for GSK, there was investor need to ensure a shared understanding of future priorities. Our fund managers attended a discussion with the company and co-signed letters articulating concerns. Whilst the Chief Executive Officer and Chair provided a degree of comfort regarding operational performance and capital allocation plans, the fund managers required additional information around board structure. Later in the year, the Board added two new Non-Executive Directors and announced that the Chief Executive Officer would retire in 2023. This engagement was a strong example of how investors and companies can work together to create a shared understanding of priorities and rebuild confidence in stewardship.

GSK

Following the spin-off of the consumer healthcare division Haleon, GSK changed its segmental reporting to exclude details around the profitability of its Vaccines division. Our fund managers participated in a collaborative engagement with GSK on this matter via the Investor Forum. Greater insight into vaccine profitability would enhance confidence in the underlying performance of the business and likely contribute to the clearer recognition of its value. GSK provided a detailed response to the issues raised noting that following the spin-off GSK simplified its organisation structure to form an integrated biopharma business. They made a detailed case that the move to 'One GSK', with a simplified management structure has already necessitated a more concise disclosures in-line with IFRS 8 guidelines. The engagement enabled the sharing of concerns on reporting and transparency but did not result in any change to the GSK approach.

Rathbones Votes Against Slavery

Modern slavery is a pervasive risk to business, supply chains, society and our economy. Rathbones convened the 'Votes Against Slavery' collaborative initiative in 2020 to coordinate the response of the investment community and help provide the necessary accountability for, and compliance to, the UK Modern Slavery Act. Over 20 investment firms representing £3.2 trillion have since joined this initiative and collectively challenge those of the largest 350 UK companies that have failed to meet their reporting requirements. We have worked with this initiative and supported calls with relevant companies held in our portfolios and responses have been received with 35 companies being compliant and 6 requiring further monitoring and potential engagement ahead of the release of their 2022 statements. The project has also increased the awareness on modern slavery

across the investment team and fed into the Premier Miton PLC Modern Slavery statement review. The Votes Against Slavery campaign, co-ordinated through the PRI Collaboration Platform and led by Rathbones' stewardship team, won the PRI Awards 2022 'Stewardship Initiative of the Year' award.



Principle 11

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

Where we believe the interests of shareholders or bondholders is potentially being compromised, we aim to engage with executive or non-executive management, depending on the issue, to encourage appropriate action and protect our clients' interests.

Where initial engagement does not lead to an appropriate outcome, we may choose to escalate the issue. Issues that require escalation may be identified through a number of means, including:

- the manager of the fund invested in a company
- the Responsible Investing team
- a combination of the manager of the fund invested in a company and the Responsible Investing team following a fund review
- the internal independent risk team
- another of our fund managers analysing the company
- a service provider of ESG research or scores
- media alerts
- an approach by one of the initiatives we are a member of

Once an issue has been identified it will be discussed between the fund manager and the Responsible Investing team to decide upon its materiality. If the issue is considered to be of relatively low importance it would be raised with the company at the next scheduled meeting, which is likely to follow a results announcement, or potentially through the company's advisers. If the issue is considered to be of high importance, a meeting with the company will be organised at the earliest possible opportunity and will often include the Head of Responsible Investing.

Initial discussions would, if appropriate, take place on a confidential basis. However, if a board does not respond constructively and Premier Miton has concerns about the company's strategy, performance, governance, remuneration or approach to risks, then we will consider whether to escalate action, for example by:

- Holding additional meetings with management specifically to discuss concerns
- Expressing concerns through the company's advisers
- Meeting with the chairperson, senior independent director, or with all independent directors
- Engaging with other shareholders to see if our concerns are shared
- Making a public statement in advance of general meetings

- Submitting resolutions and speaking at general meetings
- Requisitioning an EGM, in some cases proposing to change board membership or
- If concerns are not addressed, then we may vote against management at a meeting

Where appropriate, we may reduce our holding or divest to protect our client's assets. For example, where we believe the company is unable to satisfactorily resolve the issue or where the issue negatively impacts the long-term sustainability and/or investment outcome for the business.

Our governance framework supports escalation activity where deemed appropriate. This is achieved through the Responsible Investing Oversight Committee. Its subcommittee comprises of the Chief Investment Officer, Chief Risk Officer, Head of Responsible Investing and Compliance Manager who evaluate whether individual investments are suitable for inclusion in funds with non-financial objectives and all funds where specific exclusions apply. This group has the ability to mandate escalation activity.

Escalation may differ between investment strategies

Each issue is debated and prioritised on its own merits. If an issue is identified in a company that is held across more than one investment strategy, the relevant fund managers and the Responsible Investing team will collaborate, where possible, on the approach and discussions with the company to find a resolution. However, the fund managers are charged with meeting specific investment objectives and therefore a good outcome for one fund may differ to another. These different objectives may result in different fund managers wishing to adopt a different stewardship approach. In these instances, potential conflicts are usually resolved by the fund managers and the Head of Responsible Investing, but if escalation is required, the Chief Investment Officer or ultimately the Responsible Investing Oversight Committee will decide on Premier Miton's approach.

Escalation may differ by asset class, geography and company size

It is generally easier to escalate matters in UK and European companies than other international ones, which is partly due to accessibility. Our funds invest across the world, but a large percentage of the firm's assets under management are in funds invested in UK and European listed shares, bonds and third-party funds. We are therefore able to escalate matters more effectively in these regions.

Similarly, as a medium sized fund manager, we typically own larger percentages of smaller companies compared with the percentage we own of medium and larger sized companies. This means we expect to have better access and more influence on smaller sized companies that we invest in. It is difficult for us to influence larger companies,

especially companies outside the UK, where we are a very small investor, but we can still take action on behalf of our clients and may elect to collaborate with other investors through collaborative initiatives.

Our multi manager team invest in funds managed by third party managers of all sizes. However, it is expected that large and small fund management companies alike will apply robust ESG practices in the management of their funds and we undertake the same due diligence process with all of them.

Our fixed income team has a disciplined ESG integration process, and the fund managers aim to meet with companies, usually during results presentations or when they are issuing bonds. Given corporate voting structures, bond holders generally have little influence on company strategy and therefore, if one of our investee companies falls below the minimum criteria, the bond will typically be sold.

The outcome of any escalation is key to our decision to retain or sell a holding in a company, although it may result in ongoing monitoring.

AbbVie

AbbVie was flagged by the Responsible Investing Oversight Committee as it was assessed to have a high Governance Quality Score from ISS for various governance concerns including anti-takeover protections, a complex board structure and the combined role of Chair and Chief Executive Officer. As a result of this, the fund managers engaged with the Vice President of Investor Relations on these issues and understood that the firm has submitted proposals to declassify the board over the years which have not passed due to lack of shareholder support. Regarding the combined Chair and Chief Executive Officer role, the board maintains that this is an appropriate structure which is reviewed annually. This currently includes the presence of the strong independent Non-Executive Director. Following engagement, the fund managers were comfortable with the explanation provided by the firm. They followed up by supporting a shareholder resolution that requested the separation of the Chair and Chief Executive Officer, however this was unsuccessful with only 30.2% of shareholders supporting. The fund managers will continue to encourage the firm to separate the roles through further engagement and voting activity where relevant.

Ferrari

The fund managers of the Premier Miton European Sustainable Leaders Fund divested from Ferrari due to its reliance on internal combustion engine vehicles and the unlikelihood that the mix of electric and hybrid vehicles will make much progress until 2026 at the earliest. The holding was flagged for review by the Responsible Investing Oversight Committee, and they had initially requested further monitoring and engagement on their electric vehicle strategy. Following their capital markets day and related discussions the fund managers decided that although the company is set to become a pioneer in the electric vehicle space over the long term they are not

moving fast enough for inclusion in the fund at this time. This resulted in shareholding of the fund being sold.

Salmar

Farmed salmon is a healthy source of protein and rich omega-3 fatty acids. It has a low environmental impact and one of the lowest greenhouse gas profiles of all animal proteins. With only a small amount of the ocean being used for food production Salmar is researching methods of producing Salmon in offshore facilities which could solve the issue of feeding a growing global population. However, the industry has a problem with the impact nearshore farming has on the local environment and especially biodiversity. Part of the problem is the use of bycatch in the feeding process. The fund managers of the Premier Miton European Sustainable Leaders Fund engaged with the company in early 2021 to see if feed could be made more sustainable through the addition of more trimmings, insects, or plant-based ingredients. The company was sceptical and made little progress on improving this issue over the following 12 months when the fund managers followed up with a meeting late in 2022. The decision was then made to sell the position in part due to lack of progress on the above, other governance issues and uncertainty over future tax burdens.

Team17

This fund managers of the Premier Miton Responsible UK Equity Fund adheres to its investment policy as agreed by Premier Miton and an independent Committee of Reference. Together we determine the fund's responsible investing and ESG criteria, investment themes and exclusions.

One example of concerns raised around responsible investing was in videogame entertainment companies such as Team17. The fund managers subsequently took the opportunity to focus one of the committee meetings on this issue sharing research and evidence around the benefits of videogames on mental health and promoting positive social outcomes. Following robust debate around the benefits and disadvantages, the independent committee was reassured by the fund manager's due diligence process in selecting companies like Team17. Team17 is an independent videogame publisher that create and develops many well know premium games. They recently acquired StoryToys, a developer and publisher of education entertainment application for children which should strengthen its position in the market. The company has a strong approach to gender diversity within the industry being an ambassador of Women in Games and have targeted at least 30% female representation across all levels through creation of a greater sense of belong for current and future female employees, reviewing and improving female friendly policies and establishing an employee led Women's Network among others.



Principle 12

Signatories actively exercise their rights and responsibilities.

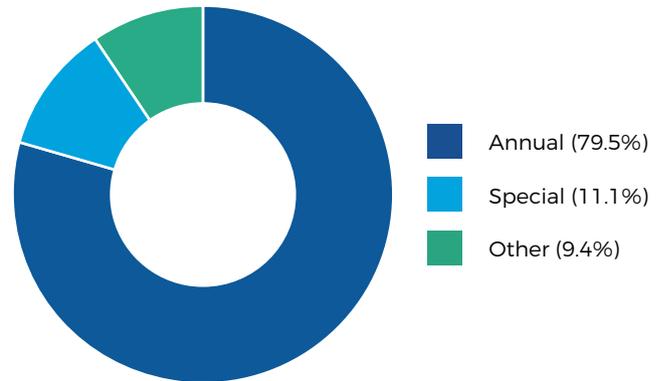
We actively vote at company meetings on corporate resolutions in the best interest of our clients, unless it is not possible to do so, as we consider this an important part of our stewardship responsibilities. By exercising the right to vote, Premier Miton seeks to influence the companies it invests in to behave in a way that promotes good governance, provides continued stability and financial soundness and therefore contributes to the funds' or products' investment objectives and in turn good outcomes for customers.

We receive voting recommendations from ISS Proxy Voting Services, a company which also facilitate proxy voting decisions on our behalf. Our fund managers review their recommendations before issuing final voting instructions. This review takes into account their knowledge of the investee company, the company structure, annual report and other disclosures and previous engagement dialogue as well as considering their specific investment mandate. The fund managers may discuss resolutions across investment teams with other fund managers that also hold shares in the company to ensure consistent voting where appropriate, although fund managers of different funds can make their own decisions to ensure that actions are in the best interests of investors in those funds.

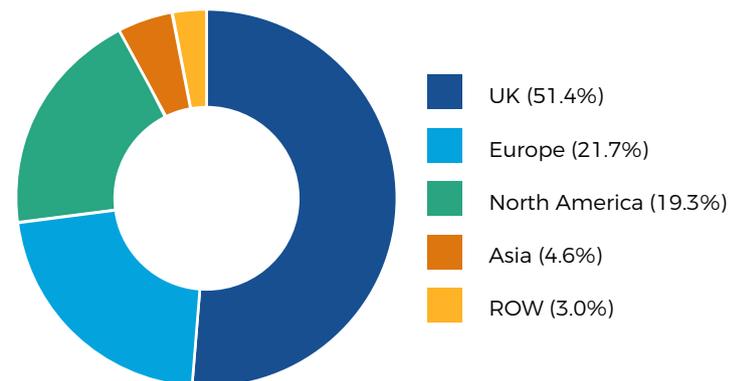
Our [Proxy Voting Policy](#) and [Voting Disclosure Records](#) are available on our website. This policy is reviewed on an annual basis with relevant updates proposed to the RIOC which recently included reference to consumer duty, governance and transparency as well as more information around our approach. Plans for 2023 include detailed disclosure around significant voting activity and rationale.

During the twelve months to the end of December 2022, we voted at 1,179 shareholder meetings with 14,256 resolutions which is in line with 2021 activity. Across all the funds we voted on 98% of eligible votes across all asset classes. We were unable to vote in some cases due to the proxy service not being offered, expired power of attorney documentation or processing errors from ISS. We were pleased that our focus on voting activities led to an increase in voting levels during the year. This included partial voting in share blocking markets where proxy voters have their securities blocked from trading during the annual general meeting period.

Shareholder meeting by type



Shareholder meetings by company location



The fund managers can decide on a default policy for how proxy votes should be cast, such as "vote with ISS recommendation", but our aim is to review all votes on an individual basis. Occasionally votes are uninstructed and in 2022 this accounted for 0.2% of votes.

We are typically responsible for all decisions regarding voting on behalf of our clients who are not able to instruct us to vote at any meeting of an underlying investment, though we are happy to engage with clients on their views. We will agree the approach to voting in relation to segregated mandates with the relevant client.

Premier Miton does not any undertake stock lending activities; this policy would require board approval to change. We invest in line with the recommended minimum investor holding periods for the funds that we manage, which is typically five years, and our voting decisions are aligned with those time scales and reviewed

on that basis. We do not borrow shares to cast votes or undertake any voting that is not aligned with the economic interest we have, in other words “empty voting”.

The voting rights of shares will be part of the research process of the fund managers and analysts undertaken prior to purchase. We monitor the voting rights of shares that are owned through ISS, who notify the fund managers and Head of Responsible Investing directly of any changes to voting rights. We review the service we have received with ISS, our proxy voting advisers, annually and consider alternative service providers. ISS have, hitherto, provided a good service and are responsive to any queries we have raised. These requests to ISS have included changes to vote instructions, post vote analysis as well as undertaking training with our fund managers.

The majority of company meetings were annual meetings, although circa 10% were special or other meetings, often driven by corporate activity such as mergers and acquisitions.

Asset classes other than company shares

In addition to company shares we apply our voting policy across all assets including Exchange Traded Funds (ETFs), corporate bonds and investment trusts. Where we are able to cast votes relating to holdings in bonds issued by companies we will aim to do so. Moreover, we will discuss with the issuers the terms and conditions of individual bonds to obtain the best outcome for holders at the time of issue and as necessary, through the lifetime of a bond. As investors in investment trusts, we have the opportunity to vote including on specialist situations such as winding up or continuation. These are often at the end of long discussions on fees, capital structure or directors’ positions.

In 2022 we had two meetings with companies as holders of their bonds rather than ordinary shares and 24 meetings with Exchange Traded Funds.

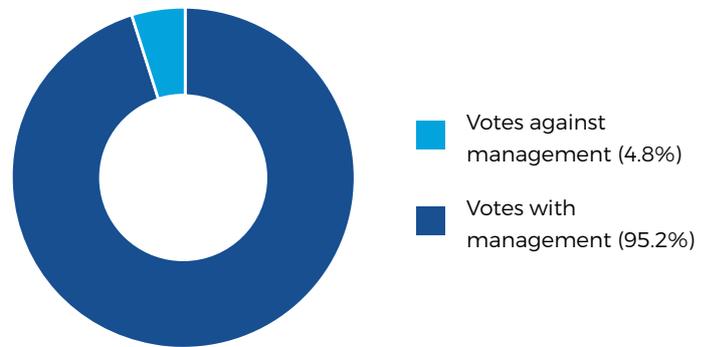
EJF Investments

EJF Investment is an investment trust held in the Premier Miton Liberation Funds and our fund managers voted against the continuation of the trust due to poor market liquidity in its shares, the size of the trust and perennial discount of the trust’s net asset value to the share price. Whilst the continuation vote passed with 80% of votes cast in favour, our fund managers took encouragement by the Chair’s statement that this matter will be addressed accordingly.

Voting with management

As an active fund manager, we will generally invest our clients’ money in companies where we share the management’s vision on corporate strategy, customer service and risk mitigation. For this reason, we normally expect to support most management resolutions. There are occasions when we take a different view on an aspect of the company strategy or a management proposal, and these are normally resolved in dialogue with the company. Where we remain unconvinced by the management’s rationale, we vote our shareholding against the management resolutions.

During the year we supported management at 95.2% of all votable proposals.



National Grid

We held National Grid in the Premier Miton Global Renewables Trust, Premier Miton Global Infrastructure Income Fund and Premier Miton UK Multi Cap Income Fund and the fund managers supported management resolutions to approve climate-related disclosures such as dedicated reports and climate transition plans which received majority support and were passed.

Impact of proxy recommendations on our voting decisions

We review all the resolutions proposed, supported by our independent proxy voting service (ISS). This process highlights resolutions that are potentially controversial and often recommends that we should vote against. However, we often find that they do not apply enough weight to the ‘comply or explain’ aspect of the governance codes. In some cases, there are good commercial and governance reasons why a business proposes something beyond the governance norms, often for a limited term. We find ISS recommendations can be too prescriptive in

smaller companies, where often we have a good, long-term relationship with management. Over the year we also disagreed with many of their recommendations on climate, where they usually support “Say on Climate” proposals. In 3.5% of resolutions, we voted differently to ISS recommendations.

Cisco Systems

We held Cisco Systems in the Premier Miton Monthly Income Fund and Premier Miton Optimum Income Fund and voted for the shareholder resolution to Report on Tax Transparency Set Forth in the Global Reporting Initiative’s Tax Standard. While this was in contrast to ISS recommendations, the fund managers believed that under current disclosures, the firm does not show disaggregated profits or tax payments in non-US markets, which challenges investor ability to evaluate risks from potential international tax reforms. Additionally fund managers were concerned by the inability to properly determine whether responsible local tax practices are employed. The resolution did not pass with only 27% of shareholders voting in favour so the fund managers will engage and vote once again in support if the resolution appears in the 2023 AGM.

Votes against management

During 2022, we voted against management in approximately 4.8% of resolutions. Our two main reasons for voting against management concerned director nominations and remuneration. On director nominations, we voted against proposals where we believed that a board needed to improve independence or diversity or where proposed directors were over-boarded. Differences of opinion over remuneration policies and reports led us to vote against management proposals. There were also a number of shareholder resolutions where we voted against management and a small number of mergers and acquisitions where we voted against management on valuation basis.

Shell

The fund manager of Premier Miton Monthly Income Fund and Premier Miton Optimum Income Fund voted against Shell on the climate proposal in their 2022 AGM. While encouraged by recent performance, the fund manager was concerned by accelerated level of share buybacks and noted the lack of more robust commitments to reducing carbon and other greenhouse gas emissions such as methane in operations. The fund manager also supported the shareholder resolution on climate which called for a 40% cut in emissions by 2030. Significant progress can be made through further capital expenditure into renewables as well as the implementation of a strict rule on the carbon and methane intensity of barrels traded, which would in effect establish an industry standard.

Euromoney

Euromoney was held in the Premier Miton Responsible UK Equity Fund, the Premier Miton UK Value Opportunities Fund and within the Premier Miton Diversified fund range. The fund managers voted against management and ISS recommendations in the proposed cash acquisition of Euromoney by Becketts Bidco on valuation grounds. The requisite majority of eligible shareholders voted to pass the resolution.

Executive remuneration

In general, we believe levels of remuneration of the management teams of most larger UK companies are too high and we consistently vote against management remuneration proposals. We try to ensure that management is not excessively rewarded for doing an adequate job. Often, we are one of only a few dissenting parties with the majority of the remuneration reports and policies being approved. Examples of company remuneration proposals we voted against include Rio Tinto, Natwest, GSK, Liontrust, JD Sports and Bunzl among others.

Shareholder resolutions

We are cautious on some shareholder resolutions as we do not feel comfortable that shareholders should be overly prescriptive on company strategy or individual metrics. Although we do support increased disclosure on topics such as climate change and diversity. There are an increasing number of shareholder resolutions and during the year we voted on 207 shareholder resolutions and supported over 119 of those resolutions, specifically where they improved board governance, shareholder rights, disclosure as well as social or environmental records. When assessing shareholder resolutions, we will review the research of initiatives such as PRI and Ceres

Sainsbury’s

Fund managers of the Premier Miton Monthly Income Fund and Optimum Income funds voted for a shareholder resolution calling for Sainsbury’s to become an accredited Living Wage employer for all of its workers, in the hope that the resolution will be passed and drive wider change within the retail industry. While Sainsbury’s already pays a living wage to their workers the fund manager believed that such accreditation would see a commitment to future pay rises to employees including 3rd party contractors. The benefits to society are clear but the fund managers also anticipated benefits to shareholders from better staff retention and productivity, in spite of a small hit to profits in the near term. While the resolution only received the support of 16.7% of investors the supermarket did announce a pay uplift for London staff so that all directly employed staff earn the Living Wage meaning an estimated 19,000 workers received a pay rise. The fund managers intend to pursue similar engagements with other companies who

workers received a pay rise. The fund managers intend to pursue similar engagements with other companies who can do more in respect of employee welfare.

Sainsbury's is also held in the Premier Miton UK Multi Cap Income Fund and the Diverse Income Trust, and the fund managers voted against this shareholder resolution. This was following relevant discussions with the Chairman and Chief Executive Officer as they believe that it is important for management to retain control of how wages are set at the business especially given their track record moving ahead of most others in terms of remuneration and benefits for direct employees. This illustrated the diversity in thought that exists across our investment teams.

Environmental & social resolutions

There are an increasing number of environmental and social resolutions at annual general meetings which we support where possible.

We reviewed 43 environmental related shareholder resolutions and supported 79% of these. 143 social related shareholder resolutions were reviewed and we supported 83% of these.

Casting votes

Please see our latest [Proxy Voting Policy](#) to obtain more information on how we apply stewardship and vote at company meetings. This contains information on how we consider and apply governance and engagement, our proxy voting guidelines and process and other factors taken into consideration when voting. Our fund managers are charged with applying this policy in an appropriate and proportionate manner in line with their investment strategy and the investment objective of the funds that they manage. Our Vote Summary Report provides detail on votes that have been cast.

Voting monitoring

Proxy voting activities are overseen by the Responsible Investing Oversight Committee (RIOC). Its responsibilities include reviewing proxy voting activity reports, reasons where votes have not been made and discussing any improvements that could be made to the voting process. The RIOC will discuss voting practices and analyse the voting activity report to ensure that Premier Miton voting activity is meeting expectations. This approach provides assurance to the management and investors that the fund managers seek to act to deliver good outcomes for those invested in the funds and products via their voting activities.

The Responsible Investing team aims to highlight 'significant votes' to the fund managers for analysis. Significant votes are defined as those where aggregated ownership is greater than 5%, resolutions relate to environmental and social matters, shareholders have filed the resolution, or the proxy voting provider is

recommending a vote against management. The team also aims to highlight votes where share blocking rules apply or where a vote is out of scope of our voting policy. This successfully provided improvements in our active voting performance and ensures company management is monitored and enforcement of best practice. A list of significant votes is now being provided to the RIOC on a quarterly basis which includes vote instruction, rationale, outcome and any planned action.



Initiatives

We contribute to a select number of initiatives where we believe we can have an impact and where we believe it is helpful for our views to be heard.

- We support the work of the Investment Association, participating in a number of committees and working groups, including the Sustainable and Responsible Investment Committee and attending the Sustainable Finance Disclosure Regulation Implementation Forum, Task Force on Climate-related Financial Disclosures (TCFD) Implementation Forum and inputting into other groups as required.
- We became a signatory to the United Nations Principles of Responsible Investing in January 2020 and completed our first assessment on our responsible investing activities in the 2021 pilot. We also continue to encourage and support all of our third-party managers in our multi manager funds to become signatories
- We are signatories to the Net Zero Asset Manager's initiative
- We participate in the CDP Global Disclosure System as a firm and are an investor signatory supporting the CDP Non-Disclosure Campaign which we believe is key to support companies prepare for mandatory climate reporting
- We are an active member of CA100+ investor-led initiative and participate in engagements with infrastructure companies in North America
- We participate in the Investor Forum to support our UK focused investments in their engagement activities
- We are supporters of the QCA and have joined their ESG Working Group which will review and update the organisation's work on ESG matters
- We liaise with and support the AIC on various issues pertaining to investment trusts
- We are a member of the Global Listed Infrastructure Organisation (GLIO), and fund manager Jim Wright is a member of its advisory committee
- We support the CFA Certificate in ESG Investing and CFA Certificate in Climate & Investing with a number of our staff having successfully passed or signed up for the exams in 2022

We continue to explore other initiatives that support responsible investing such as Shareaction, FAIRR as well as the Institutional Investors Group on Climate Change (IIGCC) and continually review our memberships.

Focus for 2023

- Deliver our net zero strategy including defining appropriate stewardship activities which will guide us in reducing both our operational emissions as well as our portfolio emissions
- Prepare for mandatory fund level TCFD reporting with associated engagement focused on encouraging climate reporting across both third-party funds and smaller companies
- Successfully launch the Premier Miton Emerging Markets Sustainable Fund, and manage the challenges of engaging with companies in emerging markets
- Develop our ability to track progress with engagement activities
- Focus on the topics of biodiversity and climate resilience across the investment portfolios

Internal Governance

This report has been reviewed by the Responsible Investing Oversight Committee, which oversees stewardship activities, and has been recommended to the boards of Premier Fund Managers Ltd and Premier Portfolio Managers Ltd for approval.

