

CG Asset Management ("CGAM") has adopted this policy in accordance with the FCA Handbook COBS 2.2B, and the Shareholder Rights Directive (SRD II).

CG Asset Management Limited ("**CGAM**") believes that engagement is an effective tool to achieve meaningful change and we are committed to engaging with companies in which our clients' assets are invested on a wide range of topics.

### *Our approach to responsible investment*

Considerations of responsible investment touch on almost all aspects of investment practice and operations and incorporate:

1. Acting as a responsible steward of our clients' assets
2. Delivering returns in a sustainable manner by incorporating environmental, social and corporate governance considerations into the investment process

Achieving these outcomes relies primarily on firm culture and secondarily on policy prescriptions. Whilst policy is very important, we believe that fostering a responsible culture is essential for consistent decision making at every level of the organisation, including areas not explicitly covered by policy.

While the funds under our management do not promote environmental and/or social characteristics as part of their investment strategy, sustainability risks are regarded as relevant by CGAM.

A significant portion of the sub-funds' portfolios is comprised of government bonds. Currently, there is insufficient information available regarding the environmental, social and/or governance ("**ESG**") characteristics of government bonds to enable CGAM to properly integrate sustainability risks into the investment decision-making process. Consequently, until such time as there is adequate information available regarding the ESG characteristics of these instruments, CGAM is unable to assess the likely impact of sustainability risks on the returns of the sub-funds.

Due to the high proportion of government bonds in the sub-funds' portfolios and the lack of information regarding the impact of these instruments on sustainability factors, CGAM does not consider the adverse impacts of its investment decisions on sustainability factors because the relevant information required to do so is not yet available.

Outcomes from our engagement and voting activities are also incorporated into our analysis of the companies and affect our investment theses. Our policy with respect to responsible ownership reflects both our specific investment objectives and approach and the resources we can dedicate to these matters. We devote considerable resource to investment research, monitoring and engagement with companies.

We believe that stewardship is as much about responsible ownership as a considered approach to selecting companies.

## *Engagement*

To act as responsible stewards of our clients' assets CGAM believe it is essential to question and challenge investee companies on issues that the manager believe relate to responsible investing. CGAM engages actively with the boards of investee companies, coordinates other shareholders and votes actively on behalf of the funds we manage with the explicit aim of improving corporate governance.

CGAM believes that engagement is an effective tool to achieve meaningful change and we are committed to engaging with companies in which our clients' assets are invested on a wide range of topics. Engagement gives us an opportunity to improve our understanding of investee companies, which enhances our investment decisions and therefore returns to shareholders.

Engagement also lets us share our philosophy, approach to investing and corporate governance with a company, and enhances its understanding of our objectives. We continually monitor our engagement with companies, and will use a variety of methods to achieve our objectives.

CGAM has a track record of effective engagement frequently playing a central role in delivering change within the markets that we operate within.

The discussions with investee companies may include but are not limited to:- integrating shareholder engagement in its investment strategy; monitoring investee companies over all relevant matters; conducting dialogue with them; exercising voting rights; co-operating with other shareholders; communicating with relevant stakeholders; and, managing actual and potential conflicts of interest in relation to its engagement with investee companies.

When an issue is identified, CGAM will usually raise it directly with the company, often with the management or members of the board to enable frank and forthright discussions to take place. If the outcome of this direct engagement is not satisfactory, CGAM may consider escalation using a variety of different tactics with a range of stakeholders at the company including the investor relations team, management and/or non-executive directors.

Approaches that are taken can include all or some of the following:

- additional meetings with company management and/or non-executive directors
- withholding support or voting against management
- collaboration with other investors
- making statements at AGMs
- co-filing of resolutions at AGMs
- divestment of shares

## **Voting**

We believe in the power of engagement, but we have also found voting to be an effective tool if companies do not respond to our requests. We take the opportunity to vote seriously, as it enables us to encourage boards and management teams to consider and address areas that we are concerned about.

CGAM's policy is to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including shareholder resolutions and corporate actions.

It is our policy to vote on all investee company positions within our managed funds. We have internal voting guidelines as well as access to research, to assist the fund managers in their assessment of resolutions and the identification of contentious issues.

### ***Collaborative engagement***

There are occasions when collaboration with other investors may be the most productive way to engage. This could be in situations where other investors share our concerns or independent engagement has not produced a desirable outcome. Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. CGAM is open to working alongside other investors on both policy and company specific matters.

### ***Co-operation with other stakeholders***

CGAM is supportive of and complies with the principles of the UK Stewardship Code and the UN Principles of Responsible Investing.

### ***Conflicts of interests***

CGAM is majority owned by an Employee Ownership Trust and we see ourselves very much as a partnership which aligns our interests with those of our clients. As staff share in the long-term profitability of the firm, they are interested in investment returns and client relationships that are sustainable.

Should there be conflicts of interest on voting or engagement exist between CGAM and/or a particular client and our wider client base, it is CGAM's policy to act in the best interests of all our clients. In order to further eliminate potential conflict of interests, the justifications and the decision making process on every item are clearly documented.