

Stewardship and Responsible Investing Report 2021

April 2022

Contents

Foreword	3	Principle 8	30
Introduction	4	Signatories monitor and hold to account managers and/or service providers.	
Principle 1	5	Principle 9	31
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	33
Signatories' governance, resources and incentives support stewardship.		Signatories, where necessary, participate in collaborative engagement to influence issuer.	
Principle 3	15	Principle 11	35
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	17	Principle 12	37
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	21	Initiatives	40
Signatories review their policies, assure their processes and assess the effectiveness of their activities.		Internal governance	40
Principle 6	23		
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.			
Principle 7	27		
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

2021 was a landmark year as we emerged from one of the most devastating pandemics in recent memory and headed towards a flashpoint of geopolitical uncertainty not seen in this generation.

The accelerating megatrends of climate change, energy transition, demography and disruptive technology continued to fundamentally alter the world, making environmental, governance and social related considerations essential as opposed to simply aspirational.

Despite these events, our purpose remains the same: to actively and responsibly manage our clients' investments for a better financial future. We 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 our impact on the economy, environment and society.

The principle of stewardship is embedded in our business and future plans. One of our core values is "responsible" including being responsible stewards of capital, by considering ESG related factors alongside financial factors in our investment decision making, and actively engaging with companies to improve our knowledge of their operations and where possible to become a positive influence. This includes ongoing dialogue with

company management on ESG as well as commercial matters and 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, the investment objective of every one of our funds, whether they have non-financial objectives or not. This enables our fund managers to proactively integrate ESG related factors alongside financial factors in relation to their funds, with the support of our responsible investing, compliance, legal and independent risk teams.

We are firm believers that there is a clear correlation between good stewardship and good financial performance. Indeed, we believe one helps to drive the other and this is one of the reasons we are working to integrate ESG analysis in the various investment processes employed across our fund range.

Over the course of the year we continued the development of our range of dedicated responsible and sustainable funds with the launch of the Premier Miton European Sustainable Leaders Fund and through the rebranding of the Premier Miton Ethical Fund to the Premier Miton Responsible UK Equity Fund with an updated investment policy. The new name for the Premier Miton Responsible UK Equity Fund reflects the fund's focus on companies that act responsibly and have a positive influence on society and the environment. And the new investment policy provides more information on the fund's focus on companies with a strong ESG profile, and those believed to be part of long term themes that have a positive influence on society and the environment.

Our first dedicated responsible and sustainable multi asset fund, the Premier Miton Diversified Sustainable Growth Fund, will be launched in March 2022.

We also strengthened the ESG resources available to all our fund managers through increased access to specialist ESG data and research from specialist third party companies, ISS and Ethical Screening, as well as the addition of a dedicated Responsible Investment Analyst to support our Head of Responsible Investing.

We have continued to develop our collaborative engagement initiatives. During the period we joined the Investor Forum and Climate Action 100+.

Our reporting on these activities included the publication of our sustainability reports, non-financial objective reports, Stewardship and Responsible Investing Report and relevant policies. And we have formed a Responsible Investing Oversight Committee to strengthen the corporate governance of all our stewardship and responsible investing activities.

As I hope this report shows, we continue to take our stewardship responsibilities seriously. We do this because we believe good stewardship of our clients' capital is what they expect and it will also lead to sustainable benefits for economies, the environment and society.

Introduction

As a medium sized asset management firm investing on behalf of our clients, we are committed to investing responsibly and offering responsible and sustainable themed products.

This includes helping to contribute to economic development and job creation by investing in well run companies. We also strive to uphold high ethical standards in how we behave as investors. We are increasingly integrating ESG factors into our investment decisions, to help contribute to a more sustainable economy and society, including the long term management of climate change risks. We regularly meet with company management as part of our investment process.

As genuinely active managers, we are making active decisions to hold the underlying investments in our portfolios, including through consideration of ESG related factors alongside financial factors. Once we have invested in a company, our stewardship activity includes regular meetings 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.

We believe 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 the responsible investing and stewardship activities undertaken by Premier Miton between 1 January 2021 and 31 December 2021, under the Financial Reporting Council's UK Stewardship Code (2020)

We became a signatory of the FRC's Stewardship Code in March 2022.

The report explains how we have applied the 12 'apply and explain' FRC Principles and gives specific examples of their practical application.



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 Group plc was formed in November 2019 from the merger of Premier Asset Management Group plc and Miton Group plc.

As a genuinely active investment firm with £13.9 billion of assets under management as at 31 December 2021, we exist to actively and responsibly manage our clients' investments for a better financial future. We offer high conviction investment strategies covering different asset classes including equities, fixed income, absolute return and multi asset, that aim to generate good long term investment performance, underpinned by responsive client service and transparent, proactive communication. The diversity, strength and depth of our product range, which includes different asset classes, markets and sectors, managed by seventeen different investment teams, allows us to offer investment solutions to meet different types of objectives and investor preferences, including income, growth, wealth preservation, risk managed and dedicated responsible and sustainable investing.

We are committed to investing responsibly. This includes helping to contribute to efficient economic development and job creation by investing in well run companies. We also strive to uphold high ethical standards in how we behave as investors. We are increasingly integrating ESG factors into our investment decisions, to help contribute to a more sustainable economy and society, including contributing to the long term management of climate change risks. Stewardship of the companies we invest in is important to us and we regularly meet with company management in order to increase our understanding of their strategy and operations.

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 we never forget we are managing other peoples' money. Our work is founded on serving clients by helping them meet their investment objectives and preferences through well managed and defined investment products backed by strong client service. Responsibly managing our clients' investments involves increasing our focus on integrating

ESG factors alongside financial factors in our investment decision making. We believe this is essential to deliver strong and durable performance to our clients and to meet our broader investment responsibilities. This includes our approach to corporate social responsibility, which covers our aim to build an inclusive, diverse and supportive working environment that integrates environmental sustainability into our operations and delivers positive impacts on the wider community.

Our strategy

Asset management is a large and fast-changing global industry with attractive opportunities for growth. The UK remains well placed to continue 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 market without material change to our operating model. Alongside our focus on organic growth, we continue to look for new, sensible and well thought through strategic or tactical opportunities to add value to clients and our other stakeholders as well as enhancing our company's growth.

Because 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 our approach to the people who work for us. This focus on responsibility is a core part of our culture and is reflected in the wording of our corporate purpose and values.

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.

Our culture

Our culture defines how we aim to work in a sustainable, responsible and constructive way to meet our purpose of actively and responsibly 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 the following core values.

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

Through our product governance process, our business development, client service and investment teams, together with feedback from advisers and retail customers, we are very aware of the expectations that our clients have of us in the stewardship of their assets.

This includes understanding our clients' changing expectations of investment managers, which has helped shape and accelerate our progress in stewardship related activities, including providing clearer descriptions of how we are integrating ESG factors in our different investment processes, the launch of five new dedicated responsible and sustainable investment products over the last three years and the publication of sustainability reports for some of these funds alongside the reporting of non-financial factors required by the Financial Conduct Authority.

Our investment beliefs, strategy and culture prioritise

responsibility in our actions and this enables effective stewardship. Stewardship responsibilities are assigned to the fund managers themselves, with oversight from the Head of Responsible Investing, so that they are integrated into the fund management and investment decision making process. The Responsible Investing Oversight Committee, which is detailed elsewhere in this report, was inaugurated in the fourth quarter of 2021 to provide a focal point for all aspects of our responsible investing activities, particularly to integrate them through all operational areas of our business.

We encourage best practice in stewardship activities through training as well as our quarterly Responsible Investing Forum and participation in collaborative engagement initiatives within Premier Miton and alongside our peers through our collaboration with Climate Action 100+ and the Investor Forum initiatives, for which details and examples are noted later in the report. We also ensure that our fund managers have access to relevant third party resources such as Institutional Shareholder Services (ISS) and our specialist ESG research provider, Ethical Screening, to inform their stewardship activities.

Our investment philosophy

Having the right investment philosophy is key to our purpose to actively and responsibly manage our clients' investments for a better financial future. We are genuinely active investors and we don't have a "house" view, which means our clients' investments are managed by talented investment managers who are given appropriate freedom to think independently, because we believe this approach produces better investment outcomes for clients. Our genuinely active investment approach encourages us to look further and to dig deeper for good investment ideas and to think smarter, including the consideration of ESG factors in investment decision making.

We believe active investment management is a very good way of delivering attractive long term risk-adjusted returns, alongside being able to retain a continuous focus on high stewardship standards, by carefully picking the companies we invest in on behalf of our clients.

Our active investment managers have deep knowledge of the companies in their specialist area that they choose to invest in and can use this expertise to engage with these companies on relevant issues to promote more sustainable and responsible business practices, and to select companies with more sustainable and responsible business models.

We have a collegiate and collaborative approach within our investment teams which was tested through the course of 2021. Economic and financial market conditions were extremely uncertain and volatile and there were periods of unprecedented stress. Our investment teams successfully dealt with the challenges of managing our

funds through those conditions. Our investment and other teams continued to work very effectively with our hybrid working arrangements, including working from our offices and home.

An annual assessment of the value we deliver to our clients is 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 classes of share. The assessment of value is carried out by the Board of Premier Portfolio Managers Limited (PPML), which is the Authorised Corporate Director (ACD) of Premier Miton's funds.

Across the 42 funds covered in the report covering the twelve month period ending 31 December 2020, 31 funds were assessed as demonstrating good value and 2 funds demonstrated satisfactory value, with improvements being made. Importantly, we have implemented changes with the other nine funds, including reducing charges or changing fund managers, designed to improve performance to ensure they are back on track to deliver value as soon as possible. In our next report, we will also consider responsible investing activities such as ESG integration, stewardship and non-financial objective reporting.

The report for the twelve month period ending 31 December 2021 will be published by the end of April 2022 and will be available on our website.

The wider company

All parts of our business play a vital role in helping us to maintain high stewardship standards, including those involved in risk management and performance, legal and compliance, client service, dealing, human resources, marketing and technology, all of whom contribute to the efficient management, oversight and communication of our investment activities on behalf of our clients.

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 as well as helping us achieve great outcomes for our other stakeholders, including our clients, shareholders and wider society.

The health and welfare of our staff and their families came in to sharp focus as a result of the coronavirus pandemic. We introduced specialist third party, confidential on-line counselling and support sessions for those who had need for them. Throughout the period we engaged with all staff through companywide surveys and virtual seminars,

team based work and social virtual 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" insight gatherings to update everyone on corporate matters and to showcase specific areas of the business to all staff.

As a matter of course we strive to provide competitive and appropriate remuneration structures and employee benefits. We promote opportunity for members of staff to progress through the company; it is important that we retain, encourage and provide development paths for our talented team.

Inclusion and diversity

We maintain a business culture that embraces diversity and inclusion. We support diversity in all areas of the company and have put a particular emphasis on improving the gender balance within our investment team; this is a part of the industry where women are badly under represented. 37% of overall staff and 23% of the investment team were women as at 31 December 2021. Over the course of the year we recruited 26 staff for both permanent and fixed term contracts of which 54% were women and 46% were men and. One woman joined our investment team and two women joined the Premier Miton Group plc board as Non-Executive Directors.

Our Human Resources Director was a member of the HR Committee of our trade body, the Investment Association until December 2021. This provided insight into how our peer group operates and allows us to meet best practice standards. In order to support our success, we aim to attract and retain high calibre, talented individuals who have diverse skills, experience and backgrounds. We encourage and support the continuing development of their skills with appropriate training and development. For more information, please see our Recruitment and Diversity Policy.

Our sustainability

We believe that sustainability is inextricably linked to the future success of our business and that we need to act to help address the global challenges relating to climate change, limited resources and economic and social inequality. In doing so, we hope to build a successful and resilient business that embraces positive change and strives to reduce the environmental impact of our operations.

We have taken steps to understand better the environmental impacts of our operations to identify how we can reduce our footprint. Our Environmental Policy sets out our approach to managing our environmental impacts and commitments to improve our performance. The policy is available on our website at premiermiton.com.

Although our primary focus is to reduce our carbon emissions, we continue to pursue offsets for our residual footprint. We chose to offset our operational carbon footprint via the 'plant a tree – protect a tree' initiative. This initiative supports tree planting projects in schools around the UK. It is paired with the Verified Carbon Standard (VCS) approved United Nations programme for 'Reducing Emissions from Deforestation & Forest Degradations' (REDD) in Brazil.

In 2020 we submitted our first environmental disclosure report to the CDP global disclosure system to help us manage our environmental impacts. CDP disclosure is designed to identify and tackle growing sustainability risks and find new opportunities for action, as well as helping us get ahead of regulatory and policy changes. For 2021 we received a B- score and we are continuing to look into the ways that we can make improvements.

Looking forward, we will continue our support of the transition to a net-zero carbon economy through our intention to become a signatory to the Net Zero Asset Managers initiative. We have set up a working group comprised of relevant individuals in the company, including senior management, to drive the project. Specialist external consultants have also been retained to assist with the planning stages. We are structuring workshops for the investment team to provide guidance on the potential long term implications for individual investment selection and portfolio construction across all asset classes and investment strategies.

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 build out a robust and meaningful approach to supporting the goal of net zero greenhouse gas emissions by 2050 at the latest.

We donate to charity on an annual basis and staff take part in a survey to choose which charities for us to support. In 2021 we donated to the following four recognised charities: Prostate Cancer UK, Alzheimer's Society, Born Too Soon and the National Youth Advisory Service. We also recognise the value of staff volunteering and the difference our colleagues can make in our communities. We provide staff with time off to take part in volunteering activities or charity fund raising activities. Each staff member may take one day paid leave each year to carry out work for charities and the good of the community.





Principle 2

Signatories' governance, resources and incentives support stewardship.

We believe that ongoing engagement with the companies in which we invest enables a greater understanding of their business activities and approach to ESG, which are key factors in the potential returns that may be generated from investment in them and therefore our ability to meet the objectives of our funds and the expectations of our clients.

Our governance framework and the additional resources made available strongly supported stewardship activities in 2021. Highlights include the launch of the Responsible Investing Oversight Committee, the development of a Responsible Investing Forum, the continued integration of ESG factors in investment decision making and signing up to industry leading collaborative initiatives.

Governance framework

Fostering strong governance across our organisation is a strategic priority in order to achieve robust and defensible decision making, drive value and better serve our clients and stakeholders.

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.



Premier Miton Group plc

David Barron	Non-Executive Director, Member of the Audit & Risk Committee
Robert Colthorpe	Non-Executive Chairman, Member of the Remuneration Committee
Alison Fleming	Non-Executive Director, Member of the Remuneration Committee
Piers Harrison	Chief Financial Officer
Sarah Mussenden	Non-Executive Director, Member of the Audit & Risk Committee
Mike O'Shea	Chief Executive Officer
Will Smith	Non-Executive Director, Chair of the Remuneration Committee and member of the Audit & Risk Committee and Nomination Committee
Sarah Walton	Non-Executive Director, Chair of the Audit & Risk Committee

All corporate 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.

Directors of Premier Portfolio Managers Ltd

Rosamond Borer	Chief Risk Officer
Gregor Craig	Head of Legal & Compliance
Niamh Dempsey	HR Director
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

Directors of Premier Fund Managers Ltd

Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Neil Bridge	Business Development Director, Discretionary
Gregor Craig	Head of Legal & Compliance
Niamh Dempsey	HR Director
Bart Edgar	Director of Finance
David Hambidge	Director of Multi Manager Funds
Mike Hammond	Business Development Director, Advisory
Piers Harrison	Chief Financial Officer
Mike O'Shea	Chief Executive Officer (Chair)
Ian West	Chief Operating Officer
Gervais Williams	Head of Equities
Simon Wilson	Marketing Director

Responsible investing activities at Premier Miton are directed by the Chief Investment Officer (CIO) with implementation led by the Head of Responsible Investing and supported by a Responsible Investment Analyst. Together they form a dedicated responsible investing team that is integrated and works in collaboration with our equity, fixed income, absolute return and multi asset investment teams.

We define responsible investing as an approach that considers ESG factors alongside financial factors, supported by stewardship activities such as voting and engaging with the management of companies in which we invest or are considering an investment. Our aim is to employ this approach in a way that is appropriate for and proportionate to each funds' investment objective. This relies on the fund managers and analysts to proactively engage with these activities in relation to their funds with the support of our responsible investing, compliance, legal and independent risk teams.

The CIO and Head of Responsible Investing also work closely with the marketing and business development teams to ensure that we are able to articulate and demonstrate our actions to our clients and a wider audience, including ratings agencies, the media and shareholders in Premier Miton Group plc.

These activities are overseen by the Responsible Investing Oversight Committee, which meets four times a year and is made up of the CIO and Head of Responsible Investing alongside other senior staff from the investment, risk, compliance and marketing departments. This committee aims to provide appropriate oversight of the responsible investing process at Premier Miton to comply with our responsibilities to various stakeholders, including, but not limited to, regulators and clients.

A sub-committee of the Responsible Investing Oversight Committee meets quarterly and on an ad-hoc basis, to consider the appropriateness of holdings in dedicated responsible and sustainable funds or any other holdings across the group where specific ESG risks are noted. This group has the authority to override fund managers and require holdings to be sold if considered appropriate.

Responsible Investing Oversight Committee	Responsible for overseeing all responsible investing activities across Premier Miton
Neil Birrell	Chief Investment Officer (Chair)
Rosamond Borer	Chief Risk Officer
Ben Briceno	Responsible Investment Analyst
Corrine Collier	Head of Marketing
Sian Connolly	Compliance Manager
Gregor Craig	Head of Legal & Compliance
James Smith	Fund Manager
Simon Wilson	Marketing Director
Helene Winch	Head of Responsible Investing

The boards of Premier Miton Group plc, PPM and PFM receive reports on and discuss ESG, climate change and stewardship matters, industry trends and responsible and sustainable funds, as well as the integration of ESG factors by all funds as discussed at the Responsible Investing Oversight Committee. This is also embedded within the wider group governance framework, which is kept under review to ensure that it remains fit for purpose, and supports the best outcome for clients. There is also reporting on responsible investing and other ESG matters through the Conduct & Policies Committee, Product Governance Committee, Investment Oversight Committee, Funds Risk Committee and the Environmental Committee. Their responsibilities are outlined below for reference.

Conduct & Policies Committee	Responsible for ensuring the establishment and maintenance of a compliant culture with good conduct across Premier Miton through appropriate policies, monitoring and reporting
John Banks	Head of Dealing
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer (Chair)
Sian Connolly	Compliance Manager
Gregor Craig	Head of Compliance and Legal
Niamh Dempsey	HR Director
Catriona Fletcher	Company Secretary & Head of Corporate Governance
Neil Harris	Head of Investment Services
Ian West	Chief Operating Officer
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 service to clients, portfolio monitoring and product reviews.
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Neil Bridge	Business Development Director, Discretionary
Corrine Collier	Head of Marketing
Gregor Craig	Head of Compliance & Legal
Bart Edgar	Director of Finance
Mike Hammond	Business Development Director, Advisory
Ian West	Chief Operating Officer
Simon Wilson	Marketing Director (Chair)

Investment Oversight Committee	Purpose is to provide analysis and challenge to the fund managers, comfort and transparency for customers, clients, management and stakeholders, as well as the regulator or ACD. Ensuring that funds are managed in a manner consistent with their stated objectives and that the 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.
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer
Sian Connolly	Compliance Manager
David Jane	Fund Manager – Multi Asset
Tim Short	Risk & Portfolio Construction Officer (Chair)
Gervais Williams	Head of Equities

Funds Risk Committee	The Committee will report and advise 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.
Neil Birrell	Chief Investment Officer
Rosamond Borer	Chief Risk Officer (Chair)
Gregor Craig	Head of Legal and 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.
Christina Ball	Marketing Services Executive
Niamh Dempsey	HR Director
Mirella Hart	Legal Adviser
Tony Hills	Risk Analyst
Anne Willey	Executive Assistant
Simon Wilson	Marketing Director (Chair)
Helene Winch	Head of Responsible Investing

Resources

Premier Miton is committed to providing staff with the resources required to optimise our stewardship activities. We regularly explore new systems, data and research to help ensure we maintain access to relevant information to maintain and enhance our ongoing stewardship activities.

People

Our people are our greatest asset and we strive to operate as a strong, cohesive unit, driven by our shared focus and enthusiasm for our work.

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 as well as helping us achieve great outcomes for our other stakeholders, including our clients, shareholders and wider society.

CIO Neil Birrell leads and is accountable for the strategy and planning of all responsible investing and stewardship matters at Premier Miton. He joined Premier Miton 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 Premier Miton's overall responsible investing strategy and development. 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. The dedicated Responsible Investing team will be further resourced as and when required.

The membership of the Responsible Investing Oversight Committee displays our commitment to the integration of all facets of responsible investing. The committee includes relevant representatives from across the business, including specialists in responsible investing, risk, general investment and communications. A number of the members are directors of PPM and PFM.

The wider investment team comprised 54 members at the end of 2021, with a range and diversity of backgrounds and skills. Of these, 9 members were women, including the Head of Responsible Investing, Head of Investment Trusts, 3 fund managers and 2 assistant fund managers. 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, Head of Marketing, Head of Connect (our online service portal for advisers and their clients), 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 ESG considerations into our investment decision making has been championed by the fund managers who have undergone training to ensure best practices are employed. 13 individuals had passed the newly introduced CFA Certificate in ESG Investing by the end of 2021, including fund 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 in preparation for taking the exam.

We have continued with our internal discussion group, the Responsible Investing Forum, which aims to facilitate relevant discussions and share best practice on responsible investing activities. This has proven to be an increasingly popular group and will play a key role in the management and development of our stewardship activities in the future. For example, in our last meeting we established five engagement themes to be applied across the business in 2022. These are enhanced climate disclosure, social metrics, diversity on company executive committees, ESG company ratings and company reporting on alignment with the Sustainable Development Goals.

Third party systems, research and data

Fund 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.

In order to obtain detailed ESG sustainability 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 specialist responsible and sustainable funds to the United Nations Sustainable Development Goals, as well as ESG scoring of all companies held in these funds.

We also use data providers such as Bloomberg, ISS Data Desk, Sustainalytics, MSCI and Morningstar to further understand the nature of our investments, and to assess external scoring and analysis of our funds. Recent additions include ISS Norms Based Research, which assesses a company's compliance to the principles of the UN Global Compact, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights and the ISS Extractives Datasets. We work with these providers to enhance our knowledge at all levels, providing training for the investment team and those overseeing the process.

Collaboration

Our fund managers engage with company management teams through regular meetings to understand company strategy and monitor financial and ESG performance to support investment decision making and portfolio monitoring. The firm also aims to positively influence investee companies through collaborative engagement including membership of the CDP, Climate Action 100+, Investor Forum and the Votes Against Slavery initiatives.

Incentives

The overall aim of Premier Miton's remuneration policies is to promote the long-term success of our purpose to actively and responsibly manage our clients' investments for a better financial future, which is aligned with the interests of our clients, staff and other key stakeholders, including enhancing value through performance, attracting, motivating and retaining qualified and experienced staff who can deliver good, sustained performance and appropriate risk management in line with the Group's core values.

For those funds with specific non-financial objectives, the integration of stewardship and ESG factors into their investment decision making will naturally 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. Fund managers and analysts variable compensation is related to investment performance and other factors, which will be impacted by good ESG decision making.

The Remuneration Committee is considering proposals to link a proportion of the variable compensation of the company's senior management to specific environmental and diversity targets. It is hoped this will be in place for the financial year 2022.

Effectiveness of chosen governance structure

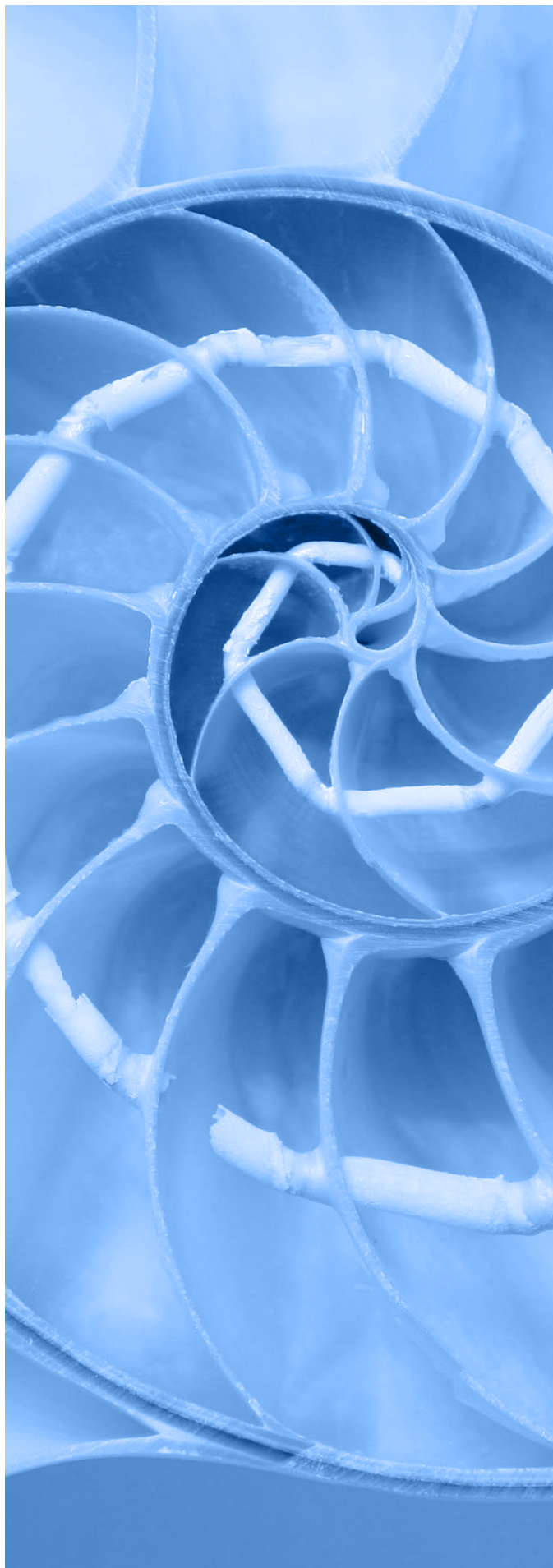
With the recent addition of the Responsible Investing Oversight Committee, which oversees stewardship and responsible investing activities at Premier Miton, we are confident in the effectiveness of our governance structure relating to ESG risk in our dedicated responsible and sustainable funds.

At the first meeting, the members sought to agree thresholds for financial materiality relating to ESG risk in our dedicated responsible and sustainable funds. In the event of any of these thresholds being reached for a company held across the firm on behalf of our clients, the holding will be logged and from there on become a risk item for future tracking.

In our experience, companies with material ESG risks have an increased likelihood of experiencing an ESG

related loss event. This may also lead to poor ESG related outcomes and also reputational impact for a fund manager, fund, or the firm. Equally, the ESG risk may diminish with active engagement, company initiatives or other external data source revisions. Once the fund manager has provided their rationale and evidence for a portfolio holding with a material ESG risk, the Responsible Investing Oversight Committee will determine next steps which can include disinvestment if deemed necessary.

The Responsible Investing Oversight Committee was inaugurated in December 2021 and we will continue to develop its remit, reporting requirements and responsibilities.



Principle 3

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

Premier Miton manages a range of mutual 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. The investors in our funds and their advisers employ us to provide the investment outcomes that are described in our various product literature and communications, and our investment approach, including our responsible investment and stewardship activities, are a fundamental part of what we do to achieve good outcomes for our clients.

Engaging with management teams at current or potential investee companies is a key element of our active management approach. This enables us to dig deep into that company's management of ESG factors; board structure and remuneration, carbon emissions and environmental policy, staff welfare and supply chain management are just a few examples of those factors. These will be part of the success, or otherwise, of that company. Therefore, voting at company meetings is an important part of the stewardship process, getting our views across on key issues, and aiming to create long term sustainable benefits for the company, environment and society, as well achieving good investment performance for our clients. Joining initiatives that focus on collaborative engagement also enables us to strengthen our influence, which is another step forward we have taken in 2021.

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 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 that 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 across the group

- 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

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 include;

A relative of a fund manager is the non-executive director of a UK listed company

In this instance the fund manager is prohibited from trading in the shares of the company during its closed periods and all trades in the company's shares are automatically flagged to the compliance department on the order being placed.

A fund manager accepted a position as an independent member of an investee company's nominations committee

Prior to the appointment we confirmed with the company that we would not be made aware of any inside information and implemented enhanced post trade monitoring for the company's shares.

Over the course of 2021 this policy has 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 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 CIO 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.

Sources of perceived or potential conflicts of interest include:

Conflict 1: investee company director with number of board positions

Conflict: The fund manager invests in a company where a director holds a number of board positions. They vote against their appointment on one company so they can focus on another investee company.

Resolution: The fund manager always considers the recommendation of ISS votes according to the best interests of the fund's investors. Votes are reviewed by the Responsible Investing Oversight Committee.

Conflict 2: investing in a platform service provider

Conflict: A fund manager invests in a company who also provides a platform service to investors which includes Premier Miton funds. The fund manager may maliciously vote against the investee company as a way of disrupting further competition.

Resolution: The fund manager always considers the recommendation of ISS and must vote according to the best interests of the fund's investors. In the event of any contentious situations, fund managers should refer to the Head of Responsible Investing, CIO or other team members. The Responsible Investing Oversight Committee review aggregate votes cast.

Conflict 3: potential merger discussions with an investee company

Conflict: a 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 abstained from engaging with the company and any subsequent voting.

Conflict 4: voting on remuneration at another investment manager

Conflict: a fund manager invests in a peer investment manager where the CEO has a potentially controversial excessive pay award.

Resolution: following discussions internally with the Head of Responsible Investing the manager followed the proxy adviser recommendations.

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.

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

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: Premier Miton manages these risks by maintaining and following its Insider Dealing and Market Abuse Prevention Policy and Procedures. The Policy and Procedures 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.

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.

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 (for example, by having a personal interest in a transaction with a Premier Miton fund or client portfolio).

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.

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.

We also provide guidance and training to all staff on matters relating to potential conflicts of interest and to the investment team on related stewardship matters.

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 the committee include:

- ensuring appropriate policies, procedures, controls and reporting are in place to identify, measure, manage and monitor operational risks, including professional liability risks;
- reviewing, monitoring and managing the firms' liquidity risk profiles, changes to available liquidity and the liquidity risk management framework and ensuring compliance with FCA liquidity adequacy requirements, making adjustments as necessary from time to time;
- ensuring appropriate stress testing is undertaken;
- monitoring the loss experience arising from operational risks and comparing it to expected experience;
- evaluating risk reports, reviewing the work and findings, identifying areas of concern, tracking trends and ensuring corrective action is taken where appropriate through the following committees:
 - Financial Crime Committee
 - Funds Risk Committee
 - Investment Oversight Committee
 - CASS Oversight Committee
 - Outsourcing Oversight Committee
 - Conduct and Policies Committee
 - Responsible Investing Oversight Committee
 - Valuation Committee
 - Product Governance Committee
 - Investment Trust Committee
 - IT Oversight Committee
- ensuring that the potential for operational risk arising from significant changes to existing or new services, products (including reflection of the risks in product descriptions) and ventures have been correctly identified and evaluated in advance of the changes or the launch and reviewing the risks after implementation;

- taking responsibility for embedding a strong and compliant culture and conduct across Premier Miton;
- periodically reviewing the Business Continuity Policy, the results of business continuity tests and the follow up action taken;
- reviewing the Internal Capital Adequacy Assessment Process document, making a proposal for our risk appetite, and Risk Appetite Statement, agreeing the capital charges allocated to specific risks and monitoring overall capital requirements;
- monitoring the effectiveness of the operational risk framework and regularly (no less than annually) reporting on its effectiveness to the regulated company boards.

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. The Internal Capital Adequacy Assessment Process (ICAAP) undertakes scenario analysis and stress testing of risks to the business and how they impact the company's financial position.

The Premier Miton Group Audit and Risk Committee has a delegated responsibility to ensure that systems of risk management and financial control are, and continue to be, adequate for the firm. This committee receives input from the Operational Risk Committee in a number of areas including;

- keeping under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- ensuring that the Company's corporate reporting and risk management addresses relevant non-financial matters as well as financial matters;
- advising 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 and other authoritative sources that may be relevant for the Group's risk policies;
- keeping under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
- reviewing regularly and approve the parameters used in these measures and the methodology adopted;
- setting a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

- reviewing the Group's capability to identify and manage new risk types; reviewing reports on any material breaches of risk limits and the adequacy of proposed action;
- considering and approving the remit of the risk management function and ensuring 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.

Transition from LIBOR to SONIA and US dollar LIBOR to SOFR

A number of asset classes in which we invest on behalf of clients referenced LIBOR as a sterling risk-free reference rate. These included; money market instruments, corporate bonds and structured investments. The transition from LIBOR to SONIA presented potential systemic and specific risks for which we had a working group assess the risks posed and to monitor and mitigate those risks at market and investment specific levels. The transition and monitoring came to a conclusion for us by the end of 2022.

During the year we began monitoring the transition from US dollar LIBOR to SOFR (Secured Overnight Financing Rate), the equivalent process in the United States. We no longer have any exposure to US dollar LIBOR and this transition has also come to an end for us. We will continue to monitor developments for any market-wide or systemic risks that may yet arise.

Climate related risk and disclosure

In the year that the UK hosted the COP26 climate conference and as we move towards mandatory climate reporting, we have increased our focus on climate related risks and reporting.

Firstly, we have added to our Institutional Shareholder Services (ISS) Climate Solutions data and we have added the Extractives dataset which provides carbon emissions and coal exposure data and carbon risk ratings for 25,000 companies globally. This allows us to consider a company's carbon footprint when making investment decisions as well as calculating, monitoring and reporting carbon footprints for our own funds. We have been also able to calculate an aggregate carbon footprint across our whole investment portfolio which will provide a baseline for our plans to develop a net zero carbon transition plan.

We also completed our second CDP climate change assessment and received a B- rating.

Reporting to CDP 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.

We used our CDP experience to encourage our portfolio companies to complete the CDP assessment.

Our fossil fuel exposure remains low, with two funds, the Premier Miton Responsible UK Equity Fund and the Premier Miton European Sustainable Leaders Fund having a fossil fuel exclusion in the prospectus. We also manage a renewable energy infrastructure focussed investment trust, the Premier Miton Global Renewable Trust, which has been awarded a LSE Green Economy Mark. A number of our other fund managers find that companies in the fossil fuel industry are not attractive investment opportunities and are increasingly researching the renewable energy universe to find investment opportunities.

Our fixed income team are amending their internal investment policy on investing in fossil fuels, where to date they have not held bonds issued by fossil fuel companies they now can buy their green bonds, providing they have received appropriate certification from an independent, recognised organisation such as S&P. The proceeds from the issue would be used for their transition, for example Shell using the proceeds to invest in wind farms and solar energy. However, if they issued sustainability-linked bonds (SLBs) we still would not buy them as we believe SLBs are inferior products.

We continue to work with the Investment Association and other industry group on developing our approach to climate risk and to work towards Taskforce on Climate-related Financial Disclosure (TCFD) implementation.

Brexit and sustainable fund disclosure regulations

The challenges from leaving the European Union in 2020 are now mostly complete. However, during the year there were continuous concerns about the UK government strategy on financial regulation post Brexit, including whether key sustainability linked directives would be implemented. This included the Sustainable Finance Disclosure Regulation (SFDR) and the associated Taxonomy Directive.

We participated in a number of IA and FCA meetings, where we stressed that as a medium sized UK investment manager, we did require regulatory guidance on reporting and labelling for sustainable investment now that we were outside the scope of SFDR. Finally, in November 2021, the government provided clarity with the publishing of the UK's Greening Finance: a roadmap to sustainable investing. This paper was quickly followed by the FCA's paper on sustainable disclosure requirements (SDR) and investment labels. We continue to closely monitor the situation as the



FCA moves towards developing a position on labelling and disclosure and we take the opportunity to actively engage with the Investment Association and FCA. Additionally, as the UK Green Taxonomy is further developed we look forward to engaging in this process.

COVID-19

The impact of COVID-19 remains profound. During the year it continued to impact the health and well-being of people in all socio-economic groups in all areas of the world. It led to economic and financial market conditions that had never been seen before. The legacy is likely to include significant changes to how we lead our lives.

During the year we continued to offer a hybrid working model and the office remained open aligned with government guidance. Meetings with investors and companies generally remained online.

Communications were also subject to significant change and we identified three areas of interaction which we continue to monitor;

- Internal – email has become a way of life and irreplaceable in the workplace, but it is transactional. We encouraged the use of video calls between individuals and groups, not just for scheduled meetings, but also for business discussions and “coffee room” chats to try and maintain positive interaction and collaboration between people.
- Client contact – as clients also moved to work from home we moved to a very high level of virtual client engagement including video meetings, webinars and online conferences. We stepped up our digital communications plan and marketing output of fund information, particularly during the stressed market conditions.
- Company engagement – stewardship of assets cannot stop because of working from home. The fund management industry, companies and their advisers reacted quickly to the situation and company meetings continued almost seamlessly, even to the extent that many preferred this medium as it reduced the amount of travel time. The evidence is that this will continue and it will enhance our ability to engage with companies, especially outside the UK.

There is little doubt that some of these changes have become business as usual activities.

Russia's invasion of Ukraine

Whilst the Russian invasion of Ukraine occurred after the end of the reporting period, its impact will be global and significant and therefore required immediate action that is worth noting here. From an investment point of view, we know that all 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 feeling 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, investment notes, webinars and meetings with clients.

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 will 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 now have a policy to exclude Russian domiciled funds and to ensure that managers of external schemes intend to fully comply with all relevant sanctions.

Third party company ESG rating providers

We are increasingly aware of the impact that a good or bad ESG rating can have on a company's inclusion in systematically selected sustainably-labelled funds, indexes and ETFs to the extent that this can have an impact on valuation. Likewise we are aware of the lack of transparency by many of these third party providers. We do not rely on third party ESG data or research to make investment decision and will be looking to regularly review our data providers in our Responsible Investing Oversight Committee following the International Organization of Securities Commissions guidance to ensure that we fully understand the research process that is undertaken.

Sustainability-linked bonds

We continue to be disappointed by the issuance of these bonds, which while often referred to as ‘green bonds’ lack any direct funding of green activities, and we believe that the incentives for companies to meet rather unambitious sustainability targets are too small and too late into the bonds life. We continue to engage with issuers on our concerns.

Internal risk analysis

The risk team, which is independent of the investment team, conducts on-going risk analysis of our funds, 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, these may include; oil price shocks, surprise interest rate moves, large market sell-offs, 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, break up the Euro, Sovereign loan defaults, global financial crisis or COVID, amongst others.

The output is reviewed at the Funds Risk Committee and Investment Oversight Committee, both of which may request additional tests to 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, in particular military conflicts.

Aside from market movements, monitoring of trading counterparties is undertaken to ensure potential exposure to the failing companies or trades is avoided.

Industry-wide initiatives

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

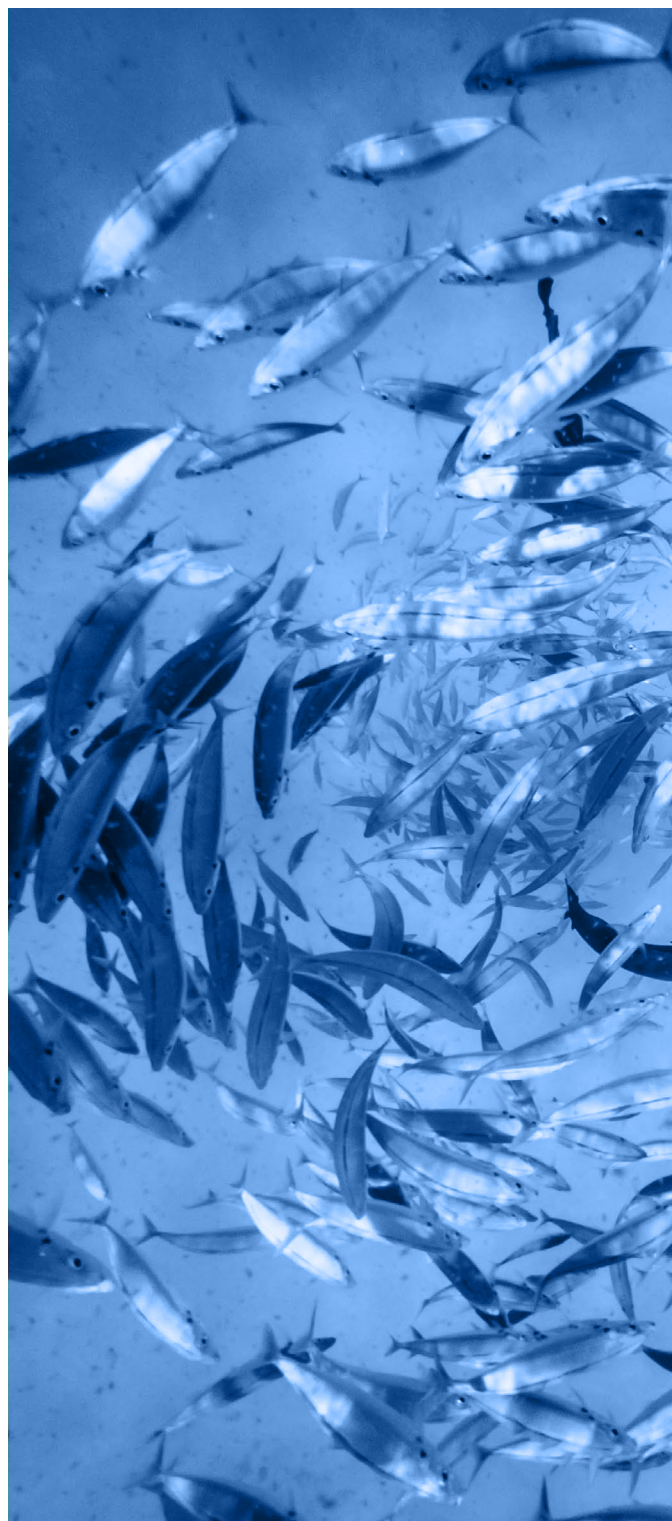
- United Nations supported Principles for Responsible Investment – Signatory
- Investment Association - firm member and participation on a number of committees and working groups
- Climate Action 100+ - firm member and actively engaging

Working 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 Executive was a main board director of the Investment Association, retiring by rotation in 2021
- Our HR Director sat on the Investment Association HR Committee, retiring by rotation in December 2021
- One of our Business Development Directors sits on the Investment Association Investment Funds Committee
- Our Chief Operating Officer sits on the Investment Association Operations Committee.

- Our Compliance Department participate in various compliance, financial crime and other relevant Investment Association groups. It also actively reviews consultation papers and other regulatory guidance.
- Our Head of Responsible Investing participates in the IA Sustainable and Responsible Investment committee as well as a number of other IA working groups.



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 our 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 the review and oversight of this process across the business.

Policies

Relevant policies are reviewed and if necessary updated at least annually to ensure they enable effective stewardship. These policies include:

- Proxy Voting Policy
- Responsible Investing Policy
- Conflicts of Interest Policy
- Code of Ethical and Professional Conduct
- Valuation Policy
- Modern Slavery Act Transparency Statement
- Recruitment & Diversity Policy
- Remuneration Policy
- Treating Customers Fairly Policy

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 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 responsible investing and stewardship activities is led by our newly launched Responsible Investing Oversight Committee, which meets at least four times each year and includes representatives from our investment, risk, compliance and marketing teams.

The Responsible Investing Oversight Committee provides oversight of the responsible investing process at Premier Miton in compliance 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; and
- Ensure that responsible and sustainable funds and other related mandates managed by Premier Miton are marketed and described appropriately in respect of any ESG, responsible or sustainable investing factors.

Key responsibilities include oversight of the following:

- Adherence of funds and other mandates to their non-financial requirements
- 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 reviewed, and that relevant action plans are agreed. This discussion and related information forms 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.

At least once a year the Responsible Investing Oversight Committee will review its own performance and terms of reference to ensure that it is operating at maximum effectiveness and implement any changes it considers necessary.

Other committees will review elements of responsible investing including the Funds Risk Committee and Product Governance Committee.

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 funds. Our fund managers know their investee companies well and almost all our funds 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 CIO. The Responsible Investing Oversight Committee ensures close oversight from senior leadership which provides additional assurance to our approach to stewardship.

This facilitates ongoing monitoring and evaluation 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 responsible investing strategy is part of our corporate sustainability strategy which also includes management of the environmental impact of our operations, people and community.

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. Where we act as managers of investment trusts, we report on stewardship activities to their boards and receive feedback from them.

Evolving the strategy

The effectiveness of the governance structure and the process for implementation of responsible investing is kept under review. During 2021, we launched the Responsible Investing Oversight Committee and the Responsible Investing Forum continued to draw further membership from across investment, marketing and risk oversight teams, and is chaired by the Head of Responsible Investing. The aim of the forum is to facilitate relevant discussions and share best practice on responsible investing activities and monitor progress on stewardship activities with the aim of achieving sustainable benefits for our clients, the environment and society. This has proven to be an increasingly popular group and will play a key role in the management and development of our stewardship activities.

One way to evidence the effectiveness of these activities in our funds is through third party fund ESG ratings. As at 31 December 2021, of the 30 Premier Miton funds that held a MSCI ESG Rating, 9 funds received the highest 'AAA' rating, 12 funds received the 'AA' rating and 7 received the 'A' rating. Of the 28 funds that were covered by a Morningstar Sustainability Rating, 4 funds received the highest '5 Globes' rating, 11 funds received the '4 Globes' rating and 8 funds received the '3 Globes' rating. These ratings are not available for all our funds as the underlying assets in which many of our funds invest are not suitable for this analysis, including third party funds, or do not have sufficient third party ESG scores due to their smaller company focus.

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

Our purpose is to actively and responsibly manage our clients' investments for a better financial future. We offer high conviction and directly invested single strategy funds across a broad range of asset classes, outcome based multi asset funds and investment trusts that aim to generate good long term investment performance, including funds involved in the dedicated pursuit of sustainable and responsible investment themes. This is all underpinned by responsive client service and transparent, proactive communication. 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.

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

Our investment process

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 into our investment processes. Our approach to ESG integration is appropriate and applicable to each individual investment strategy.

By considering ESG factors alongside financial considerations, Premier Miton enhances its decision making by considering a wider range of important factors that can impact on the long term viability of a company, as well as the sustainability of the economy, environment and society. This analysis of financial and non-financial

factors is undertaken throughout the whole investment process, from 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.

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

AUM breakdown by asset class

AUM per investment strategy as at 31 December 2021

Asset class	£ billion	% AUM
Equities	8.3	59.0
Multi asset	3.9	28.0
Fixed income	0.7	5.0
Investment trusts	0.7	5.0
Segregated mandates	0.4	3.0
Total	13.9	100.0

AUM breakdown by geography (by listing or incorporation)

% of AUM as at 31 December 2021

Geography	% AUM
UK	43.5
Europe ex UK	37.3
North America	17.9
Asia Pacific ex Japan	0.5
Emerging markets	0.4
Japan	0.4

AUM breakdown by client

AUM by client as at 31 December 2021

Client type	%
Retail	92.2
Institutional	7.8

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 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. Our 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, Prospectus and adviser Target Market Assessment documents. These are available to clients including via our website, financial advisers and other third parties including platforms and data vendors.

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 customers.

We believe our current feedback process is robust, seeking feedback from clients and making relevant changes, but we also understand the benefit of using digital feedback to assess levels of customer satisfaction and to offer more opportunity for ideas to enhance our service to clients. We are developing new online surveys on our website, to assess the quality of information we provide and to gather comments on how we can improve our service.

We work with Plain English Campaign on some of our retail customer facing material, to review the clarity of our language in these documents and to help inform our process for creating clear communications for this market.

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 aligned with our stewardship and investment policies. This includes ongoing reviews by our risk and performance 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 their stewardship policies, but where issues do occur, relevant action is taken.

We changed the format of our annual Value Assessment Report for 2021, making it easier for clients to read and assess the value delivered of our funds against the required criteria. Where any of our funds were assessed as not delivering value over the relevant period, relevant actions were included in the report and an internal process is in place to ensure these actions are implemented and the impact of the actions is monitored.

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.

Client communications are distributed 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 specialist blogs. In line with our commitment to sustainability and changing client 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 monthly fund manager commentaries on the website to keep advisers up to date with fund managers'

assessment of performance, portfolio activity, investment views and ongoing strategy. Retail investors receive twice yearly statements on their holdings.

We also provide various other types of communication content to keep advisers better informed, including fund manager videos, infographic videos, for example to explain how we manage the different underlying asset classes in our multi asset funds, and insight notes.

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

We have launched 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 are continuing to develop our digital communications platform, including greater use of our website, online feedback tools, social media and our blog, as well as greater automation in the production of client communication content, including client service documents, to continually improve the standards of our communication services.

We recently launched Connect, Premier Miton's bespoke online service that enables financial advisers to manage their clients' investment in our range of funds. There is no adviser or client fee for using the Connect portal, which means lower total cost of ownership for clients. The services available through Connect include buying and selling Premier Miton funds, fund switching, re-registration, illustrations, valuations and client reporting. Look-through client investment reports showing all the underlying investments in our multi asset funds are also available.

What we communicate: responsible and sustainable investing

We continue to strengthen client communication on responsible investing with the launch of a dedicated 'Responsible Investing' section of the Premier Miton website. This offers the latest information on our approach to responsible investing and hosts our policies, reports, disclosures and 'Responsible Thinking' insight notes. This highlights responsible investing themed content from across the investment team.

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 Carbon Disclosure Project.

In addition to the non-financial objectives reports for our range of dedicated responsible and sustainable funds published every six months, we have launched annual sustainability reports for two of these funds. These reports 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 and CIO, designed to provide clients with 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 issues. This has included the following videos:

- Sustainable Investing overview
- Introduction to Responsible Investing
- Introduction to the Premier Miton Global Sustainable Growth Fund & Premier Miton Global Sustainable Optimum Income Fund
- International Women's Day with Helene Winch
- Fund manager interview with the CEO of Befesa, the CEO of Genus and the CEO of Renewcell

We are planning a Responsible Investing masterclass in February 2022.

Our Responsible Investing presentation is updated on a quarterly basis and is regularly used by our business development team to provide an overview of our approach to responsible investing.

How we communicate

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 invest in progressing our digital client communication platform. Clients can manage their communication with us through our preference centre.

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

- In person meetings with representatives from our business development and investment teams
- Client service team via email or telephone
- Half yearly retail investor statements and newsletters
- Monthly factsheets

- Monthly fund manager commentaries
- Insight notes
- Emails
- Webinars
- Videos
- Events
- Press
- Social media
- Fixed income blog – fixedonbonds.com
- Via third parties including partner platforms and general investment platforms

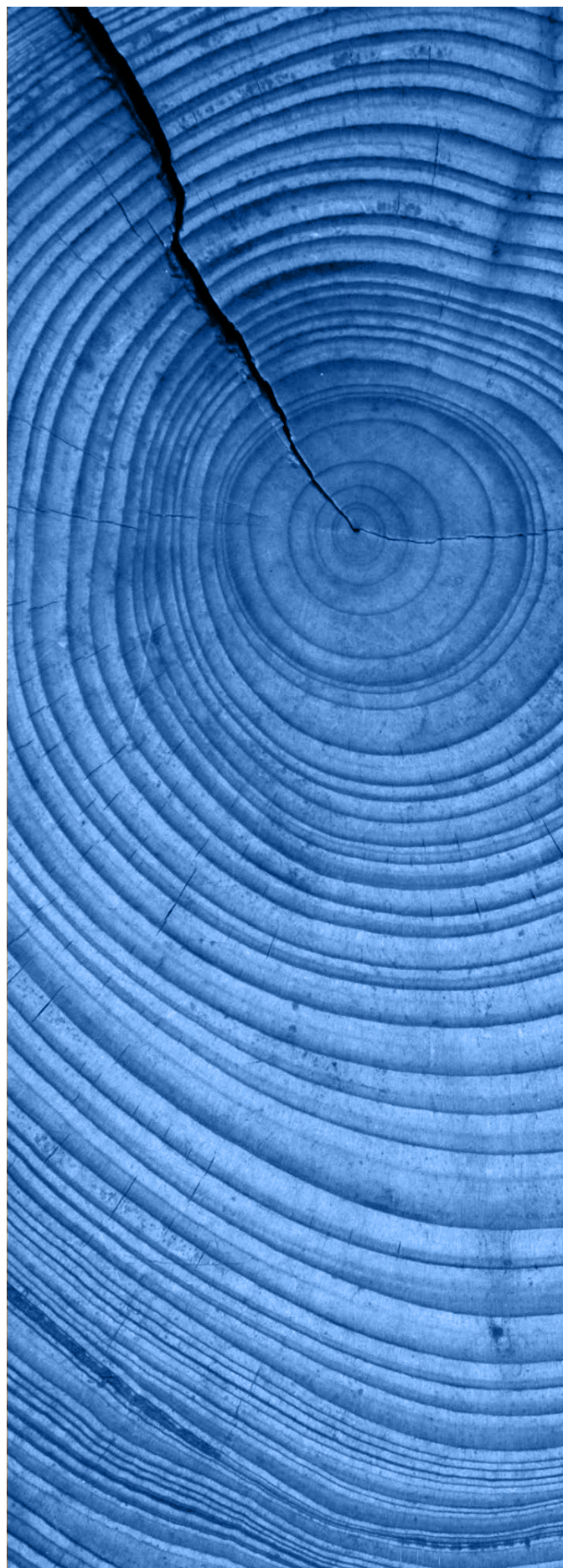
When we communicate

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 almost daily 'editorial' 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.

Corporate sustainability

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 client 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 is 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.

Across Premier Miton, all responsible investing and stewardship activities are undertaken by the fund managers, with support from the Head of Responsible Investing, and are applicable and proportionate to each fund's investment objective, policy, and strategy and permitted asset classes.

By considering ESG factors alongside financial considerations, Premier Miton enhances its decision making by considering a wider range of important factors that can impact on the long term viability of a company, as well as the sustainability of the economy, environment and society. This analysis of financial and non-financial factors is undertaken throughout the whole investment process, from company research and analysis, portfolio monitoring and buying and selling decisions and is supported by the Head of Responsible Investing with oversight from the CIO.

As truly active fund managers, we believe we can add significant value through actively engaging with company management. These meetings not only help identify companies with strong management and promising business prospects, but also provide us with a good understanding of the corporate risks that may exist and how they can be mitigated. Most fund managers meet investee companies routinely as part of their investment process and as they are responsible for their own stewardship activities the outcomes are automatically considered in investment decisions. Since we tend to invest in companies that share our attitudes, in most cases we would expect to support management's proposals at shareholder meetings.

When we do have a different view, we are always keen to understand why that is the case and engage with management teams in order to do so. Even so, in some cases, we do still vote against various resolutions, because we believe it is in our clients' interests to do so.

The fund managers are encouraged to share investment ideas where appropriate and will often hold joint meetings with prospective and investee companies. Investment teams will meet on at least a monthly basis to share news, views and analysis. We also have a quarterly Responsible Investing Forum, led by our Head of Responsible Investing, to discuss ESG issues more widely, including updates on new regulations, market trends,

internal processes including ESG data updates, ESG integration progress, as well as other ESG related topics generated from across our different investment teams.

Discussions at our Responsible Investing Forum led to the establishment of firm wide engagement themes for 2022. This will result in fund managers approaching investee companies on enhanced climate disclosure, social metrics, executive level gender diversity, ESG company ratings and company reporting to the Sustainable Development Goals.

Different funds, asset classes and geographies

Different asset classes and geographies pose different challenges when analysing ESG factors.

When investing in shares or bonds issued by companies, the integration of ESG factors is fundamental to our approach. It is usual for smaller companies, bond issuers with non-listed parent companies and emerging market companies, to produce less information on ESG matters and they are often not well covered by mainstream third party data providers. We will therefore engage with these types of companies and their advisers to make our own assessment.

When investing in corporate bonds we recognise the reduced ability to influence a company through engagement or voting. However, we still assess the ESG credentials of a company in the analysis process. This forms a fundamental driver in our decision making and the investment team will meet with company management as a part of this process. We accept that disinvestment may be necessary if a company cannot be influenced to meet required standards.

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 took the decision to create our own due diligence questionnaire to allow us to better understand each underlying fund manager's approach to responsible investing, ESG integration and stewardship. In addition we review independent assessment from organisations such as Morningstar (Morningstar Sustainability Ratings), as well as the underlying firm's membership of initiatives such as the FRC's Stewardship Code and the United Nations supported Principles for Responsible Investment (PRI). Through analysis of this research, we were able to gain a better understanding of each manager's approach to responsible investment, which has influenced investment decisions. In addition when considering exchange traded funds (ETFs) we consider selective ESG index exposure alongside traditional index exposures in order to improve a portfolio's ESG profile.

The integration of ESG in decision making

Each investment team is able to take 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 CIO, and they are reviewed by the Responsible Investing Oversight Committee. The committee will also be asked to approve any changes to sustainable growth themes being applied by sustainable investing funds, as allowed for under the funds' prospectus. 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 the profitability and sustainability of a company, and the potential financial returns for shareholders.

We have included below some case studies to illustrate the integration of ESG in our investment decision making.

Premier Miton UK Multi Cap Income Fund

The fund managers believe that UK listed companies will set the standard globally for ESG as they have for governance. They participate in a large number of management meetings and are in a strong position to provide assistance and influence outcomes. They therefore engage with most companies on ESG matters and have increased their monitoring and evaluation of these interactions in 2021.

Premier Miton European Equity Income Fund

The fund manager of the Premier Miton European Equity Income Fund believe that integrating ESG factors in investment decision making is crucial to the fund's strategy. It is about effective capital allocation, both on the part of the management of the investee companies but also where client capital is being allocated to get the most attractive and stable dividend stream and total return profile.

The fund manager has reflected on the merits of oil exposure within the portfolio and arranged meetings with ESG representatives from investee companies Total Energies and Lundin Energy to understand their capital expenditure and any planned allocation to renewables. At first glance their intentions to change appeared positive but they still generated the majority if not all of their cash flow from oil. Following further analysis the fund manager decided to exit these positions and to allocate client capital to investments with similar levels of potential yield with the added assurance of its sustainability.

Following the sale of Lundin Energy, the Swedish prosecutor announced a case relating to their involvement in the 1990 Sudanese conflict was going

ahead, causing its shares to fall substantially. This was a healthy reminder of need to embrace and integrate all aspects of ESG within the investment process.

Premier Miton fixed income funds

The Premier Miton fixed income investment team worked to fully integrate ESG factors into their investment process over the course of the year. As capital allocators, they understand their responsibility to assign capital in a responsible way, contributing to a more positive future for the generations to come. They have built a database of over 40,000 global issuers against which data from a number of ESG data sources is used to generate an internal ESG score. These quantitative scores are supplemented by bespoke additional support from Ethical Screening as well as public ESG scores, further supplemented by internal analysis and engagement with companies. Those with the lowest score are automatically excluded from the investment universe leaving the credit portfolios with an improved ESG position.

Premier Miton responsible and sustainable funds

The investment teams managing dedicated responsible and sustainable funds review a wide range of ESG factors, which are expected to evolve over time. 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 holdings. Whilst this assessment is undertaken by the fund managers, they are supported by the Head of Responsible Investing and the CIO and the whole process is overseen by the Responsible Investing Oversight Committee.

The investment team for the Premier Miton Global Sustainable Growth Fund and Premier Miton Global Sustainable Optimum Income Fund, look for companies that reflect long term sustainable growth themes. These include the energy transition, infrastructure, financial inclusion, health and wellbeing, circular economy, food productivity & safety and education. As part of the investment process companies are assessed and scored on the basis of ten criteria incorporating:

- *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 SDGs*
 - *Environmental and social impact of operations*

Regarding the Premier Miton European Sustainable Leaders Fund, the fund managers focus on long-term growth themes such as health and well-being, affordable and clean energy and technological advancement, amongst others and all the companies in the portfolio will display strong sustainable business characteristics. The ESG factors and the specific measures 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 United Nations Sustainable Development Goals (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

The Premier Miton Responsible UK Equity Fund aims to invest exclusively in companies aligned with long term themes that have a positive influence on society and the environment. These long term themes include health and wellbeing, protecting the planet and enhancing society. The fund managers' analysis of companies include the following ESG factors.

- 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

Our latest addition to Premier Miton's responsible and sustainable fund range, on 1 March 2022, will be

the Premier Miton Diversified Sustainable Growth Fund, representing Premier Miton's first dedicated responsible and sustainable multi asset fund, with the investment team selecting investments across different asset classes that feature strong ESG profiles. They will also reflect long term sustainable growth themes including food productivity & safety, health & wellbeing, education, energy transition, financial inclusion, infrastructure, circular economy and sustainable cities and communities.

With the number of responsible and sustainable funds expanding during the year, we acknowledge the need to have a consistent assessment of a company's sustainability. This includes United Nations Sustainable Development Goals (SDGs) mapping to ensure that we are consistent especially where there is overlap across a number of funds. For the funds that align revenues of the underlying investee companies to the SDGs, we utilise analysis from Ethical Screening and have regular detailed discussions with them on any areas of unaligned analysis, recent engagement or new reporting data to ensure they are clear on the criteria we use to integrate stewardship and ESG into our investment process. Similarly, Ethical Screening provide bespoke ESG research including ESG scores for all the companies included in the sustainable and responsible funds. We intend to extend this process into other asset classes such as fixed income and alternative investments to support the launch of the Premier Miton Diversified Sustainable Growth Fund in 2022.

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 Ethical Screening, ISS (Governance QualityScore, Climate Solutions, proxy voting research, Energy & Extractives data and Norm-Based Research), FTSE Russell ESG ratings, and Bloomberg.

Premier Miton's Outsourcing Oversight Committee (OOC) reviews and monitors key outsourced service and data suppliers. The OOC meets quarterly and considers key risks associated with outsourced service providers and suppliers as required.

The service providers for ESG information and data are decided upon by the CIO and Head of Responsible Investing, following consultation with Premier Miton's investment team and operations team. The ongoing suitability of existing or potential service providers are discussed on an annual basis at the Responsible Investing Oversight Committee and the Responsible Investing Forum.

We regularly interact with our service providers on a range of topics and we have a questionnaire for our key vendors which we send out annually to gather information covering a broad range of areas including their culture, code of ethics, policy with regards to diversity and inclusion, modern slavery and anti-bribery arrangements.

With regards to our ESG related service providers during the year, the various providers presented on their methodology to our investment teams, to ensure the investment teams can access the data as well as understand the provider's methodology and enter discussions on the differences in ESG views between the provider and Premier Miton investment teams. For example, based on updated information from our investment teams gained through recent engagement activities or results presentations.

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. This has not been necessary hitherto. As part of our overall policy regarding service providers, we maintain a list of alternative suppliers, with a focus on key service providers to the business overall.

We also work closely with Ethical Screening on our dedicated responsible and sustainable funds, particularly

on ESG scoring metrics and the mapping of investee company's revenues to the United Nations Sustainable Development Goals. They provide a bespoke and on demand service which we use to tailor the services provided to our specific requirements.

We review our proxy voting process annually with ISS who provide us with proxy voting advice and solutions, particularly any default voting settings for specific funds. In some instances we access the proxy voting advice to be over critical on the governance of smaller companies where we frequently chose to support management. During 2022, we will increase our monitoring of recommendations to vote against management.

Some of our funds have significant exposure to UK smaller companies, global smaller companies and bond issuers and we regularly encourage data providers to improve their coverage in these areas.

Additionally, we access publically available ESG company scores including through S&P, MSCI and Sustainalytics and are increasingly finding that Premier Miton's external providers of non-ESG specific research are providing ESG commentary and data within company research.

Our multi manager investment team constructed a bespoke ESG questionnaire as part of the due diligence process for existing and potential third party fund managers in order to understand their approach to ESG. This has become a key element of the team's investment process.

During 2021 we enhanced our internal investment procedures by asking all portfolio managers to complete a questionnaire on their approach to ESG integration.

Principle 9

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

Our approach to engagement

Premier Miton believes that engagement with the companies in which we invest gives us a greater understanding of their business activities and ESG characteristics, which are both 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.

The 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 monitoring and a strong compliance framework. They maintain an active dialogue with the management of current and prospective investee companies as part of their research and ongoing investment monitoring process. Increasingly, meetings are coordinated with Premier Miton's Head of Responsible Investing where company ESG risks exist or specific ESG engagement is being undertaken.

Our fund managers and analysts were more active in their engagement activity over 2021 having attended 3,514 meetings with companies, which is a 30% increase from 2020 levels. 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 in association of our expanding range of dedicated responsible and sustainable funds.

Topics discussed with company management during the year included their response to COVID-19, company refinancing, dividend strategy, remuneration, board structure, company reporting and energy transition. In 2021 we updated our meeting reporting system which included a data point on whether ESG was included in discussions. During the year, the majority of meetings included discussions on ESG issues.

Due to COVID-19 related restrictions, the majority of these meetings continued to occur via video and telephone conferencing. This brought some benefits in terms of time efficiency as it negates time taken to travel to meetings and often meant that the availability of company management teams improved. We also attended virtual conferences which is another efficient way to meet company management.

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 aligned when there is opportunity to do so. The fund managers ensure the level of engagement is appropriate for the investment strategy employed.

UK and European equity

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.

Shell

Shell is held in the Premier Miton Income Fund. The fund manager and Head of Responsible Investing engaged with Shell's Chief Executive Officer as the company sought to secure a majority vote for unifying their dual listed share structure into a single share class. Their meeting focussed on the benefits of this unification but they took the opportunity to challenge the CEO on Shell's pace of change and investment in the energy transition amidst significant share buybacks. The CEO noted that the disposal and buyback of shares was necessary to keep the dividend payout stable, as it is difficult to acquire transition businesses that are similarly cash generative as the existing business. The fund manager believes that oil companies like Shell can become key players in the energy transition if they pursue large organic and inorganic investments.

Responsible and sustainable funds

Our fund managers are active in meeting companies, including covering non-financial topics. The managers of our dedicated responsible and sustainable funds aim to meet with most of the companies in their portfolios at least every year. Their engagement approach often includes raising specific issues that are highlighted by our third party ESG research providers including lack of disclosure and ESG risk management issues. We will increasingly discuss company alignment with sustainable activities, such as the Sustainable Development Goals (SDGs).

London Stock Exchange Group

The fund manager of the Premier Miton Global Sustainable Growth Fund and Premier Miton Global Sustainable Optimum Income Fund engaged with the London Stock Exchange Group (LSEG) during the pre-investment due diligence process. He was surprised that only a small amount of their revenues were aligned with the SDGs according to bespoke research providers



Ethical Screening. In his view LSEG aids economic growth and lowers the cost of capital for 'green' companies through promoting efficient allocation of capital. Furthermore, the company is actively promoting ESG investing through indices such as the FTSE4Good Index Series. The fund manager spoke to the Chief Financial Officer (CFO) and raised these concerns. The CFO was aware that LSEG needed to better explain its ESG credentials and stated a desire to begin mapping their revenues to the SDGs. After the meeting and following further analysis the fund manager was confident that there were no ESG concerns and initiated a position in LSEG for both funds.

Global equity

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 for the Premier Miton US Smaller Companies Fund. 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.

Fixed income

The fixed income team generally attend a number of company meetings, usually through company roadshows held just before bond issuance. Whilst this is an impactful time to engage, it doesn't always provide significant time for detailed discussions. They are seeing an increasing number of corporates issuing sustainability-linked bonds which they support in theory, but they typically would like to see more ambitious sustainability-linked targets from issuers with a larger penalty for non-performance.

Multi manager

The multi manager team regularly speak with their third party managers and this includes ESG issues that are raised as part of the pre-investment questionnaire as well as ESG monitoring that is undertaken by the team. The team has looked to increase its active exposure to sustainable-themed funds and has met a number of thematic managers during the year, including Digital 9 Infrastructure, Foresight Sustainable Forestry Company and Gresham House Energy Storage Fund, as part of the multi manager team's due diligence covering the various responsible and sustainable themes and investment opportunities available.

Investment trust portfolios

We manage an open ended fund and an investment trust that invest almost exclusively in investment trusts. The investee trusts have boards of directors who, typically, appoint investment management companies (investment advisers) to manage their assets (although they may be self-managed).

Gresham House Strategic

We were invested in Gresham House Strategic, an investment trust specialising in the UK microcap companies, managed by Gresham House Asset Management. One of their investments was subject to a takeover, which resulted in Gresham House Strategic having a very large cash position. This coincided with the individual fund manager resigning from Gresham House Asset Management to move to another investment management company. Subsequently, the board of Gresham House Strategic announced it was changing its investment adviser to the company the individual had moved to. Gresham House Asset Management was a shareholder in Gresham House Strategic and was offered a cash exit from their holding that was not made available to all shareholders.

Our fund managers met with the board of the trust to express our view that they should not change investment adviser and that all shareholders should be treated equally. A subsequent proposal to wind the trust up and repay all shareholders equally was approved. This is a good example of the complications that can arise in the stewardship of investment trusts.

There are numerous outcomes and benefits our fund managers get from meeting companies, including through video or telephone meetings. We recognise the importance of encouraging increased company disclosures and other actions on ESG related issues. Close contact with company management has been important to monitor companies' performance in the difficult and unusual trading environments experienced in 2021.

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 would not consider that ends the requirement for monitoring of that company. For example, if a board of directors were to improve its gender balance to a satisfactory level it would not conclude our engagement with the company. We continue the process of ongoing analysis. Similarly, engagement on corporate climate disclosure requires ongoing monitoring of annual reports to see if progress has been made.

Principle 10

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

During 2021 we continued to explore various collaborative engagement initiatives and ultimately agreed to participate in our first with the CDP on their non-disclosure initiative. We also joined Climate Action 100+ and the Investor Forum.

We produced internal guidance on joining these initiatives to address any regulatory concerns regarding market abuse and competition law. The CIO or Head of Responsible Investing will participate in some of these meetings and will share meeting notes with our compliance department for their record and reference.

CDP Non-Disclosure Campaign

We decided to support the CDP's annual Non-Disclosure Campaign offering us the opportunity to actively engage with companies not providing a CDP disclosure. We were already working with CDP on the annual disclosure of our own environmental impacts, processes and plans. 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 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. We focussed on target companies that were either held in our dedicated responsible and sustainable funds and smaller capitalisation companies that were held in our UK funds.

We added our name to the letters sent to 54 companies that had not previously disclosed to the CDP and the fund managers followed up with a number of those companies via emails and calls.

Across the whole CDP Non-Disclosure Campaign, 328 companies out of 1,317 companies contacted completed the CDP assessment in 2021 with the disclosure rate for companies targeted by investors rising from 21% in 2020 to 25% in 2021.

Across the 54 companies that we focussed on, 20 completed the CDP assessment. The improved reporting on climate emissions will support better allocation of capital across our funds and more accurate reporting of fund level climate data.

London Metric

The fund manager of the Premier Miton Pan European Property Share Fund spoke to a number of the property

funds held in the portfolio on their CDP climate assessment. One example was London Metric who explained their focus on engaging with a number of ESG rating agencies but not having the time or capacity to respond to all of them. Following the fund manager's explanation that the data from the CDP climate disclosure feeds into many of the other ESG rating agencies they committed to review the situation.

Climate Action 100+

As active fund managers, we generally have a low allocation to fossil fuel based companies across most of our portfolios, with many fund managers believing that the sector will not produce long term growth due to the growing regulation that limits climate change. However where we do have small allocations to these companies, including a small number of the 167 heaviest carbon emitters according to the CDP, we were conscious of our limited ability to influence them through engagement due to our size. We therefore joined Climate Action 100+ as this initiative covers a number of higher carbon risk companies that we have relatively small positions in such as BP, Rio Tinto and BHP.

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 through the Climate Action 100+ initiative. This has included the request that the companies align management remuneration with specific emissions reduction targets, increase disclosure on climate-related public policy including lobbying activities and trade associations, initiate discussion of methane reduction targets and other carbon-reduction and net zero goals, and stress-testing various climate scenarios. Enbridge restated its goal to become a differentiated midstream service provider with all future investment decisions considering sustainability factors and the capital allocation process taking climate change goals into account. This will be an ongoing dialogue and for now the fund manager has made no change to the holdings.

Internal collaboration

We also collaborate across our own investment teams where more than one team invests in a company. This is facilitated by the fund managers or the Head of Responsible Investing.

Drax

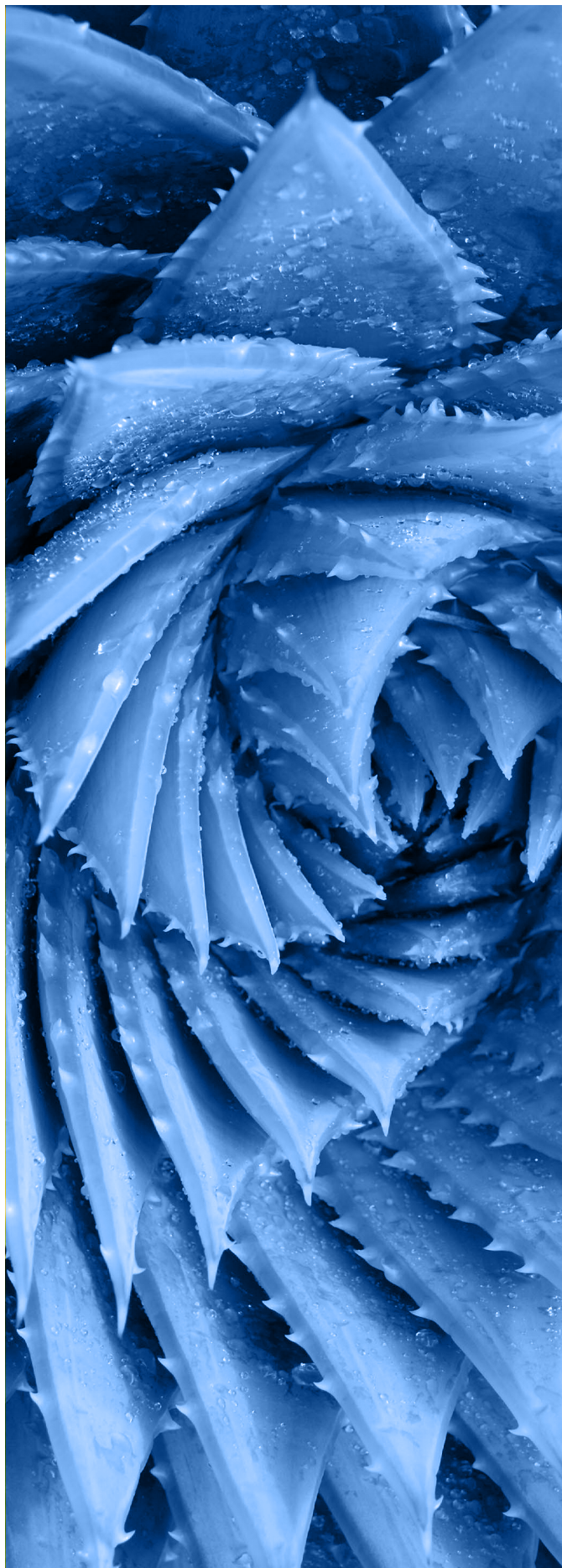
Drax is held across a number of Premier Miton funds. The fund managers engaged with the company in order to fully understand their bioenergy with carbon capture and storage (BECCS) strategy and how the technology

delivers on their claims of negative emissions. They also discussed their ESG reporting and requested that the company provide more clarity on their revenue stream from coal based generation which is required for our responsible and sustainable funds.

Palace Capital

We hold Palace Capital in the Premier Miton UK Multi Cap Income Fund and the Premier Miton Pan European Property Share Fund. The fund managers engaged with the regional property developer's board, including non-executive directors and broker to discuss the strategic direction of the company. Their strategy in its current form was not resonating with the market and the fund managers advised more focus, including particular and added emphasis on improving green credentials of buildings.

In addition to improving the environmental sustainability of buildings, such a strategy can 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."





Principle 11

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

Premier Miton maintains a corporate access log which includes details of meetings with companies and registers meetings where ESG matters have been discussed, including specific issues raised.

Issues that require escalation may be identified through a number of means, including:

- client query
- 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 discussion
- the internal independent risk team
- another of our fund managers analysing the company
- a service provider of ESG research or scores
- media alerts

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 include the Head of Responsible Investing.

Escalation may differ between funds

We are not prescriptive in the prioritisation of issues as they may have a differing impact on different funds that we manage.

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 CIO or ultimately the Responsible Investing Oversight Committee will decide on Premier Miton's approach.

As active managers, a disagreement on corporate strategy or risk mitigation with company management may lead us to sell our holding, rather than escalating the issue. For example, where we believe we are unable to satisfactorily resolve the issue with the company or the issue could have a negative impact on the long term sustainability and investment outcome for the business.

Material ESG issues will also be considered separately by the Responsible Investing Oversight Committee which has the authority to require disinvestment if deemed necessary.

Premier Miton Responsible UK Equity Fund

The fund managers of the Premier Miton Responsible UK Equity Fund focus on UK companies that act responsibly, have a strong ESG profile and reflect long term investment themes that have a positive influence on society and the environment. The themes are health & education, protecting the planet and enhancing society. The fund adheres to the investment policy agreed by Premier Miton and the independent Committee of Reference, which determines the fund's responsible investing and ESG criteria, themes and exclusions.

The Committee of Reference meets three times a year to monitor the companies held in the fund and new investments to ensure compliance with the investment policy. They may suggest potential investments or themes and raise relevant issues with the fund managers.

In the Style

The fund's Committee of Reference raised concerns regarding the environmental impact of the fast fashion industry and questioned whether the fund's holding in In the Style was compliant with the investment policy. Following this discussion and additional analysis the fund managers decided to sell the position.

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. Premier Miton has funds that 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 and bonds. 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.

Fruugo

The fund managers of the Premier Miton Responsible UK Equity Fund did not support the proposed IPO of Fruugo, an e-commerce platform company. The company's ESG standards did not meet our requirements, specifically in relation to environmental reporting and commitments to reduce its environmental impact. The fund managers, alongside others in the investment community, advised the company to make improvements in this area before pursuing the IPO and as a result it was postponed to allow the company further time to consider and implement these suggestions.

Ping An

Ping An is a Chinese insurance company and was an existing position in the Premier Global Alpha Growth Fund prior to restructuring and renaming the fund to the Premier Miton Global Sustainable Growth Fund. The company passed an internal ESG assessment as well as third party assessment, namely ISS's assessment of corporate governance and Ethical Screening's assessment of ESG factors. The fund manager therefore maintained the position and subsequently had a conference call with them in January of 2020. However, the company then undertook acquisitions in the property and hospital sectors in January 2021 and May 2021 respectively. With the second acquisition, the fund manager reviewed the investment. His conclusion was that these deals were not in the best interests of independent shareholders and that without sufficient financial disclosure, a serious failure in corporate governance had potentially occurred. The position was sold entirely in June 2021.

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.

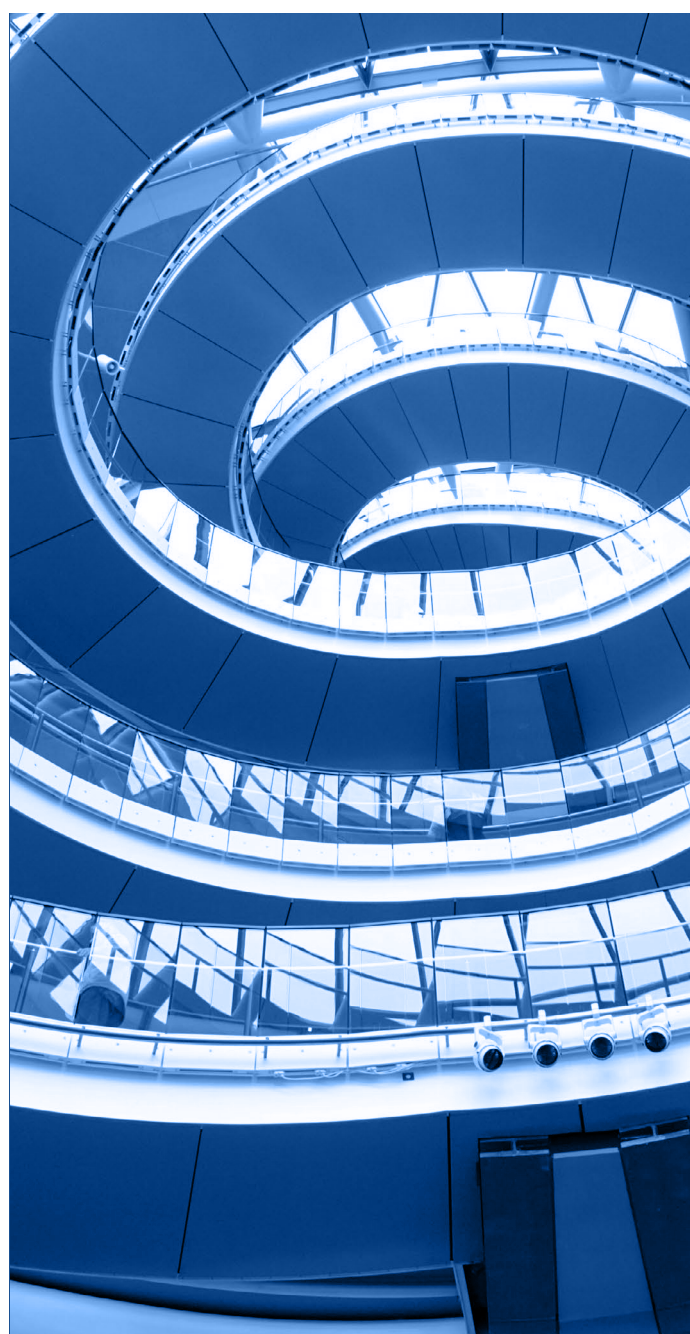
Multi manager

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.

Fixed income

Our fixed income team have a disciplined ESG scoring system for the companies that issue bonds in their investment universe. Those companies that do not meet minimum criteria are not considered to be investable. The fund managers and analysts will meet with companies, usually in group meetings on results presentations or bond issuance. Given corporate voting structures, generally bond holders have little influence on a company's strategy and therefore, if one of our investee companies falls below the minimum criteria, the bond will typically be sold.



Principle 12

Signatories actively exercise their rights and responsibilities.

We actively vote at company meetings on corporate resolutions, unless it is not possible to do so, as it is an important part of our stewardship responsibilities. We receive voting recommendations from ISS Proxy Voting Services, a company which also facilitate 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, for example growth or income objectives.

The fund managers will 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. The Head of Responsible Investing will also review voting decisions where required and voting records are monitored by the Responsible Investing Oversight Committee. We reviewed our voting policy during the year and did not feel the need to make any significant changes.

Whilst we did not make any significant changes to our voting policy, with an increased scrutiny on voting decisions and voting outcomes becoming more financially material, our investment teams have requested more guidance on voting in areas such as remuneration which we are looking at. In 2022, we aim to increase our internal monitoring of voting decisions, especially focussing on areas of environmental and social resolutions, shareholder resolutions, ISS recommendations against management, and votes where we own over 5% of share capital.

Our voting policy and quarterly voting disclosure records are available on our website.

We aim to vote in excess of 90% of all eligible votes across our funds. During the twelve months to the end of December 2021, we had the opportunity to vote at 1,281 shareholder meetings with 14,536 resolutions.

Across all the funds we voted on 94% of eligible votes across all asset classes. We were unable to vote at over 3% of cases due to expired power of attorney documentation that was difficult to renew due to the business restrictions during the pandemic.

The manager of each fund 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 2021 this accounted for less than 1% of votes. We are closely reviewing this during 2022 to reduce the number of uninstructed votes.

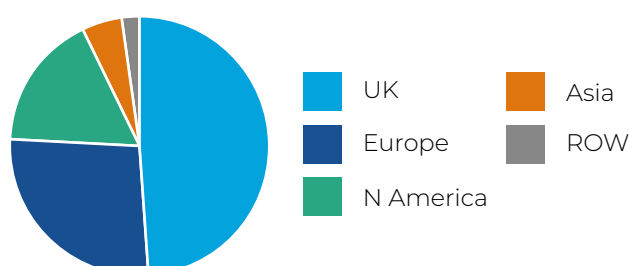
Premier Miton are typically responsible for all decisions regarding voting on behalf of our fund clients who are not able to instruct us to vote at any meeting of an underlying investment, though we are happy to engage with clients on their views. We will agree the approach to voting in relation to segregated 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. Therefore, 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 that we have, in other words “empty voting”.

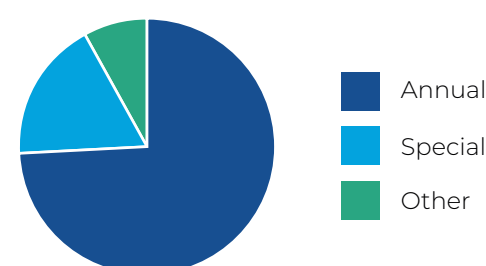
The voting rights of shares will be part of the research process of the fund managers and analysts undertaken prior to purchase. We monitor the voting rights of shares that are owned through ISS, who notify the fund managers and Head of Responsible Investing directly of any changes to voting rights. 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 of our portfolio managers.

The majority of company meetings were annual meetings, although almost one quarter were special or other meetings, often driven by corporate activity such as mergers and acquisitions.

Company meetings by company location



Shareholder meeting by type





Asset classes other than company shares

In addition to company shares we apply our voting policy across all assets including exchange traded funds (ETFs) and corporate bonds. In 2021 we had 3 meetings with companies as holders of their bonds rather than ordinary shares and 45 meetings associated with ETFs.

Where we are able to cast votes on corporate bond holdings we will 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 votes. These are often at the end of long discussions on areas such as fees, capital structure or directors positions.

Triam Investors

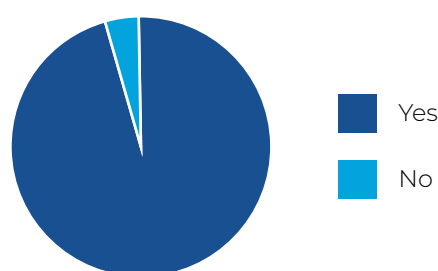
We held Triam Investors in the Premier Miton Defensive Growth Fund. At their annual general meeting we voted against management on the proposals to reappoint their directors as well as proposals to change the investment policy. We invested into this trust on the basis of its original investment policy and did not support the proposed changes. These proposals were passed with the change of investment policy passing marginally with 52% of shareholders support. This is another example of the importance of active voting and that every vote counts.

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 would normally expect to support most management resolutions. Sometimes 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. In some cases, where we remain unconvinced by the management's rationale, we vote our shareholding against the management resolutions.

During the year we supported management at 93.5% of all votable proposals.

Supporting management



Shell

We held Shell in the Premier Miton Income Fund. At their latest annual general meeting the fund manager had the opportunity to vote on the relocation of the company to the UK. The fund manager and Head of Responsible Investing took the opportunity to join a meeting with the CEO where he explained the rationale for the change and the potential opportunities and costs. The fund manager was happy to support this resolution and it was successfully passed by shareholders.

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. Sometimes, there are good commercial and governance reasons why a business proposes something beyond the governance norms, often for a limited term. In 3.5% of resolutions, we voted differently to ISS recommendations. An example of how our company knowledge and due diligence brings us to a different decision is outlined below.

Stryker

Stryker was held in the Premier Miton Global Sustainable Growth Fund. ISS recommended the fund manager vote against the selection of one of the board members as they considered him to be on too many boards. On further analysis the fund manager believed that Michael Koening would in fact be a good addition to the board due to his independence. He only holds one other position, albeit in a CEO role, and the fund manager was happy to support management on this resolution.

Votes against management

During 2021, we voted against management in approximately 3.5% 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, including against proposed mergers and acquisitions.

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 Travis Perkins, Glencore, Puretech, BHP and Smiths Group.

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. We voted on 165 shareholder resolutions, of which the majority were in the US and supported over 50 of those resolutions, specifically where they endorsed improved board governance by asking for independent chairpersons, improved shareholder rights or proxy access.

Environmental & social resolutions

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

We reviewed eleven climate themed shareholder resolutions and supported six (over 50%) of these.

We supported the proxy contest at Exxon by voting in support of the shareholder resolutions filed by Engine No.1 which involved intervening on the fund manager's initial voting decision following discussions between the fund manager and the Responsible Investing team.

We reviewed six social themed shareholder resolutions and supported only one.

We supported a number of diversity focussed resolutions including at First Solar which was passed with 91% support.

We are aware that we need to increase our support of environmental and social related shareholder resolutions and our 2022 voting project detailed below will hopefully increase the awareness of these votes to the relevant fund managers.

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. You can [find here](#) detail on votes that have been cast.

Voting monitoring

We monitor our voting activity each quarter through our Responsible Investing Oversight Committee which reviews headline voting data such as number of meetings where we didn't vote, votes against management and votes against ISS recommendations. During the year, the Responsible Investing Oversight Committee has flagged issues on the high levels of meetings not voted due to the expired power of attorney letters. Additionally the responsible investing team has had discussions with fund managers where voting activity has not reached the required standard.

During 2022 we aim to run a specific project during the voting season, which will highlight materially important resolutions to the relevant fund managers, to improve both our voting activity and voting outcomes. This will hopefully provide continuous improvement in our active voting performance and ensures company management is monitored and enforcement of best practice.

Initiatives

We contribute to a select number of investment 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 Sustainability and Responsible Investment Committee and attending the Sustainable Finance Disclosure Regulation Implementation Forum, Task Force on Climate-related Financial Disclosures 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 report on our responsible investing activities in 2021. We continue to encourage and support all of our third party managers in our multi manager funds to become signatories.
- We support the CFA Certificate in ESG Investing and a number of our staff have successfully passed the exam with more signed up for 2022. We have commenced a review of the new CFA Certificate in Climate and Investing.
- We participated in the CDP climate change assessment as a firm and we have joined as an investor signatory supporting the CDP Non-Disclosure Campaign.
- We joined the Climate Action 100+ investor-led initiative and participated in engagement with infrastructure companies in North America.
- We joined the Investor Forum in 2022 to support our UK equity funds in their engagement activities.

Focus for 2022

- We will undertake an assessment of the Net Zero Asset Managers initiative through an internal Net Zero Working Group and aim to join the initiative during the year.
- Grow the assets managed in our range of dedicated responsible and sustainable funds.
- Develop our five engagement themes across carbon reporting, executive committee diversity, social metrics, companies with poor ESG ratings and SDG alignment disclosure.
- Subject to regulatory guidance, enhance our disclosure on fund level ESG metrics
- Continue with our monthly responsible investing speakers bringing in external experts to support the knowledge of our investment staff

Internal governance

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

