Guinness Global Investors

Responsible Investment Policy

August 2023

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Introduction

This Responsible Investment Policy describes how we approach responsible investing while managing our listed equity strategies at Guinness Global Investors. It lays out what we mean by responsible investment and how our approach arises from our investment philosophy, our objectives, and our obligations as investment managers. It then covers three aspects of responsible investing in practice: i) ESG incorporation into the investment process, ii) stewardship, and iii) how we consider climate risks and opportunities. It also describes the governance, review and oversight of our responsible investment activity and how we aim to ensure that Guinness Global Investors is itself a responsible company.

At the end of 2022, our listed equity strategies represented 94% of the assets under our management. When describing our responsible investment activity in practice, the listed equity strategies are the areas of investment activity referred to. The other areas of our business, Guinness Ventures (EIS and Sustainable Infrastructure services) and our Multi Asset Funds, take strategy-specific approaches to responsible investment. These approaches are not covered by this policy.

Defining Responsible Investment

We adhere to the UN PRI definition of responsible investment: *'a strategy and practice to incorporate environmental, social and governance ("ESG") factors in investment decisions and active ownership (stewardship)'.* We take responsible investment to be the consideration of ESG issues during our investment process through integration, screening and thematic analysis, and then influencing company disclosures and practices through engagement and proxy voting. We use this framework to describe our approach to responsible investment in this policy. We report on our responsible investment activity in our annual Responsible Investment Report.

Responsible Investment as part of our Investment Philosophy

Guinness Global Investors provides actively managed portfolios of listed equities in equity income, growth, and sector specialist strategies to assist investors in achieving long-term returns. We invest with low turnover, giving us long holding periods.

We combine strategic sector selection with a fundamental screening process to identify companies to analyse and assess in detail. We believe companies that have achieved sustainable growth in cashflows and have managed their businesses well through economic cycles are likely to continue to do so.

Fundamental data and rigorous in-house research are the cornerstones of our investment process. This includes considering the impact of environmental, social and governance factors, which has evolved over time as more relevant data has become available. We believe that incorporation of ESG factors as part of our detailed company analysis enables us to enhance our investment process, rather than fundamentally alter it, and improves our ability to achieve our investment objectives.

In managing clients' assets to achieve these objectives, we assume a stewardship role and take on fiduciary obligations. In addition to the active ownership activity described in this policy, we embrace stewardship in its fullest sense, including treating customers fairly, avoiding conflicts of interest, and offering products which meet client needs.

The UN Principles for Responsible Investment

We adhere to the six UN Principles for Responsible Investment as set out below:

Principle		How we adhere:
1.	**Incorporate ESG issues into investment analysis and decision-making processes**	▪ We consider ESG issues during our whole investment process ▪ We use an in-house ESG model for analysis of ESG factors ▪ We incorporate external research on ESG issues to inform our investment analysis and decision-making process
2.	**Be active owners and incorporate ESG issues into our ownership policies and practices**	▪ We incorporate external research on ESG issues to inform our stewardship activity ▪ We actively exercise votes on all resolutions where possible ▪ We actively engage with our portfolio holdings through calls, meetings, emails, both individually and collaboratively ▪ We have an in-house proprietary tool where we document and actively monitor engagement
3.	**Seek appropriate disclosure on ESG issues by the entities in which we invest**	▪ We conduct thorough ESG analysis of our investments to assess disclosure ▪ Where disclosure is inadequate, we request enhanced disclosure or explanation from investee companies
4.	**Promote acceptance and implementation of the Principles within the investment industry**	▪ We participate and work collaboratively with industry initiatives to contribute to best practice in accordance with the Principles
5.	**Work together with other signatories to enhance our effectiveness in implementing the Principles**	▪ We participate in collaborative engagement
6.	**We report on our activities and progress towards implementing the Principles**	▪ We publish our activities and progress in an annual Responsible Investment Report ▪ We publish voting records quarterly

Governance of our RI Approach

The ultimate responsibility for our responsible investment approach is at Board level and lies with our chief executive officer. Our CEO chairs the Responsible Investment Committee, which includes all portfolio managers and has the objective of developing and monitoring ESG incorporation and stewardship activities. The Responsible Investment Committee meets at least quarterly. This Responsible Investment Policy is reviewed annually.

Adherence with our policies on responsible investment and with mandate requirements is further monitored by the CIO and reported to the Monthly Management Committee and Board. Furthermore, responsible investment activity is discussed frequently during weekly investment team meetings. This provides the opportunity for the responsible investment analysts and portfolio managers to discuss matters on the subject. Responsible investment regulation, and related risk and compliance issues are also on the agenda of our Compliance and Operational Risk Committee meetings, chaired by the head of compliance. This allows for the discussion around responsible investment risks and regulation. Our compliance department reviews all policies produced, including this Responsible Investment Policy.

We believe transparency is important for investors. As a result, investment decisions and evolving portfolio characteristics are communicated to investors in our regular (typically monthly or quarterly) investment commentaries. We disclose our full portfolio holdings monthly to third-party data providers and at least annually in our investment commentaries.

Responsibility for day-to-day consideration of responsible investment, ESG incorporation and stewardship lies with the investment teams themselves. We do not have a separate ESG team that carries out individual company ESG analysis; instead, the weight of this analysis falls on the portfolio management teams who make the ultimate investment decisions. We believe that this is the best way to make investment decisions and is consistent with our investment philosophy that responsible investment and ESG factors are integral to the investment process. These investment processes – based on intelligent screening for the prioritisation of research – have the flexibility to incorporate ESG data and include new data and research over time. Analysing the increasing amount of information available is facilitated by having analyst support for the portfolio managers and by communication and sharing of analysis between teams. Dedicated responsible investment analysts provide support to all investment teams and prepares company-wide analysis and materials.

The Funds' Board of Directors has a further level of oversight of our Responsible Investment approach and activity. The Board approves all the relevant and necessary documentation. This also includes the drafted and updated prospectus and supplements which classify the relevant funds under SFDR. Both the Funds' Board and members of the Responsible Investment Committee review ESG information quarterly, to accompany their oversight.

Where deemed appropriate we seek external legal advice, regulatory and consulting knowledge as we continue to develop our approach to responsible investment. Our approach to SFDR (adoption of both Article 8 & 9 funds) has been supported by discussions with both lawyers and specialist consultants.

ESG Incorporation

ESG Incorporation at Guinness combines:
1. Integration of ESG data;
2. Screening activity;
3. Thematic approaches.

Fundamental data and rigorous research are the cornerstones of our investment process. The emergence and evolution of new ESG data sources allow us to use a score-based framework and a rigorous qualitative analysis to inform investment decisions.

1. Integration

The first part of our approach to ESG incorporation is the integration of ESG data. The UN PRI defines this as *explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns*.

We believe that the integration of the assessment of environmental, social and governance issues helps us to identify future financial and non-financial risks within our investee companies. Investee companies that manage these issues can have a real-world impact by reducing risk and enhancing the sustainability of real economic return on capital.

When conducting ESG analysis we use a combination of the SASB framework and material risks identified by both MSCI and the company itself. We do not closely define or restrict themes under ESG and believe analysis must take place as part of a broader appraisal. The following table lists some but not all of the subjects we may wish to evaluate when analysing potential and existing investments.

Table 1: ESG Guidelines considered during analysis

Environmental	Social	Governance
• Opportunities in Clean Technology	• Human Rights	• Disclosure
• Carbon Emissions/Climate Change	• Human Capital Management	• Board Structure
• Energy Management	• Health and Safety	○ Independence
• Water Management	• Product Quality and Safety	○ Diversity
• Waste Management	• Supply Chain Labour Standards	○ Board Committees
• Biodiversity	• Responsible Sourcing	• Ownership Structure
• Physical Climate Risk	• Data and Privacy	• Shareholder Rights
• Product Lifecycle	• Key Stakeholder Management	• Audit and Accounting
		• Remuneration
		• Taxation

Systemic Sustainability Issues

Climate Change

Guinness Global Investors is a responsible and forward-looking company, and we are aware that there are risks and opportunities to our business and our investee companies as a result of the changing climate. Climate change is therefore a key environmental factor integrated into the investment process. For details of our approach to climate risks and our involvement with TCFD, please see page 7.

Just Transition

Just Transition is a way of greening the economy which is fair and inclusive to everyone concerned. This includes creating decent work opportunities, and not leaving anyone at a disadvantage. We support a Just Transition in our investment process. For further details on our Just Transition engagement activity please see our Stewardship Code Report.

Human Rights

In 2022, we signed the Business Partner declaration on Human Rights and corporate social responsibility. The guidelines are based on national and international guidelines and conventions including the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO's conventions on child labour, forced labour, discrimination, and freedom of association.

As discussed below (under Research Process), we assess the most material factors relevant to a company. Where human rights are material to our analysis of a potential investee company, we will conduct further thorough analysis of the company's human rights performance.

An aspect of our ESG integration relevant to SFDR is our assessment of relevant funds against the Principal Adverse Impacts (PAIs). As part of this analysis, we assess companies' commitment to human rights including whether they have a Human Rights Policy as our additional PAI metric.

The Research Process

Each investment team may emphasize different aspects of the research process. These are outlined below. Further details can be found in a paper describing the *Approach to Responsible Investment and ESG* for each team, available on our website.

Global and Developed Markets team

The Global and Developed Markets team uses a bottom up ESG framework to assess quantitatively the sustainability risk associated with potential underlying investments. Using the Sustainability Accounting Standards Board (SASB) materiality assessment they have developed a scorecard that is used to evaluate a company based on various sector, industry, and company specific ESG criteria.

A key component of the scorecard is 'materiality', by which certain criteria can be weighted according to their importance and likely effect on corporate performance. In practical terms, this means that each scorecard can be tailored to the ESG factors that are most relevant to the sector and industry that a company operates in and can be adjusted to allow for varying levels of disclosure across different countries and regions. We believe this is a superior way to assess the impact of ESG factors on a company compared to using a generic, one-size-fits-all framework.

The scorecard informs the team whether a company's disclosure is improving or worsening, how the company ranks versus its peers, and how each measure compares to the company's history and its peer group.

To fully understand the ESG risks and opportunities beyond headline metrics, the team also conducts rigorous qualitative sustainability assessments which cover both the products and practices of a business.

Forming part of the due diligence they undertake when selecting investments, this process encompasses a detailed review of a company's strategy, financial and non-financial performance and risk, and capital structure. The team constructs proprietary financial models in-house to understand a company's evolution covering various financial and non-financial factors.

Specialist Equity team

Prior to investing, the Specialist Equity team conducts a short sustainability assessment, looking at the company's business involvement (e.g., green sales, controversial business activity), conduct (e.g., UNGC violations, ESG risk management), and governance (e.g., Board composition, remuneration, voting).

If the stock is purchased, the team then conducts a more comprehensive ESG report including a materiality assessment, a review of ESG risk management, an SFDR sustainable investment appraisal including PAI analysis, and a final assessment where engagement priorities are set. This is compiled using publicly available information (company disclosures, NGOs, media reports), third-party data (brokers, ESG research, proxy research), and insights from the team's experience and engagement. These qualitative reviews are additive to the investment process, allowing the team to form a more holistic understanding of their investments.

After investing, the team monitors the portfolio for changes in ESG characteristics on a weekly (new controversy screening), quarterly (existing controversy monitoring), and annual (impact measurement and reporting) basis to help to inform stewardship activities.

Asia & Emerging Markets team

The Asia & Emerging Markets team performs a thorough analysis of both financial information and non-financial information relating to a potential investee company. Financial information consists of the income statement, balance sheet, cashflow statements and key performance indicators. The team looks at both current and historical data to build up a picture of how the financials have evolved over time and what they say about the current health of the business.

ESG analysis is incorporated into investment decision-making and ongoing review with a detailed review of each company. The review considers the Environmental, Social and Governance risks facing the company, the ways in which management mitigates them and their progress in doing so. The company's business is first assessed for the material risks posed by the industry and by the company's specific activity. The review consists of company-specific analysis of these material and relevant Environmental and Social risks. Regardless of industry, each company is assessed on carbon risk and employee relations, as well as Governance, through a standardised checklist.

Our Approach to Governance

We believe the consideration of governance is crucial to our investment process, while recognizing that various models of governance can be suitable. We describe our expectations in our Good Governance Policy, which, although it describes how we assess good governance for Article 8 and Article 9 products under SFDR, is relevant to all the funds we manage. The policy is available on our website.

We believe that good governance practices by a company entail following the corporate governance laws and listing requirements required of a typical company of its size, maturity, region, and industry. These practices cover management structures, disclosure, compensation and compliance.

Occasionally, a company may deviate from norms or non-binding codes and guidelines for good reason. In such cases, the company would be expected to explain such deviations to the relevant stakeholders via public disclosures, outreach programmes, or direct engagement.

Investment teams are responsible for the assessment of good governance by the companies held within the funds under their management. These assessments are subjective and are made qualitatively or quantitatively using both internal analysis and external information.

In assessing good governance, among other factors, we consider management structures, employee relations, staff remuneration and tax compliance. As part of our wider assessment of corporate governance we may also consider further elements including, but not limited to, capital allocation, shareholder rights, risk management, bribery and corruption, related party transactions, stakeholder management, community engagement and voting outcomes.

Third-Party ESG Research

To inform our internal ESG research, we currently receive external ESG research from third-party providers including MSCI, Glass Lewis, Bloomberg and HOLT. This research includes controversies reporting, voting data, company scores and business involvement data. External service providers are subject to initial due diligence and periodic checks thereafter. We monitor our service providers closely to ensure that our requirements are met.

2. Screening

The second part of our approach to ESG incorporation is the application of screening. The UN PRI defines this as *'applying filters to lists of potential investments to rule companies in or out of contention for investment, based on investor's preferences, values or ethics'* and divides screening into three categories: negative screening to 'avoid the worst performers', such as heavy emitters of CO_2; norms-based screening to 'use an existing framework', such as screening issuers against minimum standards of business practice based on international norms; and positive screening to 'include the best performers' – the best in class or leaders in a peer group, using quantitative ESG metrics.

We rule out some companies from the investment universes of our funds based on their activities. Under our company-level Exclusion Policy, available on our website, we exclude companies involved in the design, manufacture or sale of cluster munitions, landmines and biological and chemical weapons and companies which generate greater than 30% revenue from thermal coal.

Our Exclusion Policy applies to our active equity funds and our exclusion lists are updated at least annually. It does not apply to beneficial holdings in passive funds (such as index tracking funds), underlying holdings of active funds invested in by our multi-asset funds, ETFs, derivatives, or affiliated companies.

In the event that a company already held in our portfolios is added to one of our exclusions lists or an excluded company is added to a portfolio in error, we will, following confirmation of the company's involvement in the excluded activity, seek to divest from the holding within 90 business days.

Strategy-specific screening and exclusion approaches

The Sustainable Energy and Sustainable Global Equity strategies apply further exclusionary criteria at the strategy level.

- The **Sustainable Energy** strategy excludes companies listed on the Norwegian Council of Ethics (Norges Bank) exclusion list, which is guided by internationally recognized principles, including the UN Global Compact. The Exclusion list is based on recommendations from the Norwegian Council on Ethics (appointed by the Norwegian Ministry of Finance). Companies might be placed on the list as a result of serious violations of norms including serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour and the worst forms of child labour, severe environmental damage, gross corruption, or other particularly serious violations of fundamental ethical norms. The fund also excludes companies engaged in the extraction of oil, natural gas, and coal.
- The **Sustainable Global Equity** strategy excludes those companies which have been scored as a laggard (B or CCC rating) by MSCI ESG and those on the Norges Bank exclusion list. This is complemented by an internally generated exclusion list which filters out companies not caught by the first two exclusions and which derive material revenue from alcohol, coal, fossil fuels, gambling, nuclear energy, palm oil, tobacco and weapons.

Individual exclusion policies for these strategies and the Global Innovators and Global Equity Income strategies can be found on our website.

3. Thematic

The third part of our approach to ESG incorporation is the application of thematic investing. The UN PRI defines this as '*seeking to combine attractive risk-return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing*'.

There are two investment strategies where we take this approach to ESG incorporation: Guinness Sustainable Energy and Guinness Sustainable Global Equity.

Guinness Sustainable Energy

The Guinness Sustainable Energy strategy investment objective is to provide investors with long-term capital appreciation by investing in companies that contribute towards reduced global carbon emissions. Specifically, the strategy invests in companies engaged in the generation and storage of sustainable energy and the electrification and efficiency of energy demand.

The investment team screens for companies selling the products and services which will help to deliver the transition towards a low-carbon economy. When companies and consumers purchase and use these solutions (heat pumps, electric vehicles, renewable energy) over incumbent technologies (gas boilers, internal combustion engines, fossil fuel generation) they contribute towards the global effort to reduce greenhouse gas emissions and combat climate change.

By investing in the companies that produce these products and services, the managers believe that the strategy's success is closely aligned with this positive environmental impact. This alignment flows through their universe construction, where they deliberately target companies delivering climate solutions; through their reporting, where they measure and report on the carbon avoided and carbon cost of their portfolio; and through their engagement, where the overwhelming focus is on climate action.
All companies in the investment universe can be mapped to the UN Sustainable Development Goals (SDGs). The portfolio holdings map closest to SDGs 7, 9, 11 and 13. The investment team conducts an impact mapping exercise; matching up divisional business activity to relevant SDG targets to understand the impact their portfolio delivers beyond carbon displacement.

Guinness Sustainable Global Equity

The Guinness Sustainable Global Equity strategy invests in growth companies with sustainable products and practices, taking sustainability themes as the basis for the creation of the investment universe. The strategy seeks to invest in businesses which are part of the broad sustainability transition and excludes companies scored as laggards (B or CCC rating) by MSCI ESG and those on the Norwegian Council of Ethics exclusion list which derive material revenue from alcohol, coal, fossil fuels, gambling, nuclear energy, palm oil, tobacco or weapons. The Guinness Sustainable Global Equity Fund can be classified as a thematic fund.

The Guinness Sustainable Energy Fund and the Guinness Sustainable Global Equity Fund are defined as sustainable funds and are categorised as Article 9 and Article 8 respectively under SFDR. The sustainability outcome of the Sustainable Energy Fund is measured via mapping to the UN SDGs and via a bespoke 'carbon emissions avoided' metric that is presented within the Fund's annual Impact Report.

Stewardship

The UN PRI states that '*investors can encourage the companies that are already invested in to improve their ESG risk management*'. Investors can do this through engagement in terms of '*discussing ESG issues with companies to improve their handling, including disclosure, of such issues*'. This can be achieved individually, or in collaboration with other investors and by proxy voting in terms of '*formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues*'.

We apply the 12 Principles of the UK Stewardship Code 2020 (laid out by the Financial Reporting Council) and maintain a programme of engagement with investee companies at the firmwide, strategy and collaborative levels. We also participate in proxy voting activity.

Our main objective is to manage our clients' assets in such a way that we deliver on their mandate. In fulfilling this purpose, we of course assume a stewardship role over the assets of our clients. In representing our clients' interest in relation to the investments made on their behalf, we recognise the responsibilities that go with ownership and the related rights.

Further details on stewardship activity can be found in our Responsible Investment Report.

Engagement

As active shareholders with long-term investment horizons, engagement is a key part of our investment management process. We engage with investee companies:

- To influence investee companies proactively on ESG issues;
- To encourage improved or increased ESG disclosure;
- To gain a greater understanding of their ESG strategy.

Each engagement activity is made individually, with an objective as described above. We engage directly and collaboratively and do not prioritise between the various approaches.

Investment Team Engagement

Direct ESG engagement is carried out by the investment teams when communicating with the management of our investee, and potential investee, companies. Communication can involve debating 'top-down' ESG themes with management, questioning management on poor 'bottom-up' ESG scores (from our scorecard and qualitative work), or encouraging disclosure on material ESG metrics. We may request that companies set more aggressive targets, adjust remuneration metrics, or make improvements in executive shareholding, or encourage them to join relevant initiatives.

As signatories of the UN PRI, we are aware of the importance of tracking these additional engagements and record data accordingly. Each investment team regularly interacts with company managements. We have a central engagement database used by all investment teams to record and track these interactions with reference to those that included discussion around E, S or G topics.

Each team monitors the progress of engagements via a proprietary engagement database. The database allows us to analyse the range of engagements that have occurred over a period.

Team-specific approaches to stewardship
Each investment team may emphasise different aspects of our shared approach to stewardship. These are described in our Stewardship Code submission.

Examples of engagements are available in our annual Responsible Investment Report and Stewardship Code submissions, available on our website.

Collaborative Engagement

We also believe in collaborative action around ESG issues: focused programmes of engagement where the sum of the parts is significantly more effective than if each participant attempted to engage across the whole sector.

In the interests of our clients, we may also work with other like-minded shareholders from time to time to promote good governance and prevent the destruction of value. Any action taken to resolve an issue would be with our best efforts and in a manner which is not detrimental to our own client's holding. We would also be particularly conscious to avoid any risk of being unintentionally deemed a concert party.

Climate Action 100+ (CA100+)
Guinness Global Investors is a member of Climate Action 100+, a leading engagement group on the issue of greenhouse gas emissions.

CA100+ investors have committed to engage with the world's largest corporate greenhouse gas emitters to improve their

performance and ensure transparent disclosure of emissions. As a signatory of the CA100+ initiative, we have signed up to a common engagement agenda that seeks commitments from boards and senior management to bolster governance around the energy transition, take action to reduce emissions, and improve disclosure.

Independent Investment Management Initiative
We are members of the Independent Investment Management Initiative. This provides a voice to independent, owner-managed firms that are entirely focused on and aligned with the interests of their clients and investors.

Investment Association
We are members of the Investment Association.

Both the Independent Investment Management Initiative and the Investment Association offer resources on topics including responsible investment, educational events and networking. These help to facilitate engagement in the responsible investment space. We have taken the opportunity in these forums to communicate our views with service providers and other stakeholders to drive positive changes and promote best practice in the industry.

CDP
Our position as a signatory to CDP highlights our support for improved corporate disclosure on material environmental and climate issues. We may contribute and participate in CDP's work, including on improved disclosure and transparency. This supports us in identifying systemic risks under the climate change and broader remit. We participate in the CDP non-disclosure campaign, which offers investors the opportunity to engage with companies that have received the CDP disclosure request but have not yet provided a response. The objective of the annual campaign is to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests. We also have the opportunity to lead engagements with investee companies where relevant.

Global Investor Statement
We are a signatory of the 2022 Global Investor Statement to Governments on the Climate Crisis. The Statement outlines key actions needed for governments to leverage trillions in private capital towards addressing the climate crisis.

World Benchmarking Alliance Oil and Gas Just Transition Letter
We are a co-signatory of the World Benchmarking Alliance Oil and Gas Transition Letter.

The UK Sustainable Investment and Finance Association (UKSIF)
UKSIF aims to support its members to grow sustainable and responsible finance in the UK. It also seeks to influence policymaking that promotes the growth of sustainable finance. Our membership constitutes part of a collective effort to promote sustainable finance in the UK. One member of our investment team is the Chair of the UKSIF analyst committee. Members of the investment team attend working group calls to voice views and concerns over policy and regulation.

Escalation

Engagement alone is not always sufficient to achieve our desired outcome. Occasionally, it may be necessary to escalate an engagement in order to voice our concerns further. After raising the issue multiple times with the company, our escalation might include:

- Seeking a meeting with relevant members of senior management and directors;
- Signaling our discontent via exercising our votes against non-director resolutions;
- Signaling our discontent via exercising our votes against individual directors;
- Seeking to understand whether other investors share our concerns; or
- Divestment.

We think that ownership matters. We believe that divestment simply transfers ownership of problematic companies to less responsible owners. Our preference is to influence, to effect change through engagement, and to exercise our right to vote. However, if we have exhausted all options, have seen insufficient progress, and continue to believe there to be a clear risk to shareholder value, we would divest in the best interests of our clients.

Voting

Proxy voting and the consideration of corporate governance issues are important elements of investment management. Voting is performed by the portfolio managers of the relevant strategy. In principle, our proxy voting policy is designed to support the investment managers in making decisions that maximize a company's shareholder value.

Voting is conducted through Viewpoint, a platform provided by Glass Lewis. We make our voting decisions based on our own research, but the investment team has access to proxy voting research from Glass Lewis for assistance and guidance (rather than to delegate decision-making), to bring efficiency and to ensure consistency of approach.

We intend to exercise all voting rights where we retain voting authority. There may be exceptions in some circumstances; administrative arrangements may prevent votes being cast or it may not be in the best interests of clients to vote (due to restrictions on liquidity or 'share blocking').

As part of our voting strategy, we may raise concerns with a company ahead of voting, and we may communicate our view and intention to abstain or vote against management.

Voting records are maintained and regularly analysed, allowing our compliance and senior management teams to review any decisions (or exceptions) with the relevant portfolio manager. This also enables the monitoring of recommendations from our proxy advisers. Occasions when proxy adviser recommendations are not followed are monitored by the Responsible Investment Committee. Summary proxy voting details are updated in the Responsible Investment Report.

Climate-Related Risks and Opportunities

We are aware that there are risks and opportunities to our business and our investee companies arising from the changing climate.

We are developing an approach to help identify and manage material climate-related risks and opportunities in our portfolios. As a supporter of the goals of the Paris Agreement and as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), we seek improved climate disclosure, where possible, through our company engagement and continue to evolve our investment approach with respect to climate-related risks.

This approach to climate-related risks typically covers:

i) Our approach to seeking greater disclosure around the climate-related risks for our investee companies in accordance with the TCFD;
ii) The monitoring of our direct carbon footprint.

Our Responsible Investment Committee has a specific climate role to ensure that climate-related risks are suitably considered.

Task Force on Climate-Related Financial Disclosures (TCFD)

Guinness Global Investors is a public supporter of the Task Force on Climate-Related Financial Disclosures. We seek improved climate-related financial disclosure that is consistent, comparable, reliable, and clear to enhance our investment processes. We are a fundamental, disciplined, long-term investor and we seek the additional disclosure to help us fully consider the risks and opportunities that may arise from the changing climate.

From our long experience of investing in energy, we are well placed to consider ESG and climate-related issues in our modelling work and sensitivity analysis. We believe that this is in our clients' interests.

Our climate-related risk analysis is directed by the Responsible Investment Committee and takes place at least annually. The results are shared with the investment teams. The risk analysis process essentially seeks to answer three questions for investee companies:

- What is the impact of this investee company on the environment?
- To what extent might legislation, regulation, or carbon taxation alter the valuation of the company?
- What is the impact of the environment on this investee company? And to what extent might extreme weather patterns affect the operation and valuation of the company?

Where it is suitable, we will typically engage with those investee companies that either have poor disclosure or that appear to be suffering the greatest climate-related risks, and, at a minimum, request greater climate-related risk disclosure.

In line with our desire for our companies to report emissions data, we believe it is consistent for us to record and publish our own emissions data.

Our Carbon and Climate Analysis

We conduct analysis to understand carbon and climate-related risks. We have created carbon emissions and climate risk scorecards for our equity funds which calculate each fund's total carbon emissions and annual carbon intensity compared to the MSCI World Index (or relevant benchmark). The scorecard uses data and analysis from various third-party data providers to assess the portfolio holdings' transition risk and physical risk exposures, and the alignment to carbon emissions and climate change initiatives against the associated index. We use these scorecards in-house at present.

This analysis has fed into our engagement activity and has had an influence on our collaboration with external initiatives. We discuss these initiatives further under 'Collaborative Engagements', above, including our work with CA100+ and CDP.

Conflicts of Interest

When making investment decisions, or buying products and services for customers, we have a duty to act in customers' best interests and put customers' interests ahead of our own. We must also treat customers fairly. Conflicts of interest that arise or may arise as we manage investments may damage the interests of clients. We therefore seek to identify and prevent or manage such conflicts. We believe this issue lies at the heart of stewardship.

We maintain a Conflicts of Interest Policy and Register, the purpose of which is:

a) to identify circumstances which constitute or may give rise to a conflict of interest
b) to ensure customers have fair access to all suitable investment opportunities
c) to specify procedures to be followed and measures to be adopted in order to prevent or manage such conflicts
d) to communicate this information to our employees.

Avoiding conflicts of interest naturally extends to our responsible investment activity. For example, when voting, different investment teams may vote differently on the same securities when held under more than one strategy. We aim to avoid conflicts of interest by empowering portfolio managers to decide at the team level how to vote according to their view of clients' best interests, subject to our Proxy Voting Policy, and encourage investment teams to confer with other investment teams around their voting decisions.

Further information is detailed in on our Conflicts of Interest policy and Stewardship Code Report.

Political Voice

At Guinness Global Investors we recognise that the company could be perceived to have a political voice which could affect the wider discourse around responsible investment in the industry and political arena. Where relevant the senior management team would consider lobbying in support of responsible investment in the industry. This activity would be overseen by the Responsible Investment Committee. Guinness Global Investors does not make political donations.

The Responsible Investment Committee (chaired by the CEO) reviews any public relations activity concerning responsible investment to ensure that public perception of our stance on responsible investment is consistent with our objectives.

Involvement with Stakeholders & Industry Initiatives

We understand that participation in relevant industry initiatives is essential to the development of best practice in responsible investment. We participate in several initiatives in order to promote proper functioning of markets, better our understanding in the area and contribute to the industry. These include:

- The Investment Association (IA)
- The UK Sustainable Investment and Finance Association (UKSIF)
- The Independent Investment Management Initiative (IIMI)
- The Task Force on Climate-related Financial Disclosures (TCFD)
- Climate Action 100+
- CFA Sustainability Community Champions Group
- UN PRI

Responsible Initiatives at Guinness Global Investors

Our culture is shaped by our ownership. Guinness Global Investors is owned entirely by its employees. The founder retains a majority share in the company which provides long-term stability, direction, and perspective. Equity ownership for key staff (including portfolio managers) creates an alignment of interests in the long-term success of the company. The distribution of equity among the team engenders a 'flat' management structure, which we believe promotes transparency and accountability, and a collegial atmosphere in the investment team where ideas and best practice are shared. It has also helped to maintain a low turnover of staff. Portfolio managers are invested in the strategies for which they are responsible, further aligning interests with other investors. With an incentivised, collaborative, and stable team we have been well placed to develop our stewardship activities which by nature require a long-term view and a shared approach. The effectiveness of our culture in contributing to our responsible investment approach is shown by the common progress made by all investment teams, the introduction of shared tools and resources, and continuing collaboration on stewardship via the Responsible Investment Committee.

Employees at Guinness are given in-house ESG training as part of their annual professional development. This provides a forum not just for education but also for the raising of ideas and the discussion of our responsible investment strategy. New members of staff are given this training and an overview of our responsible investment approach on joining.

We believe it is important to apply the high standards we expect of our portfolio holdings to our own activities.

We take our environmental responsibilities seriously and perform an annual carbon reporting review. Since we provide investment management only, our most tangible operations are centered around our offices. Located in central London, with good public transport connections, these occupy a modernised building with high standards of energy efficiency through measures such as energy efficient lighting. Recycling facilities, including for electronics, are available and in use. Being aware, however, that our environmental impact reaches beyond our offices, we also offer electric vehicle leasing and cycle-to-work schemes to employees. Further details on our environmental activities can be found in our Stewardship Report.

The wellbeing and health of our employees are vital to the company and important to its social impact. We therefore offer coaching opportunities and encourage and provide personal development of all employees through sponsorship of professional qualifications. We measure and track our retention ratio and aim to keep it at its high level. We also track our diversity statistics and are taking steps to promote diversity and inclusion in the workplace.

Members of our investment team and sales team are working directly with GAIN (Girls Are INvestors). GAIN is a charitable initiative which seeks to counter the lack of gender diversity in the investment management industry. GAIN offers talks, educational resources, career support and mentoring to inspire and encourage girls to enter the industry.

A robust system of governance is important to ensuring we meet our stewardship obligations. As an investment management company, we are subject to a high level of scrutiny of our governance framework and operations, including verification and due diligence by third parties, such as on behalf of the trustees of our funds. Nevertheless, culture and ownership can are important to governance. The founder retains a majority share in the company which provides long-term stability, direction and perspective. Equity ownership for key staff (including portfolio managers) creates an alignment of interests in the long-term success of the company. Portfolio managers also invest alongside clients in the strategies under their management.

As a company, we have made several charitable donations to important social causes and encourage employees to increase their involvement in fundraising opportunities. Individual charitable donations by employees are facilitated by a 'give as you earn' scheme.

Review and Oversight

Reporting

We report our responsible investment activities frequently. Our voting decisions are reported on a quarterly basis. Furthermore, our engagement activity and stewardship case studies are reported yearly, both in our Responsible Investment Report and Stewardship Code submission. We record and maintain a record of every ballot voted, including detailed rationales behind contentious proposals.

As signatories to the UN PRI, we commit to report yearly in accordance with the principles. We first reported to the UN PRI in 2020. We also report in line with the UK Stewardship Code. We will report with reference to the TCFD in due course.

Investors' needs, requests and enquiries are given great consideration on responsible investment issues. We also appreciate investors' feedback to help the development of our responsible investment strategy.

Internal and External Reporting and Verification

The UN PRI

Guinness Global Investors is a signatory to the UN PRI, which provides external assurance on our approach to responsible investment, broken down by activity. In our latest Assessment Report, published in 2022, we received the following scores:

- '4/5' for Investment & Stewardship Policy
- '4/5' for Listed Equity- Active fundamental - Incorporation
- '3/5' for Listed Equity- Active fundamental - Voting

The UK Stewardship Code

Guinness Global Investors is a signatory to the UK Stewardship Code. In our annual Stewardship Report we disclose how we apply the 12 principles of the Code, which are laid out by the Financial Reporting Council.

In addition to the UN PRI assessment and UK Stewardship Code reporting, we receive comments and feedback from investors on our responsible investment approach and activities.

As part of its compliance monitoring plan, the compliance team independently assesses how responsible investment is implemented by the Investment team.

Through both our external and internal assurance of processes, we believe we have a level of assurance and verification which is appropriate for the scope, level and resourcing of our activities and the nature and style of the investment management we perform.

All our policies are internally reviewed by the compliance team, followed by senior management, and where necessary, the Board. This ensures policies are aligned directly with Guinness Global Investors' purpose, strategy, and obligations.

Policy Review & Implementation

This policy is reviewed annually and approved by the Chief Executive Officer.

Approval

This statement has been approved by

Edward Guinness, CEO
on behalf of the Board of Guinness Global Investors

Date: Effective August 2023

Important Information

This document is provided for information only. All the information contained in it is believed to be reliable but may be inaccurate or incomplete; it should not be relied upon. It is not an invitation to make an investment, nor does it constitute an offer for sale.

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available from our website **www.guinnessgi.com.**

The funds invest mainly in shares, and the value of these may fall or rise due to a number of factors, including the performance of the company and general stock market and exchange rate fluctuations. The value of your investment may rise or fall, and you could get back less than you invest. Past performance is not a guide to future performance. Further information about risks can be found in the Prospectus.

Issued by Guinness Global Investors, a trading name of Guinness Asset Management Ltd.

The Investment Manager, Guinness Asset Management Ltd, is domiciled in the United Kingdom and is authorised and regulated by the Financial Conduct Authority.

Guinness Asset Management Funds plc, the umbrella fund with the Guinness sub-funds, is domiciled in Ireland and is authorised and supervised by the Central Bank of Ireland as a UCITS fund. It is also recognised by the Financial Conduct Authority for distribution in the United Kingdom. The sub-funds may also be distributed in various other countries – please contact us for details.

TB Guinness Investment Funds, the umbrella fund with the TB Guinness sub-funds, is domiciled in the United Kingdom and is authorised and regulated by the Financial Conduct Authority as a UCITS fund.