



ACCRESCO

AIM higher. AIM better.

Signatory of:



Responsible Investment Policy

13 JUN 2024

1 INTRODUCTION

Accresco Investment Management Limited (“Accresco”) believes that conscientious companies committed to the principles of stakeholder capitalism (i.e. well-managed and socially responsible businesses which take into account employee welfare, work towards making an impact on the community, and make efforts to reduce their environmental footprint) stand a greater chance of generating enduring value in the long term when compared to those focusing purely on shareholder capitalism (i.e. businesses purely focused on maximizing shareholder wealth).

Accresco believes that responsible investment practices is an important element in achieving long-term sustainable value creation through financial investments. This is precisely why we promote the integration of responsible investment attributes, including with environmental, social, and governance (ESG) considerations when aligning our client’s financial objectives as part of our fiduciary responsibilities. Our dedication to the integration of responsible investments is evidenced through our endorsement of the United Nations Principles for Responsible Investment (UNPRI), a commitment we made in 2020; the integration of ESG criteria when crafting investment portfolios; as well as the firm’s adherence to ESG principles.

Accresco’s Sustainable Value Investing (“SVI”) approach establishes ESG factors one of the three core pillars of the investment decision process for our portfolio managers in their active investment strategies. Our investment policies are established by the Investment Committee spearheaded by the firm’s Chief Investment Officer. Our SVI approach was validated by the Chief Executive and the Board of Directors who have ultimate oversight for the firm’s activities.

2 SCOPE

Our Sustainable Value Investing (SVI) approach applies to all new and existing investments when selecting stocks in the equity category, and to corporate issuers when it comes to fixed income securities. At the date of this policy’s last update, our SVI covered over two-thirds of our assets under management. We aim to maximise assets under management to which SVI applies over the next three years.

3 OUR COMMITMENT

This Responsible Investment Policy Statement outlines our commitment to integrating ESG factors into our investment decision-making processes and engaging with investee companies to promote sustainable practices.

3.1 Embedding responsibility into the core of our business practices-

We acknowledge our fiduciary duty to act in the best long-term interests of our clients, which includes considering ESG risks and opportunities that may impact investment performance.

It's vital for our business to synchronize our objectives with the broad goals of our clients. We do this by providing solutions that deliver quality and excellence, effectively navigating both financial and non-financial risks and opportunities and adhering rigorously to high ethical and professional standards in all our endeavors. Responsible investment is a key pillar of our investment activities, our culture, and our relationship with clients.

3.2 Integration of ESG Factors into our investment processes:

We will integrate material ESG factors into our investment analysis and decision-making processes across all asset classes.

Accresco is committed to investing responsibly. We integrate material ESG factors into our investment analysis and decision-making processes and systematically assess material ESG factors relevant to each investment decision. Our investment analysts consider ESG risks and opportunities alongside traditional financial analysis to ensure a comprehensive evaluation of investment prospects.

We believe that sustainability is forward-looking and companies who integrate sustainable business practices have a competitive advantage and are more successful in the long-term. As such, it is our fiduciary responsibility to consider all material factors and information, including sustainability factors, that may impact the value of our clients' investments. By incorporating these factors into our investment research and decision-making processes, we can adeptly identify and mitigate risks that may threaten clients' investments while seizing opportunities that stem from these issues. However, it is important to acknowledge that the feasibility of ESG integration and the significance of ESG risks vary considerably across asset classes and strategies.

3.3 Stewardship and Active Ownership

We will actively engage with investee companies to promote sustainable business practices, transparent governance, and responsible corporate behaviour.

Consistent with our longstanding values, as well as being a signatory to the UNPRI, Accresco seek to actively engage with investee companies, where possible to promote sustainable business practices, transparent governance, and responsible corporate behaviour. Accresco views engagement as the actions we undertake, consistent with our fiduciary duties and the investment objectives that our clients have directed us to pursue, with current and potential portfolio

companies, stakeholders, and industry players to influence or improve ESG practices and disclosure.

We engage because we believe that robust corporate governance and conscientious capital management are essential components of long-term investing, and that embedding ESG practices into the core of our investment activities serves the best interests of our clients over the long term. Specifically, we believe improved risk mitigation and risk adjusted returns through the integration of ESG into our investment analysis and portfolio construction enhances the investment analysis that we employ in seeking to meet each of our clients' investment objectives.

Specifically, we believe that the integration of ESG considerations into our investment analysis and portfolio construction enhances the investment analysis that we employ in seeking to meet each of our clients' investment objectives resulting in improved risk mitigation and risk adjusted returns.

3.4 Supporting efforts that seek to improve the operation, resilience and stability of financial markets

We recognise that public policy and regulation are key influences on corporate practice, the financial system and the wider economy. We support efforts to develop and implement policy measures that look to manage and mitigate the systemic risks to society and to the environment.

3.5 Collaboration and Advocacy

We will collaborate with industry peers, regulators, and stakeholders to promote responsible investment practices and advocate for improvements in corporate ESG disclosure and transparency.

Collaboration is fundamental for fostering partnerships to drive meaningful change. We engage with invested companies and NGOs to address ESG issues and promote sustainable development. This collaborative approach strengthens knowledge sharing, supports community engagement, and enhances the effectiveness of our responsible investment strategies.

3.6 Transparency and Reporting

We are committed to transparently disclosing our responsible investment practices, including our approach to ESG integration, engagement activities, and voting decisions.

We believe we should be held accountable for the actions that we take and for the outcomes that we achieve. Each year we shall report on our approach to responsible investment through the UNPRI Reporting.

4 RESPONSIBLE INVESTING

4.1 ESG Standards

Accresco commits to embedding ESG considerations into our active equity and corporate fixed-income investment analyses and decision-making frameworks. As fiduciaries for our clients, we aim to encourage the companies in our portfolios to address ESG risks proactively and manage these factors effectively, aligning with our goal of achieving superior investment results for our clients. The following is a summary of what we look for in terms of ESG for identifying potential investment opportunities.

Category	Description
Governance	Sound governance practices and ethical leadership. Quality of the company's management and board of directors. Adherence to relevant regulations and standards. Adequacy of diversity and independence at the board level.
Environmental	Environmental sustainability in the supply chain. Increasing use of renewable energy sources. Reducing Greenhouse gas emissions Achieving/ working towards carbon neutrality
Social	Promote a diverse and inclusive work environment. Provide Training and Development Ensure a safe and healthy work environment. Undertaking to impact local communities.

4.2 ESG Integration in Investments

We combine fundamental, quantitative and qualitative analyses during the investment decision making process. We integrate ESG by investing in companies that score highly in ESG ratings by rating agencies. Accresco uses third-party ESG data, ratings and research from multiple providers which includes Bloomberg, MSCI and Morningstar to complement our proprietary screenings & assessment, financial models, and valuations. We have also implemented of minimum thresholds and the use of controversy scores to exclude low-scoring companies from our investable universe. ESG considerations are an integral part of our investment assessment process leading to our decision to invest or not to invest in a given security.

Step	Description
1	Define Objectives Work with client to define investment objectives
2	Investable Universe Constituents of the MSCI All Country World Index
3	Sectorial Exclusions Exclude companies involved in “controversial” activities as defined in our exclusionary criteria. (See below)
4	Market Cap. Screen Retain companies which exceed our market capitalization threshold.
5	ESG Assessment I. Retain companies with an ESG Rating above “Medium” or its equivalent. II. Ascertain the absence of controversies for further retention.
6	Quality Assessment Analyze the financial metrics, ESG metrics and competitive advantages of companies to identify high quality stocks offering good value.
7	Final Shortlisting The application of Steps 2 through 6 above results in a final shortlist of investable companies or issuers.
8	Ongoing Monitoring Regularly review the performance and assess compliance of investments.

4.3 Thematic Screens and Exclusions

We exclude business activities deemed to be “controversial activities” by the MSCI. Examples of such activities includes weapons, civilian firearms, nuclear energy, gambling, alcohol and tobacco. In addition to these we exclude carbon intensive industries linked to the production and use of fossil fuels; however although we exclude the traditional energy and utilities sector, exceptions are made to include Renewable Energy.

The industries defined under the Global Industry Classification Standard (GICS[®]) which we exclude for investment purposes are tabulated below:

Sector	Sub-Industry
Energy	All
Industrials	Military Aerospace & Defence
Consumer Staples	Brewers, Distillers and Vintners
Utilities	All except Renewables

5 GOVERNANCE AND OVERSIGHT

Accresco’s Board of Directors and executive leadership are responsible for overseeing the implementation of this Responsible Investment Policy Statement. The Chief Investment Officer (CIO) and Investment Committee will be responsible for monitoring compliance, evaluating the effectiveness of responsible investment practices, and recommending enhancements as necessary.

6 REPORTING

Accresco will report to its clients upon demand. We aspire to developed a more comprehensive and standardised report which would be shared with cleints on a regular basis.

7 REVIEW AND ENHANCEMENT

This Responsible Investment Policy statement will be reviewed at least once per year to ensure alignment with evolving best practices, regulatory requirements, and stakeholder expectations. Any updates or enhancements will be communicated to relevant stakeholders.

8 CONCLUSION

Accresco is committed to integrating responsible investment principles into our investment processes, fostering sustainable financial performance, and contributing to positive environmental, social, and governance outcomes. We firmly believe that by having made ESG considerations one of the three core pillars of our decision-making framework, we can provide better and more sustainable long-term value creation for our clients. An in doing so, promoting a more sustainable and equitable global economic landscape.