

ESG at Cantab

Cantab typically identifies two key financial goals for clients:

1. To provide strong risk-adjusted returns
2. To generate returns in a sustainable manner

Whilst many asset owners remain focused purely on the generation of financial returns, the growth of investing with ESG principles in mind is undeniable and undeniably appropriate, in our opinion. Indeed, the world is waking up to the reality that we need to invest more responsibly, in terms of how we treat the environment, but also with respect to how corporations behave from a social and governance perspective. We recognise the conflicts and compromises that many clients, particularly institutions, face in setting out their investment policies and endeavour to offer our experience to assist clients in satisfying all stakeholders in the investment process. Although few clients are in a position to allocate capital solely on the basis of environmental or social considerations, it is becoming increasingly possible to make these factors integral in the pursuit of financial returns.

Cantab ESG and Responsible Investment Policy

Cantab Asset Management is committed to engendering trust with stakeholders by acting responsibly and ethically. The firm's focus is on four key areas:

- responsibility to one another;
- responsibility to clients;
- responsibility to the community; and
- responsibility to the environment.

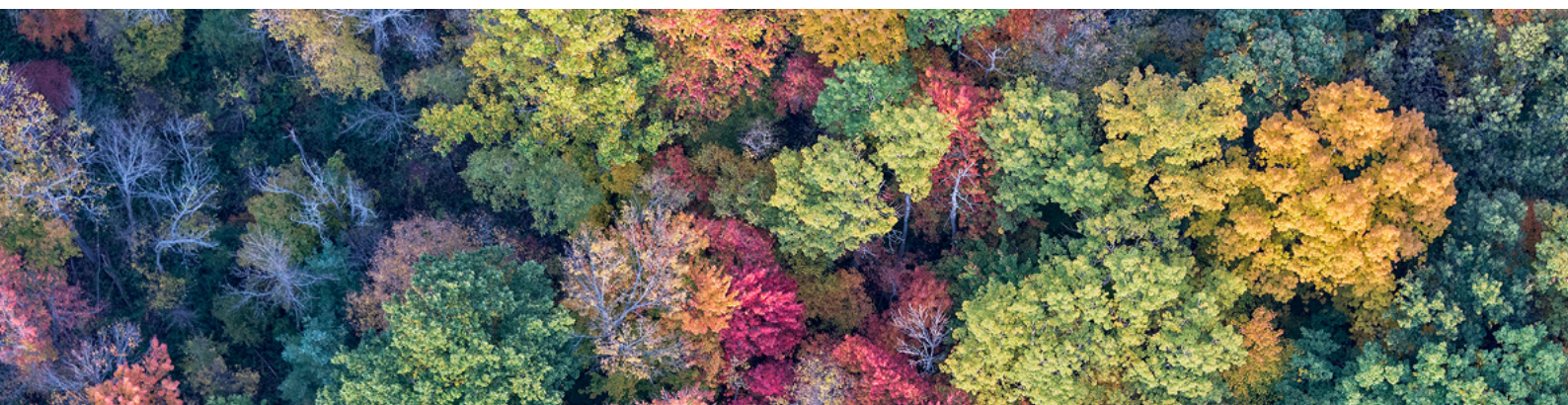
The firm has committed to a number of initiatives including:

- offering flexible working arrangements for staff;
- professional training for all staff to ensure the highest standards of service;
- working with community and charitable organisations to assist those in need;
- offering work experience placements within the firm; and
- taking forward environmentally sound practices within the firm.

Dedicated corporate social responsibility committee members regularly review and update plans and policies, considering the views of staff members to ensure they are robust and sustainable.

Integrity and diligence are at the heart of the Cantab culture. Membership of established professional societies, each with their own code of ethics, encourages discussion amongst staff around best practice. Client needs are always our primary focus, with the core FCA principle of Treating Customers Fairly embedded in our advice and investment process.

Professional staff are members of CII, CISI, CFAI and/or ICAEW.



Remuneration Policy

All staff have the opportunity to participate in a pension arrangement. Cantab does not use zero hours contracts and all staff receive at least the Living Wage per hour.

Equality and Diversity

Cantab appoints all staff within the guidelines of its equal opportunities policy and ensures that all job applicants and employees are treated fairly. Further detail pertaining to our policy is available upon request.

Cantab's current gender balance is broadly 70%/30% male/female. Although this is less male-concentrated than the applicant pool for Cantab positions, the Board is committed to addressing the balance. As well as attempting to attract more young women into the industry, Cantab believes that making the industry more family friendly for both women and men is key to retaining talent. Cantab encourages flexible working arrangements where appropriate and engages with senior staff on a case-by-case basis to ensure a favourable work-life balance.

Anti-Corruption and Bribery

It is our policy to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. However, we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

Application to Investment Research

Cantab endeavours to look for investments which will contribute to improving the world and the lives of all peoples. ESG factors have always played a key role in investment selection. Cantab is careful and prudent in the selection of investments for clients. Cantab considers individual client circumstances and preferences in selection of bespoke portfolios.

Multi-Manager models

Cantab has developed model portfolios with different levels of risk for clients. For inclusion in model portfolios, Cantab requires fund managers to provide their ESG Policies. The investment team conducts thorough due diligence into the track record and strategy of all selected managers. This may include: conversations with the fund manager or wider investment team; quantitative and qualitative analysis of fund characteristics including risk; assessment of correlation and holdings crossover with existing model funds; review of fund literature; and review of fund philosophy. Cantab selects funds with transparent and understandable strategies across a range of asset classes. Cantab does not currently require sector exclusions or specific ESG mandates for funds within model portfolios. However, Cantab has an ESG Model Portfolio comprised of funds with ESG mandates, for clients wishing to invest with these criteria.

Cantab's investment selection process delivers a 'naturally' relatively low exposure to the 'sin' sectors traditionally avoided by those wishing to negatively screen their investments.



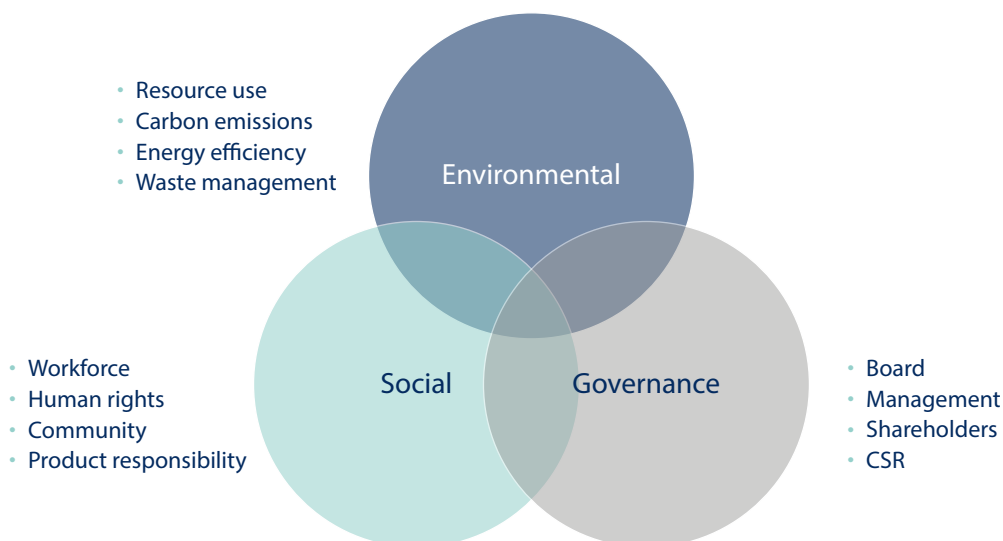
Cantab Sustainable Global Equity Fund

Cantab has developed its own fund to invest in global equities having regard to the positive contribution that companies make to our world. The fund avoids areas which are potentially harmful to people or the environment.

There is no direct exposure to the production of fossil fuels and tobacco.

Cantab's Investment Framework

Long-term Buy and Hold	<ul style="list-style-type: none"> • Decisions are made with a 5+ year horizon • Changes are minimised unless investment case has fundamentally changed
Style agnostic	<ul style="list-style-type: none"> • Recognition that different styles outperform at different stages of the cycle • Bottom up and top down consideration
Manager consistency and track record	<ul style="list-style-type: none"> • Active bias where managers have delivered consistent outperformance after fees
Clear, understandable strategy	<ul style="list-style-type: none"> • Investment process transparent and easy to understand • Informed by Cantab individual equity research
Appropriate diversification	<ul style="list-style-type: none"> • Equities: prefer managers who take high conviction positions in relatively concentrated portfolios
Minimal tail risk	<ul style="list-style-type: none"> • No investment in 'black box' structures
ESG	<ul style="list-style-type: none"> • Annual requirement for managers to complete Cantab ESG questionnaire • Thorough due diligence process for both main and ESG models



UK Stewardship Code

Cantab fully supports the principles embodied in the UK Stewardship Code ('the Code') which was introduced and is overseen by the Financial Reporting Council.

The Principles of the Code

So as to protect and enhance the value that accrues to the ultimate beneficiary, institutional investors should:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities
2. Have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed
3. Monitor their investee companies
4. Establish clear guidelines on when and how they will escalate their stewardship activities
5. Be willing to act collectively with other investors where appropriate
6. Have a clear policy on voting and disclosure of voting activity
7. Report periodically on their stewardship and voting activities

Stewardship and Engagement Policy

Cantab's policy is to hold investment managers to account for their actions and to act in the best interest of clients. We contact each of the asset managers we invest with on an annual basis to ensure that they are complying with our governance requirements at a company level and in their investment approach.

We require asset managers to provide an annual attestation of compliance for each fund in which we invest to confirm it continues to operate in line with its investment objectives. This includes a request for details of their latest Stewardship Code engagement and ESG policy as well as details of any material events and compliance with regulatory requirements. Failure to complete the attestation would lead us to reconsider our relationship with the manager and take appropriate recourse through our investment committee.

The Cantab ESG questionnaire for multiple asset classes introduces additional scrutiny on asset managers. The questionnaire is split into two sections with the first focusing on the asset manager business and its attitude, capability and implementation for investing responsibly. We ask managers about their ESG team resource and whether they incorporate climate change into decision making. The second section focuses on the engagements and votes made between the asset manager and its underlying investments at a fund level. It is this more granular information that will allow stakeholders to contextualise the approaches of asset managers in relation to their own circumstances.

Reporting on voting and engagement is clearer for listed equity managers whereas currently, reporting approaches on good stewardship in fixed income funds is relatively limited. We expect our asset managers to begin reporting on the Financial Stability Board's Taskforce on Climate-related Financial Disclosures ('TCFD').

Conflicts of Interest

We recognise the importance of identifying and effectively managing potential conflicts of interest arising in the course of business. Our Conflicts of Interest document sets out our policy for managing such conflicts.

Voting

Where we hold units in funds rather than shares in underlying companies, we have effectively delegated voting responsibility to the asset managers and so our priority when investing is to ensure our asset managers have a coherent voting policy in place. We expect asset managers to vote in line with their documented voting policy.

Where we hold direct equities in funds that we manage, we use Broadridge's ProxyEdge platform to implement our votes as instructed by Cantab. We do not use proxy advisors, preferring to conduct our own assessment when making voting decisions and we do not disclose voting activity. All our investee companies are monitored as a natural and ongoing part of our investment process.

Commercial Waste

Cantab aims to minimise commercial waste and has recently switched from paper filing to a virtual office environment. As much commercial waste as possible is recycled.

Charitable Giving and Community

Cantab is proud to support local community initiatives and is a regular sponsor of local sports teams and music/arts productions. The firm also makes regular contributions to local charities. All staff are encouraged to fundraise for local and national charities. Cantab has a Give As You Earn Scheme and will match donations to support staff giving.

Risk Warnings This document has been prepared based on our understanding of current UK law and HM Revenue and Customs practice as at 1 January 2023, both of which may be the subject of change in the future. The opinions expressed herein are those of Cantab Asset Management Ltd and should not be construed as investment advice. Cantab Asset Management Ltd is authorised and regulated by the Financial Conduct Authority. As with all equity-based and bond-based investments, the value and the income therefrom can fall as well as rise and you may not get back all the money that you invested. The value of overseas securities will be influenced by the exchange rate used to convert these to sterling. Investments in stocks and shares should therefore be viewed as a medium to long-term investment. Past performance is not a guide to the future. It is important to note that in selecting ESG investments, a screening out process has taken place which eliminates many investments potentially providing good financial returns. By reducing the universe of possible investments, the investment performance of ESG portfolios might be less than that potentially produced by selecting from the larger unscreened universe.

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