



Slater Investments Limited

Environmental, Social and Governance (ESG) Policy



Environmental

Social



Governance

Description of change	Version	Date of creation	Date of update	Change By
	1.0	April 2021		
Policy updated	1.1		March 2023	Liz Partenza and C&R Committee
Policy updated	1.2		August 2024	Liz Partenza and C&R Committee

Introduction

Signatory of:



STEWARDSHIP CODE

Stewardship and governance have always been at the heart of Slater Investments’s core values. In recent years, as awareness of ESG issues and sustainable investing has grown, Slater Investments has directed resources and expertise to codifying our belief that the analysis of and engagement on ESG factors is an integral part of seeking strong investment performance. The genesis of this work began in 2019 when the Slater Investments Board formally created the ESG Committee.

In September 2019, we became a signatory to the United Nations supported Principles for Responsible Investment (“UNPRI”), confirming our commitment to responsible investment. We are pleased that Slater Investments is at the heart of a global community seeking to build a more sustainable financial system, encouraging investors to use responsible investment to enhance returns and better manage risks.

We became one of the first signatories to the Financial Reporting Council’s UK Stewardship Code 2020, having been one of the original signatories to the UK Stewardship Code (“Code”) in 2010, as we believe this sets the highest stewardship standards for asset owners and asset managers. Our Stewardship Code Report for 2023 constitutes our fourth statement of compliance with the Code and details our approach to stewardship and responsible

	<p>ownership within our investment processes. For further details on how we comply with the responsibilities laid out in the Code, please visit the stewardship section of our website.</p> <p>This document sets out our company-wide ESG policy that is employed across all our investment products, endorsed by the Board, overseen by the ESG and Investment Committees, and implemented by the Investment Committee.</p>
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<p>Slater Investments’s Responsible Investment Overview</p>	<p>We believe that Environmental, Social and Governance factors are crucial in measuring the sustainability and impact on an investment in a company and have significant financial relevance. Incorporating these factors into investment analysis and portfolio construction can help mitigate risk, leading to superior long-term performance.</p> <p>Slater Investments offers a diverse fund line-up using an integrated sustainable investment approach, where ESG screening is incorporated into the fundamental analysis of companies across our products. We aim to add material long-term value for our clients by providing a framework for their desired returns, be that sustainable capital growth, income or a combination of the two; our track record in this regard is our most valuable asset. We consider ESG analysis to be a complementary tool to the fundamental research that is done to understand, with a high degree of conviction, a company’s earnings and growth potential.</p> <p>As long-term investors, we use ESG factors to help to identify companies positioned for strong long-term performance. As a business we approach ESG integration from a practical perspective, considering these issues against the backdrop of investment time horizon and goals of each fund or segregated account.</p>
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<p><i>Buy Decisions</i></p>	<p>Rather than exclude entire sectors, our approach is to focus on the progress companies are making toward making responsible environmental, social and governance decisions.</p> <p>For evaluating all potential investments that have been identified by the Investment Committee, the ESG Committee uses Slater Investments’s internal ESG investment standards which uses a combination of existing ESG standards (e.g. Sustainability Accounting Standards Board) and our own in-house standards as a starting point to understand the potential risks a company may face and to determine materiality. Slater Investments also assesses the impact of relevant ESG regulation, both existing and potential, on a company. The focus of this process is broken down into two categories:</p> <ol style="list-style-type: none"> 1) Maintaining value The primary focus is to pre-emptively monitor for ESG risks that may emerge which might threaten the price earnings ratio or earnings growth prospects of Slater Investments’s portfolio companies. 2) Adding value The Investment Committee and/or the ESG Committee may work with management teams of portfolio companies, offering advice as to how portfolio companies can improve or grow the businesses. This may be through number of measures including: improving specific governance practices, identifying ESG related market opportunities or improving internal ESG practices or disclosures.
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	<p>Where it is necessary to seek additional information or clarification, the ESG Committee will engage with the company directly. In the instances where the ESG Committee’s concerns are not entirely alleviated, this information will be relayed to the Investment Committee. The ESG Committee also seeks to monitor press coverage of portfolio companies and any new concerns, or ideas, are communicated to the Investment Committee.</p>
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<p><i>Sell Decisions</i></p>	<p>We will consider divesting from companies when our efforts to change company behaviour do not make sufficient progress or the company fails to engage. Alternatively, we may work collaboratively with fellow institutional investors.</p> <p>Any ESG risks identified by the ESG Committee are weighed against all other inputs when considering an investment decision. In line with Slater Investments’s existing risk management processes, where Slater Investments is not comfortable with any level of risk posed by an investment, steps are taken to mitigate and manage that risk, which may include disinvestment.</p>
<p><i>Engagement</i></p>	<p>We do not invest in a company with the view of engaging; in an ideal situation we aim to buy into a high-quality business and monitor it. However, ongoing monitoring of portfolio companies is equally important as the initial investment decision itself, and sometimes shareholder engagement can help to support good corporate governance. This is important not only because it enhances shareholder interests directly, but can have positive benefits from an ESG perspective.</p>
<p><i>Selecting Engagement Priorities</i></p>	<p>We engage with companies both proactively and reactively, depending on the circumstance. We endeavour to respond to as</p>

	<p>many issues as we can; but on occasion must prioritise either by the size of holding or the severity of our concerns. In general, we focus on those companies where we have a significant shareholding as we believe it is here that we can add most value.</p> <p>Engagement with companies forms a core part of our stewardship responsibilities. Instances where it may be necessary for us to engage with portfolio companies include where we have concerns about the company's strategy, performance, governance, remuneration or approach to risk including those which may arise from social and environmental matters.</p>
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<p><i>Collaborative Engagement</i></p>	<p>In certain circumstances, we may partake in collaborative engagement with other institutional investors if we believe that this will lead to a more positive outcome. However, before deciding to do so, we consider a range of factors including, but not limited to:</p> <ul style="list-style-type: none"> • whether or not collective engagement is likely to be more effective than independent involvement; • the size of our position;
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<p><i>Escalation</i></p>	<ul style="list-style-type: none"> • the extent to which the objectives of the other investors are aligned with our own; and • Slater Investments's conflict of interest policy as well as regulatory requirements, such as market abuse and insider dealing. <p>We have long believed that confidentiality can allow the frank and robust exchange of views that is essential to bring about change. However, occasionally we believe public pressure can go a long way in fostering change. In exceptional circumstances, we will actively seek to make our feelings more well known, be that with other significant institutional investors or the general public.</p> <p>Escalation is normally conducted by the members of the Investment and/or ESG Committees and may involve meeting with the company's Chairman and/or senior independent director, the executive team, other shareholders and/or company advisers. Focused intervention will generally begin with a process of enhancing our understanding of the company's position and communicating our position to the company. This might include initiating discussions with the Chairman and/or the company's advisers. We may also speak to senior independent directors or other non-executive directors and other shareholders. The extent to which we might expect change will vary, depending on the nature of the issue.</p>
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Slater Investments's Guiding Principles on Environmental, Social and Governance Topics

Environmental

- **Climate Change**
- **Emissions & Waste**
- **Resource Efficiency**

- **Usage of Renewable Energy**

Our investment process has historically been biased toward “capital light” businesses which typically present relatively few material environmental concerns. From time to time, capital intensive companies have appeared in our screens and occasionally are included as investments. For all portfolio companies, we seek to invest in companies which have strong environmental policies, processes and management, recognising the finite resources available in the world and seeking to address these issues appropriately.

We look for companies to manage environmental issues where they are material to their business. For companies in sectors more exposed to such issues, an assessment of the company’s readiness for these risks can play an important part in our analysis.

We expect that companies we invest in will:

- comply with environmental laws and regulations, or recognise best practice as a minimum;
- identify, manage and reduce their environmental impacts;
- understand the impact of climate change along the company value chain, develop climate policies and set targets to manage the impact where relevant;
- report on its policies, practices and actions taken to reduce carbon and other environmental risks within its operations.

Slater Investments strongly supports the objectives of the Paris Agreement, which is aimed at limiting global warming to below 2°C above pre-industrial levels, and actively engaging to limit warming to 1.5°C. As responsible stewards on behalf of our clients, we expect companies’ business plans to reflect the long-term climate-related risks and opportunities they face. We run climate scenario analysis that includes a range of ‘Paris aligned’ scenarios to assess the financial impact of Paris-aligned pathways on our portfolios. This assesses, among other climate scenarios consistent with the Paris Agreement, alignment with net-zero emissions by 2050 or sooner.

Slater Investments is a public supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and has begun assessing and reporting in line with the TCFD’s recommendations. We are committed to better understanding Slater Investments’s climate-related risks through our own implementation of TCFD recommendations and encourage our portfolio companies to do the same.

Social

- **Workplace Diversity, Human Capital Management and Fair Labour Practices**
- **Supply Chain Management**
- **Product Integrity & Safety**
- **Community Relations**
- **Conduct, Culture and Ethics**

A company’s approach to social issues such as diversity, equity, inclusion and labour practices are increasingly viewed as an indicator of competent management and an important marker of

future success. We look at businesses to see if working conditions show a high regard for employee health and safety. We also examine living wage issues, upwards mobility within the work force, tenure, occupational health and safety, employee relations and human rights issues.

We recognise that the management of social responsibilities is affected by, and subject to, many influences and we consider companies in context, in relation to their peers and other stakeholders, and with consideration for the particular circumstances, industries and locations in which they operate.

Governance

- **Board & Executive Diversity**
- **Corporate Structure, Accounting & Transparency**
- **Executive Compensation**
- **Transparency in Shareholder Communication**
- **Company Culture**

Without effective governance there is limited prospect of positive developments in ESG and little prospect of profitable engagement. Slater Investments believes governance to be the most important of the ESG pillar and works to understand, for each portfolio company, the constitution of the board, the track record of these individuals and their incentivisation. This initial work is conducted by the Investment Committee, which is followed up by a more comprehensive study by the ESG Committee including, but not limited to, topics such as: transparency, capital discipline, risk management, independence, and asymmetrical ownership dynamics. A key factor where we spend time is executive remuneration. We try to understand how incentives are aligned with our interests.

Our investment process specifies that we invest in companies which are well managed with high standards of corporate governance and a sound management team, as we believe that strong governance aligns shareholder and management interests. We are committed to act always in the best interest of our clients and we expect the same from the management of the companies we invest in.

We meet regularly with company directors to allow us to identify whether a company's strategy is aligned with our interests as shareholders. This active engagement helps us to understand the issues affecting them and, where appropriate, to encourage positive change.

How to contact us

If you wish to contact us, please send an email to esg@slaterinvestments.com, write to: The ESG Team. Slater Investments Limited. Nicholas House, 3 Laurence Pountney Hill, London. EC4R 0EU or call 020 7220 9460.

Do you need extra help?

If you would like this Policy in a more accessible format (for example audio, large print, braille) please contact us (see above '*How to contact us*'). Please tell us what format you need.

Slater Investments Limited

July 2024

Appendix 1 – External Links

Slater Investments Limited website

<https://slaterinvestments.com>

Slater Investments Limited's Stewardship Report under The Financial Reporting Council's Stewardship Code

<https://slaterinvestments.com/uk-stewardship-code/>

Slater Investments Limited's Voting Policy

<https://slaterinvestments.com/policies/>

Slater Investments Limited's Engagement Policy

<https://slaterinvestments.com/policies/>

Slater Investments Limited's Conflicts of Interest Policy

<https://slaterinvestments.com/policies/>

Slater Investments Limited's Sustainable Finance Disclosure Regulation

<https://slaterinvestments.com/sfdr/>