JUPITER
STEWARDSHIP POLICY

Policy commitments for active ownership and integration of sustainability risks

Improving Outcomes for Clients
April 2021

"Our approach to stewardship is borne out of a belief that allocating capital to well-governed companies with sustainable business models enhances the potential for positive, long-term outcomes for our clients."

Executive summary

As an active asset manager, Jupiter has always believed that stewardship should be at the heart of the investment decisions we make on behalf of our clients. This central framework which covers Jupiter's policy commitments under the i) EU sustainability related disclosures in the financial services sector ii) Shareholder Rights Directive (SRD II) and iii) FCA requirements. This document has been approved by Jupiter's Chief Investment Officer (CIO).

Our responsibility as stewards of our clients' capital informs:

- Our investment decisions, client communications and transparency
- Our responsibility to understand material environmental, social or governance risks and opportunities that may impact the value of an investment and integrate these risks within investment decision-making
- The active engagement and informed voting we conduct on behalf of our clients

Our approach to stewardship is borne out of a belief that allocating capital to well-governed companies with sustainable business models enhances the potential for positive, long-term outcomes for our clients. In this document, we aim to communicate a common understanding of our philosophy and approach to stewardship to our clients and the companies in which we invest.

For us, stewardship is an umbrella term which incorporates our wider responsibilities as asset managers to understand and manage investment risks we take on behalf of our clients. This includes a duty to engage actively with companies on a range of issues where we believe that doing so can lead to better outcomes for clients. We also have a responsibility to seek to understand material environmental, social and governance ('ESG') risk factors that might affect the outcome of an investment. The challenge for us is to understand the materiality of these risks, in the same way that we do with other risk factors via traditional financial analysis, and to encourage companies to manage these risks appropriately.

Jupiter's stewardship approach is fund manager led and this gives the fund managers the flexibility to integrate their ESG analysis into their investment approach. We believe that only through integration at a fund manager level can ESG issues truly be analysed and aid securities analysis through risk identification and mitigation as well as alpha generation. Our fund managers are supported by the Governance and Sustainability Team ('GS Team') who work with them on ESG integration, engagement and proxy voting.

At Jupiter, the CIO function (CIO Office) has oversight on ESG matters. The CIO's office will look to understand how the individual strategy has executed and managed their own ESG priorities. Stewardship is a factor in the personal objectives of our investment personnel, and this includes fund managers and investment analysts. This means that stewardship priorities are well defined, integrated and relevant to the investment approach. The managers should be able to demonstrate stewardship through their approach to company dialogue and analysis which ultimately form tangible voting and engagement outcomes.

We are signatories to a number of industry-wide stewardship initiatives including the UN's Principles of Responsible Investment ('PRI') and 2020 UK Stewardship Code. We also support the recommendations of the Task Force on Climate Related Financial Disclosures ('TCFD') as investors and as a corporate entity.

Major EU regulatory frameworks such as SFDR have been established and further developments will be implemented over the next 24 months. This is an exciting period which creates opportunities and heightens client and public expectations. This regulation focuses on three main elements for financial market participants: i) how the negative impacts of our investments are considered, ii) how sustainability risks are integrated into investment decision making and iii) taking steps to avoid greenwashing.

Independence of thought and individual accountability define us. We believe that diversity in people and freedom to think and act differently will set us apart. We have therefore thought deeply about how to respond to emerging client and regulatory expectations that asset managers should develop standardised corporate policies on stewardship while preserving the investment autonomy and independence of our fund managers, in line with our active management philosophy and culture. We believe that the new corporate ESG initiatives announced in February 2021, which include joining the Net Zero Asset Managers Initiative, the Good Work Coalition and the UN Global Compact, help to provide clarity on Jupiter's stewardship objectives.

This policy outlines our own philosophy, internal governance and approach to integrating material ESG risks into investment decisions. In doing so, we acknowledge the SFDR definition of sustainability risks in that these are ESG events or conditions, that if they occur, could cause a material negative impact on the value of the investment.

The Stewardship Committee is an important forum where our approach is assessed and learnings from company engagements can be applied from one situation to our wider stewardship activities.

We recognise that our stewardship responsibilities on behalf of clients extend across all geographies and asset classes. This document also sets out our approach to stewardship beyond listed equity, specifically with regards to fixed income and multi-manager investments ('fund of funds'). Being aware of client preferences and absorbing them into the execution of our stewardship policy is important. Many of the themes discussed within this document are borne out of investor experience but they also reflect interaction with clients.

Jupiter's investment approach is long-term and we typically emphasise a minimum period of three to five years for assessing the performance of our managers. Stewardship activities are also assessed over the long-term in line with this investment horizon. Managers continually monitor portfolios and may amend positions based on a range of financial valuation and stewardship considerations. Selling positions may form part of good stewardship in cases where a suitable resolution was not achieved with a company.

This policy should be read in conjunction with Jupiter's Stewardship Report, which provides highlights of voting and engagement activity undertaken by our fund managers. Both of these documents and our voting records can be found on our website at **www.jupiteram.com**

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INVESTMENT STYLE AND STEWARDSHIP APPROACH

Approach and principles

Jupiter is an active asset manager with an established track record of delivering out performance for our clients. We seek to maintain a high-performance culture, which is collaborative and values independence of thought. We believe the best outcomes for our clients are achieved through our unconstrained and conviction-led approach to active investing.

As active managers running high conviction portfolios, clients entrust our fund managers to make investment decisions and construct portfolios to generate sustainable long-term returns. This is why fund managers at Jupiter take the lead and are accountable for stewardship activity. It is not delegated to an internal team or outsourced to a third party. This does not mean we rely solely on internal perspective. By its very nature, stewardship encompasses a broad agenda where activity with a single company can be spread over multiple periods and include a number of different themes. Therefore, understanding client priorities, engaging in collective action with other investors, using third party data and remaining close to investor organisations and industry bodies informs our overall stewardship strategy.

At Jupiter, the fund manager is the ultimate investment decision maker. They are best placed to assimilate this information and drive the agenda forward as part of their investment process. In addition, a collaborative approach to engagement provides a platform for fund managers to share knowledge with colleagues and boost their own skill. This approach develops and enhances our stewardship culture in the long-term with the fund managers and the GS Team working together on engagement. This enables us to communicate a clear and consistent message to our investee companies.

We are signatories to the PRI and to the Stewardship Codes of the UK and Japan. We firmly believe that our policies at a corporate level should be aligned with our asset management activities. We also support the FSB Task Force on Climate-related Financial Disclosures (‘TCFD’), which aims to promote a more informed understanding of climate-related risks and opportunities by investors and others.

Our active investment approach means that we only invest in shares or debt issued by companies when we believe it in our clients’ best interests to do so. These are companies in which we perceive a long-term value opportunity and our analysis appropriately incorporates material risk factors including environmental, social and governance ‘ESG’ issues. In essence, our aim is to deliver long-term returns for our clients within agreed investment parameters and careful stewardship is key to achieving this goal on their behalf.

While stewardship obligations may be executed in varying ways across different asset classes and across geographies, we understand that the PRI and the Stewardship Codes set high expectations in regard |to our stewardship approach across the firm. We thus seek to integrate ESG factors as appropriate to our investment style and approach across all asset classes. In this document, the term ‘companies’ is not restricted to public equity only, but also relates to fixed income and multi-manager investments.

INVESTMENT STYLE AND STEWARDSHIP APPROACH – CONTINUED

Definitions

The asset management industry is awash with interchangeable terms and acronyms which can be confusing for clients, investors and companies alike. This is understandable given the varying nature of client demands, the breadth of ESG approaches and products, and the ensuing debate about the wider purpose of the asset management industry in terms of delivery, value to clients and contribution to the economy and society.

As discussed, evolving regulatory frameworks seek to bring clarity on these matters in terms of categorising types of sustainable investment products. However, for the purpose of this document, it is valuable to articulate our own philosophical belief around terms like ESG and how these motivations are considered and executed on behalf of our clients. These policy statements apply generally across our fixed income and listed asset base.

We prefer to consider the wider conceptual framework of governance and sustainability within the overarching principle of **stewardship**. For us, this focus reinforces the critical importance of being responsible for '**other people's money**' and striving to generate returns for our clients.

Stewardship is not simply a technical or policy area that is linked to the investor assessment and behaviours around material risks impacting longer term value. We also consider stewardship as a positive cultural force that embodies and drives our relationship with clients, investee companies and stakeholders. We fully support the revised 2020 Steward Code which defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

INTERNAL GOVERNANCE

Oversight from the CIO Office

We have reflected on the importance of embedding stewardship within our organisation's culture and the CIO Office plays a central role in this regard. Stewardship is a formal component of each fund manager's objectives and each fund manager has unique stewardship priorities. Each fund manager is responsible for defining, evidencing and articulating their stewardship approach, within the defined parameters of Jupiter's policies and external commitments. The CIO Office oversees these objectives and monitors, reviews and assists our investment personnel in meeting them.

Through this oversight analysis of material ESG factors is integrated across the investment team.

This approach does not curb the fund managers' freedom to follow their investment convictions, but rather helps to ensure that there is a consistent approach to assessing and engaging with companies, as well as to governance and sustainability issues across different asset classes and in the organisation as a whole. This approach to oversight also ensures that our culture with regards to particular ESG factors advances consistently and awareness deepens throughout the department.

Governance and Sustainability Team

Our GS Team are part of the fund management department and report to the CIO. The team work closely with our fund managers to deliver our stewardship commitments. Among other activities, the team helps identify relevant ESG factors that might affect the business performance of investee companies. The team aims to complement decision-making and monitoring by facilitating the integration of long-term factors that traditional financial analysis has sometimes neglected, providing specialist insights to the fund managers who are best placed to identify the factors which are most material to corporate and investment performance.

The team is responsible for coordinating the voting of proxies at shareholder meetings and assisting fund managers with investee company engagement and ESG integration. The close working relationship between the GS Team and our fund managers results in an alignment of efforts. This is something we believe makes us more effective in our dialogue with management teams and independent directors. We do not seek ESG improvements for their own sake but rather seek to understand the potential material impact of these factors on the performance of a business and on long-term value creation for our clients.

Organisational alignment: Stewardship and Corporate Social Responsibility committees

To provide additional oversight, Jupiter's Stewardship Committee provides a platform to co-ordinate and review engagement across the different asset classes in which Jupiter invests and to debate whether we are receiving the desired response from companies. Chaired by the Director of Stewardship & CSR, the committee also considers the external ESG landscape and trends in the wider investment industry and public policy.

Other committee members include the CIO, Head of Sustainable Investing, Head of Governance and Sustainability, fund manager representatives from our equity, fixed income and fund-of-fund strategies, as well as governance and sustainability specialists.

The Board of JFM plc has also established a Corporate Social Responsibility ('CSR') Committee which is also chaired by the Director of Stewardship & CSR. This Committee is concerned with the wider CSR responsibilities of JFM. Although reviewing stewardship activity is a major component of the Committee's remit it also covers further

INTERNAL GOVERNANCE – CONTINUED

organisational matters such as environmental impact, charitable giving, employee satisfaction, diversity and inclusion and health and safety.

One of the CSR Committee's aims is to strengthen information flows and increase awareness of stewardship activity between our corporate leadership and investment leadership. This information helps to educate and inform senior management and thereby helps to further ingrain and support our stewardship culture and awareness across the firm.

The composition of the Stewardship Committee is structured around fund management but the CSR Committee has a more board-based corporate leadership contingent. The cross-over members are the Director of Stewardship & CSR and the Head of Governance & Sustainability. Otherwise the CSR Committee contains the CEO, Senior Independent Director, Head of HR, Head of Facilities and Chair of the Employee Representative body.

Voting and engagement decisions are only formulated by the fund managers and the GS Team. Members of JFM's Executive Committee or Board do not seek to influence voting and engagement decisions.

Investment practice: How we take ESG factors into account

Our environmental, social and governance analysis covers a broad range of factors developed over many years of engaging with investee companies on stewardship matters across a broad range of markets. This framework draws on the expertise of our individual fund managers and their individual stewardship approaches with input from Jupiter's GS Team. These factors are also informed by our engagements with industry partners and standard setting bodies, such as the UN PRI and the Financial Reporting Council, as well as third-party data and research providers.

Our fund managers and analysts carefully consider ESG risk factors pertaining to a company prior to making an investment decision. This process considers potential investee companies on a case-by-case basis, with due regard to the sectors in which they operate. In addition to traditional bottom-up stock selection techniques, such as valuation, competitive position and industry dynamics, the assessment considers relevant ESG factors including the following where applicable:

Governance
- Succession (management and board levels)
- Board effectiveness, composition and independence
- Risk tolerance and oversight
- Executive remuneration

Strategy and performance
- Mergers and acquisitions
- Corporate strategy and culture
- Performance and financial issues

Environment
- Sustainability
- Climate
- Biodiversity
- Operational impact

Trust, reputation and corporate reporting

Conduct

Litigation

Integrity of financial statements

Accounting issues

Human Capital
- Remuneration
- Health and safety
- Culture and values
- Development, diversity and engagement

Social Impact
- Human rights
- Supply chain
- Workforce practices
- Anti bribery
- Anti corruption

INTERNAL GOVERNANCE – CONTINUED

ESG risks relating to any of the areas above may lead to the fund manager choosing not to invest in a given company, and this is determined on a case by case basis. In relation to governance, we tend to focus on how effectively and efficiently a business is run with the aim of helping to preserve and enhance value in the long run. Environmental and social matters are typically assessed as part of a wider effort to understand the sustainability of an investee company's business model, and we will engage as appropriate to help reinforce or potentially improve this sustainability.

We also draw attention to our signatory status with the UN Global Compact and membership of the Good Work Coalition. Our values are aligned to the purpose of these initiatives and they help strengthen our focus and activity around the 'social' dimension of ESG. The UN Global Compact is a voluntary initiative for businesses to implement universal sustainability principles based on human rights, labour, environment and anti-corruption.

Jupiter Fund Management plc is signatory to the UN Global Compact and we apply these principles in terms of our own responsible business practices. We also use these principles as a reference point when acting as stewards of our client's capital. We have datasets which flag the severity or likelihood of UN Global Compact violations at investee companies. This does not mean an automatic divestment or exclusion, but we will seek to understand the context and where relevant engage with companies either directly or in collaboration.

The Good Work coalition reinforces our commitment to positive workforce practices. This is a UK-based initiative which involves engagement around the areas of i) paying a living wage, ii) alleviating insecure work and iii) combating gender pay disparity. Work with the Coalition can strengthen our voice and understanding as well as shaping our direct engagement with companies.

Exclusions

As a baseline Jupiter has a firm-wide prohibition on investing in companies involved in cluster munitions. Other funds also extend exclusions to companies involved in anti-personnel mines. Our range of Sustainable Solutions funds also apply exclusions in relation to controversial weaponry, fossil fuels and tobacco.

Jupiter is in the process of augmenting its approach to product involvement and sought to broaden these considerations to a wider group of sectors. Further updates to our policies will be provided during 2021 with specific reference to our stance on areas including thermal coal and UN Global Compact Violations and controversial weapons.

As a general approach, fund managers carefully consider ESG risk factors pertaining to a company prior to making an investment decision.

Where potential risks are identified, we will consider whether the company has the capacity for 'self-help' in relation to improving its ESG profile, or if the issues are fundamental to the business. ESG factors are not viewed in isolation, rather the fund manager concentrates on trying to understand how these factors impact potential medium- and long-term investment performance, with reference to a company's valuation, and identify which, in our view, are relevant and material to investment decisions. This assessment will also consider risks beyond our typical investment horizon. Ultimately, our active investment approach means that we only invest in shares or debt issued by companies when we believe it in our clients' best interests to do so. These are companies in which we perceive a long-term value opportunity and our analysis appropriately incorporates material risk factors including environmental, social and governance 'ESG' issues. In essence, our aim is to deliver long-term returns for our clients within agreed investment parameters and careful stewardship is key to achieving this goal on their behalf.

INTERNAL GOVERNANCE – CONTINUED

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Once invested, the fund managers and the GS Team work together to identify material ESG risk factors at investee companies and ensure that these issues are monitored appropriately. Monitoring is conducted using fundamental company research and direct engagement with company boards and management teams, as well as third party research and data. Changes in our views on ESG risks are appropriately incorporated in investment decisions.

We will seek to influence management of ESG risks where we feel these are not being appropriately addressed. Where necessary, we will escalate engagement via voting against management at shareholder meetings. Our approach to engagement, voting and escalation is set out in more detail on the next page.

INTERNAL GOVERNANCE – CONTINUED

Research and data

To strengthen our capabilities, Jupiter has invested in third-party ESG research and data to help fund managers with security selection, monitoring, and activities. The data is deployed in two ways: i) to augment day-to-day investee company monitoring, engagement and voting assessment at portfolio level and ii) CIO Office analysis of the ESG risk profile of our total assets under management.

i) The data is used in conjunction with our existing research capabilities to enhance our understanding of companies, monitor for controversies, contribute to our engagement planning and develop the dialogue between fund managers and the GS Team.

ii) The data is utilised by the CIO Office with respect to management oversight. This involves analysis of our total assets under management to assess the overall ESG risk profile of our organisation. This process includes information relating to controversies and the environment, and specifically climate-related risks and opportunities. The CIO Office also uses this data to review individual portfolios and consult managers during the formal review process.

The current primary ESG rating providers are Sustainalytics, RepRisk and MSCI. The fund managers and the GS Team use third party ESG ratings and data to help inform the decision making / monitoring process, but we are not beholden to external scores or ratings. The construction of our portfolios at any given time reflects the fund manager's broader investment process, consistent with their views and the stated objectives of the fund.

Within our portfolios, we monitor for involvement in controversial business activities and potential ethical controversies, including violations of global norms such as the UN Global Compact principles. We subscribe to RepRisk, a specialist ESG research provider which uses news and third-party public sources to identify potential issues. The tool is used by fund managers and the GS Team, who conduct periodic reviews and identify potential issues which can then drive company engagement or other investment decisions.

Internally, we are developing an internal ESG data portal to provide our investment teams with a dashboard to identify ESG risks in our portfolios. The project is being developed by our Head of Data Science and is being trialled across the investment team. The portal will integrate RepRisk and Sustainalytics ESG data with an objective to blend this information into an internal metric to reflect the views and analysis of our fund managers and ESG specialists.

Assessing investment outcomes

Individual investment strategies, the GS Team and the Stewardship Committee all play a role in assessing outcomes of our stewardship activities. This refers to examining whether we have been successful in meeting our engagement objectives e.g. leadership developments, remuneration changes or shareholder motions carrying influence at companies. These matters will be reported to clients and also feature within our public disclosure. The inclusion of stewardship in the objectives of investment team members also allows for further assessment in the annual review process by the CIO Office.

Demonstrating the efficacy of approach is challenging due to the inherent difficulties of isolating the proportion of investment returns attributable to ESG factors. While we believe that ESG factors can have a material impact on security prices over time, we do not systematically measure the contribution of our ESG analysis per se to investment performance. The heterogenous nature of ESG factors and the challenge of making comparisons across different sectors, geographies and asset classes further complicate the measurement of their impact.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS

When engaging with companies we seek to be aligned in our views, putting our clients' interests in the strongest position. Investee companies tell us that they often receive inconsistent signals from different arms of asset management houses (i.e. ESG teams and investment teams). In contrast, our unified approach means there is no risk of confused messaging. Our investee companies receive a coordinated position from us throughout engagement dialogue, including voting decisions. This consistent and long-standing approach contributes to increased awareness of stewardship issues among our fund managers. In turn, this approach builds to internal culture and leads to clear communication of our responsibilities to clients.

Engagement priorities: What we seek from investee companies

We operate in an environment that is continually changing and subject to vast information flows.

As a result, we remain open to the prospect that any company we invest in may present specific issues that require our assessment. There are also times when we are required to support companies or accommodate requests for engagement from management teams. Consequently, engagement decisions are taken on a case-by-case basis, and with due consideration for the following issues:

- client-sponsored initiatives or requests
- collaborative activity
- the size of our position
- whether the company is a new position

Below is a representative list of the types of themes that might trigger an engagement. Governance and sustainability issues are often interconnected and a single engagement may relate to multiple stewardship themes. For example, when engaging on remuneration we will routinely consider how stakeholder considerations such as health and safety, customer service and employee engagement are incorporated into remuneration outcomes. Correspondingly, our dialogue with companies on climate-related issues often examines how oversight of these matters is incorporated into formal governance structures. As such, the below themes should be viewed as different facets of our stewardship dialogue with companies, rather than as standalone engagement topics:

- Routine monitoring or relationship meetings
- Succession (management and board levels)
- Leadership changes
- Stakeholder agenda (environment, employee and customers)
- Climate-related risks and strategies
- Mergers and acquisitions
- Corporate strategy and culture
- Board effectiveness and composition
- Performance and financial issues
- Political risk
- Regulation, conduct or cyber security
- Remuneration

We aim to be reliable owners of trustworthy businesses that are led by managers with a long-term mindset. As stewards of our clients' assets, we believe it is fundamentally important that our approach is not one based on box-ticking, but is rather founded on the application of intelligent considerations of what will best support the long-term success of a business. To this end, we seek to build relationships with company leaders, both

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

the management and non-executive directors, to understand their perspectives and to share constructive views. We seek to encourage long-term value creation and will support boards that have a clear and appropriate strategy. We will engage when we have concerns about the strategy or the structures put in place to deliver that strategy.

Collective engagement

Collective engagement can be an effective pathway to leverage influence with companies to help reach desirable outcomes. We have successfully worked with our peers for the shared benefit of our clients and support the principle of collective engagement. We remain open for dialogue with external parties and consider subsequent actions on a case by case basis.

This type of engagement is often seen within the context of holding boards to account. However, it is also important to stress that collaborations are applied in various circumstances and not only restricted to problematic scenarios. Working together with other organisations can enhance understanding and is also valuable when considering major systematic issues such as climate change and human rights. Therefore, our collaborations will concern company-specific issues, but where relevant, we are also engaged with domestic and overseas regulators, thinktanks and investor groups on the wider stewardship policy agenda.

Jupiter is a politically neutral organisation and we do not fund political parties. We are open to engaging with domestic and overseas governments and their agencies to advance the sustainability agenda. We advocate policy measures which support full implementation of the Paris Agreement. The primary channels for our advocacy are collective bodies such as the Investment Association and Institution Investors Group on Climate Change (IIGCC).

Our dialogue with other investor bodies and collectives will involve a broad spectrum of institutions with differing approaches and beliefs. We think it is important to be open and be open to a variety of views as we advance our own stewardship policy.

Conflicts of interest

We recognise the importance of managing potential conflicts of interest on behalf of its clients when voting their shares and engaging with investee companies. Our published Group Conflicts of Interest Policy is available at www.jupiteram.com.

Jupiter is an independent asset manager, we are not attached to a larger financial services group. Conflicts may arise when clients are also companies in which Jupiter invests.

In these circumstances, contentious issues are discussed with the relevant fund managers and the CIO. In addition, there will be close engagement with the company, including where the issue may relate to a voting matter. In this instance, Jupiter will vote in the best interests of the funds/ clients who hold shares in the company, using the principles of Treating Customers Fairly (TCF). Where applicable, Jupiter will obtain advance approval from the client prior to voting.

Engagement and business performance

We identify six key drivers of long-term business performance, which we seek to encourage in our dialogue with management teams and boards, and aim to reinforce through our voting decisions:

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

- Long-term strategic planning
- Protection of investor rights and interests
- Appropriate management of risk exposures (including climate change)
- Independent and effective boards
- Tailored and appropriate remuneration structures
- Transparency and culture

Long-term strategic planning

We recognise that for a company to succeed over the long-term it needs to identify a clear market opportunity, deliver value for its customers and build a defensible business model. This requires investment in appropriate resources, including stakeholder relationships. Successful companies need a sustainable capital structure, which offers an appropriate return to providers of capital.

As investors, we understand the need to give companies the space to develop their strategies. But as careful stewards, we have a responsibility to engage and intervene in a business if we believe that change is necessary, including where it appears to us that the business is being run with a short-term mindset that risks damaging long-term prospects. Where we believe that a company's capital structure and approach to returns for investors is not sustainable, we will seek positive change, which will be reflected in any voting on share issuance authorities, buyback proposals or dividend resolutions.

We believe the optimum capital structure for a company in the long-term involves a simple shareholding structure. We fundamentally believe that each share should have equal voting rights and oppose the creation of non-voting shares.

Protection of investor rights and interests

We expect companies to deal fairly with investors. As such, we believe any substantial change to the nature of the business should be subject to a shareholder vote. We believe that investors should have the right to determine whether a takeover, merger or restructuring is the right thing for the company, and thus oppose the use of anti-takeover devices. In a similar way, shareholders should have the right to maintain their stake in a business and should not be subject to dilution without being able to consent; we thus carefully guard pre-emption rights.

While we believe that companies need some flexibility to manage their capital structure effectively and, when necessary, to raise additional capital in a timely and cost-efficient manner, we regard pre-emption rights as being fundamental in providing protection for shareholders against their holding being diluted. Thus, we will closely consider management resolutions seeking capital authorities (with and without pre-emption rights) and will take into account the size and stage of development of the company when assessing share issuance requests. Smaller companies may be afforded greater flexibility, subject to sufficient justification. In assessing all capital requests, any potential dilutive impact on our clients' shareholdings is carefully evaluated.

Jupiter will generally support increases to capital stock for legitimate financing requirements provided they are in the best interest of shareholders. As a rule, we believe that capital requests should meet the standard pre-emption guidelines of their local market jurisdictions. We strongly encourage prior consultation with shareholders if companies are seeking non-routine share issuance authorities (i.e. in excess of local market guidelines) and Jupiter will not generally support these where the company has not provided sufficient justification.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

With regard to takeovers, mergers and restructuring, Jupiter assesses each case individually and decides whether a proposal is in the best interests of shareholders. Each decision is based primarily on the views of our fund managers. We will engage and vote against deals where we believe the terms do not reflect a company's strategic and fundamental value. We will also vote against transactions where we feel minority interests have been compromised in the approach, structure and/or terms of the deal.

We will not support proposals if we have reservations over the strategic rationale, governance or funding of a transaction.

Anti-takeover provisions (often referred to as 'poison pills') risk entrenching management and thus can potentially damage shareholder value. We therefore believe that these should be avoided or, at a minimum, be put to shareholders for approval.

We will vote against the directors at an AGM if a poison pill was renewed or implemented during a period but was not subject to shareholder approval. We will also support shareholder proposals to redeem poison pills. We expect companies to explain the rationale for introducing any such device and to introduce appropriate checks and balances in order to protect the interests of shareholders.

Appropriate management of risk exposures

We expect that companies running themselves effectively with a long-term mindset will manage their key risks well and maintain their key relationships appropriately. Risk is a board-level issue and we look to see that the board will take full ownership of these concerns, typically through the audit committee or a specialist board committee. Boards should be open and transparent in reporting on their deliberations and disclose enough insights to give investors confidence that they have in fact considered relevant issues and managed and mitigated key risk factors. Where companies are required to issue a viability statement, we ask that these look out over the investment planning horizon of the business, not simply over the minimum period required by regulation.

Environment and climate change

As investors actively engaged with the specific circumstances of individual companies, we fully recognise that key risks, including environmental risks, vary between companies, and that the approach to them must be tailored to the sector and to individual businesses. Nevertheless, there are some issues that extend across most, if not all, companies. Climate change is one of these and is therefore an important focus for Jupiter. There is a heightened focus in our industry with regards to climate change and significant force behind this from both our clients, regulators and governments. We firmly support the recommendations of the TCFD, which recognises climate change as a board-level issue and seeks disclosure of strategic planning in relation to climate risks, including practical responses to both physical and transition risks. We will continue actively to engage with investee companies to encourage them to respond appropriately to the TCFD recommendations, across all four dimensions of governance, strategy, risk management, and metrics/targets. We recognise this is a complex area where shareholders and companies need to work together over the long-term. We will continue actively to engage with investee companies to encourage them to respond appropriately to the TCFD recommendations.

The GS Team assist the fund managers' monitoring of climate change risks and opportunities in their

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

portfolios with reference to third party research and data and by hosting or attending meetings with management teams and non-executive directors to question and challenge companies about the issues we think may affect their long-term value.

Jupiter has investments in companies which contribute to global carbon emissions, either via their operational emissions and/or via the life cycle emissions of their products. Should global governments and supply chains aggressively step up attempts to combat Climate change by substituting renewable energy sources for fossil fuels, the financial performance and future earnings capacity of these companies could be materially affected, leading to declines in the prices of their securities. Conversely, our fund managers may be able to generate long-term value by investing in stocks belonging to companies which stand to benefit from the transition to a sustainable economy, avoiding investments in companies unable to adapt to the energy transition, and exercising stewardship to enhance the management of climate risk by companies whose business models may be adversely affected by the energy transition.

Climate change is one area where working collectively is essential to any meaningful stewardship effort. We are open to collective engagement and industry collaboration on climate change. In 2019 we joined the IIGCC. The IIGCC is a collective body through which European institutional investors and asset owners coordinate initiatives to tackle climate change. This coordinating role primarily encompasses direct engagement with companies, but also facilitates industry dialogue, develops tools and resources to deepen understanding of investor practices on climate change and supports the implementation of related best practice. IIGCC also engages on finance and climate policy at the global, EU and national level across Europe. Our engagement with IIGCC encompasses each of these areas. In 2019 Jupiter became a member of Climate Action 100+, an investor initiative which seeks to target collective action around a selection of the world's highest emitting companies and coordinate shareholder engagement with this subset. Joining Climate Action 100+ allows us to play a lead role in collective engagements on climate with investee companies.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Where we consider companies are highly exposed to climate risks or are systemically important carbon emitters, we will look to management to undertake steps to mitigate these risks including the following initiatives:

- Measure and disclose full lifecycle emissions of their products and services
- Conduct scenario analysis to consider the long-term impacts of climate change on their business model
- Set long-term decarbonisation targets which are aligned with the goals of the Paris Agreement
- Ensure and demonstrate to shareholders
- that their direct lobbying activities and trade association memberships are aligned with active support for the Paris Agreement

We use a range of data and research sources to inform our assessment of climate risks. We particularly value the methodology provided by Transition Pathway Initiative (TPI), a global, asset-owner led initiative, as a forward-looking tool to assess the preparedness of carbon intensive companies for the transition to a low carbon economy. We will vote against Boards which do not meet our expectations in appropriately managing carbon risks within their businesses.

We continue to work alongside our industry partners to encourage TCFD adoption and develop reporting techniques capturing transition risks and opportunities more broadly. We are also developing our approach to scenario analysis in order to assess the resilience of our portfolios to different climate-related scenarios. In addition, we seek to quantify the CO2 exposures of our portfolios as a whole, in order to help clients to understand the exposures of their portfolios in general and potential risks should carbon constraints be introduced. We have been developing detailed climate impact reports for selected portfolios. These fund-level reports, issued to clients, focus on the GHG emissions attributable to the underlying portfolio companies, portfolio alignment with current climate goals, and a review of other portfolio level environmental risks. We intend to make these reports available to clients across our broader fund range in future as we work towards full implementation of the TCFD Recommendations.

ESG shareholder resolutions

It is rare for there to be management resolutions relating specifically to environmental risks, but shareholder proposals increasingly relate to such issues. We assess the merits of all shareholder proposals on a case-by-case basis, with due regard for the following considerations:

Where appropriate, we will look to inform our approach by engaging with proponents, shareholder activists or other representatives when considering shareholder proposals. Jupiter is open to engaging with other stakeholders when it is considered constructive to do so.

- Our responsibilities and principles as set out in this Stewardship Policy.
- Our assessment of the quality of the company’s leadership team and corporate governance.
- The company’s responsiveness to engagement with shareholders and other stakeholders.
- The company’s track record of appropriately managing ESG risk factors.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Independent and effective boards

In order to deliver long-term business success and so create long-term value, every company needs to be overseen by an effective board which is collectively accountable to shareholders. The boardroom is characterised by the personalities of its directors and the quality of the key relationships they have with the business, such as between the chair and the CEO. It is important that those personalities and relationships foster an open and supportive decision-making environment in which decisions and strategies can be scrutinised and challenged. A diverse board with a range of skills, backgrounds and experience, is a key part of delivering the healthy debate that characterises an effective boardroom. We will vote against Boards which we consider insufficiently independent or which do not demonstrate leadership qualities.

Jupiter strongly favours the separation of the roles of chair and CEO to ensure a balance of power and authority and to differentiate the two key tasks at the top of the company: the running of the board, and the executive responsibility for running the business. If, in exceptional circumstances, the roles are combined, the board must have a strong independent element and heed the guidance of a designated senior independent non-executive or lead director. We are likely to vote to reflect these views, opposing the election of a director holding both roles in markets where this is unusual, unless the reason for the combination is clearly explained and strictly time-limited. We tend to support proposals to split those roles in markets where they are commonly combined (such as the US and France). Further, we will not ordinarily support proposals for a CEO to succeed to the post of chair or the transition of another internal non-executive seat without compelling reasons from the company.

We will assess director elections on a case-by-case basis and pay particular attention to the attributes, skills and credentials of a director when considering their suitability. We may elect to vote against directors if we consider their performance or history at other companies has contributed to value destruction or financial distress.

For boards to be effective, they need to be substantively independent of the executive team and of any major shareholders. Nevertheless, we recognise that there can be practical constraints to a majority independent board in some circumstances, including at state-controlled firms or family-run companies. Generally, we will support boards that meet local market best practice requirements and will be flexible in situations where a company has a controlling or significant shareholder. Our expectation is that the chairs of the audit and remuneration committees should be independent, and we may oppose the election of individuals in such roles who we do not consider to be fully independent.

We recognise several factors that can impact the independence of directors, including:

- lengthy tenure
- previous employment with the company
- having an ongoing material relationship with the company or key individuals related to it
- representing a major shareholder
- receiving incentive pay.

We understand that not every director needs to be perceived as independent, that independence is best assessed in the context of the overall board composition, and the key criterion is ultimately whether boards are effective and open to being challenged. These are qualities that we seek in the boards of investee companies. We therefore take a broader view than a simple understanding of individual independence. In a similar way, we believe the value of a tenure guideline lies in its ability to drive the refreshment of board overall rather than to limit the tenure of particular individuals. We will vote against nominees where we believe there is an

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

unhealthy majority of long-serving directors on a board and the balance no longer seems appropriate.

It is reasonable to expect that each director has sufficient time to perform their role effectively, and in many cases we are willing to show patience, including where a company is potentially in crisis. However, if it appears to us that an individual is too busy to perform their role effectively, or is clearly not offering the time that we would expect, we are likely to oppose their re-election.

We do not set a limit on the number of other directorships a non-executive director may hold but prefer to apply intelligent judgement to the individual's circumstances and the commitment expected by their various roles. We support a serving CEO taking one non-executive director position as we believe an additional role can add perspective and value for their employer, but we are likely to oppose the holding of more than one external directorship.

Diversity

Through engagement with chairs we have encountered various cases where group-think at board level has contributed to poor decision-making and underperformance, which has been exacerbated by a lack of diversity in the widest sense. We want boards to build an effective and entrepreneurial culture that harnesses a range of perspectives and experiences. Board diversity is an important area and we consider this issue when discussing board effectiveness and composition with chairs.

Gender can be a prominent part of these discussions and we consider a broad range of issues, including diversity of leadership experience, expertise, market geographies and backgrounds, when considering board-related developments. We understand that board succession and the appointments process can take time to be concluded. In terms of voting, we look to understand the progress that has been made with respect to diversity and the overall needs of the board. Votes against a chairman or nomination committee chair will be considered when assessing the overall board effectiveness and composition.

We also think diversity is an important consideration when boards consider a company's management talent pipeline, and inclusion at the entry level (e.g. graduates/apprentices) is an equally important engagement topic in our conversations with chairs. Jupiter is a member of the 30% Club and believes that gender balance on boards and in senior management not only encourages better leadership and governance, but diversity further contrib-utes to better all-round board performance, and ultimately increased corporate performance for both companies and their shareholders. We are participants in the 30% Club Investor Working Group, which seeks to increase the representation of women on boards and management teams.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Tailored and appropriate remuneration structures

We favour companies in which long-term, performance-linked remuneration rewards the creation of value in a business (rather than its extraction), to the ultimate benefit of stakeholders. We expect boards to provide transparency when it comes to decision-making and clear explanations of why key decisions are in the interests of the business. We also expect remuneration committees to consider the pay and incentives of the wider workforce and how these support the sustainable performance of the business over the long-term.

We recognise that businesses operate in competitive environments and acknowledge the pressures on companies to offer pay and incentive packages capable of attracting, retaining and motivating talented executives. With that in mind, we cannot support payments that appear excessive and believe our stewardship approach to executive pay should include a rigorous analysis of how a strategy is executed and whether a company's pay framework incentivises appropriate management behaviours and strikes a balance between short and long-term growth. These strategic considerations form the core of our remuneration dialogue.

As a general policy, we will firmly oppose situations, and the responsible individuals, where we believe that there has been:

- a reward for failure or payments that are sharply misaligned with performance and shareholder returns
- unjustifiable increases in overall incentive packages
- situations where we believe accounting practices used to measure pay outcomes have not appropriately reflected the underlying financial returns to shareholders
- payments made for questionable stakeholder developments (e.g. significant health and safety breaches or environmental concerns).

We encourage committees to monitor grant policies and discourage the granting of continuous maximum awards, regardless of corporate and share price performance. We are mindful that windfall gains may arise if maximum grants are maintained during a substantial share price decline and would expect the number of shares granted to be reduced in this scenario.

Remuneration is not considered in isolation but is assessed within the context of its alignment with strategy and shareholder interests, management competence, corporate behaviour, succession, long-term performance, wider governance issues and the equitable distribution of rewards between management and stakeholders. We also take into consideration sector and industry dynamics.

Base pay should be set at a level which reflects the role and responsibility of the individual. We expect committees to fully explain their rationale for implementing significant increases, which we believe are only likely to be justified by developments such as performance attainment, additional responsibilities and promotion. Committees should be aware of the multiplicative impact of salary increases on total pay and be mindful of business-wide pay dynamics when determining the salaries of executive directors. In our view, pension contributions for executive directors should be in line with those for the wider workforce.

We recognise that there are sometimes commercial sensitivities on these issues, but we expect an appropriate level of transparency from remuneration committees such that we can gain confidence they have taken appropriate decisions in all circumstances. This applies particularly to any decisions around incentive pay, whether bonus awards or longer-term incentives. Performance targets should reflect the strategic aims of the business, and threshold and maximum performance levels need to be set at levels that reflect strong strategic delivery by the business.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Executive performance should be judged fairly against the targets set; in some circumstances this may require the application of discretion to reduce awards even if targets have been reached. Remuneration committees need to judge carefully whether the proposed recompense is warranted by the value delivered within the business; this is the approach that we as shareholders will always seek to apply.

We encourage bonus structures that require a portion of the award to be deferred in shares for a defined period as this supports greater alignment with shareholders. We are supportive of restricted share schemes, but believe that the greater certainty of such reward structures should lead to a reduction in quantum.

To minimise severance payments, Jupiter favours notice or contract periods that do not exceed one year and will not support enhanced notice periods in the event of a change of control. In addition, remuneration committees should take a robust line on restricting severance compensation to avoid rewarding poor performance. They should also take account of the circumstances of termination and of an executive director's duty to mitigate loss so as to reduce the cost to the company, and should carefully consider the compensation commitments (including pension contributions and all other elements) that executive directors' terms of appointment would entail in the event of early termination.

Although we do not uniformly rule out so-called value creation plans ('VCPs'), we typically express caution to companies about the implementation of these plans. VCPs are tailored compensation structures which differ from traditional long-term incentive plans ('LTIPs'). They typically deliver a pre-agreed award of shares to the CEO and executive directors based on the achievement of an absolute share-price hurdle. The remuneration outcome of VCPs are often opaque. Unlike LTIPs, where awards are usually based on a multiple of salary, it can be hard to estimate the maximum awards available to executive directors under VCP schemes. In addition, awards based solely on a company's share price do not necessarily reflect the manager's contribution to the business. These schemes should be used as a one-off to address specific circumstances, rather than form the centrepiece of a policy.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Transparency and culture

We expect every company in which we invest to be open and honest with its investors, to provide transparent public reporting and to make executives available for dialogue about performance and the future delivery of their strategies. We recognise that transparency is an important element of building openness and trust with staff that is central to sustaining a culture that can foster continuing business success. Culture is dynamic and requires commitment; while codes of conduct are important, they are rarely sufficient on their own and rely on genuine management commitment to be effective.

Financial reporting standards

We support standardised financial reporting, which aids the understanding of company statements and allows us to compare a company with its peers. We thus support the development of IFRS and welcome its increased adoption globally, and plan to participate in dialogue to further enhance standards for financial reporting. We acknowledge that every company is different and as active managers, we seek to understand the specific circumstances of individual businesses. We therefore recognise that some companies need to produce non-GAAP reporting, but expect the rationale for their reporting method to be justified and clearly reconciled in a company's audited financial statements.

Independent and effective auditing is essential for upholding market confidence in reported numbers. We therefore support the appointment of independent auditors and typically oppose auditor appointments where we perceive conflicts, lack of independence or detect that an audit was rushed or lacked due diligence. We expect companies to have sufficient and effective controls such that management and the board fully understand what is developing within the business, including properly resourced risk and internal audit functions.

Vote decision-making process

The GS Team is responsible for proxy voting operations, the monitoring of shareholder meeting ballots and providing an initial assessment of each meeting's agenda, including the use of independent proxy advisory research. Depending on whether the fund manager has provided advanced voting guidelines, or we have previously engaged with the company and have finalised a vote, the GS Team will highlight controversial or anomalous issues to our fund managers.

This process applies to our fundamental equity and bondholder strategies. For our systematic equity strategies we apply standing instructions provided our proxy advisor. These instructions can be reviewed and overridden on a case by case basis.

On occasions, we might require further engagement with the company to clarify our understanding or to press for change before a voting decision can be formulated.

Jupiter's starting point is to support management, provided we are satisfied with the company's general business conduct and governance structure.

ACTIVE OWNERSHIP: CONSISTENCY AND DELIVERY FOR CLIENTS – CONTINUED

Annual General Meeting ('AGM') attendance

We process our voting instructions electronically via a third-party proxy voting agent. It is not standard practice for us to attend AGMs as most of our engagement with companies is conducted on a one-to-one basis, or collectively with other institutional investors. However, we will attend an AGM where we consider this to be the most effective means of communicating with the company. We will also appoint representatives to attend and vote at overseas meetings.

Powers of attorney and share blocking

We endeavour to vote wherever possible and practicable, taking into consideration local market and third-party requirements, such as powers of attorney and share blocking. As the practice of share blocking inhibits trading in securities, we consider this to be potentially restrictive to our investment activities and therefore we are selective when voting in certain overseas jurisdictions where share blocking occurs.

Stock lending

Jupiter does not engage directly in stock lending. However, our clients are free to enter into such agreements in accordance with their own policies, including the decision to recall stock. These decisions are taken independently of Jupiter.

On occasion, where our clients engage in stock lending, we may, at our discretion, discuss with them the option of recalling their stock in order to vote on significant investment-related matters.

FIXED INCOME STEWARDSHIP

While bondholders rarely have recourse to ownership rights, such as voting rights, which are typically available to shareholders, in our view this does not diminish our stewardship responsibilities when it comes to fixed income investing. Our expectations of company behaviour and the appropriate the appropriate management of risk exposures and drivers of long-term performance are the same whether we are bondholders or shareholders. This policy statement covers all asset classes within the fixed income universe including corporate credit (both investment grade and high yield), sovereign, securitised and other types of fixed income investments.

Responsibility for fixed income stewardship resides ultimately with each fund manager. Within the fixed income team, the Head of Credit Research has a formal role in managing how our team of credit analysts approach the identification and analysis of material ESG factors when conducting fundamental investment research. Their assessment covers a broad range of ESG risk factors using categorisations based on their investment experience and developed with the input of Jupiter's in-house Governance and Sustainability specialists. These factors include environmental and climate-related impact, labour practices within the company and its supply chain, corporate behaviour and business ethics. Details of material issues identified are included in the research notes prepared by the analysts and assessed by the fund managers. This research is often informed by initial company engagement undertaken by the analysts, who also draw on the GS Team's experience of engaging with companies across a wide range of sectors and geographies and identifying material ESG risks.

The availability of relevant and material ESG disclosures is a challenge of many of the global fixed income markets in which we invest and this represents an industry-wide constraint within which we as investors must operate. We utilise direct engagement with issuers as a key part of our process to gain investment insights and to understand relevant ESG considerations.

As bondholders, where the possible impact of ESG factors are hard to measure we can also use duration management as a tool to mitigate downside risk, investing in bonds with longer or shorter term maturities depending on our views on possible downside risk or the time horizon over which we think identified ESG risk factors may materialise. This is in line with our unconstrained active management approach to seeking out the best opportunities for clients.

Scenario analysis is another valuable tool in considering the impact of future events which exhibit uncertainty in terms of expected value and variance. The team use scenario analysis to consider potential risks which may affect our holdings. For example, this may incorporate the possible impact of regulatory changes, oil price assumptions or other inputs, considering a base case vs a worst-case scenario. Once invested, the team regularly engages with the management teams of investee companies as part of their investment process. Engagement is conducted primarily to inform our investment approach and this includes reviewing material relevant ESG risk factors and assessing how the company manages these risks. However, the team will seek to influence management where this is considered appropriate and in the interest of clients. The team also participates in a regular portfolio review process conducted by the GS Team, in which material ESG risk factors are discussed and potential areas for company engagement are identified.

The heterogeneity of our investable universe precludes the use of a 'one size fits all' approach to ESG analysis. Our analysts tailor their approach to the different instruments, sectors and geographies in which we invest. Our approach to monitoring and engagement varies depending on the type of security being considered. The level of ESG disclosures varies considerably between the different asset classes and

FIXED INCOME STEWARDSHIP – CONTINUED

geographies in which we invest. For example, there are typically fewer ESG disclosures in the high yield market due to the prevalence of private companies. We utilise direct engagement with issuers to gain investment insights and to understand relevant ESG considerations.

Below are themes that may arise in our ESG analysis and engagement with investee companies. This does not represent an exhaustive list but indicates how stewardship factors are incorporated into the team's process.

- The strategic track record of the management team and prevalent corporate culture with regard to risk appetite, conduct, safety and regulation.
- The track record and credibility of the issue sponsor with regards to respecting bondholder rights.
- Assessment of remuneration disclosures, where these are available, to consider executive alignment.
- Ownership structures, such as the reputation of the controlling shareholder and their degree of control over a company's board, the level of employee ownership and other factors which may indicate the level of alignment with bondholders.
- Controversies, jurisdictional risks and the management of social and environmental risk factors which may affect the evolution of a company's credit risk over time.

When assessing sovereign bonds we consider governance and social factors such as a country's political stability and cohesion and the credibility of its political and monetary institutions. We will often conduct research trips to engage with government departments, policy makers, NGOs and multilateral institutions to understand these risks. In emerging economies, governance factors are a critical component of the analysis. We look for companies which we consider are likely to benefit from a lender of last resort, such as issuers which enjoy strong levels of government support.
We will also consider the reputation and any political affiliations of major shareholders which might affect our investments. We pay particular attention to the risk of sanctions being imposed, either on the companies themselves or on individuals associated with them. We conduct engagement and analysis to inform our understanding of these idiosyncratic risks. In the oil and gas exploration and production sector, for example, our approach is informed by uncertainty over the prospects for global oil demand in the coming decades. This is based on structural declines in oil consumption driven by increased vehicle fuel efficiency and by the transition to electrification of ground transportation.

This macro view influences our investment approach and our views on credit quality in the sector in several ways:

- We look to invest in bonds with short maturities (typically less than five years) to reduce our exposure to longer-term oil demand trends.
- We select issuers with cost-advantaged operations which are likely to be more resilient in a rapid energy transition scenario.
- We look for companies with robust commodity price hedging programmes and management teams that favour capital preservation and balance sheet deleveraging over shareholder distributions.
- We assess whether potential investee companies have strong track records for operational health, safety, security and environment (HSSE).

Instances of proxy voting are relatively rare for holders of fixed income securities. However, where a bondholder meeting is called, the fund manager will consider each voting decision on a case-by-case basis and vote in a judicious manner on behalf of clients, engaging with the issuer and other stakeholders where this is considered beneficial.

FUND OF FUNDS: JUPITER INDEPENDENT FUNDS TEAM ('JIFT')

Being a fund of funds (as opposed to holding equities or fixed interest directly), JIFT's stewardship applies at two distinct levels: at the Jupiter portfolio level and at the underlying fund level.

Jupiter fund of funds portfolios

All portfolios adhere to precisely the same investment philosophy and process. The objective is to deliver superior returns to clients after fees, allowing them to compound wealth over time. All prioritise transparency and simplicity, allowing retail clients to understand where their savings are invested: so complex, opaque, levered, exotic and structured underlying funds are typically avoided. The portfolios price daily, therefore most underlying funds and assets held are highly liquid. Turnover is generally low. JIFT prioritises extensive intermediary contact with two client roadshows annually, coupled with online content which uses ordinary language, avoiding excessive financial jargon.

Fund level monitoring

The JIFT investment process is designed to identify active managers who generate repeatable post-fee alpha. This is a rare skill and where found, is usually the output of a robust investment process. The team selection process has a strong bias towards fund managers who are long-term investors. This is an important stewardship consideration. Our fund managers often invest in a relatively limited number of companies, which also provides focus on the active ownership aspect. It is important to note that how managers conduct their company selection and ownership duties differs widely, particularly with reference to the size of assets invested, investment process and asset class. What is laudable for one manager may not be appropriate for another. Moreover, responsibility for adherence to stated processes, policies and disclosure resides firmly in the domain of the manager.

We consider that the stewardship profile of JIFT is strong because we do not tend to invest in funds with high turnover, in those using significant derivatives or leverage, in passives, factor-driven strategies or structured products. The Jupiter Merlin Team engages in a year-end data gathering exercise which requests the provision of a range of data, from pure voting statistics through to ESG & engagement reports for the previous year. Taking all the funds held within Jupiter Merlin, 94% are signatories of the UN PRI and 93% are signatories of the UK or Japanese Stewardship Code; 89% did not engage in stock lending and votes were placed on 96% of resolutions of the underlying companies held within the Jupiter Merlin Portfolios. We generally avoid managers who exclude whole sectors and/or companies with poor ESG rankings (beyond complying with European legislation to exclude cluster munitions manufacturers) and instead seek funds which fulfil their stewardship responsibilities on behalf of clients, incorporating ESG analysis into their investment process.[1]

Once selected, ongoing monitoring of underlying managers is robust. JIFT operates a rolling six monthly programme of fund manager interviews. In addition, regular communication takes place between these meetings. This is complemented by ad-hoc onsite visits to their places of work. Current portfolio holdings are reviewed, exploring how managers have adhered to their investment philosophy and process and fund changes are examined. Voting records and details of effective engagement with investee

1. Data as at year-end 2020, for the JIFT Unit Trusts (excluding Jupiter Merlin Real Return).

FUND OF FUNDS: JUPITER INDEPENDENT FUNDS TEAM ('JIFT') – CONTINUED

companies form part of the data acquired by JIFT. The meetings allow JIFT to discuss specific company examples, finding out how managers have deployed their stewardship policies and signatory duties on behalf of their clients as well as discussing how the fund manager has performed and is likely to perform in the future. Particular attention is paid to:

- How fund managers articulate and evidence their engagement strategy, with a focus on demonstrating outcomes.
- The financial metrics, especially valuation and leverage of investee companies, and of the fund versus the respective benchmark.
- The evolution of sustainability and governance within their own investment process, company and associated agents.

We recognise that disclosure of ESG outcomes is constantly evolving: it differs widely by asset class, region, fund house, fund team and portfolio manager. What is tailored, invaluable best practice for one, may be irrelevant for another. Moreover, many definitions have yet to be defined or adopted in a standardised manner by investors or companies, particularly within climate change. We believe that we can add value through encouraging and engaging with underlying managers. We challenge underlying fund managers individually to disclose and demonstrate how they exercise their duties as owners of investee companies, particularly where companies with poor ESG scores are held.

Finally, challenging managers on their stewardship credentials would be a threadbare and ineffective conversation without data. The Merlin ESG database covers every fund held within the Portfolios and is updated annually and ad-hoc where pertinent reports have been gleaned verbally and/or investee managers disclose updated data. It incorporates valuable ESG information ranging from RFPs to detailed working examples of engagement output, whether successful (where change was delivered and a position held/added to) or unsuccessful (potentially prompting liquidation of that position). Our engagement with investee managers can be a catalyst of material evolution on their behalf and our team is frequently requested to talk to investee governance specialists and their consultants.

JIFT has developed an ESG scoring matrix in order to assess its fund managers. Each manager is invited to complete a customised template before their bi-annual meeting with the team. This template details nine distinct ESG focus areas identified by JIFT and the G&S Team. In each focus area the team explore the manager's policies, engagement examples and outcomes over the previous six months. The responses are scored using a list of objective criteria. The data is then aggregated at the portfolio level so the team can identify areas of strength and target others for improvement. The database has afforded insights on the underlying strategies while also acting as a useful counterpoint to conventional third-party ESG data.

JIFT's ability to explore these areas constructively is enhanced by embracing the manager-led, in-house intelligence from Jupiter's own Governance and Sustainability Team. The team provide JIFT with a rich seam of pertinent company and ESG expertise, affording a better informed and more effective debate when evaluating and monitoring investment and governance activities by underlying fund managers. JIFT also have a permanent seat on Jupiter's Stewardship Committee which provides a platform to co-ordinate and review engagement undertaken by our active managers each quarter.

REVIEW OF THIS POLICY

We formally review our policy on an annual basis and seek to absorb relevant developments from best practice guidance. This policy was also created by considering client priorities, input from fund managers and specialists and reflecting on Jupiter's engagement experience with companies. This policy was approved by the CIO in March 2021.

For further information:
Visit www.jupiteram.com for more information on Jupiter's corporate governance and engagement activities.

Head of Governance & Sustainability
Ashish Ray
Email: ashish.ray@jupiteram.com

Governance & Sustainability Team Administrator
Amie Reid
Email: amie.reid@jupiteram.com

Governance & Sustainability Analyst
Andrew Mortimer
Email: andrew.mortimer@jupiteram.com

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