



THE UK STEWARDSHIP CODE JUPITER'S APPROACH

January 2020

Policy statements for the year ending
31 December 2019 under the 2012 Code



JUPITER FUND MANAGEMENT PLC



JUPITER

THE UK STEWARDSHIP CODE

JUPITER'S APPROACH

INTRODUCTION

JUPITER'S APPROACH

Jupiter Asset Management Limited ('Jupiter') manages assets for a range of institutional clients. It is a subsidiary of Jupiter Fund Management plc (JFM) and manages segregated pension funds, charity funds and assets for investment companies. It also acts as Investment adviser for the Jupiter range of unit trusts and SICAVs.

The Financial Reporting Council (FRC) published an updated Stewardship Code in October 2019. The new 'UK Stewardship Code 2020' is a substantial and ambitious revision to the 2012 Code and takes effect from January 2020. To be included in the first list of signatories under the new Code, organisations must submit a final report to the FRC by 31 March 2021. Jupiter supports the 2020 Code's objectives and we participated in the FRC's consultation in early 2019 and re-engaged with them in the summer as part of their investor outreach.

It should be noted that this document serves as a policy statement for Jupiter's stewardship approach for the period up to 31 December 2019. The following commentary is based on our position and approach under 2012 Code. Jupiter will proceed to fulfil obligations to be part of the list of signatories under the 2020 Code in line with the abovementioned timelines.

Our stewardship policy and disclosures have been updated on an annual basis. It is appropriate to maintain this reporting cycle and represent the approach over 2019 while we work towards disclosures under the 2020 Code.

Our approach to Governance and Sustainability is set out in Jupiter's Stewardship Policy (incorporating voting, governance and sustainability).

PRINCIPLE

1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

JUPITER'S POSITION ON PRINCIPLE 1:

Jupiter's approach to stewardship is publicly disclosed on its website. We have a fund-manager-led approach, aligned to investment considerations and designed to enhance and protect our clients' capital.

This document has been approved by the Board of Jupiter Fund Management plc. This reflects the focus on stewardship from the most senior levels within Jupiter.

These statements should be read in conjunction with Jupiter's i) Stewardship Policy; and ii) Stewardship Report.

All of the above policies and documents are available on Jupiter's website at www.jupiteram.com

JUPITER'S APPROACH TO PRINCIPLE 1:

As an active asset manager, Jupiter has always believed that stewardship should be at the heart of our investment decisions. This reflects our view that allocating capital to well-governed companies with sustainable business models enhances the potential for positive, long-term client outcomes. We engage with companies on a wide variety of issues, including strategy, governance, environmental factors and risk management, corporate responsibility, culture and values and executive remuneration.

Our approach is fund-manager led, which we believe distinguishes us from other firms. Our investment teams and specialist governance and sustainability analysts work together, to integrate effective stewardship into our investment approach. This enables us to make decisions based on an in-depth knowledge and understanding of each company. This often follows a period of engagement and ensures that the company's individual circumstances are considered when making any decisions.

Our Stewardship Committee is chaired by the Chief Investment Officer (CIO). Its members include the Head of Governance and Sustainability, representatives of the Board of JFM and representatives from the investment team, including fund managers and governance and sustainability specialists. The Committee coordinates and reviews engagement across the different asset classes in which we invest and debate whether we are receiving the desired response from companies. The Committee is also responsible for reviewing Jupiter's policies on stewardship and engagement and ensuring adherence to our stewardship obligations.

PRINCIPLE

2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

JUPITER'S POSITION ON PRINCIPLE 2:

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

JUPITER'S APPROACH TO PRINCIPLE 2:

Jupiter is an investment management company whose parent company is JFM. Jupiter's investment management business is conducted at arm's length from its parent company. Conflicts of interest are therefore likely to be rare. However, the objective is always to act in the client's best interests when considering matters such as voting and engagement.

In accordance with Financial Conduct Authority requirements, Jupiter is required to establish, implement and maintain an effective Conflicts of Interest Policy that is appropriate to Jupiter's size and organisation and the nature, scale and complexity of its business.

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.

PRINCIPLE

3

Institutional investors should monitor investee companies.

JUPITER'S POSITION ON PRINCIPLE 3:

Monitoring through regular company meetings provides the opportunity to question and challenge directors about issues that affect corporate value.

Jupiter's approach to monitoring investee companies forms part of its overall stewardship responsibilities. Stewardship is about understanding a company's culture, policies and practices that underpin and shape the sustainability of its financial performance.

Fund managers and specialists seek to understand how governance factors impact long-term performance through monitoring. Jupiter's approach is to try and engage proactively, rather than reacting once problems emerge.

JUPITER'S APPROACH TO PRINCIPLE 3:

Jupiter monitors investee companies by hosting and attending regular meetings with company management teams. Jupiter typically has in excess of 1,000 meetings with companies each year, with the majority of these being held after the announcement of preliminary or interim results.

There is a continuous programme of meetings with chairmen and non-executive directors. Discussions may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, risk management, culture, board effectiveness and succession, board composition and diversity, shareholder rights, corporate responsibility, sustainability and remuneration. Engagement is not tied to the AGM cycle. Fund managers and specialists monitor companies and work together to identify issues and organise engagement on a continuous basis. Jupiter's monitoring of investee companies makes use of extensive internal research, led by the fund managers in partnership with Jupiter's Governance and Sustainability team. Jupiter also makes use of third-party research and data in the assessment of corporate governance and sustainability issues (see the section on Proxy Advisers within Principle 6, below).

In certain circumstances, Jupiter may choose to become an insider, although companies are asked not to convey inside information without prior agreement. In such cases, internal guidelines and procedures are applied which prohibit dealing in the shares of the company concerned. Details of individuals to be contacted in such circumstances are provided at the end of this document.

Specific stewardship related engagement is recorded on an internal database. This is used to track the progress of dialogue and assists with the scheduling and identification of future engagement. The database is also used to facilitate engagement reporting to institutional clients. Engagement is reviewed by the Stewardship Committee to examine trends and communicate relevant developments.

PRINCIPLE

4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

JUPITER'S POSITION ON PRINCIPLE 4:

From time to time, company-specific issues may arise which lead to the decision to escalate concerns.

Fund managers have discretion over escalation and decisions may be taken with input from the CIO, the Head of Governance and Sustainability and in-house governance and sustainability specialists.

It is practical and effective to consider measures where there is a meaningful shareholding in terms of issued share capital or a percentage of assets under management. However, engagement or escalation is not restricted to major holdings.

Collective engagement provides a useful pathway to escalate activities where Jupiter does not have a significant holding (see Principle 5).

Actions are considered and undertaken on the basis of protecting and enhancing client value.

JUPITER'S APPROACH TO PRINCIPLE 4:

Potential considerations which govern escalation of corporate governance concerns are diverse. We may decide to escalate if, for example, there are specific concerns about an M&A transaction, or concerns about board members or strategy. In these circumstances, we will seek a formal discussion with the chairman or the senior independent director. The above framework is not exhaustive and there may be other occasions in which Jupiter may decide to escalate its activities.

Initial discussions with a company normally remain confidential, particularly when faced with a scenario that could be detrimental to shareholder value. Should initial discussions fail to produce a beneficial outcome for all parties, the aim will be to resolve matters in a conscientious manner by re-engaging with the company and its advisers.

Jupiter values its relationships with investee companies and the primary objective is to resolve issues directly without the need for external dialogue. However, if the situation persists, intervening jointly with other institutions will be considered. This will be decided on a case-by-case basis and will be guided by the relevant regulatory framework.

Jupiter is aware that escalating engagement activity carries a degree of sensitivity and risk and that confidentiality is of utmost importance. Therefore, Jupiter does not ordinarily make public statements regarding specific concerns with investee companies prior to an AGM/EGM.

PRINCIPLE

5

Institutional investors should be willing to act collectively.

JUPITER'S POSITION ON PRINCIPLE 5:

In some circumstances collaboration with other investors may be the most productive way to engage. This could be in situations where independent escalation has not produced a desirable outcome or during times of significant corporate or economic stress. In doing so, Jupiter gives due regard to its policies concerning governance and engagement.

Jupiter is open to working alongside other organisations on both policy and company-specific matters.

Jupiter may directly work as a partner with other organisations or with other formal or informal groups. In doing so, Jupiter has due regard to its Conflicts of Interest Policy and insider information at all times.

Jupiter's internal guidance and policy is to avoid being an insider or acting in concert. However, fund managers are not completely prohibited from undertaking concert party actions. The decision to do so is taken by the fund manager on a case by case basis with guidance sought from internal/external legal experts, the CIO and governance specialists.

JUPITER'S APPROACH TO PRINCIPLE 5:

The decision to collaborate on company-specific matters will be taken on a case-by-case basis by the fund manager, who may seek input from Jupiter's in-house governance or sustainability specialists, the CIO or the Stewardship Committee, when requested (see Principle 1).

Potential considerations which govern collective dialogue on company-specific issues are diverse. Jupiter may consider joint engagement in the following circumstances: i) concern over decisions relating to M&A activity; ii) issues with company leadership or board members; iii) concern over remuneration; iv) concern over strategy; and v) where there is difficulty accessing companies in certain markets. The above framework is not exhaustive and there may be other occasions in which Jupiter may seek to act collectively.

Collective engagement can also provide a platform to engage with investors and other stakeholders on broader sector, regulatory and policy matters. To this end, Jupiter frequently meets with other corporate governance executives and policy research institutions to discuss matters of joint interest.

Jupiter is an active participant in investor forums which discuss governance and sustainability issues. Jupiter is a member of the Investor Forum, the Investment Association, the UK Sustainable Investment and Finance Association, the Green Bond Principles, the Diversity Project, the 30% Club investor group and the CDP. It is also a respondent to the European Sustainable and Responsible Investment Transparency Code ('EUROSIF'). In addition, Jupiter is a signatory to the United Nations Principles for Responsible Investment, the Japan Stewardship Code, the Statement of Support for the Task Force on Climate-Related Financial Disclosures (TCFD) and the LGPS Transparency Code. Jupiter's Vice Chairman also sits on the board of the Investor Forum. He works closely with other board members in shaping how the Forum engages with UK companies, while playing an active role at Jupiter in positioning stewardship at the heart of the investment decision-making process. This insight is valuable in enhancing Jupiter's own policies and helps to convey a broader and positive message to current and future clients.

In February 2019 Jupiter joined the Institutional Investors Group on Climate Change ('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 support the implementation of related best practice.

PRINCIPLE

6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

JUPITER'S POSITION ON PRINCIPLE 6:

Jupiter maintains a clear policy on voting and disclosure of voting activity.

Please refer to Jupiter's Corporate Governance and Voting Policy.

This policy is reviewed on an annual basis by the Stewardship Committee.

JUPITER'S APPROACH TO PRINCIPLE 6:

Jupiter's Governance Research team is responsible for coordinating the timely and informed voting of proxies at company meetings. As an institutional shareholder, Jupiter endeavours to ensure voting intentions are executed.

Fund managers with responsibility for an investment in a company are actively involved in formulating responses to major issues and making voting decisions. The process is supported by the Governance and Sustainability team, which is involved in reviewing agenda items, disseminating information and engaging with companies. Resolutions are assessed against Jupiter's Stewardship Policy and any non-compliance with good market practice or major issues (including investment decisions) is discussed with fund managers prior to voting.

Jupiter attempts to vote wherever possible and practicable. The practice of share blocking inhibits trading in securities. Jupiter considers this to be potentially restrictive to its investment activities. Therefore, we are selective when voting in certain overseas jurisdictions where share blocking occurs.

PROXY ADVISERS

In order to assist in the assessment of corporate governance and sustainability issues, Jupiter subscribes to external corporate governance and sustainability research and data providers. Such external resources contribute to forming a balanced view on voting matters. However, while Jupiter takes the proxy adviser's recommendations into account, stewardship activities are not delegated or outsourced to third parties and recommendations are not automatically followed when deciding how to vote. The current corporate governance research and data providers are Institutional Shareholder Services (ISS), RepRisk, Institutional Investor Advisory Services (IIAS), Sustainalytics and Bloomberg.

Jupiter processes its voting instructions electronically via a third-party proxy voting agent. In some instances, where it is useful, a Jupiter employee will attend an annual general meeting in person or appoint a representative to attend the meeting and vote on Jupiter's behalf.

Jupiter does not engage directly in stock lending. However, 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 clients have engaged in stock lending, Jupiter has the discretion to discuss with them the option of recalling their stock in order to vote on significant investment-related matters.

DISCLOSURE

UK voting records are published on a monthly basis. The monthly reports represent the majority view taken by Jupiter's institutional clients, unit trusts and in-house investment vehicles. This is primarily because Jupiter's institutional clients have varying voting mandates and there may be occasions when we submit different voting instructions for the same meeting. Fund managers who hold the same stock can also vote differently (see Principle 1).

Jupiter publishes a biannual Stewardship Report which is available online. The report looks at voting trends and provides engagement commentaries related to our governance and sustainability dialogue. The report also captures engagement with policy makers, regulators, industry bodies, thinktanks and other stakeholders.

The call for greater transparency on voting and engagement matters is recognised. In response, Jupiter has enhanced its public disclosure to include voting outputs and rationales connected to the highlighted engagements. When relevant, we may also report on engagement outcomes reflecting the effectiveness of our stewardship activities. The report also provides additional detail for clients and other stakeholders regarding Jupiter's voting activity around general meetings that have experienced significant levels of dissent and/or may be highly relevant to clients.

In addition, Jupiter provides quarterly/biannual voting and engagement reports to institutional clients. These reports cover information relating to voting activity, including rationales for voting against management and Jupiter's corporate governance and sustainability dialogue with companies.

PRINCIPLE

7

Institutional investors should report periodically on their stewardship and voting activities.

JUPITER'S POSITION ON PRINCIPLE 7:

Please refer to Principle 6 on the previous page.

JUPITER'S APPROACH TO PRINCIPLE 7:

Jupiter's voting process and approach to the Stewardship Code is subject to independent assurance on an annual basis as part of the ISAE 3402 and AAF 01/06 controls report, which is provided to the institutional clients of Jupiter Asset Management Limited and to the boards of Jupiter's Investment Trusts.

For the AAF 01/06 Stewardship Supplement, see <https://www.icaew.com/-/media/corporate/files/technical/audit-and-assurance/assurance/tech-release-aaf-01-06.ashx>. In addition, Jupiter has published a Stewardship Disclosure Framework for Asset Managers which details its stewardship policies and activities against the UK Stewardship Code's principles. This framework is available on www.jupiteram.com and also on the Pensions and Lifetime Savings Association website www.plsa.co.uk.

FOR FURTHER INFORMATION:

Visit www.jupiteram.com for more information on Jupiter's stewardship activities.

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