STEWARDSHIP REPORT

JUPITER FUND MANAGEMENT PLC

MARCH 2021

JUPITER FUND MANAGEMENT **STEWARDSHIP REPORT**

For period ending 31 December 2020

CONTENTS

CHAIRMAN'S STATEMENT

Our active management approach and inherent stewardship culture is aligned with the principles of the new Code.

I am pleased to act as signatory to Jupiter's inaugural report under the 2020 UK Stewardship Code. This is a very important moment for us to demonstrate how our active management approach has resulted in stewardship outcomes that benefit client and wider stakeholder interests. We fully recognise the importance of the Code to elevate standards and to help maintain the UK's standing as a global leader in this field.

"We have upheld our responsibility to provide rigorous monitoring of assets, which benefits clients and simultaneously supports the stakeholder agenda at investee companies."

From the Kingman Review to the subsequent consultation by the Financial Reporting Council (FRC), the journey to the new Code has also asked many valid questions of our industry. Such scrutiny has been magnified in the most extreme manner through the Covid-19 crisis. As providers of capital and guardians of people's savings, Jupiter has played a crucial role in supporting companies through this period. We have upheld our responsibility to provide rigorous monitoring of assets, which benefits clients and simultaneously supports the stakeholder agenda at investee companies.

I have chaired Jupiter since March 2020 and Environmental, Social and Governance (ESG) matters remain a strategic priority for the Board. These deliberations and actions are targeted at strengthening both investment stewardship and our ESG performance as a company. The Board and management team are working continuously on these matters and every department can contribute towards achieving goals in these areas. Observations from my first year have shown that there is a strong culture of active ownership and engagement across our investment teams. It is also clear that our own corporate purpose and values resonate powerfully with the definition of stewardship under the new Code.

As Chairman I am encouraged that the new Code shines a light on corporate leadership and accountability for stewardship. This togetherness is essential to create the right culture to be effective. The Board discusses stewardship matters on an ongoing basis and there are formal ESG agenda items within our meeting cycle. We have implemented a format where the Board receives increased representations from management teams, fund managers and ESG specialists.

The Board recognises that Jupiter has responsibilities to the wider market in confronting systemic risks and working towards well-functioning markets. Collaboration with peers and industry bodies has been an important part of our client commitment for many years, and we took this a step further in February 2021 when we became signatories to the Net Zero Asset Managers initiative and the UN Global Compact. Jupiter fully supports the ideals and standards of the new Code. We consider this to be a leading framework and encourage its adoption across the investment chain and its promotion across overseas markets.

Nichola Pease, Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our high-conviction active management philosophy means we dedicate investment skill and experience to pursue opportunities and act as engaged owners.

On behalf of the management team, I fully endorse the 2020 UK Stewardship Code and authorise Jupiter's first Annual Stewardship Report. I recognise its importance to our clients, employees and stakeholders.

The challenges and expectations around stewardship are laid bare in front of us. These are complex considerations and we are subject to multi-faceted demands that reflect how we conduct ourselves as investors and operate as a firm. Jupiter is invigorated by these challenges.

"By integrating sustainability risks within our investment decisions, we can better choose how we allocate client capital and make decisions to work with companies on these matters."

By integrating sustainability risks within our investment decisions, we can better choose how we allocate client capital and make decisions to work with companies on these matters. Our willingness to collaborate with external parties is an extension of our client duties. Through these measures we leverage our influence, contribute to wider policy debate and extend our stewardship goals to contribute to a well-functioning market.

The acquisition of Merian Global Investors was the major corporate event of the period. Cultural alignment was a key driver of this transaction and both organisations shared the same investment-led principles. The combined group brings together a team of highly experienced investment professionals with a track record of engaging with companies.

My role and that of the wider Executive Committee is to ensure that all parts of the business are contributing so that we can maximise our stewardship efforts. Although much of the focus is on fund management, the Executive Committee is charged with looking at this from a broader perspective. For example, our HR department has considered how ESG attributes are formally configured within the job specifications for fund management and contribute to pay policies regarding stewardship incentivisation. Our Risk & Compliance team will look to leverage climate risk data to enable it to further assess risks across our funds and leverage our Enterprise Risk Management framework to better understand our exposure to climate-related risks and opportunities.

We have conducted two employee surveys since my appointment as CEO in 2019 and I am acutely aware that our stewardship record and external perception is important to staff. We operate in a highly competitive arena and there is a battle for top talent. It is evident that our stewardship record is meaningful when recruiting the best fund managers or personnel for other parts of the business. Current and prospective employees want to be part of a firm that can evidence a positive contribution to clients and stakeholders.

I am a member of the Corporate Social Responsibility (CSR) Committee which is an internal forum that connects various parts of the business with respect to their responsible business practices. During the period, we have also developed a closer working partnership between our Strategy and Corporate Development function and the Governance and Sustainability team ('G&S Team'). This has improved information flows to management and the Board, which in turn aids strategic decision making. The role of Edward Bonham Carter as the Stewardship & CSR Director has also been created to provide greater connectivity and managerial strength in how we communicate, oversee and discharge our stewardship duties. Edward's role is discussed within this report.

I am excited that this report allows us to demonstrate our commitment to stewardship and sends a very purposeful message both internally and externally.

Andrew Formica, CEO

CHIEF INVESTMENT OFFICER'S STATEMENT

Effective stewardship allows us to make better informed investment decisions through the monitoring of assets, engagement with companies, ESG integration and partnerships with peers, industry bodies, and civil society groups.

I am delighted to be presenting Jupiter's Stewardship Report alongside our Chairman and CEO. Our aim is to deliver long-term returns for clients within agreed investment parameters and effective stewardship is key to achieving this.

We were participants in the FRC's consultation on the new Stewardship Code during 2019 and part of its investor outreach in 2020. We have also been on our own journey with respect to strengthening ESG integration and reflecting on what stewardship means to us as an organisation, so we can best serve our clients. This has involved a lot of work in terms of increasing resources, offering training and improving stewardship across asset classes.

Setting the right expectations and affirming responsibilities is key to organisational effectiveness. The CIO Office has incorporated stewardship into the performance appraisals of our fund managers since 2019. This process was refined in 2020 by incorporating an internal ESG rating for our fund managers.

The demands on investors continue to grow and resourcing is continually reviewed. During the period, we made further investments into climate and benchmark datasets. Although the climate tools are based on nascent models, the resource enhances our capability to assess climate risks, pinpoint engagement and report to clients. This data is also crucial to our undertakings within the Net Zero Asset Managers initiative.

Our data science team has played a key role in the development of the Jupiter ESG Hub, a proprietary tool that enables us to take internal research and external data and map it against portfolios or potential investments. This gives us a granular insight into a portfolio's exposure to ESG risks, which can lead to further analysis or engagement with companies.

In January 2021 we announced various sustainability leadership promotions within fund management, with Abbie Llewelyn-Waters named as Head of Sustainable Investing, Rhys Petheram assuming the post of Head of Environmental Solutions and Jon Wallace assuming significant portfolio management responsibilities. These roles will enhance Jupiter's stewardship dynamics with a view to expanding idea generation and collaboration across the wider department.

The period under review saw us welcome new colleagues through the Merian acquisition and the partnership with NZS. The CIO Office and G&S Team have worked over the period to embrace our new colleagues and connect them to the Jupiter platform in terms of our ESG policies and practices. This is a two-way process and we are also learning from our new colleagues and combining our overall strengths. This ESG induction phase was conducted through the second half of 2020 and led by the Head of Governance and Sustainability and Merian's former Head of Responsible Investment, who now serves as an analyst within the Global Sustainable Equities strategy.

We have acquired new asset classes through the acquisition which present an additional dimension to our stewardship responsibilities, including Gold and Silver, private market and systematic strategies.

As CIO I believe Jupiter and the industry benefited immensely from the 2012 Stewardship Code. It certainly served as a useful framework to enhance communication, increase transparency and shape investor practice. The 2020 Code elevates expectations to a much higher level and its principles are aligned to our investment beliefs.

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 and the UN Global Compact, should help provide clarity on Jupiter's stewardship and sustainability objectives without diminishing our fund managers' ability to meet their investment objectives on behalf of clients.

Stephen Pearson, Chief Investment Officer

PRINCIPLE 1: PURPOSE, STRATEGY AND CULTURE

Jupiter has a clear purpose and set of principles, underpinned by our belief in the value of active minds and the importance of keeping our clients at the heart of everything we do.

Purpose, value and investment beliefs

We are a specialist, high-conviction active asset manager. We target investment outperformance after fees for clients. We hold the companies we invest in to account, not only to drive financial results but also for societal benefits and a sustainable future.

We believe that generating sustainable long-term outperformance for our clients, in a complex and challenging world, requires diversity of thought and mindset in all its aspects. The ability to be agile, entrepreneurial and adaptable to help solve problems is a human quality. This is why our approach fosters real diversity of thinking, accountability, collaboration and a willingness to be challenged. We seek to be flexible and change as circumstances and our environment evolve around us.

We believe that a combination of experience and creativity, as well as a commitment to keep listening and learning across all of our business, enables us to make a positive difference in the world and deliver for our clients. We call this advantage “the value of active minds”.

Our Chairman, CEO and Chief Investment Officer (‘CIO’) statements discuss the actions linked to ensure that our investment beliefs, strategy and culture enable effective stewardship.

Stewardship: at the heart of our active management approach

Jupiter seeks to deliver investment outperformance after fees, over the long term, without exposing clients to unnecessary risk. Stewardship is a vital factor which underpins this objective. Our value to society lies in being responsible stewards of our clients’ assets, increasing the value of their savings and carefully deploying capital. We understand that active fund management is not only about financial results, but also about successfully identifying sustainable businesses that create value for both society and shareholders. We believe these companies have better long-term growth prospects, ultimately benefiting our clients.

Our fund manager led approach to stewardship differs by strategy and asset class, but is always centred on improving client outcomes. As long-term investors, our fund managers create sustained and effective relationships with company managements, and this enables more meaningful and relevant engagement.

Our fund managers take the lead on stewardship and integrate ESG analysis within their investment approach, supported by Jupiter’s G&S Team.

Through their investment skill and deep knowledge of investee companies, we believe they are best placed to drive stewardship within their investment process. In addition, a collaborative approach to engagement provides fund managers with a platform where they can share knowledge with colleagues and boost their own skills. Enabling fund managers and the G&S Team to work together on engagement allows us to develop and enhance our stewardship culture. It also permits us to communicate a clear and consistent message to our investee companies.

Our active investment approach means that we only invest in shares or debt issued by companies when we believe it is in our clients' best interests to do so. These are companies in which we have identified long-term value opportunities and our analysis has considered relevant ESG factors. We also acknowledge that stewardship transmission mechanisms available to us vary across different asset classes and geographies. We therefore tailor our stewardship and ESG integration approach depending on where and how we invest, just as these factors inform our investment style and approach across different asset classes.

Our fund managers and G&S Team conduct portfolio reviews and assessments of all potential investments. During this process we consider an array of ESG factors, including the following areas advocated by the Stewardship Code:

– capital structure, risk, strategy and performance;
– diversity, remuneration and workforce interests;
– audit quality;
– environmental and social issues, including climate change; and
– compliance with covenants and contracts.

Company engagement is the hallmark of our stewardship approach. We specifically target engagement with chairs and independent directors to discuss these long-term themes. We also maintain dialogue with management teams around the financial calendar and the combination of these two elements enhances our understanding of a company. Dialogue with independent directors provides a different dynamic compared to management conversations, which may be more focused on results. With the former we purposefully examine long-term issues and discuss management oversight.

This has proven to be a productive platform to focus on ESG issues, either directly or through collaborative engagement. Part of this strategy is to build relationships with boards through proactive dialogue as opposed to simply reacting to problem scenarios.

Not all countries have a well-developed engagement culture with non-executives, but we continue to apply these principles and build this type of dialogue with companies over time.

+ The assessment of how effective we have been at representing client interests is discussed within Principles 4, 9 and 10.

2021 DEVELOPMENTS AND CODE-RELATED CHANGES

CHRYSALIS INVESTMENTS (OTHER ASSET CLASSES):

Jupiter became the investment manager for Chrysalis Investments Limited (Chrysalis) through the acquisition of Merian Global Investors. Chrysalis invests in later stage private companies with long-term growth potential. Many of these companies are viewed as tech enablers and cover various sectors from e-commerce to banking. We redesigned the Chrysalis ESG policy in late 2020 under the Jupiter management structure. This was carried out in partnership between the fund managers and the G&S Team. We also sought advice from private market specialists at the PRI and from our brokers in finalising this policy.

For 2021, we will execute the new policy and use it as a reference point to position our activity and disclosures.

INCORPORATION OF CLIMATE DATA

We have enhanced our ESG resources by acquiring new climate datasets. The short-term priority is to be able to incorporate this data into our proprietary system so that we can consider climate risks across our AUM.

PRINCIPLE 2: GOVERNANCE, RESOURCES AND INCENTIVES

Our governance processes provide accountability and improve information flows across the business.

Leadership, governance and effective stewardship

We have developed an internal governance structure to provide accountability and improve information flows across the business. The commentary below describes how this structure supports efficient decision making and improved client outcomes. This governance framework allows our investors to perform with drive and creativity but also ensures that there are adequate measures that support sustainable growth.

Board & management

The Executive Committee and Board have overall responsibility for the corporate strategy and this includes positioning Jupiter's corporate ambition and execution on stewardship. The Board and the Executive Committee receive fund manager representations, evaluate industry trends, consider product innovation and consider client needs during the normal course of business. The Board will also have specific ESG strategy sessions timetabled during the year. The Board and management are also accountable to current and future shareholders, who will have expectations which will also inform our approach.

Fund management – CIO Office

Jupiter's CIO Office provides managerial support, guidance and oversight to the fund management department. The CIO Office is not involved in the management of client funds, which is the sole responsibility of the fund managers.

Although each manager is responsible for ESG integration for their own fund, the CIO Office has overall management responsibility for the fund management department, including stewardship. This includes the approval of internal and external policies, training and resources, submissions to public policy consultations and decisions involving external partnerships. The CIO Office is also responsible for the formal integration of stewardship within each fund manager's performance objectives, as described on page 12.

Fund management – Heads of Strategy

Jupiter's investment teams are organised in groups of investment strategies. Each Head of Strategy reports into the CIO Office. The Head of Strategy's primary responsibility is portfolio management, but they also provide investment leadership and have managerial duties across their teams. Each Head of Strategy oversees stewardship and ESG integration within their team.

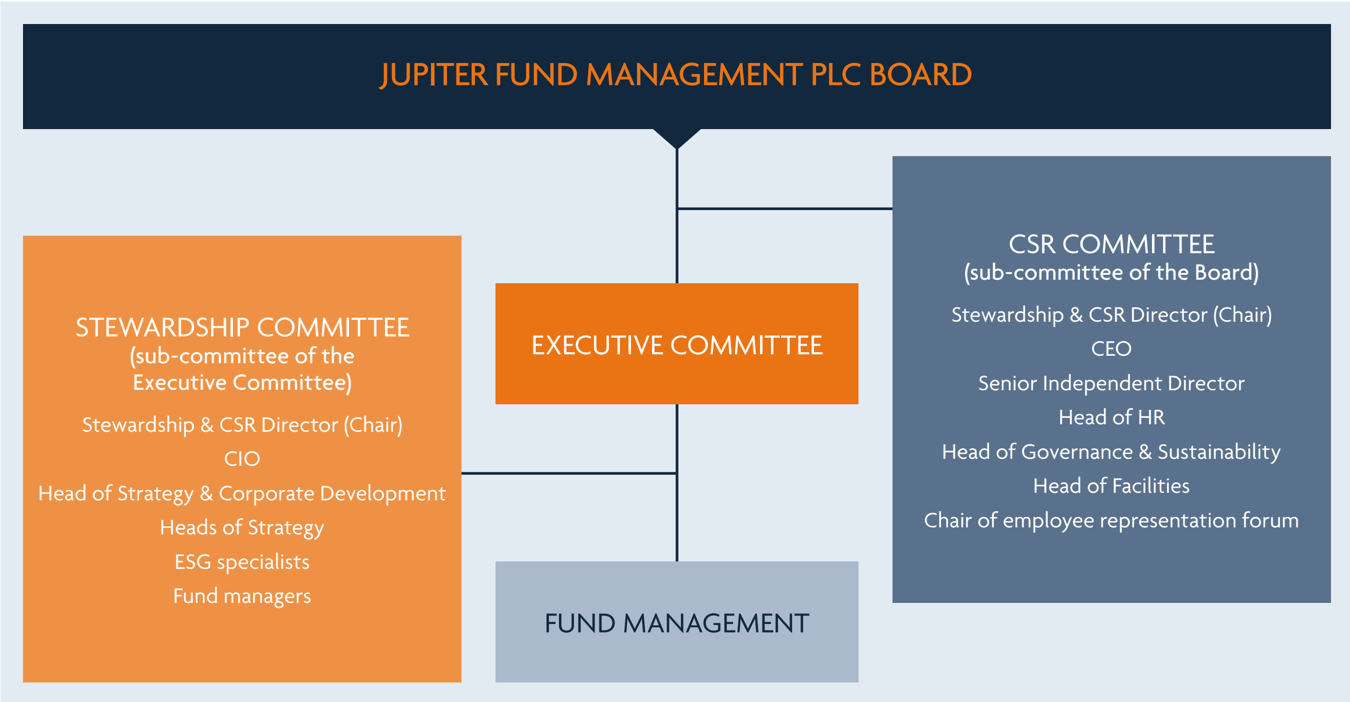
Director of Stewardship & CSR

In October 2020, we announced that our Vice Chairman, Edward Bonham Carter would take on the role of Director of Stewardship and CSR and will step down from the Board at the 2021 AGM. Edward will continue to report to the CEO and support the work of the CIO Office, and the G&S Team. He has also assumed the Chairmanship of both Jupiter's Stewardship Committee and the Corporate Social Responsibility (CSR) Committee.

Although the Director of Stewardship & CSR is not an independent Committee chair, he is not involved in day-to-day fund management activities and this allows him to be at arm's length during Committee conversations. Edward has played a key role in the development of Jupiter's stewardship approach over many years and has often engaged with boards of investee companies alongside our fund managers and the G&S Team. He has brought unique insights from his industry and boardroom experience to these engagements and he will be able to utilise these credentials in a greater capacity through the new role.

Our overall governance structure is effective because it connects key business and investment decision makers, as well as allowing for relevant information from the marketplace and subject matter experts to flow through. The Committees also provide oversight and supply a wider range of viewpoints from inside and outside the organisation to avoid groupthink.

GOVERNANCE STRUCTURE



The composition of the Committees shows how our leadership and staff are committed to advancing this agenda.

MEMBERSHIP AS AT 31 MARCH 2021	STEWARDSHIP COMMITTEE	CSR COMMITTEE
Independent Director		●
Executive Director	●	●
Executive representation	●	●
CEO		●
CIO	●	
Heads of Strategy – Fund management	●	
ESG experts	●	●
Other business heads		●
Employee representative		●

PRINCIPLE 2

COMMITTEES

Our governance structure is supported by two Committees: the Stewardship and CSR Committees. The Director of Stewardship and CSR serves as Chairman of both bodies.

	STEWARDSHIP COMMITTEE	CSR COMMITTEE
Overview	**This Committee is a sub-committee of the Executive Committee.** The Committee coordinates and reviews engagement across the different asset classes in which we invest and debates 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, as well as considering potential systemic risks to which Jupiter may be exposed, for example in relation to climate change and company stakeholder alignment (please see case studies on pages 38-40). Its members include the CIO, Head of Governance and Sustainability and fund manager representatives across asset classes and geographies, including Sustainable Investments and Environmental Solutions.	**This is a sub-committee of the Board.** Its members include Jupiter's Chief Executive Officer ('CEO'), Senior Independent Director, Head of HR, Head of Facilities, Head of Governance and Sustainability and the Chair of Jupiter's employee representation forum. The CSR Committee is designed to provide corporate oversight of sustainability matters at Jupiter and it therefore has a broader remit than the Stewardship Committee, which focuses on our investments on behalf of clients. In addition to reviewing stewardship activity and trends, the Committee will also cover employee matters, diversity, charitable giving and our operational environmental impact.
H1, 2020 activity	– Discussed actions regarding climate-related collaborative engagement with BHP and Anglo American – Approved acquisition of climate datasets – Discussed new elements of the Stewardship Code – Approved membership of FAIRR, an investor coalition addressing ESG issues in protein supply chains – Discussed climate engagement activities with respect to TCFD commitments – Update on EU ESG regulations – Approval of collaborative investment communication from IIGCC, calling for economic recovery measures and sustainable finance in the EU	– Worked with Carbon Intelligence to provide update on CDP score – New Stewardship Code commitments & Barclays shareholder proposal – Update from Head of Facilities on Jupiter's progress towards become operationally net zero – Update from HR on diversity & inclusion initiatives – Discussed FCA Climate Financial Risk Forum which Jupiter attended – Reviewed potential project with thinktank to promote stewardship – Received feedback on Jupiter Pride Network event
H2, 2020 activity	– Discussed Net Zero Asset Managers initiative – Update from UK Growth and European strategies – ESG and integration of new colleagues from Merian – Update from Fixed Income team on developing ESG integration approach – Update from Data Science on internal ESG data and benchmarking tools – Update from Gold & Silver on ESG approach when investing in mining companies – Discussion on Chrysalis Investments ESG policy	– Discussion on proposal to join the UN Global Compact – Update on engagement strategy on Boohoo plc – Update on company engagement during lockdown – HR update on harnessing cognitive diversity – Facilities update on Jupiter's work supporting suppliers during lockdown – Facilities update on carbon offset proposal – Discussion on updated diversity & inclusion strategy

2021 DEVELOPMENTS AND CODE-RELATED CHANGES

Reinforce governance: Changing best practice and ESG regulation has made us review our governance frameworks and there are other departments (outside fund management) which will have a more prominent oversight role in stewardship going forward. Therefore, from 2021 our Head of Governance & Sustainability will make formal representations at the following internal committees and forums as part of this increased oversight and firm-wide connectivity:

- Risk & Finance Committee
- Product Review Forum
- The Board of the Jupiter Global Fund (SICAV)

Resourcing – Organisational structure

Stewardship resourcing is a strategic priority for the organisation. During the year under review we have made further investments in ESG data.

The fund management department is grouped into individual strategies and this organisational structure facilitates idea generation, cross collaboration and effective communication concerning ESG issues. The G&S Team has been embedded within the department since 2015, and this set-up has created a close relationship between fund management, individual strategies and the G&S Team.

The organisational structure requires our fund managers to take a leadership position for stewardship activity associated with their portfolios. The function of voting and engaging with investee companies is not outsourced to an external party.

Resourcing – Seniority, experience, qualifications, training and diversity

The governance charts on pages 7 and 8 illustrate how key investment decision makers at Jupiter are directly involved in stewardship activity as well as day-to-day investor practices. Heads of Strategy are chosen for their investment excellence and leadership attributes. As part of their personal objectives, they are also required to evidence how they have fulfilled their stewardship obligations to the CIO Office. As discussed in the CIO statement, we made significant internal promotions in January with respect to the Sustainable Investment and Environmental Solutions strategies. Freddie Wolfe joined Jupiter as part of the acquisition of Merian, where he served as Head of Responsible Investment. His appointment not only bolsters the Sustainable Investment strategy but brings in-depth knowledge to the department.

During the period we have conducted training sessions with investment teams to cover the new Stewardship Code. We have also held group sessions with our ESG data provider, Sustainalytics, to help inform our investment teams about this capability. Colleagues from both inside and outside the fund management department are encouraged to take ESG certificates and qualifications. The G&S Team regularly attends industry events, participates in policy consultations and interacts with our peers to understand and respond to governance risks and industry best practice. Where relevant, lessons learned are disseminated across the wider investment team via briefings and informal discussions.

The 2020 Stewardship Code explores ESG resourcing by asset managers through the lens of diversity. We acknowledge this emphasis and encourage readers to refer to the Jupiter Fund Management plc Annual Report to understand more about our firm-wide diversity and inclusion policies.

PRINCIPLE 2

"We have invested in new ESG datasets throughout year, which will allow us to compare the ESG profiles of our portfolios against their benchmarks and assess the carbon footprint and climate-specific risks of our funds."

Investment in systems, processes, research and analysis

Jupiter's Data Science and G&S teams have worked in partnership to create the ESG Hub. This internal, proprietary tool is an online platform that gathers, sorts and presents ESG risk data from third-party providers. This allows fund managers to consider ESG scores on companies and monitor any controversies or deviations from accepted global norms, such as the UN Global Compact.

The platform allows our investment teams to access real-time ESG information on their portfolios in an efficient manner. Concurrently, it enables the CIO Office to oversee the ESG profiles of our portfolios and assess the activity of our fund managers via the annual review process.

We have invested in new ESG datasets throughout the year, which will allow us to compare the ESG profiles of our portfolios against their benchmarks and assess the carbon footprint and climate-specific risks of our funds. The ESG Hub is also being updated to incorporate country risk data to serve our sovereign debt investors. Our approach to ESG integration considers both risks and opportunities and the ESG Hub can help with this assessment. The information on ESG Hub can help us draw out engagement points and compare companies.

While the initial role of the ESG Hub is as a repository of third-party ESG data, the next planned development will be to tailor metrics in accordance with fund management preferences. The long-term goal will be to use machine learning to predict future ESG performance.

The systemised format brings numerous benefits in terms of speed, efficiency and a consistency of approach. However, specialist ESG data is only one input into our research process. The data can elevate the identification of relevant ESG factors when combined with the fundamental analysis, security selection and engagement expertise of our fund managers. Direct engagement is a valuable method not typically available to data providers which we use to inform our assessment of companies and ascertain the psyche of a company's leadership. These insights are important when considering unquantifiable factors, such as corporate culture. The the G&S Team also conducts portfolio review sessions with investment teams to assess holdings, discuss action points, understand recent additions/divestments and provide updates on industry matters.

Engagement record keeping

Stewardship engagements have been recorded on an internal database since 2012 as part of our commitments under the former Stewardship Code. The database is maintained by the G&S Team and the records refer to company engagement which may cover: i) AGM business, ii) management or non-executive dialogue, iii) points of escalation, and iv) collective engagement. The database drives both public and client-specific reporting and the data is also disseminated for our internal committees and portfolio reviews. The information allows us to track engagement progress and help monitor action points. These records are also used in the interim and annual fund manager performance appraisals.

Part of our stewardship efforts in 2021 is targeted at enhancing engagement record keeping as part of our client commitment towards further transparency. We are working with one of our service providers to make these improvements and this is discussed on page 12.

APPROACH TO ESG ANALYSIS

The diagram below illustrates our general approach to ESG analysis for listed equities and fixed income securities:

JUPITER STEWARDSHIP

1. STEWARDSHIP POLICY

Annual review of policies led by the CIO Office incorporating corporate perspectives and investment frameworks e.g. PRI and Stewardship Code.

2. ESG ANALYSIS (Investment decisions)

Fund managers, analysts and the G&S Team work in partnership to integrate sustainability risks, opportunities and develop engagement strategies.

3. MONITORING & ENGAGEMENT (Investment decisions)

Ongoing monitoring of companies involving portfolio reviews, collaborative engagement and responding to company input.

4. VOTING

Every shareholder meeting is reviewed by the Governance & Sustainability team ahead of voting. This includes the use of ISS and RepRisk data. Priorities and escalation points are agreed with fund managers and we work together to make informed voting choices.

5. TRANSPARENCY & DISCLOSURE

We evidence stewardship activity via public and client reporting in accordance with Jupiter policy and industry frameworks.

6. EXTERNAL CLIENT Policy Engagement & Internal Governance (Board, Executive Committee and two Committees)

Oversight, challenge and development of stewardship activities through external partnerships and internal Committees.

PRINCIPLE 2

The extent to which service providers were used and the services they provided

At Jupiter we use proxy voting research and ESG ratings and data provided by third-party providers. This information is used for research purposes and to identify relevant issues affecting our investee companies. We are not beholden to third-party voting recommendations, but they form a useful reference point for internal discussions, pinpointing engagements, conducting analysis and comparing companies. Similarly, ESG data informs our views on ESG factors relevant to our investee companies, but the fund managers do not target a specific score or rating and the portfolio's construction at any given time reflects their broader investment process, consistent with their investment objectives.

In selecting our external research providers we choose reputable organisations who can demonstrate a robust approach to research governance and validation. This forms one of the criteria on which we select providers and is reviewed when we review our subscriptions. Coverage forms another core pillar of provider selection. We view our service providers as our partners and seek to develop long-term relationships which encompass day-to-day operations as well as in-depth discussions about product development, innovation and policy measures.

SERVICE PROVIDERS

PROVIDER	SERVICE PROCURED	SIGNIFICANT ACTIVITY DURING PERIOD (beyond day-to-day details)
Sustainalytics	ESG Risk Rating, Controversies, Governance Research, Carbon Data, Country Data	Conversations with research technology analyst, discussions with regulatory/policy lead re: EU Sustainable Finance Training sessions for investment staff
ISS	Proxy Voting Research and Platform	Discussions about Merian integration and rolling over onto the ISS platform
MSCI	Risk Rating	Discussions about Merian acquisition
MSCI Carbon Delta	Climate VaR	Newly acquired datasets, demos, training and portfolio analysis examples
Bloomberg	Terminal	Various conversations about regulation and product developments Collaboration on a project to design, build and implement a reporting tool which improves efficiency and strengthens fund management capability to record, monitor and disclose ESG engagement
RepRisk	Provision of ESG business conduct research	Discussed datafeed and automation options

Performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision making

Investment personnel

Stewardship, including ESG integration, is incorporated within the annual objectives of our investment personnel. Each fund manager is responsible for defining, evidencing and articulating their stewardship approach, within the defined framework of Jupiter's Stewardship Policy. The CIO Office oversees these objectives and monitors, reviews and assists our investment personnel in meeting them. This process considers and is informed by the articulation and evidencing of the teams' stewardship approach, by voting, engagement and trading data for each strategy, and third-party ESG data. In 2020 the process utilised an internal ESG integration ranking by the CIO Office and the G&S Team to support the overall process. This ranking was based on four pillars: i) security selection, ii) stewardship (ongoing monitoring, voting, engagement), iii) transparency and reporting, and iv) climate risks. The assessment is a factor in the rating that determines the variable remuneration of our fund managers. Through this oversight analysis of significant ESG factors is integrated across the investment team. This approach to oversight also ensures that our culture with regards to ESG analysis and stewardship advances consistently and awareness deepens throughout the department.

Executive remuneration

Jupiter's Remuneration Policy is designed to promote the long-term sustainable success of the business, which is aligned to shareholder and stakeholder interests. One of the developments in the 2021 Remuneration Policy has been to amend the executive bonus so that the weighting linked to strategic measures (including ESG) has been increased from 25% to 33% to help focus on delivery of our ESG commitments.

Recruitment and acquisition

To support and develop Jupiter's stewardship culture, the CIO Office has incorporated an assessment of the ESG awareness and stewardship track record of candidates in the interview and assessment process for investment team roles. Additionally, job specifications for analyst roles have been updated to also reflect our preference for candidates who can demonstrate a track record of ESG integration.

Jupiter obtained shareholder approval for the Merian transaction on 21 May 2020. This was a complex process made more challenging by the UK lockdown. The CIO Office ensured that the approach to stewardship was discussed with our new partners and fund managers. This was also an important lens through which to assess the cultural alignment between the two investment teams. It was evident that Merian had a compatible approach and a similar desire to move the stewardship agenda forward.

OUTCOME

How effective have our governance structures and processes been in supporting stewardship?

The effectiveness of our governance structures was evident with respect to the Merian acquisition, the integration of new colleagues and galvanising of a renewed stewardship culture. We doubled the number of issuers held across our platform, absorbed new asset classes, and added to the number of investment personnel, as well as increasing our AUM. The governance structures provided clarity to our new colleagues and our additional data science resources and larger G&S Team made an immediate impact. The inclusion of new colleagues within the Committee structures was also beneficial for the communication of stewardship issues and setting expectations.

2021 DEVELOPMENTS AND CODE-RELATED CHANGES

Recruitment: Further recruitment linked to G&S Team, Sustainable Solutions and Global Sustainable Investment strategies.

Record keeping: Work with internal projects team and Bloomberg to enhance stewardship database to cater for enlarged group and improve reporting functionality and usability for investment teams.

Fund manager performance: Continue to reinforce internal assessments within the appraisal process.

Corporate ESG commitments: Joined Net Zero Asset Managers initiative, Good Work Coalition and UN Global Compact.

PRINCIPLE 3: CONFLICTS OF INTEREST

We are dedicated to serving our clients and put their interests at the heart of our business.

Jupiter Asset Management Limited is an investment management company whose parent company is Jupiter Fund Management plc. 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 has established, implemented and maintains 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 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.

CLIENTS

There were no instances where differences between client and Jupiter polices caused conflicts of interest. Jupiter's institutional client onboarding process incorporates input from our Legal and G&S teams to proactively monitor these issues and discuss client requirements.

CROSS DIRECTORSHIPS

Members of our Board and Executive Committee may sit on other company boards where Jupiter has a position. Regardless of the circumstances, Jupiter's Board members and executives do not play a role in voting or investment decisions. Voting and engagement is conducted in the usual manner through the fund managers and Governance and Sustainability team. No information is referred to directors with cross directorships.

BONDHOLDER AND SHAREHOLDER ACTIVITY

Our fund managers have autonomy with respect to their individual portfolios and cooperation between our fixed income and equity teams is actively encouraged. We think this is very important in terms of stewardship, especially as we seek to strengthen fixed income ESG practice. Fixed income and equity teams jointly engage with companies where there is a crossover holding. Fund managers can take their own decisions but any conflicts will be discussed with the CIO Office before proceeding.

CLIENT/BENEFICIARY INTERESTS

We always take decisions which we believe are in the best interests of clients. We understand there are themes or circumstances where clients and beneficiaries will have differing views. Our actions are dictated with reference to Jupiter's stewardship policy and we will be transparent through voting and engagement records.

CASE STUDY: OUTCOMES

No conflicts of interest were identified during the period, however we are mindful of the need to carefully consider potential conflicts of interest. For example, we encountered a situation whereby an investee company sought to engage with us on remuneration matters and offered dialogue with the Remuneration Committee Chair and the Company Secretary. The Company Secretary is also a Trustee of the company's employee pension scheme on whose behalf Jupiter manages a segregated mandate. We were aware of the intermediary relationship and we raised this issue with the company and required assurances about whether the Company Secretary should partake in the engagement.

We subsequently received a letter from the Chairman of the Trustees confirming the Company Secretary was not conflicted and was free to participate in the engagement due to the arm's length relationship between the asset owner and Jupiter. The Chairman's letter confirmed that the pension fund's assets lie within discretionary portfolios managed on a fiduciary basis by an intermediary which appointed Jupiter. As such, the letter confirmed Jupiter was not directly appointed by the Trustees and there was no conflict.

PRINCIPLE 4: PROMOTING WELL-FUNCTIONING MARKETS

How we respond to systemic and market-wide risks.

One of the many impacts of the ongoing Covid-19 crisis is that it has greatly accelerated the trend towards sustainable investing. Companies are thinking more deeply about the sustainability of their business model, their methods of working and their approach to employee relations. More fundamental questions are also being asked of companies' societal contract and their relationship with clients, employees and wider society, leading to a deeper consideration of their overall purpose.

As a high-conviction active manager, Jupiter has a role to play and is in a position to make capital allocation decisions to help accelerate the transition towards a sustainable economy, and to identify and mitigate systemic and market-wide risks.

A core part of our active philosophy is that our fund managers are best positioned to identify market-wide risks, such as macroeconomic factors like interest rate changes. With no investing 'house view' to constrain our fund managers they have the freedom to follow their own active, high-conviction approaches and deliver returns for clients.

Identification and response to systemic risks requires coordination at organisational level and this reflects the complex nature of these issues and the long time horizons over which they manifest themselves. Our approach here is informed both by our engagement with boards and management teams of investee companies where long-term issues are discussed, and by our participation in broader policy discussions and industry initiatives. We have also invested in third-party ESG data to inform our approach to long-term sustainability risks relating to our investments.

Our two key committees play a governance role in responding to these risks. During these meetings, significant sustainability-related risks and opportunities are discussed, and action points developed to either mitigate the risk or to develop the opportunity. Two examples of systemic risks being addressed by the committees are included on the following page.

Engagement with wider stakeholders

In addition to direct engagement with companies, we also engage with our peers, regulators and specialist industry bodies to contribute to wider ESG policy discussions to consider market-wide and systemic risks and promote a well-functioning financial system. Engagement with policy makers, industry bodies and wider stakeholders for the period is summarised in the table below:

Collaborative body	Climate change-related	New Stewardship Code	European sustainable finance regulation	Other thematic stewardship	Other best practice provisions
Japan FSA		●			●
Investment Association		●	●		
Asset Management Task Force Stewardship Working Group		●			●
FCA/PRA	●				
Securities and Exchange Board of India and BSE Stock Exchange					●
Institutional Investors Group on Climate Change	●		●		●
Green Bond Principles					●
UKSIF	●		●		
CDP Fixed Income Pilot	●				
Investor Forum		●			
Workforce Disclosure Initiative				●	
ShareAction Healthy Market Coalition				●	
Financial Reporting Council		●			
30% Club				●	

EXAMPLE OF SYSTEMIC RISK IDENTIFICATION IN 2020

SYSTEMIC RISK

The Stewardship Committee discussed climate change risks within the context of two animal protein companies, Cranswick and SalMar. The production of red meat is particularly resource intensive and investors are also looking for viable alternatives from a sustainability perspective. The Committee discussed research findings that the sustainability of different animal proteins depends on each operation's location, supply chain, and processes. For example, feed plays a central role in the GHG intensity of both pork and aquaculture operations and underlines the importance of sourcing sustainably caught fish for salmon feed and deforestation-free soy for both salmon and pig farms.

Following the Committee session, we agreed to join the FAIRR Initiative to help with our deliberations and engagements in this area. The FAIRR Initiative is a collaborative investor network that raises awareness of ESG risks and opportunities caused by intensive animal production. The proposal was made to increase the knowledge base in this area for both the sustainability team and the firm and we have since joined various collaborative engagements through this organisation.

EXAMPLE OF SYSTEMIC RISK IDENTIFICATION

SYSTEMIC RISK

In 2020 the Stewardship Committee discussed new climate regulations which will impact UK financial institutions and listed companies including Jupiter. The FCA is considering mandatory implementation of the Task Force on Climate-related Financial Disclosures ('TCFD') disclosures for UK listed companies on a comply or explain basis by 2022. This will require Jupiter to implement the recommendations at a corporate level and for our individual investment strategies. TCFD asks that companies disclose their underlying climate risks and how they manage those risks, so the market can price those risks effectively.

There is increased scrutiny on how asset managers consider and address climate change within their investment approach from both clients and regulators. It was noted that stakeholder interest on asset managers' approach to climate risk has moved beyond an emphasis on transparency-based initiatives and that climate is now seen as a strategic issue with implications for long-term capital allocation. In order to respond appropriately to the risks and opportunities posed by these trends, the G&S Team was authorised to submit proposals for potential vendors to meet the more advanced climate disclosure recommendations of the TCFD for asset managers.

OUTCOME

Jupiter invested in new climate datasets which will enhance monitoring and disclosure at both a corporate and investment strategy level.

PRINCIPLE 4

Corporate failure

Recent, high-profile instances of corporate failure, such as the bankruptcies of Carillion and Patisserie Valerie, have led to debate on the role that both corporate leadership and investor stewardship should play in preventing corporate failure.

We believe that one of our strengths as active managers is our ability to select only those companies which we believe it is in our clients' best interest to own. Added to this, our fund manager led approach to stewardship means our engagement has long focused on those areas that directly relate to the success or failure of business. Because of this, we believe we have been effective stewards of our client's capital with regards to the risk of corporate failure.

We routinely monitor and engage with company boards to assess the quality of leadership they provide, and often vote against directors who have been responsible for corporate failure. We also have no hesitation to push for management changes in situations where we feel this is necessary to improve the performance of a business, and we are prepared to do this through direct and collaborative engagement. Added to this, we also think it is important to hold non-executives to account and, if they move to the boards of different companies, we continue to monitor them, taking their history and impact into consideration.

In situations where companies are at risk, we have the option not to invest or to sell the shares if we think the business cannot be salvaged. Alternatively, we can try to work with management to effect change, or push for management changes if a new approach is needed. The market position of some companies will be more challenging than others, so we must also ask ourselves whether potential returns for our investors are worth it. If the answer is 'no,' then we won't invest in the first place.

Previous instances of corporate failure can offer a learning opportunity. For example, when companies do fail, our Value Equities team uses this as an opportunity to back-test their own efforts. They seek to test the rigorousness of our process and assess if their screening process and valuation techniques would have protected us from investing in a failed company. The issues these companies have faced are primarily financial failures, however they can also demonstrate stewardship issues which may have been apparent, such as with Thomas Cook, Carillion and Patisserie Valerie. They believe this helps them ask the right questions and think about failure as well as success when analysing companies.

Collective engagement with other shareholders enhances our ability to guard against the risk of corporate failure. We are members of the Investor Forum, a body through which UK institutional shareholders can engage constructively with companies to address long-term strategic issues. Details of our engagements to maintain or enhance the value of our assets can be found in the Engagement section of this report.

Climate change

The impact of climate change is one of the key issues facing our society and one which impacts all companies.

At Jupiter, we are acutely aware of our responsibilities in engaging with companies on their response to climate change, to protect the value of our clients' portfolios and to minimise our own direct environmental impact.

Jupiter began making disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') in 2017. These disclosures are integrated within our Annual Report and Corporate Responsibility Report. This report focuses on our response to climate change within our stewardship of investee companies and partnerships with industry bodies.

Climate partners

Jupiter became a member of the Institutional Investors Group on Climate Change ('IIGCC') in February 2019. IIGCC is the principal collective body through which European institutional investors coordinate their response to climate change (275+ member institutions with over €35 trillion in assets). This coordinating role primarily encompasses direct engagement with companies, but also facilitates industry dialogue, and develops tools and resources to deepen understanding of investor practices on climate change and support the implementation of related best practice. IIGCC engages on finance and climate policy at the global, EU and national level across Europe, developing policy positions to ensure a joined-up investor response on relevant issues. IIGCC also offers help with investor practices and advances in this field. Our engagement with IIGCC encompasses each of these areas.

IIGCC
The Institutional Investors Group on Climate Change

Jupiter subsequently became a member of Climate Action 100+ ('CA100+') in November 2019. CA100+ is a global initiative, launched in 2017, to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. In 2019, we participated in our first CA100+ engagement, co-filing a shareholder resolution at BP, Jupiter's largest oil and gas holding, which was successfully passed at its AGM in May. Joining Climate Action 100+ allows us to play a lead role in collective engagement with investee companies on climate matters.

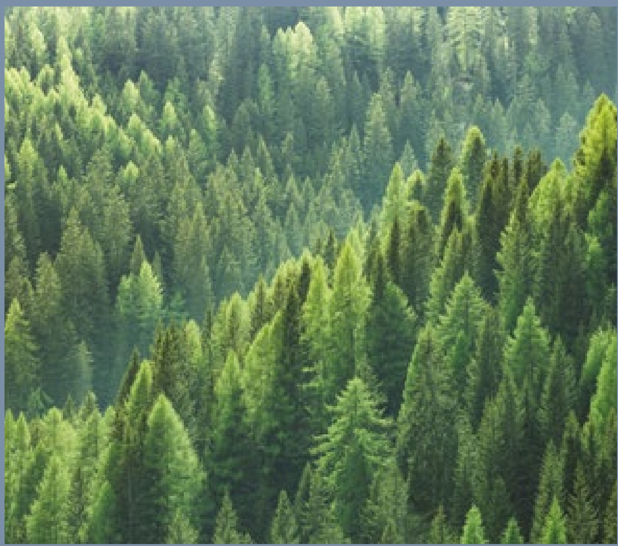
Climate Action 100+
Global Investors Driving Business Transition

Active engagement

Our ability to mitigate climate risks depends on our fund managers' ability to understand which companies may benefit from the transition to a sustainable economy, and which may be unable to adapt. This strategic responsibility influences our approach to ESG integration and active ownership. Our approach to engaging with investee companies on climate is set out in our response to Principle 9 (page 36).

NET ZERO ASSET MANAGERS INITIATIVE

In February 2021, we announced that we have joined the Net Zero Asset Managers initiative. As members, we commit to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. We also commit to supporting investing aligned with net zero emissions by 2050 or sooner, prioritising the achievement of real economy emissions reductions within the sectors and companies in which we invest. In making this commitment, we recognise the urgent need to accelerate the transition towards global net zero emissions and for asset managers like Jupiter to play our part to help deliver the goals of the Paris Agreement and ensure a just transition.



INVESTOR LETTER TO EU LEADERS

In June 2020, following the publication of the EU's proposed post-Covid-19 strategy, Jupiter and other IIGCC members wrote to European leaders highlighting the need to ensure the economic response to the Covid-19 pandemic delivers a sustainable recovery. The letter stressed the need to ensure an accelerated transition to a net zero emissions economy in line with the Green Deal and the Paris Agreement, and warned that recovery plans that overly exacerbate climate change would expose investors and national economies to escalating financial, health and social risks in the coming years.

PRINCIPLE 4

Why set a net zero target?

Climate change, and society's response to it, means investors are increasingly focused on assessing how well companies are positioned for both climate change and the transition to a net zero carbon economy. 2020 saw a surge in net zero announcements by corporates, with many of these commitments driven by investor engagement. Climate transition plans for large companies are increasingly becoming the norm, and their absence, according to a recent comment by Mark Carney, will soon be interpreted either as 'signalling an intention to wind down the business over coming years, or an assertion that the business is somehow separate from the society in which it operates.'

However, the urgency of the response to climate change means investors are being asked to do more than simply assess company transition plans. The industry itself is being challenged by institutional clients and regulators to demonstrate a commitment to align itself to net zero. The expectation is that this approach should be applied consistently across all asset classes to demonstrate the sustainability of the institution.

Until recently, efforts by asset managers to demonstrate alignment with the Paris goals were hindered by a lack of agreement as to what this meant in a portfolio management context. In 2019, IIGCC launched an initiative to help develop a common understanding of how investors could align their portfolios to the Paris Agreement. The initiative forms the basis of the Net Zero Asset Managers initiative.

Our commitment

By joining the Net Zero Asset Managers initiative, we commit to aligning our portfolios with the goals of the Paris Agreement. The decision to join the initiative was taken after we participated in the IIGCC's Paris Aligned Investment Initiative which developed the methodologies that form the basis of the net zero framework. Jupiter participated in the working groups for equities and corporate bonds and our involvement drew on the expertise and input of relevant fund management teams. As part of the Net Zero Asset Managers initiative, we have committed to:

- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management;
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner; and
- Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.

We will disclose further details on our net zero commitment including coverage, milestones and targets in 2021.

PROMOTING WELL-FUNCTIONING MARKETS

Emerging Systemic Risks: The Social Component of ESG

2020 has been an immensely challenging year as investors, companies, and society at large dealt with the impact of the global pandemic. Observers frequently note how this has brought renewed focus on the social component of ESG. A deeper, perhaps less appreciated lesson is that the pandemic illustrates how failing to meaningfully address workforce-related risks can exacerbate problems faced in times of crisis.

Where social factors are managed well, they can serve as an ESG opportunity, providing resilience in tough times and helping companies maintain and then improve their market position. A company's employees, contractors, and suppliers are a key component of the social dimension of ESG.

Our engagements with investee companies during the pandemic reinforced our views on this topic, as described below.

WORKFORCE & SUPPLY CHAINS

In several meetings early on in the pandemic, companies described to us their creation of special committees to help formulate and implement their response strategy. Naturally this included ensuring employee safety, transparent communication, and navigating disrupted supply chains – both in terms of sourcing a company's own products and services but also responding to global shortages of personal protective equipment. Companies that already had systems and incentive structures in place to identify, assess, and incorporate workforce perspectives and supply chain risks in their governance processes at board and management level demonstrably benefited from these foundations as they confronted the uncertainties of last spring.

HUMAN CAPITAL: GOOD WORK COALITION (SHAREACTION)

The Covid-19 crisis has led companies to think more deeply about their methods of working and their approach to employee relations. The shape of work is changing and there has been a well-documented increase in insecure work in the UK. More fundamental questions are also being asked of companies' societal contract and their relationship with employees, suppliers and wider society. To play our part in tackling these systemic issues, in February 2021, we joined the Good Work Coalition, a ShareAction initiative. As part of the Coalition, we commit to engaging individually and collectively with companies to encourage them to pay employees and suppliers a Living Wage, and address related workforce issues such as gender inequality and insecure working practices.

DIVERSITY & INCLUSION (D&I):

In addition to ethical considerations, there is growing evidence that D&I can contribute to long-term performance. A McKinsey Report from May 2020, 'Diversity Wins – How Inclusion Matters', suggests that greater diversity reduces group-think[1]. Our own engagement experience has illustrated how damaging a lack of challenge or diversity of thought on company boards can be. It is often a significant contributor to value destruction. We believe diversity is both evidence of a well-functioning nominations process and also a contributor to good decision making and we have engaged directly with companies and, more broadly, with investor organisations to forward this agenda. In addition, diversity is an important matter of consideration as company leadership seeks to bolster efforts around employee engagement and fostering an inclusive corporate culture.

As investors, we face a challenge in being able to scrutinise consistent data which could point us to diversity risks or opportunities. Data surrounding gender balance across firms is widely available but other diversity metrics are not so universal. This is a market reality and we understand companies require time and support. Pursuing the advancement of a diverse workforce goes hand in hand with the promotion of well-functioning markets.

1 https://www.mckinsey.com/-/media/McKinsey/Featured%20Insights/Diversity%20and%20Inclusion/Diversity%20wins%20How%20inclusion%20matters/Diversity-wins-How-inclusion-matters-vF.pdf

PRINCIPLE 4

To address these key risks, Jupiter has worked with several stakeholders to promote continued improvement in these areas.

THE WORKFORCE DISCLOSURE INITIATIVE

The Workforce Disclosure Initiative ('WDI') mobilises investors to ensure companies disclose comparable and comprehensive data on their workforce practices.

30% CLUB UK INVESTOR WORKING GROUP

30% Club UK Investor Working Group was established in 2011. The Group seeks to coordinate the investment community's approach to diversity and effect change on company boards and within senior management teams.

SHAREACTION GOOD WORK INVESTOR COALITION

ShareAction Good Work Investor Coalition brings together institutional investors to collaboratively engage on workforce issues, including the Living Wage, diversity and inclusion and insecure working practices.

A few examples of the role we have played in these industry initiatives are:

– **WDI:** Investor efforts to assess workforce issues at investee companies are being hindered by a lack of meaningful disclosure around employment practices. The Workforce Disclosure Initiative provides issuers and investors with a standardised and granular disclosure framework on matters such as remuneration and benefits, employment rights and diversity. Jupiter Fund Management plc has been disclosing in line with WDI since 2019. We became an investor supporter in November 2020 to play our part in encouraging better workforce disclosures across the markets in which we invest.

– **30% Club:** We participate in the UK Investor Working Group, which holds quarterly meetings throughout the year. During the period under review, we contributed to several projects.

  - One of these was an analysis of the FTSE 350, guided in significant part by the data and recommendations of the Hampton-Alexander Review, an independent, industry-led framework supported by the UK government to measure and seek improvement in the representation of women on the boards and in the management teams of FTSE 350 companies. By working with our peers to consider the data and recommendations in detail, we built a knowledge base informing many of our insights for engagement on D&I matters. This also informed a second project with the Group, which considered how engagement on D&I matters in leadership can be used to leverage progress on these matters for the workforce more broadly. As well as contributing to the Group's efforts in this area, we used this focus to shape our own engagement. For example, we considered how diversity at board and senior management levels can promote more inclusive practices across the firm, which can manifest in greater outputs in product and service design that ultimately benefits customers. These interconnections are illustrated in Figure 1 on the following page.

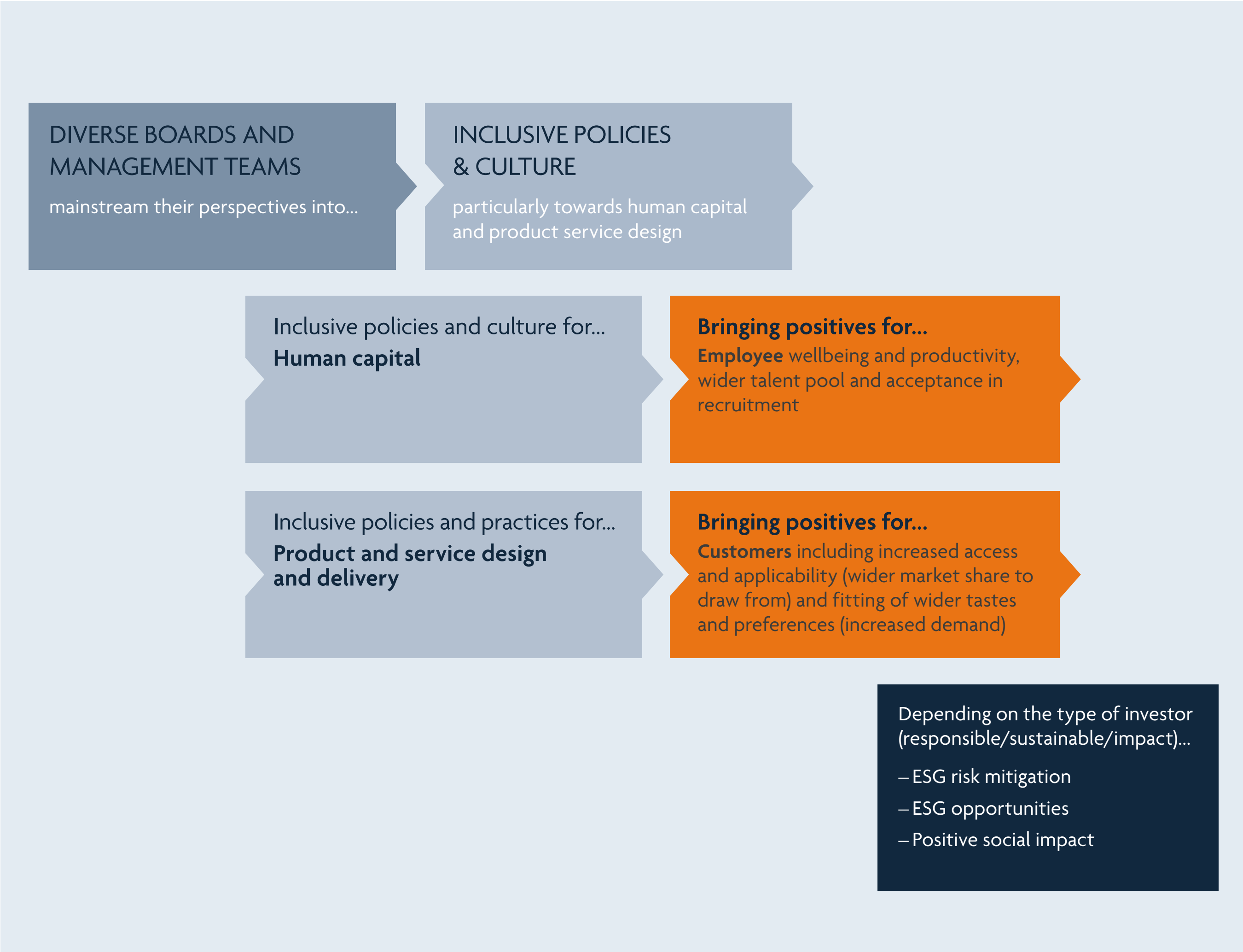
We have used insights gained from playing a role in these initiatives to inform our stewardship practice. A few examples to illustrate this are:

– **Workforce & Supply Chains:** We engaged with **Ralph Lauren** sustainability specialists to learn more about the company's response to specific incidents flagged by our ESG data providers, and the company's targets in terms of climate and its sustainable sourcing of cotton, a key material for the brand. We also wrote to **BP** requesting they review labour practices in their operations in UAE. Our request related to media and NGO reports of coerced migrant labour at known suppliers to multinational companies operating in the region. The group replied with details of its internal review of the matter and assurances that no such practices were present. Additional work in this area includes ethical value chain analyses for the sourcing of mica, cobalt, and cotton tied to our investments in **Estee Lauder, L'Oréal, Microsoft, Umicore,** and **Renewcell**.

– **Diversity & Inclusion:** We have used the AGM season as a productive platform to bring forth dialogue on these matters in a supportive manner and we have applied these principles to overseas markets. For example, we have engaged with Hong Kong-listed companies and Japan-listed companies, communicating our views on gender diversity and linking these matters to wider board composition factors such as independence, tenure, and refreshment – a few examples are **Greatview Asceptic Packaging** and **Beijing Enterprises.**

BOARD- AND MANAGEMENT-LEVEL DIVERSITY

Figure 1: How we believe board and management diversity can assist D&I at company level, bringing benefits for workforce wellbeing and customer engagement, which can result in the mitigation of ESG risks.



PRINCIPLE 5: REVIEW AND ASSURANCE

Jupiter's stewardship policy and statements are reviewed on an annual basis and approved by the CIO.

Policy reviews

The review process involves the following considerations to ensure that our policies remain effective.

i) Emergent best practice and regulatory provisions

ii) Renewed perspectives through voting, engagement investment experience with companies

iii) Client feedback

iv) Changes regarding internal practice or organisational structure

v) Additional insights derived through existing and new collaborations that advance our stewardship capabilities

The review is led by the G&S Team and the wider process includes input from fund managers, compliance, and Executive Committee members.

Fair, balanced and understandable

This report has been reviewed by the CIO, Executive Committee and Board. One of the key characteristics of this report is transparency and we have made a concerted effort to name companies within the engagement, escalation and voting sections. This level of disclosure allows stakeholders to understand our input and connect this to real world events, which contributes to fair and balanced reporting.

ASSURANCE

The following internal and external processes were undertaken during the period to provide assurance over our stewardship activities.

1.

COMPLIANCE REVIEW

Assess whether Corporate Governance and Sustainability operational process is compliant with obligations under the regulations and whether internal guidelines and control measures remain adequate and appropriate.

2.

AAF AUDIT

Jupiter's voting process is subject to independent assurance 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.

3.

STEWARDSHIP COMMITTEE

The Committee meets quarterly and reviews voting and engagement outcomes. This scrutiny contributes to our maintenance of records and data collection. The Committee also reviews activity that is linked to specific AUM thresholds and significant holdings.

4.

CSR COMMITTEE

The Committee meets quarterly and reviews stewardship activity and themes linked to reputational risk.

2021 DEVELOPMENTS AND CODE-RELATED CHANGES

To improve group oversight, members of the G&S Team will make representations at the Risk & Finance Committee, Product Review Forum and Fund Management Challenge Meetings.

- **Risk & Finance Committee:** This Committee is chaired by the CFO and the stewardship contribution will focus on regulatory adherence and engagement matters connected to reputational risks.
- **Product Review Forum:** The Forum has a wide remit which is centred on our ability to serve clients. This includes fund performance and product innovation. The Head of Governance and Sustainability is attending these sessions from 2021 to discuss how fund managers are fulfilling their stewardship obligations and to identify any areas of challenge.
- **Fund Management Challenge Meetings:** These are established quarterly sessions with fund managers which are led by the Investment Risk function. The G&S Team have been incorporated into these meetings to enhance ESG scrutiny.

PRINCIPLE 6: CLIENT AND BENEFICIARY NEEDS

Jupiter actively manages £58.7bn of client assets, principally in mutual funds in the UK and continental Europe. Delivering growth for clients through investment excellence is at the heart of what we do.

At Jupiter, our clients are our focus and our priority. We have deep relationships that enable us to understand what our clients want from us and we engage continuously with them to ensure we are delivering on their expectations.

Our clients seek active returns to enable them to achieve their financial objectives. We access them through distribution partners such as financial advisers, wealth managers and online platforms. This allows us to target our marketing and develop strong relationships with distribution partners, while keeping client service straightforward. The strong Jupiter brand gives us a competitive advantage in the UK market. Institutions access our investment expertise through mutual funds, investment trusts and segregated mandates. We generally attract these clients through their investment advisers.

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. This reflects the focus of our dialogue with investee companies on issues which relate to the sustainability of their business models over the long term.

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.

How we communicate with our clients

We communicate details of our stewardship activities to clients through a variety of channels. Stewardship matters are routinely discussed in our meetings with our clients and their representatives. For institutional clients, we provide tailored reports on our voting and engagement activity, usually on a quarterly basis, according to the client's specifications. Our approach to ESG integration is detailed in our standard presentations made available to clients. Our investment teams also regularly publish thought pieces on ESG topics to illustrate our approach and views.

In the interest of transparency, we previously reported on outcomes of Jupiter's stewardship activity in our semi-annual Stewardship Report, available on our website. From this year onwards, we will report annually on outcomes of our stewardship engagement under the new UK Stewardship Code. The report contains selected details of fixed income stewardship activity and ESG integration.

Voting disclosure

We have publicly disclosed UK voting records on a monthly basis on our website for several years. In 2020, recognising calls on asset managers for greater transparency on voting activity, we began disclosing global voting records on the same basis. We also added a short rationale in situations where we voted against resolutions or contrary to management recommendation.

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.

We work with a variety of distribution partners

We access our clients mainly through a range of distribution partners. Our core partners include:

- Fund of funds
- Platforms
- Global financial institutions
- Advisers
- Wealth managers
- Life companies
- Private banks
- Institutional clients
- Consultants

How we seek client views on stewardship and assess our effectiveness

Jupiter is open to and welcomes dialogue with clients on stewardship matters, including engagement. We consider client-sponsored initiatives or requests as well as collaborative activity when prioritising engagements. Such dialogue is typically coordinated by our in-house G&S Team, which works with our fund managers on proxy voting and company engagement and the development of our Stewardship Policy. 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, including voting.

Climate disclosures

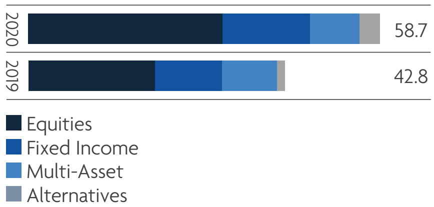
One of the messages we have received from clients is a desire for increased transparency, both regarding the stewardship activities undertaken on their behalf by our fund managers and also the ESG and climate risk profile of their portfolios. This trend is reflected in the increased number of direct client queries we received on these topics during 2020.

We are taking steps to meet the needs of our clients for portfolio-level disclosures. We have recently subscribed to MSCI's suite of climate data which we will use to develop detailed portfolio climate impact reports for our broader fund range. These fund-level reports, issued to clients, will focus on the GHG emissions attributable to the underlying portfolio companies and a review of other portfolio-level environmental risks and opportunities and alignment with climate goals. These fund-level reports will be available to clients across our direct equity and fixed income fund ranges in 2021.

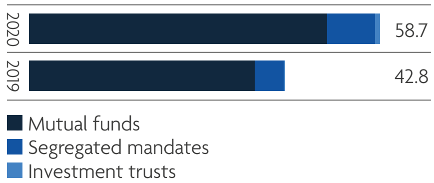
Looking further ahead, we continue to develop and integrate new datasets within the ESG Hub and we are exploring fund-level reporting templates to provide a range of snapshots of ESG data and metrics with the intention of making these available to our clients.

SPLIT OF AUM

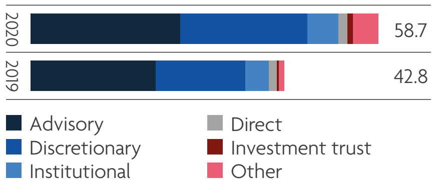
By asset class
£ billion



By vehicle type
£ billion



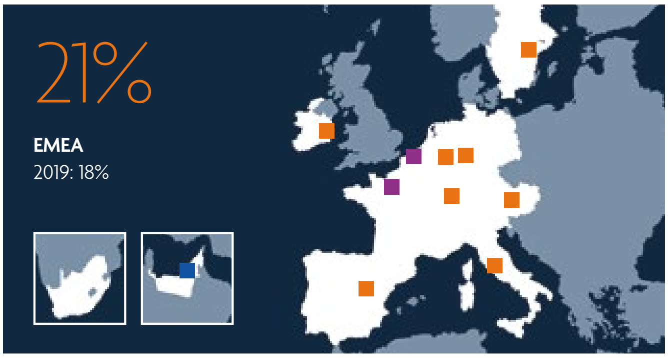
By distribution partner type
£ billion



WHERE WE OPERATE

Percentage of AUM by geographical location of client

Jupiter office   Third party   Client service via local licensed distributors



PRINCIPLE 7: STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

Material sustainability risks are integrated into the investment decision making process.

Systematic ESG integration

- We integrate stewardship and analysis of material ESG factors, including climate change, systematically across all of our investment strategies.
- ESG analysis is conducted by our fund managers, assisted by the G&S Team.
- Our approach is tailored to the different asset classes and geographies in which we invest.

How we take ESG factors into account

Our active ownership approach considers material ESG factors, which strengthens the assessment of the risks and opportunities that drive long-term value. These measures are believed to enhance investment decision making leading to better client outcomes. These risks are considered through the investment process and form part of the ongoing monitoring of portfolio companies. The fund manager and G&S Team will utilise a combination of any of the following to meet these goals:

- Primary research
- Third-party ESG risk data (including climate analysis)
- Proxy voting research
- Direct and collaborative engagement with companies and other investors/industry bodies
- Commitment to responsible investment codes

Investment process

Apart from our Environmental Solutions and Global Sustainable Equities strategies, our investments do not employ negative or positive ESG screening, either to sectors or specific companies, or based on companies attaining a minimum ESG rating. Instead, the fund managers carefully consider ESG risk factors pertaining to each company individually prior to making an investment decision. ESG factors, along with other investment considerations, inform our approach to security selection, position sizing, our engagement strategy and subsequent decisions on whether to remain invested or exit.

Our ESG 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 individual stewardship of our individual fund managers with input from the G&S Team. These factors are also informed by our engagements with industry partners and standard setting bodies, such as the UN PRI, FRC, and third-party data and research providers.

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 material factors impact potential medium- and long-term investment performance, with reference to a company's valuation.

1 Jupiter applies a firm-wide restriction on companies involved in cluster munitions.

ESG FACTORS

The priority ESG factors incorporated in our analysis include the following. Further data around these themes is available under Principle 9.

1. GOVERNANCE & LEADERSHIP

- Succession (management and board levels)
- Board effectiveness, composition, tenure and independence
- Risk tolerance and oversight
- Executive remuneration
- Management effectiveness
- Related party transactions

2. STRATEGY & PERFORMANCE

- Mergers and acquisitions
- Corporate strategy
- Performance and financial issues
- Products and innovation
- Culture
- Purpose

3. ENVIRONMENT

- Sustainability
- Climate
- Operational impact

4. TRUST & REPUTATION

- Conduct
- Litigation
- Fines

5. CORPORATE REPORTING

- Disclosure
- Regulation

6. AUDIT & ASSURANCE

- Integrity of financials
- Audit Committee membership

7. HUMAN CAPITAL & WORKFORCE

- Remuneration of employees
- Development, diversity and engagement
- Health & safety

8. SOCIAL IMPACT

- Human rights
- Supply chain
- Communities

PRINCIPLE 7

We recognise that our stewardship responsibilities on behalf of clients extend across all asset classes and this document also provides an overview of our approach to stewardship beyond listed equity. Further details of our approach in different asset classes can be found in our Stewardship Policy.

INTEGRATION ACROSS ASSET CLASSES BEYOND LISTED EQUITY

ASSET CLASS	ESG PROCESS AND STEWARDSHIP TRANSMISSION MECHANISMS
UK Equities	– Long-standing engagement programme with both management and independent non-executive directors. – We uphold UK corporate governance and ESG best practice via voting, engagement and collaborative activity.
Global Equities	– We engage with management and non-executive directors (where this is available to us). – Our emphasis is on protecting minority investor interests and board independence in markets where a controlling shareholder is a prevalent governance feature. – We push for better disclosure and governance of ESG matters in all markets.
Corporate Fixed Income	– ESG systematically integrated into credit analysis. – We routinely engage with management both prior to and once invested. – We utilise voting rights in limited circumstances where available. – We push for market-wide improvement in ESG standards, particularly issuer openness to bondholder engagement and disclosure.
Sovereign Fixed Income	– We consider governance and social factors such as a country's political stability and cohesion and the credibility of its political and monetary institutions. – Environmental factors assessed include vulnerability to physical climate risks and reliance on fossil fuel production and revenues. – We conduct research trips to engage with government departments, policy makers, NGOs and multilateral institutions to understand these risks.
Fund of Funds	– We monitor underlying fund managers, including manager interviews typically twice a year. – We review portfolio holdings, voting records and details of effective engagement with investee companies. – We require underlying managers to articulate the evolution of sustainability and governance within their own investment process, and evidence their engagement strategy, with a focus on demonstrating outcomes. – Findings are collected within our proprietary ESG matrix. Each manager receives a score based on our assessment of their stewardship approach.
Systematic Equities	– We use ESG data as a potential source of alpha through the incorporation of an ESG factor within the investment model. – Our systematic approach allows us to use highly granular ESG data and its evolution over time. – Our approach benefits from Jupiter's company-wide commitment to ESG.
Private Markets	– The Chrysalis Investments ESG policy outlines principles and commitments during the four stages of investment: i) deal origination, ii) investment decision, iii) ownership, and iv) exit. Given investment in late-stage tech enabled companies, ESG monitoring is centred on governance, human capital, cyber and data security and business ethics.
Gold & Silver	– The Responsible Investment Charter sets portfolio standards around the UN Global Compact, good governance, environmental impact and shareholder relations.

CDP FIXED INCOME DISCLOSURE CAMPAIGN

We were one of seven named investor participants in a fixed income climate disclosure campaign facilitated by CDP, the global environmental disclosure body. CDP worked with participating investors to request disclosure from corporate and municipal debt issuers and to drive more environmental transparency within the fixed income market. Traditionally CDP has only requested disclosure from listed companies, but due to investor demand they expanded their disclosure request to unlisted companies as well as public enterprises that issue debt on the public markets. The campaign contacted approximately 150 new issuers, of whom 8% subsequently disclosed via CDP. We intend to continue our collaboration with CDP in 2021 as we continue to encourage increased ESG disclosures across fixed income markets.

CDP
DISCLOSURE INSIGHT ACTION

SYSTEMATIC EQUITIES

The team's new ESG integration process was introduced in June 2020, as part of our company management stock selection criterion. Since then, ESG has been fully integrated in our investment process, whereby the daily updated return forecasts for all the stocks in our universe are incorporating ESG considerations in a systematic manner. The inclusion of this factor has already shown a positive contribution to the performance of our funds during the second half of 2020. In addition to its positive impact, the addition of ESG has also helped us to further diversify risk, and to diversify the sources of returns.

We plan to continue dedicating research effort to the area of ESG. The next step is to look into the potential benefit of incorporating additional sources of ESG information that could complement the ESG data already in the model, to further enhance this component. We would also like to explore the potential benefits of analysing and utilising even more granular data.

STATEMENT ON ESG IN CREDIT RISK AND RATINGS

We signed a public statement calling on credit rating agencies and fixed income investors to consider the financial materiality of ESG factors in a strategic and systematic way. As signatories, we support formal integration of ESG factors into credit ratings, which will increase investor confidence in the quality and utility of those ratings. To support these efforts, we commit to participating in dialogue and engaging in collaborative initiatives to further efforts to integrate ESG within fixed income markets. Fund manager Rhys Petheram also participated in a podcast hosted by the PRI with a Director of the Association of Corporate Treasurers to discuss relevant ESG credit data disclosure and engagement. The conversation focused on increased interest in ESG topics from investors which in turn is pressuring corporate treasurers to deliver increased data granularity, and how engagement can bridge some of the gaps in the data analysis and strengthen relationships.

PRINCIPLE 7

Rhys Petheram, Fund Manager

Laura Conigliaro, Governance & Sustainability Analyst

Rhys Petheram, Head of Environmental Solutions, and Laura Conigliaro, Governance & Sustainability Analyst, shed light on how Jupiter's environmental solutions strategies apply a framework that goes beyond risk assessment to consider the actual social and environmental outcomes of sovereign bonds.

FOCUS ON OUTCOMES, **ACROSS ALL ASSET CLASSES AND GEOGRAPHIES**

Double materiality in sovereign debt ESG analysis: Applying the UNGC Framework

Issuance from the sovereign green bond market accelerated in 2020 with bonds issued from both developed and emerging market countries. This growth appears set to continue this year with requirements to provide updated climate commitments ahead of COP26 as a likely catalyst for governments to issue green bonds in an effort to illustrate their contributions in this regard. Indeed, the governments of the UK, Spain, Italy, Canada, and Vietnam have all indicated intent to issue green bonds, while many existing issuers have committed to ongoing programmes. The stronger liquidity characteristics of these instruments versus corporate green bonds should be welcomed by sustainable fixed income portfolio managers.

As the market grows, a key challenge for investors will be to demonstrate they give due consideration to the social and environmental actions of the issuers they support. This is particularly pertinent in the face of regulatory push to consider 'do no significant harm' (DNSH) criteria within the investment process. That is, an investment can be made according to the satisfaction of specific ESG criteria so long as it does not jeopardise other sustainability principles.

As sustainable solutions investors the DNSH principle governs our actions. For example, Egypt's issuance of a green bond in September 2020 attracted an order book five times greater than the amount raised ($750m). Although the nominated projects within the green bond framework were aligned to criteria that may have satisfied other sustainability investors, Jupiter's sustainable solutions strategy chose not to invest as a result of the DNSH assessment concerning Egypt's record on human rights.

According to Human Rights Watch, Egypt is experiencing its worst human rights crisis in decades and in the view of experts lacks adequate environmental consideration in its economic growth strategy. We questioned how the government's environmental policies and human rights track record could align with the ESG criteria sought by sustainable investments.

> "As the market grows, a key challenge for investors will be to demonstrate they give due consideration to the social and environmental actions of the issuers they support."

While sovereign ESG risk analysis tools and techniques are evolving, we feel the market is less advanced in its development of frameworks for sovereign engagement, divestment and exclusion policies based on the social and wider environmental impact of government actions rather than a sole evaluation of ESG investment risk. Divestment and exclusion policies within sovereign bond investing present a number of challenges, notably constraining an already limited investable universe and the danger of restricting financing to regions most in need of a sustainable development perspective. Nevertheless, some of the authorities benefiting the most from the financing of government debt are explicitly engaged in negative social, climate-related and other environmental activity in a manner that would never be tolerated in a corporate investment framework.

APPLYING THE UN GLOBAL COMPACT TO SOVEREIGN DEBT INVESTING

The UN Global Compact concerns responsible business practices and has ten principles guided by four pillars: i) human rights, ii) labour, iii) the environment, and iv) anti-corruption. The Compact has served as a reference point for Jupiter's sustainable solutions strategy, which considers the performance of current and potential portfolio companies against environmental and social standards. We have also extended this framework when considering sustainable investments within sovereign debt.

The UN Global Compact is based on international declarations and conventions by multilateral organisations to which nearly all countries in the world are already signatory or party, which makes it an ideal framework to apply to sovereign debt. For example, 187 out of the world's 195 recognised nations are signatories to the International Labour Organization ('ILO') conventions which underpin commitment to the labour standards pillar. Therefore, we created a monitoring system which evaluates a sovereign's adherence to the UN Global Compact Principles and this approach is used to help our sustainable solutions strategy make investment decisions within sovereign debt.

WE ESTABLISHED THREE PRINCIPLES TO GUIDE OUR SUSTAINABLE INVESTING APPROACH IN SOVEREIGN DEBT:

IMPARTIALITY

Issues may be clouded by political and social sensitivities. Objectivity is key and we rely on publicly available third-party data sources. In total we consult more than 15 data sources.

AUTHENTICITY

We consult data sources which measure the lived experiences of individuals and communities, as well as the actual environmental and anti-corruption practices present in a particular country. For instance, when considering human rights our evaluation is not only based on whether capital punishment is legal. We also consider governmental commitments to reform and assess data on recent country practices.

SCOPE

We recognise the government is but one stakeholder among many inside a country. There can be situations, particularly in lower-income countries, where despite the government's best efforts certain aspects may not be fully within its control. In these situations, our investment decision will not only focus on the situation at hand but also consider the government's reaction to such adverse events or conditions.

Exclusionary approach

This Environmental Solutions strategy process created a sustainable investment framework for sovereign bonds which is centred on the UN Global Compact Principles. Countries considered in breach and in turn viewed in mis-alignment with one of the four core pillars are explicitly excluded from investment unless a viable engagement strategy with tangible outcomes can be implemented.

The outcome of this framework results in the exclusion of certain sovereigns from investment, as well as a list of jurisdictions deemed to pose relatively higher risk for related issues. As observed across other ESG sovereign frameworks, there is a situation where stronger performers can tend to be high income countries, while exclusions may fall on more on middle and low income countries. We understand there are some who would advocate that it is these latter countries which are most in need of financing.

The Environmental Solutions team contemplated this matter extensively and considered ideas such as a physical risk overlay, where exceptions could be made for countries of high climate vulnerability, but decided against it. As investors with sustainability embedded in our investment objective, we believe that we must show responsibility for the ESG impacts of our investments, which in certain circumstances may include exclusions. This will be the case where we identify through independent means a lack of government willingness or evidence to improve. This is our team view and we understand that other financial market participants will have different views.

However, this does not mean access to finance cannot be of help. In our view, in circumstances whereby our ability to engage is limited, other financial market actors are better placed to assist when sovereigns are facing very severe difficulties. For example, we note the impact of project financing undertaken by development banks, which hold extensive understanding of the challenges and often have in-country operations. By investing in the bonds of these institutions we can act as a stakeholder by supporting their direct actions in these more challenged regions.

PRINCIPLE 8: MONITORING MANAGERS AND SERVICE PROVIDERS

We view our service providers as our partners and seek to develop long-term relationships with them, providing feedback and challenge on product development, innovation and policy matters.

Our clients entrust us to make active investment decisions and we are accountable to them. The increased focus on ESG from an investment, regulatory and client perspective has spearheaded industry demand from service providers with respect to i) ESG scores, ii) climate metrics, iii) product involvement, iv) impact reporting, and v) proxy voting research.

The sophistication and breadth of such services has expanded at a rate and expense that has brought further scrutiny to this area from industry bodies and regulatory consultations. Questions about the correlation between providers, accuracy of data and strength of the models are reasonable. It is important that we bring value to our clients and work as constructive partners with our service providers, which involves:

- Regular reviews of products and service quality
- Discussions around product innovation
- Dialogue concerning changing ESG landscape and regulation to understand their perspectives
- Highlighting our challenges and needs
- Engagement with providers regarding inaccuracies
- Conversations with both their operational and ESG research specialists to help with our understanding

Engaging with research and data providers

There is a continuous process of engagement with our research providers to understand their ratings and recommendations, assess their accuracy and provide feedback where relevant. Proxy advisers play a critical role in implementing market best practice standards, while ESG rating providers are increasingly driving capital allocation decisions. We have a supportive and productive relationship with our service providers. Our view is that regular dialogue and feedback with our providers helps achieve positive outcomes for our clients but also has the potential to improve standards across the wider market.

Manager monitoring within our fund of funds strategy

Being a fund of funds (as opposed to holding equities or fixed interest directly), the Jupiter Independent Fund Team's ('JIFT') stewardship applies at two distinct levels: at the Jupiter portfolio level and at the underlying fund level. Monitoring the underlying fund managers to ensure they incorporate stewardship within the service they provide is a core aspect of JIFT's approach.

Once selected, ongoing monitoring of underlying managers is robust. The team has built an internal ESG database providing a rich stream of intelligence with the aim of augmenting the capabilities of our dedicated G&S Team and third-party ESG data from our ESG Hub. This database can be split into three tranches:

- An annual data collection exercise where we review the signatory status with regard to any relevant industry-wide ESG initiatives, including the UN PRI and stewardship codes, as well as stock lending and voting policies.
- In-depth reviews with underlying investee managers and their internal ESG specialists. This enables us to better understand the framework within which investee managers operate and the resources which are available to them. This can be particularly useful when exploring new or enhanced front-end ESG additions to company analysis, which allows us to comprehend fund-specific scoring systems and portfolio-level dashboards.
- 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.

EXAMPLE 1
ESG RATING DATA CLEANSE

As discussed, during the period under review we launched ESG Hub, our proprietary ESG data portal. Prior to launch, we focused on ensuring data accuracy. Our Data Science team cleansed the third-party data and painstakingly looked back at this information over a 10-year period, including through testing and integration of the model. This involved checking millions of lines of data. We independently identified anomalies and worked with our data provider to improve an approach that benefited all parties. We spent several months doing background work before integrating the data within the ESG Hub.

EXAMPLE 2
PROXY ADVISER FEEDBACK ON INVESTMENT TRUSTS

We engaged with our proxy research adviser to address areas where we felt their voting policy for investment trusts could be improved. In general, the ESG profile of investment trusts does not receive the same degree of scrutiny as other public companies. However, Jupiter is a longstanding investor in many investment trusts and we have seen a rising trend of shareholder-unfriendly practices in the sector. These include longer investment manager notice periods, and reducing the ability of boards to change investment manager, as well as unorthodox remuneration arrangements for non-executive directors. We communicated these findings to our proxy voting adviser and suggested that they incorporate these issues within their proxy voting policy. We also suggested that investment trust boards should have the same standards applied to them with regards to diversity as other companies with a premium UK listing. We will review the proxy adviser's updated policy upon publication to assess whether our recommendations have been incorporated.

PRINCIPLE 9: ENGAGEMENT

Our fund managers engage with our investee companies to help drive improvement in governance and encourage initiatives that could be beneficial for both the firm and broader society.

Engagement is a central aspect of our stewardship practice which help us to make informed investment decisions, influence company behaviour and represent client interests. Engagement takes a variety of forms. Sometimes the goal is simply to monitor investee companies, or develop relationships with company leaders. On other occasions we may have specific issues we wish to discuss with companies, or actions we wish the board to take. Each engagement has objectives that are determined by the fund managers and the G&S Team. The scope and length of our engagements will vary on a case-by-case basis.

We remain open to any engagement method which may benefit our clients. This includes verbal and written communication with companies, public statements, co-filing shareholder resolutions and specialist dialogue with sustainability teams.

The increased focus on stewardship has helped make companies more accessible to shareholders, and increasingly to bondholders. We are receiving a greater number of meeting requests from companies to discuss ESG developments. We also respond to companies when they seek to engage with us to understand our views. Fund managers and the G&S Team engage together, not via separate communication channels. We have heard complaints from companies that they have received different views from the ESG and investment teams of the same organisation. Our approach allows for open dialogue and exchange of views, while also conveying a unified message to our investee companies.

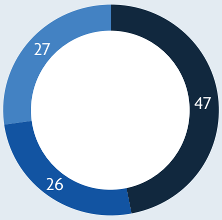
We include engagement case studies and statistics below to help illustrate our activity for the period.

Engagement overview and statistics

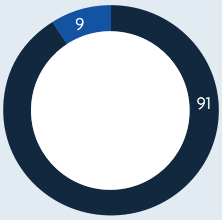
Outcomes: Engagement status

The information below categorises our assessment of the engagement outcome following dialogue. It should be noted that engagement outcomes are not always binary in nature, and assessing the success or failure of an engagement is often only possible over long periods.

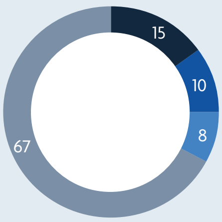
Engagement status %



Split between direct and collaborative dialogue %

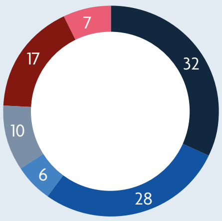


Primary company contact %



The information here illustrates the primary company contact for our stewardship focused engagement during the period.

Engagement themes %



This information shows a breakdown of the common stewardship themes we encountered during engagement.

RESPONDING TO COVID-19

Covid-19 has tested society in a manner that seemed unimaginable and there have been profound lessons for the corporate world. It has spurred companies to think deeper about their corporate purpose, sustainability and employee relations. The crisis has also brought our stewardship approach to the fore. As active managers, we are in a position to make capital allocation decisions to help support distressed companies that face extreme situations but are otherwise viable. Companies also sought capital to take advantage of future growth opportunities. We engaged with boards during lockdown to understand how companies were coping with the pandemic challenges and supporting their employees, customers and other stakeholders.

Unsurprisingly, Covid-19 has dominated our conversations with companies but there were also changes in the nature of our dialogue with companies as the year progressed.

Covid-19 meant the world entered a state of shock in the second quarter of 2020. Companies faced emergency scenarios and our approach was to be in 'listening mode', with a view to supporting these businesses. These engagements focused on:

- **Operational resilience** – execution of contingency plans
- **Employee matters** – protection and wellbeing of employees
- **Stakeholder priorities** – understanding how companies are seeking to deliver for customers in this environment, support suppliers and meet the needs of the communities in which they operate
- **Governmental/regulatory** – where relevant, it is important to be aware of company dialogue with government and regulatory bodies
- **Shareholder distributions** – discussions surrounding dividends and shareholder returns
- **Balance sheet management** – considering a company's relative financial strength and options in this environment

Our purpose is to seek investment opportunities and, as lockdown lifted, some companies were more confident in discussing their growth strategies. Companies gained more visibility on the external environment and on which parts of their business may have benefited from the Covid situation.

We actively engaged on remuneration matters during this period. We considered each case on its merits and worked with companies to support outcomes that align the interests of management, shareholders and stakeholders. It was difficult for companies to set long-term targets in these circumstances and we have debated appropriate remuneration structures and grant polices. The table below highlights some of the companies we engaged with during this period.

Covid-19-related engagements

BT Group	Stagecoach
Tesco	Natwest
Cochlear	Kingfisher
Galliford Try	CSL
Marks & Spencer	National Express
Standard Chartered	Adidas
Babcock International	JBS
Vistry	Taylor Wimpey
Britvic	Umicore

Prioritising engagements and setting objectives

Engagement decisions are usually taken on a case-by-case basis, but the factors below influence how we prioritise and plan company dialogue:

- Client-sponsored initiatives or requests
- The size of our position
- New portfolio positions
- Ethical, social and environmental issues affecting our companies
- Collaborative activity
- Escalation
- AGM-related issues or action points

We monitor engagement progress through our internal database and the Stewardship Committee is also a forum for reviewing engagement progress.

PRINCIPLE 9

ENGAGEMENT CASE STUDIES

Two examples demonstrate how we determine well-informed and precise objectives for our engagements:

SILVERCORP

Why are we invested in the company?

The company is a TSX-listed silver producer with two underground mines. Our Gold and Silver strategy's initial interest was driven by the underperformance of its shares relative to its peer group, despite having a lower cost base and assets of equal or higher quality.

What were some of the key issues?

Due to its regional heritage, the company has previously been considered an outlier by some market participants, which attracted attention from short sellers in 2013, prompting questions over the robustness of its investment case. The company also had a problem with meeting annual production guidance due to volatility in its quarterly head grade of silver ore. To allay our concerns over the investment case, we accepted an invitation from the company to visit its biggest mine to perform comprehensive due diligence. While the visit helped provide us with a deeper understanding of certain aspects of the company's management, including its approach to ESG risks, related disclosures were lagging those of its Western counterparts which weighed on its ability to attract a broader shareholder base. Following our site visit, we advised the company on what it could do to improve how it presents its investment case to institutional investors.

What did we do over the year?

We encouraged disclosure of its mine waste (tailings) storage facilities to the Investor Mining and Tailings Safety Initiative organised by the Church of England. The task of disclosure was made more complex due to the requirement to provide an official translation from the local language to English. The tailings dam construction and operating regulations are rigorous, but the company has yet to produce an environmental management system accredited to ISO 14001. During the year and, following our suggestion, the company published its inaugural GRI-based Sustainability Report.

What were the implications for our investment?

The company's willingness to adopt international reporting standards and embrace technology has been impressive. Since our site visit, annual production guidance has either been met or exceeded. This consistent production has resulted in the balance sheet being strengthened and the company is now debt free. A number of sell-side analysts have recently initiated coverage of the company which has attracted new institutional investment and increased the market's valuation of the company to be in line with its peer group.

FORTERRA

Why are we invested in the company?

Our Value Equities strategy initiated a position in Forterra via a placing of new shares in August 2020. The company sought additional equity to support the completion of a new brick manufacturing facility at Desford, Leicestershire and to maintain a strong balance sheet.

What were some of the key issues?

Forterra is one of the largest brickmakers in the UK. The brick manufacturing process produces significant Scope 1 and 2 emissions which are difficult to abate due to the high temperatures at which brick kilns operate. Once cast, the lifespan of bricks can be measured in centuries. This durability is positive from a sustainability perspective, and we think that the carbon intensity of bricks needs to be assessed over a commensurate time horizon. We nonetheless recognise responsibility to engage and ensure that the company has a strong emissions management framework.

What did we do over the year?

Forterra's 2019 annual report details progress against a number of 10-year targets which came to an end in 2020. The group is currently reviewing its next set of environmental targets. After initiating the position, we discussed group carbon emissions with management to try and understand how they are approaching the issue. Specifically, we sought details on the carbon intensity of a new manufacturing installation at Desford and whether the new plant would have a positive impact on the group's carbon intensity. We subsequently arranged a video conference with members of the management team to gain further understanding of this area and to impress upon them the importance of enhancing climate-related disclosures next year and ensuring that group climate strategy is treated as a strategic priority by management.

What were the implications for our investment?

We believe that Forterra will need to demonstrate strong environmental performance over time in order to attract and retain investors. We asked the company to set ambitious decarbonisation targets in the context of its sector, and to make detailed climate disclosures in line with the TCFD recommendations in 2021. In its 2020 annual results, the company committed to reducing the Scope 1 and 2 emissions intensity of its brick manufacture by 33% over the next decade and by 80% in its concrete businesses. It will also start reporting in line with TCFD in 2021. We are encouraged by these commitments and will continue our dialogue on environmental practices and disclosures.

PRINCIPLE 9

TOTAL

We and other members of CA100+ signed a joint statement made at the oil major's 2020 AGM in support of the group's new climate strategy. The statement welcomed the recent announcement of Total's ambition to achieve net zero emissions by 2050 across its operations and products (covering Scope 1, 2 & 3 emissions), which followed the long-standing dialogue with supporters of CA100+. The signatories committed to continue engaging with Total and to urgently seek further commitments and action in order to deliver net zero emissions globally by 2050.

Climate change: Active engagement

This year, we announced our membership of the Net Zero Asset Managers initiative. As members, we commit to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. We also commit to supporting investing aligned with net zero emissions by 2050 or sooner, prioritising the achievement of real economy emissions reductions within the sectors and companies in which we invest. In making this commitment, we recognise the urgent need to accelerate the transition towards global net zero emissions and for asset managers like Jupiter to play our part to help deliver the goals of the Paris Agreement and ensure a just transition.

As a high-conviction, active, asset manager, our ability to mitigate climate risks depends on our fund managers' ability to understand which companies may benefit from the transition to a sustainable economy, and which may be unable to adapt. This strategic responsibility influences our approach to ESG integration and active ownership.

We actively engage with investee companies to gain insights about their exposure to climate risks, to encourage them to align their businesses with the Paris Agreement and successfully navigate the transition to a low-carbon economy. Core considerations in this dialogue include a company's potential exposure to stranded assets, transition risks and physical risks of climate change, and whether management has a credible strategy to adapt to the energy transition.

PARIS ALIGNED ACCOUNTING CAMPAIGN

We and other institutional investors have been concerned about a persistent misalignment between businesses' strategic commitments on climate change and their corporate accounts, with many groups setting out decarbonisation plans but not reflecting this position in their financial outlooks.

In response, in 2019 we signed a joint shareholder letter sent to the audit committees and auditors of Shell and BP seeking enhanced disclosures demonstrating that the groups' financial statements appropriately incorporate material climate-related risks. The letter sought to ensure that their strategic responses flow through into the different elements of financial reporting and are appropriately reflected in the accounting and audit process. These concerns were also raised by the same engagement group with the Financial Reporting Council.

Both Shell and BP have since changed their accounting assumptions and explicitly named climate risks as a key reason for doing so. In its 2019 annual report Shell reduced its long-term oil price assumption, with associated impairments. They clearly linked this to climate/energy transition considerations. In June 2020 BP announced that it had lowered the long-term oil and gas price assumptions used in its accounts and explicitly linked this decision to the energy transition, with associated impairments.

The investor group continued the initiative via a public statement in recognition of BP's and Shell's actions. We subsequently wrote to 36 of Europe's largest companies calling on them to properly reflect the implications of global commitments to limit temperature increases to well below 2°C, and ideally to 1.5°C, in their financial statements. The companies also received a copy of 'Investor Expectations for Paris-aligned Accounts' published by IIGCC, setting out more detail on the steps investors require companies to take on the issue. Further engagement on this issue is planned in 2021.

We expect management teams and boards to develop credible, Paris-aligned transition plans to mitigate these risks. Our assessment of company transition plans is aligned with Climate Action 100+'s Net-Zero Company Benchmark and includes the following strategic pillars:

1. **Ambition**
Whether the company has set an ambition to achieve net zero GHG emissions by 2050.

2. **Targets and goals**
If clear short-medium-and long-term GHG reduction targets covering all material emissions are in place and aligned to a 1.5°C trajectory.

3. **Decarbonisation strategy**
Whether the company has a robust strategy to deliver these targets.

4. **Capital alignment**
Whether a company's CAPEX is consistent with the goals of the Paris Agreement.

5. **Climate policy support**
If the company commits to lobby positively on climate, both directly and indirectly.

6. **Governance**
If the company has effective board oversight of, and remuneration linked to, GHG targets.

7. **Just transition**
Whether the climate strategy takes account of the impact on employees, communities and other stakeholders.

8. **Reporting**
Whether the company's reporting is consistent with the TCFD recommendations.

We use a range of data, partnerships 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.

How we engage in different markets

Our engagement priorities are the same wherever we act on behalf of our clients. However, we tailor our engagement approach to each jurisdiction and asset class in which we invest.

In the UK, Jupiter has developed a programme of proactive engagement with chairmen and independent directors which has been running for more than a decade and was a lesson from the financial crisis. This programme is founded and executed with the intent to build productive relations with boards and deepen our insights into companies. It is based on proactive engagement rather than reacting to problems, but it is also a useful pathway for escalation.

Globally, engagement cultures vary in the degree of corporate access and transparency available. We nevertheless seek to engage with management and independent directors across all jurisdictions, accepting that the same degree of access may not be afforded to us due to prevailing ownership structures, limited board access and different stewardship cultures. Nevertheless, this has not prevented us from progressively building these relationships with our companies in Europe, North America, Japan and emerging markets.

Principle 4 outlines our partners with respect to confronting systemic risks and promoting well-functioning markets. Some of these partners, such as the FAIRR Initiative, have been very helpful in opening doors to overseas collective engagements.

The case studies and voting data within this report purposefully draw attention to activity across different markets and asset classes.

PRINCIPLE 9

Rhys Petheram, Fund Manager

Andrew Mortimer, Governance & Sustainability Analyst

In this article, Rhys Petheram, Fund Manager, and Andrew Mortimer, Governance & Sustainability Analyst, summarise key points arising in the discussion on fixed income stewardship, focusing on the current state of market development and the drivers of change in market response and culture.

FIXED INCOME STEWARDSHIP – A CULTURE SHIFT

ESG considerations have grown in importance for investors in recent years, but much of the focus has been on the role that equity investors play in engaging with company management to effect change. Less attention has been paid to corporate fixed income investors, but we believe they have a critical role to play in the broad progress that needs to be made on environmental, social and governance grounds if investors are to effectively manage ESG risks or meet specific sustainability objectives.

The current state of play

Over the past decade a stewardship engagement culture has developed in the equity market which has seen boardrooms open up to investors. Non-executive directors, including board chairs, as well as management have made themselves consistently available for dialogue with shareholders. This has allowed for discussions on long-term strategic and governance themes, including ESG topics. These relationships, nurtured and supported by policy makers and collaborative industry initiatives, are now well developed in the UK market, and increasingly so elsewhere. Consequently, engagement is recognised as a well-developed stewardship transmission mechanism for equity investors.

Engagement by corporate bondholders has also developed significantly in recent years, partly because of the emerging green bond market. But key differences between the two asset classes remain. Bondholder corporate access is typically limited to the issuance process, whereas shareholders (thanks to their voting rights) can expect year-round access.

While shareholders can engage directly with key decision makers at board level, bondholders typically engage lower down the corporate structure, for example with corporate treasurers. Even this level of access is not consistently available to bondholders, particularly for high yield and emerging market issuers. This year, we have seen deals where the issuer did not even arrange an investor call or publish a financial update prior to issuing, despite the extremely uncertain economic backdrop. The deals were nonetheless heavily oversubscribed. Lastly, ESG disclosures in fixed income remain limited due to the prevalence of private companies active in the market, presenting a further hindrance to investor stewardship.

There is no doubt that the bond market in aggregate has the capacity to exert a lot of influence on corporate behaviour during the refinancing process. In practice, there are meaningful hurdles to effective stewardship engagement by individual corporate bond investors. In response, collective engagement by bondholders is starting to develop but faces a number of regulatory and cultural constraints. The equivalent collective structures available to equity investors are not yet present for fixed income, and thus collective engagement by bondholders remains at a nascent stage.

"There is no doubt that the bond market in aggregate has the capacity to exert a lot of influence on corporate behaviour during the refinancing process."

Looking ahead to the next phase

The bond market must strengthen its engagement culture if fixed income investors are to meet growing client and regulatory expectations which place effective stewardship at the heart of the investment process. Three new regulatory initiatives are already shaping investor practice. In the UK, the updated 2020 UK Stewardship Code has enhanced stewardship responsibilities for both asset managers and asset owners. The scope of the Code has broadened from equities to all asset classes, including fixed income, and its provisions are no longer limited to corporate governance but encompass broader ESG considerations. Crucially, under the new Code signatories must demonstrate the outcomes of their stewardship activity, increasing the need for effective engagement. Secondly, new EU ESG regulations will require asset managers to be more transparent on the adverse impacts of their investments on society and the environment, including climate change. Lastly, the TCFD recommendations will require investors and issuers to make forward-looking disclosures on the climate risks embedded in their activities. Indeed, heightened awareness of climate change is leading more investors to consider the extent to which their investments are aligned with the goals of the Paris Agreement.

"The bond market must strengthen its engagement culture if fixed income investors are to meet growing client and regulatory expectations which place effective stewardship at the heart of the investment process."

We believe that effective engagement between bond investors and issuers will be essential to meeting these objectives, whether the aim is to gain investment insights, push for improved disclosure or company behaviour, or establish whether a company will be able to navigate the energy transition. Developing an engagement culture requires all market participants to play their part. Asset owners must set out their expectations clearly to asset managers, who themselves must encourage companies to provide consistent access to corporate leadership, particularly outside the compressed deal window which is not always conducive to strategic dialogue on ESG topics. Banks and credit rating agencies could play an important role by requiring would-be issuers to make enhanced ESG disclosures. Lastly, focused policy measures are needed to remove obstacles to effective engagement.

In the UK, we see two areas in need of improvement. Firstly, the UK Corporate Governance Code should be updated to make clear that bondholders are company stakeholders whose views company directors are obliged to consider. A second important consideration is UK Competition Law, which creates ambiguity on whether fixed income investors are permitted to engage with one another. The consequences of a breach in the law are severe and therefore many fixed income investors take a conservative approach towards collective engagement, despite the clear advantages it has in pushing for improved market practice and broader social objectives. We are engaging directly with industry bodies and participating in active conversations to address these issues.

Culture change needed

The regulatory and asset owner agenda is clear – fixed income investors will be expected to take a more proactive approach to corporate engagement and stewardship in general. Internally, we are reflecting these developments in our practice. Our Stewardship Committee has permanent fixed income representation and we have reviewed our ESG integration processes and brought in training for credit analysts. In order to meet these expectations, there needs to be a culture shift in fixed income markets, on both the issuer and investor sides. We believe that shift has started, with innovations such as the green bond market and the spread of ESG investing within fixed income, building a more solid base to play its role as a key stakeholder in corporations and governments.

PRINCIPLE 10: COLLABORATION

Collective engagement is often 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 we support the principle of collective engagement. We remain open for dialogue with external parties, consider subsequent actions on a case-by-case basis and see it as particularly meaningful when we can seek to address systemic risks.

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 emerging systemic issues such as workforce and supply chain.

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 and other factors which promote a well-functioning financial system.

We are an active participant in a number of investor organisations as well as global and thematic initiatives which help us to collaborate effectively.

ORGANISATION	PURPOSE	OUR INVOLVEMENT IN 2020
Investor Forum	The Forum's purpose is to position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value.	Collective engagement with Playtech, Burford Capital, Aviva, Imperial Brands.
IIGCC	The European membership body for investor collaboration on climate change.	Participants in the Paris Aligned Initiative. Signatories to an investor letter to EU governments calling for a green recovery post-Covid-19.
Climate Action 100+	A global initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.	Please see the Engagement section of this report for further details on our multiple collaborations with Climate Action 100+.
Net Zero Asset Managers initiative	A group of international asset managers committed to supporting investing aligned with net zero emissions by 2050 or sooner.	We became signatories in February 2021.
FAIRR Initiative	A collaborative investor network that raises awareness of the material ESG risks and opportunities caused by intensive animal production.	Signatory to joint investor statement to meat packing companies on working conditions during Covid-19.
Good Work Coalition	ShareAction backed investor network on workforce issues, including the Living Wage, diversity and inclusion and insecure working practices.	We joined the Coalition in February 2021.
Workforce Disclosure Initiative	Investor group pushing for improved disclosure on workforce issues at listed companies.	Jupiter Fund Management plc began participating in the WDI survey in 2019. Jupiter became an investor member of WDI in November 2020. Members of the G&S Team and investment personnel participated in a workshop on modern slavery convened by WDI 2020.
The 30% Club UK Chapter	Supporting improved diversity in capital markets.	We participate in the UK Investor Working Group. In the year under review we contributed to two projects undertaken by the Group relating to an analysis of the FTSE 350 and a conceptual framework for how investors can seek to engage on diversity. We also participated in other initiatives on a case-by-case basis.
Green Bond Principles	Shaping the green bond market in a way that we perceive is responsible and in the best interest of our clients.	Participated in annual consultation on the market.
Healthy Markets Coalition	ShareAction backed investor network focusing on food manufacturers and retailers to promote corporate strategy to contribute to a healthier population.	Engaged with the group throughout the period focusing on Tesco and Britvic.

Examples of our collective engagement are outlined below.

CASE STUDIES

Collective engagement case study

BARCLAYS PLC

Why are we invested in this company?

We are long-term shareholders in Barclays, a leading global investment bank with a large UK domestic and retail banking business. The company is widely held across a number of investment strategies at Jupiter and we have regularly engaged with the board on strategic and governance issues over the course of our investment.

What were some of the key issues?

Barclays is the largest financier of fossil fuels in Europe and one of biggest globally. Of their competitors, Standard Chartered and RBS had already strengthened their energy financing policies. Barclays was reluctant to do so as they have a large oil and gas banking business in North America and typically view their competitors as being US banks, which have not been subject to similar scrutiny. In January 2020, ShareAction, a non-profit organisation, and a small group of co-filers put forward a proposal, the first climate change resolution at a European bank, which called for Barclays to take concrete action to phase out providing lending to fossil fuel companies that fail to align with the Paris Agreement.

What did we do during the year?

ShareAction sought our support for the resolution, so we engaged with them to inform our approach. Considering the scale of the bank's financed emissions and its reticence to commit to meaningfully reduce them, we felt collective action was warranted. The text of the resolution also made clear that the bank could continue to finance energy and utility companies which were themselves in the process of aligning their businesses with the Paris goals, in line with our own approach. Consequently, in March we became the first >1% shareholder of Barclays to publicly announce our support for the resolution.

We subsequently engaged with the CEO and Chairman of Barclays on several occasions to confirm our support for the resolution and to discuss the group's climate strategy. This included both individual engagement and collaborative dialogue facilitated by the Investor Forum and IIGCC. Barclays subsequently, and prior to their AGM, produced their own resolution by which they committed to set a net zero target to reduce emissions from their financing activities and operations. We voted in favour of the bank's revised climate strategy at the AGM but also supported the ShareAction resolution. The reason for this was because we supported the shareholder resolution's call for the bank to explicitly 'phase out' lending to energy and utility companies which are not aligning their strategies with Paris, which the Barclays' board opposed. Ultimately, the ShareAction resolution did not pass. But it is clear that the rapid speed of change at Barclays was sparked by the resolution.

What were the implications for our investment?

Much work remains to be done, but we view Barclays' climate commitment as a major step forward which will reduce its climate risk and place the company in a leading position among its peers. Barclays has committed to a Paris-aligned climate change strategy for which the board will be accountable. In our view, this is a good example of successful engagement and collaboration with other stakeholders. The bank has since disclosed details of the new strategy and we continue to engage with management in order to monitor its implementation.

PRINCIPLE 10

BP PLC

Why are we invested in this company?

We are long-term, engaged shareholders in BP, one of the world's largest integrated oil and gas companies. We believe the oil and gas sector as a whole faces a profound challenge in adapting to the energy transition, but we think BP is better placed than others to manage the transition effectively due to the greater operational flexibility it has developed in the years since the Macondo crisis. As investors, we integrate and balance consideration of these risks into our analysis on behalf of clients.

What were some of the key issues?

Up until 2019, investor efforts to engage with BP on climate change had largely stalled. Individual shareholders had been unable to exert much influence over the company's strategy. Under the previous CEO, the group had committed to curbing its operational greenhouse gas emissions but would not accept responsibility for reducing emissions generated from the use of oil and gas by its customers. As the latter account for the vast majority of BP's total emissions, this was not an effective strategy for reducing emissions or managing the huge transition risks to which the group is exposed.

What did we do during the year?

Collective action by institutional shareholders played a critical role in BP's decision to fundamentally alter its approach to climate risk. In 2019 we acted with other members of the CA100+ investor coalition by filing a shareholder resolution, passed with near unanimous shareholder support, which required BP to disclose how its business strategy, including each new material capital investment, is consistent with the goals of the Paris Agreement. CA100+ engaged with the new Chairman who agreed that following the resolution, BP would disclose and take responsibility for carbon emissions generated by the use of its products.

In February 2020, the newly-appointed CEO unveiled a radical new climate strategy to achieved net zero emissions by 2050, which BP believes is consistent with the Paris goals. Further details on the new strategy were disclosed in August, including a pledge to reduce oil and gas production by 40% by 2030. As a result of these measures, we believe that BP now has the most ambitious and credible decarbonisation strategy of any of the oil majors. We engaged with management and non-executives on several occasions in 2020 to scrutinise the new strategy, both from the perspective of climate risk mitigation and also to understand the investment case. This included dialogue on the opportunities presented by renewable energy generation and distribution, the need for disciplined capital allocation and the operational challenges of undertaking such a radical shift during the pandemic.

What were the implications for our investment?

We expect that over time BP's mix will shift further towards fuels with lower carbon intensity and towards renewables and energy solutions, in line with the goals of the Paris Agreement. This is a fundamental change to its business model and the outcome is uncertain. In our view, the company has demonstrated the flexibility to respond to existential challenges in the past. We will continue to engage with the company to monitor the progress of the new strategy.

SOUTH32

Why are we invested in this company?

We have been long-term, engaged shareholders since the company was spun out of its former parent, BHP Billiton, in 2015. The company predominantly mines and sells aluminium, manganese and nickel, assets which should be well placed as the global economy transitions from fossil fuels to electrification and emissions reduction. It also mines thermal and metallurgical coal. The shares are lowly valued and they have net cash on the balance sheet.

What were some of the key issues?

Like most miners, South32 has significant operational and value chain emissions. We are members of the CA100+ lead engagement group with the company. CA100+ began engaging with the company in 2019 and we seek to encourage the company to meet the challenge of the energy transition and align its business model with the goals of the Paris Agreement. Overall, the group's governance and disclosure framework for climate is well-developed relative to global peers. The company has set a target to reach net zero emissions by 2050 and is due to publish a new set of 5-year decarbonisation targets in 2021. Our engagement in 2020 focused on these targets. The group has conducted decarbonisation studies at its Worsley Alumina and Illawarra Metallurgical Coal assets, where they are targeting material operational emissions reductions.

In November 2019, the group announced that the sale of its South Africa Energy Coal business, a unit which accounts for nearly half of South32's value chain ('Scope 3') emissions. We believe this transaction, once completed, will substantially de-risk the business from a climate perspective. The transaction is expected to be completed in Q1 2021.

What did we do during the year?

During 2020, we participated in two CA100+ group calls with the CEO and Board Chair. Our objective was to share our priorities in the expectation that these will be reflected in the company's strategy and climate reporting. These priorities were as follows:

- Encourage the group to set stretching 5-year operational (Scope 1 and 2) decarbonisation targets, to be announced in 2021.
- Emphasise the importance of decarbonising existing assets, rather than simply changing the group's asset mix, in order to prioritise the achievement of real economy emissions reductions.
- Encourage the group to take a vigilant stance with regards to the climate policy of its trade association memberships.
- Explore whether the group will consider setting a 10 year decarbonisation target as a staging post to its net zero ambition.
- Seek enhanced disclosure on climate risk, specifically on Scope 3 emissions and physical risk.

The CEO and Board Chair outlined their own priorities and the lens through which the company views climate risk, touching on each of these areas.

We also conducted a separate one-on-one call with the Chair and the Remuneration Committee Chairman. The key areas covered were climate change, employee rights and conditions and relations with indigenous communities. We gained insights into the group's approach to the issue of modern slavery and requested that the group disclose the results of an upcoming board review into potential flashpoints for relations with local communities.

What were the implications for our investment?

The mining sector as a whole has had a poor reputation on ESG and this is largely due to the frequent disasters that have plagued the sector. Unlike some market participants, we believe that the mining sector is investable for ESG-conscious investors and that these companies will play a crucial role in the global economy for many years to come. In our view South32 is committed to meeting its climate and sustainability commitments, including the significant technological challenge of decarbonising high-intensity assets such as aluminium smelters. Our activity in 2021 will be determined once the new 5-year targets have been disclosed.

PRINCIPLE 11: ESCALATION

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 the G&S Team.

Potential considerations which govern Jupiter's decision to escalate are diverse. We may decide to constructively engage if, for example, there are specific concerns about an M&A transaction, takeover defences, board composition or strategy. Equally, we will also consider escalation in situations where there are concerns around business ethics, stakeholder issues, human rights violations or other serious issues which may negatively impact our investments and our reputation as shareholders. Lastly, we will escalate engagements where we feel boards are not adequately responding to long-term sustainability risks, such as climate change. Our approach is informed by our external commitments which express our corporate purpose and values.

It is important to note that escalation does not automatically mean an adversarial approach. Our approach to escalation is positioned as a confidential process where we seek to achieve progress in a measured way.

We may adopt the following escalation pathways:

- Write to the Company
- Seek recourse through engagement with independent directors
- Engage collectively
- Vote against items at shareholder meetings
- Co-file or support shareholder motions
- Engage with regulators, policy makers and proxy voting agencies
- As an active manager we always reserve the right to sell if we consider that progress has not been made

Escalation across different markets

In line with our approach to engagement, we will seek to escalate issues in any market where this may benefit our clients while accepting that engagement options differ across global markets. For instance, there are established escalation pathways for collective engagement in the UK such as independent bodies like the Investor Forum.

Similar channels may not be open to us in all markets but we have used our resources to engage with other shareholders where required. For example, we often engage with listing authorities, stock exchanges and regulators in overseas markets to raise issues and to understand the investment landscape. This dialogue also creates a platform for further engagement.

SEVEN KEY DRIVERS OF LONG-TERM BUSINESS PERFORMANCE

The table below outlines themes which we have identified in previous engagements as key business drivers. These areas are monitored and we will escalate our activities if we feel there is a weakness or dysfunction in one or more of these factors.

1. LONG-TERM STRATEGIC PLANNING	2. PROTECTION OF INVESTOR RIGHTS AND INTERESTS (INCLUDING RELATED PARTY TRANSACTIONS)	3. APPROPRIATE MANAGEMENT OF RISK EXPOSURES (INCLUDING CLIMATE CHANGE)
4. INDEPENDENT AND EFFECTIVE BOARDS	5. APPROPRIATE ALIGNMENT BETWEEN MANAGEMENT, SHAREHOLDERS AND STAKEHOLDERS	6. TRANSPARENCY AND CULTURE
7. STAKEHOLDER AGENDA (WORKFORCE, CUSTOMERS, SUPPLY CHAIN)		

PRINCIPLE 11

The following case studies demonstrate engagement outcomes and also encompass situations from across geographies and escalation points.

CASE STUDIES

MILKFOOD LTD

Milkfood is a long-term holding in our Indian Equities strategy. We are minority shareholders alongside the group's 'promoters', controlling shareholders with defined responsibilities under Indian law.

There had been a number of corporate governance issues with regards to minority shareholder rights at the company since we became invested. We have expressed our views via direct engagement and voting against management resolutions. We escalated our engagement following a shareholder meeting in September 2019 at which the group sought shareholder approval for items relating to remuneration of two members of the promoter group, who received significant, retrospective increases to their compensation relating to the previous financial year. We voted against the resolutions. The meeting results notice indicated that the two items passed by a narrow margin.

We were puzzled when the company subsequently convened an EGM, the sole purpose of which was to retrospectively reclassify a proportion of the promoter group's shares, held by two holding companies, as independent shareholders. The narrow margin by which the resolutions were passed was equivalent to the shares held by these entities. We suspected that the company had reclassified these entities as independent without authorisation to ensure the resolutions received enough votes to pass, and was now attempting to reclassify them in order to cover up its conduct via a technicality.

We submitted a formal complaint to the company and requested the immediate cancellation of the EGM. We subsequently submitted written complaints to SEBI, the Indian capital markets regulator, and BSE, the stock exchange, urging both to investigate and cancel the EGM before the shares could be reclassified.

Following our complaints, the company subsequently issued a notification to the market that it would cooperate with SEBI and BSE to uphold high standards of corporate governance, and that the forthcoming EGM had been cancelled. It committed to withdrawing the resolutions related to the revised remuneration paid to the promoters, recovering the excess remuneration paid and amending the voting results in relation to the September 2019 AGM.

Our escalation successfully resolved the immediate issues relevant to our complaint. We remain invested and have submitted further formal complaints to the company and the regulator in order to fully resolve governance issues at the group and protect the interests of our clients.

PLAYTECH

We are long-term shareholders and have engaged with the company for a number of years. Our objective has been to seek higher standards of corporate governance, specifically stronger board oversight and greater alignment between shareholders and the management team. Shareholders had strongly opposed remuneration items and the re-election of the Chairman over several years, coinciding with a period of poor shareholder performance. We had repeatedly engaged with non-executive directors, seeking board refreshment and a robust response to these governance issues.

In February 2020 we initiated a collective engagement with other members of the Investor Forum. The objective was to encourage the board to deliver on the commitments it had made regarding Chair succession by the time of the 2020 AGM. The company recognised the importance of meeting its commitment to succession and appointed a new interim Chair prior to the company's AGM. The group also committed to make a permanent appointment in line with shareholder expectations. We subsequently engaged with the interim Chair and reiterated our views on the need for higher standards of corporate governance.

The group has since appointed a permanent Chairman with significant industry and general management experience. We believe adopting a collective voice with other shareholders has helped focus the board's attention on our concerns.

GODFREY PHILLIPS INDIA

We are the company's largest independent shareholder company. We have been engaging with the board for some years seeking improved corporate governance, specifically greater independent board representation and a progressive dividend policy.

Our engagement escalated in late 2019 following the death of the group's long-serving Managing Director ('MD'), who was also the head of the family trust which acts as co-promoter of the company. Instead of an independent succession process, the board appointed the former MD's wife as his successor. We wrote to the board and to the company's other co-promoter, a multinational tobacco company, expressing our concerns with the appointment and calling on the company to make public any relationship agreement governing the succession process, in line with local listing rules. We also commissioned independent research from a proxy advisory service which we sent to the board and the co-promoters to illustrate areas where the company lagged Indian corporate governance best practice. We voted against the election of the new MD at the subsequent shareholder meeting.

In 2020, we continued the engagement, voting against the Chairman at the group's AGM to escalate our concerns. We wrote to the co-promoters again in November as a dispute between members of the controlling family continued to play out in the public domain, seeking their intervention to protect the company's reputation. It has since emerged via an Indian High Court judgement that the new MD's appointment was in fact instigated by a letter of recommendation from the family trust, which had not previously been disclosed publicly. We continue to engage with the board and the co-promoters, calling for the MD to step down and the installation of professional management at the company. The engagement remains ongoing.

PRINCIPLE 11

CASE STUDIES

FASHION RETAIL SECTOR: BOOHOO GROUP PLC

Why are we invested in this company?

The company is a rapidly growing, UK-based online fashion retailer. The company has invested heavily in a state-of-the-art distribution capability and has an infrastructure that is able to support a materially higher level of sales than is currently being achieved, in our view. The company delivers materially higher margins than other online clothing retailers; it is delivering very high growth rates in its home market while growing rapidly overseas as well. The company has delivered multiple instances of positive surprise to the market in terms of sales growth, and our analysis suggests this will continue. The pace of sustainable sales growth and margins are in our view best in class.

What were some of the key issues?

We have previously engaged with this company on various aspects of its sustainability initiatives and supply chain oversight. Our prior engagement had highlighted a need to take a more strategic approach to these issues, as well as enhanced governance oversight. Towards the middle of 2020 a national newspaper printed allegations of poor working conditions in factories operated by the company's local UK suppliers. This had a material impact on the company's share price. The company subsequently commissioned an independent review into the issues which highlighted some serious flaws in the company's previous approach and made a range of recommendations to improve the company's practices.

What did we do over the year?

Following our previous engagements with the company, at the beginning of 2020 we conducted site visits to a number of its UK suppliers in order to get some additional insights into the company's supply chain oversight and management. The proximity of the company to its local suppliers and the extent of their relationship was impressive, and clearly a central aspect to enabling the business model. We did not observe any worrying labour or health and safety issues at the factories we visited, which at the time we understood to be representative of the local supplier base.

Later in the year a newspaper published allegations of poor working conditions at one of the company's local suppliers. The following day we spoke to management to hear the company's initial response to the allegations, as well as the state of supply chain oversight and code of conduct auditing at the time. Earlier in the year the company had introduced an enhanced auditing process, however implementation had been delayed by Covid-19. The company had also already started enhancing its internal resourcing towards sustainability and supply chain oversight with senior hires. Several days later the company announced an independent review into the issues to be led by a senior lawyer, along with an investment into enhanced supply chain standards locally and accelerated auditing by two firms.

At the same time we also spoke to a range of independent experts with direct operational, auditing and legal experience of garment supply issues locally and globally. This was useful in helping us understand the underlying issues in more detail as well as what best practice can achieve and what we should be expecting of the company's approach.

Several weeks later we again spoke to management and separately to the Deputy Chair. Given the passage of time since the allegations we were able to speak in more detail about the issues themselves as well as the company's response. We made clear our view that all expense required to achieve best practice in a quick manner would be easily justified and required, even if some of these changes would have implications on the business model. We also discussed the company's approach to enhanced auditing of the overseas supply chain and the importance of enhanced processes applying there as well, given that over half of the supply chain is outside the UK. We pressed for improved supply chain disclosure and broader sustainability initiatives, as well as improved insights into the company's unit economics to give insights into how garments can be produced at their price points while ensuring fully legal and ethical sourcing practices.

We discussed the board's effectiveness and oversight of supply chain issues as well as the desired backgrounds of two new board appointments the company recently announced. Other areas of governance reform we covered that we believed needed to be addressed related to the incorporation of sustainability metrics into executive compensation, and a review of the company's listing category to one with higher governance requirements. While there clearly remained some significant aspects to grapple with at the company we heard repeated commitments to best practice. We followed up in writing to lay out our clear expectations of next steps from both management and the board.

We also spoke to the British Retail Consortium about an initiative to introduce statutory licencing of garment factories to ensure they meet all their obligations to employees. A letter was subsequently sent to the Home Secretary calling for such a licencing scheme, supported by retailers, industry initiatives and politicians, which we were also pleased to sign.

Towards the end of the year the independent review concluded. We had encouraged the company to publish the full results and recommendations of the review; while the report contained disappointing aspects that are rightly critical of the company's previous approach, we were pleased that the company published it in the interests of transparency and accountability. The company had committed to implement all the recommendations from the review which include advice from an external consulting firm with significant experience of supply chains, meaning that these actions should help bring the company to best practice.

Several days later, the company held its interim results presentation at which it provided a helpful update on its progress on supply chain oversight and additional disclosures. As well as discussing the financials we spent much time on the supply chain issues. We learned of new technology the company has built internally to give it better visibility over suppliers and audits as well as oversight of orders placed by the buying teams. We also heard updates on the UK supply chain audit and compliance resourcing as well as actions to give suppliers improved visibility of forward orders which should allow them to improve their own business planning.

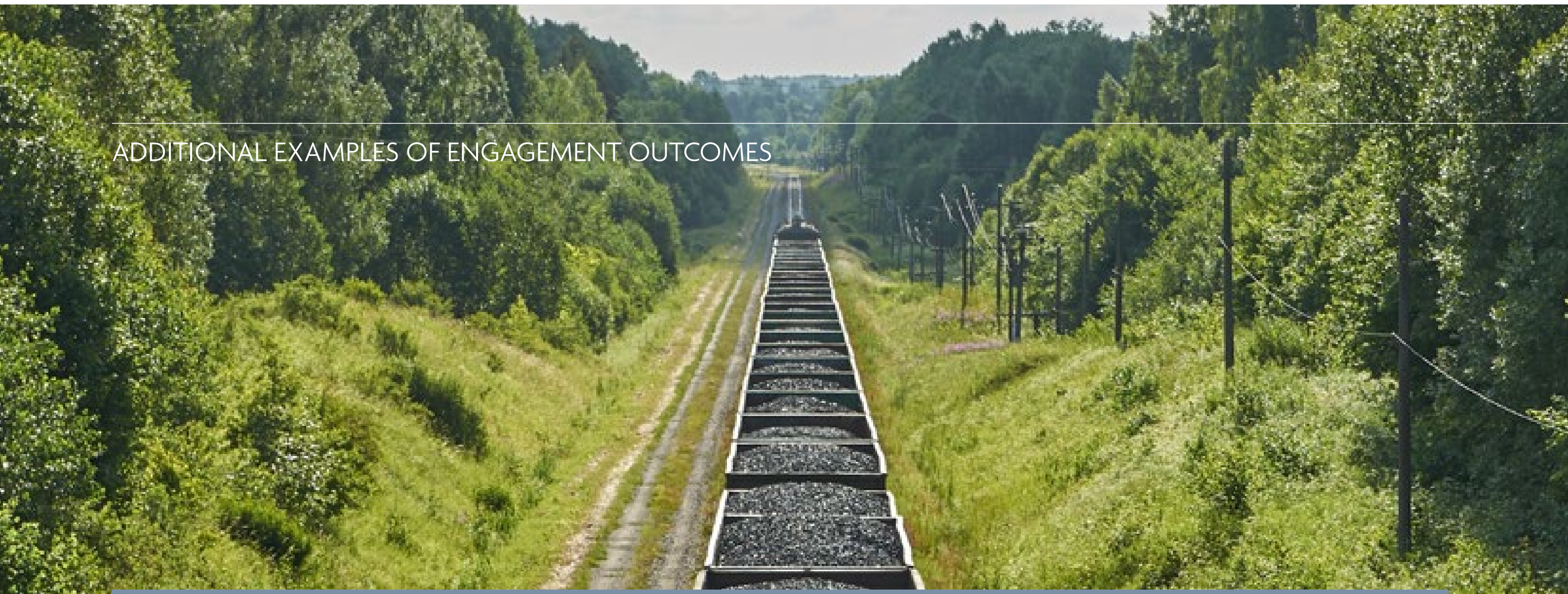
The next month we held two follow up discussions with the Deputy Chair, to whom we look to implement the governance reforms we believe are essential in restoring sustainable value to the company's shares. We heard updates on key governance aspects of oversight of the implementation of the recommendations from the independent enquiry as well as additional resourcing and processes that have been added to enhance supply chain oversight, compliance and audit. We again discussed the current effectiveness of the board and the required backgrounds and experiences of the two non-executive directors the board is looking to appoint. One of these appointments was made shortly after this meeting. We also repeated our views on the nature of the listing and the incorporation of sustainability metrics into executive pay, including into some awards that have already been granted. In several areas we also touched on culture and some of the required changes to support an enhanced level of governance and oversight across the company. We again followed up in writing to formalise our expectations of governance change at the company.

Towards the very end of 2020 the company announced the appointment of a highly respected lawyer to provide additional independent oversight of the change programme. We view this as a very positive step in providing additional accountability and oversight at the company. Around the same time we also spoke to the newly appointed non-executive director for an exchange of views and to understand his priorities at the company. We took the opportunity to reiterate our expectations around governance and sustainability at the company.

What were the implications for our investment?

The holding in Boohoo remains a high-conviction position in the portfolio and the managers are of the view that there should be material upside to the current share price if the business delivers both on trading and the wider delivery of its ESG agenda. We will continue to look to understand the company's recent governance changes and how the board operates and makes decisions, and will closely monitor progress on implementing all aspects of supply chain best practice and value creation for stakeholders. Our overall focus will be on ensuring that the intrinsic strengths of the company's financial model are complemented with a rigorous accountability and sustainability framework which serves to underpin the sustainability of what we expect to be an enduring high growth investment case.

PRINCIPLE 11



ADDITIONAL EXAMPLES OF ENGAGEMENT OUTCOMES

GLENCORE

Why are we invested in this company?

The business has a unique combination of a marketing division managing commodities logistics between buyers and sellers, and an industrial division which mines assets across a range of non-iron ore commodities. Whilst the pandemic has impacted world trade and commodity prices negatively, China in particular has recovered well and will underpin a recovery in demand for many commodities.

The company has been maturing in terms of culture and governance since its IPO which should improve its rating; the shares trade on a high free cash-flow yield and the cultural transformation of the business is ongoing. Generational change on the retirement of the CEO which was announced at the end of 2020 will be an important further milestone in this regard.

What were some of the key issues?

As to be expected given the company's sector and certain of the underlying commodities – in particular coal and oil – that it extracts and trades, it is exposed to climate change regulation which we expect to have cost implications for its operations and potential demand implications for its products, both positive and negative. We have previously engaged on the company's Task Force for Climate-related Financial Disclosures (TCFD) reporting, in particular on its assessment of the impact of climate policies on its coal business as well as the general investment case for continuing to own thermal coal assets. Towards the end of the year the company announced its commitment to being a net zero business by 2050 across all emissions scopes, and to run off the coal assets over time, which will play a major part in achieving this goal.

Additionally, while the company's safety metrics appear to be improving, the high level of fatalities which has increased for two years in a row remains a major issue. The company also remains under investigation for allegations of corruption by agencies in multiple jurisdictions.

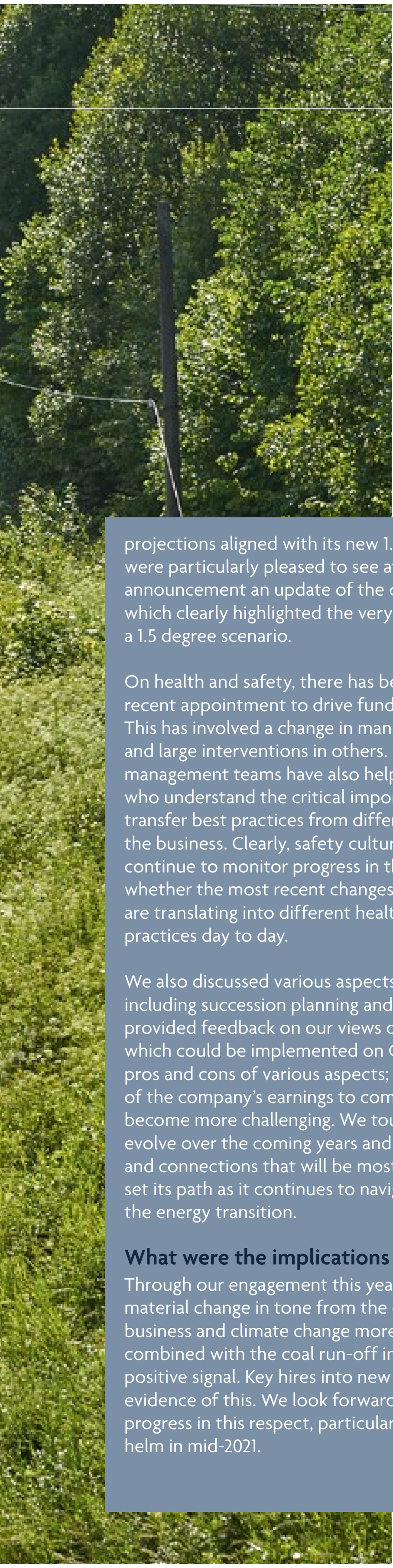
What did we do over the year?

In continuation of our engagement we have pursued with the company over several years, we again spoke to the Chairman multiple times, both individually and collaboratively with other investors.

On the environment, we discussed what the company's statement of alignment of its strategy with the Paris goals means for its approach to capital allocation between fossil fuel commodities and those that can contribute to low carbon energy transition such as copper. The coal business is highly cash generative, and by running it for cash the company is able to support growth of other businesses more aligned with low carbon which already form a significant and growing portion of the company's operations and should benefit from a structural decarbonisation story. There is also a debate as to whether the assets are better owned and run by the company or sold which might mitigate some of the risks to the business but could lead to the assets being operated in a less responsible manner outside of a decarbonisation pathway. The company's announcement at the end of the year to be net zero by 2050 with interim targets cements this ambition, and requires that peak coal production has already occurred.

We also talked through the company's approach to lobbying, and the changes it is making to the industry associations it subscribes to in line with its climate commitments. The company would prefer to be in the debate and influence industry associations positively if it is able to, however there remain certain associations the company belongs to that at face value to not appear aligned. Helpfully the company has recently appointed a head of climate change policy role to help coordinate the engagement across all areas of the business, including the low carbon assets.

We again pressed the need for much improved TCFD disclosures for us to be able to gain sufficient insights into the company's scenario testing that has historically led it to conclude that the impact on the coal business is likely to be neutral even in a policy scenario that we understand to be broadly aligned with achieving the Paris goals. Following our meetings the International Energy Agency updated its World Energy Outlook, with additional detail on energy commodity



projections aligned with its new 1.5 degree warming scenario. We were particularly pleased to see at the same time as the net zero announcement an update of the company's TCFD scenario testing which clearly highlighted the very negative outlook for coal under a 1.5 degree scenario.

On health and safety, there has been a significant effort led by a recent appointment to drive fundamental change in the business. This has involved a change in management in some countries and large interventions in others. Changes and rotations in management teams have also helped to put new teams in place who understand the critical importance of safety and are able to transfer best practices from different parts and geographies of the business. Clearly, safety culture remains a large issue. We will continue to monitor progress in this area closely to understand whether the most recent changes to management and processes are translating into different health and safety attitudes and practices day to day.

We also discussed various aspects of the company's governance, including succession planning and executive compensation. We provided feedback on our views on different types of structures which could be implemented on CEO succession, and debated the pros and cons of various aspects; given the significant exposure of the company's earnings to commodities prices standard LTIPs become more challenging. We touched on how the board will evolve over the coming years and the types of skills, backgrounds and connections that will be most useful to helping the company set its path as it continues to navigate its exposure to and role in the energy transition.

What were the implications for our investment?

Through our engagement this year it is clear that there has been a material change in tone from the company with respect to its coal business and climate change more generally. The net zero target combined with the coal run-off in line with that target is a very positive signal. Key hires into new roles are also very encouraging evidence of this. We look forward to following the company's progress in this respect, particularly when the new CEO takes the helm in mid-2021.

UNION MEDICAL HEALTHCARE

Why are we invested in this company?

As this integrated medical services company transitions from a medical aesthetic services provider into a full range, multi discipline healthcare provider, we see the company benefiting from the ever-growing demand for its services from Hong Kong and mainland China. With very good customer retention ratio providing some reassurance on the company's competitive advantage, high returns on invested capital and substantial growth opportunities, we feel the risk reward is attractive particularly at our assessment of fair value.

What were some of the issues?

Over the year the company has been raising capital despite having cash on their balance sheet. Part of the share issue was to one of their key landlords and was offered at a discount; we are particularly mindful of related-party transactions as they can be indications of wider governance and conflict of interest concerns. Other areas of concern related to board structure and executive remuneration.

What did we do over the year?

We engaged with the management team to understand the rationale behind their actions. The landlord is also a listed company with an investor relations department, providing us the opportunity to arrange a call with their management and cross check both viewpoints. The location is highly strategic for our investee company, and it became clear that it is the largest tenant in this key real estate asset; given the materiality of the landlord's real estate to the totality of our investee company's operations we agreed that a collaborative approach with shared interests provides more stability.

We also discussed another related-party transaction, this time concerning an acquisition that lacked detailed disclosure. The company purchased an equity interest from the spouse of a director of certain of its subsidiaries. We learnt upon speaking to the company that during their due diligence they engaged with an independent valuer and benchmarked the financial performance of the target with other listed peers in Asia, which gave us comfort.

On broader governance, we challenged the use of basic EPS as a performance metric in management incentives given that it risks encouraging management simply to buy in earnings. We received assurance that any earnings from M&A activity are excluded in the calculations from management pay. We also challenged the company on board diversity, which was all male at the time. The company expressed its intention to diversify the board and that it had identified two potential female candidates.

What were the implications for our investment?

The discussions we had around related-party transactions allayed our concerns and indeed the insights we gained helped us understand helpful aspects of the company's approach to collaboration and shared interests which we believe can play a part in securing its long-term success; after speaking with both sides of the related-party transaction we decided to increase our position. The company has been assessing M&A opportunities during the pandemic and has acquired some good businesses, and our conversations gave us additional comfort around some of the governance aspects of this.

PRINCIPLE 12: EXERCISING RIGHTS AND RESPONSIBILITIES

Voting is a core responsibility and a representation of our clients' interests.

Why we vote

Voting is a core responsibility and a representation of our clients' interests. Voting is also linked to the culmination of engagement activity and is a tangible factor that offers transparency to clients and stakeholders. Further, voting actions send a formal signal of support or concern to companies which is also important.

How we vote

Individual fund managers with responsibility for an investment in a company retain accountability for voting and engagement decisions for the funds they manage on behalf of clients. The process is supported by the G&S Team, who is responsible for proxy voting operations, the monitoring of meeting ballots and providing an initial assessment of each meeting's agenda, including the use of independent proxy advisory research.

"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."

Voting decisions are formulated by the fund manager or the G&S Team. This function is not outsourced to an external service and we do not automate voting outputs with third-party recommendations for Jupiter investment vehicles. Our institutional clients are welcome to enter into these arrangements and we are happy to support this process and engage with the third parties.

The following elements play a role in influencing our voting decisions:

- Jupiter Stewardship Policy
- Proxy voting research
- Deviations from best practice
- Lack of disclosure
- Engagement activity i.e. previous commitments through dialogue or irrevocable undertakings
- Commitment to responsible investment codes and other ESG initiatives

The G&S Team will refer contentious voting items to fund managers for further discussion which may result in further engagement. We will typically inform the company in advance of the shareholder meeting, particularly if we have engaged with them.

Bondholder meetings are a more infrequent occurrence but by their very nature are usually triggered by a significant corporate event involving fixed income holders. Bondholder meetings are referred to the relevant fund manager or credit analyst for approval.

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.

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.

Jupiter subscribes to proxy research services from ISS and IiAS.

SELECTED VOTING ACTIVITY IN 2020

In this section of the report we provide details on a selection of significant shareholder votes that we participated in during the period under review. These disclosures are made in the interests of transparency and are also relevant to rules relating to implementation of the Revised Shareholder Rights Directive (SRD II) with respect to significant votes.

OVERVIEW

Voting snapshot 2020

1,273

NUMBER OF SHAREHOLDER MEETINGS VOTED GLOBALLY
UK: 315, Overseas: 958

320

NUMBER OF MEETINGS WHERE AT LEAST ONE RESOLUTION WAS VOTED AGAINST MANAGEMENT
UK: 50, Overseas: 270

15,043

NUMBER OF RESOLUTIONS VOTED GLOBALLY
UK: 4,668, Overseas: 10,375

677

NUMBER OF RESOLUTIONS VOTED AGAINST MANAGEMENT
UK: 62, Overseas: 615

Empowering our clients

We welcome institutional clients engaging with us on voting matters. We have seen more clients take an interest in the lead up to specific voting events. This type of engagement is also a way of understanding client priorities and for us to discuss our activities.

Clients with segregated accounts may determine their own approach to voting. We welcome dialogue on voting matters with clients in pooled accounts, however voting responsibility remains with the fund manager in keeping with our active client proposition.

Stock lending

Jupiter does not engage directly in stock lending. Clients with segregated accounts 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.

DISCLOSURE

The call for greater transparency on voting and engagement matters is recognised. In response, Jupiter has enhanced its public disclosure to include global voting records on a monthly basis, including a rationale where we have voted against management.

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. Different fund managers who hold the same stock can also vote differently.

+ Please refer to Jupiter's Stewardship Policy for more in-depth details about Jupiter's approach to voting.

PRINCIPLE 12

THE FOLLOWING INFORMATION PROVIDES DETAILS ABOUT OUR VOTING RECORD BY GEOGRAPHIC REGION

We have categorised our voting activity under the following themes. The categories are broad but as a general guide the voting activity refers to the following themes:

Category key

Directors: Board and director effectiveness, succession planning, board and committee composition, independence and election.

Remuneration: Executive pay policy and company strategy, new share schemes, retention awards and pay for performance.

Capital: Share buybacks, capital raisings and share issuance mandates.

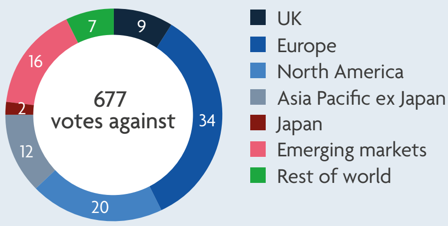
Reorganisations & mergers: Merger and acquisition activity.

Routine business: Report and accounts, dividends, auditors and fixing remuneration, Articles of Association and investment policy.

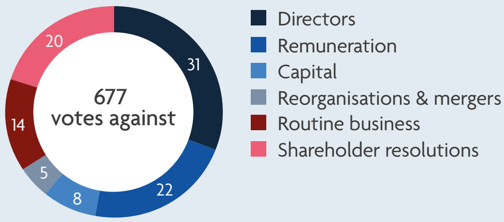
Shareholder resolution: Corporate governance best practice and regulation.

Votes against under the graphical representations refer to instances where we have submitted instructions to either vote against or abstain.

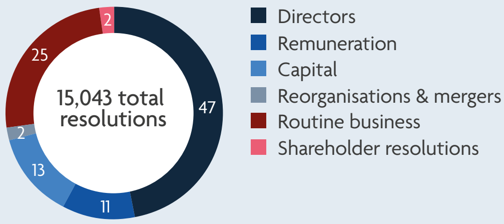
Global breakdown of votes against management by region %



Global breakdown of votes against management by category %



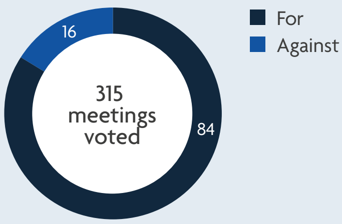
Breakdown of total votes by category %



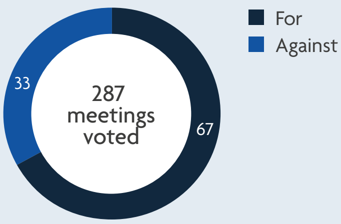
GEOGRAPHICAL VOTING BREAKDOWN

Percentage of meetings voted against management on at least one resolution

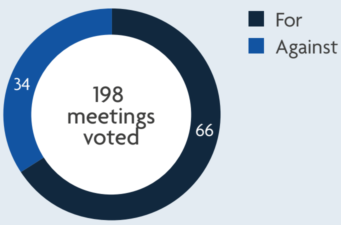
UK %



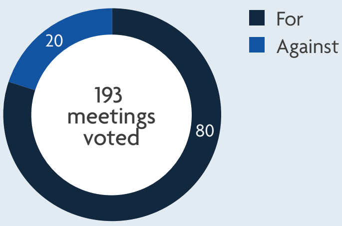
Europe %



North America %

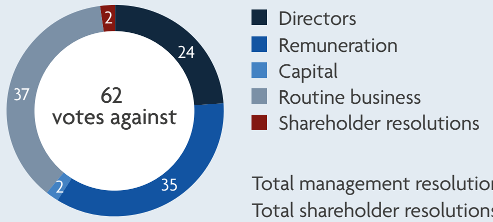


Asia Pacific ex Japan %



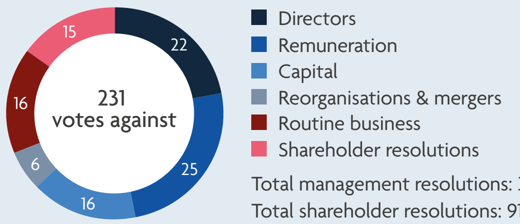
Breakdown of votes against by category

UK %



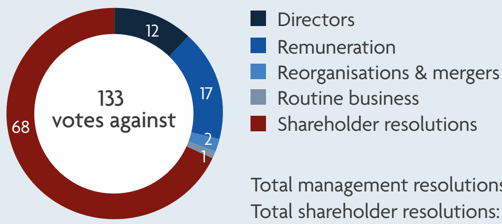
Total management resolutions: 4,649
Total shareholder resolutions: 21

Europe %



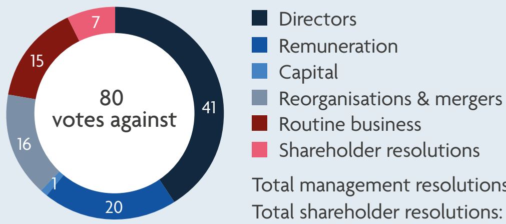
Total management resolutions: 3,958
Total shareholder resolutions: 91

North America %



Total management resolutions: 2,038
Total shareholder resolutions: 125

Asia Pacific ex Japan %



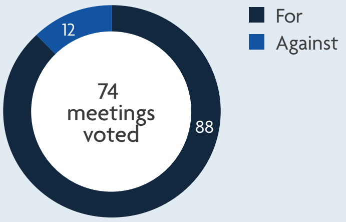
Total management resolutions: 1,085
Total shareholder resolutions: 47

PRINCIPLE 12

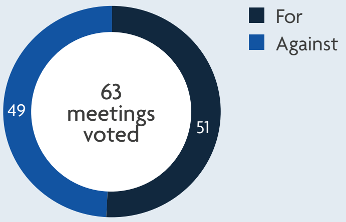
GEOGRAPHICAL VOTING BREAKDOWN

Percentage of meetings voted against management on at least one resolution

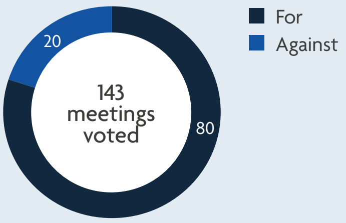
Japan %



Emerging markets %

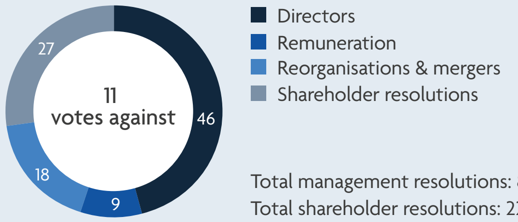


Rest of world %



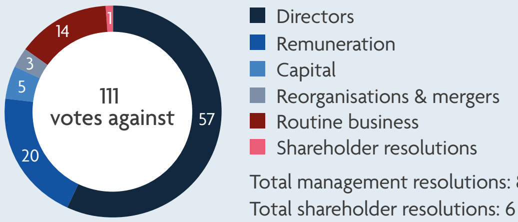
Breakdown of votes against by category

Japan %



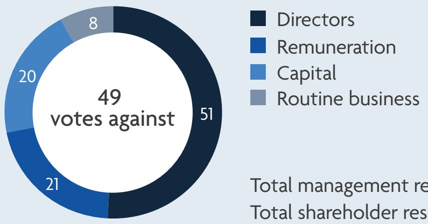
Total management resolutions: 855
Total shareholder resolutions: 22

Emerging markets %



Total management resolutions: 891
Total shareholder resolutions: 6

Rest of world %



Total management resolutions: 1,257
Total shareholder resolutions: 0

SIGNIFICANT VOTES AND OUTCOMES

These disclosures also fulfil our obligations under Shareholder Rights Directive II where asset managers are required to provide disclosures around their significant votes.

At Jupiter a significant vote may refer to:

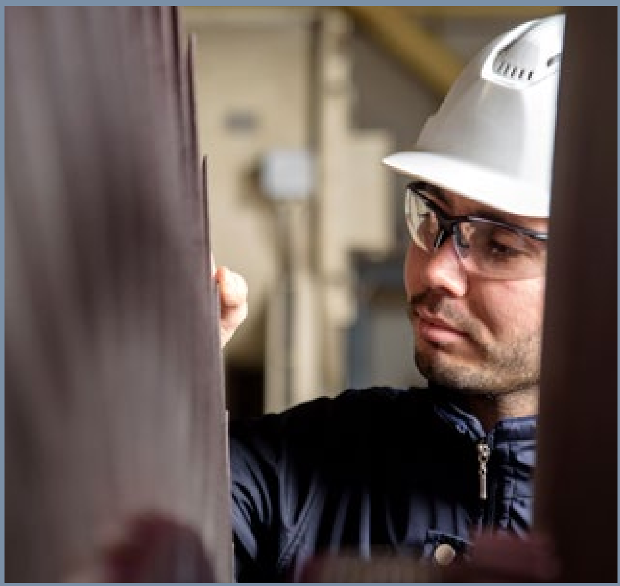
i) activity where there is a significant holding in the company
ii) points of escalation
iii) shareholder proposals that are aligned to our ESG goals
iv) approval of related-party transactions and M&A activity

A significant vote can include actions that support or oppose management.

TESCO

Our voting record demonstrates that we are prepared to vote against resolutions where we feel it is in the interests of our clients. A recent, high-profile example was Tesco's 2020 AGM at which we voted against the Remuneration Report. The decision was based on the Remuneration Committee's decision to remove Ocado, retrospectively, from the peer group against which Tesco was assessed. This materially increased the departing CEO's pay-out under the group's Long-Term Incentive Plan (LTIP).

The Committee argued that Ocado should not be deemed one of Tesco's peers because it had transitioned from a purely online grocery business to become a software company. However, we and other shareholders did not agree with the Committee's premise. We opposed the decision to remove a direct competitor from the peer group, which was voted down at the AGM.

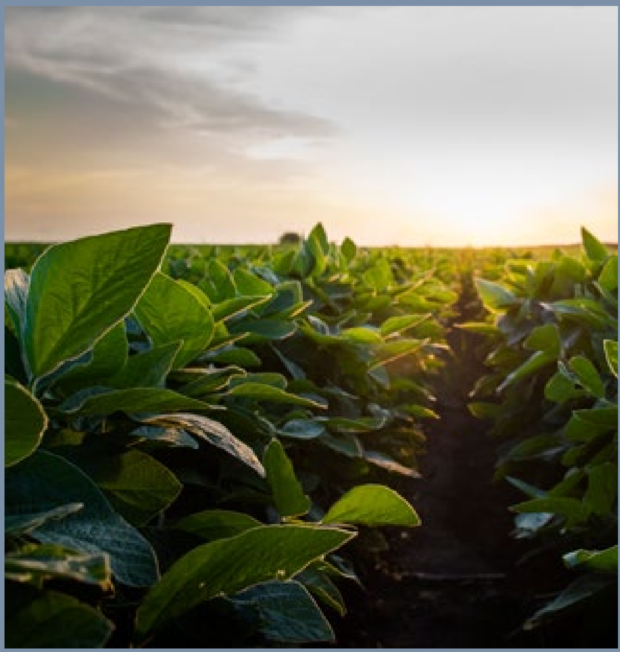


BABCOCK

We voted against an executive director as we felt a change in management was needed. We discussed the need for personnel change with the Chairman prior to the shareholder meeting and confirmed our voting decision in writing ahead of the meeting. A new executive has since been appointed.

IMPERIAL BRANDS

We voted against the re-election of a non-executive director due to concerns over their performance in another role. The director subsequently left the board.



PRINCIPLE 12

SIGNIFICANT VOTES AND OUTCOMES

HAZAMA ANDO

We identified material issues relating to the effectiveness of the group's safety and control environment, which have been the focus of our engagement over several years. We voted against the group's President in June 2019 due to a series of accidents which cast doubts over the effectiveness of the company's safety control environment, for which we felt senior management should be held accountable. In response to persistent concerns regarding the health and safety track record and poor shareholder returns, in June 2020 we voted in favour of two shareholder proposals put forward by an activist investor which sought to mandate the company to address these issues. Our decision was informed by direct engagement with the proponent. The engagement was positive and in our view management is becoming more amenable to change. We believe management attitudes to safety, capital management and shareholder engagement are improving, but we continue to monitor these issues.

FIXED INCOME VOTING ACTIVITY

During 2020 we voted against consent waivers sought by Greene King Finance Plc and Spirit Issuer Plc. Neither group offered bondholders a fee in exchange for waiving covenants breached as a result of the lockdown imposed by the UK Government. We did not consider this good practice and as such we felt support for the proposals was not in the interests of bondholders.

We also engaged with another issuer, Unique Pub Finance Co. Plc, regarding a similar consent solicitation in June 2020, prior to a bondholder meeting, to inform them that we would not support the terms as drafted as they did not provide adequate safeguards for bondholders regarding the possibility of cash being taken out of the company. Management subsequently cancelled the solicitation, and submitted a revised set of proposals on improved terms in several respects. We subsequently supported the solicitation.

WESTERN UNION

We voted in favour of a shareholder resolution seeking enhanced disclosure on political contributions. The resolution received the support of a majority of shareholders. We will scrutinise the disclosures once published to ascertain whether the group's political contributions are in the best interests of shareholders.

OUTCOMES: **CLIMATE**

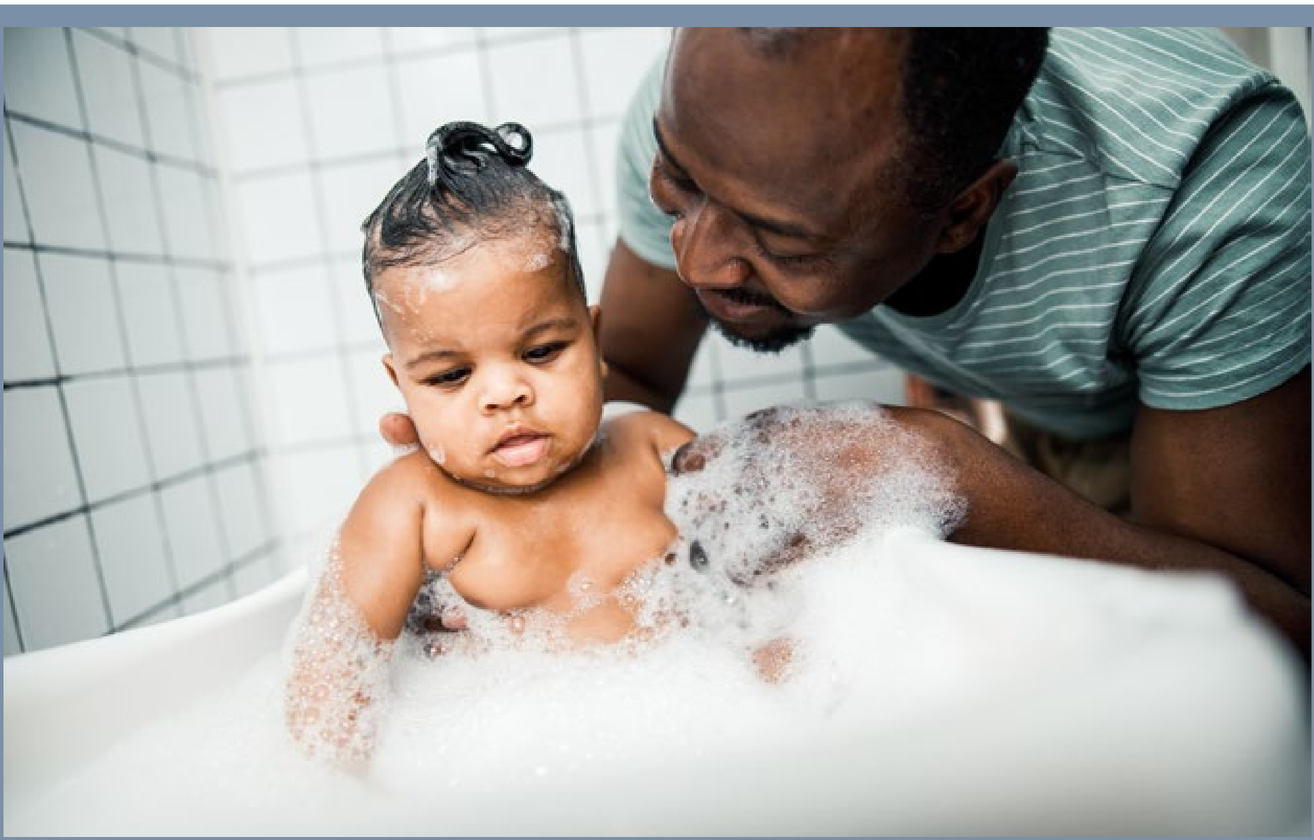
AENA S.M.E. SA

We voted in favour of a climate-related shareholder proposal filed by The Children's Investment Fund. The proposal requested the company's board of directors to present a climate action plan at the 2021 AGM which would thereafter be subject to an advisory shareholder vote on an annual basis. We believed support for this item was consistent with our integration and engagement approach on climate-related risks. Over 90% of shareholders voted in support of the resolution.

SIEMENS AG

We abstained on the discharge vote for certain supervisory and management board members citing climate-related concerns. These related to the company's decision to provide engineering services to a coal mine in Australia, which in our view did not align with the company's climate strategy. We decided to apply our abstain votes on the management board member responsible for the company's corporate sustainability office as well as the Chairman of the Board. Although the resolutions still passed, excluding broker-non votes we found that at least 5% of shareholders also voted against or abstain on these directors.

OUTCOMES: **ENVIRONMENT**



THE PROCTER & GAMBLE COMPANY

We voted in favour of a deforestation-related shareholder proposal filed by Green Century Equity. The proposal requests the company issue a report assessing if and how it could increase the scale, pace, and rigour of its efforts to eliminate deforestation and the degradation of intact forests in its supply chains. We believed support for this item was consistent with our engagement approach on environmental matters across the firm and that the report would allow shareholders to better assess related risks and opportunities for the company to address this matter. The shareholder proposal passed with approximately 60% of shareholders voting in favour.

PRINCIPLE 12

OUTCOMES: **WORKFORCE, INCLUDING DIVERSITY & INCLUSION**

WALMART INC

We voted in favour of workforce-related shareholder proposals. These proposals related to the consideration of non-management employee candidates for the board of directors and the publication of a report on how the company can seek to strengthen its approach to preventing workplace sexual harassment.

We firmly believe in the importance of workforce engagement and wellbeing, including inclusion and proper conduct, and recognise that these issues carry reputational risk for companies. In making our voting decision, we also referred to media articles highlighted by third-party ESG data providers which indicated the company had faced legal claims due to workforce-related matters in the past.

Although the proposals did not pass (in part due to a controlling shareholder) we consider that the level of minority shareholder support sent an important message to the board.

LEM HOLDING SA

We voted against the Chair of the Nomination and Compensation Committee, citing board-level diversity. The supervisory board was all-male, which we did not consider acceptable. We notified the company of our voting decision in advance of the AGM, taking the opportunity to convey our expectation that the company should address the issue and disclose a board diversity policy.

VZ HOLDING AG

We voted against the Chairman, citing board-level diversity. The supervisory board was all-male, which we did not consider acceptable.

Having identified gender diversity as a recurring issue in the Swiss market, we were reassured to learn that in its session in September 2020, the Swiss Federal Council approved a provision requiring larger companies to increase board-level gender diversity to at least 30%.

Designed and produced by Instinctif Partners
www.creative.instinctif.com

Registered address:

The Zig Zag Building
70 Victoria Street
London SW1E 6SQ

www.jupiteram.com

For further information:

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

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

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

Governance & Sustainability Operations Analyst
Amie Reid
Email: amie.reid@jupiteram.com

JUPITER