

European SRI Transparency Code

JOHCM Global Income Builder Fund

1 July 2022 – 30 June 2023

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of J O Hambro Capital Management. We have been involved in SRI since 2018 and welcome the European SRI Transparency Code.

This is our second commitment and covers the period 1 July 2022 to 30 June 2023. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

J O Hambro Capital Management Limited is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. J O Hambro Capital Management Limited meets the full recommendations of the European SRI Transparency Code.

30 June 2022

Eurosif classification of Sustainable and Responsible Investment¹ strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

Exclusion of Holdings from Investment Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

¹Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

Impact Investing: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances². Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires*.

² Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

Contents

1	List of funds covered by the Code	4
2	General information about the fund management company	4
3	General information about the SRI fund that comes under the scope of the Code	7
4	Investment process	11
5	ESG controls	13
6	Impact measures and ESG reporting	14

1 List of funds covered by the Code

Name of the fund(s): JOHCM Global Income Builder Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 31 December 2021	Other labels	Links to relevant documents
<input checked="" type="checkbox"/> Best-in-Class Investment section <input type="checkbox"/> Engagement & Voting <input type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input type="checkbox"/> Leading to exclusions <input type="checkbox"/> Leading to risk management analysis / engagement <input type="checkbox"/> Sustainability Themed	Passively managed <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark: specify the index tracking Actively managed <input checked="" type="checkbox"/> Shares in a euro area country <input checked="" type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> Inter-national shares <input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro <input checked="" type="checkbox"/> Inter-national bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input type="checkbox"/> CO2 intensive (including coal) <input type="checkbox"/> Genetic engineering <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> OECD Guidelines for MNCs <input type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)	£129.1 million	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify)	<ul style="list-style-type: none"> • KIID • Prospectus • Management report • Financial and non-financial reporting • Corporate presentations • Other (please specify) <p>Key documents can be found on the fund's website: https://www.johcm.com</p>

2 General information about the fund management company

2.1 Name of the fund management company that manages the applicant fund

The JOHCM Global Income Builder Fund (the "Fund") is a sub-fund of the J O Hambro Capital Management Umbrella Fund PLC, which is managed by JOHCM Funds (Ireland) Limited. JOHCM Funds (Ireland) Limited delegates investment management responsibility to J O Hambro Capital Management Limited, which is authorised and regulated by the Financial Conduct Authority. The address of the Investment Manager, J O Hambro Capital Management Limited, is:

J O Hambro Capital Management Limited
 Level 3,
 1, St. James' Market,
 London SW1Y 4AH
 Contact Person: Louise Merritt
 Email Address: Lmerritt@johcm.co.uk
 Website: [J O Hambro Capital Management \(JOHCM\)](https://www.johcm.com)

2.2 What are the company's track record and principles when it comes to integrating SRI into its processes?

The Global Income Builder ("GIB") team have promoted ESG characteristics within the Fund since they joined JOHCM over five years ago. The strategy is also climate aware, and the team seek to carefully monitor and manage exposure to carbon intensive sectors. Employing strict exclusionary screens forms part of the sustainability approach of the strategy. Every team member is responsible for all aspects of financial and sustainability analysis related to their coverage within the portfolio. One of the team members is a certified ESG analyst.

As responsible investors, the Global Income Builder team attach the utmost importance to stewardship and take an active approach to engagement and voting by maintaining constant dialogue with the companies in which they invest. It may be to shed additional light on their analysis or to encourage the companies they finance to adopt best practices, but whatever the purpose, they consider shareholder engagement as fundamental to their responsible investment approach and their fiduciary duties.

As a performance-led active asset manager, JOHCM's core purpose is the generation of attractive long-term returns for clients. However, responsibilities extend more widely than the narrow pursuit of investment excellence. Like many active investment management companies, JOHCM is in the early stages of integrating ESG into our longstanding stewardship framework. The majority of our investment strategies already reflect a broad understanding of ESG risk within investment decision-making, particularly the need for strong governance and social risk assessments. As we listen to clients and consider the changing regulatory landscape, we recognise that the next step for our business is to continue to strengthen ESG integration across many of our funds. This will mean understanding the impacts on society and the environment, contributing to positive outcomes through structured engagement, and focusing on where we can make a difference.

More information on JOHCM's approach to sustainability can be found on our website: [About Us J O Hambro Capital Management \(JOHCM\)](#)

2.3 How does the company formalise its sustainable investment process?

There is no company view at JOHCM, our experienced fund managers are given full investment autonomy, subject to regulatory and contractual requirements; we do not impose a centralised, uniform view of economies, sectors or companies. This allows each investment team to integrate environmental, social and governance information in a manner that reflects their own outlook and philosophy.

Each investment team conducts its own analysis and engagements, which ensures corporates receive advice grounded in the real world, while clients gain deep, hands-on insights. No responsibilities are outsourced to separate Environmental, Social and Governance (ESG) or stewardship teams. The company has recently formed a Sustainable Investments Team which is tasked with unlocking and enhancing the impact the fund management teams can deliver as agents of our clients' capital.

For further information, the JOHCM Global Income Builder Fund's investment policy can be found on our website: [JOHCM Global Income Builder Fund J O Hambro Capital Management \(JOHCM\)](#)

J O Hambro Capital Management's Sustainability Policies, Stewardship Policy (Engagement and Voting Rights) and Report, Sustainability Risks Policy, Climate Change Statement, Human Rights Statement, Modern Slavery Policy can be found on our website: [About Us J O Hambro Capital Management \(JOHCM\)](#)

2.4 How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?³

The Global Income Builder strategy seeks to invest in durable businesses that will be well adapted to the regulatory and social landscape of the future. The team believe that businesses that do not have a social license to operate may run the

³Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section).

risk of losing their commercial license to operate. Sustainability assessments are part of the team's Persistence Framework which seeks to rate the durability of businesses across a number of different factors, including Environmental and Social (E&S) factors. The team believe that sustainability factors help improve return and lower risk, over time and at the margin.

The strategy is climate aware and the team seek to carefully monitor and manage exposure to carbon intensive sectors. Whilst they have not yet exited fossil fuel producers, they currently only hold producers that have put forward plans that are aligned with the climate goals of the Paris Accord, as determined by the Transition Pathway Initiative.

Additionally, by avoiding the lowest ESG-rated companies in their investment universe, the team seek to reduce the Fund's exposure to those companies which face significant climate risk. Poor management of environmental and social issues can be a sign of poor overall business management and could suggest a lack of awareness regarding the shifting preferences of the global consumer. From a risk perspective, the team view sustainability factors as another lens that allows them to develop a more complete understanding of the threats faced by companies. To this end, their ESG analysis is not outsourced to a dedicated ESG team but is instead conducted by the team members responsible for each individual investment and is integrated into their research process. Since ESG risks are often more long term in nature, an ESG lens can be particularly valuable in assessing whether the culture of particular business is indeed long term oriented, or whether the company in question is more focused on short-term factors and turns a blind eye to longer term risk.

The team also view E&S factors as a source of opportunity. They actively seek to find businesses whose products or services can be a force for positive change and create win-win scenarios for both the shareholders and society or the environment. In particular, they look for companies that can – through their efforts and entrepreneurship – advance the UN's Sustainable Development Goals (SDGs). Some of their key investment themes centre on automation, electronic vehicles, renewable energy, and electric grid transformation.

The team see E&S factors as economic in nature (independent of a values judgment) and complementary to traditional fundamentals, such that their assessment may change their opinion of the fundamental "worth" of a business. Without a thorough understanding of ESG-related risks, investors risk ignoring the economic impact of business externalities, which – though ignored for decades – are increasingly being brought on to the corporate balance sheet through regulation, litigation and/or consumer preference. The team believe in undertaking engagement with their portfolio investments and are eager to help them improve their E&S management. This includes bringing to bear the firm's resources, such as Regnan, our specialist ESG business unit.

The team discuss E&S issues with their holdings on a regular basis to garner information to inform their investment analysis. Additionally, where they identify opportunities to support investee companies to improve ESG performance or make sustainable business decisions, they engage to encourage behavioural change.

At a firm level and together with our parent company Pandal Group, JOHCM has published statements on two major issues with the potential to affect the investments the company make and their impact upon society: climate change and human rights. These statements provide guidance to the investment teams on management climate change and human rights-related risks within their investments as well as to our corporate activities more broadly. The two statements are reviewed at least annually and are available here: [About Us J O Hambro Capital Management \(JOHCM\)](#).

JOHCM's firm-wide approach to managing ESG risks is found in the 'Sustainable Risks' section on our website: [About Us J O Hambro Capital Management \(JOHCM\)](#)

2.5 How many employees are directly involved in the company's sustainable investment activity?

ESG is fully integrated into the four-person GIB investment team, whereby each member of the team is responsible for performing ESG, business fundamental and valuation analysis on the investments within their specialist sectors. One of the team members is a certified ESG analyst.

At a company level and to support the wider business, JOHCM draws upon expertise within the Pandal Group, most notably Regnan, to build the firm-wide understanding of ESG issues and how we manage ESG risks. Throughout the year, our

Regnan team provided direct one-on-one training to willing investment teams, covering ESG integration, climate change and the key ESG issues in the cement sector. JOHCM will continue with further training and development on ESG and responsible investment in 2021, including tailored training for our investment teams and broader education sessions for our non-investment personnel. This will include input from Regnan and Pandal Group's Responsible Investments team, as well as third parties. In addition to internal training, we support our staff to participate in external training and development. JOHCM has an annual budget to fund employees to attend conferences and other educational sessions relevant to their work, including on ESG.

2.6 Is the company involved in any RI initiatives?

General Initiatives	Environmental / Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input type="checkbox"/> SIFs - Sustainable Investment Fora <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change <input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonisation Coalition <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input type="checkbox"/> Other (please specify)	<input checked="" type="checkbox"/> ICGN – International Corporate Governance Network <input checked="" type="checkbox"/> Other (please specify) Other – UK Stewardship

2.7 What is the total number of SRI assets under the company's management?

As at 31 March 2022, the JOHCM Global Income Builder Fund was £150.7 million.

As at 31 March 2022, the total assets under management for ESG integrated strategies of J O Hambro Capital Management Limited, are £3.36 billion.

More details on the funds managed by JOHCM, including assets under management, can be found on our website: [Our Funds: J O Hambro Capital Management \(JOHCM\)](#)

3 General information about the SRI fund that comes under the scope of the Code

3.1 What is the fund aiming to achieve by integrating ESG factors?

The team believe that integrating ESG and sustainability considerations will be additive to the Fund's financial objectives of regular income generation, long-term capital growth and controlled volatility. The team recognise that ESG factors create risks and opportunities for companies. As a result, the team employ an integrated approach to sustainable and responsible investment, combining positive and negative investment criteria, as well as integrating ESG factors into their bottom-up, fundamental analysis. The team further seek to engage with the issuers they consider for investment in order to assess and raise issuer awareness of ESG risks and opportunities.

The team also believe that there is a need for more sustainably managed income-oriented strategies, as many traditional income funds lean on businesses with poor ESG profiles, such as tobacco shares and those energy producers who are not aligned with the Paris Convention on Climate Change. Many flexible or multi-asset funds are managed with a top-down process, such that the assessment of ESG risks and opportunities is at best outsourced and at worst, ignored. The team believe it is important to provide a sustainably managed strategy for multi-asset and income-oriented investors.

3.2 What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund?

All four members of the JOHCM Global Income Builder investment team conduct ESG analysis as a core part of the stock-level research used in their investment process. One team member is a certified ESG analyst.

The team conduct their own proprietary research using the following:

ESG Research Providers: The team use Sustainalytics, the ISS and MSCI ESG ratings to provide initial analysis to help them determine what specific issues to prioritise in their further analysis. The ESG research providers deliver ESG risk ratings based on Material ESG issues, Controversies ratings, norm based controversy screening, business involvement screening, Global standards screening, Carbon footprint, SDG alignment and Governance Profile.

Sell-side and independent research providers: The team use selected sell-side research to develop a broader understanding of ESG topics and also utilise the research of Regnan, a fully owned subsidiary, which provides advice and insight on ESG issues. The team utilise expert networks, such as the Gerson Lehrman group, in addition to the team's personal network to conduct third party research into businesses including for ESG related issues.

Meetings with company management and site visits: The team seek to be active owners of their investments and therefore undertake thorough due diligence and maintain regular dialogue with companies and issuers. Further, the team are increasingly focused on ESG-related engagements – where relevant, insights feed back into ESG evaluations.

Other / ad-hoc: the team also utilise other resources where relevant such as those published by initiatives such as the Transition Pathway Initiative and the Principles for Responsible Investment, as well as relevant academia.

The above research inputs provide a foundation for the ESG assessment made by each member of the team in relation to their sectors.

3.3 What ESG criteria are taken into account by the fund?

The team consider ESG criteria in the formal exclusions applied, as well as issuer analysis and portfolio construction.

Exclusions: A full list of company and country exclusionary screens can be found in Section 5.1.

ESG Assessments: Whilst not exhaustive, the below list is indicative of typical ESG criteria considered when assessing issuers qualifying for inclusion in the Fund:

Environmental main factors and sub-factors analysed:

- Climate change
 - Greenhouse gas emissions
 - Air pollutants
 - Carbon footprint
 - Energy consumption
- Natural capital
 - Water stress
 - Biodiversity
 - Raw material
- Pollution & waste
 - Waste
 - End of product life

Social main factors and sub-factors analysed:

- Employees
 - Health & safety
 - Human rights
 - Employer turnover

- Glass Door review
- Diversity
- Recurrent restructuring
- Customers
 - Cybersecurity – data privacy
 - Overuse/addiction
- Net promoter score
- Product safety
- Supply chain management

While it is not an exhaustive list, the following factors are considered to assess corporate governance:

- Percentage of insider ownership
- CEO duality
- Non-executive incentives (% variable/fixed pay and target key performance indicators)
- Dual share classes
- Board independence
- Gender and diversity of the board
- Board size
- Tax rate

Commonly monitored metrics:

- Greenhouse gas intensity: weighted average of emissions in relation to turnover
- The percentage of women on boards
- The percentage of independent directors
- The number of severe controversies (considered those to be assessed as 'level 4' and 'level 5' provided by Sustainalytics)

Additionally, the team monitor the overall carbon footprint of the portfolio and seek to track and encourage improvement among portfolio constituents.

The team will only invest in energy producers that have put forward plans that are aligned with the goals of the Paris Climate accord, as determined by the Transition Pathway Initiative.

3.4 What principles and criteria linked to climate change are taken into account in the fund?⁴

The strategy is climate aware and the team seek to carefully monitor and manage exposure to carbon intensive sectors. As described above, the team currently only invest in producers that have put forward plans that are aligned with the climate goals of the Paris Agreement, as determined by the Transition Pathway Initiative. Additionally, by avoiding the lowest ESG-rated companies in their investment universe, they seek to reduce the Fund's exposure to those companies which face significant climate risk. The team's assessment of when climate risks are classified as significant is both subjective and objective. For instance, the team track carbon intensity quantitatively, however, certain high emission industries, such as fiberglass insulation, can have significant "Scope 4" emissions *benefits*, in that they reduce the carbon intensity of domestic structures. The team consult internal and external materiality maps and conduct their own assessment of business risk in order to determine whether there are any climate or other specific risk factors that require monitoring.

The team monitor the carbon footprint of the portfolio and keep track of current high carbon emitters and whether they have committed to align with the 2015 Paris Agreement. The team's investment process considers:

- Decarbonisation planning and strategy – quality and commitments (e.g. targets)

⁴Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): <https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697>

- Greenhouse gas emissions and intensity performance (e.g. total carbon footprint, weighted average of emissions in relation to turnover)
- Energy consumption metrics
- Regulatory risks
- Liability and stranded asset risk

Various climate-related exclusionary screens are listed in section 5.1.

At a firm level and together with our parent company Pandal Group, JOHCM have published statements on two major issues with the potential to affect the investments the company make and their impact upon society: climate change and human rights. These statements provide guidance to the investment teams on management climate change and human rights-related risks within their investments as well as to our corporate activities more broadly. The two statements are reviewed at least annually and are available here: [About Us J O Hambro Capital Management \(JOHCM\)](#).

3.5 What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

The team employ a best in universe approach which seeks to avoid the worst quintile ESG performers across their investment universe, using third-party providers (Sustainalytics, ISS), Regnan (our specialist ESG business unit), sell-side research and proprietary analysis. For instance, the Fund is very unlikely to invest in any issuer that is rated in the bottom quintile of the Sustainalytics Universe and will typically exclude issuers that Sustainalytics has determined to be subject to a severe controversy. In addition, the team employ other exclusions including UNGC violators and seeks to avoid energy producers that are not Paris-Aligned. These measures serve to reduce the investment universe.

Other than those exclusions listed throughout, the team generally do not exclude specific assets or types of assets from portfolios explicitly on environmental risk, but they do need to be aware of the environmental risks associated with a given company and/or industry, and consider the potential economic implications when assessing a company's Intrinsic Value.

For every investment within this reduced universe that is selected for further review, the team conduct an initial ESG review to see if there are any key risks that they should consider. Through this initial assessment, they seek to develop a sense for how material overall E&S risk could be for the specific business and what the most significant E&S factors could be. They also seek to understand if there are any key controversies in which the company is involved. For this process, they often make use of third-party research providers, including such entities as Sustainalytics and ISS, global broker dealer research efforts, and the Transition Pathway Initiative. This initial assessment helps them determine what specific issues to prioritise in their further analysis and also gives them a sense of whether there is the possibility for constructive engagement.

Following on from this initial assessment, the team focus on the specific data items that they feel will best allow them to concentrate on specific "material" risk factors identified.

For environmental-related risks, these can often include an assessment of the company's management of environmental risks and impact, such as CO2 emissions, energy consumption and the management of water and waste. In general, they see two primary risks from environmental concerns: (i) cash flow impacts and (ii) business interruption/disruption risk.

Social risk assessments can include the company's management of its human resources and, more generally, how it interacts with external stakeholders (suppliers, local communities, etc.). This encompasses labour relations, employee training, compliance with human rights and management of the supply chain. Social issues are the most difficult to assess, as they must often be viewed in their local context. Similar to the two other pillars (E&G), they consider the materiality of social issues. In these instances, they must focus on the economic impact of this involvement when assessing a company's Intrinsic Value.

Once an investment idea is generated and has passed the ESG analysis, the team carry out fundamental analysis of the company. This incorporates a qualitative assessment of the company's strategic position, combined with a quantitative financial model. ESG considerations are fully integrated into this assessment. Companies assessed for inclusion in the portfolio must demonstrate acceptable management of long-term strategic risks and opportunities. ESG analysis of the

companies' operations is incorporated into fundamental analysis performed by one of the team members before an investment decision is made.

3.6 How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

With respect to exclusions, JOHCM monitors investments against the ESG restrictions outlined in a fund's prospectus by utilising a third-party data provider. Companies that breach any of the restrictions are identified by the firm's monitoring systems, which trigger an internal review process that will either authorise holding the investment as an exemption or not. These alerts are reviewed on a daily basis. The Fund's UN Global Compact (UNGC) compliance exclusion will respond to controversies should they be considered by our third-party provider to breach UNGC.

Our general ESG assessments are updated on a rolling basis, typically annually. Controversies will feed into ESG assessments as relevant, and are noted in the team's ESG dashboard.

A quarterly review is also undertaken by the Investment Director who oversees ESG-related processes for each fund and monitors portfolio ESG risks.

The team review issuers and controversies continuously, but also conduct a comprehensive quarterly ESG review of the portfolio in order to track progress and monitor for changes.

Should the team become aware of any controversy that they deem severe enough to warrant divestment or that would otherwise make the issuer unsuitable for continued presence in the Fund's portfolio, the divestment will typically be initiated shortly after the review is complete. The team may consider market factors, such as liquidity or the current favourability or lack thereof of the relevant industry in which the issuer is classified. There is not a specific predetermined timetable, as some flexibility can be useful in terms of how to best implement a divestment, however the default is to complete the divestment as soon as is practicable.

4 Investment process

4.1 How are the results of the ESG research integrated into portfolio construction?

The team employ a best in universe approach which seeks to avoid the worst quintile ESG performers across its investment universe. In addition, the team employ other exclusions including UNGC violators and seeks to avoid energy producers that are not Paris-Aligned. These measures serve to reduce the investment universe. The portfolio typically consists of less than 150 issuers and is managed to ensure effective diversification across regions and sectors.

All companies in the portfolio are subject to ESG assessments. These assessments depend on the availability of data and the team employ its best estimates in situations where public data is less available. Please refer to section 3.6 for how these are applied.

Due to the pronounced risk to a company's business that can result from a loss of a "social license to operate", the team include E&S related risks in the Disruption pillar of their Persistence Scoring framework. The overall risk of material business disruption from these and other factors is scored from 1 to 5 (5 being the highest risk) and is factored in to the overall assessment along with the other pillars of the Persistence framework.

The team typically require higher returns from businesses with worse persistence scores. They also tend to limit the position size of less persistent businesses to reflect the increased risk of capital impairment. ESG assessments are an important component of the Persistence Framework. If an issuer has higher ESG-related risks, these will penalise the issuers rating, leading the team to require a higher return to compensate for the ESG related risks and/or invest with a smaller position size to protect against ESG-related downside risk.

To manage E&S risk across the portfolio, the team maintain an ESG dashboard, where they track ESG ratings, carbon emissions, UNGC violations, major controversies, key issues, and a variety of other factors.

They also use this dashboard to record and track any ESG-specific portfolio limitations that they want to implement in order to manage overall ESG risk (such as restrictions on capital invested in any high carbon emitting company) and to track their engagement efforts and to flag specific holdings for future engagement efforts.

To address ongoing ESG risks and as part of the formal risk oversight process, all portfolios are subject to regular review of exposure to ESG risks using MSCI and Sustainalytics data.

The dashboard seeks to aggregate individual risks at the portfolio level and could lead the team to reduce investments in issuers that may not individually have ESG risks that rise to the level of exclusion or Persistence related reduction, however when aggregated with risks of other investments could lead the overall portfolio to have undesirable levels of exposure to certain key ESG risk factors.

4.2 How are the criteria specific to climate change integrated into portfolio construction?⁵

The team seek to avoid investing in companies involved in activities which contradict sustainable objectives. The Strategy is climate aware and the team seek to carefully monitor and manage exposure to carbon intensive sectors. The team will only hold producers that have put forward plans that are aligned with the goals of the Paris Climate accord, as determined by the Transition Pathway Initiative. Additionally, by avoiding the lowest ESG-rated companies in their investment universe, they seek to reduce the Fund's exposure to those companies which face significant climate risk.

The team also monitor the portfolio's carbon metrics, high-level climate insights and performance against benchmarks through our third-party carbon and climate service offering (ISS).

4.3 How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?⁶

All companies in the portfolio are subject to ESG assessments. These assessments depend on the availability of data and the team employ their best estimates in situations where public data is less available.

4.4 Has the ESG evaluation or investment process changed in the last 12 months?

Over the past three years, the team has enhanced the tools they use and improved their approach to data collection in order to better use their resources and be more productive in their work. The investment process is aligned to the Article 8 requirements under SFDR.

4.5 Is a part of the fund invested in entities pursuing strong social goals/social enterprises?

The team do not specifically target investing a specific minimum or fixed percentage in entities which pursue social goals/social enterprises. However, the team strongly believe businesses employing more sustainable business practices, and offering products or services which benefit stakeholders, will be more durable in the long term. As such, the team expect that as an output of its investment process, the portfolio will be tilted away from those companies causing social harms and towards those which support positive social outcomes.

4.6 Does the fund engage in securities lending activities?

The Fund is permitted to engage in securities lending activities, but does not currently do so.

The default state is not to recall lending ahead of voting – therefore, if the GIB team wish to vote shares which are on loan, the team need to request that the lending be recalled in advance of the vote. This is only likely to be the case on the most significant votes, and JOHCM does not believe that their stock lending activities compromises their ability to engage effectively with investee companies.

⁵ Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

⁶ Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

JOHCM only uses brokers, counterparties and trading venues (Trading Counterparties) for the execution of client orders which have been approved in accordance with the Counterparty and Venue Selection and Review Process. This process is managed by the Trading team and provides a detailed review covering the financials, information on execution arrangements and execution quality, legal documentation, commission rates and regulated status of any new entities proposed to be added to the list. The Best Execution Committee (BEC) makes the final decision on any new appointment, based on the rationale provided by the trading desk, as well as the review mentioned above. If approved, a counterparty is allocated to a specific counterparty tier (from 1 to 7) each of which has an overall exposure limit, reflecting the associated credit risk.

4.7 Does the fund use derivative instruments?

Yes, the JOHCM Global Income Builder Fund can use derivatives for efficient portfolio management only and in accordance with the conditions and limits laid down by the Central Bank and as currently set out in the Fund's prospectus. Types of instrument may include Credit Default Swaps, Interest Rate Swaps and Forward Foreign Exchange Contracts. All such techniques and instruments outlined in the prospectus may be used for reducing risk, reducing cost or generating additional capital for the Fund with a level of risk which is consistent with the risk profile of the Fund. These derivative instruments generally are for hedging purposes and do not typically have an impact on the sustainability profile of the strategy.

4.8 Does the fund invest in mutual funds?

The JOHCM Global Income Builder Fund does not invest in mutual funds.

5 ESG controls

5.1 What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund as defined in section 4?⁷

To ensure portfolio compliance to the ESG rules as defined in section 4, the team have the following controls:

Exclusionary Screens: To provide assurance to our clients that minimum ESG risk management standards are met, and to ensure significant social or environmental harms are avoided, we employ the exclusionary screens outlined below.

Category	Screen(s)	Screen data provider
<i>The Fund avoids investing in companies which:</i>		
ESG ratings	are in the lowest quintile (20%) of ESG related risk factors (a "best-in-universe" approach)	Sustainalytics, with a proprietary overlay (the team's proprietary dashboard)
UN Global Compact	are considered 'non-compliant' with the UN Global Compact	Sustainalytics
Social harms	derive 10% or more of their revenue from: <ul style="list-style-type: none"> the production and distribution of pornography derive 5% or more of their revenue from: <ul style="list-style-type: none"> Tobacco Production Conventional weapons derive any revenue from controversial weapons.	ISS
Environmental harms	derive 10% or more of their revenue from: <ul style="list-style-type: none"> Coal Power generation derive 5% or more of their revenue from: <ul style="list-style-type: none"> Uranium mining Nuclear Power Plants and manufacturers of Essential Components Nuclear Power Generation and companies which 	ISS

⁷Reference to Article 173 of the French TECV Act.

Category	Screen(s)	Screen data provider
	base their power production on nuclear energy <ul style="list-style-type: none"> Oil sands Coal mining, Fracking 	
<i>The Fund avoids investing in countries which:</i>		
Corruption	with CPI scores below 35	
Environment	are not bound to the UN Convention on Biodiversity	
Climate	are not party to the Paris Agreement	
Human Rights	are "not free" according to the Freedom House Index	
Nuclear Treaty	are not legally bound to the Nuclear Non-Proliferation Treaty	

In implementing the exclusionary screens, JOHCM uses third-party providers, ISS and Sustainalytics. As such, we variously rely upon their business involvement definitions, data and assessments. Exclusionary screens apply to corporate issuers only. Where data is not readily available from third-party providers, the team apply their own assessment to the best of their ability.

Where possible, the above screens are coded into JOHCM's trading systems, blocking the Portfolio Manager (pre-trade) from investing in non-compliant issuers. Only the Compliance team, which operates at arm's length from the investment team, has the authority to override trade blocks once the Investment Director has given confirmation to proceed.

JOHCM also regularly monitors investments against the ESG restrictions outlined in the fund prospectus; any breaches of the restrictions are identified by the firm's monitoring systems, which trigger an internal review process that will either authorise holding the investment as an exemption or not. If a holding becomes non-compliant, it will be divested as soon as practicable, and within the best interests' of clients.

JOHCM is in the process of adding blocks in the pre-trade warning flags to alert the team if any investment would run foul of the requirements of the FNG label.

Additionally, quarterly review is also undertaken by the Investment Director who oversees ESG-related processes for each fund and monitors portfolio ESG risks. This includes adherence to stated ESG rules.

Finally, the team monitor issues on an ongoing basis and conduct their own internal quarterly review in order to track issuers for improvement, determine opportunities for engagement, and evaluate overall portfolio level ESG risks and opportunities.

6 Impact measures and ESG reporting

6.1 How is the ESG quality of the fund assessed?

The team seek to be a leader among income funds in sustainable investing and utilise third party assessments, such as Morningstar sustainability ratings, in order to assess the portfolio's ESG ratings relative to industry peers. The Fund is currently rated five out of five globes for sustainability.

The team seek to communicate with clients regularly to highlight ESG issues as evidenced by recent writings on the prominence of tobacco investments in traditional retirement and income funds. The team communicate quarterly regarding positioning and investment outlook. These communications often also discuss ESG related issues.

The team's quarterly ESG review monitors CO2 footprint of the portfolio and seeks to uncover new and material controversies.

6.2 What ESG indicators are used by the fund?⁸

Our assessment of corporate ESG indicators involves both qualitative and quantitative inputs. These indicators are listed below:

- Environmental risk
- Social risk
- Governance risk
- Controversies Risk

Below are some examples of indicators; however, this is not an exhaustive list as each investment may have different material aspects:

Environmental: Greenhouse gas intensity: weighted average of emissions in relation to turnover

Social: The percentage of women on boards

Governance: The percentage of independent directors

Controversies: The number of severe controversies (considered those to be assessed as 'level 4' and 'level 5' provided by Sustainalytics)

6.3 What communication resources are used to provide investors with information about the SRI management of the fund?

Monthly factsheets, the annual and semi-annual reports and accounts, KIIDs and other fund literature for the JOHCM Global Income Builder Fund are published on our website:

[Funds Reporting J O Hambro Capital Management \(JOHCM\)](#)

Monthly fund updates and team commentary can be found on our website:

[JOHCM Global Income Builder Fund J O Hambro Capital Management \(JOHCM\)](#)

A description of the extent to which environmental and social characteristics are met will be available as part of the annual report which will be published on JOHCM's website once available. The Fund's most recent annual report does not include any information pursuant to SFDR. Further ESG reporting will be made in line with SFDR during the course of 2022. Fund holdings are available on request.

6.4 Does the fund management company publish the results of its voting and engagement policies?⁹

Yes – Proxy Voting is reported annually on our website: [About Us J O Hambro Capital Management \(JOHCM\)](#). More details are available on request.

⁸Reference to Article 173 of the French TECV Act.

⁹Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE.

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