# Environmental, Social & Governance policy

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| Type (please select): | Policy | | |
| Owner (Department Name): | Chief Investment Office | | |
| Version date: | April 2025 | | |
| Entity *(please select):* | Canaccord Genuity Wealth Limited ('CGWL') | | |
| | Canaccord Genuity Wealth (International) Ltd ('CGWIL') | | |
| Collective Name *(please select):* | Collectively 'CGWM' | | |

## Overview

CW a leading independent wealth manager in the UK and Crown Dependencies. We provide wealth management and financial advice solutions to our clients, ranging from retail and high net worth individuals to institutions. Our mission is to serve our clients, to protect and grow their wealth and earn

their loyalty. In this context, whilst our primary objective is to grow our clients' wealth, we acknowledge that we have a duty to create long term sustainable value for all our stakeholders, and we are committed to acting and investing responsibly. Notwithstanding our regulatory obligations,

we recognise the wider impact of our activities on our stakeholders and wider society and we find that our clients increasingly expect us to invest responsibly. Consequently, while we are not a dedicated Environmental, Social and Governance ('ESG') manager, we believe that ESG considerations should form a part of our investment process.

### Objective

The objective of this policy is to define CW's approach to ESG both from a business management perspective (i.e. how we integrate ESG into our day to day business decisions) and how we integrate it into our investment process.

### Application

Whilst we believe that ESG considerations are relevant to all assets which we invest on a discretionary basis, we have prioritised our model portfolio service as an area of

key focus, as our models lie at the heart of our investment process. Consequently, this policy applies to our model portfolios and to portfolios which are tethered to our model portfolios

# Application

This policy relates to all discretionary and advisory mandates managed by CW. For the avoidance of doubt, this does not apply to any non-managed relationships, such as execution only or advisory stockbroking accounts.

# Connected Policies

- CW Engagement Policy
- CW Escalation Policy

# Policy / Procedure

## Our approach as a Company

CW is committed to embedding the ESG responsibilities it expects its investee companies to demonstrate into its own philosophy and practices.

We are accountable for our actions as a firm and understand that our principal business activities have an environmental impact. We also recognise that we have a role in helping the jurisdictions in which we operate to reach their climate change targets. As such, we actively and carefully manage our operations to improve in a manner that is respectful to the planet. We have an active Climate Action and Sustainability Committee which meets regularly and reports to the Executive Committees and the Boards.

In addition to considering how we invest on our clients' behalf, we also consider ESG factors in how we run our business operations. We are taking steps to minimise the impact of our office buildings and reduce our waste and resource usage in the following key areas:

- Cleaner office energy
- Reduction of business travel/greener transport choices
- Paper reduction
- Single-use plastic elimination
- Recycling facilities
- Electric vehicle/bike benefits for staff

In addition to environmental concerns, CW also includes its Diversity Equity and Inclusion (DE&I) ambitions under the broader ESG banner. The CW Group has a long-established DE&I Committee, which champions a more diverse and therefore stronger workforce. We believe that strength comes from harnessing all our colleagues' skills and experience, regardless of race, nationality, gender, sexual orientation, or physical abilities which we have embedded into our recruitment and employment practices. We bring people together through our Women's Network and we offer an active mentoring programme as well as being participants in the 10,000 Black Interns Programme.

The wider Canaccord Genuity is also part of wider industry and community initiatives which support diversity. Further details of initiatives and charities supported are available on request.

The CW Group actively promotes and supports the wellbeing of its staff and offers a range of health-related benefits. This is complemented by a range of mental health training along with the appointment of mental health champions across the business and other support relating to health, stress and wellbeing. We continually build on our offering for staff to ensure that their health is at the heart of our business.

Our approach as an investment manager

Whilst we take steps at an entity level to reduce our carbon footprint and to support DE&I within our own business, we recognise that where we can have the most impact is what we decide to invest in on behalf of our clients.

We believe investing cannot be segregated from the world in which we live. In our opinion, sustainable companies that integrate ESG factors into their day-to-day activities reduce the risks of unforeseen events that can derail portfolio performance. In addition, this aligns our client portfolios with climate-driven international regulations and the move to net-zero carbon by 2050. Whilst our overriding objective is to grow our clients' wealth, ESG is one of a number of considerations in our investment process.

CW defines itself as having a pragmatic approach to ESG that thinks about responsible investment across a broad spectrum of factors, rather than focusing on a single approach such as focus or impact investing alone.

In addition, the investment world has now moved away from simplistic analysis, such as screening out certain sectors and companies, in the direction of a more constructive relationship with firms that are improving their ESG footprint. CW will use its ESG policy to enhance its engagement with companies and funds in which we invest on behalf of our clients.

## Investment process

CW seeks to be as fully aware as possible of the risks of investing in companies whose business and reputation could suffer from the lack of, or disregard for, proper ESG standards. When comparing the qualities of one investment over another, we try to take into account the sustainability ratings of companies giving preference, where possible, to those that are likely to be well-positioned to deal with future financial and societal challenges posed by environmental and governance issues and/ or which are improving how they deal with the risks associated with ESG factors.

Sustainable companies look at the long-term implications of all their actions, as opposed to taking shortcuts that may increase the risk of poor economic outcomes. As responsible investors we seek to discourage short- termism in corporate attitudes.

This policy should be read in conjunction with CW's ESG process document.

For third party funds, the relevant CW investment selection committees consider the stated and applied ESG policies of each fund, or lack thereof, as part of our standard due diligence process. For direct equities and direct bonds, we use external ESG rating agencies to assess overall ESG rankings within sectors and review companies with very low ratings.

These policies apply to:

- Environmental aspects: such as impact on climate change, pollution, resource depletion, waste management, safeguarding of natural assets and harmful or dangerous sectors

- Social aspects: such as labour policy, working conditions, employee diversity and inclusion, cooperation with stakeholders

in local communities, health and safety policies and consumer protection

- Governance aspects: such as accounting methods, tax compliance and policies, treatment of executive and lower-paid employees, relations with corrupt governments and bribery, political involvement, donations and lobbying, conflicts of interest, Board of Directors and corporate structure.

From a practical perspective, we embed ESG measuring tools in our investment selection to make sure that relevant factors are considered when assessing risk and return as well as potential business growth.

This is done in all relevant investment committees, with every fund and security selection committee incorporating consistent criteria in their analysis, discussion and selection process. Where appropriate, CW will exclude an investment if it fails to pass the ESG thresholds we have set.

CW's Strategic Investment Committee (SIC) and the associated portfolio implementation team (which creates CW's model suite) derive their bottom-up investment ideas from the security and fund selection committees and therefore rely on the individual investment selection committees' ESG policy. On occasion, the SIC may take positions based on country-level ESG factors.

To help measure and monitor our progress towards these ESG policy goals, we are signatory to the United Nations Principles of Responsible Investing and will consider joining other industry groupings where appropriate to improve our clients' outcomes and enhance CW's impact in the ESG arena.

## Resourcing

### Centralised internal expertise

On the basis that we are not an ESG specialist firm, we keep our approach to ESG engagement fully integrated within our central Chief Investment Office team. This way, we hope to focus on what is truly material to a company's long-term success, whether in investment terms, its ESG impact or other non-financial factors (materiality). Our CIO team and investment committees have an abundance of experience and understanding of what makes a company or fund successful over the long run and which aspects of ESG are therefore the most material for different industries and sectors.

Our investment committees make qualitative and quantitative assessments using a variety of available resources of which ESG factors are just one element. This is done both at the time of initial due diligence into a company and as part of the ongoing monitoring process of existing holdings.

Our aim is to use these resources to help us identify any material ESG concerns either prior to investment or that arise with one of the portfolio holdings.

### External analytical tool: Sustainalytics

Our primary tool for making quantitative assessments of a company's ESG risk is Sustainalytics. This tool measures an investee company's exposure to industry- specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk.

As is typical of ESG data vendors, Sustainalytics does not cover the entire universe, particularly in the smaller companies' space (CW defines a smaller company in the UK as being outside of the top 100 UK listed companies). However, coverage amongst larger companies is excellent, with almost 20,000 companies worldwide covered, meaning many world equities by market capitalisation are in scope. Where stocks we hold are covered, we use the ESG assessments made by Sustainalytics as a key part of our assessment. This is a particularly useful resource for the funds managed with a larger-cap and mid-cap bias.

### Documented ESG assessment

For each investment made, the relevant investment committee will record the Morningstar Sustainalytics Globe rating on the centralised approved list.

Materiality in this instance is dependent on several variable factors dependent on the characteristics of the company, the sector in which it operates and business stage of the company.

Therefore, we do not have a prescriptive list of material issues we would raise with companies although a few examples of issues we may deem material are below (the following list is not exhaustive):

- Employee Health and Safety concerns
- Human Rights issues
- Standards of Business Ethics not being upheld
- Senior Management remuneration packages not aligned with shareholder interests
- Greenhouse gas emissions
- Stranded assets.

## Company engagement

Our preferred route to address identified ESG concerns is via company engagement. We feel this approach (as opposed to divestment) actually addresses the matter and gives management constructive feedback and the opportunity to address the issues. Our view is that this demonstrates our stewardship commitments to help improve long-term returns to shareholders.

## Voting powers and escalation

Firstly, where practical we use our voting powers at general meetings, while following up with the investee company to explain why we have voted against a particular matter. Where we have specific concerns with an investee company which we have not been able to address through our usual engagement channels and, where we consider this to be necessary and proportionate, we will escalate our concerns in a formal manner.

In the first instance, this engagement will be channelled through the relevant investor relations function within the investee company (or in their absence, their delegated corporate access agent) or their nominated corporate advisor.

From then onwards, escalation is taken up to senior management either verbally or in writing and, if necessary, would be escalated to the Chair of the Board. We would aim to raise our concerns in advance of voting on the issues to give companies a chance to respond or resolve the issues.

A summary of our voting records and engagement examples are published on our website on an annual basis.

In addition, we store a bank of examples of where material ESG concerns have been raised to further evidence ESG integration and escalation in the investment process. This is a constant process, where the investment team are considering these non-financial factors as part of the investment due diligence, and we will continue to build up our suite of evidence to demonstrate our ESG integration processes.

## Declining ESG scores

The second avenue for engagement activities comes when an instrument in our centrally researched and approved list of investments falls foul of our consistently applied ESG scoring system. When this occurs, we engage with the company or investment manager in much the same way as for our voting activities; we enquire as

to why the company or investment manager has a declining ESG score, and what actions they may take to remedy this declining score. Escalation follows a similar pattern to our voting process.

For a more detailed overview of our engagement activities, please see the CW Engagement Policy and Escalation Policy.

## Reporting & monitoring

The Climate Action and Sustainability (‘CA&S’) Committee oversees our ESG reporting, which includes our Taskforce for Climate-related Financial Disclosures (TCFD) reporting in compliance with our FCA obligations. The CA&S Committee also reviews the output from Sustainalytics with respect to our model portfolios and is responsible for setting targets around our carbon reduction. The chair of the CA&S Committee reports to the CGWM Executive Committees and the Boards.

## Roles and responsibilities

The CW Boards are ultimately responsible for managing risk associated with ESG, and for ensuring that appropriate controls to mitigations are in place and maintained. Senior management is responsible for ensuring the firm’s compliance with regulatory requirements, including in relation to ESG matters.

The CW Executive Committees are responsible for overseeing the implementation and maintenance of this policy whilst the technical oversight rests with the CA&S Committee. Implementation and oversight of this policy at an investment committee level rests with the CIO Office.

All CW staff are responsible for adhering to the principles and standards in this policy and for demonstrating high standards of conduct and are required to act with integrity and skill, care and diligence.

## Effective Date and Review Cycle

The document is effective from the date of approval and will be reviewed on at least an annual basis.

## Version History

| Version date | Description of amendments | Author | Approved by |
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| April 2025 | Minor updates | Toby Crow | ExCo |