

Artemis Stewardship policy

1 Introduction

We believe stewardship activities can contribute to better performing companies and therefore returns to our clients. These activities encompass the integration of material factors into the investment process, engagement and voting.

1.1 Purpose

This policy sets out a high-level approach to stewardship. We have individual policies which cover engagement and voting.

1.2 Scope

This policy applies to Artemis Investment Management LLP ("AIM LLP") and any holding company or subsidiary thereof as defined in Section 1159 of the Companies Act 2006 (collectively "Artemis" or the "firm" for the purposes of this policy). This policy applies to all our investment strategies where stewardship forms part of the investment process. The exception is our macro data driven strategy – Strategic Assets.

1.3 Policy compliance

Fund managers are responsible for stewardship activities in accordance with the investment aims and objectives of the portfolios and funds they manage. Fund managers work with the Stewardship team to identify stewardship priorities and activities. Record keeping in relation to engagement and voting is via centralised databases. Firmwide exclusion screens (and where relevant portfolio level exclusions) are coded into the compliance module of the dealing/order management system to ensure that no investment in companies is made that would contravene these screens. Further information on exclusions is available in the fund prospectuses.

1.4 Policy governance

This policy is reviewed on at least an annual basis or more frequently if required. As part of the review process, the Stewardship team will recommend amendments or enhancements to the Investment Committee for review and approval. The Investment Committee receives regular reports on stewardship activity including voting reports. The Investment Committee is chaired by the Chief Investment Officer and a Co-head of Stewardship is a member of this Committee.

2 Our definition of stewardship

We use the Financial Reporting Council's definition of stewardship as set out in the UK Stewardship Code:

"Stewardship is the responsible allocation, management and

oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society¹. Artemis is a signatory to the UK Stewardship Code.

3 How we think about stewardship²

- Our primary focus is to deliver returns to clients
- Integration of material factors including environmental, social and governance (ESG) factors enhances the investment process
- Action is based on a thorough understanding of the investment case and the investee companies' business models
- We favour engagement over exclusions
- We adopt a collaborative approach in partnership with investment teams and when appropriate external initiatives

Stewardship at Artemis takes a dual approach: stewardship at firm level and at an investment strategy level.

Firm-level stewardship

- Firm-level stewardship relates to how we contribute to addressing overarching market and systemic risk.
- This includes collaborative engagement & industry initiatives.

Stewardship team

- The Stewardship team supports our fund managers by providing insight, research & analysis, and discussion on material ESG factors, engagement and voting matters.
- They collaborate internally on stewardship and with wider industry initiatives.

Investment strategy-level stewardship

- Principally driven by individual investment teams.
- Assessment of financial materiality including ESG issues.
- Approaches may differ due to investment approach, geographical focus, holding period, portfolio positioning & construction, and risk tolerance.

4 Integrating material factors including ESG factors

Our principal aim is to deliver long-term returns for our clients through active management.

We believe ESG factors can be important drivers of risk and opportunity for the companies in which we invest. Integrating these factors into our investment processes therefore enhances company analysis and improves the decision-making process.

At Artemis, ESG analysis and integration is the responsibility of each individual fund management team. This means that their assessment of financial materiality – including the financial materiality of ESG issues – may differ due to factors including investment approach, geographical focus, holding period, portfolio positioning and construction, and risk tolerance. While this independence of thought is the basis of our approach, there are some overarching views on how ESG issues are integrated where

¹ <https://www.frc.org.uk/library/standards-codes-policy/stewardship/uk-stewardship-code/>. Please note the FRC is currently reviewing the UK Stewardship Code with the intention to publish a revised code in 2025.

² Fixed income investments do not have voting rights. Quantitative strategies do not engage with companies. Macro data-driven strategies do not invest in companies.

this forms part of the investment process:

- We believe that the integration of material ESG factors into our investment process will enhance returns for clients over the long term.
- We assess material risks from both a sector and company-specific perspective. We use this risk assessment to inform investment decision making and prioritise engagement with our investee companies.
- We use company meetings as an opportunity to discuss the most material risks with companies' senior executives as well as periodic stand-alone meetings with dedicated sustainability managers and Non-Executive Directors when appropriate.
- We document investment analysis, company meetings and company engagements and these are shared across investment teams.
- We can explain how factors which can be material such as companies' environmental performance and governance processes are integrated into our investment decisions.

While our analyses and conclusions are led by the individual investment teams, we use a variety of inputs to help us, including:

- Our in-house Stewardship team provides specialist insight, research, analysis, and discussion on matters related to ESG integration, engagement and voting.
- We use a number of external frameworks such as the Sustainability Accounting Standards Board (SASB) framework and the Net Zero Investment Framework (NZIF) to help identify relevant ESG-related risks and opportunities.
- External research, including ESG data from MSCI, Truvalue Labs and Bloomberg, as well as sell-side research, publicly available research and data from other organisations such as NGOs, research institutes and industry-wide initiatives such as the Transition Pathway Initiative (TPI).

5 Engagement

We use the Investor Forum's definition of engagement:

"Engagement is active dialogue with a specific and targeted objective. It is intended to put the stewardship role into effect. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients."³

At Artemis we find it helpful to distinguish between four types of engagement:

1. Engagement with individual companies with the goal of encouraging change that is specifically connected to an issue which directly impacts the investment case.
2. Engagement with individual companies for insight to better understand the company and build conviction in, or challenge, the investment thesis, in order to make informed investment decisions.

3. Engagement with individual companies which seek to address thematic, market-wide or systemic risks such as climate change, but which may not directly impact the investment case within the usual investment time period.
4. Engagement/participation in industry forums. This can be either directly at the level of the investee company or more broadly at industry or system level.

Engagement forms a part of our stewardship activities and how we manage our clients' assets, as active investors. Engaging with companies is the mechanism by which we raise issues with management and monitor subsequent developments. We value the relationships we build, and knowledge we derive from meeting and engaging with companies. While a single engagement event is unlikely to lead to an investment decision, a series of meetings in combination with internal analysis can influence investment actions.

Further information on our approach to engagement can be found in our Engagement policy which can be found on our website – please see Section 9 Further Information below.

6 Voting

We exercise our voting rights and responsibilities as part of our stewardship duties. We aim to vote our shares for all stocks unless we are restricted from doing so by local market practice, laws or regulation. We are committed to upholding and improving the corporate governance standards of the companies in which we invest, in the long-term interests of our clients.

We build relationships with the management, boards and representatives of investee companies, and as an active manager, we invest in companies where we believe management will run the company in the best interest of shareholders. We are therefore more likely to support management proposals, but we are prepared to vote against management, and support shareholder resolutions relating to increased transparency, when we believe this will lead to a better outcome and is in the interests of our clients. When we identify issues, we engage with the company ahead of a vote if there is an opportunity to do so.

Fund managers make the final decision on how to vote based on a range of inputs, including internal research, Stewardship team guidance, engagement with companies and other external research in addition to that provided by ISS, our proxy voting adviser. On a half-yearly basis, the Investment Committee sees a report on voting activity.

We do not lend stock for Artemis' funds. If a client's custodian does so, Artemis will not recall it for voting without prior arrangement.

We publish a summary of our votes and details of those instances where we have voted against management in the standard quarterly investment reports we send to our institutional clients. On the Engagement and Voting page of our website, we provide:

- A full record of all our votes at firm level on a monthly basis
- A Significant Votes report, highlighting votes where we voted against management's recommendation and held more than 1% of the votable shares. In each case, we provide an explanation for the decision that we made

³ <https://www.investorforum.org.uk/wp-content/uploads/securepdfs/2019/04/Defining-Stewardship-Engagement-April-2019.pdf>

We are not able to offer investors in our funds the ability to direct voting at the present time. Institutional clients with their own segregated accounts can discuss voting requirements with their account director and of course may make their own arrangements to vote.

Further information on our approach to voting can be found in our Voting policy which can be found on our website – please see Section 9 Further Information below.

7 Exclusion screens

We support the aims of the international conventions and therefore will not knowingly invest in companies which produce cluster munitions, antipersonnel mines, biological/chemical weapons, blinding laser weapons, incendiary weapons, non-detectable fragments and depleted uranium. Companies with any industry tie to nuclear weapons in countries which have not ratified or accessioned the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) are also excluded. We do not invest in companies that grow cannabis, manufacture or retail cannabis products (excluding for research and testing) or companies that are 50% or more owned by a company with cannabis involvement. Some of our funds have additional exclusions.

Further information on exclusions is available in the fund prospectuses. We also offer screened portfolios where exclusions can be tailored to clients' specific mandate requirements.

8 Conflicts of interest

Conflicts of interest can arise. We have a firm-wide policy that sets out how we will deal with actual or potential conflicts of interest. Our approach is always to act in the best interest of our clients. Further information about potential conflicts of interest is available in our Stewardship Report.

9 Further information

Website: <https://www.artemisfunds.com/en/gbr/investor/stewardship-and-esg/stewardship>

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