



COURTIERS

ASSET MANAGEMENT LIMITED

ESG

ENVIRONMENTAL

SOCIAL

GOVERNANCE

Factors

All Courtiers Funds

18 Hart Street, Henley-on-Thames, Oxfordshire RG9 2AU
courtiers.co.uk | 01491 578 368 | enquiries@courtiers.co.uk

Overview



ESG is not a fixed regulatory standard, rather it is a set of non-financial factors. These factors are considered by Courtiers at both security and fund level in all Courtiers Funds.



Consideration of Environmental Factors

This includes, but is not limited to climate change, pollution and waste management.



Consideration of Social Factors

This includes, but is not limited to health and safety, human rights and animal welfare.



Consideration of Governance Factors

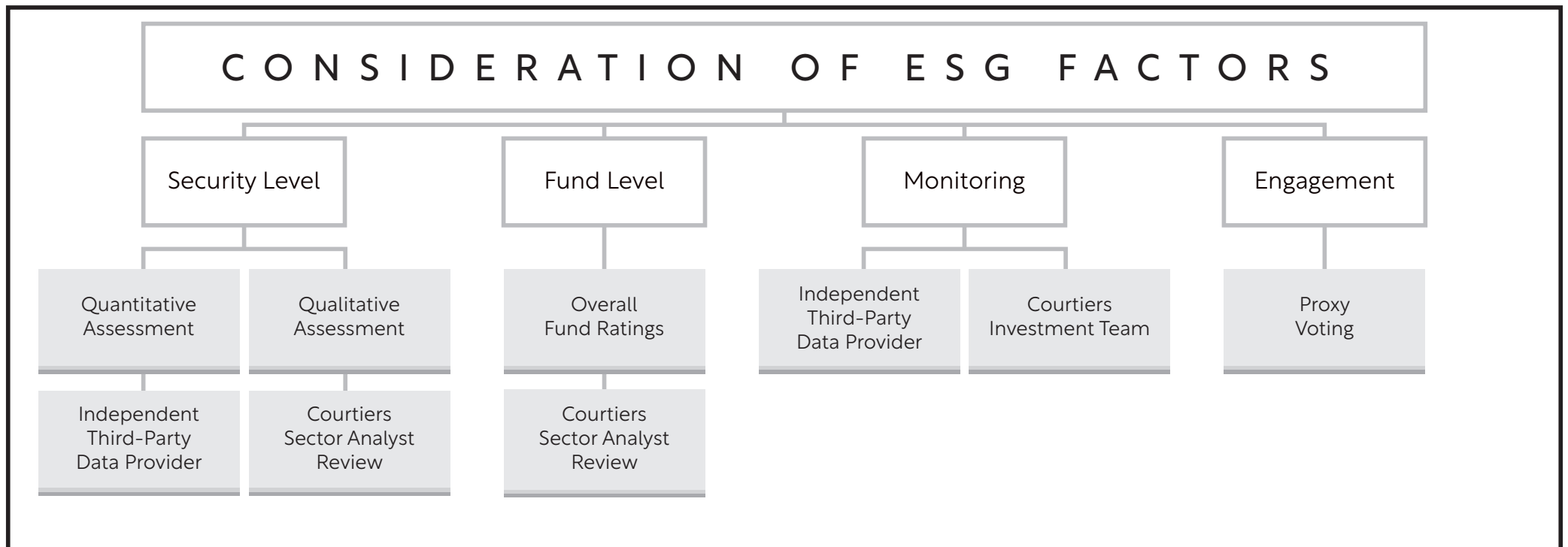
This includes, but is not limited to how companies are run, corruption potential and executive compensation.



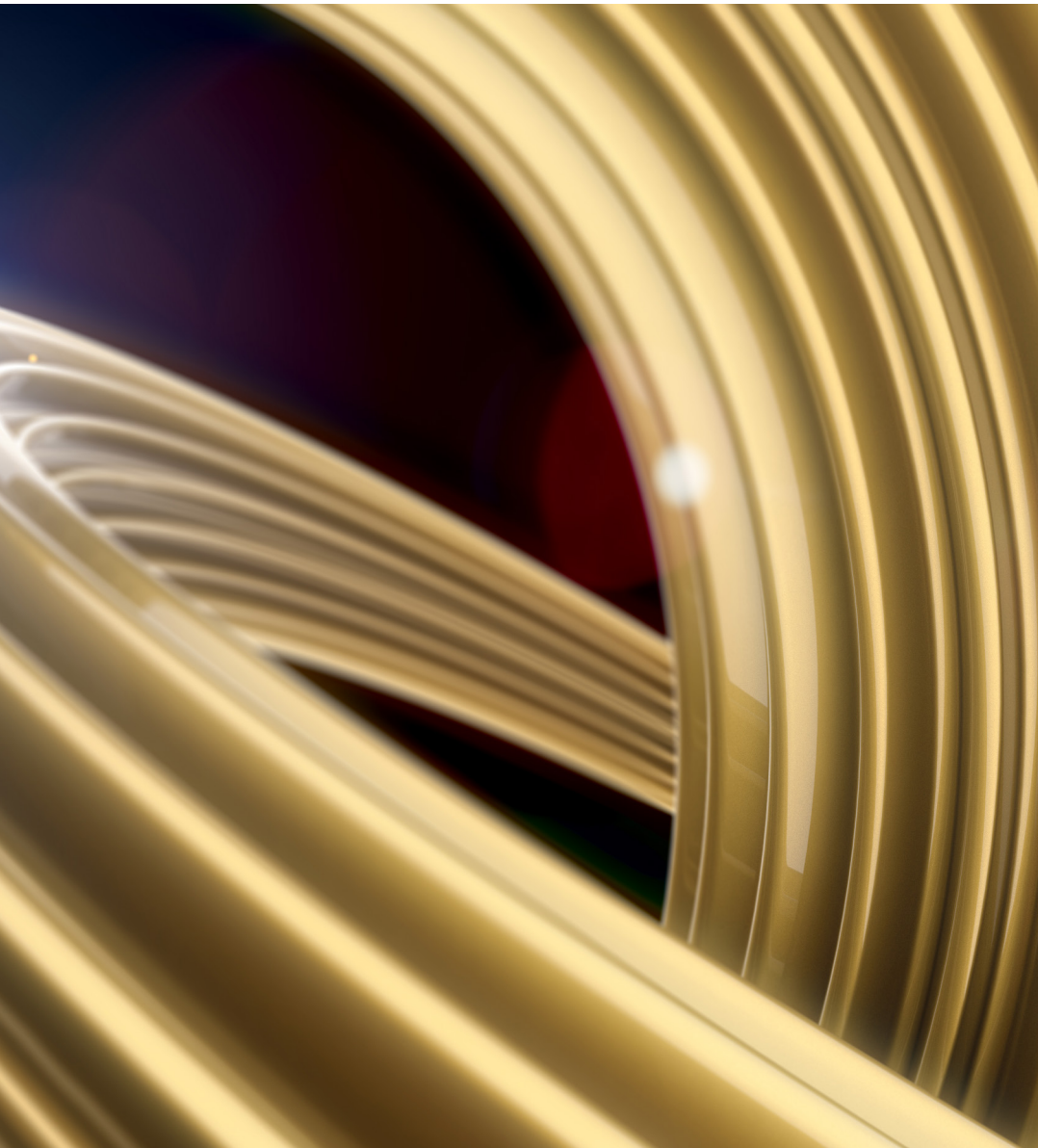
There is no consensus within the industry in relation to the integration or monitoring of ESG Factors. The Investment Team has aligned the integration of ESG factors with the Courtiers Multi-Asset Funds' approach of risk mitigation; aiming to minimise exposure to ESG Risk within the Funds. For example, deceptive selling techniques could break trust with customers which in turn could cause reputational damage. This would be considered an ESG risk.

This document should be read in conjunction with the relevant Courtiers Investment Process. Whilst the Courtiers Ethical Value Equity Fund will apply an initial ethical screen, ESG factors will still be considered at analyst level. The consideration of ESG Factors applies to all Courtiers Funds.

Process Summary



Exclusions



There are no specific exclusions applied to the Courtiers Multi-Asset Funds, Equity Income Funds and Bond Fund. The analyst will endeavour to reduce exposure to ESG Risk, provided this aligns with the relevant fund objectives.

On the condition that a company is looking to be proactive with regard to their management of ESG factors, a position will not be rejected from inclusion within the funds.

The Courtiers Ethical Value Equity Fund applies an exclusionary negative screen prior to security selection. Please refer to the 'Courtiers Screening Criteria' for full details of the exclusions applied.

The Investment Team accepts that not all holdings will be attributed a rating by the independent third-party provider. In this instance the sector analyst will be responsible for compiling all relevant ESG data within their analysis.

Security Level

QUANTITATIVE ASSESSMENT

- ✿ Risk-Based ESG Data sourced from an independent third-party data provider.
- ✿ Variety of areas assessed including product involvement and corporate governance.
- ✿ Numerical scores provided for areas including ESG Risk and Carbon Risk.
- ✿ Companies ranked in comparison to their industry peers.
- ✿ Can easily determine if a company is an industry leader or if it is lagging.

QUALITATIVE ASSESSMENT

- ✿ Completed by Courtiers Sector Analyst
- ✿ Quantitative output reviewed.
- ✿ Past company actions and controversies examined in comparison to current and prospective actions.
- ✿ Management of ESG Risk reviewed.
- ✿ Includes review of a companies ESG policies and reports. Where a company is not rated by the third-party data provider, this will form the main basis of the company's ESG review.

Please refer to the appendix for an overview of these areas.

Fund Level

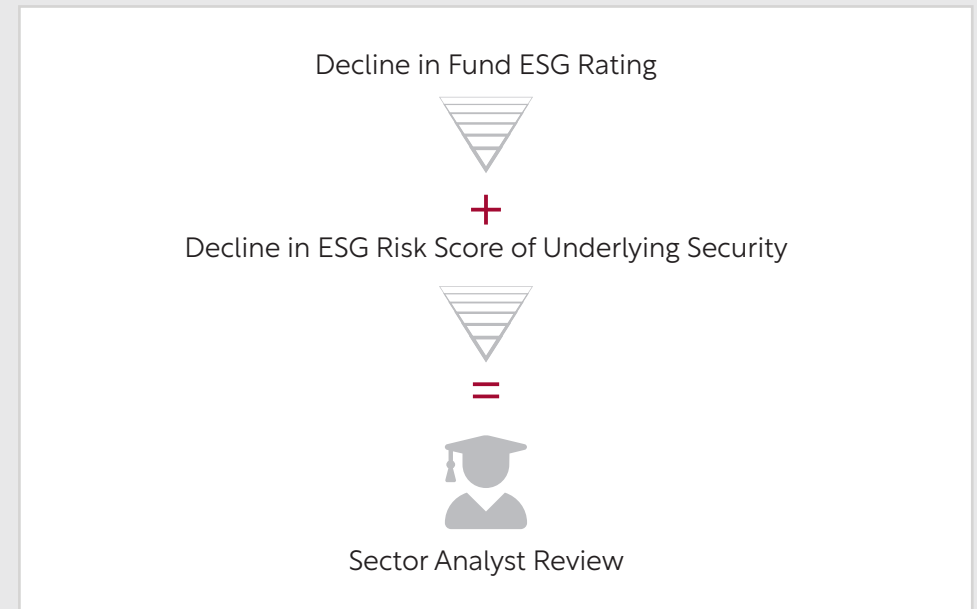
The individual scores of securities within the fund are weighted and amalgamated to provide an overall Sustainability Rating for the Fund.

This score is provided by an independent third-party data provider and updated on a monthly basis. The fund rating is subject to change dependent on the cumulative score of the underlying holdings.

For the Equity Funds this will purely look at the weighted ESG scores of the underlying securities. For the Multi-Asset Funds this will take account of all the assets within the funds apart from index positions which are not currently attributed with a rating.

Whilst the Investment Team monitors the Sustainability Ratings, the funds are not constrained by these. The fund objectives are detailed within the relevant prospectus.

Monitoring



Should a review be initiated, the analyst will provide an updated summary as to why there has been a change to the ESG score.

The analyst will use both quantitative and qualitative aspects within their summary review. If there has been a detrimental decline in the ESG score of the security a full review will be completed. If, at the full review, there has been, or it appears there will be a serious decline in the ESG Risk rating of the security the decision may be taken to reject the holding from the fund. This decision will be taken in conjunction with the other factors considered by the QESM. If the decision is made to retain the position within the fund, despite a decline in ESG score, the analyst will clearly document this.

Engagement

The analyst will consider areas of engagement with the Investment Team.

The level of engagement will depend on the nature of the issue raised.

The Investment Team will actively engage in the execution of proxy voting. This may be completed in conjunction with proxy research provided by a third party.

Management engagement will be considered where deemed appropriate. The Investment Team would not look to obtain a position on a company board.

Evolution

The Investment Team appreciates that the methodology behind ESG ratings are not comparable between data providers within the industry.

New third-party providers will be considered and reviewed as and when this is deemed appropriate.

The process of considering ESG factors in the Courtiers Funds will also look to evolve in conjunction with regulatory changes.

Appendix

There are currently no standardised methodologies within the investment industry in relation to the presentation of sustainability data. Some providers will opt to use performance-based metrics whilst others will use risk-based metrics. Use of these metrics is at the discretion of the fund provider and can be difficult to compare between data providers.

Third-Party Data Provider

An independent third-party provider has been chosen following a review of ESG data providers within the market. Alternative third-party providers may be considered in the future. All methodologies and calculations are property of the independent third party.

The independent third party provides both scored values (for example, ESG Risk Score) as well as binary values (for example, a company will either be involved with a specific product area or it will not).

The calculation methodology used to assess each area varies but each calculation will remain constant across all companies (for example, ESG Risk and Carbon Risk will use different methodologies but the same ESG Risk calculation will apply to all companies).

The assessment of companies by the independent third-party data provider will take account of all entities owned by a company.

The standardisation of scores allows companies and their relevant peer groups to be assessed.

All data provided will be reviewed by a Courtiers sector analyst.

ESG Risk

- The ESG risk rating measures how exposed a company is to ESG risk and will compare this to how well the company is managing their ESG risk.
- Companies are ranked against their industry peers as well as the global universe.
- For example, deceptive selling techniques could break trust with customers which in turn could cause reputational damage. This would be considered an ESG risk.

Carbon Risk

- The carbon risk rating assesses how exposed a company is to carbon risk as well as how they are managing their carbon related issues.
- Carbon risk takes account of carbon intensity (compared to the industry average), fossil fuel involvement, stranded assets as well as carbon solutions.
- For example, a company that has the potential for standard assets (e.g. a fossil fuel company that does not look to evolve with new technology such as renewables) has the potential for a high carbon risk score.

Controversies

- Controversies evaluate a range of areas inclusive of their potential impact (including but not limited to, human rights, business ethics, employee relations, governance incidents, customer incidents).
- Controversies' have the potential to cause reputational, environmental as well as business risk.
- For example, a company that has been involved in previous controversies (such as a historical pattern of environmental destruction via their previous business activities) and has not provisioned for improving these practices would receive a high controversy score).

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Important Information

The value of your investments and any income you take from them may fall as well as rise and is not guaranteed. You might get back less than you invest. Please remember that past performance is not a reliable indicator of future returns. The investments are intended as long-term investments. Further details of the risks associated with investing in Courtiers Funds can be found in the Key Investor Information Document or Prospectus, copies of which are available on request or at www.courtiers.co.uk.

Disclaimer

This communication is for information purposes only; it should not be relied upon in making an investment. The views expressed by individuals and the business are based on market conditions at the date of issue and subject to change without notice. Reference to any investment does not constitute advice or a recommendation to buy or sell securities. Should you need advice or if you are interested in any of Courtiers Asset Management Limited's range of funds please seek advice from a financial adviser.

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