

Responsible Investment Policy Statement

October 2025

[redwheel.com](https://www.redwheel.com)

1. Application

- 1.1 Redwheel is a registered trademark of RWC Partners Limited. The Redwheel Policy on Responsible Investment (“the Policy”) defines the views of Redwheel in relation to responsible investment and the general approach followed by its investment teams. The Policy applies to all investments held in pooled and segregated mandates managed by Redwheel entities (collectively referred to as ‘the Firm’, ‘Redwheel’ or ‘we’). At the time of writing, the Redwheel entities authorised to manage money comprise:
- RWC Asset Management LLP
 - RWC Asset Advisors (US) LLC
 - RWC Singapore (Pte) Limited
- 1.2 The Policy seeks primarily to record Redwheel’s commitments in relation to responsible investment, and its current expectations as to how responsible investment should be delivered in practice by its investment teams. The Policy does not seek to be comprehensive with respect to investment types, issues, asset classes, sources of risk, etc.
- 1.3 The Policy also does not seek to define how investment should be conducted by investment teams acting for Redwheel on a sub-advisory basis, although we would expect their approaches to be generally aligned with the principles set out within the Policy.
- 1.4 Ultimate accountability for the delivery of responsible investment in practice rests with Head of Investments Arthur Grigoryants, a member of the Redwheel Executive Committee, who owns the policy. For clarity, ultimate accountability for the overall business approach to sustainability rests with CEO Tord Stallvik. Training for the business and its staff on the Policy, as well as the wider suite of policies relation to responsible investment, is provided on an-annual basis by the leaders of our sustainability and stewardship functions.

2. Rationale, Characteristics and Commitment

- 2.1 Redwheel is an independent provider of actively-managed investment solutions, whose structure is characterised by a high level of professionalism, stable management, and a focus on helping clients to achieve long-term investment returns. Our active investment heritage is built on a foundation of innovation and original thought and our ownership structure includes broad employee share participation that reinforces a long-term commitment to the progress of the organisation. In combination, these factors are what enable us to pursue our purpose which is to invest with conviction for current and future generations and the world in which we all live.
- 2.2 Defining features of Redwheel's approach to investment are that each team retains a high degree of autonomy over its investment process, is led by experienced and accomplished fund managers, and that the Heads of each investment team co-invest alongside their clients to create a natural alignment of interests. Redwheel in turn helps its managers to maintain focus on their respective processes by providing an operating environment that naturally avoids the undue imposition of restrictions that would compromise their ability to concentrate on achieving superior investment returns.
- 2.3 Within this arrangement, as part of ensuring that together we fulfil our fiduciary duties to clients, Redwheel and all its investment teams are committed to facilitating and delivering responsible investment in practice. Each of our teams' investment products is designed and managed taking into consideration a variety of factors including the specifics of the wider strategy, the asset class and the geographic focus; best practice in responsible investment is reflected within product design and management to the extent that each team and Redwheel together consider appropriate.
- 2.4 The list below represents a non-exhaustive list of characteristics that collectively we consider may form part of a responsible investment process:
- (i) investment teams give due consideration to material sustainability factors within key steps of the investment process, namely research, security selection and portfolio management
 - (ii) investment teams engage investee companies, including in relation to sustainability issues where appropriate
 - (iii) as part of ongoing development, investment teams give regular consideration to emerging views on the significance of sustainability-related themes within investment, as well as the impact of investment processes on sustainability factors

- (iv) investment teams document their responsible investment processes and communicate thoughtfully and transparently on their investment activities (and outcomes) in particular as regards the consideration of sustainability factors and associated engagement activity
- (v) managing portfolios to achieve or enhance sustainability characteristics, for example, by allocating a minimum proportion of assets under management to sustainable investments, adopting an approach to security selection that benefits established or emerging sustainability leaders, or other similar means.

2.5 At the corporate level, Redwheel commits to support its investment teams in the delivery of responsible investment and in the completion of related exercises required under applicable regulation by:

- (i) regularly reviewing and updating (as appropriate) policies that are binding on Redwheel and its investment teams relating to sustainability, stewardship and investment, taking into consideration input provided by investment teams
- (ii) ensuring sufficient resource is available both to oversee efficiently and effectively the implementation and communication of responsible investment in practice, and to support ongoing development and enhancement of products, processes and policy
- (iii) ensuring active participation in the work of organisations and initiatives of which Redwheel is a member, where matters relate to sustainability and/or stewardship
- (iv) maintaining coherence between, on the one hand, the approaches adopted by its investment teams in evaluating, supporting and challenging investee companies in relation to sustainability considerations and, on the other hand, the approaches used to evaluate its own business operations.

2.6 Our approach is consistent with the requirements binding on Redwheel and its investment teams through membership of the UN Principles for Responsible Investment (since 2020) and the UN Global Compact (since 2022), whose defining attributes are shown below:

UN Principles for Responsible Investment

Signatories' commitment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

3. Integration of sustainability considerations into Fundamental Research, Security Selection and Portfolio Management

Fundamental Research

- 3.1 As a business engaged in the provision of actively-managed investment solutions, taking proper account of the interests of clients and acting accordingly is of critical importance; within this, delivering investment performance over the long-term plays a key role. For many of our strategies, proprietary fundamental research represents a critical aspect of the ongoing effort to deliver long-term performance.
- 3.2 We believe that the assessment of investments should be both sufficiently thorough and objective - looking beyond the short-term and developing enhanced perspectives on those risks considered to offer greatest potential to be material over the long-term, as well as the returns that might potentially accrue as opportunities are harnessed over that period. These assessments are best undertaken by experienced analysts and portfolio managers with specific knowledge of the issuers and markets they cover.
- 3.3 In relation to analyst resourcing, investment teams are expected to ensure that a level of expertise is maintained which is appropriate in view of the characteristics of the products being managed by the team, and the extent to which central Redwheel business units are able and available to provide support.
- 3.4 Within the holistic evaluation of risk and opportunity, each investment team is expected to conduct due diligence of an appropriate breadth and depth. Individual assessments naturally take into account a variety of conventional financial factors; some of these factors may also present sustainability characteristics. Holistic assessments also take into account sustainability factors; some of these may present financial characteristics, some may not. Examples of sustainability factors that might be considered in a holistic assessment of an issuer are provided below:
- **Systemic sustainability factors** – e.g.
 - Physical and transitional risks relating to climate change
 - Extent to which products/services help to mitigate these risks or provide adaptation solutions.
 - Degree of alignment of risk mitigation efforts with strategic business goals.
 - **Environmental** – e.g.
 - Operational and supply chain resilience to depletion of natural resources such as water
 - Extent to which liabilities are created through the course of manufacturing a product, for example, waste/pollution with potential to cause biodiversity/habitat loss
 - Extent to which products help to monitor/manage environmental damage

- **Social – e.g.**
 - Extent of external and internal human rights risk exposure
 - Extent to which issuers are managing their human rights risks and impacts
 - Extent to which remediation is being provided where adverse impacts have occurred
 - Alignment to normative standards of practice
- **Governance – e.g.**
 - Quality of Board oversight of management and extent of applicable controls
 - Degree of alignment in practice of the interests of management and stakeholders (including employees, investors, suppliers, communities, regulators), including the design of compensation award programmes
 - Transparency

3.5 The specific factors considered by a team to be most material in context should be given the greatest prominence within related research. The significance of those individual factors within the final analysis may vary however depending for instance on the strategy of the issuer, the sector in which it operates, and the nature of its business lines. As required, the research process may also include direct communication with company representatives as well as proactive investigation to help uncover additional information of use in the assessment of investments.

3.6 To support the research process, Redwheel accesses data and obtains services from specialist sustainability focussed organisations, as well as third-party peer-reviewed frameworks such as the Sustainability Accounting Standards Board® materiality map and provides it to investment teams. Investment teams remain free however not only to determine the sustainability risks and opportunities deemed most material in context to a specific investment, but also to disagree with the opinions provided by third parties. Combination and comparison of such inputs can though, on a case by case basis, help teams both to identify factors considered to have potential to be material to long-term valuations, as well as to evaluate the quality of third-party data and research. Responsibility for scrutinising the third-party data used within investment processes rests with investment teams who are encouraged to interact directly with external organisations as needed (e.g. to discuss issues including the contemporaneity and accuracy of data), escalating concerns over the quality of services/research/data as considered appropriate.

3.7 Having established which sustainability factors are material within the context of a specific investment thesis, teams are encouraged to conduct periodic reviews of related research, including in relation to sustainability performance, and to reflect within related documentation any updates considered appropriate at that time. For instance, in relation to the consideration of human rights, teams would be encouraged to assess the relevant issuer's commitment to human rights (e.g. through appraising the current level of senior leadership support and evidence of continuous improvement) as well as the issuers' performance with respect to human rights (e.g. through review of company statements and reports, third party data sources including news flow and NGO reports such as those issued by the Business and Human Rights Resource Centre and the World Benchmarking Alliance).

Security/issuer selection

- 3.8 Within investment selection, individual investment opportunities are reviewed to identify those considered to have potential to make a positive contribution to the delivery of applicable investment objectives.
- 3.9 When evaluating the strengths and weaknesses of investment opportunities, the specific weighting allocated to sustainability factors, and the specific factors that are considered, can and do vary for reasons including:
- the nature of sustainability risks and opportunities inherent within the sector/industry/geographies within which the relevant issuer operates, relative to those applicable for others
 - the variety and degree of environmental and/or social liabilities created in the course of the issuer's business operations, relative to those generated by peers
 - the relative strength of commitment to improving standards of operating practice over time
 - the extent to which the company is considered to offer potential to meet future market expectations as regards sustainability characteristics, relative to peers.
- 3.10 The selection of individual investments will also be influenced by the extent to which formal product-level constraints apply which may include best-in-class approaches as well as negative screens designed to support the achievement of particular product goals. Such screens may be defined as part of controls introduced to prevent investment exposure to companies exhibiting particular sustainability characteristics (e.g. those considered to breach widely accepted standards of good operational practice such as the UN Global Compact); they may also be defined to prohibit investment exposure to companies in specific sectors (e.g. tobacco) or deriving revenues from particular activities (e.g. alcohol production, or thermal coal extraction); they may also be a combination of the two. The positioning of relevant funds within the Redwheel Product Matrix (as updated from time to time) will also have a bearing on the nature and extent of product-level screens that the investment team would be expected to adopt.
- 3.11 Separately, firm-level policies - in particular the Redwheel Controversial Weapons Policy - may bear upon security selection by prohibiting all investment teams from investing in the securities of organisations engaged in particular practices. These policies form a key element of our approach to ensuring consistency for our clients and they are broadly communicated within Redwheel which helps to ensure efficiency in terms of both research and security selection. Importantly, nothing should be inferred about the underlying preferences of our investment teams from the existence of such policies.

Portfolio management

- 3.12 Having identified a basket of investments from which to construct a portfolio, portfolio managers should determine on a relative basis the weight to assign to each investment, seeking to ensure that applicable product-level characteristics continue to be met as constituent level attributes change through time. Relevant characteristics may be expressed in relation to the technical and financial goals of the investment product (volatility, tracking error etc.); they may also be expressed in relation to sustainability goals.
- 3.13 Where a commitment is made to demonstrate particular sustainability characteristics at the product level, products are subject not only to ongoing compliance monitoring but also to regular review by Redwheel's Sustainability Committee which meets at least quarterly.
- 3.14 As required by the Redwheel Compliance team, portfolio managers will be advised and instructed to take action to avoid or remediate breaches relating to sustainability considerations. The processes described in Redwheel's investment policies, in particular the Redwheel Breaches Policy, shall inform the specific actions required.

4. Stewardship

- 4.1 Particularly the case for those teams managing equity products, having made an investment all teams are expected to engage actively with investee companies; teams investing in listed equities are also expected to participate in proxy voting. Investment team leaders have responsibility for determining who should take part in stewardship activities, and for ensuring that they have sufficient skill and knowledge to do so effectively.
- 4.2 The Redwheel Stewardship Policy (which forms part of the wider suite of Redwheel's policies relating to responsible investment) sets out Redwheel's expectations in relation to stewardship. Whilst stewardship is not limited to sustainability issues, the Stewardship Policy is subject to review by the Redwheel Sustainability Committee. The Redwheel Stewardship Policy Statement is available on our website.

5. Systemic risk: Climate Change

- 5.1 As a business, and as a participant in global financial markets, the risks that we and our investment teams face both directly and via our investments may apply in a very specific context ("idiosyncratic"); they may though apply much more broadly, creating impact across economies ("systemic").
- 5.2 Of the systemic risks that the global asset management industry faces today, arguably amongst the most pre-eminent are the physical and transition risks associated with climate change.

5.3 As fiduciaries of clients, our investment teams are dutybound to consider relevant risks (and opportunities) when managing client capital; this may, as appropriate, include the consideration of relevant systemic risks (and opportunities) that are viewed as material in context. Decisions around the breadth and depth of effort that should be applied to the consideration of systemic risk within portfolio management activity, and the extent to which doing so should be part of an integrated process, rest with portfolio managers. In developing views in this area, Redwheel recommends that portfolio managers should reflect in particular on -

- applicable time horizons (systemic risks may not necessarily be viewed as material or as having scope to become material within the time horizon of the portfolio manager)
- the availability of information, data and tools of sufficient accuracy (without these, it may not be possible for relevant risks to be considered credibly)
- whether adapting investment processes would likely enhance or frustrate the ability of the portfolio manager to fulfil their fiduciary duties to clients.

5.4 Whilst challenges remain, we recognise that many asset owners (as well as wider stakeholders internationally) are concerned by the outlook for climate change and, as a consequence, are keen to see the asset managers they appoint take their specific concerns into consideration when managing assets. We therefore recommend that, as part of ongoing efforts to maintain alignment with clients, portfolio managers should also periodically consider -

- portfolio exposure to climate-related risks and opportunities
- whether there have been changes to the expectations of relevant clients as regards the assessment and management of climate-related risks and opportunities within portfolios
- whether it would be appropriate in context to adjust the manner in which climate-related risks and opportunities are assessed and managed
- and, where there is scope to do so, whether it would be appropriate in context to adjust the manner in which climate-related risks are mitigated.

5.5 Should it become evident that strengthening of the approach to consideration of climate risk and opportunity is warranted, options that portfolio managers may wish to consider could include:

- Integrating within fundamental research reviews of company climate positioning versus established company/sector/global goals and standards
- Undertaking engagement with companies to appraise exposure to climate risk and considering findings within investment research
- Giving consideration to a company's 'climate maturity' and incorporating this into product-level security selection decisions or discussions about weighting as a means to protect against exposure to companies less able to manage the climate risks they face
- Adapting the terms of mandates to facilitate preferential investment in companies offering climate solutions
- Setting timebound targets applicable to portfolios in relation to, for example,
 - Decarbonisation of individual holdings and/or the overall portfolio over time
 - Achieving and maintaining a minimum allocation to companies adhering to science-based targets
 - Increasing allocation over time to companies offering climate solutions

5.6 At the firm level, our own commitment to managing the risks associated with climate change has four principal pillars which enable us to:

- Be transparent and clear in our communications – provide clarity in terms of our starting point, our rationale (what we are trying to do and why), our current position and the main components of our current approach
- Build capacity internally – enhance and strengthen climate knowledge and expertise, including in relation to data and systems, to:
 - Facilitate capital flow into companies and teams that develop and deliver solutions to a range of sustainability challenges i.e. growing our sustainable fund franchise
 - Facilitate capital flow into companies that are willing and able to decarbonise i.e. leveraging our teams’ experience engaging robustly with portfolio companies
 - Engage with companies to help ensure commitment, feasible roadmaps and acceptable timelines for decarbonisation
 - More effectively and efficiently monitor climate-related risks and support and challenge their management
- Collaborate externally – with our clients, investee companies, the bodies of which we are members (in particular the IIGCC, CA100+, Nature100 and the Investor Forum), policy makers and other stakeholders (where collaboration offers a better avenue to achieve our strategic goals)
- Attend to our own operations – run our own organisation and manage climate risk in a way that is consistent both with the expectations of our clients and the challenge being put to investee companies by our investment teams.

6. Reporting and Transparency

6.1 We believe that only with high standards of transparency and reporting can investment professionals earn the trust of clients.

6.2 As a business, we have committed and will continue to commit resource to the development of our technology and reporting infrastructure. Leveraging this investment to enable high-quality quantitative reporting, whilst simultaneously drawing on the insights of our managers to provide contextual qualitative commentary, provides a solid basis on which to generate a holistic assessment of how our teams manage portfolio risks in practice – including those relating to sustainability – and the tools and techniques they use to harness related opportunities to generate returns within funds.

6.3 Against a rapidly evolving backdrop, we believe that we can best help our clients by focussing on the implementation of a relatively standardised reporting approach applicable across all our investment teams. By realising economies of scale in this way, we are able to spend more time focussing on generating the kind of insights that we know are of greatest interest to our clients.

6.4 Insights gained from the completion of annual reporting exercises - such as those produced as part of meeting regulatory expectations (e.g. the UK Financial Reporting Council in respect of the UK Stewardship Code) or by virtue of our membership of external organisations (e.g. the UN Principles for Responsible Investment), or otherwise by ratings and reports issued by relevant third party organisations (e.g. academia, finance-focused NGOs) - will also be taken into account as we seek to continually improve and enhance the way we implement and articulate our support for responsible investment over time.

7. Product Support, Education and Training

7.1 In light of the acceleration in the interests of clients and regulators in relation to responsible investment (including stewardship) and sustainability more broadly, Redwheel has committed to support its investment teams through the provision of access to specialist sustainability resources whose remit is to help improve awareness and understanding of sustainability issues across all business areas.

7.2 On a day-to-day basis, these resources have responsibility for:

- Advising and educating relevant business units and investment teams in relation to the integration of responsible investment considerations within investment processes, including in relation to operational and policy requirements
- Making recommendations in relation to stewardship and advocacy matters
- Providing robust governance and oversight of investment processes as regards the integration of sustainability and stewardship considerations
- Providing thought leadership on investment opportunities relating to sustainability themes
- Supporting the development of Redwheel's own approach as a sustainable business

7.3 Specific duties of the Sustainability, Strategy and Governance team include:

- Providing the secretariat for the Redwheel Sustainability Committee.
- Co-ordinating regular education and training sessions for investment teams and the wider business in relation to responsible investment.
- Leading in the preparation and update of policy relating to responsible investment considerations.
- Advising on firm-level communications relating to responsible investment activity.

7.4 Specific duties of the Stewardship and Regulatory Change team include:

- Overseeing all matters relating to proxy voting.
- Supporting investment teams as required in relation to engagement.
- Co-ordinating involvement in collaborative engagement initiatives.
- Leading in the preparation and update of policy relating to stewardship considerations, and supporting the production of communications relating to stewardship activity.
- Leading in the analysis of sustainability-regulation and its applicability to Redwheel.

7.5 Specific duties of the Thematic Sustainability Research team, “Greenwheel”, include:

- Increasing awareness of investment opportunities relating to broad macro-level sustainability themes.
- Supporting the design and development of sustainability-focussed investment strategies. Investment teams managing products with sustainable/impact objectives, or otherwise aligned to sustainability themes, are expected to work particularly closely with the Greenwheel team.
- assisting in the application of proprietary frameworks to the assessment of companies of interest to investment teams.

7.6 Mindful of the need for investment teams to retain autonomy over their processes, our sustainability resources will work together to provide technical and specialist support to teams as required whilst also helping to support activities relating to fund governance. The degree of support provided will vary dependent on the nature of the strategy. The Product Matrix shown below indicates the principal differentiators between our products in terms of their incorporation of sustainability considerations, offering a sense of how the nature of the interaction between teams can change. Resources are prioritised as appropriate, balancing the requirements arising from the need to provide ongoing education, training and support to investment teams against the need to provide the same to the wider business. Ultimate responsibility for determining the training needs of analysts rests with the Head of the relevant investment team.

Redwheel Product Matrix – expectations within categories

Product Category	ESG Integrated	Enhanced Integration	Transition	Sustainable	Impact
Brief Description	<p>The foundation for all products.</p> <p>Financially material ESG factors integrated within:</p> <ul style="list-style-type: none"> • Research • Engagement • Proxy Voting 	<p>ESG integrated plus...</p> <p>Additional emphasis given to portfolio ESG characteristics through, for example:</p> <ul style="list-style-type: none"> • Negative Screens • Tilts vs benchmark • Best in class approach to security selection • Commitment to Sustainable Investments (<50% of portfolio) • Enhanced due diligence around select environmental and/or social factors. 	<p>ESG integrated or enhanced integration plus...</p> <p>Security selection focuses on return opportunities related to the energy transition including:</p> <ul style="list-style-type: none"> • Climate Solutions and Enablers • Engagement with high emitting companies 	<p>Enhanced integration plus...</p> <p>Security selection identifies companies that, through contributing to environmental and/or social objectives, present compelling return potential.</p> <p>At least 50% of the portfolio qualifies as a 'sustainable investment'.</p>	<p>Enhanced integration plus...</p> <p>The strategy has a dual objective to generate return and have clear, measurable positive impact on environmental and/or social outcomes through security selection.</p>
Alignment to EU SFDR	Art. 8	Art. 8	Art. 8	Art. 8	Art. 9
Alignment to UK SDR	N/A	N/A	<p>Sustainability Focus for solutions.</p> <p>Improvers for engagement</p>	Sustainability Focus	Sustainability Impact

NB: Alignments to EU SFDR and UK SDR regimes are indicative and aspirational. Redwheel (December 2024)

8. Policy development and governance

- 8.1 Terms of Reference have been established for a Redwheel Sustainability Committee, under which responsibility is established for ensuring that policies relating to sustainability and stewardship issues are reviewed and updated as appropriate. All Redwheel policies relating to sustainability issues, including the Policy on Responsible Investment, are subject to annual review. Policy review will normally also involve close co-ordination with our investment teams, not least given the importance of maintaining alignment between team level and product-level process documentation and any new firm-level commitments.
- 8.2 Whilst all efforts are made to ensure that individual policies relating to sustainability issues are clear and internally consistent, it may be necessary that they should be read in conjunction with one other in order to fully appreciate issues of scope and/or application e.g. in relation to the management of conflicts of interest, as well as any issue-specific policies or position papers that may be issued from time to time.
- 8.3 Currently, the principal policies relating to sustainability considerations, the implementation of related investment strategies, and the roles of individual teams in overseeing the operation of investment products in practice, comprise:
- Redwheel Policy on Responsible Investment
 - Redwheel Stewardship Policy
 - Redwheel Controversial Weapons Policy
 - Redwheel Breaches Policy
 - Redwheel Conflicts of Interest Policy
 - Redwheel Remuneration Policy
- 8.4 Whilst the Redwheel Sustainability Committee has been established with an explicit mandate to focus on sustainability and stewardship considerations and to oversee the delivery of responsible investment in practice by investment teams, other governance committees within our business can and do discuss sustainability matters where it is considered appropriate; for example, our Product Management Committee, to help contextualise issues affecting security selection and the governance of particular types of products. Sustainability specialists (principally our Head of Sustainability Strategy, Governance and Policy or our Head of Stewardship) regularly attend such meetings to offer insights and perspectives as required, enhancing the overall approach to sustainability governance.

9. Memberships

9.1 Where we think it is prudent to do so, we may participate in initiatives led by third parties working in the area of responsible investment, providing financial support as required. In this way, we are able not only to build expertise through interacting with peers working on the same or similar issues, but we can make an effective contribution to work intended to promote the development of a well-functioning investment industry.

9.2 Key partners currently include:

- UN Principles for Responsible Investment
- Investor Forum
- ClimateAction100+
- NatureAction100
- Institutional Investors Group on Climate Change (IIGCC) – European and UK Policy working groups
- Investment Association – Sustainability & Responsible Investment Committee
- Investment Association – Stewardship Committee
- Corporate Governance Forum
- Pensions and Lifetime Savings Association - Stewardship Advisory Group
- Sustainability Accounting Standards Board IP Licensee (SASB®)
- CDP (formerly Carbon Disclosure Project)
- UN Global Compact
- Access to Medicines Foundation

9.3 We strive to ensure that each of the organisations of which we are a member offers distinct and unique value. For this reason, and in consideration of the fact that we always aim to be an active participant of organisations of which we are a member, we continue to adopt a selective approach.

10. Responsible Business

- 10.1 We recognise that being a responsible business requires us to go beyond being a responsible investor.
- 10.2 Our membership of the UN Global Compact is a key part of our approach to demonstrating that we are a responsible business. The requirement to complete an annual Communication on Progress helps to ensure that, within core business processes, we routinely consider the need to evolve our approach to managing pertinent sustainability issues.
- 10.3 Additionally, and consistent with our purpose to invest with conviction for current and future generations and the world in which we all live, within our approach we place particular importance on:
- Providing targeted financial assistance under our “Redwheel Giving” programme
 - Supporting Social Enterprise
 - Reducing environmental harms
 - Being thoughtful about diversity, equity and inclusion issues as part of fostering a collaborative culture.
- 10.4 “Redwheel Giving” is the centrepiece of our approach to providing financial support to charitable causes and similar initiatives. It has several distinct elements; it is on the one hand a foundation set up to support specific charities selected by a working group of employee volunteers from across Redwheel; it is also a reference to the contributions we make as a business to charitable causes of significance to our staff (through provision of matched funding) and our clients. In the UK, staff can support “Redwheel Giving” directly via GAYE; other charities can also be supported using the same facility. The distribution of unused Apprenticeship Levy funds to UK businesses in need is also included within the scope of the programme.
- 10.5 Social Enterprise captures the work we do to make a more direct contribution to the communities in which we live and work. Our model focusses on supporting selected partners via multi-year relationships in order to help them achieve financial stability. Our working group of employee volunteers is responsible for raising awareness of the work done by these partner organisations, and for promoting engagement with the underlying issues which helps to secure good levels of participation as opportunities to collaborate arise, whether through offering internship positions or by taking part in volunteering events.
- 10.6 In relation to the environment, we have as a business committed to achieving net-zero emissions in the context of our own operations. Like every other business, our activities create and are associated with the generation of carbon emissions. Having started measuring our carbon footprint in 2019 to set a baseline for our approach, we have now put in place a series of measures that should help to improve the long-run overall emissions performance of our business (including regular dialog with landlords); in parallel, we also look to provide support to organisations whose work (whether directly or indirectly) enables the capture of atmospheric emissions at scale as a means to offset residual emissions.
- 10.7 Our interest in fostering a collaborative culture stems from our collective belief that diverse and inclusive workplaces drive innovation, help companies make better decisions, and enable individuals to excel in all areas of their performance. We approach diversity, equity and inclusion (“DEI”) issues thoughtfully in seeking to cultivate a working environment in which different experiences and identities

feel welcomed, accepted and respected; and in which all our people feel free to be their true selves at work, empowered to speak up and express opinions on any issue. Our internal events programme regularly focusses in on DEI issues, providing learning and development opportunities for all our people; our DEI efforts have many contributors and where employees have specific knowledge and expertise from prior or ongoing involvement in DEI-related initiatives (e.g. exploring the benefit of cognitive diversity within investment teams), their insights will be used to shape the wider discussion. All together, we hope our work in this area will make an effective contribution to our ability to attract and retain highly competent people who can help us continue to innovate as we grow.

11. EU Sustainable Finance Disclosure Regulation

- 11.1 This section offers a summary of how Redwheel applies the obligations under the SFDR which came into effect on 10 March 2021. All related aspects are reviewed at least annually.
- 11.2 Article 3 of the SFDR: the Redwheel Policy on Responsible Investment should be interpreted as the information required on the integration of sustainability risks in investment process as applicable to the Redwheel and financial products considered to be in scope for compliance with the SFDR. Sustainability risks are integrated by all investment teams within their investment processes. To the extent applicable, remuneration decisions for investment team members will therefore take into account each team's approach to the integration of sustainability risks.
- 11.3 Article 4 of the SFDR: the adverse impacts of investment decisions on sustainability factors are considered in investment processes as appropriate and to the extent required for financial products in scope for compliance with SFDR e.g. as relevant to the specific asset class and/or strategy. The types of impacts considered are broad and vary by strategy. Our current approach is framed with reference both to the Redwheel Policy on Responsible Investment and to our Stewardship Policy in which more detail can be found on our stewardship approach.
- 11.4 Article 5 of the SFDR: when considering remuneration Redwheel takes account of non-financial performance criteria including compliance with the regulatory rules and internal policies and procedures (including, where applicable, the Redwheel Policy on Responsible Investment which should be interpreted as the information required on the integration of sustainability risks in the relevant Redwheel investment processes).
- 11.5 Article 6 of the SFDR: all our UCITS funds fall within the scope of Article 6 of SFDR.
- 11.6 Articles 8 and 9 of the SFDR: relevant to those UCITS funds promoting environmental and / or social characteristics, or having sustainable investment as an objective, our approach to assessing "good governance" is described within the Redwheel Stewardship Policy.

12. SFDR and “Sustainable Investment”

- 12.1 Client and regulatory attention is growing in relation to greenwashing and responsible investment. Around the world, asset managers are being pushed to provide greater clarity on the definitions, policies and processes that are used to help put responsible investment into practice. Within Europe particularly, expectations are rising fast, partly through developments taking place at the national level, but largely as a result of the introduction of the Sustainable Finance Disclosure Regulation (SFDR).
- 12.2 SFDR in a broad sense represents a set of disclosure requirements applicable to funds registered in Europe, although in practice it is widely considered as a labelling framework. Whereas many of the terms used within SFDR are relatively well defined, one of the most significant areas of ambiguity relates to how managers should interpret the term “sustainable investment”
- 12.3 There are two specific areas in relation to which managers must define a sustainable investment:
- The disclosure requirements arising under Article 9 SFDR apply when a fund has sustainable investment as an objective, whereas the lesser disclosure requirements of Article 8 SFDR apply when a fund promotes “among other characteristics, environmental or social characteristics”.
 - The recitals to the SFDR text also seek to provide a definition for “sustainable investment” in terms of characterising the holdings of funds; at this level, a holding is considered to be a sustainable investment if it:
 - a) Does not significantly harm established European environmental or social objectives
 - b) Follows good governance practices
- 12.4 The requirements that apply under Article 8 SFDR also include a requirement to disclose investments in sustainable investments (whether or not made purposively as part of a fund’s promotion of environmental or social characteristics).
- 12.5 Notwithstanding that SFDR applies only within Europe, SFDR has been well remarked internationally over the last few years and many of the underlying concepts, including “sustainable investment”, are now resonating with the international regulatory and client audience. We believe it is important therefore – to the extent appropriate – to determine a global definition for the term “sustainable investment”, in order to give clients assurance that we are consistent on the issue of sustainability. Doing so is also consistent with the expectations of the European Securities and Markets Association, which has confirmed that managers subject to SFDR should not apply different interpretations of “sustainable investments” for different financial products.
- 12.6 At Redwheel, as a matter of principle, a sustainable investment in a listed equity context must demonstrably contribute positively to environmental and/or social objectives primarily through its products and services. Objectives of particular relevance include those set out within the UN Sustainable Development Goals as well as those related to the delivery of the Paris Agreement global goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

- 12.7 In line with the approach set out under SFDR, sustainable investments should also do no significant harm to established European environmental and/or social objectives, and relevant companies should follow 'good governance' practices. Redwheel's approach to assessing 'good governance' is set out within the Redwheel Stewardship Policy.
- 12.8 At a practical level, our approach to assessing and determining whether investments constitute sustainable investments is guided by established frameworks developed by credible organisations such as the Global Impact Investing Network.
- 12.9 We recognise though that the regulatory and market landscape continues to evolve and as a result we expect that our approach will need to be refined over time. For now, as required, we prefer to assess sustainable investments through reference to the most recently available annualised revenues derived from the commercialisation of relevant products and services (as opposed to ongoing capital or operational expenditure). Under this approach, Redwheel recommends that an investment should be considered to offer scope to be classified as a sustainable investment where
- related revenues exceed a stated proportion of total revenues.
 - it is agreed by the Sustainable Investments Working Group that related revenues have clear potential to exceed a stated proportion of total revenues.
- 12.10 Where it is not possible or not appropriate to assess the extent to which an investment may be considered to be a 'sustainable investment' through reference to revenues alone (for example, due to granular disclosures being absent or opaque), additional/alternative measures may be used subject to approval by the Sustainable Investments Working Group established by the Redwheel Sustainability Committee. For instance, where the value of green finance exceeds a stated proportion of a bank's total loan book, or where a pharmaceutical company's research and development on sustainable technologies exceeds a stated proportion of total R&D expenditure, an investment could still be classified as a sustainable investment, subject to approval of the members of the Sustainable Investments Working Group.
- 12.11 For now, across all versions of the test used to determine whether investments are sustainable investments, we use a value of 35% as the "stated proportion". Notwithstanding the application of this threshold at a company level, on a precautionary basis teams managing investment products that have a target allocation to sustainable investments may wish to apply a higher threshold for the purposes of selecting investments, as a means to protect against forced selling driven by short term variation in relevant company metrics.
- 12.12 To enable our clients to continue to benefit from our teams' participation in IPOs, and in light of the lower disclosure requirements applicable to private companies, new listings shall be deemed eligible to meet our sustainable investment definition unless there is clear basis that this would be inappropriate. The same will apply as regards bonds of new issuers.

Version Control

Version	Date:	Author:	Approved by:	Detail of Change
v.01	30 Apr 23	Chris Anker	Sustainability Committee	Creation, replacing the prior published Redwheel ESG Policy
v.20	24 July 25	Chris Anker and Olivia Seddon-Daines	Sustainability Committee	Reframe application to Redwheel entities that manage money in base policy. Update language throughout. Addition to policy of language specific to expectations around the consideration of systemic risk including climate change.
V.21	14 Oct 25	Chris Anker	Sustainability Committee	Replacement of Section 10

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