

Responsible Investment Policy

2026

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Introduction

At Downing, we have established a dynamic responsible investment framework that reflects and operationalises our investment philosophy.

Depending on the investment strategy, this includes applying exclusions, integrating ESG insights to identify opportunities and manage risks, exercising active ownership and enhancing transparency. These practices support informed decision making and ensure our approach remains aligned with our clients' expectations.

Responsibility

Downing's approach to Responsible Investment governance and management align with the overall corporate model of the Downing Group.

The relevant Board of Directors at Investment product and/or Company level is ultimately responsible for ensuring effective governance and responsible decisions.

Downing actively applies its Responsible Investment framework across its activities, reflecting Downing's values and investment philosophy.

The Boards may also explicitly delegate the day-to-day management of Responsible Investment processes and ESG risk to Downing in its role as Investment Manager.

A Sustainability function operates at Group level which is responsible for

- developing this Responsible Investment policy and the relevant tools used in Downing's investment processes.
- supporting the execution of day-to-day processes that enact this policy.

All Group Investment Partners are responsible for ensuring that the considerations in this policy are embedded into their team processes.

All Downing supervisors and team leaders are responsible for actively promoting and supervising the integration of this policy within their teams.

All employees are responsible for their compliance with this policy.

Scope

This document sets out Downing's responsible investment framework and capability available to all products under management. The extent and nature of its application are tailored to the characteristics and objectives of each investment product, ensuring we deliver on client expectations for that product.

We consider responsible management to be an ongoing process, so this policy is reviewed on an annual basis to ensure that our approach appropriately considers our fiduciary duties.

Responsible Investment Framework

1. Exclusions

An exclusion is a rule to prevent investment in companies, sectors, or countries based on specific criteria.

Downing will not directly invest in companies with activities in certain controversial weapons and adverse climate effects, as detailed in Appendix 3. The exclusions reflect Sustainability commitments made by the Downing Group, alignment with the company's values and stakeholder expectations.

In addition, product level exclusions may inherently arise where a potential investment conflicts with the investment objective or the thematic positioning of the product, as approved by the Product Governance Committee. Any specific exclusions that apply to an individual product will also be reviewed and approved by the Product Governance Committee and documented in the product governance materials accordingly.

In the event that an investment is found to be non-compliant with the investment product's exclusions, divestment will be pursued at the earliest opportunity in a manner that avoids material financial harm to clients in order to balance the protection of their interests.

2. Risk Management Framework

Downing's proprietary ESG risk management framework is a system that identifies, assesses and manages an investment's foreseeable and potentially material ESG risks and associated opportunities.

Risk assessments are applied where appropriate, depending on the investment product's strategy, objectives, and time horizon. It is primarily designed for holdings with a longer-term investment horizon, where we have the ability to influence outcomes to meet client needs. Where applied, the risk assessment is initially conducted prior to investment and results are shared with, and must be accepted by, the relevant Investment Committee before the investment proceeds.

The approach is guided by the principles of materiality and proportionality, ensuring that resources are focused on areas of greatest potential impact and relevance to the product's objectives:

1. **SASB Assessment:** Whether the Sustainability Accounting Standards Board (SASB) assessment identifies financially material ESG risks that warrant mitigation. These may include, for example, climate, human rights or nature-related issues.
2. **ESG Maturity Status:** Whether the ESG maturity tolerance committed to by the relevant Board requires improvement to meet the defined maturity tolerance.
3. **Investment Exposure:** The net value exposed to the investment, indicating its financial significance within the portfolio.

Where material risks are identified the framework provides specific guidelines, embedded in the risk assessment process, to be reflected in the stewardship actions that follow.

Any ESG risk assessments are formally reviewed at least once every three years for the duration of the hold period and more frequently where required. This periodic reassessment supports continuous improvement, proactive risk management, and alignment with evolving ESG standards and expectations.

In the Public Equity market, the Risk Management Framework is supported by insights from third party ESG ratings data.

3. Stewardship

Stewardship is a core mechanism for addressing the most material ESG risks and opportunities identified by the Risk Management Framework detailed in section 2, helping to protect value while supporting positive societal and environmental outcomes. Since 2021, Downing has been a signatory to the UK Stewardship Code and continues to be committed to upholding high standards of accountability, transparency, and responsible ownership. Our tools for Stewardship are Engagement and Voting, covered in sections 3.1 and 3.2 below.

Stewardship activity may be undertaken where it aligns with the investment product's objective and strategy.

3.1. *Engagement*

Engagement is purposeful interaction with current investees and/or their stakeholders to influence their practices or improve transparency.

Sustainability-informed engagement activity is guided by the ESG Risk Management Framework and addresses the most material issues identified through the assessment process. An engagement is considered complete when a defined action has been taken to address a specific ESG risk. Activities are carried out collaboratively between the Sustainability team and the Investment teams to ensure that ESG considerations are appropriately integrated with investment decision-making and may include direct dialogue with company management, written correspondence, participation in collaborative initiatives with other investors, and attendance at shareholder meetings. All such engagements arising out of the ESG Risk Management Framework are monitored and recorded through internal systems to maintain transparency and accountability.

Where market-wide or systemic topics cannot be addressed through direct engagement with investees alone, Downing may engage with policymakers and standard setters as part of its broader fiduciary duties, drawing on expertise from across relevant teams. This may take the form of policy consultations or collaborative investor statements, and is conducted in a manner consistent with Downing's commitments as a signatory to the UN Principles for Responsible Investment and the UK Stewardship Code.

Where engagement involves a formal commitment or public statement on behalf of Downing, this is subject to review by a member of the Executive Management Team to confirm alignment with our investment philosophy.

3.1.1. *Conflicts of Interest*

Downing is committed to careful management of conflicts of interest, recognising that unmanaged conflicts can undermine trust, compromise decision-making, and negatively impact long-term investment outcomes. The approach is explained in Appendix 4.

3.1.2. *Escalation*

Escalation may be required when engagement does not progress as expected or when a significant event triggers the need for stronger action. Decisions to escalate continue to follow the principles of materiality and proportionality. All escalations follow the approach detailed in Appendix 4 and are tracked and reported in stewardship disclosures.

3.2. *Voting*

Proxy voting is the act of casting a vote on behalf of shareholders in a company's general meeting, enabling the investor to exercise ownership rights and promote the responsible management of the company.

Downing votes in favour of resolutions expected to advance our stewardship priorities, with the Sustainability team providing ESG-informed analysis and recommendations to support where relevant. The relevant Investment Manager retains final decision-making authority. Our voting guidelines (Appendix 5) reflect these priorities and ensure consistency in our approach, though each proposal is assessed on its individual merits and in the context of the company's circumstances.

Where appropriate, Downing engage directly with company management – particularly on sensitive or complex matters – to ensure voting decisions are well-informed and aligned with our clients' interests. When practical, this engagement takes place ahead of the vote to support meaningful dialogue.

4. Disclosures

Downing has developed capability to periodically disclose ESG information as appropriate to the nature and objectives of each investment product, in alignment with relevant regulatory requirements and our fiduciary duties. These disclosures may include evidence of performance and impact achieved, and will be shared transparently to support accountability and informed decision-making.

Whistleblowing

We are committed to continuous improvement and welcome feedback on our responsible investment approach. If you have concerns or wish to raise a complaint about any aspect of this policy or its implementation, you are encouraged to use our formal complaints procedure. To do so, please contact us via our complaints procedure available on our website.

Downing employees can utilise the internal Whistleblowing Policy.

Appendices

1. Definitions

Sustainability	<p>The ambition to operate in a way that ensures long-term fitness for purpose—meeting present needs without compromising the ability of future generations to meet theirs.</p> <p>At Downing, this means the meaningful consideration and integration of material ESG factors into our business and investment activities, grounded by the commitments detailed in our Sustainability Policy.</p>
Responsible Investment	<p>An approach to investing that explicitly acknowledges the relevance of ESG factors to the performance of investments.</p> <p>At Downing this may include applying exclusions, integrating ESG insights to identify opportunities and manage risks, exercising active ownership and enhancing transparency. These practices complement traditional financial analysis to support informed decision making and ensure our approach remains aligned with our clients' expectations.</p> <p>Frameworks like the UN Principles for Responsible Investment (UNPRI) provide a widely recognised structure for reporting and accountability.</p>
ESG	<p>Environmental, social and governance considerations which may create business risk and opportunity that may not be captured by traditional financial analysis:</p> <ul style="list-style-type: none"> ➤ Environmental: Impact on the natural world (e.g., carbon emissions, resource use). ➤ Social: Impact on people and society (e.g., labour practices, community engagement). ➤ Governance: How a company is run (e.g., board structure, ethics, transparency). <p>At Downing we use the Sustainability Accounting Standards Board (SASB) framework to identify ESG factors that are financially material to an investee company.</p>
ESG Maturity	<p>At Downing, ESG Maturity is a measure of how comprehensively ESG principles are embedded into an organization's strategy, operations, and culture, enabling benchmarking, risk management, and strategic planning.</p>

2. Related policies

[Sustainability Policy](#)

3. Firm-wide Exclusions

Exclusion Category 1: Controversial Weapons

Downing do not invest in companies involved in the defined list of controversial weapons because these weapons are designed to cause indiscriminate harm and conflict with widely accepted international humanitarian principles. Our policy reflects key international norms while recognising that some treaties, such as those governing nuclear weapons, do not impose a full ban on states that lawfully possess them.

Chosen Exclusions:

We do not invest in companies deriving income from the manufacture, distribution, maintenance, trade, transport, or storage of the following weapons:

- Cluster Munitions – banned under the UN Convention on Cluster Munitions (Oslo, 2008).
- Anti-Personnel Landmines – prohibited by the Ottawa Treaty (1997).
- Biological & Chemical Weapons – restricted under the Biological Weapons Convention (1975) and Chemical Weapons Convention (1977).
- Weapons breaching civilian protection rules under the UN Convention on Certain Conventional Weapons (Geneva, 1980), including:
 - Non-detectable fragments
 - Mines, booby-traps, and incendiary weapons
 - Blinding laser weapons
- Depleted Uranium Weapons – due to long-term health and environmental risks.

Exclusion Category 2: Adverse Climate Effects

Downing do not invest in companies whose core activities cause the greatest climate harm and lack credible transition pathways. This ensures alignment with global climate goals while allowing flexibility for transitional activities and hard-to-abate sectors where engagement can deliver better outcomes.

We do not invest in companies deriving $\geq 30\%$ of annual income* from the following activities:

- Development of significant new thermal coal assets.
- Power generation using coal, without documented plans to transition to renewable or low-carbon alternatives.
- Mining of thermal coal.
- Extraction of tar sands and oil.
- Production of heat or energy using fossil fuels, including oil and gas, without documented plans to transition to renewable or low-carbon alternatives.

*Based on the latest annual financial statement.

For clarity, activities not excluded:

- *Mining metallurgical ("met") coal for steelmaking (hard-to-abate sector).*
- *Context-specific cases where near-term fossil use supports long-term climate benefits (e.g., emerging markets with clear decarbonisation targets, or gas peakers that ensure grid stability during the energy transition).*

4. Approach to Conflicts of Interest

Conflicts of interest may arise during engagement activities, particularly where multiple client interests intersect or where other business relationships exist with an investee company. In accordance with the Shareholder Rights Directive II (SRD II) and the FCA's Conduct of Business Sourcebook (COBS 2.2B), a Conflicts of Interest Policy and register are maintained to identify, manage, and mitigate actual or potential conflicts. Where conflicts cannot be effectively managed, the nature of the conflict and the steps taken to address it will be disclosed to the Board of the relevant fund and/or the investors as appropriate.

On limited occasions, engagement dialogue may result in the unintentional receipt of material, non-public information (MNPI), despite our general position of not wishing to become an insider. If this occurs, the following steps are taken immediately:

- Confirm the status of the information with the company's management and relevant brokers.
- Notify Downing's Compliance team to place the security on the restricted trading list and ensure compliance with legal requirements on confidentiality and record-keeping.
- Consider discussing with the company whether public disclosure is appropriate to enable lifting of the restriction.

These measures ensure that engagement activities are conducted with integrity, transparency, and in full compliance with applicable regulations.

5. Approach to Escalation

Escalation follows a structured, sequential approach when engagement does not progress as expected or a significant event triggers the need for stronger action. Indicative stages and timelines are:

- **Initial Contact (0–3 months)**
Send a formal letter or initiate dialogue outlining concerns, referencing relevant standards, and requesting corrective action. Timelines for response are determined case by case, based on the issue’s materiality and company context.
- **Board-Level Engagement (3–12 months)**
Escalate to meetings with senior management, independent directors, the Chair, or board members. At this stage, consider signalling potential voting action or supporting shareholder resolutions.
- **Voting and Formal Action (AGM cycle)**
Apply voting sanctions (e.g., against directors or committees), support or co-file shareholder resolutions, join a collaborative engagement or make a public statement. AGM mechanisms such as requisitioning resolutions or submitting statements may also be used.
- **Holding Review (Ongoing)**
Determine whether to maintain, reduce, or exit the position, subject to mandate constraints.
- **Monitoring and Reporting (Ongoing)**
Continue tracking progress and report outcomes in stewardship disclosures.

6. Approach to Voting

Topic	Guideline
Board Composition	The firm expects boards to be effective, accountable, and appropriately diverse in skills, experience, gender, ethnicity, and perspectives to enable robust decision-making and challenge. Boards should be of sufficient size to allow debate but avoid unnecessary complexity. There should be a clear balance between executive and non-executive directors, with a majority of independent non-executive directors (NEDs) on larger boards. Where material concerns persist regarding composition, diversity, or succession planning, the firm may vote against the Chair or the Chair of the Nomination Committee. It may also oppose individual directors where there are significant concerns about their suitability or relevant skills.
Chair and CEO Roles	The firm strongly prefers the roles of Chair and CEO to be separate, with the Chair being independent. If these roles are combined, the firm expects robust counterbalances, such as a fully independent Deputy Chair or a higher proportion of independent directors. Suitability of combined roles will be assessed case by case, considering the company’s governance arrangements and independence assurances.
Non-Executive Directors	NEDs should provide objective judgment and protect shareholder interests. They must commit sufficient time to their role and be clearly identified in the annual report. Boards should include at least two independent NEDs as a minimum, with larger companies expected to have at least half of the board comprised of independent directors.

Independence	The firm applies the UK Corporate Governance Code definition of independence and expects AIM companies to follow the Code or explain deviations. Directors serving more than nine years from first election will generally not be considered independent without strong justification. The firm may oppose the election or re-election of a director where independence is compromised, or insufficient independent representation exists.
Board Functioning & Attendance	Boards should meet frequently enough to address material issues, with six meetings per year considered a minimum. Attendance should be disclosed publicly. The firm will not normally support the re-election of any director with consistently poor attendance without a compelling explanation.
Board Committees	Audit, Nomination, and Remuneration Committees should have clear terms of reference. For larger companies, the Nomination Committee should have a majority of independent directors, and the Audit and Remuneration Committees should be fully independent. For smaller companies, at least two-thirds independence is expected. The firm may oppose committee members where committee effectiveness is in doubt.
Charitable and Political Donations	The firm may support resolutions authorising appropriate charitable donations where disclosures are clear and amounts reasonable. It will oppose any political donations and may vote against the report and accounts if no specific resolution to approve a donation is presented.
Director Re-election & Succession	All directors should be subject to annual re-election, supported by robust succession plans and transparent reporting on board evaluations.
Remuneration	Remuneration should promote long-term success, be proportionate, and align with company performance, individual contribution, and workforce pay. Incentive schemes should be simple and transparent. LTIPs must link to clear KPIs, be shareholder-approved, operate over at least five years (including post-vesting holding), and include malus and clawback provisions. ESG metrics should be incorporated where material and measurable. Full disclosure of pay structures and outcomes is expected. The firm may oppose remuneration reports or policies where alignment with long-term value is inadequate or disclosure is insufficient.
Audit & Auditor Fees	The firm supports the appointment of auditors recommended by a fully independent Audit Committee. Full disclosure of audit and non-audit fees is required. The firm may oppose re-appointment if auditor independence appears compromised by non-audit fees, tenure, or other factors.
Risk Management	Boards must identify and disclose material risks, including cyber security and climate-related risks, and demonstrate effective mitigation strategies. In cases of serious governance failures or inadequate risk oversight, the firm may vote against the Chair or the report and accounts.
Share Capital & Pre-emption Rights	<p>In line with the Pre-Emption Group Statement of Principles (2022) and the UK market standard following the Secondary Capital Raising Review, support will generally be given for non-pre-emptive issues of up to 10% of issued share capital for general purposes, plus an additional 10% for acquisitions or specified capital investments, provided the conditions in the Statement are met (including disclosure, shareholder consultation, and post-transaction reporting). The PEG's recommendation for follow-on offers of up to 2% for retail investors is encouraged where feasible.</p> <p>Any request to disapply pre-emption rights beyond the 10% + 10% thresholds will only be supported in exceptional circumstances, where there is a clear and compelling rationale supported by transparent disclosure and evidence of shareholder engagement. </p>

Dividends	Dividend proposals should be presented as separate resolutions with clear disclosure of policy and rationale. Where disclosure is inadequate or sustainability is in doubt, the firm may oppose the report and accounts.
Shareholder Rights & Voting Structures	The firm supports equal treatment of shareholders and one-share-one-vote structures. It will oppose dual-class share structures or proposals that reduce shareholder rights unless there is a compelling, time-bound rationale.
Climate & Sustainability Disclosures	The firm expects companies to publish annual sustainability disclosures aligned with recognised frameworks (e.g., TCFD/ISSB). We welcome, and will generally support resolutions aimed at mitigating environmental and social risks and may oppose the annual report where disclosures are materially inadequate.

Version Control

Revision History

Version	Author	Action	Date
1	Hannah Picknett	2026 new Policy structure	25/02/2026