Pacific Capital Partners Limited

FCA Firm Reference Number: 171200

Responsible Investment Policy

August 2023

Table of Contents

Document Control

Version	Reason for update	Date of release	Changed by
1.0	Initial	1.2022	James Davidson
2.0	Annual revision and institutionalisation of existing practices into RI policy	8.2023	Will Thompson

Document Governance

Policy Owner	Chief Sustainability Officer
Approver	Responsible Investment Committee
Date approved	January 2022
Date last reviewed	August 2023
Review frequency	Annual
Next review date	August 2024

Responsible Investment Policy

1. Purpose and philosophy

The purpose of this Responsible Investment Policy (the Policy) is to set out how Pacific Capital Partners Limited (the Firm or Pacific) meets its commitments as well as providing broader context around the framework which governs the Responsible Investment approach including how:

- ESG factors are integrated into investment decisions;
- How ESG exposures of each fund/portfolio are monitored and overseen;
- How Pacific engages with investee companies; and
- How Pacific votes its shares.

As active investors, the Firm believes the inclusion of environmental, social and governance (ESG) factors within the analysis and research investment process is integral to fundamental financial analysis. This includes identifying and evaluating sustainability risks and opportunities.

Pacific also takes its stewardship responsibilities seriously, and focuses on using its influence to create long term, sustainable value and better outcomes for its clients, society and the environment.

2. Scope

The Sustainable Finance Disclosure Regulation (SFDR), which came into force on 10 March 2021 sets disclosure standards relating to ESG risk-mitigation policies and reinforces ESG considerations in the investment decision-making process. This document sets out Pacific's policies in respect of the integration of sustainability risks in our investment decision-making process, as required by Article 3 of SFDR. The policy applies in respect of all portfolio management services and alternative investment fund management carried on by the Firm. Furthermore, all guidelines on environmental, social, and governance factors, including other systematic sustainability issues, apply to the entirety of the Firm's assets under management. This policy also outlines Pacific's approach to responsible investment and how it delivers on its commitments as signatories to the Principles of Responsible Investment (PRI).

Key definitions

- Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors into investment decisions and active ownership. It considers both how ESG might influence the risk adjusted return of an asset and the stability of an economy, as well as how investment in and engagement with assets and investees can impact society and the environment.
- Sustainable investment refers to the selection of assets that contribute in some way to a sustainable economy, i.e. an asset that minimises natural and social resource depletion. It is a broad term that may be used for the consideration of typical ESG issues, and may include best-in-class. It can also include ESG integration, which considers how ESG issues impact a security's risk and return profile.
- Shareholder engagement is the way in which investors put into effect their stewardship responsibilities in line with the Principles for Responsible Investment (PRI) principle 2 ('We will be active owners and incorporate ESG issues into our ownership policies and practices'). It is often described as purposeful dialogue with a specific objective in mind; that purpose will vary from engagement to engagement, but often relates to improving companies' business practices, especially in relation to the management of ESG issues.
- Stewardship is typically used as an overarching term encompassing the approach that investors take as active and involved owners of the companies and other entities in which they invest

through voting and engagement. Voting is one aspect of stewardship activity and tends to focus on corporate governance matters raised at shareholders' meetings.

- Material ESG Factors – Pacific adopted the PRI definition for Material ESG Factors as 'factors or issues which have a substantial impact on the current and future financial, economic, reputational, and legal prospects of an issuer, security, investment, or asset class'.
- ESG exclusions – An exclusion is the act of barring a company's securities from being purchased for a portfolio due to business activities that are deemed unethical, harmful to society, or in breach of laws or regulations.

This policy should be read in conjunction with the Firm's UK Stewardship Code, Proxy Voting Policy and Engagement Policy.

3. Governance and oversight

The Chief Executive is formally responsible for Responsible Investment, ESG and Sustainability throughout the Firm. In 2021, the Firm created a new role, Chief Sustainability Officer (CSO), reporting directly to the Chief Executive Officer. The Chief Sustainability Officer is responsible for delivering Pacific's sustainable investment strategy.

The Firm also established the Responsible Investment Committee (RIC), one of many key Oversight Committees, chaired by the Chief Sustainability Officer, which reports on the Firm's progress to the Management Board and the PCP board of directors on a quarterly basis.

The RIC's responsibilities include:

- Reviewing the Firm's responsible investment policy framework – including its Responsible Investment Policy, Proxy Voting Policy and Engagement Policy.
- Supporting ESG integration – driving continuous improvement in ESG data, tools and analysis
- Oversight of ESG related risk within the portfolios
- Compliance with ESG regulation
- Approval of PRI submissions
- Supporting engagement – both directly and via collaborative investor initiatives across equities and multi-asset classes
- Sharing and building knowledge – sharing relevant research, analysis and insights on sustainability themes and trends
- Monitoring progress with a focus on innovation and continual improvement
- Managing the group's sustainability reporting
- Ensuring the Firm's appointed external manager's political engagement activities are aligned with its commitment to the PRI principles.

4. The Firm's approach to Responsible Investment

4.1 Key sustainability factors

As active investors, the Firm uses fundamental analysis, supported by independent ESG data and research, and the Firm's own engagement with companies, to identify, evaluate and prioritise key sustainability factors. This is done to better identify and manage the risks associated with sustainability factors, such as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, but also to understand the opportunities or potential competitive advantage associated with the management of these factors, supporting the transition to a low carbon economy or delivering on the Sustainable Development Goals.

Pacific considers systemic sustainability issues across its range of investment strategies. These are risks that are not isolated to individual company or sector issues but that pose systematic risks to investments in all asset classes. Examples of systemic sustainability issues can include the effects of climate change and natural disasters on asset pricing, the impact of structural social change and wellbeing. In order to understand and influence these risks, Pacific research not only the micro effects of sustainability but also the likely path of these issues at the macroeconomic level. Further, Pacific's approach to stewardship and engagement is focussed not just on individual company issues but at the systemic level when discussing with companies the risks their industries and economies face.

This is done through application of this Policy, which includes:

- incorporating ESG issues into investment analysis and decision-making processes;
- encouraging high standards of ESG performance in the companies or other entities in which the Firm invests;
- supporting the stability and resilience of the financial system; and
- reporting on how the Firm has implemented these commitments

The Firm aims to be a provider of the capital that will help innovative companies thrive and grow, working towards positive outcomes for its clients, delivering products and services that benefit the economy and society. In doing so, the Firm helps foster competition that causes companies with stronger ESG profiles to outperform their peers. We believe that the firms best placed from an ESG perspective will also benefit clients in financial return terms.

4.2 Pacific approach to ESG Integration

4.2.1 ESG integration in investment decision-making

The Firm believes that the best people to understand the future impact of ESG on a company are those that analyse the businesses: the portfolio managers. As such, each investment team adopts their own approach to integrating ESG factors into their investment process.

The Firm believes that in order for someone to truly understand the sustainable characteristics of a company they must also truly understand its financial characteristics, and we therefore do not delineate between sustainable and financial analysts within the business. Each Pacific team has spent years developing their investment approach and understand what characteristics are important to driving the long term returns Pacific aims to deliver to investors. The Firm has been working to provide each team with the information and support to allow them to integrate ESG in the optimal way, ensuring their processes are enhanced and complemented by this work rather than imposing a centralised solution.

The framework aims to challenge and support the Firm's portfolio managers, helping to integrate and enhance stewardship and the management of sustainability risk for all its clients. As stated above, the Responsible Investment Committee has responsibility for the oversight of ESG related risk within the portfolios and the Firm is developing the reporting to allow the committee to regularly review controversies, ESG ratings and the climate impact for each of the funds and teams. Using this data, detailed ESG reporting will be available to show the ESG positioning of each fund. They will highlight the ESG risks by integrating the portfolio data with the third party ESG data including:

- ESG ratings for individual companies where available;
- Aggregated portfolio level ratings versus a relevant benchmark;
  - ➢ Breakdown of component E, S and G ratings at a company level where available
  - ➢ Controversies or poor scoring companies highlighted, to be discussed with managers in terms of engagement and stewardship
  - ➢ Other stewardship and engagement conversations to be documented from fund managers.

Each team is truly active and takes a long-term approach to investment. This creates a deep understanding of the companies they invest in and promotes good governance and stewardship. Pacific does not impose a one-size-fits-all approach to integrating stewardship and ESG risk into investment processes but instead work closely with all the investment teams to help ensure the best outcome for all. Some strategies do have an overriding sustainability and ESG focus and / or contain exclusion-based approaches.

For other strategies, in theory the investment teams could invest in any business, sector or geography as long as the businesses meet the criteria laid out in their investment processes and the ESG risks of such investments are identified and taken into account. However, by including ESG considerations into all of the Firm's investment processes, it improves the Firm's ability to understand a business and its ability to create, sustain and protect value with the aim of ensuring it can deliver outcomes in line with the Firm's clients' expectations.

Some funds use an investment approach that applies ESG or sustainability-based exclusions automatically, whilst others have the ability to invest in opportunities that may not be complying with these international standards of conduct.

The Firm expects companies to conduct their corporate behaviour in compliance with the UN Global Compact principles and to adhere to corporate governance standards (including pay and remuneration structures, diversity and other ESG disclosures) in their domestic market or to explain why doing so is not in the interest of shareholders.

Promoting the understanding of ESG issues in the wider market - Pacific is committed to promoting the integration of ESG considerations in investment decisions and to sharing its views and research on responsible and sustainable investing with advisers and the wider public. Pacific sees the education of advisers and investors as a key responsibility and it holds investor conferences focussed on ESG and sustainability issues, publishes guides and aides as well as regularly publishing content in various industry publications and on the Firm's website. Pacific is also committed to educating clients through outreach programmes such as EnlightenESG, the Firm's sustainability profiling tool developed to help people make more informed choices around Sustainable Investing. For Pacific, these educational pursuits are vital, as the Firm wants people to understand how their money is being put to work when investing sustainably.

Materiality - The Firm applies a materiality framework, informed by the Sustainability Accounting Standards Board (SASB) Materiality Map, to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry. The most material issues at a company level are identified, evaluated and prioritised using fundamental research, engagement and additional data sources. These considerations are then included within the Firm's investment decision-making process. SASB materiality is also utilised in generating proprietary ESG scores utilising the TruValue Labs dataset, which further helps to inform the investment teams of the key considerations at an industry level.

In assessing materiality, the Firm seeks to understand how stewardship and engagement efforts effect sustainability outcomes. There is a process by which stewardship and engagement activities are logged and reviewed internally, to assess their impact at achieving the aims of the engagement. These engagement activities are reviewed in the quarterly Responsible Investment Committee, and internal challenges can be used to further engagement efforts. This helps Pacific ensure alignment and real-world outcomes with stewardship and engagement efforts across the business and industries for different teams.

Further information on materiality can be found in Pacific's Engagement Policy.

4.2.2 ESG guidelines

Environment - Environmental factors include those relating to the use and availability of natural resources, including water, in the manufacture, use and disposal of products and services. Risks relating to biodiversity may result from a dependency on natural ecosystems and ecosystem services, which are under threat from factors including deforestation, land degradation, and unsustainable activities, or a negative event which results in serious harm to biodiversity. The Firm seeks to monitor these risks, whilst aiming to mitigate them whenever possible.

Climate change: Pacific supports the 2015 Paris Agreement's goal of limiting global warming to well below two degrees Celsius and preferably to 1.5 degrees, and the Firm seeks to integrate relevant physical and transition climate-related risks and opportunities into its investment decision-making. The Firm has a preference for companies to align climate change goals with the Science-Based Targets initiative (SBTi) and encourage companies to adopt SBTi through the Firms engagement activities. The Firm looks to companies to have appropriate governance, strategy, risk management and disclosure relating to Greenhouse Gases (GHG) emissions and impacts along a company's value chain. When considering climate risks at the company level, the Firm utilises a number of metrics to help assess alignment. For example, analysis may consider carbon emissions (at both a total level and a weighted intensity level), as well as considering mitigation/emissions avoidance. The Firm also use a revenue mapping approach to better assess alignment to both positive and negative climate impacted sub-industries to assess the exposure to both climate and transition risks. For a more in-depth assessment of the Firm's used climate metrics, see Appendix I. **Social -** Social factors include those relating to diversity and inclusion, health and safety, human rights and labour standards within direct operations, the supply chain and in products and services offered. Social risks may result from the mismanagement of employees, health and safety related closures or reputational risks associated with poor labour practices. The Firm looks to companies to have appropriate policies, procedures and disclosures in place to manage these risks. Metrics used to assess social may include excessive CEO pay ratio, percentage of female directors and executives as well as in some cases aligning revenues from sub-industries to themes such as the longevity economy, education, healthcare, and social change.

- **Human rights:** Human rights considerations are of special relevance for the Firm. As abiders of the UN Global Compact principles, it believes that businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses. An exclusionary screening is in place for any company in breach of these principles.

Governance – Governance factors include consideration of board structure and independence, alignment of remuneration, transparency of ownership and control and accounting. Risks may also arise from poor corporate culture or bribery and corruption issues. The Firm seeks to encourage the improvement of these metrics across investees.

4.3 Implementation across asset classes

The Firm specialises in active investing, and therefore the specific approach to ESG integration used by each investment strategy will depend on the investment objectives, philosophy, asset class and investment timeframe. The CSO works together with the portfolio managers to support and improve the integration approach within the investment strategies. The Responsible Investment Committee provides a forum to share ideas and thinking, to further support ESG integration and stewardship across the investment teams.

Quarterly investment risk meetings, conducted by the CIO and the Investment teams include an ESG portfolio review, which identifies any companies with poor ESG or carbon scores or controversies, for discussion with the portfolio manager.

Pacific has always, where applicable, looked at ESG factors at an individual company level; however, recognises that each asset class and geography hold different challenges. The Firm strives to integrate ESG factors in all of its investment processes; however, in some asset classes it is challenging to do this in a consistent and methodical manner. For sovereign debt or other asset classes that have been traditionally difficult to cover with ESG scores, the Firm seeks to develop its own methodologies to understand the ESG profile of the governments in which it invests. The Firm currently integrates ESG criteria throughout the investment process for all its assets under management.

4.3.1 Listed equities

Within listed equities, the teams conduct bottom-up research on stocks within their respective investment universe. In doing so, each team may consider how ESG factors offer either a competitive advantage or disadvantage to a given company within a sector. The team may do this directly, by analysing how ESG factors affect the risk and cost structure, and over the long term how this may affect the valuation of a company. Sector views are also informed by sustainability, as in the longer term those sectors and sub-industries that are better at adapting to ESG change will have more sustainable long term business models.

The teams utilise a proprietary ESG scoring methodology, using data from TruValue labs to help inform ESG decision making. This data incorporates the SASB industry standards, which helps inform risks across the SASB dimensions of Environment, Social Capital, Human Capital, Business Model & Innovation and Leadership & Governance.

Emerging market companies, or smaller capitalised companies will also produce less information on ESG related matters and are often not covered by third party data providers. With those companies, the relevant investment team will consider if any particular aspects of that company require further investigation on a case-by-case basis which often involves engaging directly with the companies. Pacific participates in several collaborative initiatives to encourage companies to publish more ESG data to encourage better understanding of these issues by both management and the market.

4.3.2 Multi-asset

The multi-asset team at PAM incorporate ESG factors, including within the strategic asset allocation process. In utilising a mean-variance optimisation framework for setting a long-term risk target for portfolios, PAM may also consider both the ability for an asset class to be invested in a sustainable manner, as well as the longer-term impacts of sustainability, climate and social issues on the volatility, return and correlation characteristics of an asset class.

Having selected the asset class universe, the team defines some typical approaches to sustainable investment within asset classes. For sustainable multi-asset products, investments need to be managed in line with at least one of the recognised sustainable investment methods, as described by the Global Sustainable Investment Alliance (www.gsi-alliance.org). These are shown in the table below, and funds may fulfil the requirements of more than one of these investment methods.

Positive Screening	Investments selected for positive ESG performance relative to peers
Negative Screening	The exclusion of sectors, companies or practices based on specific criteria
Sustainable Themes	Investment in themes related to sustainability issues
ESG Integration	The explicit inclusion of ESG factors into financial analysis
Stewardship & Voting	Use of shareholder power to influence corporate behaviour
Norms-based screening	Screening of investments against minimum standards of business practice
Impact Investing	Investment with the intention to generate social and environmental impact

Predominantly, a positive screen i.e., finding companies which score well for their impact based on Environmental, Social or Governance (ESG) factors is combined with a negative screen, that excludes certain companies whose activities or practices are generally seen as being harmful to society, such as alcohol, tobacco, armaments, adult entertainment, gambling.

However, where appropriate, the team also utilises funds that are thematic in nature, or that employ other sustainable methods such as integration.

There are various measures that are considered, which are both qualitative and quantitative to understand how each collective investment scheme is additive both in terms of performance potential, but also in terms having a robust sustainable methodology.

Positive impact:

- **E**nvironmental (including climate change)
  - dealing with the challenges of sustainability including cleaner energy, energy conservation, sustainable transport, water resources, waste management, pollution control, etc.
- **S**ocial
  - supporting positive outcomes for individuals, communities, or society in areas such as housing, employment, education, transport, health care, safety, etc.
- **G**overnance
  - a focus on business ethics including executive pay, bribery and corruption, board diversity and structure, treatment of employees, political lobbying and donations, tax strategy, etc.

Negative screening (exclusion criteria):

The team seeks investment instruments that avoid investing in companies that derive more than 10% of their earnings or have any involvement in the following areas:

- Alcohol
- Armaments
- Gambling
- Adult entertainment
- Tobacco

These sectors represent the most common areas of investor concern.

One of the key elements of the Pacific multi-asset sustainable process is to ensure that stocks that are owned by the portfolio are voted on in a manner that reflects the ESG principles of the portfolio itself. The team reviews the voting and engagement policies of the underlying managers to ensure that they are voting on their holdings and actively engaging with stocks being held.

Many managers publish the votes and engagement themes they have discussed with company management on a quarterly basis. This is true both of active managers, and of passive managers. It is our view that regardless of investment style (active or passive), the engagement is felt equally by management.

Further, the team will regularly screen collective investment funds for holdings using a proprietary screening tool to assess the scores of the underlying securities. Managers of these collective investment schemes are then contacted to discuss and comment on underlying holdings, and if satisfactory answers on holdings are not gathered this can trigger further action, either to add that holding to a watchlist or to consider divestment from the fund.

4.3.3 Sovereign debt

The Firm's portfolios can also invest in sovereign debt. However, generally Pacific views bond holder influence over sovereign borrowers as very limited and so applies an 'exclusion over engagement' approach to ESG. Here, the Firm uses ESG ratings-based exclusion and cross reference these with the Freedom House index and World Bank data, to form a custom ESGP score. Lower rated sovereign bonds tend to be a feature of Emerging Market country issuers, investment in which is not a core part of the Firm's fund range. The universe of bonds invested in strategies directly are classified as 'Free' under the Freedom House definition. When considering scoring for portfolios that can take long and short positions in government debt, Pacific will take into account the scores for a country on a contribution to risk basis, which we believe best reflects the combination of duration and gross exposure. In these more flexible vehicles, the universe is G10 countries, which on an ESGP scoring basis means these vehicles as a product of their universe tend to have better scores than common fixed income indices.

4.3.4 Service Providers

Pacific will, where possible consider the ESG characteristics of the firms we chose to partner with across the investment function. This can include prime brokers, custodians and administrators and proxy voting partners. In doing so, we will assess the ESG policies and approaches of these service providers, as well as their reputational risk.

4.4 Data sources

Pacific uses independent ESG data and research providers, third party research, recognised NGO sources, and public data from organisations such as the World Bank to support its fundamental analysis. Direct and collaborative engagement can also play a key role in providing information where there are data gaps. The Firm's proprietary ESG dashboard provides ESG data, trends and research to all active managers. Pacific recognises that there are limitations in the quality, comparability, and availability of ESG data and encourage improved disclosure through engagement with data providers, companies and support for regulation supporting improved disclosure on ESG issues. The Firm reviews its ESG data providers annually and review new data or research sources on an on-going basis.

4.5 Active stewardship and proxy voting

Stewardship and the principles of good governance are central to the Firm's approach to responsible investment. As investors, Pacific recognises its stewardship responsibilities and uses its influence to encourage companies to focus on long-term, sustainable value creation and to positively influence the outcomes for its clients, society and the environment. Pacific views engagement as key to fulfilling its duty to be a good steward for its clients' assets. The engagement process gives the Firm valuable insights that help improve its understanding of an organisation, business or country. Investment managers and analysts meet regularly with company management and, where appropriate, the non-executive directors.

The Firm's dominant strategy focuses on developing one-to-one dialogue with targeted investee companies and is conducted on an ongoing basis. The Firm's aim is for pragmatic, positive and productive dialogue around clear sustainability-related objectives. In the event of an unsuccessful engagement Pacific will consider escalating its vote or divestment.

The Pacific Corporate Governance and Voting framework details:

- How the Firm monitors the corporate governance performance of investee companies, engage in dialogue, and intervene where appropriate.
- How the Firm carries out proxy voting and exercise voting rights in the best interests of its clients.
- How the Firm decides on what ESG initiatives Pacific will support

Voting is a fundamental part of active asset management. The Firm's Proxy Voting Policy outlines the Firm's approach on key voting issues and its procedures. Pacific aims to vote all shares for which it has voting authority. The Firm retains the services of a proxy advisor (Institutional Shareholder Services (ISS)) to assist in implementing and administering proxy voting. ISS provides written analysis for each company resolution based on the Firm's policy. Pacific will vote with the independent research recommendations unless it chooses to override it based on its own analysis. The Firm additionally uses

ISS's Socially Responsible Investing (SRI) overlay solution for proxy voting guidance from a sustainable finance perspective.

The Firm makes voting decisions for all its funds publicly available on an annual basis on its website.

4.6 Exclusions

Pacific excludes companies involved in the manufacture of controversial weapons (anti-personnel mines, cluster munitions, biological and chemical weapons, incendiary (white phosphorous), laser-blinding and/or non-detectable fragments) as part of its norms-based screening. Furthermore, following the 2022 Russian invasion of Ukraine, a temporary country-based negative screen has been applied to all Russian companies. Finally, companies which breach the UN Global Compact principles will also be excluded from Pacific investments. Additional sustainability-related exclusions may be applied to individual funds or at the request of the Firm's clients as part of an investment mandate.

4.7 Training

Pacific holds internal training sessions on a regular basis that detail the approach outlined in this document to key sustainability issues. This can include contextualising portfolio decisions from individual teams, ensuring that internal stakeholders are up to date on internal tools to assess ESG issues and data and diversity and inclusion considerations.

These training and presentation sessions can cover climate change mitigation and adaption, human rights and other key social issues as well and systematic sustainability issues.

5. Industry standards, codes and guidelines

Pacific supports international standards, codes and guidelines relating to sustainability issues where it considers they represent a framework for good practice and/or are effective in improving sustainability standards and performance. These include:

- **UK Stewardship Code** – the UK Stewardship Code 2020, overseen by the Financial Reporting Council (FRC), sets high stewardship standards comprising 12 'apply and explain' principles covering four main areas - purpose and governance, investment approach, engagement and exercising rights and responsibilities. Pacific aims to comply with the expected reporting requirements, in order to become a signatory to the Code.

- **Principles for Responsible Investment (PRI)** – Pacific became signatories to the UNPRI in 2019 and is committed to reporting against the six principles:

  - **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** – Pacific supports these ten principles in the areas of human rights, labour rights, the environment and anti-corruption derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Any serious breaches of these principles will result in enhanced due diligence comprising a deeper review of the issues flagged including engagement with the company where appropriate. If breaches persist, the Firm could consider divesting in compliance with its negative screening policy.

6. Responsibility

The Policy is owned and approved by the Responsible Investment Committee.

7. Reporting to clients

The Firm will notify its clients of any changes on its Responsible Investment policy; this includes any significant changes in relation to its stewardship, governance, proxy voting, and ESG guidelines.

8. Annual Review

This Policy will be reviewed, updated and approved by the Responsible Investment Committee on at least an annual basis. Any material changes made to the Policy throughout the year will be approved by the Responsible Investment Committee.

Annex I

Pacific uses the following climate risk metrics and variables to assess its investment's:

- **Exposure to transition risk**: it is measured by retrieving relevant data for each company such as PAI Share of Non-Renewable Energy Exposure as well as company revenue exposures to coal, oil & gas, and clean energy (i.e. solar, wind & hydroelectricity). Every company is scored on each of these metrics and mapped to all relevant investments where a sustainability report is produced to analyse company and portfolio exposures to PAIs and revenue exposures.
- **Total carbon emissions**: total carbon emissions for over 50,000 companies are calculated using the sum of Scope 1, 2 & 3 carbon emissions using Morningstar datasets. Total carbon emissions are then mapped to all relevant investments where a sustainability report is produced to analyse company & portfolio total.
- **Weighted average carbon intensity:** carbon Intensity for over 50,000 companies is calculated by dividing their total carbon emissions by their revenue. Carbon Intensity scores are then mapped to all relevant investments where a sustainability report is produced to analyse company & portfolios. Portfolio weighted average carbon intensity score is calculated by multiplying portfolio weight by the carbon intensity score.
- **Implied Temperature Rise (ITR):** implied temperature rise is monitored by accessing existing datasets and their ITR analyses. We then calculate the portfolio weighted implied temperature rise to monitor if the portfolio is in line with limiting global warming to a 1.5°C rise.