



UK STEWARDSHIP

REPORT 2024

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CEO STATEMENT

Dear Stakeholders,

As we present Pacific Asset Management's 2024 Stewardship and Engagement Report, I am proud to reflect on our continued commitment to responsible investing and active ownership. In an ever-evolving financial landscape, our dedication to moving asset management forward remains unwavering.

At Pacific Asset Management, we believe that effective stewardship is not just about managing assets but about driving positive change. Our approach integrates environmental, social, and governance (ESG) factors into our investment decisions, recognizing that these elements are crucial for long-term value creation and risk mitigation.

Throughout 2024, we have engaged proactively with companies and fund managers, addressing key issues such as climate change, human rights, biodiversity, and corporate governance. Our engagements have been both individual and collaborative, amplifying our impact and contributing to broader industry initiatives. We continue to believe that truly effective stewardship should be Portfolio Manager led, to drive best outcomes for investors, but continue to have in place a strong governance framework ourselves to monitor these activities. 2024 was also a strong year for Pacific as an asset manager, with assets growing from £4.5bn to £10.4bn* over the year.

This report showcases our stewardship activities, including detailed case studies that illustrate our decision-making processes and the outcomes of our engagements. We have continued to exercise our voting rights responsibly, guided by our voting policies, which form a core part of our stewardship activities.

We remain committed to providing unique technology solutions for addressing sustainability choices. EnlightenESG was designed by PAM to help investors understand their sustainable investment choices. The tool aims to provide a systemic approach to understanding a client's perspective on ESG, and guidance on how to integrate this into the advice provided. In short, it 'personalises' the investment journey for a client, and helps advisers make more informed and compliant decisions in relation to the consumers they are serving.

As we look ahead, we remain committed to our philosophy of "Move Forward". We will continue to push the boundaries of technology, operational efficiency, and investment research to provide better solutions for our partners and clients. Our goal is not just to adapt to change, but to be at the forefront of it, creating a more innovative and progressive model of asset management.

I invite you to explore this report which describes in full the engagement efforts that PAM has undertaken over the year.

Matthew Lamb
Chief Executive Officer
Pacific Asset Management

*As at 31 Dec 2024

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PRINCIPLE 01

Purpose, Strategy and Culture

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01

PURPOSE, STRATEGY AND CULTURE

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

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Our Business

Pacific Asset Management (PAM) is a fresh and progressive asset manager, rethinking the conventions of how asset management works for advisers, institutions, investors, asset owners and the industry.

We are responsible for over £10.4 billion of assets for our clients¹. As a privately owned business, unencumbered by legacy, we can rethink the conventions of asset management and move forward, making it better for all. With a fresh start, we've been able to create a more innovative and progressive model, moving the asset management approach of today into one more relevant for the needs of tomorrow. At PAM, we serve a wide range of clients, from institutional pension funds, insurers and consultants to wholesale and retail investors. It is this breadth of clients as well as geographic diversity that we believe helps inform our sustainable viewpoint. With the market for sustainability rapidly evolving and shifting, as well as changes in regulatory frameworks, it is our belief that our sustainable philosophy is well positioned to address the needs of our wide-ranging client base. As a boutique asset manager, we can move quickly to adapt to these changes and to identify and benefit from market events, but we retain an institutional mindset and economies of scale at our size.

Business Strategy

Over the coming 5-year period, we expect PAM to continue to grow and service its clients across the range of products we offer. We continue to be committed to servicing our multi-asset clients, with technology enabled client solutions at the forefront of what we do. This includes

¹ As at 31 January 2025

offering EnlightenESG, and our product portal (AdviserLabs) – that enables transparent analysis and performance tools to help inform UK and global advisers.

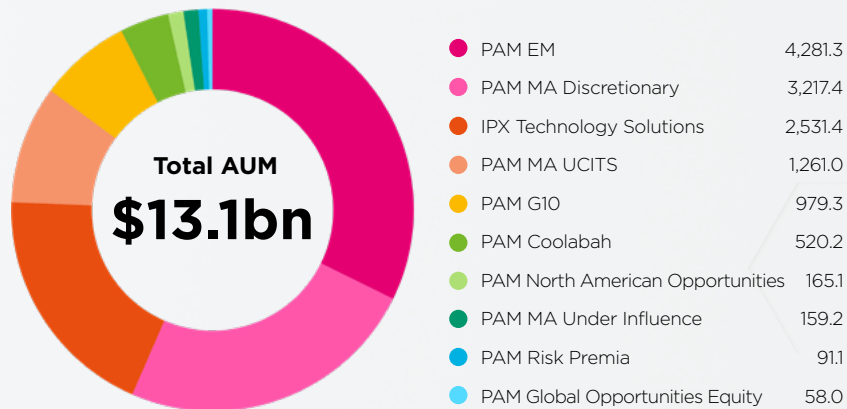
For single-manager solutions, long term our aim is to continue to offer differentiated, high alpha products, where we would opportunistically expand our product set to meet client demand. We believe that at our current size and with the technology base and product suite we have developed we are well placed to scale. This also includes scaling our stewardship and engagement activities as our business grows.

Investment Capabilities

At PAM, we run a range of strategies. Our business spans two main units in terms of managing assets:

- > **Multi-Asset solutions:** Technology enabled multi-asset solutions that cover core, income, passive and sustainable solutions for both UK and global advisers.
 - Alternative risk premia: Systematic non-directional factor investing: Isolating diversifying Risk Premia.
- > **Single manager solutions:** Our single manager business offers strategies where investment skill and experience have proven to outperform, by focusing on markets that are less efficient. These strategies cover: Emerging Market Equity, Global Opportunities Equity, North American Equity, G10 Macro Rates and Global Active Credit.

The breakdown of our assets is shown below (USD, millions)*:



As at 28 Feb 2025*

Our analysis of investments includes many factors, from traditional market based, to longer-term thematic impacts such as climate, diversity, social impact and many others. This analysis includes stewardship and engagement, which we believe is a pivotal part of all investment strategies. As such, stewardship is embedded within each of the investment teams, with no one individual responsible for all stewardship strategy, but rather we foster a culture of stewardship.

PAM is proud to be a signatory to the UN Principles for Responsible Investment (UN PRI). As a firm, this requires an understanding and integration of Sustainable investing concepts, education and identifying how our decisions impact the real world. As a result of becoming signatories, we commit to the following:

- > We incorporate ESG issues into investment analysis and decision-making processes.
- > We are active owners and incorporate ESG issues into our ownership policies and practices.
- > We seek appropriate disclosure on ESG issues by the entities in which we invest.
- > We promote acceptance and implementation of the Principles within the investment industry.
- > We work together with other signatories to enhance our effectiveness in implementing the Principles.
- > We report on our activities and progress towards implementing the Principles.

Sustainable Philosophy in Investment

We believe that in order to better safeguard the long-term interests of our clients we need to be a responsible investor and sustainability for us is a firm wide commitment. We strive to advance sustainable practices and remain committed to continuous improvement.

We believe that through diversity of thought, diversity of client base, and fostering an open and intellectually honest business environment will help make better investment decisions over the long term. We have built teams at PAM with years of experience, who believe that by synthesising a broad range of inputs, can make strong long-term investments. Through this research, we have identified that strong business often have characteristics that we seek: diversity of thought and background, a culture of leadership alignment and a willingness to listen to stakeholders. This leads to product innovation, efficiencies and industry leadership. We seek this across our investee companies and our own.

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Portfolio managers and investment analysts have primary responsibility for stewardship – given their deep knowledge of both the financial and sustainable aspects of a company. We believe that this produces better outcomes for stewardship activity as opposed to fully centralised stewardship activities.

Sustainability Culture at PAM

At PAM, we believe culture is critical to building long-term success. As a privately owned business, with employee buy-in, we believe in aligning our business practises and people.

Technology plays a key part in everything that we do at PAM, including sustainability. We have primarily developed tools to engage with the advisor community and to help portfolio managers make decisions when faced with sustainability decisions, as well as informing our clients about how we think about sustainability issues. Two examples of tools we have developed include:

- > EnlightenESG: A sustainability risk profiler, developed internally by PAM to better understand clients approaches and understanding of sustainability issues
- > ESGdb: An internal database of ESG scores, that tracks 50,000 stocks and 100 funds, designed to help inform portfolio managers about their investments.

EnlightenESG

Outside of investment, PAM has supported several endeavours to attempt to improve the discourse around sustainable decision making for investors.

The overarching aim for the EnlightenESG profiler is to create a communication device. A way of structuring questions and responses to create an understanding of the priority of a respondents' approach to sustainability.

But more particularly, this enables the advisor to articulate how their clients' sustainability preferences are incorporated into their investment recommendations and the approaches of the selected investment

managers selected. This creates transparency in the basis for the decision, transparency on the product implications, and thus the ability to be transparent on the ESG produce features.



Sustainability meets Suitability

> Open, accessible & standardised suitability profiler

We identified a need for an open, accessible, and standardised suitability profiler that ensures a positive solution for all. The EnlightenESG tool helps to personalise the investment journey. We do not believe that the investment community always has in its heart a will to do what is right for each client, as opposed to sell its wares.


> Not a product push

This is important, as instead of pushing product on people that simply want to invest for a better future, we try to understand exactly how each individual thinks about sustainability.

> A unique profile for everyone

Using a series of questions, the EnlightenESG profiler maps a unique profile to each user in our tool. The tool can highlight how an end user expresses their sustainability goals, whether they are interested in a particular area of sustainability, or the potential risks associated with their decision making. This structure helps financial advisers map them to a product that is sustainable and suitable. This is fundamental, as it means that unexpected outcomes are less likely.

Each question is normalised versus the peer group average, which means that a response is contextualised by all of those that have taken EnlightenESG before. But ultimately, it is the conversation and transparency in the proposed solution, which will determine the right client outcome rather than the rubric's "advisor guidance".

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> Pacific Asset Management's Open Commitment to Sustainability

EnlightenESG is our open commitment to ensuring that sustainability meets suitability. It protects advisers and clients by helping them to make better choices, through intelligent profiling of appetites and attitudes to sustainability. In the process, it also supports the continued adoption of positive investing.

Building Teams at PAM

At PAM, fostering an inclusive and diverse workplace is critical to our success. Our aim is to employ the best people from the widest pool of applicants, to create an environment where people of not only different ethnicities, genders, ages, religions, disabilities and sexual orientations can succeed, but different educations, personalities, skillsets, experiences and knowledge can too.

We firmly believe that giving each of our employees a voice and embracing different perspectives will only help to improve client outcomes.

We are supporters of GAIN (Girls are Investors Network), and utilise the programme to run internships at PAM. GAIN is designed to inspire and empower the next generation of female and non-binary investment professionals by providing a platform for learning, career development and networking.

Outcomes

2024 was a strong year in terms of business growth, but also in terms of developing and improving our stewardship and engagement processes. Two major developments in this space, which we mention as case studies throughout this document, are ESGdb - our repository of proprietary and external ESG scores - and ESG Stream - our platform for recording stewardship and engagement activities. In both cases, these tools are designed to assist investment teams in their discussions with companies and funds. By offering a suite of scores for a company or fund, we hope to contextualise a discussion for the investment team and help to quickly identify gaps in a company's sustainability processes. By offering a platform for then logging these interactions, we deepen knowledge sharing across the business, both to other investment team members and to broader PAM employees.

Throughout this report, we provide outcomes as to how we bring together our purpose, strategy and culture to help inform our stewardship and engagement decision making. The rest of the report is broken down into the remaining 11 principles of the UK Stewardship Code. Throughout, we seek to summarise how the overarching stewardship process delivers actionable outcomes through case studies and the outcome of our activities over the year.



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Governance, Resource and Incentives

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GOVERNANCE, RESOURCE AND INCENTIVES

Signatories' governance, resources and incentives support stewardship

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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 Pacific Capital Partners (PCP) Board of Directors on a quarterly basis. The Committee meets quarterly to monitor and review responsible investment & stewardship activities, providing oversight on sustainability-related risk within the portfolios. The RIC includes members from the investment, compliance and sales teams. The role of the RIC is to:

- > Review the Firm's responsible investment policy framework – including its Responsible Investment Policy, Proxy Voting Policy and Engagement Policy.
- > Support 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.

All stewardship activities are recorded, and we have recently commissioned a third-party software tool, ESG Stream to aid with this. This application provides a centralised place for reporting on stewardship activities, and for monitoring and oversight. We believe that incorporating a transparent platform for reporting stewardship activities will help improve the structures that underpin effective stewardship.

The RIC meets quarterly to monitor and review responsible investment and stewardship activities. The RIC provides oversight on sustainability-related risk within the portfolios.

Because management teams expect us to hold their company's shares for a long time, they are generally willing and often proactive about engaging with us. Subsequently, as we continue to build these relationships over several years, companies are more prepared to listen to our views and execute a shared vision that benefits both the investee companies and our clients. Our governance process has and continues to be developed over time. Policies and strategies are formally reviewed annually but we remain cognizant of any changes that occur in the industry.

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Portfolio managers are able to share their experiences, outcomes and best practice through the Responsible Investment Committee meetings and we endeavour to create an environment of open and continuous learning. We continue to leverage technology in all fields across the Firm and recognise the impact that it can have in the stewardship space.

The RIC forms part of a broader set of committees, designed to provide full governance and risk oversight. These are introduced through the diagram and explanations of their functions below:



> Board of Directors

The Board is committed to the highest standards of corporate governance and maintaining a sound framework for the control and management of the business. The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group’s business, and its strategy and development. The Board comprises both executive and non-executive directors and is chaired by an independent non-executive chair.

> Risk & Compliance Committee

The Risk & Compliance Committee is responsible for identifying, assessing, evaluating, monitoring and reporting on compliance and risk related issues faced by the Group. For the most part this involves strong regulatory intelligence and forward-looking risk management. Processes include assessing the impact to the Group of specific

issues, determining their expected likelihood and consequences, and developing and implementing management strategies. In a coordinated and collaborative approach, the Risk & Compliance Committee also monitors and provides assurance as to the adequacy and effectiveness of the Group’s internal controls through ongoing compliance monitoring.

The Group has compliance policies and procedures in place and all employees receive ongoing training to instill a risk and compliance awareness and client orientated culture.

> Executive Committees and Senior Management

The Executive Committees are responsible for setting and monitoring the Group’s risk profile and are responsible for the operation of the business units in accordance with the Risk Appetite Statement. The divisions and each business unit are the first line of defence against unexpected outcomes and are responsible for establishing sound operational processes and control procedures.

People

At PAM, we have a fully integrated approach to sustainability. Our team has decades of experience in managing, designing and overseeing investment solutions. Integral members to stewardship and governance oversight include:

CEO: Matthew was appointed Chief Executive Officer in October 2016. He is ultimately responsible for the implementation of stewardship activities at PAM. Prior to joining Pacific, Matthew was Managing Director and Global Head of Liquid Alternative Investment Sales at Deutsche Asset Management. From 2003-2015, Matthew worked at GAM where he was the UK and Middle East Head of Institutional and Funds distribution and Global Head of retail multi-asset sales.

CIO: Will is the Chief Investment Officer and Portfolio Manager of Pacific’s range of multi-asset funds. Prior to joining Pacific, he worked at HSBC Asset management for 17 years, most recently as Portfolio Manager of a \$5bn range of multi-asset funds. He was also the Chairman of their Tactical Asset Allocation Committee, responsible for the tactical positioning of HSBC’s \$30bn wealth business.

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Chief Sustainability Officer: Will Thompson is the CSO and Portfolio Manager for PAM's Sustainable Multi-Asset Solutions and part of the Multi-Asset Investment team. He is the lead coordinator of sustainability and stewardship activities across all investment teams. Prior to joining PAM in 2020, Will was a Senior Portfolio Manager in the UK Multi-Asset team within HSBC AMG. Will was responsible for running the World Selection, Global Strategy and Multi-Asset Sustainable fund ranges with total AUM of \$14bn. Will holds a BA (Hons) in Politics, Philosophy and Economics from Durham University and is a CFA Charterholder.

Chief Compliance Officer: Amrusta is the Chief Compliance Officer at Pacific. Her responsibilities include the management of the firm's regulatory framework and ensuring ongoing compliance with all laws and regulations, including those related to sustainability and stewardship. Prior to joining in 2015, she was Chief Compliance Officer at Halkin Asset Management Limited. Before that, she spent 13 years at Coronation International Limited as Compliance Manager with the overall responsibility for the group's UK regulatory framework.

Senior Investment Analyst: Laura is a Senior Investment Analyst and joined Pacific in 2020 when Parallel Investment Management became part of the PAM Group. Laura provides fund selection analysis, performance attribution, and asset allocation for Pacific's multi-asset solutions range. This includes assessing and monitoring stewardship activities carried out by external managers on PAM's behalf. Prior to joining Parallel in 2013 Laura worked as part of the client services administration team with investment trading platform provider, Novia Financial plc.

Investment Analyst: Lucian is an Investment Analyst specialising in ESG analytics and research. Lucian was previously Research Manager at Valuation Investors (a Global ESG Equity Fund Manager); responsible for portfolio construction, company valuations & portfolio analysis. His responsibilities include the design of ESGdb, PAMs proprietary ESG database. Prior to that he worked at Close Brothers AM as a Financial Analyst on the Socially Responsible Investment team.

DEI Committee

As of 2024, PAM has also implemented a DEI committee, that is chaired by the Chief Compliance Officer and has membership from teams across Sales, Investment, HR, Marketing, Operations and Finance.

The purpose of the DEI Committee is to:

- (i) drive and monitor initiatives related to diversity, equity and inclusion within the organisation;
- (ii) foster a culture that values and respects individual differences, ensures equal opportunities for all and promotes an inclusive work environment;
- (iii) to provide support, advice, assurance and governance to demonstrate that the firm is committed to diversity, equity and inclusion.
- (iv) to ensure all senior managers and staff receive the resources, training and support necessary to implement PAM's DEI Policy.

There have been a number of important initiatives that have resulted from the DEI committee, including PAM's support of GAIN (Girls are Investors Network). GAIN is a charity that helps inspire young women to get into the industry through inspirational talks, career support and opportunities. The charity is set up by investment professionals to improve gender diversity in investment management by building a talent pipeline of entry-level female and non-binary candidates – which PAM has been supporting via the internship programme.

ESG STREAM

In 2024, PAM decided to partner with a technology start-up, ESG Stream, to incorporate their stewardship and engagement tracking platform into the PAM stewardship process.

Through the process, collaboration with ESG Stream has customised the platform, to shape it towards the stewardship and engagement activities the business undertakes. This includes teams across single stocks utilising the platform for logging their discussions with companies, as well as the multi-asset team in terms of their discussions with fund management houses.

Developments have included:

- Created a ratings warehouse which stores the ESG rationale of each company. Ratings have begun to be populated by the team.
- Created ability to link ratings to notes/ security analysis.
- Questionnaires developed to be sent to IR teams and stored on the ESG Stream.
- Advanced Filter - Allow more advanced filtering and retrieval of data for reporting.
- Added SASB assessment to the stock summary page.
- Developed out 'case study' functionality, to create a story of a team's impact
- RFP Questions uploaded as a library - use this to generate AI answers based on previous answers, as well as allocate RFP questions to PM's .
- Add tags to specific questions e.g. ESG/RI and Strategy-level

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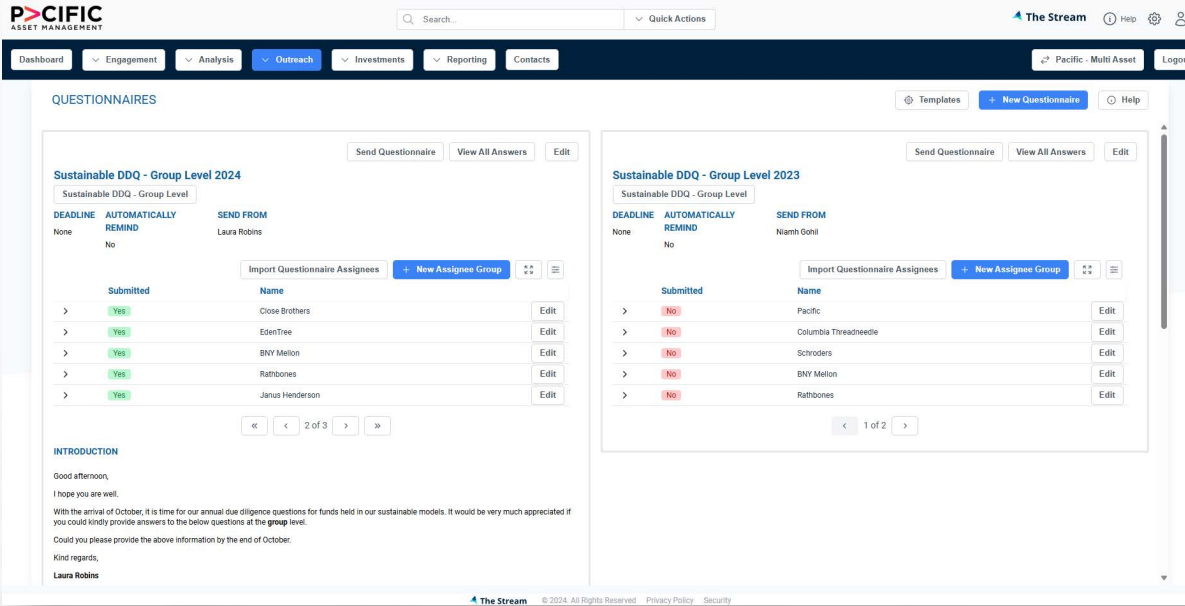
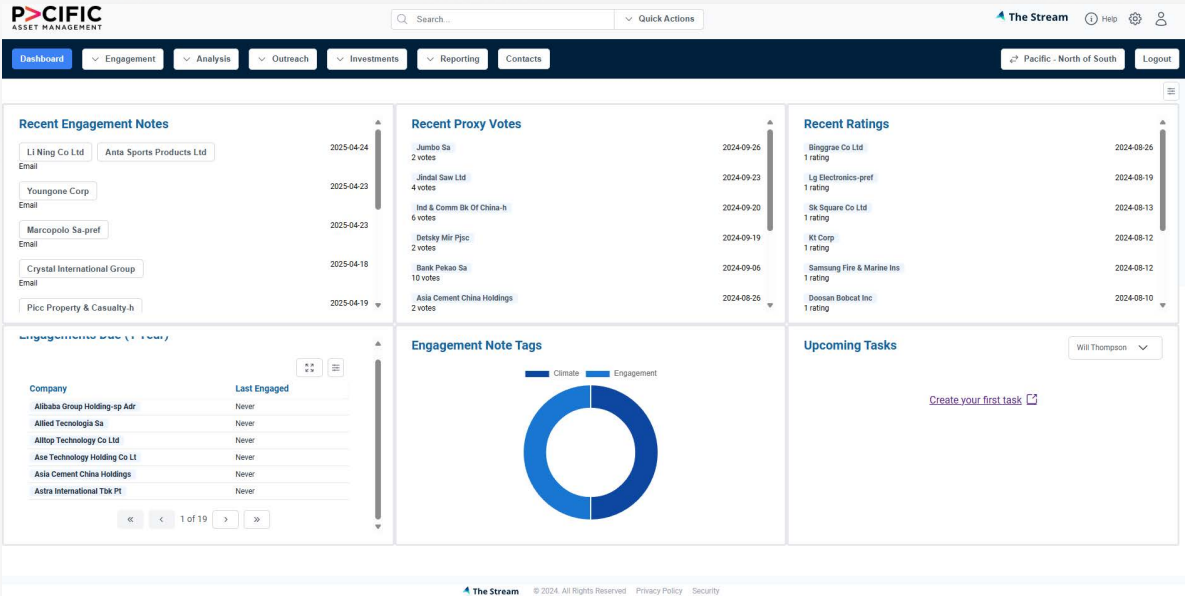
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Source: ESG Stream, April 2025

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ESGdb

Pacific has recently formalised its ESG scoring methodology into a database covering 50,000 companies (and 100+ funds/ETFs). The core of this scoring methodology is utilising and adapting TruValue Labs (a FactSet company) data, which then through internal processes is aggregated into metrics across SASB, UN SDG's and ESG scores, as well as other metrics.

Further, we also utilise Factset data to capture revenue information on companies across 2,000 sub-industries. This allows us to understand company revenue alignment to both positive and negative themes. These can include, for example, fossil fuel exposure, clean energy revenue exposure, clean water exposure or others.

Finally, we take holdings information for a variety of funds/ETFs and internal vehicles. This allows us to analyse information at a fund level. This greatly helps the multi-asset team to identify sustainable investment vehicles, and to engage with other fund houses on their holdings utilising our own scoring methodology.

The advantage of using TruValue data is that it uses natural language processing and is not reliant on company disclosures around ESG issues, which can be backwards looking and subject to company influence. This means data points are more reactive to change on ESG issues. ESGdb also allows us to create reports for PM teams on the ESG characteristics of their portfolios and individual investments, (used to identify potential engagement topics).

Effectiveness

Going forward, we believe that both ESGdb and ESG Stream give us the tools to deepen our engagement processes. We would like to further develop the ESG Stream platform, so that it can output more frequently detailed engagement notes, and work in a cross-team engagement setting. For ESGdb, we will continue to increase the coverage, of both companies and of ESG metrics, in further developing the front end – and potentially integrating this data into the ESG Stream platform, this will then give us a holistic ESG platform covering all stewardship and engagement activities.

In terms of resourcing, we believe adding staff that continue to drive forward our oversight of stewardship and engagement will help deepen the sustainability culture at PAM. For that reason, in early-2025 we also began the process of adding extra resource, due to join in May 2025 to lead engagement coordination.

One area that the business has identified a gap is in remuneration with a reference to stewardship and engagement. At present, remuneration is linked to performance of the overall business and investment decision making, which can include stewardship and engagement efforts – however it is not explicit. This is a policy we are reviewing.

Case Study 02

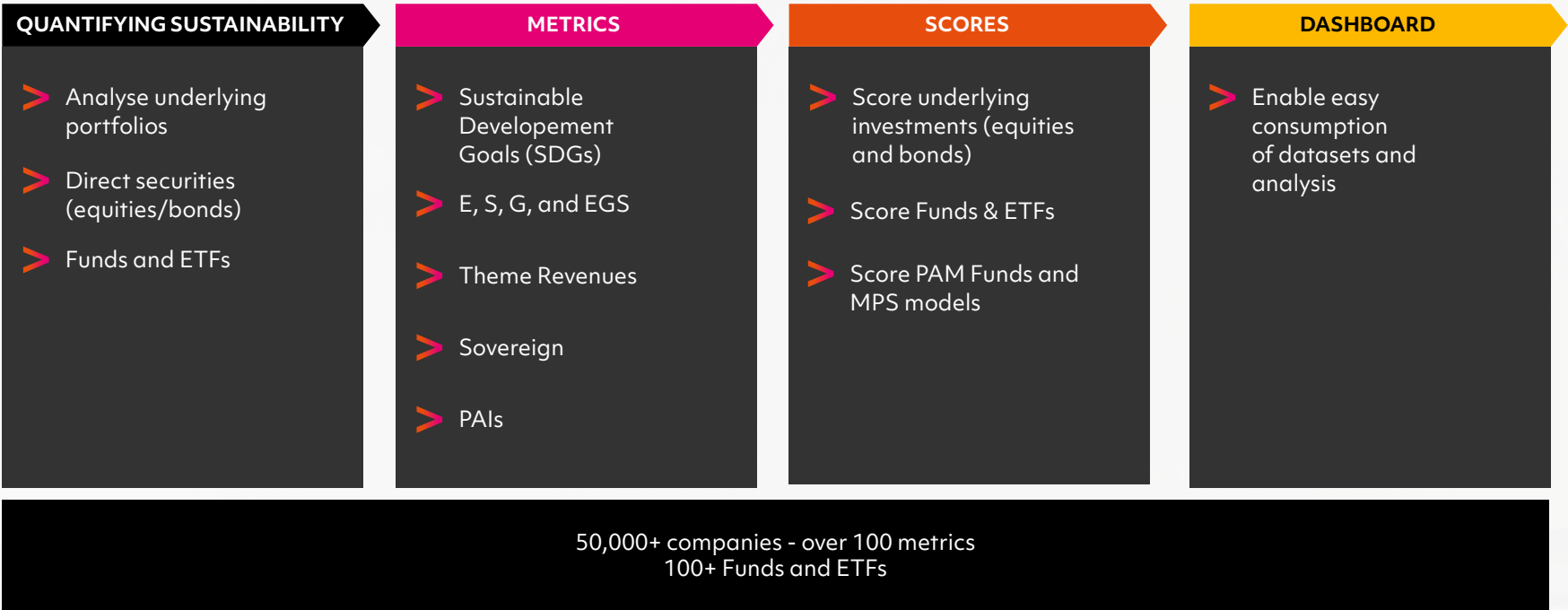
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PAM ESG Scoring

Building our own ESG database

Lookthrough analysis on stocks, bonds and funds

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Source: Pacific Asset Management 2025



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Conflicts of Interest


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03

CONFLICTS OF INTEREST

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Conflicts of Interest Policy

PAM has a dedicated conflict of interest policy. It is our view that PCP provides investment management services which are targeted primarily at professional investors and advisors. These services could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients.

All individuals should avoid all Conflicts of Interest as much as possible. Where avoidance is not possible, such conflict or imminent conflict must be reported to the Compliance Officer, who will both devise a mitigation procedure appropriate to the situation and will ensure that both the conflict and the mitigation procedure are recorded in the Conflicts of Interest Register. Individuals are also encouraged to make use of the anonymous whistle-blowing facility provided to all employees.

When it is not possible to prevent a conflict arising, PAM will try to limit the impacts of conflicts and interests, and to put the interest of clients and beneficiaries first via:

Disclosure to the Client - clearly disclose the general nature and source of the conflict of interest to the Client before undertaking business for the client. The disclosure will be made in writing and include sufficient detail to enable the Client to take an informed decision about the service in the context of which the conflict of interest has arisen. A disclosure will only be made as a matter of last resort and is not considered to be a mitigant. All the controls detailed in this policy will continue to be applied in respect of that conflict, even where a disclosure is made.

Information Barrier - information held by one part of the business to be withheld from, or not used by, persons in another part of the business. The use of an information barrier will be established and enforced by the Compliance Department.

Declining to provide a service – where it is not possible to avoid a conflict of interest, PCP may have no choice but to decline to provide the service requested.

The conflicts of interest policy broadly covers:

Minor non-monetary benefits

- Where a minor non-monetary benefit incurs, it should be clearly disclosed, reasonable, proportionate and unlikely to influence firm behaviour.

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Gifts and Hospitality

- > The firm has in place policies and procedures to ensure that all members of staff do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial.

Personal Account Dealing

- > The Firm's Personal Account Dealing Policy (as set out in the Code of Ethics) has been implemented in relation to personal account dealing and outside business interests to ensure that any conflicts of interest which may arise between a staff member's personal interests and the need to make impartial decisions are appropriately managed.
- > A log of personal account dealing in affected securities, engaged in across the Firm is maintained by the Firm's Compliance Department. The log also captures evidence of all necessary approvals and contract notes.

Client orders and allocation of trades

- > The Firm's Order Execution Policy is enforced to ensure fairness among the portfolios the Firm manages and to provide market prices from the most appropriate, approved counterparty available.
- > Unless Client specific circumstances dictate otherwise, for example when clients instruct us to use a particular brokerage, the investment teams normally implement transactions in individual stocks for all Clients with similar mandates at the same time. The allocation of executed trades is also done in accordance with procedures designed to ensure fair treatment. When orders are completed, trades are pro-rated among participating Clients unless there is a significant reason not to do so.

Insider dealing

- > The Firm has implemented an Insider Dealing Policy to explain insider dealing and articulate how the Firm identifies and manages inside information and mitigates the risk of insider dealing.

Remuneration

- > The Firm's Remuneration Policy has been implemented to ensure that members of staff are remunerated appropriately and in a manner that promotes effective risk management, fair treatment of clients and mitigates conflicts of interests. The Firm's remuneration arrangements are reviewed annually to ensure that they do not give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff.

Information Barriers

- > Information barriers and other measures may be put in place to enable the Firm and Relevant Persons to carry out business on behalf of Clients without being influenced by other information held within the Firm that may give rise to a potential conflict of interest. PCP also maintains, and periodically updates, its Restricted List of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

Potential Conflicts

Within the multi-asset sustainability models and funds business, there is the possibility of conflicts of interest arising from the stewardship expectations of the team and those of appointed managers. In order to address this possible conflict of interest however, due diligence is completed at length prior to an investment being made in an underlying fund vehicle. This due diligence covers the fund managers approach to a wide variety of stewardship and engagement issues, as well as broader approaches to sustainability issues. As such, by ensuring that the philosophy of the manager is aligned with that of PAM, this seeks to minimise the potential for conflicts of interest.

Outcome

During 2023-2024, Pacific confirms there were no examples of actual or perceived conflicts of interests relating to Pacific's stewardship or engagement activities or as part of its responsible investment process.



PRINCIPLE 04

Promoting Well-Functioning Markets

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04

PROMOTING WELL-FUNCTIONING MARKETS

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

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Identifying Market Risks

PAM has several forums that seek to identify market wide and systemic risks within the financial system. These include:

> **PAM Risk & Compliance Committee:** The Risk & Compliance Committee is responsible for identifying, assessing, evaluating, monitoring and reporting on compliance and risk related issues faced by the Group. For the most part this involves strong regulatory intelligence and forward-looking risk management. Processes include assessing the impact to the Group of specific issues, determining their expected likelihood and consequences, and developing and implementing management strategies. In a coordinated and collaborative approach, the Risk & Compliance Committee also monitors and provides assurance as to the adequacy and effectiveness of the Group's internal controls through ongoing compliance monitoring.

The Group has compliance policies and procedures in place and all employees receive ongoing training to instill a risk and compliance awareness and client orientated culture.

> **PAM Investment Management Committee:** The Investment Committee is responsible for assisting the Board in its oversight of investment risk, to provide advice and make recommendations to the Board on investment strategy, performance and governance. In particular the Investment Committee monitors investment risk within the Group to ensure the Group's aggregated investment positions are appropriate and to ensure that financial products offered by the Group confirm with their stated objectives and their available capacity.

> **PAM Valuation Committee:** The Valuation Committee provides support to the UCITS Board in the implementation of the Funds' Valuation Policy, ensuring sound, transparent and appropriately documented valuation processes, specifically in respect of illiquid or unlisted and OTC derivatives.

> **PAM Best-Execution Committee:** The Best Execution Committee is responsible for ensuring an effective framework is in place to manage the Group's regulatory obligations in all aspects of best execution.

As well as these forums, PAM investment teams meet weekly and present to the broad business weekly, with the focus often being on systemic risks within the asset classes that each of the teams covers, or markets more broadly.

Materiality as a Tool to Identify Market Risks

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 ESGdb 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

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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.

Sustainability and Market Functioning


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. As a signatory to the UN PRI, as mentioned in Principle 1, we seek to promote acceptance of the PRI principles across the investment community. 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.



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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.

Further examples of this include regular client meetings to discuss regulatory changes within sustainable space (e.g., SFDR, SDR), educational presentations on the latest developments in internal sustainability research, and presentations on how we approach scoring, data and sustainability technology for asset classes. 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.

A recent example of promoting ESG issues in the wider market would be the free partnership we undertook with the FT Adviser online news website. We pursued this to enable the independent financial adviser community to take the EnlightenESG profiler for free, seeking to further educate on client needs around sustainability preferences.

Regulatory Change

The Senior Management Committee regularly considers the potential impact of regulatory changes, as well as in the forums discussed above. The Compliance & Risk team is tasked with ensuring adherence to national and international laws, regulations, and internal policies. This involves continuously monitoring for legal and regulatory developments, assessing their relevance to the Firm, updating policies as needed, and overseeing implementation and compliance.

In assessing the regulatory impact on our investments, we remain guided by our core philosophy: maintaining a long-term perspective and closely analysing the individual securities in which our clients’ capital is placed. We actively monitor evolving regulations and how they are being interpreted to ensure our investment strategies remain aligned. This is exemplified by the case study on close-end funds provided below.

UK CLOSED END FUNDS

	Theme	Description
Activity	Promotion of well-functioning markets	<ul style="list-style-type: none">• The multi-asset team are investors in the closed end fund universe, which contains over 400 listed vehicles that trade on the UK stock market.• Closed-end funds had previously been caught up in cost disclosure rules by the FCA, whereby despite being listed as equities, they had to disclose both the costs at the vehicle level but also at the holding level, leading to costs that appeared materially higher than open-end fund competitors. This was, in our view, double counting the costs to investors of the vehicles.• The disclosure was one of the drivers that led to persistent discounts on closed end funds after the sell-off in 2022.• The team signed a letter to the FCA that argued that double counting of closed end fund costs was exacerbating the discounts to net asset value that these funds were trading at, leading to worse outcomes for investors.
Outcome		<ul style="list-style-type: none">• After both members of the House of Lords and the investment community raised this issue, in September 2024 the FCA announced a temporary exemption of cost disclosure for closed-end funds, and announced a review of legislation to amend the PRIIPs regulations.

Case Study 03

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Effectiveness

We believe that our strong risk management framework has been successful at identifying, analysing and monitoring systemic risks throughout 2024.

Over the course of the past year, there have been several risks raised at PAM. These include concentration within equity markets, with US stocks, particularly the magnificent 7 dominating market capitalisation-based indices. It was noted that our active approach within US equities helps to mitigate this, as well as the other strategies that the multi-asset team has exposure to (such as factor or active strategies).

Another key risk to sustainability that was raised over the course of the year was the outcome of the US election and changes in the policy mix towards sustainability. We sent a client communication around this issue, highlighting that many of the key sustainability milestones that were being hit around areas such as decarbonisation were doing so because of cost reductions in several key industry areas (and not through explicit policy support).

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Review and Assurance

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05

REVIEW AND ASSURANCE

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Policy Documentation

Our Responsible Investment Committee (RIC) is chaired by our CSO and includes members from the investment, sales, operations and compliance teams in the Firm. The Committee meet quarterly to monitor and provide oversight on stewardship and engagement activities. The meetings also act as a sounding board for best practice discussions where outcomes can be shared and discussed.

Our policy documentation is 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.

More information can be found in our documentation:
www.pacificam.co.uk/documents

Our conflict-of-interest policy is owned by our compliance team, and is reviewed annually to ensure it represents best practise.

Voting Records

Voting records are published on our website and a record of all stewardship and engagement activities is available.

PAM has processes in place to ensure that proxy votes are submitted, and that they align with the ISS SRI methodology. More information on our voting outcomes can be found in Principle 2.

Stewardship Records

Utilising ESG Stream, the team at PAM can export each fund's stewardship activities, goals set during engagements, objectives and outcomes. This can then be reviewed in the Responsible Investment Committee.

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Fairness & Review

We believe that our policy documentation represents a fair, balanced and understandable reflection of our sustainability processes. Our policy documentation is reviewed annually by not only sustainability staff at PAM, but also by the compliance team, who ensure that it reflects market best practices. As an investment house that also undertakes a lot of third-party asset manager operational due diligence, we also have the opportunity to compare our documentation and sustainability practices with other businesses. We also provide our policy documentation to all clients for feedback on request, which we think helps to provide a feedback loop for improvements.

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One of the key areas of improvement over the course of the year was the deployment of ESG Stream within PAM. This was designed to better link the policy documentation to real world tracking of stewardship activities.

We also improved internal communication between the compliance function and sustainability function in a fast-changing regulatory environment by hosting regular meetings. To ensure best practice as sustainability regulatory regimes developed, we also utilised external legal expertise. These interactions led us to think about how we provide ESG data for SFDR via our ESGdb tool developed internally. We ensured that the tool could track the EU taxonomy, sustainable investments, and Principal Adverse Indicator (PAI) data. These datapoints can then be shared with specific investment team members via a front-end dashboard.

Improvement


In terms of disclosures, as outlined in Principle 1, we previously used to keep a manual log of stewardship and engagement activities to ensure alignment with our policy documentation. Having incorporated ESGStream over 2024, it enables a more real time approach to alignment to our commitments, as well as facilitating coordination and synergies amongst investment teams.

Further, as outlined in Principle 12, by continuing to align our voting with diversity and inclusion metrics, we have retained our belief that voting should be undertaken that aligns with PAM's philosophy on sustainability.



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Client and Beneficiary Needs

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CLIENT AND BENEFICIARY NEEDS

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

At PAM we service a wide range of clients, and we seek to engage with them consistently on our stewardship activities. Our client base is split roughly 50:50 between what we would consider retail (global and UK advisers), and institutional (insurers, asset managers, endowments, pension funds and consultants). This is split down our two major business lines as described in Principle 1. One area for development for us is to include a more detailed, tagged approach to delineating our clients by their geographic location and client type.

Multi-Asset

For our multi-asset clients, we update clients regularly on stewardship and engagement activities via regular summaries. Our client base is typically made-up of a number of large, strategic relationships with advice networks. Our stewardship communication takes the form of thought pieces, describing our latest discussions with fund managers on thematic stewardship and engagement. An example of this is shown on the right.

Institutional Clients

Institutional client reporting can take the form of provision of specific data regarding a fund (i.e., carbon intensity, board diversity metrics, voting records). This can be done with a client specific request or with an automated output from ESGdb – our sustainability database. At our client's request, we are able to provide a Responsible Investment Report on our ESG activities, reporting on the total number of engagements and the companies engaged with broken down by region, type and sector. We also highlight engagement case studies after these have been completed, as it is our view that ongoing engagement is most effective on a confidential basis.

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We host a number of client events per year across both multi-asset and institutional mandates and attend multiple conferences. Where appropriate, we utilise these forums to update clients on our engagement and stewardship activities, particularly for products that are sustainably oriented.

We actively seek feedback from all of our client segments on how best to disseminate the sustainable activities undertaken by PAM.

Time Horizon

We view a typical client investment time horizon as circa 3-5 years. In our multi-asset products and services, very often client cash flow planning is designed to help retail investors achieve their goals for retirement or drawdown, which can be some years into the future.

Within the equities business, very often the investment horizon is similar in length to a client's investment time horizon, as our belief is that realisation of superior equity characteristics are rewarded in markets over longer time periods. This enables constructive conversations to be had with company management, as they recognise us as patient investors. This also serves to deepen expertise from investment professionals from PAM, who often have knowledge of a business formed over years of interaction and research. This is, in our view why our investment approach is suited to stewardship and engagement activities at its core.

Customisation

Some clients, particularly in the institutional space, will ask for separately managed accounts that meet specific sustainability needs in terms of screening or other goals. We are able to support these requests using our trading and portfolio management technology, and can also help clients to understand the performance impact on a historic basis of their decision to include or exclude certain sectors (for example in our fundamental equity business). We can also customise the stewardship or voting approach in these separately managed account structures.

Client Feedback

PAM maintains an ongoing dialogue with clients to gain a deep understanding of their investment goals, including their priorities and expectations around stewardship, particularly in areas like voting and engagement. We also gather client feedback through participation in industry events, that we host, these can include lunch and learn type events, client specific sustainability presentations or industry outreach with other asset managers. In addition, we are continually working to improve our client reporting capabilities, with a focus on streamlining and systematising our data delivery.

Client Alignment

Over the course of 2024, there were no examples where client assets were not managed in alignment with a client's stewardship and investment policies.



PRINCIPLE 07

Stewardship, Investment and ESG Integration

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07

STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

Signatories systematically integrate stewardship and investment, including material environments, social and governance issues and climate change, to fulfil their responsibilities

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The Firm specialises in active investing, and therefore the specific approach to ESG integration used by each investment strategy will depend on their investment objectives, philosophy, asset class and investment timeframe. This allows for a holistic, targeted approach to investment as portfolio managers are able to consider all aspects of the

company or fund. The CSO works with the portfolio managers to support and improve the integration approach within the investment strategies.

The information below should be read and considered alongside our Responsible Investment Policy.


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Team	ESG Approach	Stewardship Approach
Longevity and Social Change*	<ul style="list-style-type: none"> Negative screening. Thematic revenue alignment - investing in companies believed to contribute to a more sustainable global economy. Integral part of investing process. Monitor GHG emissions, energy intensity, water intensity as well as circular economy indicators where available. 	Takes place based on developments the team identifies and monitors during regular update meetings. Time is set aside for any material ESG issues. May also engage post AGM, where the team take the opportunity to ask further questions.
North of South	<ul style="list-style-type: none"> ESG analysis is built into the Equity Risk Premium models devised by the team. Effectively penalises potential investment targets at company or sector level who score poorly. The team provide carbon intensity data as standard for investors as well as monthly reporting which includes ESG updates on the portfolio and its holdings. 	Engagement takes place on issues that can have a material impact on long-term value. This may include business strategy, performance, environmental and social issues, governance, or boards. The team regularly engages with companies on ESG issues such as water intensity, energy intensity, waste disposal and supply chain transparency. The Manager and the Investment Manager believe that sustainability risk issues impact investment value and that better long-term investment outcomes can be achieved through active engagement and by exercising the equity ownership rights held by the Fund.

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* Please note that as of 31/03/2025 the Longevity and Social Change fund has transitioned to a new strategy (Pacific Global All Cap Opportunities Fund). This strategy retains its SFDR Article 8 designation.

	Team	ESG Approach	Stewardship Approach
	G10 Macro Rates	<ul style="list-style-type: none"> A comprehensive white-paper was written by Dr Richard Marshall (Portfolio Manager) in 2022 on the ESG and Political impact of their underlying sovereign bond investments versus wider universe of sovereign investments. This leverages data from Freedom House (a leading political freedoms NGO) and the World Bank to score sovereigns from an ESG perspective. 	N/A
Cover	Multi-Asset	<ul style="list-style-type: none"> The team access metrics across environmental, social and governance factors of all funds they invest in. Utilises Global Sustainable Investment Alliance framework for evaluating potential investments. Negative screening. Conducting a qualitative assessment of all fund management houses and fund approaches to sustainability 	<p>The Multi-Asset team view engagement as a critical part of managing sustainable investments, as such, engagement and voting activities form an important part of the research process when analysing potential investment opportunities and monitoring existing positions within the sustainable models.</p> <p>The team expect funds in the sustainable models to engage with underlying holdings, across a range of environmental, social and governance issues, as appropriate, with the intention of encouraging improvement. Whilst the team acknowledge that we cannot directly engage with companies, we continue to monitor developments and news, in order to identify affected funds, understand their views and the engagement activity that has subsequently been undertaken. If a fund group provides a response which falls below the standards expected by Pacific, the issue will be escalated accordingly.</p>
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Principle 03	North American Opportunities Fund	<ul style="list-style-type: none"> Leverage in-house data from our third-party providers such as TruValue Labs and Factset. Norms based screening (minimum business practice and ethics standards) from a risk perspective. The judgement made reflects the extent to which we believe ESG issues impact a stock's investment case, either positively or negatively. 	<p>Corporate governance and transparency are important issues to the Team, therefore many engagement and stewardship activities are based on this. Engagement takes place on issues that could affect valuation, including governance, transparency/communication with shareholders and corporate strategy.</p> <p>The Team aim to vote in all AGMs, and EGMs where given voting rights.</p>
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Ownership Life Cycle

In Principle 2 we discuss our provision of ESG data within PAM, which we expand in Principle 8 outlaying in detail the service providers behind this data, and how we have customised it to cover 50,000 stocks and over 100 funds. The internal investment teams gain access to this data, which enables them to make informed stewardship and engagement decisions.

One of the rationales behind our selection of TruValue Labs data as our primary ESG data reference is that it is reactive to changing news sentiment at a company level. It utilises natural language processing to evolve scores as news flow or journal articles (for example) change external views of a stock and does not rely on company specific disclosures. Investment teams can create ESG watchlists, as well as use the full suite of reporting from ESGdb to understand and drive conversations that they have regularly with underlying stocks. Further, by tracking engagements on ESGStream, team members can view how views have evolved over time.

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AI AND CARBON USAGE

	Theme	Description
Activity	Climate Change	<ul style="list-style-type: none"> The multi-asset team identified that amongst technology stocks that were being held in sustainable funds, projected carbon emissions were rising as a result of capex spending on chips to train AI models. Forecasts predict that AI could increase data centre power demand 165% by 2030. The energy used to train a single AI model is equivalent to the annual electricity use of 100 US homes. The team screened funds for stocks exposed to this theme and engaged with the relevant fund managers.
Outcome		<ul style="list-style-type: none"> Upon engagement it was noted that many stocks involved in the development of AI models have made commitments related to using 100% clean energy to power their data centres. Google have committed to using 100% clean energy to power their data centres, whilst Amazon and Microsoft have committed to sourcing 100% of energy from renewables. Ongoing discussions to take place to ensure these commitments are being honoured, particularly given further Capex announcements from several of the largest technology firms in datacentre build-out.

MULTI-ASSET SUSTAINABLE

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	Theme	Description
Activity	External manager holding companies not aligned with sustainable mandate	<ul style="list-style-type: none"> The team regularly screens collective investment funds for holdings using a ESGdb to assess the sustainability of underlying holdings. 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. Screening identified a fund with holdings in large insurance firms that had been identified as insuring the fossil fuel industry. The Multi-Asset team contacted the fund manager with the intention of establishing their views on the information and the actions they intended to take based on it. Where appropriate, we would reasonably expect these actions to include the fund manager engaging with the holding(s).
Outcome		<ul style="list-style-type: none"> We were not satisfied that the holdings were aligned with our fund's sustainable mandate and were not satisfied with the fund manager's response or resourcing on this particular stewardship and engagement issue. Initial escalation was via further communication with the manager, setting out a timeline for engagement on the stocks as requested by the team. The issue was raised in the multi-asset performance forum, and the responsible investment committee. After continued communication with the fund manager over a number of months, with an inability for progress to be made a decision was made to divest in this specific fund. The team followed up with the manager on their decision making and rationale.

G10 MACRO RATES

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	Theme	Description
Activity	ESG Scoring process development	<ul style="list-style-type: none">• In the opinion of PAM, government bond scoring has been one area of ESG that has arguably had less development than other more established ESG metrics.• The G10 team, which utilise a relative value approach to bonds, had challenges in developing ESG measures that would enable them to determine their universe selection and portfolio exposure from an ESG perspective.
Outcome		<ul style="list-style-type: none">• The team developed a proprietary ESGP score: which took data from global sources such as the World Bank and Freedom House, to quantify over 240 countries in terms of metrics such as access to political and legal freedoms, carbon intensity and biodiversity.• The portfolio (which consists of bond, interest rate and FX exposure to G10 countries), scores well versus the median country and all countries invested in meet the ESG screening criteria.• Shown that relative value approaches can still be considered from an ESG perspective because their risk exposures can be used to undertake the analysis. This approach makes sense when taking a step back, given they help provide liquidity and help fully functioning markets.• In 2024, this ESGP score was incorporated into ESGdb, so that country scores could be tracked over time.



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Monitoring Managers and Service Providers

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MONITORING MANAGERS AND SERVICE PROVIDERS

Signatories monitor and hold to account managers and/or service providers

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External Fund Managers

Our multi-asset funds invest in external fund managers as part of the investment mandate.

Manager selection

Before making any investment, PAM conducts a comprehensive initial due diligence process. This process includes:

- > Evaluating the third-party manager's commitment to stewardship
- > Assessing alignment with PAM's own beliefs and values
- > Documenting findings in detailed investment and sustainable due diligence reports

Further to these reports, the team also annually requests due diligence reports from each of the fund management businesses, detailing their group level sustainability efforts and also the fund level sustainability. Examples of what the questions cover include:

Group level DDQ

- > Group level voting, stewardship and engagement
- > Responsible Investment team and oversight
- > Collaborative partnerships
- > UN PRI results

Fund level DDQ – circa 66 questions

- > Carbon emissions using TCFD framework
- > Science based targets initiative and net zero framework
- > Engagement activities – focus on technology, water usage, sewage, chemical pollution
- > Sustainable development goals analysis
- > Diversity targets

Key Considerations

This thorough approach ensures that our investments in external funds align with our commitment to responsible investing and effective stewardship.

Manager monitoring and review

We have strict performance review and escalation protocols. Monthly, a review of performance is undertaken, which includes a review of holdings and sustainability characteristics. If managers are not found to be meeting requirements, an initial escalation with questions to the manager is typically undertaken, this can be followed with a series of manager meetings, ultimately escalating to a divestment, if expectations have not been met. We have introduced a case study on how we have conducted this throughout the reporting period as part of our Principle 7 disclosure.

These are typically rare however, as we want to ensure our initial due diligence accurately identifies managers that we believe have strong sustainability characteristics, strong performance characteristics, and will continue to develop disclosures over time. This has been the case with a number of our exceptional managers, where we have held investment for several years.

Proxy Voting Suppliers

PAM has established and maintains a Proxy Voting Policy, which serves as the governing document for the use and management of ISS, our third-party service provider for proxy voting. The effectiveness of each proxy voting provider is assessed by PAM's Responsible Investment Committee. On a quarterly basis, the committee reviews various aspects, including the quality of recommendations provided by the third-party proxy voting advisor.

The key indicators used to monitor the performance of a proxy advisor include:

- the quality of the advice provided, and
- the timeliness of the advice provided.

PAM retains discretion over whether to act on the proxy advisor's recommendations or pursue an alternative course of action. Instances where PAM votes against the proxy advisor's recommendations, along with the rationale, are documented and recorded. PAM utilizes the SRI methodology for voting, which differs from the default ISS position on several environmental, social, and governance factors, including environmental impact, climate change, human rights, labour practices and corporate governance.

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VOTING & BOARD DIVERSITY – US

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	Theme	Description
Activity	Voting Policy	<ul style="list-style-type: none"> • Our service provider for voting, ISS, recently decided to change the default policy for voting. • ISS decided to halt consideration of certain diversity factors in making vote recommendations with respect to directors at U.S. companies under its proprietary Benchmark and Specialty policies. Specifically ISS will no longer consider the gender and racial and/or ethnic diversity of a company's board when making vote recommendations with respect to the election or re-election of directors at U.S. companies. • PAM Engaged with ISS, noting our disappointment at the change of policy, particularly for investors who favour the SRI voting methodology by default (as we do). It was our feeling that this policy change was driven by politics, and not by best practise in terms of board diversity and investor outcomes.
Outcome		<ul style="list-style-type: none"> • Our default policy remains that board diversity is important regardless of the location of the investee company, and therefore we customised our voting policy, to maintain the ability to generate vote recommendations on the basis of board diversity.

ESG Data Providers

We utilise external data providers for ESG data, but supplement this by customising the data to fit our stewardship and engagement efforts and sustainability analysis.

Data Provider	Description	Usage
TruValue Labs	TruValueLabs provides sustainability scores based on natural language processing for individual stocks and credits	<p>We customise individual scores to build up E, S and G scores, UN SDG scores and SASB aligned scores</p> <p>PAM provide feedback on scores to the team at TrueValue Labs/FactSet where we believe inaccuracies are present</p>
Freedom House	Freedom House is an NGO that scores countries on the basis of freedoms afforded to citizens	We utilise Freedom House scores for building internal ESGP scores for government bonds, which track the environmental, social, governance and political characteristics of over 150 countries
Morningstar	Morningstar provides look-through data on a number of funds and carbon data on individual stocks	We utilise Morningstar data to aggregate holdings to generate fund scores for the multi-asset team's sustainable investment process
World Bank	The World Bank provides data at a country level on carbon emissions, clean water, health and sanitation for citizens	We utilise World Bank data for building internal ESGP scores for government bonds, which track the environmental, social, governance and political characteristics of over 150 countries
Bloomberg	Bloomberg provides data across a wide range of financial and sustainable data points	Bloomberg is used for data on an ad-hoc basis, including board composition, ESG scores, or GHG targets



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PRINCIPLE 09

Engagement

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ENGAGEMENT

Signatories engage with issuers to maintain or enhance the value of assets

Our company's unique structure, culture, and purpose have led us to adopt a multifaceted approach to engaging with various stakeholders, including portfolio companies, service providers, and external managers. We have identified climate change as a critical environmental risk and have made it a priority in our portfolio management and stakeholder engagement strategies.

Expanding Our Focus

We are now broadening our perspective to consider how climate change impacts other environmental and social risks. Our goal is to integrate these considerations into our engagement efforts. To support this, we have implemented a voting policy that holds companies accountable for a wide range of environmental, social, and governance (ESG) issues.

Engagement Strategy

We believe that proactive and thoughtful engagement is one of the most effective ways to make a positive impact. Our engagement approach varies depending on the nature of our investments and is currently most prominent in our Thematic Equities, Climate-Aligned, and Alternative Solutions investment capabilities, which align with our physically held assets.

Individual and Collective Engagement

Our engagement efforts take two forms:

- > Individual engagement with companies and fund managers
- > Collective engagement through industry initiatives

For equity investments, we often encourage companies to set Science-Based Targets or make other sustainability-related commitments.

By adopting this comprehensive approach, we aim to drive positive change and promote sustainable practices across our investment portfolio and the broader business community.

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PETS AT HOME

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	Theme	Description
Activity	Competition review	<ul style="list-style-type: none"> The competition commissions raised five concerns on competition in the vets industry, which could have impacted Pets at Home's business model We had a number of direct engagements with the company on the subject of the CMA review. We concluded that Pets At Home business was relatively insulated from possible measures that could be implemented as a result of the review due to a range of factors including 1) the JV structure of the Vets business and clear transparency on branding 2) no evidence of disproportionate price inflation relative to cost inflation as demonstrated by the business performance 3) no evidence of concentration among practice locations 4) very limited referral practice.
Outcome		<ul style="list-style-type: none"> Maintained and opportunistically increased holding following the assessment of possible implications from the CMA Vet sector review. After assessing the business structure and service provision, our conclusion was that, while the CMA review poses an overhang for the sector in general, Pets At Home is likely to be less affected by any action CMA may undertake than its industry peers. Additionally, we assessed that any potential recommendations which could be implemented by the CMA with regards to pricing of vet services are likely to have a comparatively immaterial financial impact on the operations of the group. Vets segment remains a growing and relatively stable part of the Pets At Home business as the practices continue to mature. The CMA review is ongoing and is expected to conclude in 2025. We no longer own Pets At Home shares and our exit was motivated by the concerns about increased competition in the retail business and the weaker consumer trends, rather than the CMA overhang.

RECKITT BENCKISER

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Theme

Description

Activity

Product Safety

- Reckitt Benckiser's subsidiary Mead Johnson (alongside its US competitor Abbott Laboratories) has been named as a defendant in multiple US lawsuits concerning cow milk based infant formula products. In March, an Illinois court jury found Mead Johnson negligent for failing to warn about the risks of Necrotizing Enterocolitis (NEC), a severe intestinal disease affecting premature infants, associated with cow based premature infant formula products
- We had a number of direct engagements with the company to assess quality of company's disclosure about the risks, the level of promotional activity of premature formula products, the speed of communication in response to the legal action, the quality and timeliness of disclosure about the litigation in shareholder materials, and the likely implications for the business
- The team also engaged in expert calls with legal and industry experts to understand the intricacies specific to a product concerning health outcomes of vulnerable babies
- The company was responsive to our requests for disclosure of legal documents which we studied to complete our assessment of the above

Outcome

- We assessed that the share derating at the time was disproportionate relative to the potential size of liabilities in the worst case scenario
- We communicated to the company our views on its response and level of disclosure, stressing the need for transparency and timeliness
- The team chose not to increase the position in the shares even though they presented attractive risk/reward due to multiple pending lawsuits, the outcome and timing of conclusion of which were difficult to assess
- Having reviewed statements issued by the NEC Society (in favour of continued provision of the infant formula product) we assessed that it was unlikely that the supply of product would be curtailed
- We maintained the position in Reckitt through most of 2024 but trimmed opportunistically given the complexity and the highly sensitive nature of the case, with multiple lawsuits still ongoing. In the meantime the shares made a near full recovery.

ASTRAZENECA

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	Theme	Description
Activity	Fraud	<ul style="list-style-type: none">• In 2024 some of AstraZeneca's staff reportedly became part of a wider anti-corruption investigation by the Chinese authorities.• The government is investigating certain employees of the Group over allegations involving data privacy violations, illegal drug imports and insurance fraud.• We had multiple direct interactions with the company to assess the progress and the extent of the investigation.• We tried to understand the structure of the business in China and its importance in the scope of the group, particularly from the relevance to the group's global research and development function.
Outcome		<ul style="list-style-type: none">• We concluded that while it was possible that overhang would persist and the scope of the investigation may broaden to implicate the company more directly, at present there are no indications of this being the most likely outcome.• AstraZeneca has stated that it is cooperating with authorities and has implemented stricter compliance measures to address these issues.• There was some business disruption noted due to the company allocating resources to cooperate with the investigations and implement stricter controls.• We maintained our position and made not changes until exiting the position as a result of a broader portfolio rebalance in early 2025.

MATCH GROUP

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	Theme	Description
Activity	Customer protection	<ul style="list-style-type: none"> Multiple news outlets recently reported instances of the use of dating apps, such as those operated by Match Group, for Sex Trafficking. Other stories also noted such apps are used to plot theft and other types of crime against tourists. We reached out to the company asking to provide more detail on: (1) initiatives in place which cover, and are tailored specifically to, the increased oversight of the more vulnerable communities, such as in Colombia; (2) how the company balances customer privacy with the need to ensure their safety; (3) Other measures in place to ensure stricter verification requirements for users in particular locations. We do not see this as a major threat to the sustainability of the Group's global business, and see no reason to take action with regards to our position at this stage. However, given the serious nature of the subject, it is important for us to understand that the company is doing all it can to ensure the safety of communities where it operates and that of customers using its apps.
	Outcome	<ul style="list-style-type: none"> The company quickly responded and offered a call, which is planned for late March.

SOCIEDAD QUIMICA Y MINERA DE CHILE

	Theme	Description
Activity	Indigenous rights	<ul style="list-style-type: none"> SQM is a miner of lithium and caliche ore materials in Chile. Our key concern for the investment case was relations with indigenous communities, particularly around its salt flats in the Atacama. Indigenous populations have complained that they are never consulted on new mining locations and have little water/infrastructure to serve their needs.
Outcome		<ul style="list-style-type: none"> SQM has signed agreements with locals and engages in stakeholder dialogues with the Chairman (Gonzalo Guerrero) actively involved. The company has conducted a large-scale campaign on the ground in Chile to explain what they are doing – building desalination plant, water treatment and providing free healthcare. One of positive developments we have considered is that local communities were vocal against the lithium mining extension deal with Codelco, as they view with suspicion the Government owned company, and SQM have included them in the agreements so that common goals could be met. Locals view SQM more as a neighbour, not a government agency. This is a positive offset for the social risk we consider in our ESG assessment.

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KAZATOMPROM

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	Theme	Description
Activity	Governance, board composition and shareholder rights	<ul style="list-style-type: none"> Kazatomprom mines Uranium to produce U3O8 yellowcake powder which is then sold by the company for conversion and enrichment to produce nuclear energy. We think nuclear power is essential in reducing carbon emissions and enabling the energy transition and Kazatomprom is the largest, lowest cost producer globally. The company utilizes a specific method for extracting Uranium called in-situ recovery (ISR) which is a closed-loop system that is environmentally and radiologically friendly. We engaged with the company on the fast turnover of its executive suite, and board stability.
Outcome		<ul style="list-style-type: none"> Kazakhstan has strict limits on how much the company can mine, and therefore takes a balanced approach to investments and regeneration. Kazakhstan's sovereign wealth fund, Samruk-Kazyna is the company's majority shareholder with a 75% stake and is therefore a major decision maker on corporate strategy and capital allocation. The company has ensured us that despite this looking like a concern, they do operate succession planning in the company. They have now moved to 4 independents on the board of 7 (some were at the end of their tenure anyway), and the company has a specific and well-defined shareholder distribution policy, where minorities are aligned with the domestic SWF.

VISTA ENERGY

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	Theme	Description
Activity	GHG emissions, water stewardship and communities	<ul style="list-style-type: none"> Vista Energy is an oil and gas company that serves customers in Latin America – investing in oil and gas exploration and production activities Given the carbon intensity of the oil and gas sector (but gas's critical role in achieving net zero on an interim basis), the company was engaged across greenhouse gas emissions, the risks from reinjection and flaring on gas production, water supplies for drilling, capital allocation and work with local communities. The team's focus for engagement has been around ensuring best-in-class focus for Vista as a gas business, and ensuring that environmental risks are captured in the valuation framework.
Outcome		<ul style="list-style-type: none"> Vista aspire to become net zero in scope 1 & 2 GHG emissions by 2026, combining (i) a 80% reduction in their operating GHG emission intensity with offsetting the remaining carbon emissions. During 2023, the business reduced the intensity of Scope 1 and 2 GHG emissions by 14% year-on-year. Vista forecast to invest approximately 15 million USD per year in decarbonization initiatives. Vista endorse the Zero Routine flaring by 2030 World Bank initiative As a result of water stewardship initiatives, Vista has reduced total water withdrawal by 10% since 2019, while increasing production by 70% in the same period. Vista invests in communities in collaboration with NGOs. They seek input and feedback on potential or actual negative impact, for full responsiveness and remediation, with special focus on vulnerable groups and gender approach, and assess the effectiveness of our stakeholder engagement plan. They do not operate in areas with indigenous communities and have not experienced conflicts with the communities where they operate. Given the stated net zero target, as well as well defined targets for water usage and flaring, Vista remains best-in-class as an investment in the gas sector, whilst remaining a key stock for stewardship activities on an ongoing basis



PRINCIPLE 10

Collaborative Engagement

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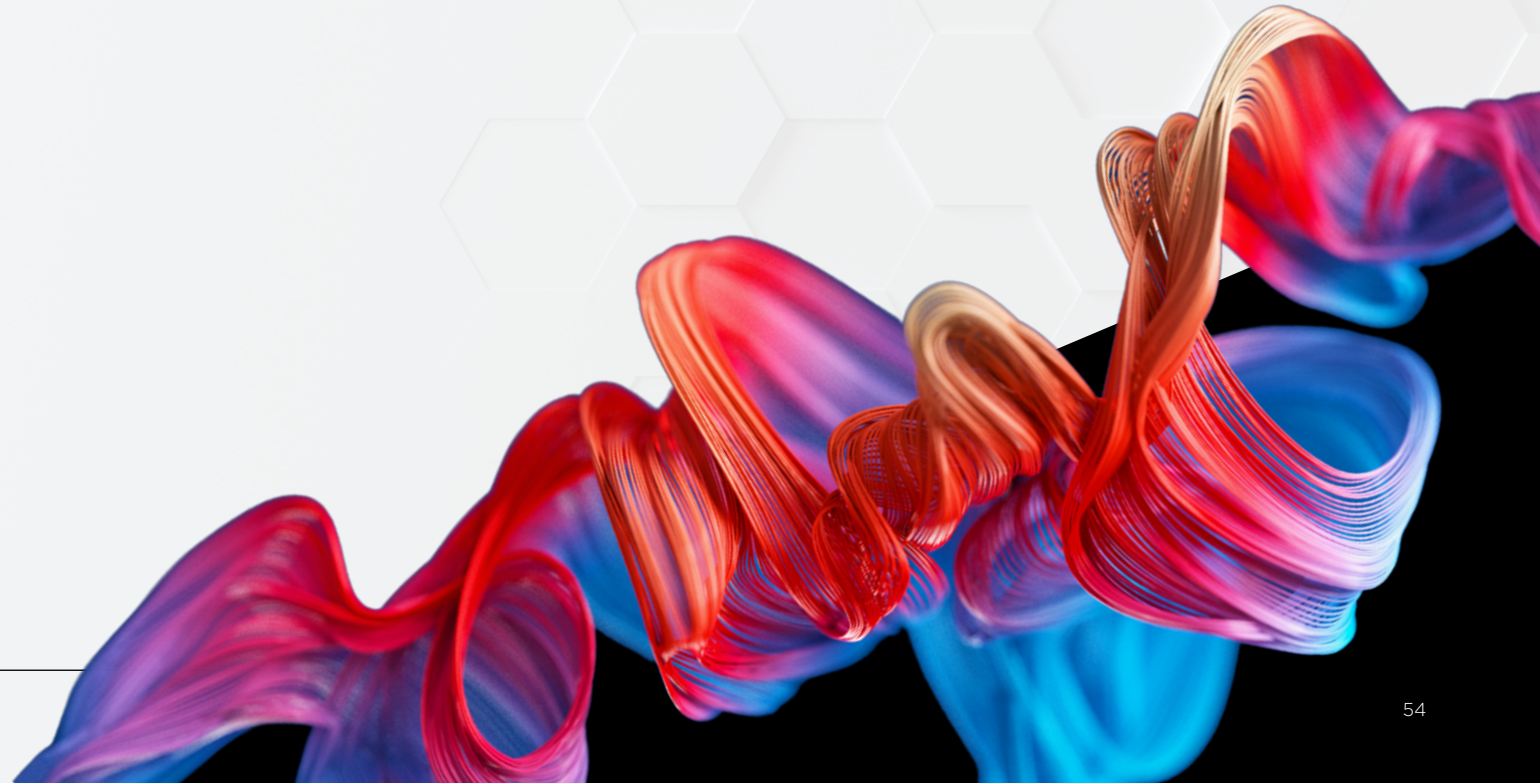
COLLABORATIVE ENGAGEMENT

Signatories, where necessary, participate in collaborative engagement to influence issuers

Direct engagement is generally the preferred approach of our portfolio managers and investment teams. However, we believe that collaborative engagement can also be very effective and so are open to acting alongside like-minded shareholders where we consider it to be most impactful. A decision to join a collaborative engagement is made by the relevant portfolio manager on a case-by-case basis, ensuring that clients' best interests are advanced by the engagement. While adhering to all applicable rules and regulations, such as antitrust and competition laws, we believe that collaborative engagement can allow for effective communication of shareholder concerns.

We are signatories to the UN Principles of Responsible Investment (PRI) and support their mission to improve transparency and accountability in the sustainable investment space. As a firm, our commitment to PRI allows us to collaborate with in order to improve best practice in the industry.

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RIVERSTONE ENERGY

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	Theme	Description
Activity	Collaborative engagement	<ul style="list-style-type: none"> • Riverstone is an energy investor, transitioning from traditional fossil fuel investments towards sustainable decarbonised energy assets • The team invested, recognising value in the potential turnaround vehicle as the transition took place and the persistent discount to NAV • Initial meetings were focussed on meeting company executives and the Chairman. The multi-asset team expressed the desire to return capital to shareholders, to market the vehicle more effectively to attract new investors, and greater transparency on fees and the longer-term goals of Riverstone. • Following these meetings and subsequent follow ups, the answers were not forthcoming as to how the vehicle was acting in the best interests of investors. • The multi-asset team collaborated with activist shareholders around three key concerns: persistence of discount to NAV, return of capital to shareholders after asset sales and concerns around management fee structure
	Outcome	<ul style="list-style-type: none"> • Following several rounds of collaborative engagement, which included meeting other investors and working on materials for the board, the board agreed to issue a special tender offer, which would buyback shares at a discount to NAV. • Further, the board agreed to enter discussions with the management of the vehicle around the IMA and approach to marketing the vehicle • This was an excellent result for shareholders as it returned capital to them but also provided a boost to the net asset value of the vehicle and the sharepriced re-rated higher.



PRINCIPLE 11

Escalation

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ESCALATION

Signatories, where necessary, escalate stewardship activities to influence issuers

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Full details of escalation policy can be found within our stewardship and engagement policy documents. We typically hope to address any concerns we have about a company or fund management firm during regular meetings with company management. Where it becomes apparent that concerns have not been addressed, the Firm may decide to enhance its engagement activity by requesting further meetings with senior management.

Escalation can take many forms, including holding additional meetings with management to discuss concerns, or raising the matter with non-executive directors or the company's advisers. Further escalation is possible by voting against a resolution put to shareholders, including the election of members of the board. Ultimately, if it is believed engagement is not producing the outcomes necessary to create and sustain long-term value, divestment may be considered. This is a last resort method used when all other options have been exhausted

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.



MULTI-ASSET SUSTAINABLE

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	Theme	Description
Activity	External manager holding companies not aligned with sustainable mandate	<ul style="list-style-type: none"> As mentioned in Principle 7, having screened an underlying fund holding for insurance companies, the multi-asset team engaged on an underlying fund holding that had a large allocation to the sector, particularly to fossil fuel sensitive insurance businesses.
Outcome		<ul style="list-style-type: none"> Having contacted the manager, the stewardship and engagement pipeline at the fund firm had no capacity to discuss this issue with the underlying companies. This was raised in subsequent internal meetings, as a concern around resourcing at the fund house. Initial escalation was via further communication with the manager, setting out a timeline for engagement on the stocks as requested by the team. The issue was raised in the multi-asset performance forum, and the responsible investment committee. After continued communication with the fund manager over a number of months, with an inability for progress to be made a decision was made to divest in this specific fund. The team followed up with the manager on their decision making and rationale.



ROYALTY PHARMA

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	Theme	Description
Activity	Shareholder value realisation	<ul style="list-style-type: none">• Royalty Pharma invests in royalty streams associated with the sales of individual pharmaceutical products.• The share price of Royalty Pharma underperformed significantly in 2023 and 2024 despite fundamental business updates that we perceived as positive.• The team overseeing the Royalty Pharma investment held regular update meetings with the investor relations team, and expressed their frustration about the share price performance during these calls.• In January 2025, we wrote to the head of investor relations to express formally our frustrations with what we perceived as a passive attitude towards equity shareholders, and suggested a number of changes, including a more aggressive share repurchase plan.• In this email, we copied another member of the senior management team, who rarely interfaces with shareholders, and requested that our communication be forwarded to the Board of Directors.
Outcome		<ul style="list-style-type: none">• Later in the month, Royalty Pharma announced a series of initiatives to stimulate equity shareholder value creation, including a dramatically larger share repurchase plan.• In reaction to these initiatives, the shares of Royalty Pharma have appreciated more than 25%, dramatically outperforming all relevant benchmark indices.



PRINCIPLE 12

Exercising Rights and Responsibilities

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EXERCISING RIGHTS AND RESPONSIBILITIES

Signatories actively exercise their rights and responsibilities

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Voting is a fundamental part of the Firm's engagement approach and PAM is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates. Through the implementation of the Engagement and Proxy Voting, the Firm aims to enhance the long-term value of its shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in the companies invested in

We also aim to exercise voting rights on all shares held by us, where it is in the best interest of its clients and where excessive costs or administrative burdens are not present. It is our policy to vote in all shareholder meetings. We do not engage in stock lending by default and therefore this does not impact our voting.

Institutional Shareholder Services (ISS), a leading independent corporate governance research provider, have been appointed to analyse corporate actions, management recommendations and make vote recommendations in order to assist the Firm in the independent assessment of governance issues. The Firm additionally uses ISS's Socially Responsible Investing (SRI) overlay solution for proxy voting guidance from a sustainable finance perspective. This policy is used for all funds, across Emerging markets, US and Global equity vehicles. The only exception could be under separately managed accounts, where a client has indicated that they would prefer not to use the SRI methodology - we have the ability to take on client voting preferences for these SMAs.

We do not, at this stage offer pass through voting, due to the operational challenges and diverse client base that we service within our UCITS fund range, however, it is something we would pursue if client feedback and technology develops to facilitate this.

There is a final discretionary overlay, where portfolio managers can go against the advice of ISS through their discretion, if they view the advice as not adhering to the voting policy set out by PAM.



Finally, as mentioned in the case study 2 in principle 9, PAM operations team hold one of the oversight functions for ensuring that recommended votes are being executed and who discuss with PMs upcoming votes, noted that ISS had changed their default policy for SRI for votes on board diversity. The team flagged this to the sustainability and portfolio management teams, who then engaged with ISS to discuss customising the policy, to ensure that PAMs preferences for retaining votes in favour of enhanced board diversity was maintained.

Often, given our voting is more stringent than the broader investment community, our votes against company suggestions do not necessarily force a change of policy. We view that as a way of continuing a stewardship discussion with company management, explaining our ethos behind our voting methodology to help shape future discussions.

Voting Overview

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.

Number of votable items:

3,342

Voted against:

463

Voted in

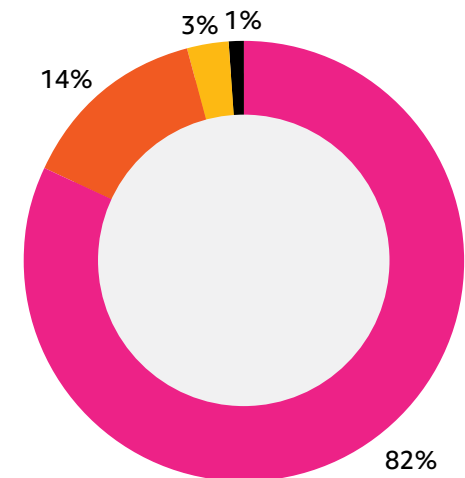
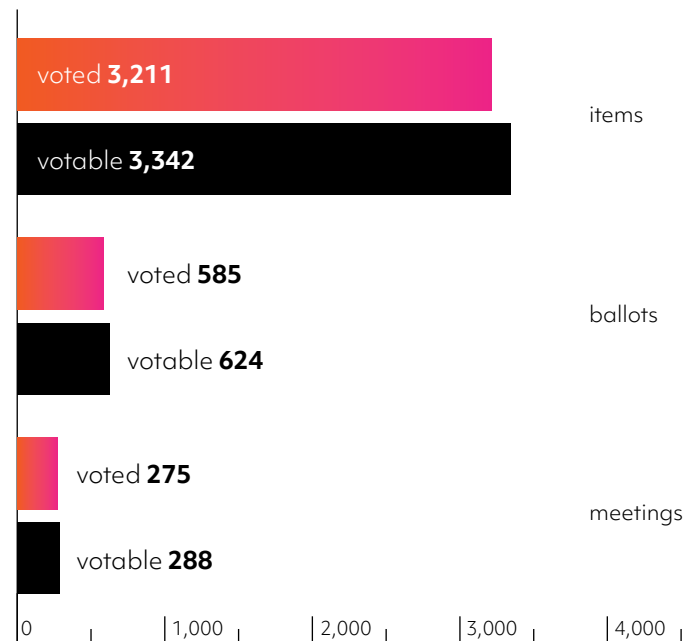
95.5 %

of meetings

Voted in

96 %

of votes



- Number of votes **FOR**
- Number of votes **AGAINST**
- Number of votes **ABSTAIN**
- Number of votes **WITHHOLD**

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	Theme	Description
Activity	Board Diversity Vote	<ul style="list-style-type: none">Transmedics scores strongly from a social and environmental perspective from a stock.However, there is a lack of diversity on the board. Gender diversity at the board level remained at 25% female since 2021.AGM vote was 23rd May 2024.
Outcome		<ul style="list-style-type: none">At the meeting, we chose to vote in line with the SRI policy recommendations, by voting against the Board Recommendation for 4 of the 8 election management proposals.This vote was unsuccessful, however it formed part of our engagement strategy going forward.

HUMANA INC

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- Principle 09
- Principle 10
- Principle 11

> Principle 12

	Theme	Description
Activity	CEO Compensation Vote	<ul style="list-style-type: none">• Humana has strong SDG alignment, and scores well from a social perspective.• At the AGM in April of 2024, a new CEO compensation pay package was voted upon.• The view was that the majority of equity awards to the CEO were not tied to performance contingent pay – which is useful for aligning shareholder and CEO interests.• There was also excessive differentials between CEO pay and the pay of other named officers at the firm.• Further there was no environment or social performance incentives included within the package.
	Outcome	<ul style="list-style-type: none">• PAM chose to vote against the recommended pay package.• The proposal was successful from the company, however the against votes were higher than that of other proposals within the AGM.• This formed a part of ongoing dialogue with the company going forward.



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