



utmost[™]
G R O U P

RESPONSIBLE
INVESTMENT
POLICY

REASSURINGLY DIFFERENT

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RESPONSIBLE INVESTMENT AT UTMOST

RESPONSIBLE INVESTMENT

The incorporation of Environmental, Social and Governance ("ESG") Factors into the investment decision making process and the process of active ownership.

PURPOSE AND OBJECTIVES

The Utmost Group's Responsible Investment Policy sets out and affirms Utmost Group's ("Utmost", "the Group") commitment to Responsible Investment as a part of our investment decision making.

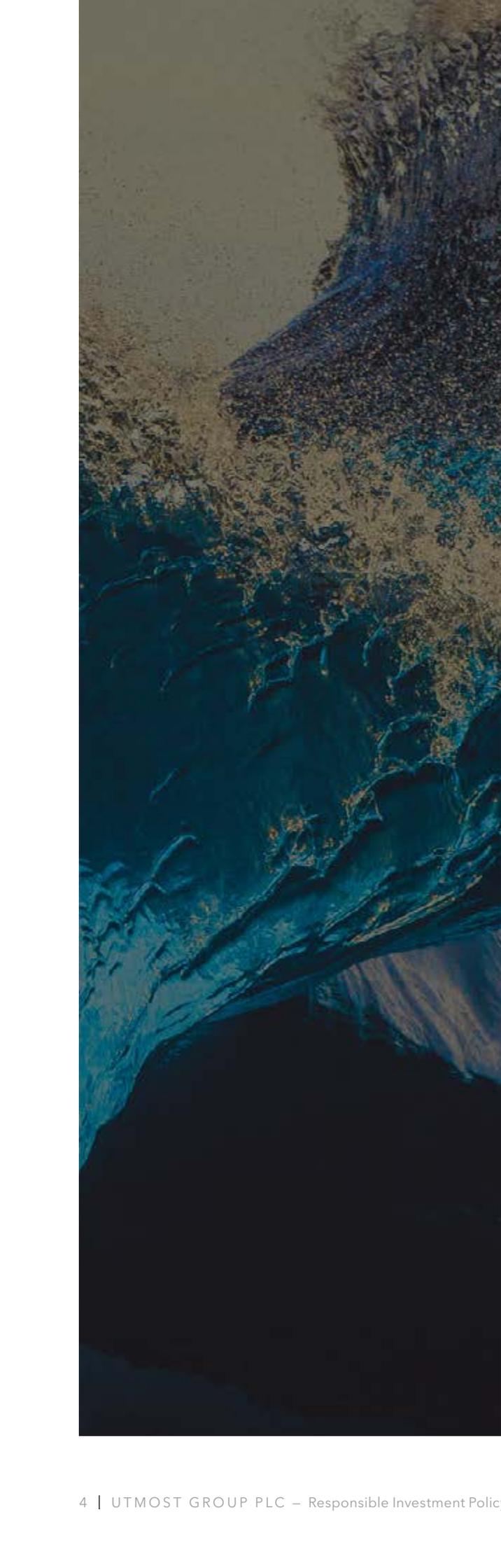
The Group's priority in its Responsible Investment activity is supporting the transition to Net Zero Greenhouse Gas ("GHG") emissions, in line with the Paris Agreement, to reduce the severity and impact of climate change.

Across our Guided Architecture and Shareholder Assets, we aim to:

- › Support the transition to Net Zero GHG emissions in line with the Paris Agreement.
- › Adopt the principles of the UN-supported Principles for Responsible Investment ("UN PRI") and be a proponent of Responsible Investment.
- › Monitor and manage the ESG Factors within the Group's investment portfolios.
- › Increase engagement with higher risk ESG issuers to encourage good environmental practices and adoption of Net Zero GHG emission plans and policies.



Paris Agreement: A legally binding international treaty on climate change whose long-term temperature goal is to keep the rise in mean global temperature to well below 2 °C (3.6 °F) above pre-industrial levels, and preferably limit the increase to 1.5 °C (2.7 °F), recognising that this would substantially reduce the effects of climate change.



POLICY APPLICATION AND SCOPE

SCOPE

Our Responsible Investment Policy relates to Utmost's role as an asset owner. The Policy applies to the Group's Shareholder Assets and Guided Architecture Fund Range and to all Business entities within the Utmost Group.

There are instances where the Policy statements only apply to either the Shareholder Assets or Guided Architecture Fund Ranges. Where this is the case, it will be made clear.

A detailed overview of this Policy's coverage can be found in the Appendix.

The policy is reviewed annually and approved by the Utmost Group Board.



Guided Architecture: These are fund ranges where the individual funds are selected by Utmost Group and managed by external investment managers. Utmost Group exercises choice over the inclusion of a fund within a particular Guided Architecture Fund Range. Utmost Group does not typically have any direct influence over the fund objectives or how the investment manager manages the fund or makes investment decisions.

Shareholder Assets: This is where the risks within an investment portfolio are borne in their entirety by the Group. The investment guidelines for these assets are solely at the discretion of the Group. This includes annuity and other liability-backed holdings.

POLICY APPLICATION AND SCOPE (CONTINUED)

GOVERNANCE: ROLES AND RESPONSIBILITIES

The Group Chief Executive Officer is the owner of this policy and is responsible for the implementation and delivery of the Group's Sustainability Strategy, of which this Policy forms a key part. The Head of Strategy and Corporate Affairs is the Group policy specialist and is Head of the Sustainability Working Group which, alongside the Group's Investment teams, oversees the implementation of this policy.

The Group's Responsible Investment Policy centres on the incorporation of Environmental, Social and Governance Factors into our investment decision making:

E NVIRONMENT

Factors include the contribution a company or government makes to climate change through greenhouse gas ("GHG") emissions, waste management and energy efficiency. Given renewed efforts to combat global warming, cutting emissions and decarbonising is becoming more important.

S OCIAL

Social includes human rights, labour standards in the supply chain, any exposure to illegal child labour, and more routine issues such as adherence to workplace health and safety. A social score also improves if a company is well integrated with its local community and therefore has a 'social license' to operate with consent.

G OVERNANCE

Governance refers to a set of rules or principles defining rights, responsibilities, and expectations between different stakeholders in the governance of corporations. A well-defined corporate governance system can be used to balance or align interests between stakeholders and can work as a tool to support a company's long-term strategy. Governance can also refer to the standard of government of nations.

OUR RESPONSIBLE INVESTMENT FRAMEWORK

NET ZERO COMMITMENT

In line with our commitment to align our portfolio with the aims of the Paris Agreement, the Group has committed to achieve Net Zero GHG emissions in our Shareholder Asset portfolio by 2050, with an interim target to halve the Scope 1 and 2 emissions by 2030 compared to a benchmark of 2020.

This reflects our mission to secure the financial futures of both present and future generations. To achieve this, it is imperative that we consider the impact of our activities over the long term. The Group will report regularly on our progress against this commitment.

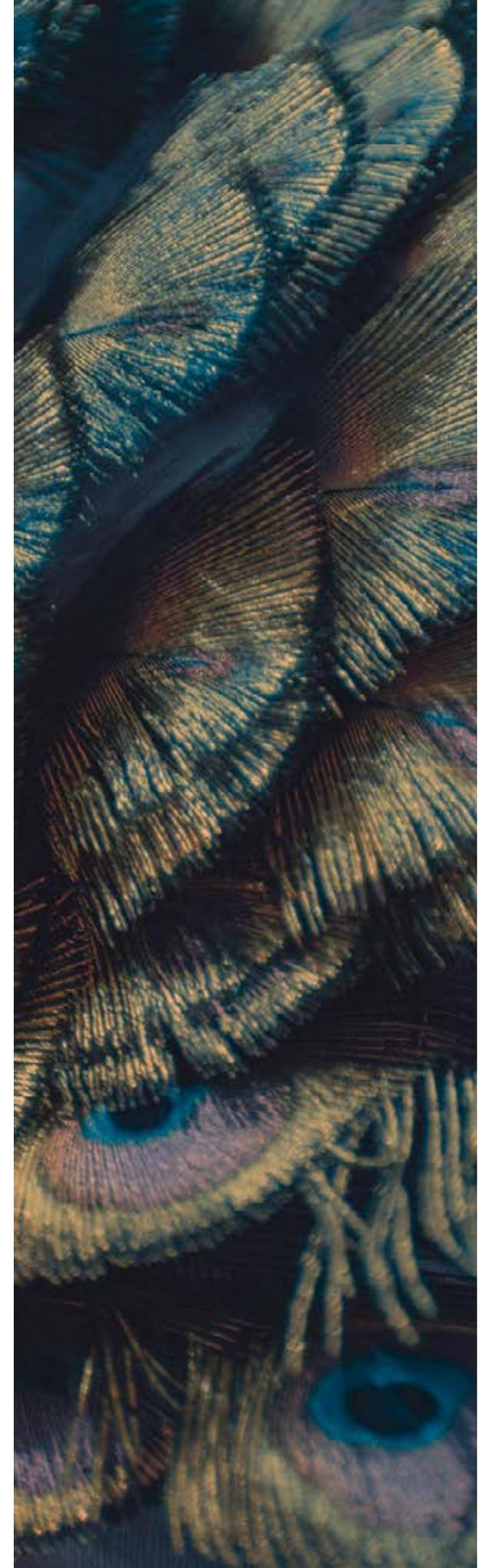
To measure the Group's progress towards these targets, the Group uses a Carbon Intensity measure based on reported Scope 1 and 2, expressed in "tonnes CO₂e/m USD borrower revenue" for corporates and supranationals, or an adapted measure depending on the issuer's sector.

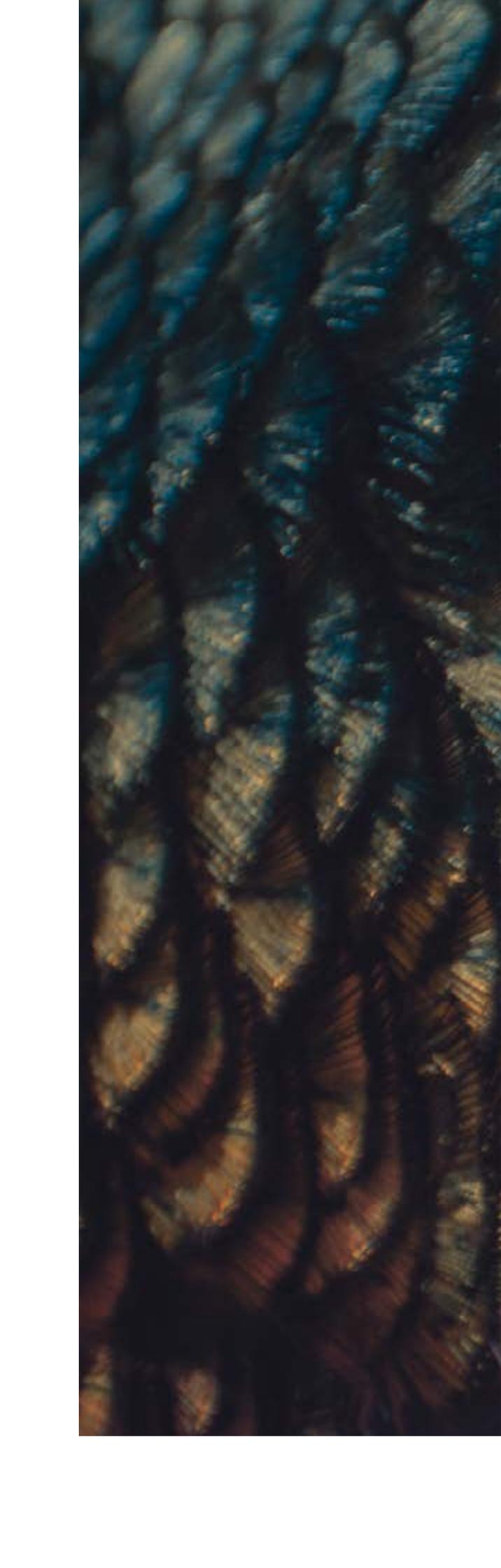
2030

50% reduction
in **GHG emissions** in our Shareholder Asset portfolio, against a 2020 benchmark

2050

Net zero **GHG emissions**
in our Shareholder Asset portfolio





OUR RESPONSIBLE INVESTMENT FRAMEWORK (CONTINUED)

UN PRI SIGNATORY

Utmost recognises its role as a long-term allocator of capital and the duty of care owed to our policyholders and our shareholders in the responsible allocation of their assets. In recognition of this duty, Utmost Group is a signatory to the UN-supported Principles for Responsible Investment ("UN PRI"). The UN PRI is the world's leading proponent of Responsible Investment that works to understand the investment implications of ESG Factors. As part of this initiative and as a condition of becoming a signatory we have adopted the following principles:

UN PRI PRINCIPLES

- 1 We will incorporate ESG issues into investment analysis and decision-making processes
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest
- 4 We will promote acceptance and implementation of the Principles within the investment industry
- 5 We will work together with other members to enhance our effectiveness in implementing PRI
- 6 We will report on our activities and progress towards implementing the Principles

OUR RESPONSIBLE INVESTMENT FRAMEWORK (CONTINUED)

INCORPORATING ESG FACTORS INTO INVESTMENT DECISIONS

The Group incorporates material ESG Factors into its investment decision making, with acute focus on the transition to Net Zero GHG emissions and prioritises issuers with a clear transition plan and emission reduction plans. The Group will actively seek out opportunities to invest in issuers that support climate risk adaptation and mitigation such as renewable energy production.

The Group considers material ESG Factors by security, by issuer, by sector, and by geography across time horizons as part of our investment decision making. Broader global ESG trends are also monitored when constructing portfolios.

The Group uses Sustainalytics ESG Risk Ratings to provide information on issuers. In the instances where ESG information is not provided by Sustainalytics, data from alternative providers is considered. Unrated issuers are permitted but will not form a significant part of corporate bond exposures. For any assets where ESG ratings are not available, quantitative or qualitative ESG data from the issuer will be assessed. S&P Trucost is used for climate-specific data.

The weighted average ESG Risk Rating by portfolio should be maintained at "Medium" or better.

ESG RISK MANAGEMENT

ESG and aggregate ESG risk is monitored across our Shareholder Assets portfolio, with specific attention paid to higher ESG risk issuers and concentrations of physical and transition risk in the portfolio.

- › Transition risk is managed by identifying assets that are more exposed to becoming stranded assets and restricting capital to these.
- › Physical risks are managed by identifying issuers that are exposed to long-term shifts in climate patterns.

We consider systematic ESG risks and their influence on portfolios. Our investment managers are required to maintain a list of ESG trends and monitor these in relation to their expected impact on portfolios.



A factor is considered to be material if its presence or absence in financial reporting is likely to influence the decisions made by a reasonable investor.

OUR RESPONSIBLE INVESTMENT FRAMEWORK (CONTINUED)

MANAGER SELECTION AND MONITORING

The appropriate selection and ongoing monitoring of managers is critical to ensuring that Utmost's external managers meet our Responsible Investment expectations. We expect all of our investment managers to follow a formal process for incorporating ESG Factors into investment management decisions, with regular reporting on the incorporation of ESG Factors and their impact on portfolio performance.

The focus of the integration of ESG Factors within investment decision making by our external managers should prioritise the transition to Net Zero GHG emissions and prioritise issuers with a clear transition plan and emission reduction plans.

Our Responsible Investment due diligence considers factors including the investment manager's investment approach, objectives and philosophy, firm culture, investment policy and guidelines, governance structure and management oversight, including investment strategy and fund structure, engagement activities and voting practices and investment team competencies.

The Group has set minimum standards of its investment managers:

- › Maintain a Responsible Investment Policy
- › Signatories to the UN PRI
- › Public supporter of the Paris Agreement
- › Maintain an Engagement and Voting Policy
- › Adequate Responsible Investment Resources
- › Framework describing how ESG Factors are incorporated into investment decision making
- › Adequate reporting and disclosures on Responsible Investments and ESG
- › (Shareholder Assets only) Comply with the Group's exclusions policy for any assets managed on behalf of the Group
- › (Shareholder Assets only) Provide Carbon Intensity reporting for funds managed on behalf of the Group

No new assets or funds which have a Morningstar Portfolio Sustainability Score of "Severe" will be eligible for inclusion in Utmost Group's Guided Architecture Fund Ranges or Shareholder Assets.

No new assets or funds which have a Morningstar Sustainability Rating of One Globe (i.e. the 10% highest ESG risk in the peer group) will be eligible for inclusion in Utmost Group's Guided Architecture Fund Ranges or Shareholder Assets.

MONITORING

The Responsible Investment practices of the Group's investment managers are monitored annually. The monitoring considers the:

- › Manager's adherence to our minimum standards of our investment managers (listed left)
- › Manager's alignment with Utmost's Responsible Investment Policy
- › Changes, if any, in the manager's own Responsible Investment policies
- › Resourcing of the manager with respect to Responsible Investment
- › Manager's use of ESG data, benchmarks, tools and certifications
- › Incorporation of ESG Factors in investment decisions
- › Impact of the incorporation of ESG Factors on performance
- › ESG risk management processes
- › Responses to material ESG incidents
- › Engagement and Voting practices

Our investment managers are expected to notify the Group of any notable changes during the year that occur outside of annual reporting.

IMPLEMENTATION AND ESCALATION

These guidelines apply to both new manager appointments and to existing managers.

When material concerns or deviations from this Policy are raised, we follow an escalation process where we expect the bond issuer or investment manager to take appropriate actions to become compliant. In the first instance, we will place the manager and/or fund on a watchlist and engage directly with them. If the situation is not rectified following discussions with the manager, the bond issuer, manager and/or fund will be removed from Utmost's investable asset list. Policyholders invested in the fund will be switched to a suitable alternative fund.

OUR RESPONSIBLE INVESTMENT FRAMEWORK (CONTINUED)

ENGAGEMENT AND VOTING

Utmost Group uses Engagement and Voting as a part of its Responsible Investment approach in order to influence positive change. The primary objective of the Group's Engagement and Voting practices is to support the transition to Net Zero GHG emissions.

The Group's Shareholder Assets are predominantly invested in fixed income holdings. As a result, the Group has limited ability to influence a company's activity by proposing or voting on shareholder resolutions.

Voting is largely delegated to our appointed investment managers. Across our Guided Architecture Fund Range, Engagement and Voting will focus on the practices of our ten most significant investment management relationships by assets under administration. Engagement and Voting practices form a part of selection due diligence. Ongoing monitoring on the Engagement and Voting practices will take place on a regular basis.

The Group expects its managers' voting practices to promote voting in favour of resolutions which support the Paris Agreement. Where it does not, discussions will be held to understand why not, with further escalation as required.

We recognise that policy responses are evolving rapidly, and our approach will develop as industry guidance and regulatory requirements regarding engagement and disclosures evolve and our approach matures.

EXCLUSIONS

Our preferred route is engagement with investee companies, but we acknowledge that there are instances where a company's business practices cause significant harm to the planet or are incompatible with our Responsible Investment approach.

In line with this and in recognition that the burning of thermal coal for energy is the single largest contributor to man-made global temperature increases, we will no longer select issuers in our Shareholder Assets that generate more than 5% of their turnover from the production and extraction of energy generated by thermal coal or from the production of thermal coal.

Where existing issuers in our portfolio have material thermal coal exposure, we expect them to have clear plans to have minimal coal exposure by the commonly accepted coal exit timeframes of 2030 outlined by the OECD. Where the issuer has no credible transition plan to achieve minimal coal exposure by 2030, we will exit our positions by year end 2023.

SCENARIO ANALYSIS

Quantitative and qualitative scenario analysis is undertaken to help inform the Group's approach to climate risk management and to understand the overall exposure of the portfolio to climate change.

The topic of climate scenario modelling is developing at pace and we will look to refine our approach and perform more granular analysis at sector and/or country level as data and techniques are refined.



Engagement is when the Group or its investment managers work with our investee companies and discuss what could drive positive change within the company. Voting is where the Group or its investment managers encourage investee companies to make management decisions by exercising shareholder voting rights.

REPORTING

Client

- › Utmost Group aims to provide information to our policyholders on the sustainability characteristics of their investments.
- › For all funds in Utmost Group's Guided Architecture Fund Range, we are working to provide the Morningstar Portfolio Sustainability Scores and Morningstar Sustainability Ratings to our policyholders and their advisers on the fund factsheets. This is applied on a best-efforts basis.

External

- › The Group is committed to regular reporting on our Responsible Investment activities. We provide an annual update on our Sustainability Strategy in our Annual Report, including the Responsible Investment pillar of the strategy. The Group publishes annual Taskforce on Climate-Related Financial Disclosures ("TCFD") reports.

Board

- › The Utmost Group plc Board and the business entity boards receive quarterly reporting on the Group's Shareholder Assets with regards to ESG Risk Ratings, Carbon Intensity and Climate Risk exposures (following Climate Financial Risk Forum guidance) and annual reporting on climate stress testing, following the guidelines set out in the 2021 Climate Biennial Exploratory Scenario ("CBES") exercise.

CONFLICTS OF INTEREST

On occasion, there may be additional factors which mean certain points in this Policy may need to be deviated from. On these occasions, a note will be submitted to the appropriate Investment Committee justifying any deviation.

Data availability may mean certain points in the Policy cannot be measured or adhered to in full in the near-term. On these occasions, available data will be utilised to the best ability of the investment teams and a note submitted to the appropriate Investment Committee justifying any deviation.

RESPONSIBLE INVESTMENT IMPLEMENTATION FRAMEWORK

		GUIDED			SHAREHOLDER		
	Core Commitments	Fund Manager	Fund	Issuer / Security	Fund Manager	Fund / Portfolio	Issuer / Security
Net Zero	Net Zero Commitment by 2050					✓	
ESG Factors	Incorporating ESG Factors into Investment Decisions					✓	✓
Manager Selection and Monitoring	ESG Risk Rating maintained at Medium					✓ Average across Portfolio	
	Understand Manager's Approach to ESG Integration	✓	✓		✓	✓	
	Have their own Responsible Investment Policy	✓			✓		
	Signatory to the UN PRI	✓			✓		
	Supporter of the Paris Agreement	✓			✓		
	Have their own Engagement and Voting Policy	✓			✓		
	Morningstar Portfolio Sustainability Score - No New "Severe" Rated Funds			✓			✓
	Morningstar Sustainability Ratings - No New "One Globe" Funds			✓			✓
	Subject to Engagement and Voting Due Diligence	✓ Top 10					
Exclusions	Thermal Coal Exclusion					✓	✓

APPENDIX

	Definition	In/Out of Scope	Management
Shareholder Assets	Where the risks within an investment portfolio are borne in their entirety by the Group. The investment guidelines for these assets are solely at the discretion of the Group. Includes annuity and other liability backed holdings where the risk is borne by the Shareholder.	In Scope	Internally and Externally Managed
Participation Assets	Assets where the risks within an investment portfolio are shared between the Group and the policyholder (including With-Profit assets). The risks can be asymmetric in nature with the Group providing a contractual guarantee in exchange for a participation in investment returns. The Participation Assets include an International Deposit Admin book and the UK With-Profits book. For the purpose of this policy, the International Deposit Admin book is considered Shareholder Assets and the UK With-Profits book is considered Guided Architecture Fund Range.	International Deposit Admin: In Scope UK With-Profits: In Scope in line with Guided Architecture Range requirements	International Deposit Admin: Internally Managed UK With-Profits: Externally Managed
Policyholder Assets			
Open Architecture	These are funds available to our customers on the Utmost Group platforms and managed by external investment managers. Utmost Group is not involved in the asset selection process.	Out of Scope	-
Guided Architecture	These are fund ranges whose individual funds are selected by Utmost Group and managed by external investment managers. Utmost Group exercises influence over the inclusion of a fund within a particular Guided Architecture Fund Range. Policyholders whose policy is served by that range can select their investments from the Guided Architecture Fund Range. Utmost Group does not typically have any direct influence over the fund objectives or how the investment manager manages the fund or makes investment decisions.	In Scope	Externally Managed



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