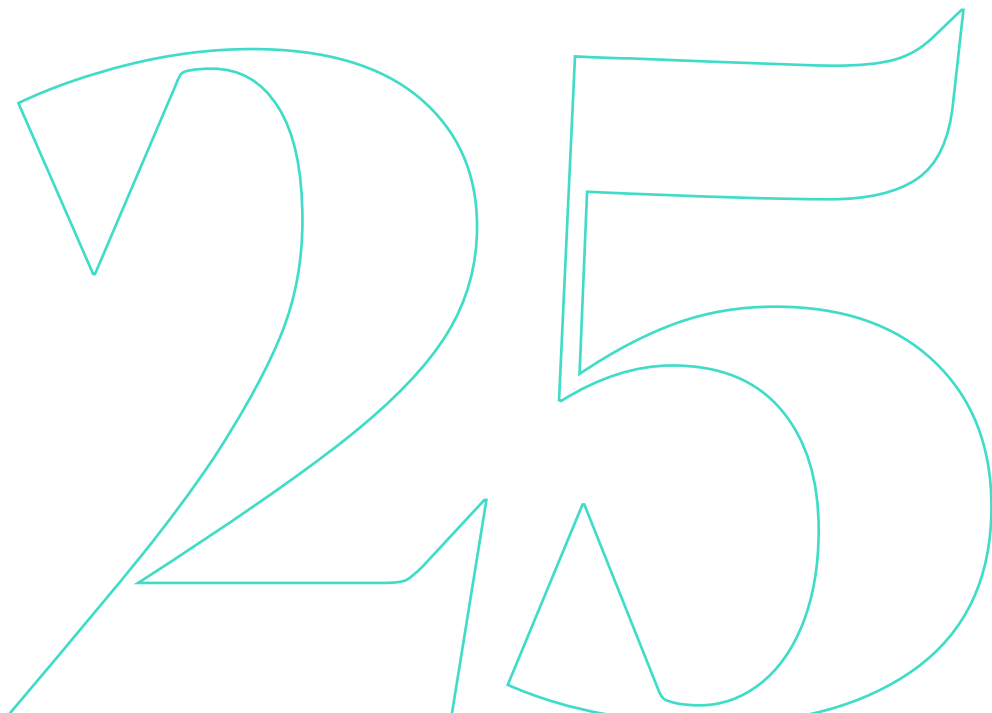


# **Stewardship, Engagement and Shareholder Voting Policy**

**December**



# Introduction

This policy outlines our approach to stewardship, engagement, shareholder voting and how our arrangements with our investment managers foster the long-term stewardship of assets on behalf of our clients.

It explains our standards and how we comply with the Shareholder Rights Directive (SRD) II. Our annual [Stewardship & Engagement Report](#) provides evidence of how we embed these standards to support our investment decision making.

The SRD II aims to promote effective stewardship and long-term shareholder engagement by imposing transparency obligations on institutional investors (such as insurers and pension funds) and asset managers (such as investment firms providing portfolio management services) to the extent investments are made in shares admitted to trading on UK and European regulated markets.

The [Stewardship & Engagement Report](#) is reviewed by the Financial Reporting Council to assess our compatibility with the UK Stewardship Code's 12 principles. We became members in 2022.

**This policy relates to St. James's Place Unit Trust Group (SJPUTG) and complements the information available on our [responsible investing webpage](#).**

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

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# Scope of disclosure

## **St. James's Place Unit Trust Group (SJPUTG)**

SJPUTG is the authorised fund manager for all our unit trust funds. SRD II classifies SJPUTG as an asset manager and the scope of the policy below includes all of SJPUTG's unit trusts. SJPUTG delegate the day-to-day management of the funds' assets to a range of external investment managers.

The external investment managers engage with companies on our behalf encouraging them to integrate material environmental, social and governance factors into their business strategy and operations; in doing so minimising risks and taking advantage of opportunities. They are monitored and overseen by SJP's Responsible Investment Team whose controls, approach and standards are set out in the policy below and results are reported annually in the Group's [Stewardship & Engagement Report](#).

# Our investment approach

At St. James's Place, we offer a range of funds which are actively managed by external investment managers on our behalf. Our investment offering includes funds across different asset classes including equity, bonds, and private markets. These provide our clients with choice and appropriate options to meet their financial goals in line with their attitude to investment risk.

We blend investment strategies with the aim of delivering consistent returns over the medium-to long term for our clients.

As an SRD asset manager, we have certain shareholder responsibilities including the exercising of voting rights, the management of conflicts of interest and wider stewardship of assets. Some of these responsibilities are delegated from SJPUTG to our external investment managers, for example voting and direct engagement with companies.

## **Our investment framework**

When selecting an investment manager, we consider their approach to responsible investing and stewardship, including shareholder engagement. Once appointed, we monitor them to ensure they continue to meet our expectations. If they fail to do so, we will work with them and support them to improve. However, ultimately, we reserve the right to replace them if we believe this will be in the best interest of our clients.

Our expectations for investment managers' engagement and stewardship processes are outlined in the 'Our Engagement Approach' section of this policy. Our [Stewardship & Engagement Report](#) sets out in greater detail the actions that we have taken over the year to monitor how our investment managers fulfil their shareholder responsibilities.

Our Investment Committee oversees the activities of manager selection and ongoing monitoring. The Committee have a responsibility to act on behalf of our clients, who will ultimately be impacted by the performance of our funds.

## Arrangements with our investment managers

Our external investment managers make investment decisions on our behalf. We have a legal agreement with each investment manager which formally outlines our expectations, including those relating to their stewardship responsibilities and conduct.

The duration of our agreements with investment managers is indefinite. We appoint them with the expectation of a long-term relationship, which encourages them to adopt a long-term approach to stewardship and engagement.

Our investment framework holds our investment managers accountable, and ensures they continually meet our expectations. Our monitoring process also helps us identify areas where further engagement with an investment manager may be required.

We can provide extra support and set specific milestones and timeframes for change if we believe improvements can be made to the stewardship activities of an investment manager.

Ultimately, if an investment manager fails to meet our expectations, we can cancel our agreement with them and replace them with an alternative manager that we believe will better serve our clients.

Alongside monitoring our investment managers, we also monitor our funds individually to ensure they are delivering good client outcomes and to help identify any potential areas for improvement. For example, our annual [Assessment of Value](#) assesses seven key areas: quality of service, fund performance, fund charges, economies of scale, comparable market rates, comparable services and classes of units. The results of these assessments determine whether we consider 'fair value' has been delivered to clients on a fund-by-fund basis. The assessment may result in changes to the arrangements with our investment managers and/or wider changes to a fund's investment arrangements or design.

Transaction costs are managed on a fund-by-fund basis by the investment manager, and we monitor these carefully. Our investment team calculates a range of turnover related analytics and metrics periodically, which are regularly reviewed and monitored in the context of the investment managers' approach. Information on the value of transaction costs for each fund is available on our [website](#).

We communicate the expected transaction costs associated with investment manager changes directly to clients ahead of the change.

Each fund's Annual Report and Financial Statements discloses total transaction costs incurred by that fund during each accounting year. This report can be found on our website and includes the costs associated with investment manager changes.

# Our engagement approach

Engagement and escalation are key aspects of effective stewardship. We have a strong preference to engage with companies, rather than divesting away from them, believing this will contribute to more tangible change.

Our [exclusions policy](#) prevents any of our investment managers from investing in producers of controversial weapons or companies with significant sustained breaches of the United Nations Global Compact (UNGC) Principles relating to human rights, labour standards, the environment and anti-corruption. Our engagement approach provides for five different levels of engagement on behalf of our clients:

1. Our investment managers' engagement with investee companies
2. Our engagement with our investment managers
3. Our engagement partner's engagement with companies
4. Our direct engagement with key investee companies
5. Our engagement with the wider industry

## 1. Investment managers' engagement with investee companies

We expect all our investment managers to be responsible stewards on behalf of our clients. They should apply an active engagement approach whenever plausible to do so. We expect investment managers to monitor and engage with the companies they invest in on a priority basis, on financially material environmental, social and governance (ESG) issues.

We expect and make sure that our investment managers evaluate companies in many ways, including but not limited to:

- ◆ Material ESG factors
- ◆ Company strategy
- ◆ Financial and non-financial performance
- ◆ Other material risks
- ◆ Capital structure

Engagement with companies can take many forms, for example:

- ◆ Meetings with company management and relevant company stakeholders
- ◆ Writing to company management and relevant company stakeholders
- ◆ Industry-wide collaborative engagement with other shareholders
- ◆ Exercising voting rights and any other rights attached to shares

All these aspects are considered in our ongoing monitoring of investment managers.

## 2. Our engagement with investment managers

Our investment team monitor and evaluate our investment managers' approaches to responsible investment. Their stewardship and engagement processes and activities are an important element of our monitoring.

We carry out this monitoring through regular meetings, reviews and reporting. We also undertake an annual responsible investment assessment of our managers. The assessment includes a section dedicated to stewardship and engagement which covers:

- ◆ Stewardship, engagement, and active ownership policies
- ◆ Integration of shareholder engagement within investment strategy
- ◆ Governance and resources dedicated to stewardship
- ◆ Prioritisation and ongoing monitoring of the progress of engagement activities
- ◆ Escalation process for engagements
- ◆ Engagement case studies on a range of ESG topics
- ◆ Collaborative engagement activity with other shareholders and/or industry groups
- ◆ Voting policy, process and activity including case studies
- ◆ Management of conflicts of interests within the responsible investment process

This process keeps us abreast of developments in our investment managers' stewardship approach and allows us to identify where work may be required. Where needed, we can provide extra support and set specific milestones and timeframes for change.

However, ultimately, if an investment manager fails to meet our expectations, we reserve the right to cancel our agreement with them at any time and replace them, even at short notice, if we believe this will be in the best interests of our clients.

### 3. Our engagement partner's engagement with investee companies

We work with our engagement partner to supplement the engagement efforts of our investment managers, through their two types of engagement:

1. Value engagement is the proactive approach to a company's long-term financially material ESG opportunities and risks that can affect their valuation. It also addresses their ability to create value, by identifying potential areas of improvement and setting objectives for companies engaged with.
2. Escalation engagement focuses on companies that breach minimum behavioural norms. When engaging on these issues, the primary objective is to address the reported shortfalls against internationally accepted codes of conduct for corporate governance, social responsibility, the environment, and transparency.

Our engagement partner also plays a key role in implementing our [exclusions policy](#) which covers controversial weapons and controversial behaviour.

Our engagement partner also assists in the construction of our exclusions list, which covers controversial weapons and controversial behaviour.

Some weapons are considered controversial due to their disproportionate and indiscriminate impact on civilians, which continues long after military conflict has ended. Our exclusions policy has been adopted in recognition of international conventions and treaties that deem the use of such weapons to be unacceptable.

We also work alongside our engagement partner to identify companies violating UNGC Principles and Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises under our controversial behaviour exclusion. Companies deemed to be in scope undergo an enhanced engagement process. This is aimed at eliminating the breach and preventing a recurrence. If this enhanced engagement, which may last up to a period of several years, does not lead to the desired change, we will exclude the company from our investment universe.

While we look to our engagement provider to assist in the construction of the list, we retain ownership of it and may diverge from their recommendations.

## 4. Our direct engagement with key investee companies

We have begun to explore engaging directly with some of the companies in which we invest. We will do this via collaboration with our delegated investment managers.

Effective stewardship plays an important role in our investment approach. As noted above, we delegate our engagement efforts to our investment managers in the first instance and overlay this with additional engagement from our specialist engagement partner. However, we believe that with over GBP212.4bn (as of 30 September 2025) in assets under management, we can enhance our approach by working more closely with our delegated investment managers as they undertake their engagement activity with some of our largest holdings.

We will initially focus this activity on decarbonisation, focusing on our investment managers engaging with those companies we hold that account for the highest greenhouse gas emissions in our portfolios. Climate change is the most pressing sustainability-related issue of our time. The energy transition is of the same economic magnitude as the shift to fossil fuels. The scale of the problem and the breadth of the required response to it presents a host of risks, such as assets becoming “stranded” or no longer economically viable. However, any change of this magnitude clearly also presents great opportunities. By having more involvement with the engagement that our investment managers are having with our largest emitters, we aim to ensure that they are addressing the risks and taking advantage of the opportunities that the energy transition brings.

## 5. Our engagement with wider industry

Beyond engaging with our investment managers, we also engage with other stakeholders and the wider industry. We do this through participating in collaborative groups and working with external partners to develop solutions across responsible investment, stewardship, client disclosure and climate change.

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# Exercising voting rights and responsibilities

We delegate voting to our investment managers rather than casting votes in-house.

Our reasons for this include:

- ◆ Our investment managers are best placed to make voting decisions, as they're closest to the companies held in the funds they manage.
- ◆ Removing an investment manager's right to vote may reduce a lever they have to engage with companies and reduce their potential influence and access to company management.

We don't specify how managers should vote in our legal agreements. Instead, we choose to monitor their voting policy, processes, and activity through ongoing reviews and our annual responsible investment manager assessment.

We collect and review voting data from investment managers regularly. This allows us to identify areas for further engagement, for example if we don't understand an investment managers' rationale or believe they could take a more active approach.

The voting data we monitor for each of our investment managers includes:

- ◆ Votes for and against management recommendations
- ◆ Abstentions
- ◆ Votes for and against a third-party provider recommendation i.e. proxy advisor

As we delegate voting to our investment managers, we don't use proxy advisers in-house. Many of our managers do make use of proxy voting services. However, we expect managers to be active owners and not passively follow proxy adviser recommendations without challenge. We monitor our managers' use of proxy advisers accordingly.

We disclose our investment manager's voting activity every year in our [Stewardship & Engagement Report](#).

# Conflicts of interest

We have processes for identifying conflicts of interest within our Group or with third parties, and for managing and monitoring any conflicts we find. On the [corporate governance section](#) of our website, you'll find policies which support this process.

The Group and all subsidiaries are responsible for operating the Group Conflicts of Interest Policy and making such arrangements as are necessary to underpin its operation.

As well as our Group policy and supporting documents, we also have a specific SJPUTG Conflicts of Interest Policy. This is about the management of our Group's Unit Trust funds (including fund of funds). The policy sets out governance and reporting procedures specific to the funds.

We carry out due diligence on our investment managers' policies before appointing them, and on an ongoing basis. This includes (but is not limited to) their policies on:

- ◆ Conflicts of interest
- ◆ Gifts and hospitality
- ◆ Personal account dealing
- ◆ Aggregation and allocation

Investment manager performance is kept under the scrutiny of our Investment Management team, with oversight from the Investment Committee.

Through mandatory training, our employees, are trained to raise awareness and understanding of how conflicts may arise, so they can be identified and managed. Where a potential or actual conflict is identified, it's reported in line with our [Group's Conflicts of Interest Policy](#), and we agree a plan to mitigate the conflict.

## Investment manager conflicts of interests

In chapter 3 of our [Stewardship & Engagement Report](#) we disclose identified conflicts of interest relating to our investment managers and third-party providers which could impact their stewardship and engagement activity, on our behalf. We also disclose controls we have in place to address these conflicts.

We update this annually to reflect any developments or changes. These cover conflicts that may arise when:

- ◆ Investment managers use proxy adviser recommendations to inform their voting decisions
- ◆ Investment managers are acting as both an investee and investor of a company
- ◆ Relationships are present between personnel at investment managers and personnel of the companies they are engaging with
- ◆ Vested interest in companies being engagement or voting service providers
- ◆ Our engagement partner's vested interest as a manager



# SJP



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