

2023 UNPRI Senior Leadership Statement

Our commitment

As a responsible investor, we invest for return while caring about the world we live in. Since we were established in 1986, we have invested in innovative companies and managed assets that positively impact society - whether that's caring for the elderly, improving healthcare, building homes or producing clean energy.

An overall approach with three distinct stages is applied universally across all assets. Material sustainability risks and opportunities are identified and integrated to investment decisions. Through active ownership we seek to empower investees to achieve positive outcomes. And we advocate reporting and transparency, including by engaging with policymakers, annual sustainability reporting (see here: <https://www.downing.co.uk/responsible-investing>) and this report to UNPRI.

Asset level approaches that consider their idiosyncrasies – ESG data, frameworks, stakeholders, trends – then follow.

Major RI commitments where we are active participants include B Corp, net zero asset managers, the UN Global Compact and the UK Stewardship Code.

Annual overview

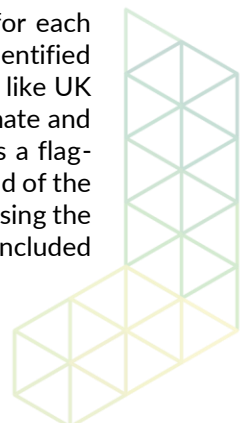
It certainly has been a busy and interesting twelve months for investing responsibly at Downing.

Governance has evolved, with an Executive-level ESG Committee providing approvals, escalation and oversight of all activity, and policies for ESG integration, exclusions, voting and engagement and, coming soon, climate change.

The most material issues are structured around our legally binding commitment to show regard to all stakeholders – customers, colleagues, communities and the environment – as a B Corp, and commencing as a net zero carbon asset manager with emissions data and reduction, to be followed later this decade with removal.

There have been two further important achievements. Investment integration is structured and robust, with a hybrid approach of proprietary scorecards and external data. Data ranges from broad ESG (HOLT, Sustainalytics) to sector-specific (climate, energy, lobbying...) and informs decisions, analytics and benchmarking.

Second, best practices for stewardship. There is a strategic focus, specific plan & approach for each engagement, with a semi-annual prioritisation process. All are based on factors and themes identified during pre-investment and the best ways to add-value for our clients. We have run campaigns like UK small caps starting to report greenhouse gas emissions, and continued with collaborations (Climate and Nature Action 100, FAIRR and Ceres). Votes are viewed as an important client asset. There is a flag-advise-decide process for voting between operations, RI and fund manager teams. And at the end of the proxy season we conduct a review of activity – resolutions, our votes against, rationale and advising the company, which ESG issues were common and developments for 2024. Policy advocacy has included





the UK Green Technical Advisory Group (through IIGCC) and the FCA sustainability disclosure requirements (through UKSIF).

Next steps

The biggest commitment is a five-year Responsible Investment strategy for Downing. This covers progress to date; leadership, culture and accountability; clients and colleagues as important stakeholders; ESG materiality and from over 90 factors, which do we care most about for corporate, investment and engagement activity; resourcing, processes and requirements like data; innovation and potential dedicated products; risks and how to manage, from the two for climate to regulatory scrutiny and political backlash; and targets. This final one should be the most visible step to advance our commitment to responsible investment in the next two years, as we will publicly report progress.

