



PUBLIC TRANSPARENCY REPORT

2023

7iM

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About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Why do we engage in responsible investment?

7IM is a UK-based investment manager founded in 2002. Our vision is to deliver an unrivalled client experience for individuals, families, financial advisers, corporates, charities and trustees.

Our clients have long-term investment horizons, and our portfolios are designed for longevity and consistency to help our clients achieve their financial goals. We also make tactical decisions to take advantage of opportunities we see in the markets. We focus our resources on financially material risks and opportunities that we think impact the value of our clients' investments. It is evident that environmental, social and governance (ESG) issues are among such risks and opportunities. As we transition to a sustainable, low-carbon future, responsible Investing is becoming a precondition for doing investment business in modern society. While governments, regulations and guidance will help to shape the 21st century investment world, investors have a huge role to play in helping humanity address dangerous long-term environmental and social problems.

Our approach to responsible investment

ESG factors can materially affect a company's performance and market value. We view ESG as an important element in evaluating the expected risk and return from investment. It can be as important as the well-known academic factors like growth, size, or value in determining how companies perform in the long run. In a few years' time, we expect that almost all investing will be responsible and ESG-focused.

We believe ESG issues are best handled within investment teams, rather than having a separate ESG or stewardship team to focus on ESG issues, and should be incorporated into our regular tasks, plans and responsibilities as investment managers. Our investment process has four stages: Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), Portfolio Management (including security selection) and Risk Management. We actively integrate ESG considerations across the four stages of our investment process. One person in each of these areas is designated the ESG champion and works to ensure that ESG issues are addressed comprehensively in the investment process, and when decisions have to be made. They report back to the 7IM ESG Investment Committee, where progress and performance are discussed and monitored.

Our Responsible Investment Commitments

To achieve the Paris Agreement goals, humanity will have to slash its emissions, requiring many trillions of dollars of investments in clean energy, power grids, electric cars and buses, the electrification of industry, more efficient buildings, and so on.

We strongly support the decarbonisation drive as part of our responsible investment commitment and to reduce transition risk. One of our four key business sustainability pillars is Cleaner Investments. Decarbonisation is one of our key commitments to invest responsibly, although not the only one:

- In 2020, after an extensive research programme, 7IM's Executive Committee agreed to reduce the carbon emissions of the Strategic Asset Allocations of all portfolios by 30% at the SAA level by 2026.
- In 2021, we added a Global Climate Change theme across all 7IM portfolios. This looks to look to profit from companies that are aligning towards a greener future.
- In 2022, we committed to exclude controversial weapons from portfolios via a firm-wide Controversial Weapons Policy.
- In 2021 we issued a Responsible Investment questionnaire, which has since been periodically refined, digitised, and is now fully integrated in our investment due diligence process.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Our progress

In the past few years, the 7IM Investment Management team focused on climate change as a key environmental issue that will affect our portfolios in the long run and is crucial to the future of humanity.

We have progressed well in our commitment to decarbonise our SAA by 30% by 2026. In 2021, we switched into lower-carbon investments within US equity exposure. In 2022, we focused on credit where we switched from traditional corporate bonds to bonds that are 70% less carbon-intensive, while retaining a similar return profile. We have already achieved our 30% reduction target within our Cautious and Moderately Cautious SAA profiles.

In 2021, we initiated a tactical position, across all portfolios, that invests in companies helping in the long run fight against climate change. Through 2022 we continued to hold the position, despite this being a difficult period for the types of companies we wanted to invest in. The Russian invasion of Ukraine and the hangover from the COVID-19 stimulus packages fuelled inflation and energy prices and drove interest rates up, leading to the underperformance of sectors that are aligned with a sustainable future. Despite this underperformance, our belief in the investment case was boosted by the US Inflation Reduction Act, which is a major tailwind for our climate change position.

One outcome of our ESG integration approach has been a firm-wide controversial weapons policy, finalised in 2021 and rolled out in 2022. The exclusion policy applies to our actively-managed funds, both open- and closed-ended, across all asset classes, and to structured products not linked to the performance of indices.

Refinement of ESG analysis and incorporation

ESG issues are considered at each stage of the 7IM investment process. In addition to our SAA decarbonisation and tactical climate change position, we look to continuously improve our third-party fund selection and ESG risk management framework.

In 2022, we upgraded our due diligence process for fund selection by signing up to Door, a digital platform where asset managers exchange due diligence information. As a fund-of-funds business, third-party managers are our main 'levers' to achieve our responsible objectives and are our main 'targets' for engagement and escalation.

Our Investment Risk team is a cornerstone of our investment process and ESG metrics are increasingly being incorporated into the risk oversight of the funds. Climate-related risks are captured through several ESG metrics or scores. We regularly monitor the carbon intensity and the Weighted Average Key Indicator Score (WAKI) and perform ESG stress tests, which is based on shocking the oil price and letting market factor correlations play through portfolios. We have developed an in-house country-level ESG scoring framework which we use as inputs into our portfolio ESG analysis.

Stewardship activities with investees and/or with policymakers

The 7IM stewardship philosophy has an ownership mindset. A crucial element of this mindset is active engagement with the third-party fund managers that manage the products in which we invest. Examples of our ESG-related engagements:

In 2021, we identified a large US manager's passively managed product range, managed by another firm, as an area of engagement. We challenged the other firm, which manage more than \$800bn assets with just over 100 staff, on their stewardship capabilities. As a result, they increased their proxy voting and engagement team from two in 2021 to four in 2022, with a view to raise this to six in 2023.

We had been engaging with a Japan value fund on their very limited considerations of ESG in its investment process, while recognising the constraints they faced from their parent firm. They developed a proprietary ESG rating system with an aim to have a minimum MSCI rating of BBB in all the companies held in the fund. They also added a pre-trade ESG analysis into the ESG integration process.

Policymakers: We submitted a written response to the Investment Association's (IA) draft response to the FCA's Consultation Paper on 'Sustainability Disclosure Requirements (SDR) and investment labels' (October 2022).

Collaborative engagements: We took part in the CDP Non-Disclosure Campaign in 2022. We hold almost £900m indirectly in UK equities through active and passive managers and have a sizeable emerging market allocation, hence feel justified in being co-signatories for these companies. The campaign found that companies were 2.3 times more likely to disclose after being targeted through the Non-Disclosure Campaign.

Attainment of responsible investment certifications and/or awards

In 2020 and 2021, we were proud to be signatories of the Financial Reporting Council's Stewardship Code. We have submitted our report for the 2022 reporting year.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We plan to advance our commitment to responsible investing in three main respects over the next two years: continue decarbonising portfolios, TCFD reporting, natural capital, and passive asset manager analysis.

We are keenly aware of the need to support the transition to a low-carbon economy, and as part of our responsible investing commitment we support the UK government's drive to achieve carbon neutrality by 2050. We are committed to reducing the carbon-intensity of our SAAs by 30% by 2026, where we have made significant progress, and we are researching ways of decarbonising our SAAs beyond 2026.

We seek to promote transparency and integrity in business. We are currently preparing for the Taskforce on Climate-related Financial Disclosures (TCFD) reporting, with the deadline for publishing our first disclosures in June 2024. We are building on our knowledge here by exploring other metrics like Implied Temperature Rise and ClimateVaR. These types of metrics incorporate forward-looking forecasts for how companies will decarbonise in the future. We have subscribed to MSCI's Implied Temperature Rise and ClimateVAR data, and in 2023/24 we will use this data to enhance climate risk management and reporting at 7iM further.

From 2022, we have also been examining how firms, governments, and investments function in the natural world. Our starting point is the Earth's natural capital – the stock of natural resources and ecosystems that provide humanity with valuable goods and services, including clean air and water, fertile soils, biodiversity, and climate regulation. Policymakers, businesses and civil society need to recognise and account for natural capital in their decision-making processes, and adopt sustainable practices that protect and enhance natural resources and ecosystems for the benefit of current and future generations. We have been focusing on two components of natural capital: biodiversity, and water. We are investigating how to operationalise our biodiversity and water research, leading to portfolio-level impact assessment for third-party fund managers and companies. From an investor viewpoint, it is hard to standardise, prioritise and implement natural capital policies, and company reporting is generally inadequate. The Taskforce on Nature-related Financial Disclosures (TNFD) has produced a framework detailing how firms should report and act on evolving nature-related risks, and its final recommendations will appear in 2023. We may incorporate them into our approach going forward.

Passive investments (ETFs and index funds) are projected to grow as proportion of our asset base. Voting and engagement are the two main 'levers' at their disposal to be good stewards of our clients' money. We have, therefore, commenced a deep-dive review of passive providers' stewardship approaches and resources, as well as honesty and feasibility of their commitments (for example, Net Zero).

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Dean Proctor

Position

Chief Executive Officer

Organisation's Name

7iM

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

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ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 8,937,081,942.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 12,912,760,000.00

Additional information on the exchange rate used: (Voluntary)

£1 = \$1.206800 https://www.imf.org/external/np/fin/data/rms_mth.aspx?SelectDate=2022-12-31&reportType=REP

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>0-10%	>10-50%
(B) Fixed income	0%	>10-50%
(C) Private equity	0%	0%
(D) Real estate	0%	>0-10%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	>10-50%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>0-10%	>10-50%
(J) Off-balance sheet	0%	0%

(I) Other - (1) Percentage of Internally managed AUM - Specify:

Futures Collateral and currency overlay

(I) Other - (2) Percentage of Externally managed AUM - Specify:

Futures, cash & cash equivalents, physical markets, money market assets

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a further breakdown of your organisation's externally managed listed equity and/or fixed income AUM.

	(1) Listed equity	(2) Fixed income - SSA	(3) Fixed income - corporate	(4) Fixed income - securitised	(5) Fixed income - private debt
(A) Active	>50-75%	>0-10%	>10-50%	>10-50%	0%
(B) Passive	>10-50%	>10-50%	>10-50%		

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(A) Listed equity - active	>0-10%	>75%
(B) Listed equity - passive	0%	>75%
(C) Fixed income - active	0%	>75%
(D) Fixed income - passive	0%	>75%
(F) Real estate	0%	>75%
(H) Hedge funds	0%	>75%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental 0%

(D) Other strategies >75%

(D) Other strategies - Specify:

Investment Trusts (REITs and similar publicly quoted vehicles)

MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What percentage of your organisation's externally managed assets are managed by PRI signatories?

>75%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity	(2) >0 to 10%
(B) Fixed income – SSA	(2) >0 to 10%
(C) Fixed income – corporate	(2) >0 to 10%
(D) Fixed income – securitised	(1) 0%
(G) Real estate	(1) 0%
(I) Hedge funds	(1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(4) Fixed income - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	(6) Real estate	(8) Hedge funds	(11) Other	
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5	OO 9	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation have direct investments in listed equity across your hedge fund strategies?

- (A) Yes
 (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Hedge funds
(A) Yes, through internal staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active	(6) >40 to 50%
(B) Listed equity - passive	(4) >20 to 30%
(C) Hedge funds	(4) >20 to 30%

STEWARDSHIP NOT CONDUCTED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship not conducted	2

Describe why your organisation does not currently conduct stewardship and/or (proxy) voting.

Stewardship, excluding (proxy) voting
(K) Other

As we hold futures, futures collateral, currency overlay, cash and cash equivalents and physical market assets, there is limited scope to conduct stewardship activities. In 2022, we voted on 3 cash funds which consist 56% of our AUM within Other. We are constantly challenging ourselves as investment managers, learning lessons from our successes and failures, and looking for ways to improve our investment processes. Therefore, we are currently reviewing our futures exposure, with the aim to reduce it and increase ESG incorporation within our AUM.

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(D) Listed equity - other strategies	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Futures Collateral and currency overlay	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors when selecting external investment managers?

	(1) Yes, we incorporate ESG factors when selecting external investment managers	(2) No, we do not incorporate ESG factors when selecting external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>

(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Futures, cash & cash equivalents, physical markets, money market assets	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors when appointing external investment managers?

	(1) Yes, we incorporate ESG factors when appointing external investment managers	(2) No, we do not incorporate ESG factors when appointing external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Futures, cash & cash equivalents, physical markets, money market assets	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors when monitoring external investment managers?

	(1) Yes, we incorporate ESG factors when monitoring external investment managers	(2) No, we do not incorporate ESG factors when monitoring external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Futures, cash & cash equivalents, physical markets, money market assets	<input checked="" type="radio"/>	<input type="radio"/>

ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed (C) Other

The assets within internally managed 'Other' are futures collateral and currency overlay. These assets have limited scope for incorporating ESG. However, 7IM perform annual country-level ESG-related risk analysis through our annual government ESG ratings. Country sustainability scores allow us to monitor ESG within currency overlay. The in-house country-level ESG rating is composed of three publicly available indices covering Governance, Social and Environmental factors: Yale Environmental Performance Index, Social Performance Index, and World Bank Worldwide Governance Indicators. We normalised the scores from each index and aggregated them into overall ESG scores.

Externally managed (F) Other

Our majority external holdings within 'Other' consist of cash and cash equivalents, followed by futures and physical markets.

Incorporating ESG factors into selecting and appointing external managers within 'Other' is demonstrated through decarbonising our Strategic Asset Allocation (SAA). The SAA is the long-term, strategic mix of assets that is the cornerstone of our investment portfolios. One of our four key business sustainability pillars are commitments to Cleaner Investments. We have committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026. In July 2021, phase 1 of decarbonisation, we focused on decarbonising the US equity portion of our SAA. At that stage, the lowest cost, and most liquid low-carbon products available were those that tracked lower-carbon US indices. After reviewing the options available we decided to use the MSCI USA ESG screened index. This index is tracked by an index future and a low-cost ETF, hence the cost impact of making the switch was minimal. The index future is classified within 'Other'. We switched over £300 million of assets into lower-carbon investments, which resulted in a 40% reduction in US equity carbon emission.

Within Risk Management, we incorporate financially material ESG factors into our investment decision making as ESG metrics are monitored quarterly in the risk oversight of the funds. We monitor all our holdings' carbon intensity, measured by MSCI's Weighted Average Carbon Emissions Intensity, and ESG issues, measured by MSCI's Weighted Average Key Indicator. This includes the futures we hold within 'Other'.

However, we are aware that there is limited scope to integrate ESG within 'Other' due to the nature of our investment within this asset class. There are limited options currently available in the market for low-carbon liquid futures, as it is still a developing area. We are constantly challenging ourselves as investment managers, learning lessons from our successes and failures, and looking for ways to improve our investment processes. Therefore, we are currently reviewing our futures exposure, with the aim to reduce it and increase ESG incorporation within our AUM.

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	>0-10%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	>75%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	0%
(C) A combination of screening approaches	>75%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>0-10%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

Our ESG/sustainability-marketed products are the long-running Sustainable Balanced Fund, and our Responsible Choice and Responsible Wealth Model Portfolios.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

>75%

- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

Which ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (N) Greenfin label (France)
- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products

- (AB) National stewardship code

Specify:

UK Stewardship Code

- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)
- (AG) Towards Sustainability label (Belgium)

- (AH) Other

Specify:

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Listed equity – other strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(T) External manager selection, appointment and monitoring (SAM) – listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(U) External manager selection, appointment and monitoring (SAM) – listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(V) External manager selection, appointment and monitoring (SAM) – fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(W) External manager selection, appointment and monitoring (SAM) – fixed income - passive

(Y) External manager selection, appointment and monitoring (SAM) – real estate

(AA) External manager selection, appointment and monitoring (SAM) – hedge funds

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees

- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We set out our guidelines on E, S, and G factors in our Responsible Investing Policy and our Engagement Policy. These include other systematic sustainability issues such as biodiversity.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

- (B) Guidelines on environmental factors

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

- (C) Guidelines on social factors

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

- (D) Guidelines on governance factors

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

(E) Guidelines on sustainability outcomes

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.7im.co.uk/regulatory-and-legal/modern-slavery-act-statement>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://www.7im.co.uk/media/k0odokwh/responsible-investment-policy.pdf>

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

<https://www.7im.co.uk/media/sqqphsf3/7im-engagement-policy.pdf>

(J) Guidelines on exclusions

Add link:

<https://www.7im.co.uk/media/i4xogkeu/controversial-weapons-exclusion-policy.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://www.7im.co.uk/media/sqqphsf3/7im-engagement-policy.pdf>

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://www.7im.co.uk/media/sqqphsf3/7im-engagement-policy.pdf>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://www.7im.co.uk/media/l02pz44u/7im-voting-policy.pdf>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

- (A) Yes**

Elaborate:

In 7IM's Responsible Investing Policy, we detail how we uphold fiduciary responsibilities through explaining how we integrate ESG in the investment process, our stewardship philosophy, and our sustainability oversight. Our investment process can be viewed as having four stages: Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), Portfolio Management (including security selection) and Risk Management.

Within SAA, we highlight the importance of long-term preparation and planning as most of our clients have long term investment horizons, therefore, we decided to reduce our SAA's carbon intensity by 30% by 2026 with plans to reduce carbon intensity further after that.

Within TAA, one of our core beliefs is that markets are not always efficient and that tactical tilts can add value and we recognised climate change will entail also entail short to medium risks and opportunities for investors. Therefore, we review ESG metrics when we consider tactical changes across portfolios and have implemented TAA changes that have explicit ESG characteristics, such as our Global Climate Change position, which has been implemented across all our core portfolios.

Within Portfolio Management, we manage numerous investment strategies, most of which are multi-manager. We act with due care, skill, and diligence through our manager selection and monitoring due diligence process. Our ESG due diligence questionnaire asks third-party managers firm-level considerations, fund-specific aspects and stewardship evidence. We encourage high standards of ESG performance with the help of a scoring tool designed in-house and assign ESG ratings to each fund. This allows us to identify 'Leaders' and 'Laggards' which then forms the basis for ongoing engagement with poor performing managers or those that we may want to collaborate with in the future.

Within Risk Management, we incorporate financially material ESG factors into our investment decision making as ESG metrics are monitored quarterly in the risk oversight of the funds. Climate-related risks are captured in the investment risk management process through several ESG metrics or scores. One of these is a "Weighted Average Key Indicator" Score (WAKI) ranging from 0-10 based on a company's exposure to key Environmental, Social and Governance themes. Another metric is Carbon Emission Intensity (tCO2e/\$m sales). We are currently building our knowledge on other metrics such as Implied Temperature Rise and Climate Value-at-Risk to integrate forward-looking metrics into our investment decision making and enhance climate risk management.

7IM maintains a Conflicts of Interest (COI) Policy that is publicly available on our website. It forms part of 7IM corporate governance and documents the firm's approach to identifying, preventing and managing conflicts of interest. We disclose our investment approach and stewardship activities via our Responsible Investment Policy and our annual Stewardship Code reports.

- o (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship

(H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa

(I) Other

(J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

(A) Yes, it includes voting principles and/or guidelines on specific environmental factors

(B) Yes, it includes voting principles and/or guidelines on specific social factors

(C) Yes, it includes voting principles and/or guidelines on specific governance factors

(D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

(A) We have a publicly available policy to address (proxy) voting in our securities lending programme

(B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available

(C) We rely on the policy of our external service provider(s)

(D) We do not have a policy to address (proxy) voting in our securities lending programme

(E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors (7) 100%
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change (1) for all of our AUM

(B) Specific guidelines on human rights (2) for a majority of our AUM

(C) Specific guidelines on other systematic sustainability issues (2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(D) Real estate

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(F) Hedge funds

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

As we hold futures, futures collateral, currency overlay, cash and cash equivalents and physical market assets, there is limited scope to conduct stewardship activities. In 2022, we voted on 3 cash funds which consist 56% of our AUM within Other.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Passively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(C) Direct listed equity holdings in hedge fund portfolios

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent**
Specify:

Culture & Sustainability Committee - Stewardship and Responsible Investing at 7IM are ultimately managed by the Culture and Sustainability Committee, set up in 2020. The Committee is held accountable for pulling together and embedding our commitments within our culture and related groups and activity, and includes people from across the whole business. The Culture and Sustainability Committee reports to the 7IM Executive Committee (ExCo).

- (C) Investment committee, or equivalent**
Specify:

ESG Investment Committee - The ESG Investment Committee is based in the Investment Management team and has six members. It includes representatives from every stage of the investment process at 7IM: Strategic Asset Allocation, Tactical Asset Allocation, Portfolio Management and Investment Risk. Two members of the Investment Committee also sit on the ESG Investment Committee.

- (D) Head of department, or equivalent**
Specify department:

Terence Moll, Head of Investment Strategy & ESG
Jack Turner, Head of ESG Portfolio Management

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

Jack Turner – Head of ESG Portfolio Management
Wenqian Zeng – Junior ESG Investment Analyst

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

We encourage all the external investment managers we invest in to adhere to our responsible investment policy. All external investment managers must adhere to our controversial weapons policy. The Broadridge and ISS Proxy Voting service currently defaults to automatically vote in line with management on all company proposals.

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Explain why: (Voluntary)

The 7IM remuneration strategy has been designed to assist the organisation in achieving its strategic goals and objectives by attracting and retaining talented staff within the business, while promoting and rewarding behaviours that drive a high-performing culture

The way we manage the performance and incentive framework is through the use of balanced scorecards. We use Balanced Scorecards to avoid unwanted emphasis on short-term financial targets. A balanced scorecard is a tool used to measure performance against agreed metrics. There are scorecards to measure the performance and success of the Executive Committee and each function/team. All staff also have an individual balanced scorecard.

All scorecards have 4 categories: Financial, Strategic, Values & Behaviours; and Risk & Compliance. The weighting given to each category varies by team, but typically all front office roles will have a greater weighting on financial performance whilst non-client facing roles will be focused on strategic delivery. Compliance, Values & Behaviours will be a consistent metric for all staff. These ensure that members of staff are incentivised to 'do the right thing' for fellow members of staff and clients.

Whilst the scheme is not formulaic, the use of balanced scorecards allows a more consistent measurement of individual and team performance. The RAG ratings at the end of Q4 within balanced scorecards are included as part of the consideration when allocating bonuses.

7IM's remuneration policy can be found here: <https://www.7im.co.uk/media/yuzo03t1/remuneration-policy.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

(2) Senior executive-level staff, investment committee, head of department or equivalent

(A) Specific competence in climate change mitigation and adaptation	<input type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input checked="" type="radio"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures

(E) None of the above

Explain why: (Voluntary)

We are currently preparing to report in line with TCFD recommendation for the June 2024 deadline as we have less than £50bn in AUM.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year**

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(4) Real estate	(6) Hedge funds
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

In all asset classes, we focus our stewardship efforts on material issues that we think represent specific risks to the long-term value of our clients' shareholdings, this includes the materiality of ESG factors. We also pay attention to the size of holdings, the scale and urgency of problems, and how much influence we may have.

As we are a fund of funds business with externally managed products totalling around 94% of 7IM's AUM, our manager monitoring system is designed to inform us whether external managers are working to safeguard and maximise the value of their assets, with sound stewardship and taking ESG issues into account in their investment processes. In some cases, we engage with fund managers directly, where we have concerns about their investment strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters. We regularly question them about their holdings, to ensure that they are implementing full stewardship in their portfolios – via voting, engaging with managements where necessary, and encouraging the companies they hold to follow sound ESG policies. For collective investments, we prioritise our engagements in the light of UN Principles for Responsible Investment (PRI) guidance. This prioritisation differs across asset classes but is consistent across geographies.

We focus our equity engagements on our top 30 or so active funds. We engage mostly with active managers since they have discretion over concentrated portfolios and often work closely with their companies. We will engage where we've identified material issues that represent specific risks or following a controversy that we consider material. For passive equities, which we define to include index funds, index ETFs and diversified quantitative products, we expect managers to engage where possible with the companies in their portfolios but recognise that because of the large number of holdings and lack of discretion they are unlikely to engage as much. We check that they are using the weight of their assets under management to vote on important issues and are taking their stewardship obligations seriously. . We engage with credit managers based on the size of our holdings and where we identify material ESG risks in portfolios where we can influence change. As a holder of credit, it is possible to engage, but without the use of a vote to make the point some companies choose to ignore bond holders. Alternative strategies with direct equity exposure, like event or equity long-short. For these products, we follow a similar approach to stewardship as for active equities. We note, though, that stock holding periods are often shorter than for fundamental equity strategies, giving managers less scope to influence company behaviour. Alternative trading funds, like trend-following, put-selling or commodity strategies. There is little or no scope to influence manager stewardship in such cases. Our role is limited to ensuring that managers are looking after the best interests of their clients.

For listed equity assets held directly in our centrally managed propositions, 7IM decides how to vote following discussion within the investment team on proposals. 7IM has few direct equity holdings, so most of the voting on listed equities is done by managers of third-party funds we invest with. 7IM engages with managers, asking them to disclose their approach to stewardship and Environmental, Social, and Governance (ESG) as a company and for their funds, and to explain their voting policies. While 7IM cannot vote on these third-party funds, we can seek to influence how a fund will vote. For third-party funds with voting rights, the house policy on voting is to vote based on materiality. We review the votes on funds where we either hold more than 20% of the fund's assets or the fund is a top 20 holding in absolute terms across all centrally managed propositions, as at the end of the first quarter of the calendar year. We review the votes for all investment trusts held across all centrally managed propositions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

There are occasions when shareholders might collaborate with other investors to increase their influence on specific company decisions, to ensure that outcomes benefit their clients. This might happen when they intend to vote against company management and believe that other shareholders share their views and concerns. Small shareholders typically have little influence on companies, but when they band together, they can be far more effective. We take part in collaborative engagements when we think we can enhance the value or lower the risks of client assets and expect our third-party managers to engage collaboratively on our behalf when appropriate. We might also collaborate with other investors in an escalation process, to raise our chances of securing a positive outcome. As an investment management firm that primarily uses fund-of-fund structures, the opportunities we have to engage directly with companies are limited. Directly invested equities make up only 6% of our assets under management, with unitised products or closed-ended investments making up the rest. We rely on external managers to be sound stewards of client capital and expect them to report on how they exercise the rights and responsibilities of assets held on behalf of 7IM, this includes collaborative stewardship. Our fund selection and monitoring due diligence process allows us to examine how fund managers are utilising their resources to collaborate with the wider industry to drive positive ESG results.

During 2022, 7IM participated in a number of collaborative engagements with regulators and the investment industry. Some key engagements are described in our annual Stewardship Code report. For example, in 2022, we worked with the Carbon Disclosure Project and with other investment houses to challenge companies on their ESG performance. Sarasin, who manage an equity portfolio for us, have been engaging vigorously with Big Four audit firms that have not considered climate risks enough

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**
Select from the list:
 2
- (B) External investment managers, third-party operators and/or external property managers, if applicable**
Select from the list:
 1
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**
Select from the list:
 4
- (D) Informal or unstructured collaborations with investors or other entities**
Select from the list:
 5
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**
Select from the list:
 3
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

- (A) Example(s) of measures taken when selecting external service providers:**

ESG data is key when it comes to stewardship activities. In 2022, we reviewed MSCI, the ESG data provider we were using, to make sure we were getting value for money by examining their ESG data coverage, quality, and service offerings capabilities. As part of the review, we also evaluated the capabilities of existing providers and new entrants in the market. Following this ESG data service provider selection review, we were able to conclude that our current ESG data provider continues to be most suitable to our ESG data needs.

☑ (B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:

As we are a fund-of-funds business, engagements with external fund managers are conducted in-house by our Investment Team sector specialist, not by external service providers.

☑ (C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:

We conduct a review of our ESG data service provider prior to contract renewals. We also participate in MSCI consultations when appropriate as part of our monitoring process. The review that we performed in November consisted of the following steps.

- o A review of the asset class coverage that the data provider offers. We are multi asset investors, so it is important that there is a high coverage for fixed income securities
- o How we can access the data and how it is feeding into our analytics platforms
- o The support we have received from their data specialists.
- o Additional services that have been added and what extra services we may want to receive.
- o A comparative review of other data providers.

7IM uses proxy voting services provided by Broadridge and ISS to vote on directly-held investments. The Broadridge and ISS Proxy Voting service currently defaults to automatically vote in line with management on all company proposals. Team members monitor corporate actions and voting proposals on shares and securities held in client portfolios, to assess whether the recommendations made by the management are, in our view, in the best interests of the investors. We monitor service providers by requesting reports on specific votes or on how a fund has voted. Any proposals not to vote in line with the default approach will be reviewed and require approval by the ESG Investment Committee. When we receive client requests for voting on funds, we are able to pull specific reports.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?

At 7IM we view climate change as the key risk to human society and hence to all investors in the long run. As most of our clients have long-term investment horizons, we hold a Global Climate Change theme across all 7IM portfolios, which looks to profit from companies that are aligning towards a greener future. Through 2022 we continued to hold the position, despite this being a difficult period for the types of companies we wanted to invest in. Despite this underperformance, our belief in the investment case was boosted by new legislation in the US, the Inflation Reduction Act, which is a major tailwind for our climate change position.

One of our four key business sustainability pillars are commitments to Cleaner Investments. The UK has set a net-zero emissions target by 2050, and businesses are encouraged to support the transition to a low-carbon economy. We support the decarbonisation drive as part of our stewardship commitment and our drive to reduce transition risk. We have committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026. We completed the first phase in July 2021 with our US equity exposures. Phase two of our SAA reduction project, with a focus on making our credit investments cleaner, was implemented in July 2022. In November 2022, we began switching over £200m of assets in traditional corporate bonds to bonds that are 70% less carbon intensive, while retaining a similar return profile.

We rolled out our firm-wide Controversial Weapons Policy in 2022. Our exclusion policy applies to our actively-managed funds, both open- and closed-ended, across all asset classes. It also applies to structured products that are not linked to the performance of indices. We expect our active managers to apply screening and exclude companies where there is evidence of non-compliance with four main international treaties: the Convention on Cluster Munitions (2008), the Anti-Personnel Landmines Treaty (1997), the Biological Weapons Convention (1975) and the Chemical Weapons Convention (1977).

7IM's separate ESG due diligence process focuses on how the third-party fund managers of funds held by 7IM tackle ESG issues, and how they fulfilled their responsibilities as stewards of the investments in their funds. Since we mostly invest indirectly, through collective vehicles, those third-party managers are our main 'levers' to achieve our stewardship-related objectives. The purpose of the ESG questionnaire was to find out how asset managers viewed ESG issues as firms and as fund managers, and to set expectations for what we wanted them to do as stewards of the investments in their funds held on behalf of investors in 7IM funds and products. This process was managed jointly by the ESG and sector specialists to make sure we picked up anything in the answers to the questionnaire that the fund manager may have left out and that may have been relevant. We are then able to compare and rank the fund managers in all the 7IM funds and models by their ESG credentials. The questionnaire enabled us to systematically identify 'leaders' and 'laggards' in ESG practices across the industry, and to engage where we thought improvements were desirable and possible. Our engagement activities are a continuous process and occasionally where engagement is not successful, we would consider divestment post-escalation. Given our investment approach, we are almost entirely reliant on third-party fund managers to vote, engage with and scrutinise companies on our behalf. Our expectations are high when it comes to external managers being aware of controversies affecting a company they are invested in, proactively addressing issues via continuous engagement, and being ready to escalate (and possibly divest) if responses by the investee company's management remains unsatisfactory.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Our ESG integration approach:

What is the best way to ensure that the Investment Management team takes ESG and stewardship seriously when they make decisions? We believe ESG is best handled within investment teams, as part of their regular activities, rather than by having a separate ESG or Stewardship team.

ESG issues are considered at each stage of the 7IM investment process: Strategic Asset Allocation, Tactical Asset Allocation, Portfolio Implementation, and Investment Risk. One person in each area is designated the ESG champion and makes sure that ESG issues are addressed appropriately when decisions are made. They report back to the ESG Investment Committee, where progress is discussed and monitored.

Our tactical views can be a powerful tool to position the 7IM portfolios to navigate a world impacted by climate change. We review ESG metrics when we consider Tactical Asset Allocation (TAA) views and changes across portfolios. We also consider TAA views that have some ESG characteristics, such as US Healthcare, a position we have held since 2019.

Similarly, when we select third-party funds or design a structured product, we incorporate ESG considerations into the decision-making process, as explained later in this report.

Finally, our Investment Risk team is a cornerstone of our investment process and ESG metrics are increasingly being incorporated into the risk oversight of the funds.

A focus on investing taking ESG issues into account should, in theory, lower overall portfolio risk in the long run, because ESG-compliant assets would be expected to have less climate and environmental risk. For example, ESG investors tend not to be invested in companies that emit a lot of carbon, which might be punished if policymakers introduce strict carbon taxes or similar policies.

Many investors demand that companies set science-based targets to align their activities with the Paris Agreement target of keeping global warming to only 1.5 degrees above pre-industrial levels. Companies that lack science-based targets may find investors reluctant to hold their shares and might be more exposed to environmental uncertainties and carbon emission risks.

In the long term, we believe market-wide and systemic risks can be reduced by taking an ESG focus. We have implemented this view by challenging fund managers to show that they are addressing ESG as corporates, within the funds they run, and by voting at annual general meetings to promote ESG issues.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear
- (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

(A) Yes, for all (proxy) votes

Add link(s):

<https://www.7im.co.uk/media/fp5fehon/full-voting-records-2022.pdf>

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

(1) In cases where we abstained or voted against management recommendations

(2) In cases where we voted against an ESG-related shareholder resolution

(A) Yes, we publicly disclosed the rationale

(2) for a majority of votes

(2) for a majority of votes

(B) Yes, we privately communicated the rationale to the company

(C) We did not publicly or privately communicate the rationale, or we did not track this information

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

○

○

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://www.7im.co.uk/media/2o5l4qk1/stewardship-report-2022.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

The Stewardship specialist on the Investment Management team is designated to vote shares held in the funds through the Broadridge proxy voting platform, Proxy Edge, which is a service available for the funds held at Northern Trust. For funds held by HSBC, for which 7IM has discretion, the voting is managed through the ISS platform.

The Stewardship specialist receives email notifications from Broadridge and ISS on upcoming votes. The Broadridge and ISS Proxy Voting service currently defaults to automatically vote in line with management on all company proposals. When a ballot is published on Proxy Edge or the ISS Proxy Service, the Stewardship specialist engages with the sector specialist. Any proposals not to vote in line with the default approach will be reviewed and require approval by the ESG Investment Committee. If the Investment Management team chooses to override the management recommendation, then the action is noted and a reason for the vote is written up by the sector manager or a member of the ESG Investment Committee.

7IM prioritises votes where 7IM holds a significant number of shares in the company or where the holding is viewed as substantial. For listed equity assets held directly in our centrally managed propositions, 7IM decides how to vote following discussion within the investment team on proposals. 7IM has relatively few direct equity holdings, so most of the voting on listed equities is done by managers of third-party funds we invest with. 7IM engages with managers, asking them to disclose their approach to stewardship and Environmental, Social, and Governance (ESG) as a company and for their funds, and to explain their voting policies. While 7IM cannot vote on these third-party funds, we can seek to influence how a fund will vote. For third-party funds with voting rights, the house policy on voting is to vote based on materiality. We review the votes on funds where we either hold more than 20% of the fund's assets or the fund is a top 20 holding in absolute terms across all centrally-managed propositions, as at the end of the first quarter of the calendar year. We review the votes for all investment trusts held across all centrally-managed propositions.

In some cases, the shares held in funds may not be available for voting. This is because some shares can only be voted on when a power of attorney is in place and the ESG Investment Committee makes an assessment on whether the cost implications of putting such a POA in place are merited. If it is considered this will not be in the best interests of the shareholders, the shares are not voted.

7IM does not use an advisory service to recommend how to vote. Undertaking this activity using internal resources better reflects 7IM's governance views, rather than taking an external advisor's recommendation with which 7IM may disagree. There are relatively few direct holdings that need to be voted on, and voting research is better managed in-house.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

	(1) Listed equity	(2) Direct listed equity holdings in hedge fund portfolios
(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Publicly engaging the entity, e.g. signing an open letter	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Divesting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Litigation	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other	<input type="checkbox"/>	<input type="checkbox"/>
(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
 - o (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

In December 2022, we submitted a written response to the Investment Association's (IA) draft response to the FCA's Consultation Paper on 'Sustainability Disclosure Requirements (SDR) and investment labels' (October 2022). After reviewing the Consultation Paper, we spoke with industry counterparts to gain an understanding of the proposed regulation. While we agree that the regulator needs to introduce steps to regulate sustainability claims, we thought the proposal was not appropriate for multi-asset fund of funds. The classification system proposed was too rigid and would not allow flexibility as to how sustainable mandates are run in practice. We explained that it often makes sense for an investment manager to combine sustainable strategies in a single product, e.g. a core of companies that are ESG leaders, plus a few companies that are on an improving trend, and some that would be classed as impact investments. We suggested that the FCA should develop a label that incorporates this flexibility and caters for a large segment of the existing sustainable market. The label would cover a blend of the categories that the FCA has proposed, allowing an investment manager to allocate between the three categories.

- (D) We engaged policy makers on our own initiative

Describe:

7IM has had an investment mandate for a portion of the Sustainable Balance Fund's equity assets with Sarasin & Partners. Sarasin's engagement with large audit companies continued into 2022. Sarasin challenged the Big Four auditors on the lack of identification of climate risks in the reports and accounts of companies audited. In November 2022, Sarasin coordinated engagement letters from investors to the heads of the Big Four auditors, copying in the Financial Reporting Council. The letter reiterated investors' ongoing expectations for more quantitative disclosures relating to the incorporation of climate considerations in their audits, as well as 1.5 degree C-aligned sensitivities provided by the companies. Since Sarasin initiated this work in 2019, they have welcomed progress and the discussions they have held with the audit firms. However, they observe a continued lack of detail and reassurance that individual companies' accounting assumptions and judgements have been fully tested for shifting outlooks linked to the energy transition. It is notable how few companies have made changes to accounting assumptions, despite the urgency of the climate crisis. We continue to work with Sarasin to take up their challenge on auditors. We will pursue this issue at 2023 annual general meetings, and will question the reappointment of auditors at climate-exposed companies.

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

(A) We publicly disclosed all our policy positions

(B) We publicly disclosed details of our engagements with policy makers

Add link(s):

<https://www.7im.co.uk/media/20514qk1/stewardship-report-2022.pdf>

(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Carbon Disclosure Project

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In 2021 we began a project to consider collaborative initiatives that would enable us to enhance the environmental engagement we could have on behalf of our investors. After extensive research, we signed up to the Carbon Disclosure Project (CDP) in November 2021. Prior to applying, we had been interested in two optional campaigns that we could join, the Non-Disclosure Campaign and the Science Based Targets Campaign. We took part in the CDP Non-Disclosure Campaign in Q1 2022. The Non-Disclosure Campaign targets companies that have not responded to the CDP in the past.

The campaign endeavours to encourage greater disclosure by companies, since firms that measure and disclose their impacts on the environment are more likely to do something about them. The approach is to co-sign letters with other large investors, which are then sent to the CEOs of those companies. The only company on the list of non-disclosing companies that we had a direct holding in was Berkshire Hathaway. Alongside Berkshire, we added large polluting companies from the FTSE 100, such as Glencore, Rio Tinto, BP and Shell and the Indian energy firm Reliance Industries, which we access through our emerging market equity holdings. We hold almost £900m indirectly in UK equities through active and passive managers and have a sizeable emerging market allocation, hence feel justified in being co-signatories for these companies.

The campaign targeted 1,466 companies from 30 countries. Across the three themes of climate change, water and forestry, 388 of the companies targeted responded. Using a control group to analyse the effectiveness of engagements, CDP found that companies were 2.3 times more likely to disclose after being targeted through the Non-Disclosure Campaign. The best response rates were in high-emitting sectors such as transportation and power generation. Companies in these sectors were 4.5 times more likely to disclose after being contacted through the campaign. Increasing climate disclosure in these sectors is vital if the fight against climate change is to be successful.

Reliance Industries responded in 2022 for the first time after multiple engagements in previous years. Hitherto Reliance Industries has been slow to introduce environmental targets, but perhaps this will change in the future. They have committed to enabling at least 100 GW of solar energy by 2030.

- (B) Example 2:
Title of stewardship activity:

Usonian Japan Value

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors

(3) Asset class(es)

- (1) **Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have been an anchor investor in Usonian's Japanese equity strategy for several years, but had been critical of the – in our view - very limited considerations of ESG aspects in Usonian's investment process, while recognising the constraints on Usonian from their parent, GMO. We articulated this concern after the roll-out of our ESG questionnaire in 2021 (see our 2021 Stewardship Report). Following extensive discussions through 2021–22 about Usonian's approach to stewardship-related matters and ESG integration, the discussion evolved into one where Usonian Japan considered becoming an Sustainable Finance Disclosure Regulation (SFDR) Article 8 fund and requested 7IM's input. The GMO team outlined their ESG process and asked for our advice on what clients expect from an Article 8 fund.

We focused on their lawyers' advice that improvements had to be shown in third-party data, which we believe was an incorrect interpretation of the SFDR rules. Their focus on engagement has historically been on governance-related issues but they've expanded to include more engagements on environmental and social topics. Following these conversations, Usonian developed a GMO proprietary ESG rating based on three third-party data vendors (MSCI, Truvalue Labs, and Refinitive), aiming to have a minimum MSCI rating of BBB in all the companies held in the fund. The ESG rating system is used as a base with an overlay from Usonian analysts. They have also added a pre-trade ESG analysis into the investment.

(C) Example 3:

Title of stewardship activity:

BlueBay AT1s

(1) Led by

- (1) **Internally led**
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) **Environmental factors**
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) **Fixed income**
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In 2022, we engaged with BlueBay Asset Management around exposure to fossil fuel financing in European banks through the BlueBay AT1 funds held in a number of 7IM funds. We directed the conversation to focus on BNP, one of the largest European banks. BlueBay's response was clear, comprehensive, and transparent. They acknowledged BNP's historically large oil & gas exposure, but emphasised BlueBay's ESG due diligence on the bank's exposure to climate risks as well as the importance of engagement to shape the future. BlueBay has engaged with BNP over several years on this topic and have observed positive progress.

BNP was a founding signatory of the Net Zero Banking Alliance and has developed a strong climate policy which details intermediate targets for emission reduction, focussing on greenhouse gas (GHG) emitting sectors, as well as reducing exposure to certain sub-sectors, such as the upstream oil industry. BNP has also collaborated with other banks, such as Société Générale and Standard Chartered, to develop an open-source methodology to adapt the Paris Agreement Capital Transition Assessment to credit portfolios, which helps best practice development and measurement across the sector. In total, only 7% of the BlueBay portfolio is exposed to banks lending to the oil & gas and automotive sectors. In BlueBay's view, as long as banks are setting themselves robust targets and providing data and methodologies to measure the success of reaching these targets, then this should be viewed as an acceptable investment strategy.

(D) Example 4:

Title of stewardship activity:

Civitas

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have been engaging with Civitas, a UK social care housing real estate investment trust (REIT) held in the Sustainable Balance Fund, over several years. Civitas provides housing in the community for vulnerable adults, which is managed by registered providers of care and is regulated by the Regulator of Social Housing. Civitas has faced extensive controversy in recent years. In addition to the attack by short seller Shadowfall in 2021 (see our 2021 Stewardship Report), the regulator expressed concerns in 2022 that the registered providers Civitas sign leases with are not sufficiently capitalised and there is a risk of them failing.

We engaged with Civitas to understand why the company suffered such negative news flow, seemingly worse than other social housing REITs despite it having delivered relatively solid earnings. The negative news appeared to be the main weakness behind the share price. We learned that the company often steps in to help registered providers get payments from local authorities. The payment to the registered provider is made up of a relatively small amount of rent which is passed on to Civitas, and a larger amount for the care package, which was more problematic than we had realised. To allay the regulators' fears, Civitas put in place a provision that allows registered providers to defer payment of rent if it is not forthcoming from the local authority. Civitas said the reason why other social housing REITs weren't being criticised by the regulator is that they are not regulated. Following these controversies, we did not believe the potential gains from holding Civitas cover the investment and reputational risks of holding the stock. We sold our position in Q4 2022.

(E) Example 5:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

As mentioned previously, at 7IM we view climate change as the key risk to human society and hence to all investors in the long run. We support the decarbonisation drive as part of our stewardship commitment and our drive to reduce transition risk. We have committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026. We completed the first phase in July 2021 with our US equity exposures. Phase two of our SAA reduction project, with a focus on making our credit investments cleaner, was implemented in July 2022. In November 2022, we began switching over £200m of assets in traditional corporate bonds to bonds that are 70% less carbon intensive, while retaining a similar return profile. We are currently looking at other asset classes to further decarbonise.

In 2021 the Investment Team considered a proposal to invest in companies that were helping in the long run fight against climate change. The proposal outlined three related forces that are likely to impact asset prices in the future: regulation, technology, and consumer demand. We concluded that the climate change theme has a long way to run, and that companies taking the lead should have a long and profitable growth highway ahead. We have held a Global Climate Change theme across all 7IM portfolios since 2021, which looks to profit from companies that are aligning towards a greener future.

Our Risk Management team is a cornerstone of our investment process and ESG metrics are monitored quarterly in the risk oversight of funds. Climate-related risks are captured in the investment risk management process through several ESG metrics or scores. One of these is a “Weighted Average Key Indicator” Score (WAKI) ranging from 0-10 based on a company’s exposure to key Environmental, Social and Governance themes. Another metric is Carbon Emission Intensity (tCO2e/\$m sales). We have embedded the monitoring of carbon risk and ESG risk into our portfolio monitoring process, and in reports to the Investment Risk Committee. 7IM have also added an ESG stress test, which is based on shocking the oil price and letting market factor correlations play through portfolios. This was chosen due to the global shift towards renewables to help tackle climate change, and potential impact this could have on non-renewables and portfolio values in the coming decade.

In addition, we perform annual country-level climate-related risks analysis through our annual government ESG ratings. The ratings are composed of three publicly available indices covering Governance, Social and Environmental factors: Yale Environmental Performance Index, Social Performance Index, and World Bank Worldwide Governance Indicators.

(B) Yes, beyond our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

We understand the importance of forward-looking metrics to identify risks and opportunities in the transition to a low carbon society, We have, therefore, subscribed to MSCI’s Implied Temperature Rise and ClimateVAR data in 2022, with the intention to use this data to enhance climate risk management at 7IM further. The ESG Metrics Working Group, comprised of people from the investment management and investment risk, are currently working on how to best incorporate these metrics.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

In 2021, we partnered with sustainability specialists Green and Good Consulting and developed four key business sustainability pillars that include commitments to: cleaner investments, sustainable choices, an inclusive team, and giving back. As previously described, one of our four key business sustainability pillars are commitments to Cleaner Investments. The UK has set a net-zero emissions target by 2050, and businesses are encouraged to support the transition to a low-carbon economy. We support the decarbonisation drive as part of our stewardship commitment and our drive to reduce transition risk. We have committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026. We completed the first phase in July 2021 with our US equity exposures. Phase two of our SAA reduction project, with a focus on making our credit investments cleaner, was implemented in July 2022. In November 2022, we began switching over £200m of assets in traditional corporate bonds to bonds that are 70% less carbon intensive, while retaining a similar return profile. We are currently looking at other asset classes to further decarbonise. 7IM has also committed to making 'Sustainable Choices' as one of our key pillars, and as a result, we committed to reducing our Scope 1, 2 & 3 CO2 emissions and pledged that our business would become carbon-neutral from 2021. We partnered with World Land Trust to offset our 2021 carbon footprint, by supporting the organisation's Carbon Balanced project in Guatemala. We continue to promote our revised travel policy, launched in 2021, encouraging staff to take more sustainable methods of transport. In 2022 rail travel represented more than 44% of the total journeys undertaken within the group (against 20% in 2021). Air travel was cut to less than 1% in 2022 from 10% in the prior year (when travel restrictions still applied). We also endeavour to renew all energy fixed-term contracts with non-fossil-based energy providers when we have the opportunity across all our non-centrally managed offices. In addition, we are driving the reuse of desks and furniture from our Leith office in our Princes Exchange office, with plans underway to merge the two offices in 2023. As part of this move, we will sell and recycle any furniture still suitable for use. We are working with Space Solutions on this project, embracing the principle of the Circular Economy at all times.

Regarding our TAA position, we hold a Global Climate Change theme across all 7IM portfolios, which looks to profit from companies that are aligning towards a greener future.

Finally, we offer products that incorporate climate-related risks and opportunities and support the transition toward a low-carbon economy. We've been running the 7IM Sustainable Balance Fund since 2007 and it's designed to embrace – and support – the world's economic growth in the long run, investing in companies that demonstrate positive and sustainable conduct. The direct equity portfolio within the Sustainable Balance Fund is managed by Sarasin & Partners LLP, a well-known expert in sustainable investing and stewardship, to a mandate agreed with 7IM. The direct equity part of the fund consists of negative screening to exclude certain industries/activities and companies with unacceptable conduct, and positive screening to identify companies showing positive ethical conduct and companies that have sustainable long-term businesses within five main mega-themes. The choices of funds for the Sustainable Balance Fund are selected through negative screening and a comprehensive due diligence process where we assess how managers systematically integrate ESG factors, analyse ESG materiality and act as good stewards. We also offer Responsible Choice Model Portfolios and Responsible Wealth Model Portfolios. The portfolios focus on investments that score well on ESG factors and aim to avoid companies that produce products like weapons, tobacco and thermal coal. We also look for investments that will have a positive long-term impact on society and the environment. All of this is done remaining true to our investment strategy and careful management of risks.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation’s strategy addressing high-emitting sectors?

(A) Coal

Describe your strategy:

We exclude thermal coal within our Sustainable Balance Fund and Responsible Choice and Responsible Wealth Models. We have a 10% maximum revenue threshold of the underlying company within the fund we invest in. We perform monthly controversial activity screening to monitor our funds and check if they have breached this threshold. The underlying exclusion policy for each third-party fund is unlikely to be the same, meaning there may be residual exposure that breaches the thresholds above. We ensure that these residual exposures do not add up to more than 1% of the fund. If we find through our monitoring activities that a fund has a holding that leads us to breach that 1% limit, we will firstly engage with the fund manager to understand whether our information is correct and whether there is justification for the holding. If we do not deem the reason to be satisfactory, we will set the Manager a three-month deadline to remove the controversial holding and if the deadline is not met, we will make plans to exit the fund. On an exceptional basis, and only where divestment is either not possible or deemed to have an adverse impact on investors, the Manager may agree with the Authorised Corporate Director that the divestment period may be extended beyond the three months.

- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium
- (L) Agriculture, forestry, fishery
- (M) Chemicals
- (N) Construction and buildings
- (O) Textile and leather
- (P) Water
- (Q) Other
- (R) We do not have a strategy addressing high-emitting sectors

Provide a link(s) to your strategy(ies), if available

https://www.7im.co.uk/media/d4phbtxp/sustainable-balance_fund-screening-process.pdf
<https://www.7im.co.uk/media/sqqphsf3/7im-engagement-policy.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios**

Specify:

We perform ESG stress test which is based on shocking the Oil price -50% and letting market factor correlations play through portfolios. This is performed on a quarterly basis. This was chosen due to the global shift towards renewables to help tackle climate change, and potential impact this could have on non-renewables and portfolio values in the coming decade. A warning flag would be raised for discussion if portfolio losses were expected to be 2% more than their strategic asset allocations for that risk profile, or global equities.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

- (A) Yes, we have a process to identify and assess climate-related risks**

(1) Describe your process

The ESG risk metric provider that was chosen was MSCI, who are one of the largest providers of ESG research globally, have wide coverage of equity and fixed income securities. Their methodology is to rank each company on a range of ESG issues, and vary the weight attached to each ESG issue dependent on what GICS sector the company is in. Governance factors are given more weight to financials, and environmental factors to utilities for example. This results in a "Weighted Average Key Indicator" Score (WAKI) ranging from 0-10, with global equities in total scoring around 5. A score of zero means a very high risk to ESG issues and 10 very low or no risk. The second key MSCI data point used is Carbon Emissions, defined as scope 1/2 tCO₂e / \$m sales. We see climate change as one of the most important ESG risks in the coming years, as governments, regulators and investors try to limit rising temperatures and reach net-zero emission targets.

While MSCI cover most equity and fixed income securities, they do not cover government bonds, cash, or alternatives. 7IM have created a separate methodology for these securities which aligns with the MSCI ESG scores and then allows for aggregation at a portfolio level. Inputs to the government bond model includes the Yale Environmental Performance index and other publicly available data sets for social and governance issues.

7IM have also added an ESG stress test, which is based on shocking the Oil price -50% and letting market factor correlations play through portfolios. This was chosen due to the global shift towards renewables to help tackle climate change, and potential impact this could have on non-renewables and portfolio values in the coming decade.

(2) Describe how this process is integrated into your overall risk management

Our Risk Management team is a cornerstone of our investment process and ESG metrics are monitored quarterly in the risk oversight of funds. Climate-related risks are captured in the investment risk management process through several ESG metrics or scores which integrate easily with the 7IM risk system MSCI BarraOne. In terms of monitoring activity, ESG scores and issues will be considered pre trade for new securities at the Portfolio Management Committee as part of the investment process. Portfolio level ESG scores (WAKI and Carbon Emissions) and ESG stress test will then be reviewed at least quarterly by the Investment Risk Team and Investment Risk Committee.

We understand the importance of forward-looking metrics to identify risks and opportunities in the transition to a low carbon society. We have, therefore, subscribed to MSCI's Implied Temperature Rise and ClimateVAR data in 2022, with the intention to use this data to enhance climate risk management at 7IM further. The ESG Metrics Working Group, comprised of people from the investment management and investment risk, are currently working on how to best incorporate these metrics.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

The ESG scores act as an input into the investment management process, and flags have been agreed which will prompt further investigation and analysis to make sure 7IM are comfortable holding on that risk. These are not hard limits but guidelines. The flags are based on the ESG scores for global equities which is typically around 5 to 5.5 for WAKI and 150 to 180 for Carbon Emission intensity (tCO2e / \$m sales). For core portfolios, the flags will kick in if WAKI is 0.3 below global equities or Carbon Emissions are 100 above global equities. For the Sustainable Balance fund it will flag if WAKI or Carbon Emission intensity is less than global equities. The strategic and tactical asset allocations will also be compared to final portfolios.

For the ESG stress test, a warning flag would be raised for discussion if portfolio losses were expected to be 2% more than their strategic asset allocations for that risk profile, or global equities.

(2) Describe how this process is integrated into your overall risk management

If a flag is raised in the quarterly reviews, the Investment Risk Team will investigate the portfolio and analyse the security(ies) that are causing the flag. This will be flagged and discussed with the Investment Management Team to establish the best course of action. This may also generate engagement opportunities with the third-party manager where we voice our concern on climate-related risks. In cases where 7IM is uncomfortable with the risk, the issue would be presented to the Portfolio Management Committee and/or Investment Committee for further discussion and decision.

(C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (B) Exposure to transition risk**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (C) Internal carbon price
- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://www.7im.co.uk/advised-clients/responsible-investing/carbon-reduction-methodology>
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

- (A) Scope 1 emissions**
 - (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - (2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.7im.co.uk/media/nuao3dii/annual-report-and-audited-consolidated-financial-statements.pdf>

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

(1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.7im.co.uk/media/nuao3dii/annual-report-and-audited-consolidated-financial-statements.pdf>

(C) Scope 3 emissions (including financed emissions)

(D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities

(B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

(A) The UN Sustainable Development Goals (SDGs) and targets

(B) The UNFCCC Paris Agreement

(C) The UN Guiding Principles on Business and Human Rights (UNGPs)

(D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(E) The EU Taxonomy

(F) Other relevant taxonomies

(G) The International Bill of Human Rights

(H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(I) The Convention on Biological Diversity

(J) Other international framework(s)

(K) Other regional framework(s)

(L) Other sectoral/issue-specific framework(s)

- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons

- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

In reference to the Modern Slavery Act, we explicitly ask firms we invest with how they are considering the risks relating to modern slavery and we are in the process of updating our ESG due diligence procedures to make them even more robust.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

Explain how these activities were conducted:

7IM has had an investment mandate for a portion of the Sustainable Balance Fund's equity assets with Sarasin & Partners for over 15 years. We have quarterly review meetings and annual due diligence to monitor and assess their engagement activities. As a fund of funds business, we rely on them to engage on companies on our behalf. In 2022, Sarasin expressed concerns regarding labour and human rights performance with Siemens, a multinational German industrial manufacturing company. Sarasin learned that Siemens have taken on board learnings from previous bribery and corruption allegations, and have implemented stronger controls. They are also developing a comprehensive compliance management system, with improved policies and procedures. Sarasin was also informed that Siemens are in a good position to comply with the new German Supply Chain Due Diligence law, which partly addresses labour and human rights issues within the supply chain. Sarasin will continue to monitor Siemens progress in this matter.

- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities
 - (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

(A) Corporate disclosures

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(B) Media reports

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(C) Reports and other information from NGOs and human rights institutions

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(E) Data provider scores or benchmarks

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(F) Human rights violation alerts

(G) Sell-side research

(H) Investor networks or other investors

Provide further detail on how your organisation used these information sources:

Prior to investment, we review a wide range of sources to identify ESG concerns to raise in our due diligence meetings. During the course of the investment, we meet with our third-party managers regularly to raise any ESG issues we have observed through various channels of information.

(I) Information provided directly by affected stakeholders or their representatives

(J) Social media analysis

(K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities

Describe:

As a multi-asset fund of fund business, 7IM invests with a range of external managers, both active and passive. As stewards of clients' assets, we expect and encourage managers to engage with their companies and holdings on ESG.

For example, BlueBay Asset Management, a fixed income specialist that manages an ESG financial capital bond fund held in 7IM funds, gave us an example from 2022 of how they had engaged with a company on ESG issues to get a better understanding of the business. Volkswagen (VW) is one of the largest automotive companies in the world. It was highlighted as a red-flag ESG controversy company by MSCI, which gave it a United Nations Global Compact (UNGC) compliance status of Fail following allegations of forced labour of Uyghur minorities at the SAIC Volkswagen (Xinjiang) Automotive plant. The plant is a 100% subsidiary of a joint venture (JV) between SAIC and VW, and is not controlled by VW through this structure. BlueBay engaged with VW to gain insight into its view of the downgrade. Due to the ownership structure between SAIC and VW, VW has limited ability to influence the plant. BlueBay also engaged with MSCI to gain a better understanding of the rationale as other companies operating in the area have not been downgraded. Following the engagements, BlueBay changed VW's 'high' ESG risk rating to 'very high'. BlueBay will continue to monitor VW and engage as appropriate. In the meantime, they have reduced exposure to VW in all their SFDR Article 8 funds.

Another example is Sarasin engaging on our behalf as part of the investment mandate with 7IM. Sarasin expressed concerns regarding labour and human rights performance with Siemens, a multinational German industrial manufacturing company, through 2022. Sarasin had been apprehensive about Siemens' bribery and corruption allegations, as well as supply chain risks, and challenged the Chief Compliance Officer and the management team on the effectiveness of their internal controls and whistleblowing, assessment and monitoring of higher risk areas of forced labour, and workers' rights and pay equity. Sarasin learned that Siemens have taken on board learnings from previous bribery and corruption allegations, and have implemented stronger controls. They are also developing a comprehensive compliance management system, with improved policies and procedures. Sarasin was also informed that Siemens are in a good position to comply with the new German Supply Chain Due Diligence law, which partly addresses labour and human rights issues within the supply chain. Sarasin will continue to monitor Siemens' progress in this matter.

- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

OVERALL APPROACH

EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 21	N/A	PUBLIC	External investment managers	4

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(8) Hedge funds
Organisation					
(A) Commitment to and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Responsible investment policy(ies)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Governance structure and senior-level oversight and accountability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
People and Culture					
(D) Adequate resourcing and incentives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Staff competencies and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment Process					
(F) Incorporation of material ESG factors in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Incorporation of risks connected to systematic sustainability issues in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stewardship					

(I) Policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(J) Policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(K) Use of stewardship tools and activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(M) Involvement in collaborative engagement and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(N) Engagement with policy makers and other non-investee stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(O) Results of stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Performance and Reporting					
(P) ESG disclosure in regular client reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(Q) Inclusion of ESG factors in contractual agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SERVICE PROVIDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 21	N/A	PUBLIC	Service providers	4

Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?

- (A) Incorporation of their responsible investment policy into advisory services
- (B) Ability to accommodate our responsible investment policy
- (C) Level of staff's responsible investment expertise
- (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
- (E) Other
- (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
- (G) **Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers**

POOLED FUNDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	PLUS	OO 5.2, OO 21	N/A	PUBLIC	Pooled funds	4

If you invest in pooled funds, describe how you incorporate responsible investment aspects into the selection, appointment and/or monitoring of external investment managers.

Provide example(s) below

(A) Selection

Understanding how managers incorporate ESG is an important part of our due diligence. We look for products where ESG is a core part of the investment process and are cautious of funds where we think ESG alignment is viewed as a tick box exercise. We ensure that the fund does not breach our Controversial Weapons Policy. After conducting initial research of the fund, the ESG and sector specialist meet with the managers to gain a deeper understanding of how they integrate ESG and assess ESG materiality, as well as their stewardship capabilities. Prior to investment, we send our bespoke ESG due diligence questionnaire via Door, a digital platform where asset managers exchange due diligence information with manager research teams through a standardised question set distilled from the most commonly sought-after topics, with the option to add bespoke questions when needed. The information gathered from these will be used for manager selection.

(B)
Appointment

The appointment of the fund is completed after conducting the due diligence process, which consist of investment and ESG research and analysis, supported by information gathered in meetings and our due diligence questionnaires. All funds must be approved by 7IM's Portfolio Management Committee (PMC). A detail research due diligence note is sent prior to the PMC meeting and the fund investment and ESG case is presented and challenged in the meeting. 7IM has had an investment mandate for a portion of the Sustainable Balance Fund's equity assets with Sarasin & Partners for 15 years and this mandate includes stringent ESG considerations as part of the appointment.

(C) Monitoring

As part of manager monitoring, we regularly meet with third-party managers to understand any significant changes and challenge them on investment and ESG-related matters. We also perform annual ESG due diligence. The purpose of the questionnaire was to find out how asset managers viewed ESG issues as firms and as fund managers, and to set expectations for what we wanted them to do as stewards of the investments in their funds held on behalf of investors in 7IM funds and products.

The questionnaire looked at firm-level considerations, fund-specific aspects, stewardship. The questionnaire enabled us to systematically identify leaders and laggards, using our ESG rating system, and to engage with those where we thought improvements were desirable. Our Risk Management team is a cornerstone of our investment process and ESG metrics are monitored quarterly in the risk oversight of funds.

Climate-related risks are captured in the investment risk management process through several ESG metrics or scores. One of these is a "Weighted Average Key Indicator" Score (WAKI) ranging from 0-10 based on a company's exposure to key Environmental, Social and Governance themes. Another metric is Carbon Emission Intensity (tCO₂e/\$m sales). We have embedded the monitoring of carbon risk and ESG risk into our portfolio monitoring process, and in reports to the Investment Risk Committee.

7IM have also added an ESG stress test, which is based on shocking the oil price and letting market factor correlations play through portfolios. In addition, we perform annual country-level climate-related risks analysis through our government ESG ratings. The ratings are composed of three publicly available indices covering ESG factors: Yale Environmental Performance Index, Social Performance Index, and World Bank Worldwide Governance Indicators. We also perform quarterly controversial activity screening for our sustainable products and submit reports to the ESG Investment Committee and the ACD Committee.

SELECTION

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 12, OO 21	SAM 5, SAM 6, SAM 7	PUBLIC	Responsible investment practices	General

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

- (A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year
 - (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
 - (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	CORE	SAM 4	N/A	PUBLIC	Responsible investment practices	4

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

Organisation

- (A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)
 - Select from dropdown list
 - (1) for all of our mandates
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)
 - Select from dropdown list
 - (1) for all of our mandates
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Performance and Reporting

(I) ESG disclosure in regular client reporting

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(J) Inclusion of ESG factors in contractual agreements

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

- (K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

APPOINTMENT

SEGREGATED MANDATES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	OO 5.2, OO 13	N/A	PUBLIC	Segregated mandates	4

Which responsible investment aspects do your organisation, or the service provider acting on your behalf, explicitly include in clauses within your contractual agreements with your external investment managers for segregated mandates?

- (A) Their commitment to following our responsible investment strategy in the management of our assets**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (B) Their commitment to incorporating material ESG factors into their investment activities**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (C) Their commitment to incorporating material ESG factors into their stewardship activities**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (D) Their commitment to incorporating risks connected to systematic sustainability issues into their investment activities**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (E) Their commitment to incorporating risks connected to systematic sustainability issues into their stewardship activities**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (F) Exclusion list(s) or criteria**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (G) Responsible investment communications and reporting obligations, including stewardship activities and results**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

(H) Incentives and controls to ensure alignment of interests

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

(I) Commitments on climate-related disclosure in line with internationally-recognised frameworks such as the TCFD

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

(K) Their acknowledgement that their appointment is conditional on the fulfilment of their agreed responsible investment commitments

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

(L) Other

- (M) We do not include responsible investment aspects in clauses within our contractual agreements with external investment managers for segregated mandates

MONITORING

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	4

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(8) Hedge funds
Organisation					
(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
People and Culture					
(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment Process					

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)

Performance and Reporting

(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)

(J) Inclusion of ESG factors in contractual agreements

(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 10	PLUS	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

During the reporting year, which information did your organisation, or the service provider acting on your behalf, monitor for externally managed ESG passive products and strategies?

	(1) Listed equity (passive)	(2) Fixed income (passive)
(A) How the external investment managers applied, reviewed and verified screening criteria	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) How the external investment managers rebalanced the products as a result of changes in ESG rankings, ratings or indexes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Evidence that ESG passive products and strategies meet the responsible investment criteria and process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Other	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not monitor ESG passive products and strategies	<input type="radio"/>	<input type="radio"/>
(F) Not applicable; we do not invest in ESG passive products and strategies	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	PLUS	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

Describe an innovative practice you adopted as part of monitoring your external investment managers' responsible investment practices in a specific asset class during the reporting year.

During 2021 we upgraded our fund selection due diligence process. We chose to use Door, which is a digital platform where asset managers exchange due diligence information with manager research teams through a standardised question set distilled from the most commonly sought-after topics, with the option to add further bespoke questions when needed. Digitising this process enables us to avoid the inefficient and outdated exchange of due diligence information. The platform allows fund managers to respond to information requests and provides investors like 7IM with up-to-date information and a convenient way to track the changes in information provided over time. Partnering with Door improves our ability to deliver on our regulatory and stewardship obligations.

In 2022 we further developed our 'ESG questionnaire' via Door, learning from responses that we received in the previous year. The objective remained unchanged: Since we mostly invest indirectly, through collective vehicles, third-party managers are our main 'levers' to achieve our stewardship-related objectives, and are our main 'targets' for engagement and escalation. Some of the changes we made to the questionnaire include the following: we removed several questions that tended to result in very generic responses, we expanded a section focusing on climate change, and we expanded the question around diversity, recognising that our focus on gender diversity only had been too narrow. The structure of the questionnaire was unchanged, organised in three main sections; firm-level considerations, fund-specific aspects, and stewardship.

The survey covered all asset classes, and was managed jointly by the ESG and sector specialists, to put responses into the sector / industry context and to ensure consistency in our dialogues with fund managers. We were able to compare and rank the fund managers in all the 7IM funds and models by their ESG credentials.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(8) Hedge funds
(A) At least annually	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Less than once a year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) On an ad hoc basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ENGAGEMENT AND ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 15	PLUS	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

Describe how your organisation engaged with external investment managers to improve their responsible investment practices during the reporting year.

Thanks to the initial roll-out of our ESG questionnaire in 2021, we identified Fidelity's passively managed product range, managed by a firm called Geode, as an area of engagement. In 2022, we built on our engagement regarding the stewardship. Geode, based in the US, with a predominantly US investor base, manage more than \$800bn assets with just over 100 staff. Due to pressure by investors like us, Geode have improved their stewardship slightly. For example, they increased their proxy voting and engagement team from two in 2021 to four in 2022, with a view to raising this to six in 2023. Nevertheless, their efforts in this space remain way behind their industry peers, be it in the form of voting & engagement, active participation in industry initiatives, moving towards corporate sustainability or articulating their diversity agenda. Geode kept us informed regarding their 'ESG Roadmap' through 2022. In autumn 2022, we focused our communication on Fidelity International, who are the manager and provider of the index products (sub-advised by Geode) that we invest in. We encouraged Fidelity International to reconsider the investment management arrangement with Geode, though this is unlikely, given the historical relationship between the two firms and the 'leverage' that Fidelity International have within the wider organisation. We have seen little evidence of improvement and concrete steps taken by Fidelity. We shall continue to monitor and maintain a dialogue with Fidelity in 2023.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	CORE	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(8) Hedge funds
(A) Engagement with their investment professionals, investment committee or other representatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Notification about their placement on a watch list or relationship coming under review	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

VERIFICATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	OO 14, OO 21	N/A	PUBLIC	Verification	1

For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(8) Hedge funds
(A) We checked that the information reported was verified through a third-party assurance process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We checked that the information reported was verified by an independent third party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We checked for evidence of internal monitoring or compliance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

- (1) Widely recognised frameworks used to guide action on this sustainability outcome
 - (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
 - (1) Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
 - Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)
- (4) Number of targets set for this outcome
 - (1) No target
 - (2) One target**
 - (3) Two or more targets

(B) Sustainability outcome #2

- (1) Widely recognised frameworks used to guide action on this sustainability outcome
 - (1) The UN Sustainable Development Goals (SDGs) and targets**
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) **Social**
- (3) **Governance-related**
- (4) Other

(3) Sustainability outcome name

Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

(C) **Sustainability outcome #3**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) **The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) **Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Global Healthcare Theme (To capture opportunities in an ageing world)

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

- (D) Sustainability outcome #4
- (E) Sustainability outcome #5
- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)
(1) Target name	Strategic Asset Allocation (SAA) Decarbonisation
(2) Baseline year	2020
(3) Target to be met by	2026

(4) Methodology

7IM has committed to reduce carbon emissions of the Strategic Asset Allocations of all portfolios by 30% at the SAA level between 2020 and 2026. When measuring carbon in the SAA, we focus on Scope 1 and 2 emissions, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). While Scope 3 emissions are broader, covering all indirect emissions in a company's value chain, measuring them is still in its infancy and there remain issues regarding disclosure, incomplete reporting and data quality. We use Weighted Average Carbon Intensity to measure carbon emissions. This is the most effective metric for comparing different multi-asset portfolios and, again, comes recommended by the TCFD. Weighted Average Carbon Intensity (WACI) is a measure of a portfolio's exposure to carbon-intensive companies, and hence to potential climate change-related risks. It is defined as the weighted average of [Scope 1 + 2 Emissions / \$1M Sales] for each company in the portfolio.

Below are the core characteristics we look for in the SAA:

- Homogenous: All the components (stocks/ bonds) in an asset class are similar from a descriptive and statistical perspective
- Diversifying: Assets are not highly correlated with one another
- Exclusive: Individual assets cannot be classified into more than one asset class
- Exhaustive: Together, the asset classes should cover most of the investable assets in the world

- Liquid: Assets should turn over in size and be tradable at low cost

We look for products that had low tracking error to the main index, were liquid and low cost, and also had meaningful reductions in carbon emission intensity.

(5) Metric used (if relevant)	Weighted Average Carbon Intensity (WACI)
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	30% reduction
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(2) No

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1: Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

Target name: Strategic Asset Allocation (SAA) Decarbonisation

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1: Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Target name: Strategic Asset Allocation (SAA) Decarbonisation

(2) Target to be met by: 2026

(3) Metric used (if relevant)	Weighted Average Carbon Intensity (WACI)
(4) Current level or amount (if relevant)	As at end of 2022, we have achieved the 30% target within our Cautious and Moderately Cautious profile (35% and 34% respectively). For Balanced, Moderately Adventurous and Adventurous profiles, the reduction figure is 17%, 9% and 7%, respectively.
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	We monitor the carbon intensity profile of our investments quarterly. We conduct annual reviews of the SAA decarbonisation project to identify which asset classes are best to decarbonise.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (C) Stewardship: engagement with policy makers
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (D) Stewardship: engagement with other key stakeholders
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (E) Capital allocation

- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 5	N/A	PUBLIC	Capital allocation	1

During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Capital allocation activities used

(2) Explain through an example

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Capital allocation activities used

- (1) Asset class allocation
- (3) Selection of and allocation to third-party funds
- (4) Divestment from assets or sectors

(2) Explain through an example

Climate change is the key threat to human society and hence to the world's investors in the long run. Back in 2020, 7IM began a research programme aimed at decarbonising the 7IM Strategic Asset Allocations (SAAs) and reducing the emissions-intensity of all portfolios. 7IM's Executive Committee agreed to a programme by which the carbon emissions of the Strategic Asset Allocations of all portfolios will be reduced by 30% at the SAA level between 2021 and 2026.

We use Weighted Average Carbon Intensity to measure carbon emissions. This is the most effective metric for comparing different multi-asset portfolios and comes recommended by the TCFD. In July 2021 we focused on decarbonising the US equity portion of our SAA.

At that stage, the lowest cost and most liquid low-carbon products available were those that tracked lower-carbon US indices. After reviewing the options available we decided to use the MSCI USA ESG screened index. As a result of choosing this new index, we switched over £300 million of assets into lower-carbon investments, which resulted in a 40% reduction in US equity carbon emissions.

In 2022 we continued our work in this area, looking at how we could decarbonise other asset classes. We found that the fixed income space had become much more fruitful. Global corporate bonds can be an efficient way to cut portfolio carbon emissions. It is relatively easy to match the risk characteristics of an index by matching key rates and credit quality, and as the number of issuers in an index runs into the thousands, the idiosyncratic risk is minimal.

This is important as we are making these changes to our whole client base, so want to limit unintended performance changes. In November 2022, we began switching over £200m of assets in traditional corporate bonds to bonds that are 70% less carbon intensive, while retaining a similar return profile. As this is decarbonising our SAA, the changes are reflected in our passively managed funds such as the Pathbuilder Funds which are built using our SAA. We are continuing the decarbonising journey in 2023.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(1) Capital allocation activities used	(3) Selection of and allocation to third-party funds (4) Divestment from assets or sectors (5) Other
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(2) Explain through an example

7IM is a multi-asset multi-manager investor, with only about 6% of 7IM assets under management held in direct stocks and bonds, many of which are UK investment trusts. Therefore, the majority of our listed equity holdings are via third-party funds with limited exposure to constructing equity valuation. However, the incorporation of ESG factors in portfolio construction can be exemplified by the addition of our tactical Global Climate Change position implemented across all portfolios.

In 2021 the Investment Team considered a proposal to invest in companies that were helping in the long run fight against climate change. The proposal outlined three related forces that are likely to impact asset prices in the future: 1. Regulation: More and more governments are adopting anti-warming policies, which will raise carbon emission prices and encourage low-carbon firms and activities. 2. Technology: Renewable energy and other low-carbon substitutes are increasingly competitive. Most fossil fuel and related areas (like plastics) will be undermined and may ultimately be wiped out. 3.

Demand: Consumers are increasingly demanding more sustainable products. We concluded that the climate change theme has a long way to run, and that companies taking the lead should have a long and profitable growth highway ahead. In mid-2021, the Investment Team investigated how 7IM could access climate change investments, passive and active. We looked at the following areas: 1. Clean Energy (solar, wind, hydro), including energy creation, transport and storage. 2. The Same, But Greener and Cleaner: Companies that are cleaning up their business models.

These might include a bank cutting paper, an airline going lower carbon etc. 3. Green Technology Innovations: Companies designing products/solutions to clean up the world, whose business model is to improve the environment, e.g. electric cars, green finance, cleaner air and oceans. 4. Conscious Consumer: Companies offering consumer products that are good for the planet, like vegan foods, low energy solutions, recyclables.

In August 2021 we finalised the sizing of the position and the active manager we would use to access the investment.

Through 2022 we continued to hold the position, despite this being a difficult period for the types of companies we wanted to invest in. The Russian invasion of Ukraine and the hangover from the COVID-19 stimulus packages fuelled inflation and energy prices and drove interest rates up, leading to the underperformance of sectors that are aligned with a sustainable future – whilst sectors like Defence, Tobacco and Energy surged. Despite this underperformance, our belief in the investment case was boosted by new legislation in the US. The Inflation Reduction Act was passed in the summer and included government subsidies for industries supporting the energy transition, a major tailwind for our climate change position.

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Global Healthcare Theme (To capture opportunities in an ageing world)

(1) Capital allocation activities used

(2) Sector allocation

(3) Selection of and allocation to third-party funds

(2) Explain through an example

In early 2022 we initiated a position in the Baillie Gifford Healthcare Innovations fund. We already had an investment in Healthcare companies based on the following multi-year trends:

- Demand from ageing populations in the developed world
- Economic growth in the developing world driving demand
- Medical and scientific innovation creating new treatments, and technologies creating new markets for healthcare spending.

The broad healthcare index (MSCI World Healthcare) we use is exposed to the first two of these themes through its allocations to global pharmaceuticals (37%) and healthcare equipment and supplies (22%); both industries will be broad beneficiaries of the increased demographically spend on healthcare. COVID-19 was a demonstration that mass distribution of medicine/ medical equipment must be done in partnership with the large global players, which are the only ones with enough manufacturing scale and distribution channels.

The third area – innovation – has been a space where the mainstream healthcare index has modest exposure. Although the large businesses in MSCI World Healthcare should ultimately benefit from R&D, we realised we could be missing the best period of returns to innovation.

We thought that areas of disruptive innovation within the healthcare industry might be worth a standalone allocation as part of our broader theme, and that financial markets are likely to recognise and reward the innovators before the academic literature (and larger healthcare companies) catch up. There are three key areas of healthcare where innovation is most required, and hence are most potentially lucrative for businesses that enable it: Research & Development, Treatment/ Prevention, and System Efficiencies. We think these three areas should boost profits for the Healthcare Innovations industry.

STEWARDSHIP WITH INVESTEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

The 7IM stewardship philosophy has an ownership mindset. A crucial element of this is active engagement with the third-party fund managers that manage the products in which we invest and other major industry stakeholders, such as data providers and regulators. We engage with managers when we believe their investment standards have fallen below current industry best practice.

We focus our engagements on material issues that we think represent specific risks to the long-term value of our clients' shareholdings. We also pay attention to the size of holdings, the scale and urgency of problems, and how much influence we may have. We engage with fund managers directly, where we have concerns about their investment strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters. We regularly question them about their holdings, to ensure that they are implementing full stewardship in their portfolios – via voting, engaging with managements where necessary, and encouraging the companies they hold to follow sound ESG policies. 7IM engages with managers, asking them to disclose their approach to stewardship and Environmental, Social, and Governance (ESG) as a company and for their funds, and to explain their voting policies.

We define 'escalation' as situations where engagement has not worked successfully and a more proactive approach is required. With companies, we will escalate matters if we plan to vote against management at a company meeting. Before the meeting, we will engage with the management to explain our views and ensure we understand their views. The issues we escalate will depend on how material they are and on our capacity to influence outcomes. Since the vast majority of our assets under management are held in third-party products, as part of our manager research and monitoring, we expect external managers to escalate with companies on our behalf, when appropriate. Likewise, on occasion, we have found it necessary to escalate issues with investment managers, where we believed their management, product strategy or implementation was not appropriate and that our concerns were not being considered seriously.

We will escalate with management companies at whatever level is required.

Small shareholders typically have little influence on companies, but when they band together, they can be far more effective. We take part in collaborative engagements when we think we can enhance the value or lower the risks of client assets and expect our third-party managers to engage collaboratively on our behalf when appropriate. In 2022, we have engaged with external service providers and regulators as well as participated in collaborative initiatives.

We seek to vote all shares held actively and passively where voting rights are held. A member of the Investment Management team is designated to vote shares held in the funds through the Broadridge proxy voting service. 7IM considers the UK Corporate Governance Code and other international guidance on governance when voting, and we generally vote in line with management unless dissatisfied by a company's adherence to these governance codes or for other reasons.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings
(9) Other

(3) Example

An example of engagement with one of our few direct holdings is Civitas, to express governance concerns that may negatively impact social housing. We have been engaging with Civitas, a UK social care housing real estate investment trust (REIT) held in the Sustainable Balance Fund, over several years. Civitas provides housing in the community for vulnerable adults, which is managed by registered providers of care and is regulated by the Regulator of Social Housing.

Civitas has faced extensive controversy in recent years. In addition to the attack by short seller Shadowfall in 2021, the regulator expressed concerns in 2022 that the registered providers Civitas sign leases with are not sufficiently capitalised and there is a risk of them failing. We engaged with Civitas to understand why the company suffered such negative news flow, seemingly worse than other social housing REITs despite it having delivered relatively solid earnings.

The negative news appeared to be the main weakness behind the share price. We learned that the company often steps in to help registered providers get payments from local authorities. The payment to the registered provider is made up of a relatively small amount of rent which is passed on to Civitas, and a larger amount for the care package, which was more problematic than we had realised.

To allay the regulators' fears, Civitas put in place a provision that allows registered providers to defer payment of rent if it is not forthcoming from the local authority. Civitas said the reason why other social housing REITs weren't being criticised by the regulator is that they are not regulated. Following these controversies, we did not believe the potential gains from holding Civitas cover the investment and reputational risks of holding the stock.

We sold our position in Q4 2022..

Given our investment approach, we are almost entirely reliant on third-party fund managers to vote, engage with and scrutinise companies on our behalf. Our expectations are high when it comes to external managers being aware of controversies affecting a company they are invested in, proactively addressing issues via continuous engagement, and being ready to escalate (and possibly divest) if responses by the investee company's management remains unsatisfactory.

Ninety One gave us an example from 2022 of how they had engaged with Croda, a leading bio-based chemical producer, to understand the contribution of the company's new flavours and fragrances business as well as biodiversity issues. Croda produces ingredients for products such as skin creams, vaccines, and biological pesticides. These ingredients replace carbon-intensive and fossilfuel-based alternatives, making it an enabler of decarbonisation in industries like personal care and crop protection. Following Croda's acquisition of Iberchem and Parfax, Ninety One visited one of their manufacturing plants in the second quarter of 2022. Parfax, as a fine fragrance business, has developed a deep expertise in natural ingredients that has not yet been transferred to Iberchem, but Ninety One was reassured that this is a clear priority for Iberchem management and Croda more broadly. Ninety One met with the Managing Director of Croda's Crop Protection business, to discuss biodiversity and how products are contributing to land savings. They gained an understanding of Croda's methodology for calculating land savings as a result of use of their products and encouraged Croda to provide further transparency around these calculations. Ninety One also discussed Croda's goal to develop a scientific-based target for the company's impact on nature, aiming to become 'nature positive', although this remains in an early stage.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Global Healthcare Theme (To capture opportunities in an ageing world)

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) We prioritise the most strategically important companies in our portfolio.

Describe how you do this:

We believe good stewardship practice is a basic obligation when we perform our fiduciary duties for our clients. Engaging with companies and voting at company meetings are part of being a responsible asset owner and steward of capital, and we have prioritised them as an investment manager for a long time. We focus our engagements on material issues that we think represent specific risks to the long-term value of our clients' shareholdings. We also pay attention to the size of holdings, the scale and urgency of problems, and how much influence we may have.

For collective investments, we prioritise our engagements in the light of UN PRI guidance.

This prioritisation differs across asset classes but is consistent across geographies (more details in our Voting Policy).

7IM seeks to vote all shares in companies held actively and passively where voting rights are held. For listed equity assets held directly in our centrally managed propositions, 7IM decides how to vote following discussion within the investment team on proposals. 7IM has relatively few direct equity holdings, so most of the voting on listed equities is done by managers of third-party funds we invest with.

For third-party funds with voting rights, the house policy on voting is to vote based on materiality. We review the votes on funds where we either hold more than 20% of the fund's assets or the fund is a top 20 holding in absolute terms across all centrally-managed propositions, as at the end of the first quarter of the calendar year.

Select from the list:

- 1
- 2
- 3
- 4

(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.

- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.
- (D) Other

STEWARDSHIP WITH EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	OO 5, SO 5	N/A	PUBLIC	Stewardship with external investment managers	2

During the reporting year, how did your organisation, or the external service providers acting on your behalf, engage with external investment managers to ensure that they take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

We believe good stewardship practice is a basic obligation when we perform our fiduciary duties for our clients. We characterise engagement as a purposeful dialogue with a specific and targeted objective to achieve change. We distinguish this from investment monitoring, which is dialogue solely for investment purposes.

Our engagement process starts with the initial due diligence carried out by the sector specialist and is supported where needed by a member of the ESG Investment Committee. This entails annually sending out a questionnaire, which also includes ESG questions, via Door, for completion for our existing managers as well as before we invest with a new fund manager. The ESG section of the questionnaire looks at firm-level considerations (for example, how an asset manager promotes stewardship-related considerations within the industry and beyond, or what data systems are being used for the purpose of ESG integration), fund-specific aspects (say, how stewardship is integrated into a fund manager's investment process) and questions around voting and engagement (where we would ask for concrete examples to evidence claims in this regard).

The process for reviewing the ESG-related responses sits between members of the ESG Investment Committee and sector specialists to ensure we pick up any discrepancies between what the sector specialist has learnt through their interactions with the fund manager and what is in the ESG Questionnaire. We think this is an important element of the process as both the sector specialist and the ESG analyst will be better at highlighting potential greenwashing. The questionnaire also enables us to systematically identify leaders and laggards, using our ESG rating system, in ESG practices across the industry, and to engage with those where we thought improvements were desirable and possible.

Members of the ESG Investment Committee have access to various data sources to help them analyse direct holdings and third-party holdings. This includes MSCI, Sustainalytics and Bloomberg. This allows us to do our own analysis of fund holdings, without relying on marketing materials. It also allows us to independently track how the ESG rating of a holding changes over time.

Our Risk Management team is a cornerstone of our investment process and ESG metrics are monitored quarterly in the risk oversight of funds. Climate-related risks are captured in the investment risk management process through several ESG metrics or scores. One of these is a “Weighted Average Key Indicator” Score (WAKI) ranging from 0-10 based on a company’s exposure to key Environmental, Social and Governance themes. Another metric is Carbon Emission Intensity (tCO2e/\$m sales). We have embedded the monitoring of carbon risk and ESG risk into our portfolio monitoring process, and in reports to the Investment Risk Committee. We engage with fund managers that breach out internal guideline thresholds.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Describe your approach

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(1) Describe your approach

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Global Healthcare Theme (To capture opportunities in an ageing world)

(1) Describe your approach

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

As investors, we function within market and institutional frameworks that influence portfolio returns and risk and hence the welfare of our clients in the long run. We have a keen interest in improving market functioning and managing macroeconomic, environmental, social and governmental risks, some of which were discussed above. We encourage interactions with regulators, industry organisations and external managers, in the hope that our experience can direct them to provide more appropriate products and help to develop more robust investment markets.

(2) Engagement tools or activities used

(2) We responded to policy consultations

(3) Example(s) of policies engaged on

The Investment Association and Sustainability Disclosure Requirements
In December 2022, we submitted a written response to the Investment Association's (IA) draft response to the FCA's Consultation Paper on 'Sustainability Disclosure Requirements (SDR) and investment labels' (October 2022). After reviewing the Consultation Paper, we spoke with industry counterparts to gain an understanding of the proposed regulation.

Despite agreeing that the regulator needs to introduce steps to regulate sustainability claims, we thought the proposal was not appropriate for multi-asset fund of funds. The classification system proposed was too rigid and would not allow flexibility as to how sustainable mandates are run in practice. We explained that it often makes sense for an investment manager to combine sustainable strategies in a single product, e.g.

a core of companies that are ESG leaders, plus a few companies that are on an improving trend, and some that would be classed as impact investments. We suggested that the FCA should develop a label that incorporates this flexibility and caters for a large segment of the existing sustainable market. The label would cover a blend of the categories that the FCA has proposed, allowing an investment manager to allocate between the three categories.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Global Healthcare Theme (To capture opportunities in an ageing world)

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?

(A) Across all sustainability outcomes

(1) Key stakeholders engaged

(6) External service providers (e.g. proxy advisers, investment consultants, data providers)

(2) Provide further detail on your engagement

During 2022, 7IM participated in a number of collaborative engagements with regulators and the investment industry.

In July 2022, we responded in writing to an MSCI consultation on ESG reporting enhancements. We have been subscribers to MSCI's ESG ratings data since 2020 and use it to highlight ESG risk in our multi-asset portfolios. We were in favour of the changes that MSCI proposed, especially the element that removed the adjustment factor from the Fund ESG Quality score. We had noticed a general increase in the average ESG rating, with many more funds being given the maximum AAA rating. The removal of the adjustment factor will allow more differentiation between company ratings.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Decarbonising our Strategic Asset Allocation (To reduce greenhouse gas emissions)

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Global Climate Change Theme – Tactical Asset Allocation (To capture low-carbon transition opportunities)

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Global Healthcare Theme (To capture opportunities in an ageing world)

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative Carbon Disclosure Project

(2) Indicate how your organisation contributed to this collaborative initiative (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(C) We publicly endorsed the initiative

(3) Provide further detail on your participation in this collaborative initiative

In 2021 we began a project to consider collaborative initiatives that would enable us to enhance the environmental engagement we could have on behalf of our investors. After extensive research, we signed up to the Carbon Disclosure Project (CDP) in November 2021. Prior to applying, we had been interested in two optional campaigns that we could join, the Non-Disclosure Campaign and the Science Based Targets Campaign. We took part in the CDP Non-Disclosure Campaign in Q1 2022. The Non-Disclosure Campaign targets companies that have not responded to the CDP in the past. The campaign endeavours to encourage greater disclosure by companies, since firms that measure and disclose their impacts on the environment are more likely to do

something about them. The approach is to co-sign letters with other large investors, which are then sent to the CEOs of those companies. The only company on the list of non-disclosing companies that we had a direct holding in was Berkshire Hathaway. Alongside Berkshire, we added large polluting companies from the FTSE 100, such as Glencore, Rio Tinto, BP and Shell and the Indian energy firm Reliance Industries, which we access through our emerging market equity holdings. We hold almost £900m indirectly in UK equities through active and passive managers and have a sizeable emerging market allocation, hence feel justified in being co-signatories for these companies. The campaign targeted 1,466 companies from 30 countries. Across the three themes of climate change, water and forestry, 388 of the companies targeted responded.

Using a control group to analyse the effectiveness of engagements, CDP found that companies were 2.3 times more likely to disclose after being targeted through the Non-Disclosure Campaign. The best response rates were in high-emitting sectors such as transportation and power generation. Companies in these sectors were 4.5 times more likely to disclose after being contacted through the campaign. Increasing climate disclosure in these sectors is vital if the fight against climate change is to be successful. Companies that disclose climate data are more likely to stick to their transition plans and climate targets. Reliance Industries responded in 2022 for the first time after multiple engagements in previous years. Hitherto Reliance Industries has been slow to introduce environmental targets, but perhaps this will change in the future. They have committed to enabling at least 100 GW of solar energy by 2030

(B) Initiative #2

(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

(C) Initiative #3

(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

(D) Initiative #4

(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion

- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI**
- (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
 - Sections of PRI report reviewed
 - (1) the entire report**
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year