

# Responsible Investing Principles

**The purpose of this document is to set out the way in which Cooper Investors approaches Responsible Investing in our investment strategy and the management of our company. Responsible Investing includes consideration of all things that are material to the long-term sustainability and hence valuation of a company, and incorporates Environmental, Social and Governance (ESG) issues. We must effectively manage the financial risks and opportunities that arise from Responsible Investing issues in order to maximise investment returns at an acceptable level of risk.**

Our goal is to invest in companies that can deliver the following:

- Absolute returns for shareholders over the medium term.
- Outperformance of relevant equity market benchmarks.
- A focus on long-term and sustainable value creation for shareholders.
- Clearly stated goals with regard to operational and strategic intentions.
- Management of risks in a way that delivers sustainable outcomes.

## 1. Responsible Investing

Cooper Investors takes its role as a good corporate citizen seriously and thus it is important, both as an investor and a company, to take Responsible Investing issues, including ESG issues, into consideration in the conduct of our business.

- With success comes responsibility;
- A whole of life (long term) approach to decision making is good business practice;
- Ethics should not be separated from investment decision making; and
- We should obey the spirit as well as the letter of the law.

Cooper Investors is a long-term investor. We value long-term sustainable earnings, cash flows, assets, and dividends of a company. We consider a company's goals, strategy, structure, and governance, and focus on board decisions and capital allocations that directly affect the creation of shareholder value.

Through the responsible application of our investment philosophy and VoF investment process, we assess applicable Responsible Investing issues to determine whether they impact on a company's revenue, costs, cash flow, and long-term value. The complete analysis of all available information (integrated into both our quantitative and qualitative systems) allows us to back companies with attractive VoF attributes and improve the sustainability of our Funds' returns whilst reducing risk.

We believe it is the responsibility of the board and management of companies to judge the correct balance of interests between all stakeholders (shareholders, employees, customers, competitors, suppliers, and the broader community) and we back leadership in this area. Companies must meet their legal obligations in a responsible manner.

We do not judge societal values and norms, but we do observe that these values and norms can change over time and affect companies' risks and opportunities and their ability to create shareholder value.

We do not negatively screen out companies in our investment process i.e. refuse to invest in companies which engage in certain activities. Rather, we assess relevant and material considerations to assess financial risks and opportunities, noting that companies that do not manage risks well can experience regulatory, reputational, operational, and legal setbacks. (Note, the endowment funds do screen out selected industries).

We believe that the ownership rights that accrue to us have value and therefore we take an active role in proxy voting and vote on all company resolutions within our portfolio. We engage with companies on material issues where we believe we can make a difference and add value in the interest of shareholders.

The following three sections explain how we deal with the ESG aspects of Responsible Investing.

## **2. Environmental, Social and Governance Principles**

We set out below the principles we follow in managing ESG issues.

- We consider material, long term, positive and negative issues
- We believe a company's shareholders and other stakeholders can all benefit from good management of ESG issues
- We believe that if a company does not manage its ESG responsibilities well, it will likely affect its cost of capital and share price
- Companies that attract significant controversy will find it harder to create sustainable, long-term shareholder value
- We believe the private sector will provide the majority of the research and development and investment needed to make positive contributions to the environment, and that companies that deliver strong returns are often the ones that have the greatest capacity to reinvest
- We believe companies that have high quality boards and management tend to have a positive approach to management of ESG issues
- ESG risks and opportunities will play out over the long term, there are rarely short-term solutions to many environmental and social issues
- Management of ESG issues will be an evolving process for investors, companies, regulators, politicians, and society

## **3. Environmental, Social and Governance within Cooper Investors' company structure**

- The board is ultimately responsible for ESG
- ESG is included in our Risk Framework and Risk Appetite Statement
- The board has created an ESG Working Group to advance the ESG topic with a sense of urgency and focus.

- The board has nominated one member to coordinate the oversight of ESG
- ESG is a standard agenda item in our quarterly ESG Working Group.
- ESG analysis is predominantly the responsibility of our research analysts and portfolio managers, with oversight from senior executives and the board.

#### **4. Environmental, Social and Governance in the Investment Process**

- ESG is integrated in our VoF investment process both quantitatively and qualitatively
- ESG issues that can be quantified are included in base case valuations, in positive or negative latencies that can affect valuations, and in our assessments of industry structures, operating trends and governance
- Many ESG issues cannot be expressed quantitatively with any precision, in these cases their potential positive or negative impacts are expressed in our industry structure, operating trends and management ratings
- Our decision making incorporates both quantifiable and qualitative issues
- ESG issues are documented predominantly in our Research Management System
- Research notes, valuations, our own company ratings and scores and as much as possible external data sources are incorporated in our Research Management System
- Analysis of ESG issues is predominantly the responsibility of our research analysts and portfolio managers
- We conduct over 1500 one on one meetings each year with companies and these meetings provide a very important source of information which flows into our research and decision making regarding ESG.
- We provide the necessary tools and resources to our people to enable a thorough and wide ranging assessment of ESG issues
- Where appropriate, we engage with external parties on ESG issues

#### **5. Responsible Investing within the culture of our organisation**

- Cooper Investors is founded on 5 key values; Gratitude and Humility, Intentionality, Curiosity and Passion, Being in the Moment and Present and Authenticity. A practical application of those values is the consideration of ESG issues in the way we conduct our business and undertake decision making
- We believe that having a commitment to approach ESG risks and opportunities in a positive and thoughtful way is important in attracting and retaining talent to work at Cooper Investors
- The Cooper Investors Philanthropy Fund was established in 2008 to extend Cooper Investors' corporate values into the philanthropic area. The Philanthropy Fund is run by a committee of employees. Through the Philanthropy Fund Cooper Investors is directly involved in addressing environmental and social issues
- Cooper Investors is committed to the environment and is focused to save resources such as paper and electricity and to participate in carbon credit schemes (through the use of electricity and travel).

These Responsible Investing Principles will be regularly assessed and if needed adjusted. The Risk and Compliance Committee (RCC) will formally review the principles at least annually.

**Approved by the RCC on 11 November 2024**