

# 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.

## 2. ESG Management Principles

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

- We consider material, long term, positive and negative issues, risks and opportunities.
- 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. ESG in the Investment Process

ESG is integrated in our VoF investment process; a discipline to process complex qualitative and quantitative information on stocks and industries, incorporating assessment of:

- Value Latency
- Operating, industry and strategic trends
- Focused management behaviour

and incorporates all attributes associated with our assessment of Risk-Adjusted Value Latency including ESG related factors.

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 within each parameter of the V, O, I and F assessment of a company. Such ESG issues impact the ratings we apply to these factors when considered material to the investment proposition.

ESG considerations in the VoF investment process may include (but is not limited to) an assessment of the following:

Environmental:

- Climate scenario analysis
- Carbon intensity and carbon risk ratings
- Net-zero strategy and targets
- Environmental track record
- Biodiversity
- Climate disclosures
- Physical risk and transition risks relating to climate change

Social:

- Modern Slavery risk
- Ethical supply chain management
- Indigenous rights and relations
- Workplace health and safety
- Community relations
- Cyber Security and Technology Risk Management

Governance:

- Board quality, composition, and track record
- Executive and board remuneration, which are assessed in accordance with Cooper Investors Remuneration Principles
- Corporate governance
- Culture
- Capital allocation and balance sheet
- Politics and regulations

Research notes, valuations, our own company ratings and scores and as much as possible external data sources are incorporated in our Research Management System. We undertake an extensive visitation program with companies, industry contacts and subject matter experts each year, and these meetings provide a very important source of information which flows into our research and decision making regarding ESG.

### **Screening and Exclusions**

For the majority of our pooled investment trusts, 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.

In addition to the above assessment of relevant and material considerations, the Cooper Investors Global Endowment Fund does not invest in companies whose primary business is the production of:

- tobacco
- controversial weapons
- gambling
- alcohol

Controversial weapons are chemical or biological weapons, cluster munitions, landmines, blinding laser weapons, incendiary weapons, non-detectable fragments and depleted uranium.

We may also maintain specific exclusion registers for some of our clients whose mandates restrict investment in certain stocks, sectors or industries.

These exclusions are enforced in our trading system and monitored internally by our Compliance and Information Technology teams.

### **Stewardship**

Within the ordinary course of our research activities, we are closely monitoring all investee companies and typically this is how we identify actual or potential ESG risks, continually assess and monitor ESG risks, and identify material ESG incidents.

Engagement is central to our investment decision making process. We engage with companies on material issues where we believe we can make a difference and add value in the interest of shareholders. We have ongoing engagement with the executive management and boards from all our investee companies. Engagement related to the company's responsible investing risks and opportunities forms a key component of our engagement with those companies where we identify a potential material risk. Through this engagement we are seeking to understand and assess both the company's progress and preparedness to manage these risks but also the management team's focus and resolve in managing and mitigating these risks.

The scope of such engagements ranges from direct interactions with boards of directors and relevant company management in the first instance, through to formal escalation approaches such as writing letters to the Chairman and board, filing a shareholder resolution, using voting powers, or divestment.

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. Further detail is available in our Corporate Governance, Proxy Voting and Collective Action Policy.

## **Climate Change**

Cooper Investors acknowledges that climate change can present a significant risk of negative financial and social impacts, as well as potentially create value adding opportunities. We believe that building resilience to adapt to the impacts of climate change and participation in the transition to a low-carbon economy will contribute to companies' opportunities for long-term value creation.

The material risks and opportunities arising from climate change principally relate to the trajectory of emissions reduction, regulatory and policy measures that are taken to affect decarbonisation, and the potential for discontinuities and displacement as these changes occur. Our focus is on businesses that are exposed by virtue of being high greenhouse gas (GHG) emitters, are suppliers or customers of high GHG emitters, are involved in the value chains associated with fossil fuel industries, rely on the inputs from the fossil fuel industry or have exposure to changes in weather patterns.

Material risks, including those related to climate change, are identified through the execution of the Cooper Investors' VoF investment process. Monitoring of these issues through the research process is not periodic but embedded in the ongoing and systematic execution of the research process. Where material risks are identified, we engage with management on these issues. Through our ongoing engagement with the executive management and board, we seek to understand and assess the company's progress towards preparedness to manage these risks and the management teams focus and resolve in managing and mitigating them.

## **4. ESG 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 nominated one member to coordinate the oversight of ESG
- ESG analysis is predominantly the responsibility of our research analysts and portfolio managers, with oversight from senior executives and the Board
- 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

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 25 May 2026.**