GUINNESS
ASSET MANAGEMENT

Annual Report and Policy on Responsible Investment

including:

ESG Incorporation Policy
Exclusion Policy
Stewardship Policy
Climate-Related Risks Policy
Carbon Usage Policy
Engagement Policy

May 2021

Signatory of:

Supporter of:

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Contents

The Guinness Approach to Responsible Investment

Guinness Asset Management is a specialist London-based investment management company that creates low turnover, actively managed, value-oriented funds. This Policy on Responsible Investment covers the listed equity business of Guinness Asset Management which at the end of 2020 represented 90% of the company's assets under management. It therefore currently excludes our Private Equity Funds (Venture Business) and our Multi Asset Funds.

Definition and Scope

UK Stewardship Code 2020 Principles 1, 2 and 5

This policy document outlines the approach of Guinness Asset Management Ltd to Responsible Investment (RI). It describes what we consider RI to be and it outlines our methodology incorporating ESG (Environmental, Social and Governance) analysis into our investment process for our funds (our ESG Incorporation). It also discusses how we engage with companies on ESG issues (our Stewardship policy) and our approach to Climate-Related risks in the portfolios that we manage. Guinness Asset Management is compliant with the UK Stewardship Code 2020 and this document outlines how we comply with the twelve principles of the code with references to each in *blue italic text*.

It is an extended and updated version of our ESG Policy that was originally published in 2014.

We define RI in line with the UN PRI definition, which is *a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership (stewardship)*. There are several defined approaches to responsible investing, which the PRI summarises as follows:

ESG Incorporation Considering ESG issues when building a portfolio			**Stewardship** Improving investee's ESG performance	
ESG issues can be incorporated into existing investment practices using a combination of three approaches: integration, screening and thematic.			Investors can encourage the companies that are already invested in to improve their ESG risk management.	
Integration	**Screening**	**Thematic**	**Engagement**	**Proxy voting**
Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns.	Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on investor's preferences, values or ethics.	Seeking to combine attractive risk-return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing.	Discussing ESG issues with companies to improve their handling, including disclosure, of such issues. Can be done individually, or in collaboration with other investors.	Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues.

Senior Leadership Statement

At Guinness Asset Management, we see Responsible Investment as integral to the fund management process. It goes hand in hand with Treating Customers Fairly. For us, Responsible Investment starts with the core activity of integrating Environmental, Social and Governance factors into the investment process and extends to full oversight and stewardship in its widest sense of our investors' capital.

The highest priority goes to identifying ESG factors to incorporate into our analysis and looking at companies through the lens of sustainability. Companies that have achieved sustainable growth in cashflows and have managed businesses well through the economic cycles are likely to continue to do so. Behaving responsibly from an environmental perspective is a good indicator that company management are thinking long-term.

Engagement comprises voting and direct engagement on specific issues. For all our funds we vote on relevant shareholder issues and corporate actions unless there are reasons why it is not in investors' interests so to do. ESG analysis of the portfolios identifies issues that we think need to be highlighted to management teams for action. Our philosophy is to engage where possible, but there are certain situations where divestment makes more sense, and our portfolio managers consider this as part of their investment process.

Our equity funds have daily liquidity and daily pricing, which means investors have complete discretion over whether to remain invested. We keep the portfolios simple, typically with 30-35 equally weighted holdings. This prevents individual holdings becoming too much of a portfolio and avoids a long tail of holdings that are not given adequate attention by the portfolio managers.

Each fund has dedicated portfolio management and analyst resource and oversight from an external board, management company or Authorised Corporate Director in a fund structure that is completely separate to Guinness Asset Management. Internally, the Guinness Board maintains oversight over the risk and holdings of the portfolios, in particular with oversight over Risk, Compliance and the Responsible Investment approach itself.

Addressing Responsible Investment is a great opportunity for Guinness Asset Management as a low turnover, value oriented long-term equity investor. The accountability for action on Responsible Investment lies directly with the senior management team and the portfolio managers, all of whom are involved in the detailed nuances of the Responsible Investment Activity and meeting the increasing demands of investors and regulators. We aspire to be best-in-class in integrating Responsible Investment into our investment management process and delivering the best performance for our investors.

During 2020, we increased our Responsible Investment activity and focus. We increased the number of votes submitted with an intention to vote on all accounts unless there is good reason not to. We introduced a Responsible Investment Committee with oversight from the Board that co-ordinates the Responsible Investment activity across the business. We took on additional research from MSCI to support our analysis of ESG factors. We subscribed to Glass Lewis to inform our proxy voting, while keeping the final decision on how to vote with the portfolio managers. We also launched a new fund, the Guinness Sustainable Global Equity Fund, with both exclusion and specific positive sustainable characteristics, which showcases our ESG integration approach.

Edward Guinness

Chief Executive Officer

Responsible Investment as part of our Investment Philosophy

UK Stewardship Code 2020 Principles 1, 2 and 5

Guinness Asset Management provides actively managed portfolios in a selection of asset classes and specialist growth themes to assist investors in achieving long-term returns. Since inception in 2003, our investment philosophy has been to add value for investors through the active management of long-only funds.

We combine strategic sector-selection with a fundamental screening process to identify investment opportunities. None of our funds is benchmark-constrained, which means we can select investments without the influence of index weightings. We believe investment managers should have a high conviction about the stocks in their portfolio and all our funds have relatively high levels of concentration.

Our philosophy is shaped by our ownership. Guinness Asset Management was founded by Tim Guinness and is 100% owned by employees. Being independent and focussed purely on investment management, we aim to increase the assets under our management by attracting investors to our products and growing their investments. We believe that the stability of our ownership and the very low turnover of senior employees will enhance our ability to create long-term value for investors as we do so.

In managing our products, fundamental data and rigorous research have always been the cornerstones of our investment process. This has included considering the impact of environmental, social and governance factors, which has evolved over time as more relevant data has become available. We believe that incorporation of ESG factors enables us to enhance, rather than fundamentally alter our investment process.

As part of this evolution, Guinness Asset Management Limited became a signatory of the UN Principles of Responsible Investment in 2019. As a result, we commit to the following:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will report on our activities and progress towards implementing the Principles.

Governance of our RI Approach

UK Stewardship Code 2020 Principles 2 and 5

The ultimate responsibility for Responsible Investment is at Board level and lies with our Chief Executive Officer. Our CEO chairs the Responsible Investment Committee (which includes all portfolio managers and all members of the investment team), which has the objective of developing, performing and monitoring ESG incorporation and stewardship activities within Guinness Asset Management. The committee meets at least quarterly, and this policy is publicly available and updated quarterly.

We enhance accountability and extend the alignment of incentives to our RI approach by incorporating Responsible Investment factors into employee remuneration. Employees are compensated with both fixed and variable remuneration, with variable remuneration determined by a qualitative review by senior management. This review incorporates an assessment of the individual's contribution to the success of both their team and the firm, in addition to the financial success of the company and compliance with our policy on Responsible Investment. Our Remuneration Policy complies with remuneration requirements imposed by Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

How we apply our RI Approach

UK Stewardship Code 2020 Principle 2

Our philosophy and approach to responsible Investment are consistent for all the listed equity funds managed by Guinness Asset Management. The process of ESG Incorporation and is different for different funds according to sector, geography and asset class. This is as a result of product design and the variability in the availability of reliable, consistent data. The process is continually evolving and improving.

Over time, we have built tools and have data available to allow us to understand and incorporate clients' specific RI, ESG and stewardship requirements.

Adherence with this Policy and with mandate requirements is monitored by the CIO and the RI Committee. In a spirit of transparency, investment decisions are communicated to investors in our regular investment commentaries. We disclose our full portfolio holdings monthly to third-party data providers and at least annually in our investment commentaries.

As signatories to the Principles for Responsible Investment (PRI) we report on our policies and stewardship activity in this document.

Responsibility for day-to-day consideration of RI, ESG Incorporation and stewardship lies with the investment teams themselves. We do not have a separate ESG team that carries out individual company ESG work; instead the weight of this analysis falls on the analysts and portfolio managers who make the ultimate investment decisions. We believe that this is the best way to make investment decisions and is consistent with our investment philosophy that RI and ESG factors are an integral part of the investment process. Our efficient investment processes – based on intelligent screening for the prioritisation of research – have the flexibility to incorporate ESG data and include new data and research over time. Analysing the increasing amount of information available is facilitated by having analyst support for the portfolio managers and by communication and sharing of analysis between teams. As of April 2021, we have a dedicated Responsible Investment analyst who provides support to all investment teams and prepares company-wide analysis and materials.

How we monitor our RI Approach

UK Stewardship Code 2020 Principle 5

The Responsible Investment Committee, which is chaired by the CEO and includes all members of the investment team, monitors the implementation of our responsible investment approach. This includes but is not restricted to the following:

- Incorporation of ESG approach
- Investment team engagement with investee companies
- Investment team voting, including instances when third-party proxy advisers are not followed
- Collaborative initiatives
- Regulatory requirements
- Assessment of responsible investment capabilities and training requirements
- Staff and resourcing needs of our responsible investment approach
- Public Relations matters around responsible investment

How we assess effectiveness of our RI approach

UK Stewardship Code 2020 Principles 1 and 5

We seek real-world results from our responsible investment and stewardship approach, our ESG integration and our management of systemic and market-wide risk. Our RI approach has resulted in an evolving Responsible Investment Policy and the ways in which we assess our effectiveness include:

- Tracking of ESG scores for portfolio holdings over time

- Third-party ESG ratings for our funds
- Full disclosure of fund portfolio holdings to enable investor and third-party assessment
- Liquidity and low volatility of our portfolios
- Engagement tracking by investment teams
- Carbon intensity of our portfolios
- CO_2 displacement of the Guinness Sustainable Energy Fund portfolio, disclosed in its Impact Report
- Mapping of the Guinness Sustainable Energy Fund portfolio to UN Sustainable Development Goals, disclosed in its Impact Report
- Engagement with our Climate Action 100+ partner, Devon Energy

Those activities that are outside the scope of this Report are reported elsewhere (for example in the Guinness Sustainable Energy Fund Impact Report) or monitored internally.

How we assess the sustainability outcomes of our Sustainable funds

The Guinness Sustainable Energy fund and the Guinness Sustainable Global Equity fund are both defined as being sustainable funds and are categorised as being Articles 9 and Article 8 for the purposes of EU SFDR, respectively. The sustainability outcome of the Sustainable Energy fund is measured via mapping to the UN SDGs and also via a bespoke 'net carbon emissions avoided' metric that is presented within the fund's annual Impact Report.

How we communicate our RI Approach

UK Stewardship Code 2020 Principle 6

Investors in our strategies expect information on how our strategies are managed, including our approach to responsible investment. For this reason, we communicate our approach in a transparent manner, both in this document and through our extensive investor communications programme which includes the following:

- Meetings with our sales representatives and portfolio managers
- Monthly written investment commentaries
    - Produced by the investment team
    - Reviewing strategy and market performance and outlook
    - Covering all stock changes to the portfolios with rationales
    - Risk analysis, portfolio and performance data
- Quarterly webcasts
- Annual written investment commentaries

In addition, we report regularly to the boards of those clients which are funds.

Our investment commentaries cover matters of responsible investment where relevant to buy and sell decisions, performance, or outlook.

Our communications programme covers all the strategies we manage. Those covered by this policy can be broken down (with share of total AUM) into Global & Developed Market Equities (67%), Specialist Global Equities (such as the Guinness Sustainable Energy strategy) (17%), and Asia & Emerging Market Equities (5%). Our Private Equity Funds (Ventures Business) and Multi Asset Funds account for 7% and 3% of total AUM respectively.

We seek investors' opinions on our approach to responsible investment and do this through interactions with our sales team. The investors in our strategies are almost entirely professional investors, at whom our communications programme is chiefly aimed, although self-directed investors (representing c.3% of our total AUM) are also able to access our written publications on our website.

Our approach to market-wide and systemic risk

UK Stewardship Code 2020 Principles 4 and 10

As investment managers benefiting from a well-functioning financial system we recognise our obligation to address market-wide and systemic risks in addition to investment risk, operational risk and other risks we seek to control. Our response to market-wide and systemic risks takes several forms:

- We offer products with straightforward investment structures such as our open-ended funds with daily liquidity for investors
- Our equity funds take a long-only approach, with no short positions, derivatives or over-the-counter products
- Our equity funds take a long term, 'buy and hold' approach
- Our equity funds do not use leverage
- We manage highly liquid investments and monitor the liquidity of holdings closely
- Our equity selection approach favours profitable companies with robust balance sheets
- We value 'knowing what you own' and understanding the numbers – and avoid 'story' stocks with high valuation multiples

Our intention in taking such measures is both to protect investors in our products from market-wide risks and to contribute to the proper functioning of markets by offering stable and liquid investment options to investors. The relevance of our contribution to the proper functioning of markets will increase as the assets under our management grow.

While Guinness Asset Management is still a relatively small asset management company, we recognise that the company could nevertheless be perceived to have a political voice which could affect the wider discourse around responsible investment in the industry and political arena. Guinness Asset Management does not make political donations. To further ensure that public perception of Guinness Asset Management's stance on responsible investment is consistent with our objectives, the Responsible Investment Committee (chaired by the CEO) reviews any public relations activity concerning responsible investment with reporting from a representative of the sales and marketing team.

In order to ensure resilience of our operations we maintain a Disaster Recovery Policy and procedures. These have considered the risk of disruption due to a pandemic and of the office being inaccessible, and contained measures to mitigate it, for several years. Presented with the realisation of a key systemic risk in 2020 in the form of the Covid-19 pandemic our Disaster Recovery Policy enabled employees to work effectively from home without disruption to our business. Related risks which became apparent in the particular circumstances of the pandemic, such as increased risk of cyber-attacks and decision-making risk, were systematically incorporated into our risk assessment.

With our experience of energy investing we believe that climate risk is an especially relevant systemic risk. We address it through our Sustainable strategies, which invest in companies which are proactive in addressing climate risk or are directly connected to the energy transition. We measure the effect Guinness Sustainable Energy strategy has through our annual Impact Report for the Guinness Sustainable Energy Fund. We have designated the Guinness Sustainable Energy Fund as an impact fund and an Article 9 fund under SFDR, and the Guinness Sustainable Global Equity Fund as an Article 8 fund under SFDR. Our other funds, which integrate ESG into their investment processes as described below, are classified under Article 6 of SFDR.

Our involvement in industry initiatives to offset risk

UK Stewardship Code 2020 Principles 4 and 10

We participate in relevant industry initiatives to promote the proper functioning of markets, responsible investing and the management of market-wide and systemic risk. These include:

The Investment Association (IA) has over 200 full members managing over £8.5 trillion in assets. As the trade body for the UK investment management industry it seeks not only to represent the interests of that industry but also to improve the investment landscape for investors through initiatives which highlight certain topics – such as diversity and inclusion in the industry – and by improving standards and best practice. In addition to its membership of the Association, Guinness Asset Management participates in its Compliance Discussion Group, which provides an informal discussion to share issues, concerns and solutions within the compliance function. The effect of our membership is to promote the good functioning of the investment market in the UK through these initiatives to the benefit of investors and the economy.

The UK Sustainable Investment and Finance Association (UKSIF) aims to support its members to grow sustainable and responsible finance in the UK. It also seeks to influence policymaking that promotes the growth of sustainable finance. Our membership constitutes part of a collective effort to promote sustainable finance in the UK. One member of our investment team is a member of the UKSIF analyst committee and he will take on the role of Committee Chair in 2021.

The Independent Investment Management Initiative (IIMI) aims to contribute to effective financial regulation and promote client-centred models of investment management. Our membership, among that of over 40 firms, aims to promote initiatives which improve the functioning of the investment management industry.

The Task Force on Climate-related Financial Disclosures (TCFD) seeks to improve the availability of information needed for climate-related risk management. By being a supporter, we are part of the effort to promote informed capital allocation.

Climate Action 100+ is a collaborative engagement programme through which Guinness Asset Management engages with Devon Energy, a $15bn US listed oil & gas producer with operations mainly in the US. The collaborative nature creates a programme of concentrated engagement with focus companies, where the sum of the parts is significantly more effective than if each participant attempted to engage across the whole sector. Further details are provided later in this document.

Monitoring our service providers

UK Stewardship Code 2020 Principle 8

External service providers are subject to initial due diligence and periodic checks thereafter. Depending on the scope of the service provided, due diligence may include:

- Review of the external authorisations of the outsourced organisation
- Review of the financial strength of the organisation to assess whether there are any going concern issues.
- Meeting with senior personnel in the outsourced organisation
- Full review of their service offering
- Benchmarking the service price menu against peers to ensure a competitive offering
- Sensitivity analysis to understand pricing in a full range of AUM scenarios
- Review of the existing client base to assess the level of experience in servicing similar clients

Once an external service provider has been chosen, we conduct annual (two way) due diligence with them to ensure we remain satisfied with the original assessment. For data providers, the quality of service received is reviewed by the CIO in cooperation with the investment team. The quality of data received is also monitored day-to-day by the investment team during their incorporation of ESG factors into the investment process. We believe that the primary responsibility for ESG analysis falls on the investment team themselves and do not rely entirely on third-party analysis, while our incorporation of third-party data into our own analysis facilitates constant assessment of its quality. For proxy advisers, the service is also reviewed by the Responsible Investment committee when monitoring voting records. Votes cast contrary to the recommendations of the proxy advisers are reviewed by the committee.

ESG Incorporation Policy

UK Stewardship Code 2020 Principle 7

ESG Incorporation at Guinness Asset Management includes various combinations of 1) Integration of ESG, 2) Screening and 3) Thematic approaches across various strategies, depending upon region, sector, product design and data availability. Each approach is enacted by the investment team of the strategy concerned.

Approach 1: Integration of ESG

The first approach to ESG Incorporation, according to the UN PRI, is the integration of ESG data. The PRI defines this as *Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns.*

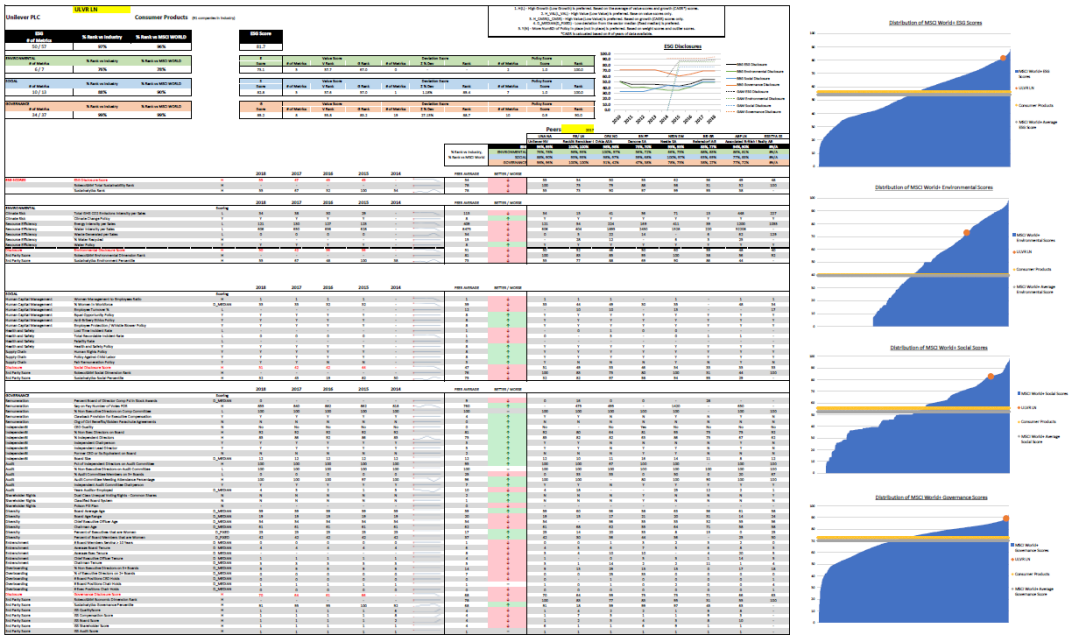
We believe that the integration of Environmental, Social and Governance factors helps us to identify future financial and non-financial risks within our investee companies. These factors can have a real-world impact by potentially reducing risk and enhancing the sustainability of real economic return on capital of those companies.

Our bottom-up ESG framework has been developed in-house and is used in our long-only listed equity strategies to assess quantitatively the sustainability risk associated with potential underlying investments. Using Global Reporting Initiative (GRI) Sustainability Reporting Standards and World Federation of Exchanges (WFE) data we have developed a scorecard that is used to evaluate a company based on various sector, industry and company-specific ESG criteria.

A key component of the scorecard is 'materiality', by which certain criteria can be weighted according to their importance and likely effect on corporate performance. In practical terms, this means that each scorecard can be tailored to the ESG factors that are most relevant to the sector and industry that a company operates in and can be adjusted to allow for varying levels of disclosure across different countries and regions. We believe this is a superior way to assess the impact of ESG metrics on a company compared to using a generic, one-size-fits-all framework.

We also believe – as active managers – that building our own methodology to assess ESG factors is better than relying solely on third-party scores or using an exclusionary criterion. We use external ESG research as a starting point for our own analysis.

Example Guinness ESG scorecard



The scorecard ultimately informs us whether a company's disclosure is improving or worsening, how well the company ranks versus its peers, and how each measure compares to the company's history and its peer group.

The data used in our ESG Integration methodology comes from a wider range of third parties (including MSCI and Bloomberg) and from individual company disclosure.

We supplement the quantitative analysis performed via our scorecard with a qualitative review of ESG factors for each potential investment. We do this to understand the materiality and fairness of ESG scores, the risks to business models and valuations, and company-specific issues. Forming part of the due diligence we undertake when selecting investments, this process encompasses a detailed review of a company's strategy, financial and non-financial performance and risk, and capital structure. We construct proprietary financial models in-house to understand a company's evolution covering various financial and non-financial factors.

Approach 2: Screening

A second approach to ESG Incorporation, according to the UN PRI, is the application of Screening. The PRI defines this as *Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on investor's preferences, values or ethics.*

Annual Screening Process

Guinness adopted a corporate ESG Policy in 2014 that covered the annual screening work carried out across all its long only listed equity funds. All the companies in the funds' investment universes were screened (where data was available) and subsequently scored on the quality of ESG metrics, the extent of ESG disclosure and the momentum of both. Any poorer performing companies that were owned in Guinness funds were investigated and contacted. We have not divested or screened out any particular companies based purely on the ESG screening work but have chosen to engage with company management teams to provide greater confidence and disclosure.

The ESG scoring system is tailored to suit different industry sectors and, in this way, each company is only evaluated relative to its peers and its industry sector. This peer relative analysis allows us to rank companies versus relevant peers and therefore does not benefit or limit one industry sector versus another. The scoring considers three key dynamics:

1. **Disclosure**; where higher levels of disclosure are favoured
2. **Performance**; where companies that have better ESG characteristics and ESG performance metrics than their peers score higher than companies with worse metrics;
3. **Improvement**; where companies that are improving their ESG performance metrics (in either absolute or relative terms versus their peers) are scored higher than non-improving or deteriorating companies.

This analysis has been carried out every year since 2014 and included in internal reports and discussions as appropriate. Over time, the ESG hurdle has increased and it resulted in us engaging with 6 companies in 2020, based on their 2019 data. Full historical details are provided later in this document.

Exclusion Policy

We rule out some companies from the investment universes of our funds based on their activities.

Under our Policy on cluster munitions and anti-personnel mines, we exclude active investments in companies that have been identified, by credible third parties, as being directly involved in the design, manufacture or sale of such weapons. This policy was initiated in 2016 to be consistent with the aims of major international conventions which address cluster munitions and landmines.

Under our Coal Exclusion policy, we exclude active investments in mining companies and power producers which themselves or through entities they control derive 30 per cent or more of their income from thermal

coal or base 30 per cent or more of their operations on thermal coal. Our exclusion list is assembled by the investment team and is based on the Norwegian Council of Ethics exclusion list for thermal coal.

The lists of excluded companies are updated annually. Our exclusionary policies apply to our active equity funds. They do not apply to beneficial holdings in passive funds (such as an equity index), underlying holdings of active funds invested in by our multi-asset funds, ETFs or derivatives, nor to affiliated companies.

In the event that a company already held in our portfolios is added to one of our exclusion lists or an excluded company is added to a portfolio in error, we will, following confirmation of the company's involvement in the excluded activity, seek to divest of the holding within 90 business days.

Fund-specific screening and exclusion approaches

The Sustainable Energy Fund and the Global Sustainable Equity Fund apply further exclusionary criteria at the strategy level.

- The Sustainable Energy fund excludes companies listed on the Norwegian Council of Ethics (Norges Bank) Exclusion list. The Norges Bank Exclusion list is based on recommendations from the Norwegian Council on Ethics (appointed by the Norwegian Ministry of Finance) and currently contains around 130 companies, including power producers or mining company that derive 30 per cent or more of their income from thermal coal or have 30% or more of their operations based around thermal coal. Full details of the Norges Bank exclusion criteria are available at https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/ and the fund has its own Exclusion Policy detailing all of the fund exclusions, which is available to investors on request.

- The Global Sustainable Equity Fund utilises an internally generated exclusion list which filters out companies whose products or services are harmful. Namely the fund excludes companies which derive material revenue from Alcohol, Coal, Fossil fuels, Gambling, Nuclear energy, Palm oil, Tobacco and Weapons. It also excludes those companies which have been scored as a laggard (B or CCC rating) by MSCI and those on the Norwegian Council of Ethics exclusion list.

Approach 3: Thematic/Impact

A third approach to ESG incorporation, according to the UN PRI, is the application of thematic investing. The PRI defines this as *seeking to combine attractive risk-return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing*.

There are two areas where we take this approach to ESG incorporation: the Guinness Sustainable Energy Fund and the Guinness Sustainable Global Equity Fund.

Guinness Sustainable Energy Fund

The Guinness Sustainable Energy Fund invests in companies engaged in the generation and storage of sustainable energy and the electrification of energy demand. The strategy is impact-aligned "by design" and prioritises returns whilst delivering concentrated exposure to companies playing a key role in global decarbonisation, providing a positive environmental solution for investors' portfolios. The fund is aligned to the World Bank's nine principles of impact investing and further details are available in our latest "Sustainable Energy Fund: Impact Reporting" document. The fund is classified as an Article 9 fund under SFDR.

Guinness Sustainable Global Equity Fund

The Guinness Sustainable Global Equity Fund invests in growth companies with sustainable products and practices, taking sustainability themes as the basis for the creation of a universe of stock opportunities. The fund seeks to invest in businesses which are part of the broad sustainability transition and takes an

exclusionary approach to companies which produce harmful products and have poor ESG practices. It can therefore be classified as a thematic fund with designation as an Article 8 fund under SFDR.

Stewardship

UK Stewardship Code 2020 Principles 9 and 12

Our approach to stewardship at Guinness Asset Management is compliant with the UK Stewardship Code 2020 and covers our engagement with companies (either individually or collaboratively) on their ESG performance and our Proxy voting activity.

Our approach to stewardship is covered as follows:

1. **Stewardship Policy** that details our compliance with the twelve principles of the UK Stewardship Code
2. **Company Engagement** that details our various approaches to engaging with investee companies
3. **Proxy Voting** that details our approach to Proxy Voting

Stewardship Policy

This policy describes how Guinness Asset Management applies the 12 Principles of the UK Stewardship Code 2020.

Guinness Asset Management's main objective is to manage our clients' assets in such a way that we deliver on their mandate. In fulfilling this purpose, we of course assume a stewardship role over the assets of our clients. In representing our clients' interest in relation to the investments made on their behalf, we recognise the responsibilities that go with ownership, and the related rights.

Our approach to these responsibilities is covered throughout this document, our Annual Report and Policy on Responsible Investment. In order to reference where each principle is addressed, we provide the following index linking the 12 principles to various sections of the document. Our approach to stewardship is broad, and this mapping is not exhaustive. For some principles of the Code, the relevant reporting expectations are addressed in multiple sections and not just those referenced.

Mapping the 12 Principles of the UK Stewardship Code to the Guinness Annual Report and Policy on Responsible Investment

Stewardship Code 2020 – Principles	Guinness Report and Policy section	Page
Principle 1		
Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	The Guinness Approach to Responsible Investment	3
	Responsible Investment as part of our Investment Philosophy	3
	How we assess effectiveness of our RI approach	6
Principle 2		
Signatories' governance, resources and incentives support stewardship.	Governance of our RI Approach	5
Principle 3		
Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	Conflicts of Interest	22
Principle 4		

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	Our approach to market-wide and systemic risk Our involvement in industry initiatives to offset risk Climate-Related Risks Policy	8 8 19
Principle 5		
Signatories review their policies, assure their processes and assess the effectiveness of their activities.	How we monitor our RI Approach	6
Principle 6		
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	How we communicate our RI Approach	7
Principle 7		
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	ESG Incorporation Policy	10
Principle 8		
Signatories monitor and hold to account managers and/or service providers.	Monitoring our service providers	9
Principle 9		
Signatories engage with issuers to maintain or enhance the value of assets.	Stewardship Company Engagement	13 14
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Signatories, where necessary, participate in collaborative engagement to influence issuers.	Our approach to market-wide and systemic risk Our involvement in industry initiatives to offset risk Collaborative Engagement	8 8 16
Principle 11		
Signatories, where necessary, escalate stewardship activities to influence issuers.	Escalation policy	16
Principle 12		
Signatories actively exercise their rights and responsibilities.	Stewardship Proxy Voting	13 17

Company Engagement

UK Stewardship Code 2020 Principle 9

We engage with investee companies in order:

- to influence investee companies proactively on ESG issues
- to encourage improved and/or increased ESG disclosure
- to gain a greater understanding of their ESG strategy

We engage directly/individually and collaboratively and do not prioritise between the various approaches.

Annual Corporate Engagement Process

The results of our Annual ESG screening process form the basis our annual direct/individual engagement with investee companies. This is carried out annually with companies that score poorly in the screening work and our engagement informs the company, requesting improved ESG disclosure, and that deficiencies in specific aspects of ESG low scoring are addressed. This process is carried out by members of the Investment and the Compliance Teams.

Our engagement activity since 2014 is presented here with the most recent data representing engagement carried out in 2020 based on 2019 data:

ESG and Engagement Analysis	2015	%	2016	%	2017	%	2018	%	2019	%	2020	%
GAM ESG analysis and Engagement activity												
No. of companies investigated	77		46		51		43		34		23	
ESG Score threshold for investigation	<5pts		<5pts		<5pts		<15pts		<20pts		<20pts	
No. of companies we 'passed'	52		31		31		20		15		17	
No of engagement letters sent	25		15		20		23		19		6	
'Low Score' engagement letters	2		2		1		10		10		3	
'No score' engagement letters	23		13		19		13		9		3	
Number of letters as % of total owned	9%		6%		9%		7%		6%		2%	
Number of responses	5		7		3		3		9		2	
Response rate	20%		47%		15%		13%		47%		33%	

* China Hong Kong inclued in 2014 analysis but excluded for 2015 and 2016

We do not divest from investee companies or screen out companies from our investment universes based solely on poor ESG performance. Our preferred approach is to engage with company management in order to investigate any material ESG concerns. Through our engagement process we aim to gain a better understanding of the company's performance, policies and procedures and encourage improvements where appropriate. We monitor progress made by the companies concerned and take further action as necessary. We believe that this approach encourages companies to address ESG issues, thereby enhancing corporate responsibility.

We monitor the results of our engagement and may re-engage, and escalate, with a company in the event of repeated poor disclosure. We have made 108 engagements with 84 companies since 2014, with 16 companies engaged with twice or more.

Investment Team Engagement

Direct/individual ESG engagement is carried out by the investment teams when communicating with the management of our investee, and potential investee, companies. Communication can involve debating 'top-down' ESG themes with management, questioning management on poor 'bottom-up' ESG scores (from our scorecard and qualitative work) or encouraging disclosure on material ESG metrics.

As signatories of the UN PRI, we are aware of the importance of tracking these additional engagements and have started recording data accordingly. As an illustration, the Specialist Investment Team regularly interacts with management teams and tracks the interactions with reference to those that included discussion around E, S or G topics as follows:

2020 Summary	Type of meeting				ESG Topics discussed					Percentages				
	Meeting	Call	Email	Total	ESG	None	E	S	G	ESG	None	E	S	G
Energy meetings	9	54	24	87	67	20	38	15	28	77%	23%	57%	22%	42%

Within the team, we seek improved disclosure across positive impact, negative impact, and risk management and provide an example of each approach here:

- **Positive impact disclosure: Ameresco** Ameresco is an independent provider of energy efficiency and renewable energy projects. We contacted the company to ask if it could provide data regarding the emissions its projects had saved in 2018. The company provided us with guidance via email which we were able to use in our 2019 impact calculation. Since this interaction, the company has disclosed its current and historic carbon offset data in the investor presentation on its website.

- **Negative impact disclosure: Daqo** Daqo manufactures solar grade polysilicon, used in crystalline-silicon solar panels. The process is very energy intensive which led us to concerns around the company's carbon emissions. We engaged with Daqo, asking them to measure its scope 1 and scope 2

carbon emissions and disclose them to CDP. The company told us that they were looking to disclose their carbon emissions in a sustainability report which would be published in H2 2020. The company was interested in learning more about CDP so we directed them to their website in a follow up email.

- **Risk management disclosure: Sensata** Sensata produces sensors for the automotive and airline industry, two industries set for significant disruption as we shift towards a low carbon economy. In a call, we discussed the Taskforce for Climate Related Financial Disclosures (TCFD) with the representative and encouraged them to look into producing TCFD aligned reports. These reports would cover governance, strategy, risk management and metrics & targets, giving us a clearer understanding of how Sensata considered its exposure to climate risk. We will continue to engage with Sensata and encourage them to produce TCFD aligned documents.

Collaborative Engagement

UK Stewardship Code 2020 Principle 10

At Guinness, we also believe in collaborative action around ESG issues: focused programmes of engagement where the sum of the parts is significantly more effective than if each participant attempted to engage across the whole sector. Guinness Asset Management is a member of Climate Action 100+; widely regarded as the world's leading engagement group on the issue of greenhouse gas emissions.

CA100+ investors have committed to engage with the world's largest corporate greenhouse gas emitters to improve their climate performance and ensure transparent disclosure of emissions. As a signatory of the CA100+ initiative, Guinness Asset Management has signed up to a common engagement agenda that seeks commitments from boards and senior management to bolster governance around the energy transition; take action to reduce emissions; and improve disclosure. We are engaging with Devon Energy as a collaborator and signed up to this engagement in 2019. During 2020, our engagement focused around improved disclosure, methane emission management, estimates of scope 3 carbon emissions and the effect of the company's merger with WPX on the above factors.

In the interests of our clients, we may also work with other like-minded shareholders from time to time to promote good governance and prevent the destruction of value. Any action taken to resolve an issue would be with our best efforts and in a manner which is not detrimental to our own client's holding. We would also be particularly conscious to avoid any risk of being unintentionally deemed a concert party.

Escalation policy

UK Stewardship Code 2020 Principle 11

Our engagement tracking monitors our engagements to assess whether the company offered the response sought by the investment team or whether the outcome otherwise demonstrated that no further engagement was necessary. We define escalation as further engagement undertaken following an unsatisfactory response by a company. In some circumstances, there may be no need for escalation despite an unsatisfactory response if the investment team engages with a company before investment and decides not to invest because of the company's response.

Circumstances where the team is not satisfied by a company's response and will consider escalation more commonly arise when the company is held in a portfolio, and include the following:

- Insufficient information in the company's response
- Lack of constructive dialogue
- Inability or unwillingness of the company to address our concerns

In the first place, our escalation will take place in the same manner as the initial engagement (meetings or correspondence with company management) in order to increase our understanding of the company's response and to allow further responses from the company. If the investment team considers it necessary, further escalation may include:

- Engagement with members of the company's board
- Engagement with brokers
- Communicating our intention to vote against management or to abstain
- Voting against management or abstaining
- Seeking engagement from other investors
- Collaborating with other investors at shareholders meetings (subject to the need to avoid being deemed a concert party)
- Bringing resolutions at company meetings
- Selling the company's shares from our portfolios

Proxy Voting

UK Stewardship Code 2020 Principle 12

Proxy voting and the consideration of corporate governance issues are important elements of investment management. In principle, our proxy voting policy is designed to support our portfolio managers in making decisions that maximize a company's shareholder value and that are not influenced by conflicts of interest. The outcome should be a strong corporate governance framework for each investee company which allows it to be managed in the interests of its shareholders.

Proxy voting for all companies is carried out by the portfolio managers of the relevant Guinness Asset Management funds and the Proxy Voting process started in 2019.

We typically make our voting decisions based on our own research, but the investment team has access to Glass Lewis research to assist and guide them (not to delegate to them) and to bring efficiency and ensure consistency in approach.

Our proxy voting policy (shown below) is designed to empower the relevant portfolio manager to instruct to make decisions that they believe are in the best interest of our underlying investors.

Our voting records are recorded and analysed regularly, thus allowing our Compliance and senior management team to review any decisions (or exceptions) with the relevant portfolio manager. This also enables the monitoring of recommendations from our proxy advisers. Occasions when proxy adviser recommendations are not followed are monitored by the Responsible Investment Committee. Summary proxy voting details are updated every quarter in this Responsible Investment Policy and Report.

The results of our proxy voting (covering both our Guinness Asset management and Guinness Atkinson Asset Management fund ranges) in 1Q 2021 are shown below.

Note: We have excluded proposals for ABB Ltd across several funds for which we did not vote as voting would have 'locked-up' shares for a period which we felt not in the best interest for investors.

Team	Strategy	Fund	# available proposals	# proposals voted	% voted	# proposals against mgmt.	% against mgmt.	# proposals against GL	% against GL
GLOBAL	GEI	DUBEQI	49	49	100%	1	2%	2	4%
		GAIMD	49	49	100%	1	2%	2	4%
		DVAMGEI	49	49	100%	1	2%	2	4%
		TBEQI	49	49	100%	1	2%	2	4%
	GINN	DUBGINN	59	59	100%	0	0%	0	0%
		GAGIN	59	59	100%	0	0%	0	0%
	OTHER	DUBEINC	106	106	100%	2	2%	0	0%
		DUBSGE	19	19	100%	2	11%	2	11%
		TBUKINC	84	84	100%	0	0%	1	1%
		MRAD	24	23	96%	4	17%	0	0%
SPECIALIST	ENERGY	DUBGEF	23	23	100%	1	4%	2	9%
		GAGEN	22	22	100%	1	5%	2	9%
		TBGEF	53	53	100%	12	23%	10	19%
	SUST	DUBAEF	62	62	100%	41	66%	2	3%
		GAAEF	62	62	100%	41	66%	2	3%
		SULR	62	62	100%	41	66%	2	3%
	OTHER	DUBMMF	64	64	100%	2	3%	0	0%
		FOFBAL	6	6	100%	0	0%	0	0%
		FOFGRO	6	6	100%	0	0%	0	0%
		MOTO	105	105	100%	6	6%	3	3%
ASIA	AEI	DUBAINC	78	78	100%	3	4%	5	6%
		GAAPD	78	78	100%	3	4%	5	6%
		TBAINC	43	43	100%	0	0%	2	5%
	BOC	DUBBOC	90	90	100%	13	14%	8	9%
		GACHK	106	106	100%	14	13%	8	8%
	BOA	DUBBASIA	111	95	86%	14	15%	10	11%
		GAAFF	97	97	100%	14	14%	10	10%
		DUBEMINC	77	77	100%	9	12%	5	6%
		GARYB	0	0	-	0	-	0	-

We do not engage in stock lending, helping to avoid uncertainty over beneficial ownership or 'empty voting'.

Guinness Asset Management is a small shareholder for most of our investee companies. Where Guinness is a larger relative shareholder, we may raise potential concerns with the company ahead of voting and we might communicate our view and intention to abstain or vote against management. For details of our escalation strategy, please see above.

Proxy Voting Policy

This policy sets forth the guidelines pursuant to which Guinness Asset Management, will vote proxies for securities owned by its Clients, where it has been agreed with the client that Guinness Asset Management will vote proxies on their behalf.

I. Statement of Policy

1. 1. All decisions about how to vote a proxy with respect to an account will be made in accordance with the best investment interests, stated objectives and particular preferences, if stated or known, of the beneficiary(ies) of the account.
2. Generally, it is the policy of Guinness Asset Management to vote when we believe that it is in the interests of the client, in accordance with the principle set forth in Section II.1, and to abstain otherwise.
3. The portfolio manager will determine on an individual fund case by case basis how to vote all proxies, in accordance with this Proxy Voting Policy and with the best investment interests of the client, including proposals that involve stockholder rights or the economics of an issuer, such as the election of an opposition slate of directors, a corporate restructuring related to a hostile takeover, or any proposal that does not initially appear to be in the best interests of stockholders.
4. With respect to some issuers, the exercise of voting rights can cause the client's account to incur a cost or cause the underlying shares to be blocked from trading. Although the portfolio manager

recognizes the importance of the right to vote, there may be circumstances when the portfolio manager believes that the clients are better served by avoiding unnecessary costs and by preserving the right to trade shares promptly should conditions warrant. Accordingly, when exercising the vote could cause a client's account to incur a cost or cause the underlying shares to be blocked from trading, which cost or blockage, in the judgment of the portfolio manager, outweighs the potential effect on the value of the client's account of voting, a vote will not be cast.

II. Administration

1. A record of the proxies received and as to how they were voted shall be maintained, including a record of any decision to deviate from stated policy as to any specific issues.
2. The portfolio manager will be trained to vote proxies with respect to issues that are indicated by the Statement of Policy.
3. Guinness Asset Management will execute this policy by using third party proxy voting services for the identification and delivery of proxy materials. Guinness Asset Management will monitor the coverage of such services and ensure that substantially all the investments held on behalf of the client can be voted in this way. It is possible that for some investments the proxy voting service will not provide the ability to vote; in view of the potentially burdensome incremental effort required, Guinness Asset Management will not normally vote in or record these instances.

III. Communications

1. The portfolio manager shall determine, on a case-by-case basis, the need to contact an issuer or other security holders to gather additional information with respect to a proposal.
2. To the extent called for by any agreements with its clients or by its fiduciary duties, Guinness Asset Management will communicate with the client prior to making its determination as to the voting of a proxy.

IV. Role of Best Execution Committee

1. The Best Execution Committee, which is the committee consisting of senior management representatives and portfolio managers of Guinness Asset Management, is designated as Guinness Asset Management's policy-making body with respect to proxy voting.
2. The Best Execution Committee determines the Statement of Policy, which is set forth as Section I of this Policy.
3. The Best Execution Committee shall determine, on an exception basis, how to vote proxies with respect to issues that are not indicated by the Statement of Policy.

Climate-Related Risks Policy

UK Stewardship Code 2020 Principle 4

Guinness Asset Management Ltd is a responsible and forward-looking company and we are aware that there are risks and opportunities to our business and our investee companies as a result of the changing climate.

We are developing an approach to identify and manage material climate-related risks and opportunities in our portfolios. As a supporter of the goals of the Paris Agreement and as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), we seek improved climate disclosure through our company engagement and continue to evolve our investment approach with respect to climate-related risks.

This policy on Climate Risk covers i) our approach to seeking greater disclosure around the climate related risks for our investee companies in accordance with the TCFD and ii) the monitoring of our direct carbon footprint, in order to minimise our impact on the environment and contribute to a sustainable future.

A specific climate risk role has been created within the Responsible Investment committee to ensure that climate-related risks are suitably monitored.

Task Force on Climate-Related Financial Disclosures (TCFD)

Guinness Asset Management is a public supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and we seek improved climate-related financial disclosure that is consistent, comparable, reliable and clear to enhance our investment processes. We are a fundamental, disciplined, long-term investor and we seek the additional disclosure to help us fully consider the risks and opportunities that may arise from the current changing climate.

Guinness Asset Management has a heritage of investing in the energy industry and we are well placed to consider ESG and climate related issues in our modelling work and sensitivity analysis. We believe that this is in our clients' interests.

Our climate-related risk analysis will be directed by the RI Committee, starting with 2020 data, on at least an annual basis as part of the annual ESG corporate screening process. The results will be shared with the investment teams. The risk analysis process essentially seeks to answer two questions for every investee company:

- What is the impact of this investee company on the environment? And to what extent might legislation, regulation, or carbon taxation alter the valuation of the company?
- What is the impact of the environment on this investee company? And to what extent might extreme weather patterns affect the operation and valuation of the company?

The result of the analysis will be included in our annual Engagement process. We will engage with those investee companies that either have poor disclosure or that appear to be suffering the greatest climate-related risks and will, at a minimum, requested greater climate-related risk disclosure.

Carbon Usage Policy

Since 2018, Guinness Asset management has had a Carbon Usage Policy. Office energy consumption, waste and travel are the greatest contributors to our carbon footprint and remain the key areas of focus. Our carbon management strategy to reduce our direct carbon footprint involves:

- Measuring and reporting our carbon footprint
- Minimising our emissions by improving operational efficiencies and investing in technological innovation
- Working with our service providers to understand the opportunities to improve our carbon usage
- Encouraging and helping our employees to reduce the emissions they generate in their working lives

We measure our carbon footprint, using DEFRA and other internationally recognised metrics, and report them via our carbon usage scorecard.

Guinness Asset Management: 2020 carbon usage scorecard

Guinness Asset Management's carbon usage in 2020 is based on approximate data and has been estimated by Carbon Footprint Ltd's carbon calculator. The calculator uses DEFRA approved methodologies.

Due to the COVID-19 pandemic nearly all employees have been working from home since March 2020. The office has remained open throughout this time with one key employee working there daily and travelling on foot and an average of four other employees attending on an intermittent basis. There have been no face-to face meeting with investors since March and therefore the estimated calculations for travel are using figures from January

and February only. The estimates for electricity and gas are based on the number of employees and assume the same rate of energy consumption at home as our original office calculations.

The results for 2020 are summarised below:

GAM Carbon Usage Summary (2020)	
	Estimated Tonnes CO_2 e
Buildings	
Electricity Usage	28.80
Natural Gas Usage	4.16
Business Travel (based on Jan and Feb estimates)	
Flights	
Domestic (UK)	0.80
European	1.38
US	2.27
International (RoW)	2.49
Cars	0.05
Rail	0.33
Taxis	0.04
Tube	0.01
Commuting (other than walking/bicycle, based on Jan and Feb estimates)	
Rail	1.77
Tube	0.21
Bus	0.92
Car	0.75
Motorbike	0.06
Total estimated carbon usage (tonnes CO_2 e)	44.02
Total estimated carbon usage per employee	1.10

Based on observations across the financial services sector, we believe that our carbon usage per employee is below average.

Further commentary on our carbon usage

Our office is located on one floor of an office block in London. The building benefits from new and efficient mechanical and electrical equipment which was installed in 2017 when the entire building was refurbished. Although the majority of employees are currently working from home the company-specific measures that were already in place to reduce our carbon footprint remain the same and include the following:

- An annual carbon usage report to monitor our carbon emissions
- A 'cycle to work' scheme to encourage employees to use low carbon transport. The vast majority of our employees use public transport or bicycles to commute to work.
- A salary sacrifice scheme to encourage employees to lease or buy zero-emission vehicles.
- Staff are encouraged to use public transport when attending meetings with external parties.
- We regularly use teleconferencing to avoid unnecessary travel and associated carbon emissions.
- We encourage conservation of water and other resources.
- No office waste goes to landfill. We recycle all paper and plastics and have a food and compostable bin in the office. General waste is incinerated.
- The office has a well-equipped kitchen so the use of unnecessary single-use plastic can be avoided.
- Internal documents are printed double-sided whenever possible to save paper and employees are encouraged to avoid unnecessary printing.
- Energy-efficient and motion-activated LED lights are installed throughout the office.
- The office has an open workspace layout, which requires fewer lights and other appliances than separate cubicles.

- Staff are encouraged to switch off computers and other electronic devices overnight.
- Electronics are usually re-used or recycled.

Conflicts of Interest

UK Stewardship Code 2020 Principle 3

When making investment decisions, or buying products and services for customers, we have a duty to act in customers' best interests and put customers' interests ahead of our own. We must also treat customers fairly. Conflicts of interest that arise or may arise as we manage investments may damage the interests of clients. We therefore seek to identify and prevent or manage such conflicts. We believe this issue lies at the heart of stewardship.

We maintain a Conflicts of Interest Policy (summarised below), the purpose of which is:

a) to identify circumstances which constitute or may give rise to a conflict of interest

b) to ensure customers have fair access to all suitable investment opportunities

c) to specify procedures to be followed and measures to be adopted in order to prevent or manage such conflicts

d) to communicate this information to our employees.

Situations in which conflicts of interest may arise include the following:

a) Trading for House Accounts

Guinness Asset Management does not trade on its own account or invest in any securities which are also in a client's portfolio. The firm may invest in funds which are also its clients.

b) Trading for more than one client

There is the potential for conflict whereby one client is favoured over another, for example if clients had different fee structures or if employee remuneration was aligned with client performance in a potentially uneven manner. To avoid this, we have a trade allocation policy to ensure fair treatment of clients.

For the purposes of trade allocation, clients of our associated companies Guinness Atkinson Asset Management Inc. and Guinness Capital Management Limited are subject to the same rules and are included alongside our clients.

c) Taking excessive risks with client assets

There is a potential a conflict of interest where an employee's remuneration may be asymmetrically advantaged by taking excessive risks with client assets. To avoid this we have a portfolio construction philosophy of equal weighting portfolios (so avoiding excessive specific stock risk) and low portfolio turnover; plus transparent and regular reporting processes to clients, potential investors and management.

d) Personal account dealing by employees

A potential conflict of interest arises if an employee undertakes transactions in a security which is or might be held within the portfolios that we manage on behalf of our clients; particularly where an employee deals in a security ahead of clients. To avoid such a conflict, all employees are subject to personal account dealing rules which include the following measures:

- Priority is given to client orders in all circumstances

- Prior approval by the Compliance department
- Regular reporting and review by the Compliance department
- Prohibition on the use of inside information; personal deal reporting rules; strict insider confidentiality rules; and 'Restricted List' processes where applicable to ensure the prohibition is effective.

e) Inducements, particularly in the form of free Research, Gifts and Hospitality

Under MiFID II we are prohibited from accepting certain inducements (including types of investment research that is either free or paid for by someone else, and unduly generous gifts and hospitality).

Guinness Asset Management meets the requirements of MiFID II by paying for investment research itself. We do not charge clients for investment research. We may accept specifically permitted gifts and hospitality of a reasonable de minimis value such as food and drink or notebooks received at a business meeting.

To ensure the rule exceptions are complied with, we keep a Gifts and Entertainments Register to record details of entertainment or corporate hospitality received where the value exceeds £100. In addition, where the value exceeds £500, prior approval is required.

f) Anti-Bribery and Corruption

The Firm has a zero-tolerance approach to bribery and corruption. The zero tolerance to bribery extends to all the Firm's business dealing.

Staff are subject to the Firm's Code of Professional Conduct and Ethics, which includes rules on Anti-Bribery and Corruption. Employees are required to sign an annual certification of compliance with the Code.