

UMAL and UMSR ESG Investment Policy

The investment environment in our society is changing and more focus is being placed on investing in companies that have either a positive impact, or at least no negative impact, on Environmental, Social or Governance (ESG) factors. These include:

Environmental

- Climate change and energy usage
- Resource scarcity
- Supply chain management
- Waste and recycling
- Impact on biodiversity

Social

- Employee treatment and relation
- Gig economy (contracting/subcontracting, etc).
- Health and safety
- NDAs
- Social and community impact
- Product responsibility
- Workforce diversity

Governance

- Board structure
- Diversity
- Executive remuneration
- Culture
- Bribery and corruption
- Vision and strategy

The Boards of UMAL & UMSR acknowledge the need to embrace this change and support companies that are helping to meet the world's environmental and social challenges. We also recognise the importance of balancing this with the need to meet the financial goals of the Associations and the members that we serve.

All actively managed funds in which UMAL & UMSR may invest, will have a stated ESG policy that takes into account various factors, including but not limited to those stated above. When selecting these funds our investment advisers make use of independent external research to help select appropriate investment vehicles.

In line with the investment strategy agreed with our investment advisers, London and Capital Group Ltd, where we invest in individual corporate bonds rather than collective schemes; the ESG policy is to apply a negative screening filter that aims to exclude holding corporate Bonds issued by companies in certain sub-industry classifications, examples of which include:

U.M.Association Limited

- Oil, Gas & Fossil Fuels extraction
- Mining
- Tobacco
- Gambling
- Weaponry / Armaments.

Corporations will be assessed by London and Capital Group Ltd using their ESG scoring system, which analyses firms' historic and current ESG credentials. A measured approach will be taken to allocate investments in individual bonds of these corporations which pass their scoring criteria.

End.