Policy and Context Disclosure

for Q4 2024 to Q3 2025

FRC Stewardship Code

Downing

Contents

Foreword

At Downing, we are committed to operating responsibly and sustainably across all areas of our business. We understand that our decisions shape not only the financial future of our clients but also have a lasting impact on society and the environment.

In this Policy and Context Disclosure, we set out how stewardship is embedded within Downing LLP's investment activities and governance arrangements, and how our approach is applied across asset classes. The report explains the policies, resources and processes that underpin our stewardship activities, and how these support our responsibilities as an asset manager acting on behalf of clients.

This report reflects the reporting period from Q4 2024 to Q3 2025.

James Weaver

COO and Co-Deputy CEO

Policy Context and Disclosure

A. Organisational Overview

Downing LLP is a UK-based investment manager established in 1986. The firm manages investments across a range of strategies including renewable energy and infrastructure, private equity, private credit and listed equities. These strategies invest primarily in UK and European companies and assets.

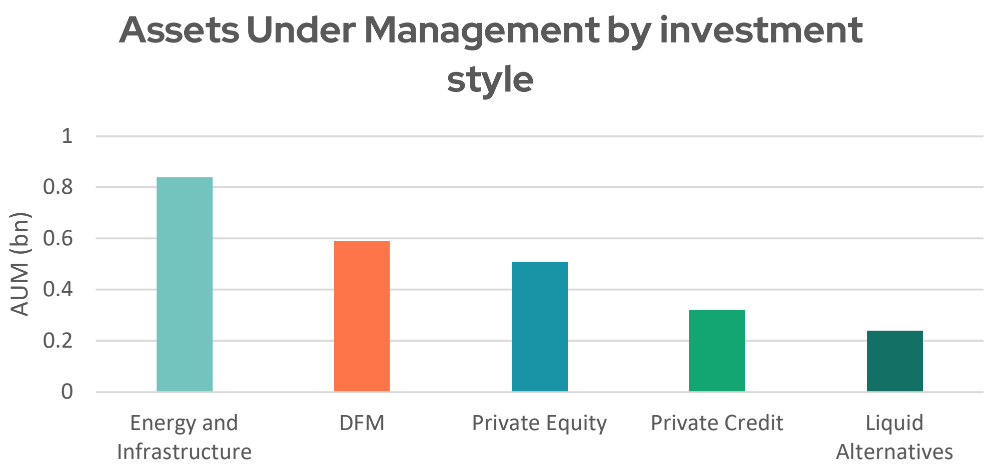
Downing manages capital on behalf of both retail and institutional investors through a range of investment vehicles, including funds and investment trusts. Retail investors represent the majority of the firm's client base, with institutional investors comprising a smaller proportion (~10%). Downing distributes its products through financial advisers, platforms and institutional mandates.

As an asset manager, Downing is responsible for allocating and managing client capital in accordance with the investment objectives and mandates of each strategy. Investment teams are responsible for sourcing, assessing and monitoring investments, and for managing risks that may affect financial performance over the life of an investment.

The firm has established a dynamic responsible investment framework that reflects and operationalises our investment philosophy. Depending on the investment strategy, this includes applying exclusions, integrating ESG insights to identify opportunities and manage risks, exercising active ownership and enhancing transparency. These practices support informed decision making and ensure our approach remains aligned with our clients' expectations.

Consistent with this framework, Downing applies its responsible investment approach across its public and private market strategies, with governance structures tailored to the characteristics of each investment type.

The chart below shows Downing's AUM by investment style. All investments are actively managed. The proportion of AUM managed by external managers is approximately 3.5%. The majority of AUM is invested in the UK and Northern Ireland (81.7%), with additional exposure to the Nordics (16.4%), Europe excluding the Nordics (1.3%) and the rest of the world (0.6%).



Public markets

Public markets activities include listed equity and liquid alternative strategies, where ESG integration and stewardship are embedded within investment decision-making and oversight processes.

- **Downing Fund Managers (DFM)** – manages a range of listed equity funds and services, including UK small- and mid-cap equity funds and AIM portfolios. DFM also includes a fund-of-funds element that invests via external managers.
- **Liquid Alternatives** – employs systematic, derivative-based investment structures combined with active management. These strategies primarily use UK government bonds and long-dated derivative contracts linked to large, liquid equity indices, such as the FTSE 100 and S&P 500.

For listed equity strategies, stewardship and ESG integration decisions are made by fund managers, supported by analysis from the Sustainability team.

Private markets

Private markets activities span credit, equity, and infrastructure investments, with ESG considerations incorporated through formal investment and approval processes.

- **Private Credit** – provides private credit and specialist lending, including structured and wholesale finance to specialist lenders, alongside other asset-backed lending activities.
- **Private Equity** – invests in private operating companies and works with management teams; investments include sectors such as healthcare and specialist education.
- **Energy & Infrastructure** – invests in renewable energy and infrastructure assets across the UK and Northern Europe.

In private markets, Investment Committees are the formal decision-making bodies. The ESG review process has been refined since the previous reporting period so that the assessment of ESG findings and the agreement of improvement actions are delegated to a specialist subgroup led by the Sustainability Lead. This subgroup reviews ESG scorecards, challenges assessments, and confirms final ratings and actions, with sign-off forming part of the overall investment approval process.

B. Stewardship Resources

Sustainability governance at Downing is embedded within the firm's broader corporate governance framework. Ultimate accountability for stewardship sits with the Executive Management Team, with overall responsibility for sustainability strategy and stewardship oversight held by the Chief Operating Officer, who is also Co-Deputy Chief Executive Officer.

Stewardship is led by investment professionals across all asset classes as part of their core investment management responsibilities. This includes identifying stewardship priorities, undertaking engagement where appropriate, and applying stewardship considerations in investment decision-making and ongoing monitoring. The Sustainability team supports investment teams on sustainability-related matters by providing specialist input, tools and information. This structure supports consistent stewardship implementation across public and private markets, while accountability for stewardship outcomes remains with the relevant investment teams and committees.

The Sustainability team is led by the Sustainability Lead, who is responsible for overseeing the implementation of Downing's sustainability-related stewardship approach in line with the Responsible Investment policy. This includes supporting stewardship priorities, maintaining stewardship frameworks and data, coordinating engagement activity with investee companies, and monitoring progress against agreed objectives. The role also supports stewardship-related reporting and participation in relevant industry initiatives to ensure Downing's approach remains aligned with evolving stewardship expectations.

The Sustainability team also includes two Sustainability Executives. Their responsibilities include supporting stewardship activity through the assessment of sustainability-related risks and issues relevant to investee companies, assisting with engagement planning and tracking, and maintaining stewardship-related data and documentation used to inform monitoring and follow-up.

Additionally, Downing uses an electronic proxy voting platform to support the execution and record-keeping of voting activity. Where Downing exercises voting rights, voting is conducted through Broadridge, which provides operational support for vote execution, tracking and reporting. This system supports oversight of voting activity and facilitates accurate record-keeping in line with Downing's stewardship processes.

Stewardship capability is maintained through Downing's firm-wide Continuing Professional Development programme, which includes mandatory stewardship- and sustainability-related training, alongside ongoing engagement with external networks and industry developments to ensure teams remain current on regulatory requirements and emerging stewardship practice.

C. Stewardship Policy and Process

Downing's stewardship policies and processes are set out within its Responsible Investment (RI) Policy, which applies across products under management and is implemented in a manner consistent with each product's investment objective and strategy. The RI Policy defines Downing's approach to sustainability-related stewardship and the circumstances in which stewardship activity is undertaken, including engagement, voting and escalation.

Engagement is undertaken where it is considered an effective means of influencing investee company behaviour or improving disclosure on material issues relevant to long-term value. Engagement objectives, actions and outcomes are monitored and recorded through internal systems to support ongoing oversight and follow-up. Voting is also used to exercise stewardship responsibilities, with activity guided by established voting guidelines.
The RI Policy also sets out supporting stewardship-related processes, including the identification and management of conflicts of interest, supported by a Conflicts of Interest Policy and register. A structured escalation approach is defined for situations where engagement does not progress as expected or where significant events or risks require a stronger stewardship response.

The Responsible Investment Policy is reviewed on at least an annual basis to ensure it remains appropriate, effective and aligned with fiduciary duties and evolving stewardship expectations. The review process considers regulatory developments, market practice and internal experience of policy application. Responsibility for drafting and updating the Policy sits with the Group-level Sustainability function, with review and approval undertaken internally in line with Downing's governance arrangements. The Policy does not currently involve external assurance as part of the review or approval process.

The Responsible Investment Policy is publicly available here:
https://lp.downing.co.uk/hubfs/Downing%20website%20files/ESG%20and%20Sustainability%20documents/Responsible%20Investment%20Policy%20Downing.pdf

D. Conflicts of Interest

Downing's stewardship-related conflicts of interest arrangements are set out in the firm's Conflicts of Interest Policy and are also referenced within Downing's RI Policy. These explain how conflicts are identified and managed in the context of engagement and voting. In particular, the RI Policy notes that conflicts can arise during sustainability-related stewardship (especially engagement) and confirms that a Conflicts of Interest Policy and conflicts register are maintained to identify and manage actual or potential conflicts; where conflicts cannot be effectively managed, the nature of the conflict and mitigating steps may be disclosed to the relevant fund board and/or investors as appropriate. The RI Policy also describes the specific control used where engagement results in the unintentional receipt of material non-public information (MNPI): Compliance is notified, the security is placed on the restricted trading list, and confidentiality/recordkeeping requirements are followed.

Examples of real or potential stewardship conflicts and how they are managed

- **Receiving MNPI during engagement:** engagement dialogue can unintentionally result in MNPI. This is managed by confirming the status of the information, notifying Compliance, placing the security on the restricted list, and complying with confidentiality and record-keeping obligations.
- **Conflicts arising from other business relationships with an investee:** conflicts may arise where other business relationships exist alongside stewardship activity. These are managed through the Conflicts of Interest Policy and register, with escalation and (where necessary) disclosure to the relevant fund board and/or investors.
- **Voting where a conflict could influence the decision:** stewardship includes voting, and the RI Policy sets out that the Sustainability team provides ESG-informed analysis and recommendations, while the relevant Investment Manager retains final decision-making authority; conflicts are managed through the governance framework described above (identification, escalation, and controls).
- **Conflicts between different client interests:** stewardship decisions can create tensions where client priorities differ. These are addressed by applying the conflicts framework (recording, escalation, and oversight) to ensure decisions are taken in line with the relevant mandate and duties owed.

E. Dialogue on Stewardship

Downing maintains dialogue with clients on stewardship through a combination of regular disclosure and responsive information-sharing. Information on sustainability-related stewardship activity, including engagement, is disclosed through Downing's annual Sustainability Report, which provides clients with an overview of stewardship priorities, activity undertaken and outcomes over the reporting period.

In addition to periodic reporting, Downing responds to client requests for stewardship-related information on an ad hoc basis. This includes requests for engagement records, voting data or explanations of stewardship activity undertaken in relation to specific investments, allowing clients to better understand how stewardship responsibilities are exercised in practice.

Downing also engages with clients through ongoing relationship management, due diligence processes and client meetings, which provide opportunities for questions and discussion on stewardship approach and activity. Any feedback received through these channels is used to inform the development, evolution or prioritisation of stewardship activities and reporting.

To date, client dialogue has primarily focused on information sharing and transparency. Downing views client feedback as an important input to stewardship oversight and would take such feedback into account where it indicates a need to refine stewardship focus, processes or disclosures.

Investments that matter

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