

1. Salt Investment Philosophy

Salt are active managers. Our shared investment philosophy is centred on the belief that market inefficiencies exist that can create opportunities over time to deliver superior risk-adjusted returns. This philosophy is based on the belief that the value of any financial asset is the net present value of some measure of future cash flows, discounted appropriately and that observed prices will often differ from this value and provide both near and long-term trading and investment opportunities.

Salt is the investment manager for the Funds. However, for global investment strategies we contract some or all of the underlying investment management services to global investment managers that are experts in their fields. We select and appoint these managers because we believe that they have proven track records and share similar investment philosophies and beliefs to us.

2. Our responsible investment commitments

- We will seek to understand the responsible investment needs of our clients.
- We will reflect public awareness of responsible investment considerations and create responsible investment options by developing and delivering innovative products and services.
- Where consistent with our fiduciary responsibilities and in alignment with the Principles for Responsible Investment (PRI):
 - a) We will incorporate ESG considerations into our investment analysis and decision-making processes.
 - b) We will be active owners and incorporate ESG considerations into our ownership policies and practices.
 - c) We will build the Salt team's capacity to understand and assess ESG risks and opportunities and collaborate to enhance our effectiveness in implementing our commitments.
 - d) We will report on our activities and progress towards managing ESG considerations and implementing the Principles for Responsible Investment.
 - e) We will seek disclosure on ESG considerations by the entities in which we invest.
 - f) We will promote acceptance and implementation of the Principles for Responsible Investment within the investment industry.

To find out more about the PRI, please visit their website at www.unpri.org.

3. ESG Integration

We believe that superior investment outcomes are achieved when ESG considerations are integrated into bottom-up research and included in the investment process. ESG is fully integrated into Salt's quantitative and qualitative research using traditional tools like SWOT analysis and, more specifically, assessing the most material risks and opportunities for each industry and, therefore, each company. Information gained through this process impacts our assumptions for specific line items in the company model.

In addition, for internally managed funds, Salt analysts determine ESG scores for each company, which is incorporated into the factor score and stock ranking. Salt elects to do this internally to avoid potential inconsistencies from external data.

The main ESG factors we consider are:

Environmental

- Climate change
 - For example, transitional risks and opportunities, physical risks and associated pricing of externalities.
- Pressures on natural resources
 - For example, water scarcity, biodiversity, land use and forestry and marine resources.
- Pollution and waste
 - For example, air pollution, water pollution and waste and waste management.

Social

- Internal Factors
 - Health and Safety
 - Human capital development
 - Human rights
 - Employee relations
- External Factors
 - Supply chain management
 - Social license – community and government engagement
 - Societal risk
 - Cyber security and data privacy

Governance

- Corporate Structure
- Board Quality
- Alignment
- Remuneration structure
- Leadership quality
- Communication and disclosure
- Disputes and controversies

Active engagement is a core part of Salt's research process, engaging with companies in different ways to enrich internal company research and provide stewardship at the same time. Examples include one on one company meetings, voting, and company questionnaires. For more detail on Salt's active ownership, refer to the [Engagement Policy](#) and [Proxy Voting Policy](#).

Exclusions

As active managers, we look at our entire mandated investment universe to identify attractive investment opportunities to generate sustainable, long-term returns. However, we believe there are some industries that we cannot include in our potential investment universe, particularly as we consider global efforts to meet the Sustainable Development Goals, along with our three simple responsible investment objectives (do no significant harm, encourage and support companies to do better, and where possible, do good).

As a base level across all of Salt's investment options, we do not hold the securities of companies whose core business activities¹ are:

- the manufacture of cluster munitions
- the manufacture or testing of nuclear explosive devices (NEDs)
- the manufacture of anti-personnel mines
- the manufacture of tobacco
- the processing of whale meat
- recreational cannabis
- gambling, and
- the manufacture of civilian automatic and semi-automatic firearms, magazines or parts.

Derivative based instruments make up a very small portion of our investments and are used predominantly for currency hedging or investment purposes. Although derivatives do not fund companies in the same way as issued securities, where derivative-based investments are used (e.g. futures), we will seek to choose contracts which incorporate relevant exclusions where possible.

We have identified upstream oil and gas as a transition area for exclusion across the portfolio, where we won't divest now but engage with companies to do better, with the mid-term view of exiting.

The Select Global Shares Fund reflects changing investor requirements and has additional exclusions including fossil

fuels, bulk commodities, and alcohol, for the full list visit the [Salt Select Global Shares Fund](#) homepage.

Restricted security lists are maintained and monitored in our IRESS Portfolio System and our underlying investment managers' investment compliance systems.

If an 'excluded security' is identified in a portfolio, this is reported to Salt's Chief Operating Officer and the relevant investment manager is obliged to sell the security within a reasonable period and not exceeding three months.

Wholesale Clients

Our wholesale clients may have different values and beliefs from ours. As such, Salt may agree to implement clients' specific exclusion lists. These will be documented in an investment management agreement. These exclusions take precedence over Salt's internal policies such as this policy.

4. External Managers

Where Salt does not have in-house expertise to manage an asset class, we appoint the underlying managers consistent with Salt's approach. External managers are used for the Salt Select Global Shares Fund and Salt Select Global Fixed Income Fund (Morgan Stanley Investment Management), and the Salt Global Listed Infrastructure Fund and Salt Global Listed Property Fund (Cohen & Steers), and within our multi-asset class funds, being the Salt Income Fund and the Salt Capital Growth Fund.

Alignment with Salt's values and investment beliefs is a key part of the due diligence process when appointing an external manager.

Successful external managers must be active owners demonstrating genuine and successful ESG integration. They must be a PRI signatory with robust survey responses and scores demonstrating ESG integration and their commitment to the principles.

External managers have Proxy Voting Policies and Engagement Policies and report to us on their activities.

5. Reporting

Reporting on ESG activities is included in bespoke client reports.

¹ A core business activity is one that accounts for more than 10% of the company's revenue.