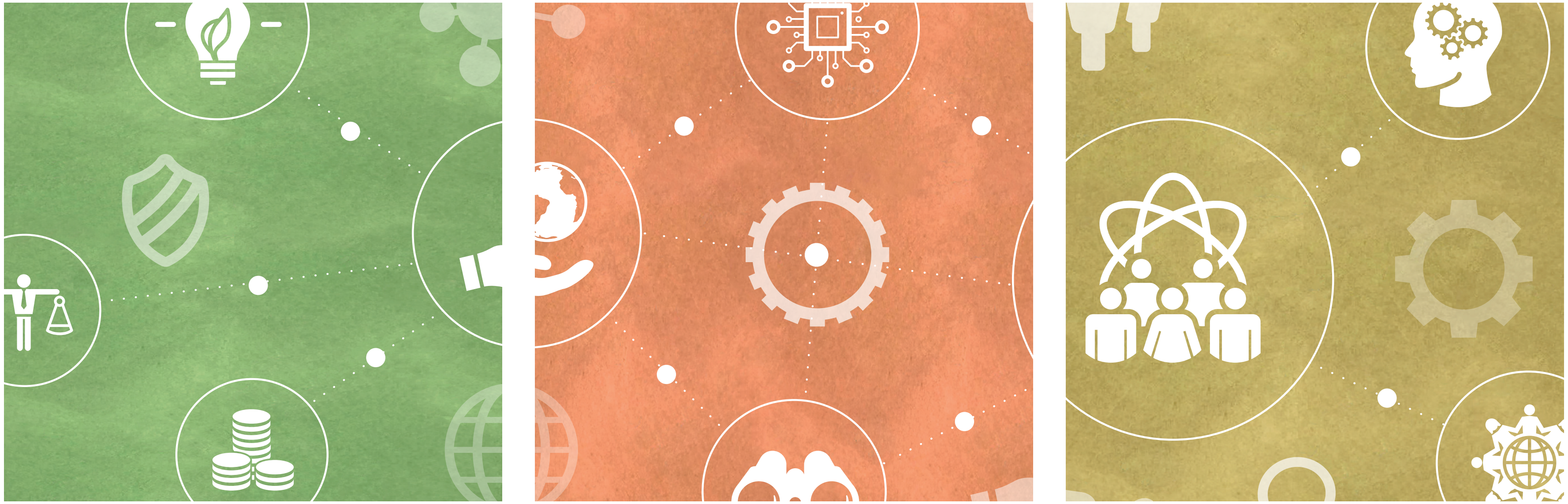
Stewardship Report

2022



ARTEMIS
The Profit Hunter

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An introduction from our Executive Chairman

John Dodd
Executive Chairman

2022 was notable for several reasons, not least because it marked the 25th anniversary of the foundation of Artemis.

Back in 1997, the notion of stewardship was nowhere near as well defined and understood as it is now, but for a firm with its purpose centred on meeting people's long-term investment needs, it was fundamental, nonetheless.

Today, good stewardship has become the bedrock of the investment industry; a non-negotiable pillar of best practice. This is a development that the wider investment community can be very proud of and one that at Artemis we have embraced.

Everyone who has worked at the firm over the last quarter of a century has seen themselves in one way or another as stewards of other people's capital and acted with the responsibility this entails. Our colleagues have consistently committed to aligning themselves with clients; being invested in our own funds and supporting the evolution and formulation of higher standards, such as the Stewardship Code.

From an investment standpoint, the last 12 months will also be remembered for the world's emergence from Covid-19. But any relief soon gave way to concerns about the impact of the war in Ukraine and the increasing day-to-day realities of rising inflation and the effect it has on people's living standards.

Against this backdrop, it was another challenging year in financial markets during which investment managers could easily have been distracted and lessened their focus on stewardship. That we have made progress during the year both on a firm-wide basis and within our individual investment teams is, I think, a measure of our commitment to keeping our eyes on the stewardship road ahead.

The value of this annual Stewardship Report is that it is an opportunity to reflect on what has been achieved in the past year and also to look forward to the future. We will continue to develop our work on areas such as net-zero as well as broader sustainability and impact initiatives and diversity, equity and inclusion. This report contains examples of where our portfolio managers have actively engaged with investee companies and achieved the right outcomes for our clients.

Finally, as I reflect on this first quarter century for Artemis, the achievements of the firm's charitable foundation is one of which we are all justly proud.

The foundation, which is now chaired by Derek Stuart, one of the firm's founders, distributed over £950,000 during the course of 2022, much of it to small, lower-profile charities and organisations where we believe the money made a huge impact.

The challenges we face as an economy, society and planet are vast, complex, and constantly evolving. We hope that through good stewardship and an enduring commitment to doing our part, we are able to contribute to the rising swell of change.

John Dodd
Executive Chairman

A message from our Chief Investment Officer

Paras Anand
Chief Investment Officer (CIO)

Welcome to our 2022 Stewardship Report. This time last year, when I wrote the introduction to our 2021 report, I had just joined Artemis as CIO and was getting to know the business. Now, a little more than 12 months on, it is a privilege once again to review our stewardship developments and set out our plans for the future.

2022 was a year of momentum and strategic goal-setting for Artemis. We developed our firm-level strategy, defining key focus areas to raise the bar on our collective performance and ensure we are fit for the future. Our values remain unchanged, and clients are front and centre of our strategy.

Stewardship is the keystone of Artemis' investment philosophy and culture. It is fundamental to our purpose, to our mission and to our values. Last year we made progress in a number of areas, including the introduction of a firm-wide Sustainability Committee; publicly disclosing our net zero plans; participating in industry wide initiatives aimed at achieving systemic change and evolving our assessment of investment risk specifically on environmental, social and governance (ESG) issues.

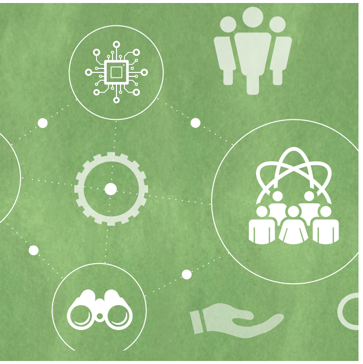
We also made a number of key hires and expanded our resource dedicated to sustainability. And, in an area I earmarked for development in our last Stewardship Report, we have communicated our efforts more, for example through our Positive Sum blog and our inaugural CSR and impact reports, to make sure our clients understand our approach.

Inclusion is an issue I am particularly passionate about both personally and professionally. I am Artemis' executive sponsor on diversity, equity and inclusion which I see as a fundamental part of good stewardship and central to our success as an organisation. As investors, we can hold publicly-listed companies to account on these areas but if we do, we also have a responsibility to do the same to our own business. I am very proud we are beginning to attract a more diverse group of individuals who will help grow our expertise, develop our culture and position us and our clients well for the future.

There's much more to do and I am excited for what is ahead.

Paras Anand
CIO

Insight to Artemis: who we are and what we do



Artemis provides dedicated active investment solutions to meet our clients' needs. As a boutique multi-strategy manager, we serve retail and institutional clients through our range of equity, fixed income and multi-asset strategies which invest in the UK, Europe, the US and worldwide.

Independent and owner-managed, we are headquartered in the UK with offices in London, Edinburgh, Munich and Zurich.

Fund managers' interests aligned with investors'

Owner managed business

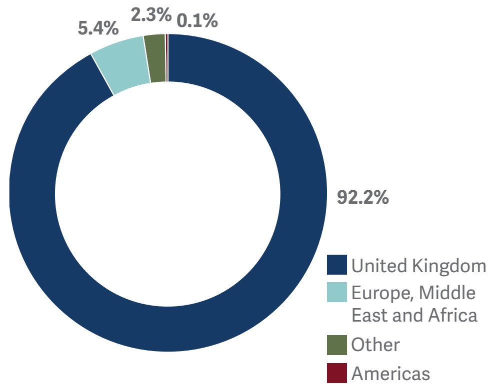
Founded in1997

Offices in:
London, Edinburgh, Munich and Zurich

224
colleagues

44
of which are Investment Professionals

Clients by region



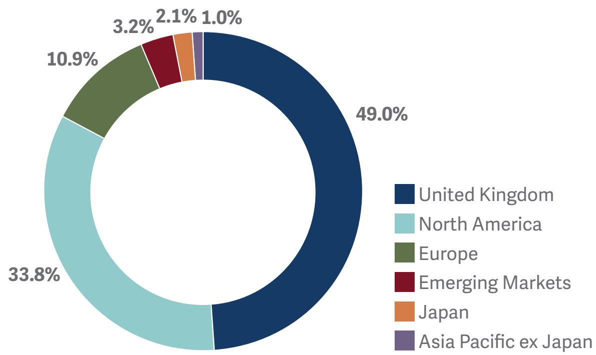
Total assets under management

£24.7bn

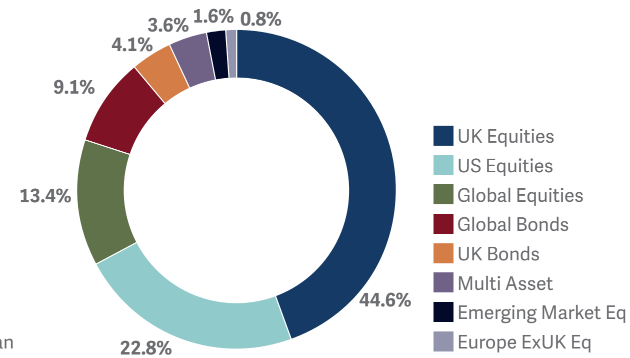
Retail
£18.9bn

Institutional
£5.8bn

Assets under management by region



Assets under management by strategy focus



All figures included in this report are as at 31 December 2022, unless otherwise stated.

25 years as active stewards of our clients' assets

In 2022 we celebrated our 25th anniversary as an active investment manager. Today, we are proud stewards of some £24.7billion (€27.8bn / $29.7bn) of client assets under management across a range of funds including UK and Luxembourg domiciled structures, two investment trusts and pooled and segregated institutional portfolios.

Our culture supports a strong collegiate ethos where we share ideas and insights to maintain and enhance our offering as trusted and active stewards of our clients' capital.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020, Financial Reporting Council (FRC)

In 2022, a number of our funds gained industry recognition

Artemis Positive Future Fund:

- Pensions for Purpose Content Awards, Base Case Study, Impact Equity (on Education Sector)

Artemis UK Select Fund:

- CAMRADATA 2022 IQ Awards, UK Equities, All Cap award

Artemis Corporate Bond Fund:

- Citywire: Stephen Snowden, Best Fund Manager

Artemis Fund Managers:

- Citywire Selector: Ranked 4th of top 250 Euro Alpha Managers (all asset classes)

Stewardship highlights

During

2022

In 2022 we continued to strengthen the quality and transparency of our stewardship activities across the organisation, setting us on a firm footing for the next stage of our stewardship and sustainability journey.

Set our goals for the **Net Zero Asset Managers Initiative**, in which **80% of total assets under management are currently in scope.** These include developed market equities and all assets in our Article 8 and 9 funds under SFDR and equivalent products.

Strengthened our sustainability oversight and expertise by creating a Sustainability Committee to develop our strategy, set targets and monitor progress.

We were active participants in industry initiatives including various Investment Association working groups, for example Climate Change Working Group, the Corporate Reporting and Accounting Group and Next Generation Investment Committee. We also worked on a toolkit for investors on Modern Slavery with the Investor Forum.

For a second year we achieved **FNG Siegel labels** for two of our Article 8-certified funds – Artemis Funds (Lux) - Short-Dated Global High Yield Bond and Global High Yield Bond Funds. Artemis is one of only three high-yield groups to receive this award.

Published our first **Corporate Social Responsibility** report.

Published our first impact report, authored by our Impact Equities team. They update clients regularly on sustainability topics, ESG and investing for impact through a "Positive Sum" blog on our website.

Sustainable Finance Disclosure Regulations: for our range of Article 8 and 9 funds we developed a **standardised framework for determining sustainable investments**. Pre-contractual disclosure documents were published in-line with the regulatory requirements and periodic disclosures will be made in 2023. Artemis Funds (Lux) - SmartGARP Global Emerging Markets Equity Fund was classified as an Article 8 fund.

Bolstered our Stewardship team with the appointment of a junior stewardship analyst in March 2022.

Voted and engaged actively with our investee companies and improved information flow through the investment team on these activities.

We became more involved in a range of **diversity** initiatives at firm and industry level, the latter principally through the Diversity Project.

Achieved signatory status from the FRC for our 2021 Stewardship Report.

Developed our **Investment Risk ESG dashboard** – a risk measurement tool for use by fund managers and for investment monitoring, available across the business.

Started work to **strengthen** firm-wide exclusion screens with a view to widening the scope of weapons captured. This work is due for completion in 2023.

Analysed board and executive committee diversity within our investment portfolio holdings in key markets, a **springboard to deeper voting and engagement practices**.

Stewardship in action at Artemis: a principle by principle account

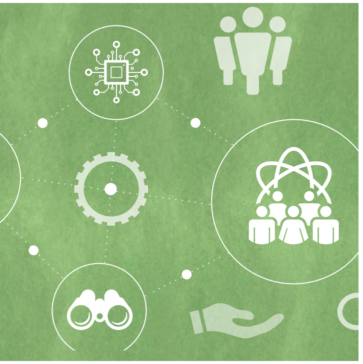
1	Purpose, strategy and culture
2	Governance, resources and incentives
3	Conflicts of interest
4	Promoting well-functioning markets
5	Review and assurance
6	Client and beneficiary needs
7	Stewardship, investment and ESG integration
8	Monitoring managers and service providers
9	Engagement
10	Collaboration
11	Escalation
12	Exercising rights and responsibilities

Our Purpose and our Governance

1	Purpose, strategy and culture
2	Governance, resources and incentives
3	Conflicts of interest
4	Promoting well-functioning markets
5	Review and assurance

PRINCIPLE 1

Purpose, strategy and culture



Our purpose and our values

As dedicated, active investors, our purpose is to create better futures for our clients through the craft of investing. We are driven by our clients' needs and ensure our investment outcomes are aligned with those needs.

Our three core values – clients come first; collaboration; and integrity and accountability – underpin our purpose and reinforce the client- focused, investment-led culture we foster throughout the business. They are also central to our mission of being a leading multi-strategy boutique asset manager.

To support these values, we value diversity of thought and individual ideas because, when coupled with robust and focused stewardship activities, they contribute to better-performing companies, a healthier economy and, ultimately, better returns for our clients.

We try to keep bureaucracy to a minimum, allowing our investment teams to concentrate on what they do best – selecting the investments they believe will perform best for our clients.

Our values

Clients come first
Fairness, clear communications, openness and transparency

Collaboration
Collegiality, teamwork and collaboration

Integrity and accountability
Integrity, accountability, expertise and talent

Our strategy

Our overall strategy is defined by our purpose and our mission. It is anchored on our values and our heritage and focused on the future, to ensure we understand and respond to our clients' needs. Our strategy rests on five interconnected aims, as outlined in the diagram below.

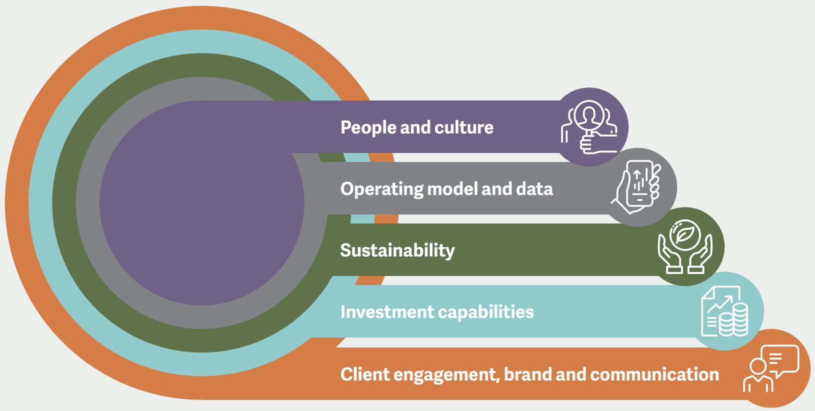
Our strategic aims

- **A strong service mindset**
- **A suite of high-quality investment capabilities aligned to client needs**
- **An effective and integrated operating environment**
- **A data-driven and digitally-enabled platform**
- **A compassionate, inclusive and creative culture**

Everything we do is underpinned by our commitment to putting our clients first.

Five areas of focus

To support these aims, we have also defined a set of five similarly interconnected areas of focus, each of which are being supported by actions, to raise the collective performance of our firm.



PRINCIPLE 1

Purpose, strategy and culture

Our stewardship strategy

We believe that stewardship activities contribute to better-performing companies and therefore returns for our clients. The greatest influence we can have as an investor is by combining company engagement with industry collaboration.

Stewardship at Artemis rests on a dual approach: stewardship at a firm level, and stewardship at an investment strategy level. Both approaches are supported and enhanced by our in-house specialist Stewardship team.

As this report demonstrates, in 2022 our approach to stewardship has been integral to our overall strategy and purpose. It has enabled active stewardship of our clients' investments and driven developments and improvements in our investee companies.

Stewardship at Artemis

Firm-level stewardship

Firm-level stewardship relates to the role we play in addressing overarching market and systemic risks. We are involved in a range of collaborative engagement and industry initiatives where we work with others to raise standards, manage risks and help drive change across our industry and in the companies in which we invest. As a boutique manager, we can punch above our weight through collective stewardship which aims to drive collaborative change.

You can read more about our collaborative engagement in Principle 10.

Specialist stewardship insight and cross-team support

The Artemis Stewardship team is specifically dedicated to supporting our fund managers by providing insight, research and analysis, discussion and challenge on ESG and stewardship matters. They act as a continuous bridge between the business as an entity and our investment teams. At a firm level, they are active within Artemis and the wider industry as participants and proponents of a range of initiatives such as Climate Action 100+ (CA100+) and the Net Zero Asset Managers initiative (NZAMi).

You can find out more about how this team is resourced in Principle 2.

Investment-strategy-level stewardship

Our individual fund management teams are responsible for bringing out the best in their investments. Our fund managers are encouraged to find and harness opportunities, as well as to manage specific ESG issues with the potential to affect both short- and long-term success as an integral part of their fund management process.

This is why we embed stewardship and engagement at an individual strategy level and place high value on direct contact and one-to-one engagement with companies. It is also why each fund management team takes a strategy-specific approach to ESG integration.

You can read more about stewardship, investment and integration in Principle 7, and how we engage in Principle 9.

PRINCIPLE 1

Purpose, strategy and culture

We are sharpening our firm-wide focus on sustainability

The creation of the Sustainability Committee is a catalyst for advancing our firm-wide sustainability strategy. In 2023, we are developing a corporate framework, while remaining true to the strategy-specific approach for which Artemis is known.

Although it is too early to report fully on what the components of this strategy will be, improved dissemination of ESG data across the business will be a key area of focus. We will continue to raise the bar of what is expected, both of our portfolio companies and of ourselves as allocators of capital and we will raise our visibility and voice on sustainability issues.

We refer to some of these components including resource, data solutions and stewardship activity, in more detail in this report. We look forward to providing an update on progress in our next report.

Our people

Our people define our business and enable our purpose. In 2022, we welcomed new colleagues across the business, including our investment, communications and risk management teams.

Our colleagues' opinions matter and we run an annual employee engagement survey to ensure we capture, and act, on them. It is early days but we are pleased with the results of our most recent survey in September 2022 which showed a positive and significant improvement in employee engagement:

73% engagement score

Five percentage points higher than our 2021 survey.

79% employees taking part

13 out of 14 areas that the survey measured increased in score when compared to 2021.

We identified learning and development and leadership communication as areas for focus following the 2021 survey. In 2022, the overall score for learning and development increased by ten percentage points to 64%.

The overall score in response to the statement "There is open and honest two-way communication" also increased by ten percentage points to 70%.

PRINCIPLE 1

Purpose, strategy and culture

Diversity, Equity and Inclusion (DEI)

Artemis is committed to fostering an inclusive and diverse workplace. Paras Anand, our CIO, is the Executive Sponsor for DEI ensuring that it is integrated into strategy and implemented throughout our business. He is also a Non-Executive Director of 25x25, a not-for-profit association that sets out best practice on succession and talent planning with a direct focus on gender balance. To date, we have joined the following DEI initiatives:

Investment industry

The Diversity Project

#includedAWM

LGBT Great

Supporting women in business

Women in Finance Charter

Girls Are Investors (GAIN)

Mentors for the 30% Club

Providing opportunities for young people

Investment 2020

The Lord Mayor of the City of London's 'She Can Be'

10,000 Black Interns

Future Asset Ambassadors

Arrival Education

Over the course of the past year we have changed practices in a number of key areas. For example, we have reset expectations with our recruitment consultants, standardised our hiring process, increased HR involvement in interviews, and we aim for gender-balanced interview panels. We also work closely with agencies to ensure that we are seeing diverse long and short lists.

We currently collect and report on gender-related diversity statistics.

We are committed to broadening the scope of diversity statistics that we measure and report on, by undertaking an exercise to collect additional demographic data from our staff on a voluntary basis, commencing 2023. This work will be undertaken in parallel with the FCA's consultation on the topic to ensure that the data we collect provides the correct data points and meaningful comparison with industry standards.

More information on these initiatives is available on our website.

Our DEI Working Group

At Artemis, diversity, equity and inclusion is everyone's responsibility. This is supported by the Executive Committee, an executive sponsor and our dedicated DEI Working Group.

Our DEI Working Group is made up of volunteers from across our business who provide leadership, support, advice and challenge to our DEI strategy. The group focusses on five main areas: gender diversity, cultural diversity, social mobility, mental health and wellbeing, and sexual orientation. Members represent Artemis at industry initiatives and ensure we celebrate, support and evolve a culture of DEI throughout our business.

DEI at Artemis

Ensuring diversity of talent

We need diversity of thought to create the right solutions for clients and the business, and the right responses to the challenges we face should not come from one pool of people all from the same background.

The talent we need as a firm to evolve and continue to serve our clients can come from anywhere. Our challenge is to find those people and help them understand Artemis is a place where they can flourish. We are beginning to attract a more diverse group of individuals which will help grow our talent pool over time.

For the fifth year, we are proud to be part of an initiative organised by social mobility charity Arrival Education which introduces sixth form students from state schools to the world of work and financial markets through a programme of events.

We hope some of this young talent comes back to work with Artemis in the future. As a firm we have made progress over the last year, however there is always more to do. We will continue to act as responsible stewards for every individual and organisation which has entrusted us with their wealth.

The Environmental Working Group (EWG)

The EWG is a voluntary staff group, facilitated by the Office Management team, working to reduce Artemis' corporate carbon footprint. The EWG focuses on changing staff behaviours and choices regarding, for example, travel and accommodation or on-site office utilities, to encourage those which are more sustainable.

In tandem with the EWG's work, Artemis is also a member of Planet Mark, a certification programme recognising companies which have a commitment to continuous improvement in sustainability, with specific targets to reduce CO_2 emissions every year. We aim to reduce our emissions by 5% per annum as part of a pathway to net zero emissions by 2030.

PlanetMark
Certified Business

In addition to the overall target, we set a target of a 30% reduction in domestic flights by 2022 (versus 2019) and a reduction in office waste of 10% by 2022 (versus 2021). While the final results will not be concluded until after publication of this report, we are currently on track to meet these goals.

Setting our course for net zero

Signing the Net Zero Asset Managers initiative in 2021 was an important milestone for Artemis. More information on our commitments and targets can be found in Principle 10.

The Artemis Charitable Foundation

How we relate and contribute to the world beyond our business is an important part of our culture and a key focus of our commitment to corporate social responsibility. We actively encourage our employees to participate in charitable and community initiatives and have very high take-up across the business.

The Artemis Charitable Foundation supports a number of charities in the areas of health, education, poverty and environment. The Foundation works closely with these causes, usually on a multi-year basis, to enable greater impact and a deeper understanding of their work. Our colleagues can take part in volunteering days, charity trips, fundraising events and workshops in order to further our efforts to give back to society.

During 2022, the Foundation distributed over £950,000, much of it to small, lower-profile charities and organisations where we believe the money made a huge impact.

We were proud to publish our first CSR report in 2022 which provides a comprehensive review of all our CSR activity and is available on the CSR pages of our website.

Over £950,000 donated to 70 charities

30% Artemis staff volunteered with partner organisations

Over £235,000 raised by staff through fundraising challenges

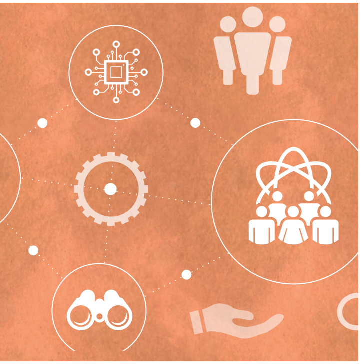
£40,000 Donated to global disasters and emergencies

161 Artemis staff took part in charity challenges

Over £77,000 given by staff via give as you earn

PRINCIPLE 2

Governance, resources and incentives



Our firm-level governance

Artemis is a Limited Liability Partnership (LLP) with 224 staff including 29 partners. Independent and-owner managed, Artemis is owned by its UK-based management team and Affiliated Managers Group (AMG), a US-based international investment management company listed on the New York Stock Exchange. Together, they own 100% of the equity of the business.

Artemis is strategically and operationally independent of AMG; that is, AMG is not involved in the day-to-day running of the business.

We believe this partnership model is the ideal structure for our business because it means we can focus entirely on meeting our clients' needs.

Our stewardship governance

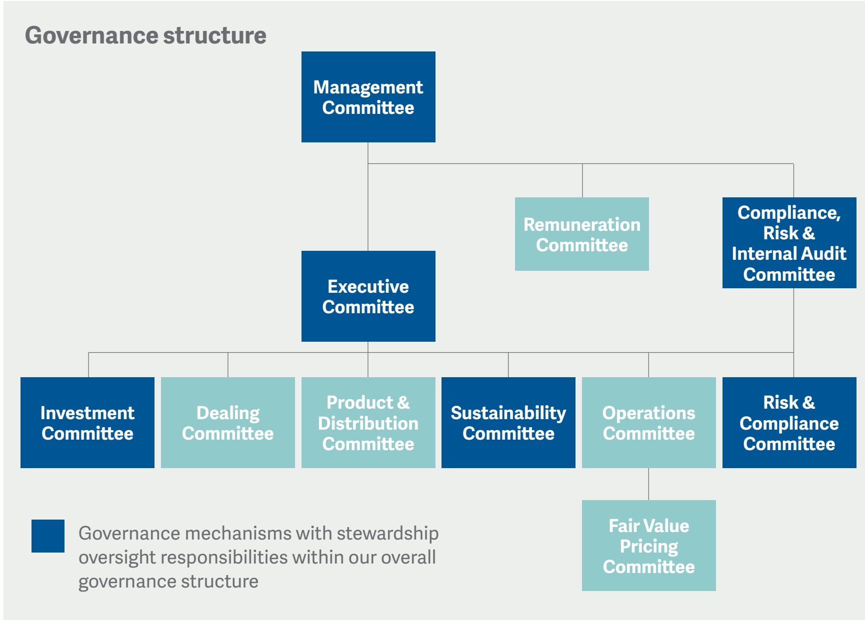
Artemis provides investment management services for a range of UK and European funds and clients, both in-house and third party. Stewardship is embedded across all of our investment strategies as a major tenet of our approach, notwithstanding the identity of the fund or client to whom we provide these services.

Our governance structure underpins this. Stewardship matters are embedded in the responsibilities of a number of our governance mechanisms, as shown in the structure diagram, opposite.

The **Management Committee** has ultimate responsibility for overseeing long-term success, establishing the firm's strategy, culture, values and standards and ensuring that risk is managed effectively. It monitors financial and regulatory reporting as well as making sure the necessary resources are in place so that our objectives, including on stewardship, can be met.

The **Executive Committee** implements strategy by managing day-to-day operations, including monitoring and assessing the delivery of good customer outcomes.

Artemis' **Investment Committee**, chaired by CIO Paras Anand, is responsible for the oversight of our investment activities, making sure that progress is being made on meeting our stewardship commitments and obligations on a regular basis.



A review of our responsible investment stamps

In 2021, we introduced our responsible investing stamps. These indicators were intended to provide our clients with a clear assessment of our approach to stewardship across our range of funds. However, in the UK the FCA's Sustainability Disclosure Requirements (SDR) will implement a new regulatory framework governing the use of sustainable investment labels and the use of sustainability-related terms in product naming and marketing, which could lead to potential confusion if we continue using a separate Artemis-devised framework for labelling our products. We therefore intend to retire our stamps and we are currently conducting what we believe will be our final internal annual review. The findings of this review and recommended actions will be brought to the Sustainability Committee.

PRINCIPLE 2

Governance, resources and incentives

Boosting stewardship governance: our new Sustainability Committee

In a world which demands heavier lifting from all of us on a range of sustainability issues, our aim was to establish firm-wide, cross-functional, oversight of Artemis' approach to sustainability matters as an active investment manager, and to set and approve strategy in this regard.

Stewardship, sustainability and engagement are key governance priorities. Following his appointment in 2022, one of the first developments under Paras Anand's tenure has been the creation of a new, dedicated Sustainability Committee, meeting an intention set out in our last Stewardship Report.

To streamline our focus we defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."[1]

The Sustainability Committee includes representatives from all levels and areas of our firm and generally meets on a monthly basis. This, in line with our stewardship approach set out in Principle 1, ensures that rather than operate in silos, we have an integrated approach to firm-wide stewardship where the views of critical stakeholders at Artemis are involved and heard.

Our Sustainability Committee's responsibilities include:

- Define and oversee Artemis operations from a sustainability stance and advise the executive committee, including on resources
- Review the sustainability of investment products and advise on product range
- Review reporting on Task Force on Climate-Related Financial Disclosures and approving our Stewardship Report
- Monitor sustainability data procurement, services, use, access, accuracy and cost
- Review and recommend net zero targets internally and externally
- Review policies for meeting our obligations as an active institutional shareholder, including on stewardship engagement and voting
- Monitor progress on Corporate Social Responsibility goals regarding climate and the environment

[1] UN Brundtland Commission (1987) https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf

PRINCIPLE 2

Governance, resources and incentives

Our resources

Stewardship sits at the heart of our investment team because it is integral to our range of investment approaches. While our investment teams are responsible for much of our stewardship efforts, they need dedicated resource to support them in terms of research and oversight and to ensure wider market-facing stewardship activities and commitments are addressed. Our specialist stewardship team provides this additional resource. The Stewardship team has a representative on the Investment Committee and day to day reports to our Head of Investment Management Strategy, Julia Casson, who in turn reports to our CIO, Paras Anand.

Growth in client interest, together with our organisational imperative to strengthen our work meant that, in 2022, we increased our stewardship resource from two to three people. Our stewardship leads, Inez Oliver and Antonia Stirling, welcomed junior analyst Hifsah Malik in 2022 to their team. We expect to grow this team further to ensure we can proactively and effectively respond to client needs and expectations.

Our Stewardship team works to integrate environmental, social and governance (ESG) considerations into the investment processes and further those goals through stewardship activities, including engagement.

Their role is to guide, discuss and challenge the individual ESG approaches as executed by our investment team and funds. Their oversight and critiques are integrated into the investment team, allowing fund managers to adopt appropriate stewardship strategies while remaining independent.

"The Stewardship team at Artemis is an exciting and important place to be. Professional development plays a big part. In 2022 I took part in the Investor Forum's Development Programme. It's a 10 week programme designed for employees at Investor Forum Member firms with up to 5 years' experience to develop their skills, hear from expert speakers and build a network. It was great to work with other participants to research an ESG project which we then got to present at one of the Forum's Four O'clock Forum webinars." - Hifsah Malik

Inez Oliver joined Artemis in 2005 and is Co-head of Stewardship. She has a degree in information systems and management from the University of London; a masters in sustainability from the University of Cambridge; and an MBA from Imperial College London. Inez has more than 25 years' experience in investment management and holds the advanced certificate in corporate governance from the Chartered Governance Institute.

Antonia Stirling joined Artemis in 2019 as Co-head of Stewardship. She came from Standard Life Aberdeen, where from 2010 she was Head of Corporate Stewardship. Before that, Antonia spent five years at Deloitte and became ACA qualified. She holds an MA in Human Sciences from the University of Oxford. Antonia also holds the Certificate in ESG Investing from CFA UK.

Hifsah Malik is a junior analyst in the Stewardship team. She joined Artemis in 2021, spending her first year supporting clients of the firm's Institutional team. Hifsah studied English at King's College London.

PRINCIPLE 2

Governance, resources and incentives

Continous professional development

Whilst we do not currently have formal ESG training, we require our investment professionals to complete 35 hours of continuing professional development (CPD) per year, 21 of which need to be 'structured'. This can cover many topics with the focus dependent on what the fund manager or their manager consider to be relevant for areas for development. Mindful of the importance of knowledge and accountability in reaching sustainability goals, we encourage continuing professional development on the theme of stewardship and sustainability and have seen increasing interest in ESG and climate-related training opportunities over the past year including the CFA Certificate in ESG Investing, the CFA Certificate in Climate and Investing and the Investment Association Introduction to ESG for Investment Management. Around a dozen colleagues, not limited to fund managers, undertook these courses in 2022 and we are actively encouraging wider participation.

As part of the ongoing development of stewardship knowledge and skills, in 2023 we plan to create a programme of external speakers and knowledge sharing to educate our investment teams on evolving thinking and initiatives in sustainability.

Also in 2023, we will conduct a gap analysis of ESG oversight to fully assess our processes as the Sustainability Committee matures and ensure responsibilities and processes are working as intended.

Our remuneration philosophy

Recruiting, developing and retaining our people is a priority. Regarding **incentives and rewards**, the consideration of ESG is part of the annual appraisal process for all of our fund managers and analysts, as well as their objectives for the year ahead. All partners and employees are incentivised and rewarded in relation to their contribution to the business, to client outcomes, to wider stakeholders and to our environment and the communities around us in line with our corporate responsibility. Our remuneration philosophy fully supports the business ethos of Artemis to deliver value to our clients through exemplary client service, outperformance of the market and producing long-term returns for our investors. Different structures are in place for different types of partner and employee, and our rewards are discretionary.

Partners – All partners share in the profitability of the partnership. Our approach maximises the line of sight between investor outcomes and individual remuneration with a shared understanding of the need to manage costs and risks in order to generate sustainable revenues and profit growth. Long-term incentives are in place for key partners.

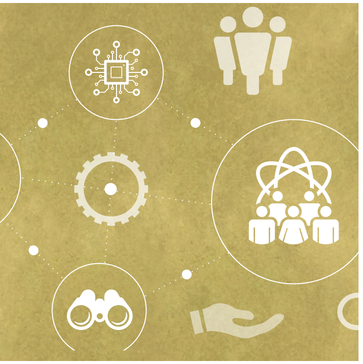
Equity participation – Most partners and senior staff are investors in the holding company of the business.

Employees – all employees receive a combination of salary and bonus. Industry salary surveys are used to help benchmark employees' pay. Employees also have an annual appraisal where performance and objectives are discussed. Bonuses are discretionary and based on each employee's role and contribution.

Fund managers – Artemis' fund managers invest in the funds that they and their colleagues manage. This has been a foundation of Artemis' approach to investment since the firm started and means that our fund managers' interests are directly aligned with those of our investors.

PRINCIPLE 3

Conflicts of interest



An approach that is aligned with our principles

In line with our principles of "Clients come first" and "Integrity and accountability", ensuring conflicts of interest are effectively identified and managed is fundamental to the effective stewardship of the assets we manage on behalf of our clients, for the protection of our people, and our business.

In practice, this means we have a well-established approach in the form of a five-point framework to maintain effective processes for identifying and preventing potential and actual conflicts of interest. Should any arise, this framework ensures they are managed actively and with rigour.

All Artemis activities are subject to our company-wide Conflicts of Interests Policy.

Our policy acknowledges the various forms conflicts can take, and highlights appropriate steps to identify and prevent conflicts of interest.

- We maintain a Conflicts of Interest Register which documents the potential and actual conflicts of interest that may arise from time to time. The Conflicts of Interest Register is reviewed, at least, on an annual basis. Whilst we are aware of conflicts that may arise, we have not identified any significant conflicts of interest that have required disclosure in this reporting period.
- We maintain records of personal account dealing, gifts and entertainment, and additional employment or outside interests.
- All colleagues are required to read and adhere to the policy and provide an annual attestation of compliance as regards any personal conflicts of interest. They are also encouraged to seek advice from the Risk & Compliance team if there is any doubt about how a potential conflict of interest should be managed.

Our Conflicts of Interest Policy can be provided on request.

PRINCIPLE 3

Conflicts of interest

Clients come first in our five-point framework

When considering conflicts of interest, our approach is to always act in the best interests of our clients – treating them fairly in every interaction and communicating with them in an open and transparent manner.

Our Conflicts of Interest Framework has five key components:

1. The Conflicts of Interest Policy

This sets out minimum requirements and standards. It describes how we manage conflicts of interest with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of clients.

The policy highlights the conflicts of interest commonly faced by investment management firms and explains the processes established by us to ensure that identified conflicts of interest are managed in an appropriate and reasonable manner.

2. The conflicts of interest management process

This describes the methodologies adopted to identify, assess, manage, record and, where appropriate, disclose conflicts of interest relevant to the firm. Where we identify a conflict of interest which has arisen, or may arise, we use one of four methods to manage the risk of material damage to the interests of our clients. These methods are described in the tables on the following pages.

3. The conflicts of interest reporting framework

This component outlines the approach we use to report on conflicts of interest to relevant governance fora. Central to this approach is internal reporting of an aggregated conflicts of interest dashboard which communicates the status of our most significant conflicts of interest and associated controls.

4. Conflicts of interest governance

This refers to the governance arrangements and defined roles and responsibilities for managing and overseeing conflicts of interest.

Our Management Committee has ultimate accountability for the Enterprise-wide Risk Management Framework addressing our regulatory, financial and other obligations and responsibilities, including, but not limited to, our arrangements to avoid or manage conflicts of interest. The Compliance, Risk & Internal Audit Committee (whose members are non-executive) is responsible for monitoring and overseeing the effectiveness of our systems of internal control to avoid or manage conflicts of interest.

At an executive level, the Risk & Compliance Committee is responsible for overseeing the management and maintenance of conflicts of interest systems and controls and for having a holistic view of the effectiveness of these. The policy and framework are updated annually by the Risk & Compliance team and reviewed and approved by the Risk & Compliance Committee.

5. Conflicts of interest training and awareness

This refers to the arrangements in place to ensure that all partners and staff understand our approach to managing conflicts of interest risk, including their individual responsibilities. Failure to act in accordance with the framework will be regarded as a serious matter and could result in disciplinary action.

All violations are reported to our Chief Risk Officer, the Risk & Compliance Committee, and the Compliance, Risk & Internal Audit Committee.

Examples of where conflicts might arise include the order and execution of trades; access to inside information; management of side-by-side client accounts; voting and engagement; confidential client information; personal account dealing; gifts and entertainment; additional employment or outside interests; and new product launches.

On the following pages we detail a range of scenarios where conflicts may arise and comment on the results from our 2022 monitoring of conflicts of interest.

PRINCIPLE 3

Conflicts of interest

1. Conflict type – Firm vs Client

Voting shares where Artemis has a business relationship with the investee company

Risks

We might support management proposals at an AGM/EGM where we have a business relationship with an investee company, such as:

- Where we hold voting shares in AMG;
- In a company which is our client
- In a company which is a key distributor of our funds or adviser to our clients; or
- In a company where a partner or a member of staff is a director.

Controls

- Fund managers receive an alert ahead of making a voting decision at an investee company where a material potential conflict has been identified. Any vote amendments contrary to the Artemis voting policy need to be referred to the CIO.
- On a half-yearly basis votes against policy, where the percentage of votable shares was >1% and the dissent level >20%, are presented to the Investment Committee with rationale for our voting decision.
- Directorships require Senior Partner pre-approval in line with our Outside Activities policy.

2022: During the year there were no votes recorded which were not in line with the Artemis policy recommendation on a holding where a material potential conflict had been identified. There were also no unusual warnings or alerts flagged by Investment Oversight on a holding where a potential conflict had been identified.

2. Conflict type – Client vs Client

Aggregation and allocation conflicts between clients of a firm

Risks

- One client's trades executed before another's when dealing in the same financial instrument
- Trades in the same underlying financial instrument are not allocated fairly between participating clients.
- In certain circumstances, transactions may be undertaken which may not be fully completed. This could encourage a fund manager to allocate the executed portion of the order to certain clients to the detriment of others.

Controls

- Prevention. Regulatory requirements on client order priority and fair allocation reflected in internal procedures and systems controls
- Detection. Client order priority and fair allocation monitoring conducted by Investment Oversight and reviewed by Risk & Compliance, with regular reporting provided to internal governance committees
- Segregation of duty between fund managers and the Centralised Dealing desk.

2022: During the year there were no trades detected, by either first or second line oversight, that raised concern or did not adhere to our aggregation and allocation policy.

3. Conflict type – Individual vs Client

Where a partner or a member of staff has outside interests which may conflict with the interests of Artemis or our clients

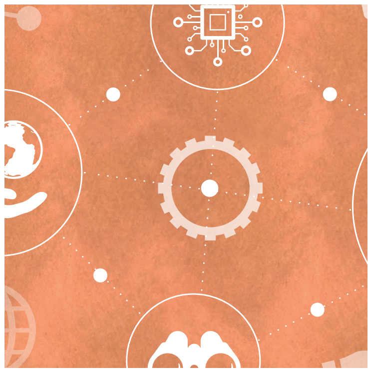
Risks

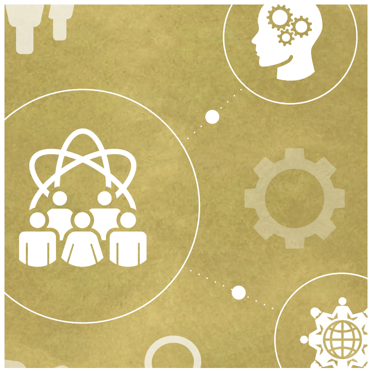
- Partner or a member of staff has an external directorship of, and/or material investment in, a company in which we have invested or intend to invest on behalf of our clients.
- Partner or a member of staff has an external directorship of, and/or a material investment in, a company with whom we have a business relationship.
- Partner or a member of staff has a material investment in, and/or time commitment to, a non-Artemis business undertaking.
- Partner or a member of staff has a relationship with an individual employed by another firm that may influence behaviour in a way that conflicts with the interests of our business and our clients.

Controls

- Our Outside Activities policy requires all colleagues to disclose outside interests where an actual or perceived conflict arises.
- Colleagues must seek Senior Partner approval before making a material investment in, and/or time commitment to, a non-Artemis business undertaking.
- Investment by Artemis in a company in which a partner or a member of staff has an external directorship of, and/or investment in, requires approval by the Senior Partner.
- All colleagues are required to disclose personal relationships with employees of firms in a business relationship with Artemis. We may reallocate responsibility to avoid potential conflicts of interest.

2022: During the year Artemis' Outside Business Activities Policy and associated pre-approval and disclosure controls continue to operate effectively. The firm has not identified any significant concerns regarding colleagues' outside activities that may conflict with the interests of Artemis or its clients.





4. Conflict type – Intra-group

Appointment of an in-house investment manager

Risks

- The appointment of an in-house investment manager might lead to decisions that favour the interests of the investment manager and are not in the best interests of fund investors.
- An in-house investment manager may be less inclined to exercise a suitable level of fund oversight in comparison to that of an independent investment manager.
- An in-house investment manager might not give sufficient focus to the overall service and value being delivered to fund investors.

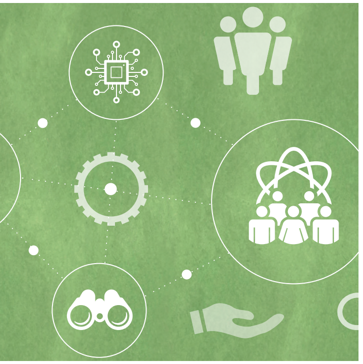
Controls

- All of our governance bodies are constituted under Terms of Reference/ Matters Reserved, which include responsibilities to identify and manage conflicts of interest and act in the best interests of our clients.
- The Artemis Investment Management (AIM LLP) Management Committee (board equivalent) includes three experienced independent Non-Executive Officers. The Board of Artemis Fund Managers Limited (AFML) includes two experienced Independent Non-Executive Directors. The role of the Non-Executives is to contribute impartial views, help to ensure decisions are in the best interests of clients, and that robust oversight arrangements (including on conflicts of interest) are in place.
- Our governance structure and Enterprise-wide Risk Management Framework is designed to ensure that effective oversight and control is exercised across the business, primarily for the benefit of clients ('clients first' cultural principle).
- The Board of AFML oversees the product governance framework, including the annual product review process and annual assessment of value reporting. Instructions will be given to the investment manager if actions are needed to enhance the delivery of value to clients.
- All of our governance bodies are subject to an annual effectiveness review, which includes an assessment of effectiveness in discharging responsibilities, including responsibilities for acting in the best interests of clients.

2022: During the year Artemis' Conflicts of Interest Framework and the Product Governance Framework continued to operate effectively. The firm has not identified any significant concerns regarding conflicts (or potential conflicts) between the investment manager or the authorised fund manager which may conflict with the interests of Artemis' clients. In addition, the firm undertook an annual committee effectiveness review the results of which identified no significant concerns or gaps in relation to the effectiveness of the firm's governance framework which required escalation.

PRINCIPLE 4

Promoting well-functioning markets



In an increasingly connected and unpredictable world, the complexity of managing systemic risk as an asset manager is growing.

In the past year alone the Ukraine war has unleashed multiple challenges which affect our investments and our stakeholders. Simultaneously the macro-economic effects of the Covid-19 pandemic have lingered and we have found ourselves navigating an often volatile, inflationary environment.

This backdrop challenges the skills and experience of asset managers. In this context it is even more clear that well-functioning markets are critical for the long-term performance of our investments, and for a more sustainable future.

We are therefore bound by our duties as stewards of our clients' assets, to play our part in addressing systemic risks. We do this at an industry, firm and investment strategy level according to our investment processes and client mandates.

How we view, assess and manage market and systemic risk

Artemis both assesses and manages market and systemic risks within its individual investment strategies and also supports market-wide risk management efforts. We consider risk in eight main categories, as illustrated in the diagram, opposite. For each we have underlying Key Risk Indicators (KRIs) which are used to monitor our risk profile versus risk appetite. The status of these KRIs is reported to, and challenged by, the Risk & Compliance Committee and the Executive Committee on a monthly basis, and the Compliance, Risk & Internal Audit Committee on a quarterly basis.

Eight risk categories

We also consider emerging and latent risks which may develop or already exist and are continuously evolving. These are characterised by a high degree of uncertainty in terms of impact and likelihood but can have the potential to substantially impact Artemis and our clients.

Every six months, our Risk & Compliance team produces a report summarising potentially significant emerging risks informed by research and market intelligence. It contains recommendations based on factors such as impact, timescale and velocity, in order to decide which risks should be included in our report of latent and emerging risks which is used to monitor these risks and ensure that Artemis is sufficiently prepared to manage them.

During 2022, we continued to improve a number of areas of investment risk management.

These included our:

Market risk analytics, notably on Fixed Income

Enhancing our credit risk/ counterparty risk monitoring processes

Liquidity risk management framework – we conducted a liquidity stress testing exercise to ensure that our liquidity crisis procedures operate effectively and in our clients' best interests. The exercise achieved its objectives and identified a number of minor enhancements to our process.

ESG risk report, adding more metrics on climate projections and diversity data. This dashboard is used during quarterly investment risk review meetings with each strategy to challenge our fund managers, a process led by the Investment Risk team with involvement from the CIO.

New developments in the year included:

- a **market risk heatmap framework** providing more focus on geopolitical risk;
- enhanced trading analytics;
- and improved business wide investment dashboards.

At a macro level, the impact of the volatility of inflation and interest rates, both on the investments we hold and our business in general, is a risk that continues to be an area of focus and feed into our **investment risk assessments** and analytics as we moved into 2023.

Plans for 2023:

- new data sets to be incorporated into the ESG risk dashboard;
- improving our analysis of climate risk factors, given our signatory status of the NZAMi. (Please see Principle 10 for further information);
- developing our regulatory market risk monitoring programme;
- transitioning our outsourced middle office functions from JP Morgan to Northern Trust (see Principle 8 for further information).

PRINCIPLE 4

Promoting well-functioning markets

Our response to regulatory developments

Regulatory developments continued at pace, with many bringing increased emphasis on the importance of investment firms' stewardship approach and activities. These regulatory developments have taken place at international and individual country level, bringing forward new disclosure rules and standards for securities issuers, asset owners and asset managers. The main sustainability disclosure rules directly impacting Artemis as an asset manager are the EU's Sustainable Finance Disclosures Regulation (SFDR), and the FCA's proposed Sustainability Disclosure Requirements (SDR) and investment labels.

On SFDR specifically, for our range of Article 8 and 9 funds, pre-contractual disclosure documents were published in-line with the regulatory requirements and periodic disclosures will be made in 2023. The Artemis Funds (Lux) SmartGARP Global Emerging Markets Equity Fund was classified as an Article 8 fund during the year, with no changes made to the classification of our existing Article 8 & 9 funds. Our entity-level SFDR PAI report is due to be published by 30 June 2023.

SFDR Article 8

SFDR Article 9

Internally we once again rolled out market abuse training to the front office led by an external law firm as part of our broader training programme. We also introduced a new recorded communications policy.

Our industry involvement

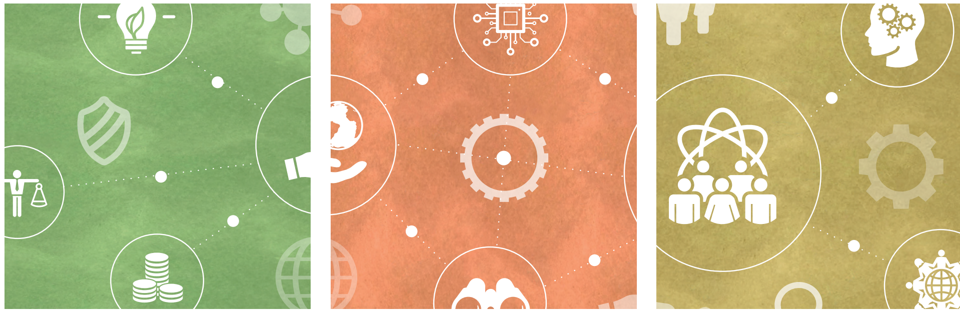
At an industry level, we are involved in various Investment Association (IA) risk committees such as the Strategic Business & Risk Committee, the Business and Enterprise Risk Committee and the Fund Liquidity Management Working Group. As part of this, we have contributed to the IA's Risk Radar initiative which highlights and summarises current and emerging risks which present themselves in the investment management industry. The Risk Radar is reviewed regularly and is made available to IA member firms to share experience and assist firms in the identification and management of industry-relevant risks in an effective manner. Through these IA Committee memberships the firm also contributes to the development of good practice standards for risk management in the investment management industry.

On stewardship, our involvement in industry initiatives is outlined in Principle 10.

Our contribution to well-functioning markets

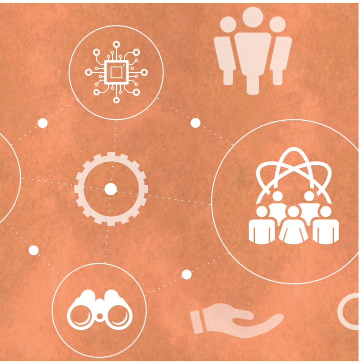
We have taken a targeted approach to systemic risks across the environmental, social and governance tenets of stewardship. For us, given our size and purpose, we believe one of the best ways for us to drive meaningful systemic change on some of the most critical – and emerging sustainability issues is to focus on doing a few things well rather than attempting to cover the spectrum of issues.

In 2022, at a firm level, we are pleased to report developments on climate change and our path to net zero, and on societal risks, such as modern slavery. We share examples of our activity, our progress and outcomes throughout this report.



PRINCIPLE 5

Review and assurance



Internal and external assurance in relation to stewardship

At Artemis, we believe stewardship means doing everything we can to ensure the investments we make on behalf of our clients are successful in the long term. To achieve this, we regularly assess our policies and processes to make sure they remain relevant and fit for purpose.

We have a range of internal and external review and assurance processes in place that cover all aspects of our investment activities, including our investment policies, risk management models, and reporting commitments.

A number of our committees have responsibilities that encompass stewardship and sustainability, as outlined in the table. Our Stewardship team regularly reports to the Investment Committee and Sustainability Committee on activities, focus areas and matters for approval, including our stewardship report, and voting and engagement policies.

In addition, every year our Risk & Compliance Monitoring team undertakes risk-based monitoring across the investment team. During 2022 this included an assessment of ESG integration and engagement and voting in practice.

Committees at Artemis with stewardship-related responsibilities
You can find further detail about these and other internal governance mechanisms in Principle 2.

Mechanism	Responsibility
Compliance, Risk & Internal Audit Committee	Monitors and oversees the effectiveness of the firm's systems of risk management and internal control, the firm's internal audit process and processes for compliance with applicable and incoming law and regulation.
Investment Committee	Oversees the firm's investment activities and stewardship role as a fund manager, including addressing corporate governance and stewardship issues related to managed investments that may pose reputational risk to the firm.
Risk & Compliance Committee	Provides ongoing management oversight and independent assurance of the design, implementation, provision and appropriateness of the firm's systems of risk management and internal control including: establishing, maintaining and reviewing the ongoing adequacy of the Risk Management Framework; overseeing the development and implementation of appropriate risk policies and procedures; and establishing monitoring mechanisms to provide oversight of the key risks identified, ensuring that those risks are managed or mitigated within the firm's tolerances. Matters of risk management/internal control are effectively triaged by this committee before escalation to the Compliance, Risk & Internal Audit Committee, as necessary.
Sustainability Committee	Established in 2022 to provide firm-wide, cross-functional oversight of sustainability matters.

PRINCIPLE 5

Review and assurance

Ensuring effective stewardship governance

It is early days to report on material outcomes from our Sustainability Committee during 2022. As an initial step, the Sustainability Committee considered the progress which had been made against each of the firm's Sustainability Framework components including vision & strategy; house views and corporate social responsibility goals; client requirements; investment management requirements; regulatory reporting & disclosure requirements; people & organisation; technology & data; and governance & oversight.

We agreed an action plan and updates on this work were provided to the Sustainability Committee during the remainder of 2022. This plan reflects the significant programme of stewardship work we have mapped out for 2023 and includes, for example, adding resource to the Stewardship team, building on our engagement work, responding to ESG regulation and the development of ESG data solutions.

Review and assurance helps us continuously improve

How we assess our effectiveness

All committees carry out an annual effectiveness review, aided by a confidential survey of committee members' views. This process helps us to understand what is working well, and where improvements could be made. The Chair of the Investment Committee is responsible on an ongoing basis for ensuring the effectiveness of this committee in discharging the responsibilities which have been delegated to it by the Executive Committee. We use these insights to make changes, with the actions and outcomes from the effectiveness review tracked to conclusion by Artemis' Secretariat team.

Insights from our most recent annual effectiveness review in late 2022 prompted considerations for stewardship and ESG following the creation of our new Sustainability Committee.

Because the Sustainability Committee had only become operational in August 2022, it was not assessed within the scope of the 2022 effectiveness review since material insights would have been limited in such a short space of time. However, the review did show that respondents were looking for greater clarity on the roles of the Investment Committee versus the Sustainability Committee in relation to ESG matters.

Stewardship matters had previously been considered by the Investment Committee prior to the Sustainability Committee's formation and it retained some of these initially.

However, following the results of the effectiveness review which also coincided with the annual refresh of committee terms of reference, in December 2022, we reassigned some of the Investment Committee's responsibilities to the Sustainability Committee. This includes approval of the firm's policies and procedures including our Voting Policy, our Stewardship Policy and our Engagement Policy on an annual basis, and approval of our annual Stewardship Report, which is reviewed by the Committee, prior to publication.

An effectiveness review of the Sustainability Committee is planned for later in 2023.

PRINCIPLE 5

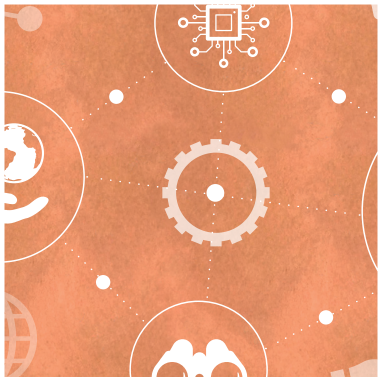
Review and assurance

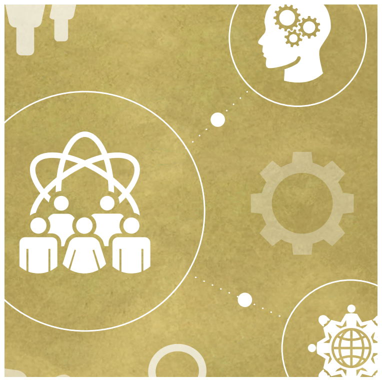
How we report on our stewardship activities

Reporting on our stewardship activities and outcomes gives us the opportunity to assess, reflect and improve, and to keep pace with industry developments. However, the rising demand for stewardship reporting, coupled with increasing regulatory scrutiny, means that fair, balanced and understandable reporting has never been more important.

That is why our reporting is a team effort, with focussed responsibilities. Our stewardship leads, Inez Oliver and Antonia Stirling, have day-to-day ownership of reporting commitments such as the Principles for Responsible Investment and the FRC Stewardship Code. Our CIO is the executive sponsor and our newly formed Sustainability Committee has ultimate sign off. Teams from across the business including Risk & Compliance, Investment Management, HR, Marketing and Client Services have provided significant contribution and have ensured accuracy and clarity of message, as necessary.

We have also found third-party feedback to be beneficial. In 2022/23 we have been working with a specialist sustainability consultancy to review our reporting, assess and challenge our approach and help us drive continuous improvement.





Signatory of:
UK STEWARDSHIP CODE | 2021

Continuing our commitment to the UK Stewardship Code

This report is the third annual account of our activity, progress and areas for development in relation to the Code's twelve principles. We have evaluated the feedback the FRC has provided since the Code was introduced, both industry wide and Artemis specific, and acted on it in subsequent reporting.

Acting on feedback

Our specific feedback last year reassured us regarding the design, implementation and operating effectiveness of our processes and controls vis-à-vis the requirements and compliance risks associated with the UK Stewardship Code 2020. It also led us to take our reporting further, to provide more detail about how we are integrating stewardship and ESG by indicating our plans for strategic change (please see Principle 1), and demonstrating a greater detail of outcomes throughout the report. We have also incorporated feedback from the FRC regarding the way we report voting data. In our reporting on Principle 12 – Exercising our Rights and Responsibilities – this year we have provided additional data on voting outcomes.

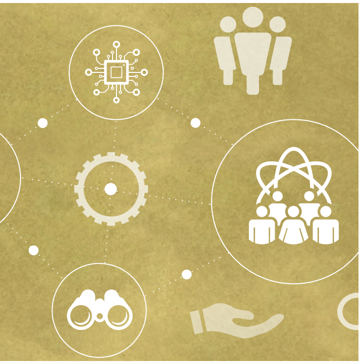
This report has been approved by our Sustainability Committee, to which the Executive Committee has delegated authority for the approval of such disclosures.

Our Investment Approach

6	Client and beneficiary needs
7	Stewardship, investment and ESG integration
8	Monitoring managers and service providers

PRINCIPLE 6

Client and beneficiary needs



Aligning our investments and actions with our clients' needs ensures we are in step with our core principles, and puts clients at the centre of all we do.

Our clients

The clients who entrust us with their assets typically do so with a long-term investment horizon which is aligned with our investment philosophy and the type of investments we manage.

You can read more about our client base and the assets we manage on their behalf on page 5.

How we have listened and engaged

Feedback acts as a catalyst for action within our business. Assessing how effective we are through our clients' eyes is an essential part of our role as asset stewards. We make information readily available and ensure feedback channels are open.

Tools to gather clients' views include our annual investor survey and in-person and virtual meetings, events and presentations for our intermediated and institutional clients.

Our proactive external communications with clients and their professional advisers range from formal reports, such as this annual Stewardship Report and monthly fund manager updates to blogs on our web and social media.

Our investor survey and Assessment of Value (AoV) Report

We invite clients with direct holdings in our strategies to participate in our annual investor survey. It asks questions related to matters such as: understanding risks, investment processes, fees and charges, performance, value for money, and client service experience based on factors such as our ability to resolve queries efficiently, speed of response, and website usability. We have found that engaging this group of investors provides a useful barometer of sentiment and a focussed account of where we are meeting their needs, and where there is room for improvement.

Our most recent investor survey was released in late 2022. 84% of the 499 respondents said they have been investing with Artemis for at least 10 years, with the proportion of investments with us remaining relatively unchanged over time with 41% having over a tenth of their investments under our stewardship.

84%
of respondents have been investing with us for at least 10 years

Participants told us that the most important factors when considering Artemis as a business are the interaction between fund managers and the management of the companies they invest in; longevity of fund managers and fund managers investing their own money in the funds they manage. Recognising this and also the burgeoning sustainability agenda, we are considering developments to the 2023 investor survey to include more detailed questions around stewardship and sustainability.

In terms of the service we provide to our clients, 86% of respondents considered the service to be better, or on a par with other asset managers. Nevertheless, client service is a fundamental consideration that goes hand in hand with our purpose. We are committed to continuous improvement and in 2022 we further consolidated our wider client service activities into one team with a dedicated head of department. This simplified model will mean we can continue to provide our clients of today, and in the years to come, with high quality service and reporting.

PRINCIPLE 6

Client and beneficiary needs

How we assess value

An essential part of our role as fund managers is to determine if value is being provided to our clients. Our AoV Report considers performance, costs and charges, and services when determining whether value has been delivered.

You can find our latest AoV Report on our website . We include some questions based on assessment of value in our investor survey. An enduring theme of feedback has been around understanding fund charges.

We continue to make refinements to the Understanding Fund Charges section of our website and explore ways of making further enhancements here. We also received feedback around how we communicate the AoV Report itself. It was noted that while we make it publicly available, we do not actively communicate its findings which may encourage engagement or future participation. We are looking at ways in which we might communicate more proactively on this as part of our feedback action plan.

We have developed and strengthened our reporting and engagement in 2022

As a business, and as asset stewards we have been keenly aware of the rising tide of regulation and disclosure across the stewardship and responsible investment spectrum. The need to be more transparent and accountable is clear.

Communicating more frequently, more effectively and more intentionally with our clients about our approach to stewardship, our investment decisions and the outcomes they have generated has been a key focus for us in 2022 as we worked to expand and strengthen how we connect with our clients and ensure we provide greater emphasis on our work around stewardship and investment.

During the year, we made some changes to our Marketing and Communications team and were pleased to appoint a new Head of Communications. As a consequence we have boosted the frequency and variety of "Investment Insights" from our fund managers and research team on our website, such as the new "Positive Sum" blog from our Impact Equities team.

The content is designed to be engaging, informative and topical from a sustainability and impact perspective as well as respond to client feedback asking for simpler language.

2022 client communications milestones

- We published our first CSR report
- Our Impact Equity team released its first annual Impact Report for the Positive Future Fund
- We told our clients about the initial commitments we have made under the Net Zero Asset Managers initiative
- We appointed a new Head of Communications
- We boosted the frequency and variety of investment insights including sustainability, ESG and investing for impact

PRINCIPLE 6

Client and beneficiary needs

Clients can sign up for emailed articles on specific topics from the website and provide feedback.

2022 was also a year of firsts for sustainability-focussed reporting. We released our first CSR report and our Impact Equities team published their first annual Impact Report 2021.

Our series of webcasts has been attracting an increasing number of attendees, with over 160 clients joining the UK Equities webcast and over 200 joining the three-year anniversary webcast for the Corporate Bond Fund – a record for the team.

LinkedIn has become a regular source of communication and insights. We have also been active commentators in trade media titles as well as ensuring we have kept the media updated on personnel changes.

Staying connected with our institutional clients to meet their evolving needs

During 2022 we enjoyed a return to in-person meetings and events with institutional clients which provided a welcome opportunity for feedback, and to hear valuable views and opinions. In February we held our annual Afternoon with Artemis event in London, at which clients heard a series of presentations and attended workshops with our fund managers. We also hosted various client events in our offices, including sessions in both the Edinburgh and London offices with our Fixed Income team. Our fund managers also took to the road with our Distribution team, speaking at industry conferences and events around the country on a wide range of topics including stewardship and ESG integration at a firm and strategy level.

How we align with our clients' stewardship and investment policies

We are committed to building long-term partnerships with our clients. This means being collaborative and responsive to client needs and to demonstrate how we manage their assets is aligned with investment beliefs, policies and priorities.

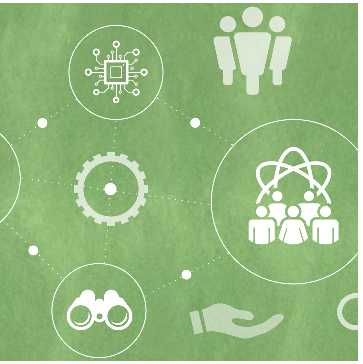
Specific information on how we integrate stewardship and ESG into our investment processes is available in Principle 7.

We were proud to win a Pensions for Purpose award for "Best Case Study" for our work on education disruptors highlighting a little-known sustainable investment opportunity and communicating it clearly. According to the judges: "It informed the reader well on the firm's approach to impact investing, provided a wealth of knowledge on the subject matter, and progressively persuaded the reader that their proposition was a compelling investment opportunity delivering value for shareholders and society." Pensions for Purpose, of which we are a member is an important, dynamic platform that gives us a direct connection with clients in this specialist investment area.

PENSIONS FOR PURPOSE

PRINCIPLE 7

Stewardship, investment and ESG integration



At Artemis, ESG analysis and integration is the responsibility of each individual fund management team and is embedded within each of their broader investment processes.

This means that individual investment team's assessment of financial materiality – including the financial materiality of ESG issues – may differ due to factors including investment process, geographical range, holding period, portfolio positioning and construction, and risk tolerance.

While this independence of thought is the basis of our investment approach, there are some overarching drivers which ensure that ESG issues are properly and appropriately integrated into each fund strategy:

- We believe that the integration of material ESG factors into our investment process will enhance returns for clients over the long term.
- We assess the material risks from both a sector and company-specific perspective.
- We use this risk assessment to inform investment decision making and prioritise engagement with our investee companies.
- We discuss the most material risks and management's response in our regular meetings with the company's executive board members as well as periodic stand-alone meetings with dedicated sustainability managers and Non-Executive Directors when appropriate.
- We document investment analysis and company engagement and share with the wider Artemis investment teams.
- We can explain how material factors such as companies' environmental performance and governance processes are integrated into our investment decisions.

While our analyses and conclusions are led by the individual investment teams, we use a variety of inputs to help us, including:

- Our in-house Stewardship team dedicated to providing insight, discussion and challenge on ESG and stewardship matters.
- External materiality frameworks such as the Sustainability Accounting Standards Board (SASB) framework to help identify relevant ESG-related risks and opportunities for key industry sectors.
- External research – including ESG data from MSCI ESG Research, Sustainalytics, Truvalue Labs, Bloomberg, as well as sell-side research, and publicly available research and data from other organisations such as NGOs, research institutes and industry-wide initiatives. As explained in Principle 8, we are reviewing our data platforms in 2023.

Our ESG monitoring templates are designed to take account of ESG data from materiality frameworks to enable investment teams (in this case our UK Special Situations team) make informed decisions on ESG integration and engagement priorities.

Our approach to screening

We support the aims of the international conventions on cluster munitions and anti-personnel mines and thus will not knowingly invest in companies which produce these weapons. We intend to develop our approach in 2023, subject to relevant approvals. We also offer portfolios where exclusions can be tailored to clients' specific mandate requirements.

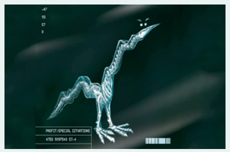
PRINCIPLE 7

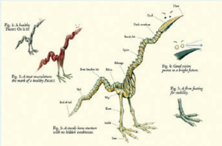
Stewardship, investment and ESG integration

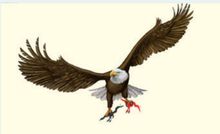
How we integrate ESG into our individual investment portfolios

Investment strategies integrate ESG in their own way, according to their investment process, some of our strategies also have additional features such as exclusions.

The following table provides an overview of our funds, their approach to investment and a brief overview of how each investment team integrates ESG. We have developed a suite of fund information sheets which provide further detail and are available on the fund specific pages of our website. We also point to examples of where this integration - including insights from our stewardship activities - has influenced investment decisions.

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis Income; Artemis Income (Exclusions) 	We look for companies that can sustain and grow attractive cashflows, while looking for diversity in the cash-flow mix. We focus on attractive long-dated dividends and total return. Our portfolio of 50-70 holdings is a well-diversified set of cash flows, not overly exposed to any one industry. We size positions by risk-reward and income, not index weighting. As part of the investment process, we spend time examining culture and values and this in turn has a bearing on ESG factors. Artemis Income (Exclusions) follows the same strategy but excludes companies where over 20% of revenues derive from tobacco, gambling, weapons or fossil fuels.	ESG considerations are increasingly important in sustaining long term cash flows, and our approach is founded on the belief that good or improving ESG characteristics can lead to a better financial outcome, a lower cost of capital and long-term value creation. Companies that are aware of their wider stakeholder responsibilities – to their employees, the environment and society as a whole – are more likely to be able to generate attractive cash flows over the longer term. We are long term stewards of client capital with a current average holding period of over six years, and we regularly engage with all of our portfolio companies. To date, we have not sought returns from taking an activist stance for companies with poor social and/or environmental factors. However, we have sold holdings where we regard the ESG issues as insurmountable – not because of a reluctance to engage for change but because the business operations do not allow for meaningful change. See our company case studies on **Anglo American and Rio Tinto** and **Drax** on page 45. A case study on escalation with **Ebro Foods** can be found on page 59 and voting examples on page 68.
Artemis UK Select 	A 'best ideas' strategy we target long-term capital growth by investing in a focused portfolio of 40 to 60 stocks, without regard for benchmark composition. Our largest holdings are those in which managers have the highest levels of belief and where there is a strong positive alignment between the stock-specific investment thesis and the manager's macroeconomic views.	We believe that the benefit of ESG integration is to provide additional insight into the balance of risk / reward and hence impact on the share price. We use external data to inform our analysis and external analysis to challenge our thinking. Not every stock will be ideal from an ESG perspective at purchase, but all should have scope for meaningful improvement. This leads to stable or improving cashflow and sentiment (multiple expansion). We do engage where needed as this is a key component for improving company performance. See our engagement case study on **Barclays** on page 53. Voting examples for **M&G** and **Mitchells & Butlers** can be found on page 68.
Artemis UK Special Situations 	This strategy aims to achieve superior long-term growth by looking for unrecognised opportunities. 'Special situations' are companies that are in recovery, need re-financing or have been overlooked. They often have the potential to deliver significant capital growth.	We consider responsible stewardship a key investment consideration with improvement in social and environmental factors being integral to the financial rehabilitation of any company we invest in and expect to see a roadmap for overall improvement. We subscribe to several specialist external research and data providers to help inform and highlight risks, but these are used as inputs to our own independent evaluations. For each stock we assess the material risks from both a sector and company-specific perspective. We then use this risk assessment to prioritise engagement and focus the ESG discussion with our investee companies. See integration case study on **Bodycote** on page 46, and engagement case studies **Johnson Service Group** on page 51 and **Jet2** on page 52. A 'Say on Climate' voting example can be found on page 68.

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis UK Smaller Companies 	Within UK smaller companies, we look for strong business and market position characteristics, predictability, longevity, robust management and focus. We look for attractive earnings: cash-backed profits, high return on capital, growth, stable/growing margins and low debt.	We review the ESG credentials of each company in our portfolio and, guided by the SASB framework, we identify key ESG metrics for each company and track the disclosure and trend of these closely. We also reference commentaries from ESG data providers to help identify any further issues. Each company is rated on a traffic light scale (Red/Amber/Green) for environmental, social, governance, risks and opportunities, as well as receiving a summary rating. This process has highlighted significant opportunities for our investments to improve their ESG disclosure, as well as a number of situations that we are engaging with companies to address. We provide further detail on this strategy's approach as an example of ESG integration on page 41. An engagement case study on **Jet2** can be found on page 52. Escalation case studies on **Crestchic** and **Somero** can be found on page 60.
Artemis European Sustainable Growth 	We look for capital-light companies with high and consistent margins, generating healthy cash flows. We prefer companies with attractive economics and superior corporate social responsibility credentials, as we consider them more likely to grow profitably and sustainably. We exclude companies who derive more than 10% of revenues from alcohol, tobacco and gambling, nuclear power, weapons and fossil fuels are also excluded, along with firms in breach of UN Global Compact principles on human and labour rights.	We believe companies with attractive economics and superior corporate social responsibility credentials are better positioned to grow profitably and sustainably. Integrating ESG in company analysis helps build a holistic picture of the company and the long-term risks and opportunities. Looking at non-financial key performance indicators such as carbon intensity, employee engagement, voluntary staff turnover and director shareholdings helps to build a more thorough understanding of the company, its business model, its culture and its competitive advantage. In Q1 2023, the lead fund manager left the firm, and a new lead fund manager has since assumed management responsibility. As a result, a review of the existing investment process is underway.
Artemis US Select and US Smaller Companies 	US Select is a 'best ideas' US equity strategy investing in a 'high conviction' portfolio. US Smaller Companies is a similar strategy, focusing on stocks with a market cap of under $10bn. These strategies share three key tenets of their investment approach and philosophy 1) Dynamic idea generation, which draws on a range of inputs including identifying ESG factor risk using a third party provider 2) Company research, including rigorous team debate, company meetings and engagement 3) Portfolio construction, including portfolio risk assessment and ESG rating.	We assess high-level ESG risks and opportunities which may influence the general market or industry alongside stock specific considerations. Our team structure and specialism means that generally, ESG factors are initially considered from an industry perspective and then on a company specific basis. We also monitor ESG raw metrics through our in-house investment research dashboard as well as analysis and research from external providers. With increasing capital being allocated to companies with meaningful greenhouse gas emission reduction targets and/ or strongly rising future green revenues, we see these stocks are a long-term investment opportunity, especially given the prevailing political climate in the US. A case study in relation to our engagement with **Pacific Gas and Electric** is on page 52. Voting examples for **ConocoPhillips**, **Amazon**, **Lowe's**, **Apple**, **Expedia Broadcom** and **Tenable** are available on page 69.

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis US Extended Alpha 	US Extended Alpha is a long/short strategy with the aim to provide attractive returns relative to the S&P500 Index over the long term. Our strategy has three main clusters of opportunity within longs and shorts. On the long-side, the portfolio is invested in discounted compounders, being quality, reasonable growth businesses at attractive valuations. We also short good businesses where we find expectations too high and valuations to be unattractive. For cyclicals, we take long positions where valuations and fundamentals are depressed, and short those more expensive stocks with complacent expectations. Lastly, we take long positions in deep-value or turnaround stocks where a new management team and strategy has the scope to release substantial valuation upside, whilst we short stocks we believe to be value-traps in that they are likely to continue to underwhelm on fundamental criteria.	ESG factors are considered as part of the holistic research process where we seek to identify all factors which are potentially material to the long-term fundamental and valuation outlook for the stock. They are integrated alongside all other factors in our share price upside/downside assessment. Moreover, the Artemis ESG dashboard integrates a broad range of third party data to enable the manager to assess at a portfolio and stock level, important characteristics including carbon intensity improvement, carbon profile targeting, green revenue contributions and implied temperature rise. A case study in relation to our engagement with **Pacific Gas and Electric** is on page 52. Voting examples for **Lowe's**, **Apple**, **Amazon**, **McDonalds** and **Tesla** are available on page 69.
Artemis US Absolute Return 	US Absolute Return aims to deliver a positive return over the longer term, irrespective of the ups and downs of the economy and stockmarkets. In seeking to achieve this, it combines a traditional portfolio of 'long' US stocks with a portfolio of 'short' positions.	After an idea has been generated, we apply detailed fundamental bottom-up analysis which includes assessing material ESG factors, with team members working across both long only and the long/short strategies, and the Stewardship team. We model the potential upside return versus the downside risk for each stock resulting in the up/down ratio. Many long positions are shared across the US strategies. A case study in relation to our engagement with **Pacific Gas and Electric** is on page 52. Voting examples for **Alphabet**, **Wells Fargo** and **Waste Management** can be found on page 69.
Artemis Global Select *Mid Wynd International Investment Trust* 	We aim to grow real wealth by investing in high-quality stocks worldwide: companies with strong positions in their markets, excellent balance sheets and sustainable pricing power. We will not invest in companies that generate more than 10% of revenues from weapons, gambling, tobacco, thermal coal, oil & gas.	When we consider sustainability, we use a five-step process which considers secular growth, exclusions, individual stock sustainability and engagement. We believe that this helps us to identify risks that might not be uncovered by a purely financial assessment. It can also help us to find companies that could potentially accrue additional value to investors because of the work they are doing to become more sustainable. Our thematic approach of identifying and investing in companies that can benefit from long-term sectoral trends is intrinsically forward looking. Some approaches to sustainability focus on historic metrics or scores. We believe issues around sustainability are constantly evolving and this requires us to apply judgement and make informed predictions in identifying trends. A case study in relation to engagement with **Procter & Gamble** can be found on page 53. An escalation case study on **Cognex** can be found on page 59. Voting examples for **Walt Disney** and **Amazon** can be found on page 67.

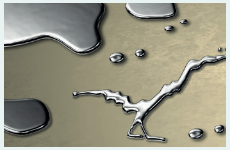
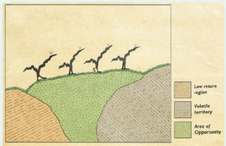
PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis Global Income 	We invest in companies worldwide with the potential for generating a high level of free cashflow and consequently cash returns, combined with a strong top-down macro and style view. We take a multi-cap approach. We prefer a combination of dividend growth, high & stable income and more higher risk investments. We often take a contrarian view.	Core income: management of ESG factors is likely to have an important effect on the investment case. Greater depth to ESG risk assessment, engagement and ongoing monitoring. Dividend growth: often benefitting from industry change or transition. ESG risks and opportunities and performance versus peers is assessed. Engagement is to challenge management where risks could be better managed. Risk & special situations: opportunistic investment, but ESG risks can be significant. A review of the level and type of controversies and if factors are improving or deteriorating, but there may be barriers to direct engagement in some areas such as emerging markets. A voting example with **Exxon Mobil** can be found on page 67.
Artemis Positive Future 	We seek leading global equity performance by investing only in innovative companies that create transformative positive change. We exclude alcohol, tobacco, weapons, nuclear power, gambling, animal testing, adult entertainment, genetic modification and fossil fuels	We believe that ESG is more than simply a risk to be managed. It is therefore our belief that investing for positive impact requires a dynamic strategy. One which is built around carefully considering the 'what' and the 'how'; the sustainability or otherwise of a company's products and a company's practices including aspects of a company's corporate social responsibility that are not easily measured (e.g. culture) and captured in simple exclusions or scores. See **Cochlear** case study on page 46. A voting example for **Montrose Environmental Group** can be found on page 67.
Artemis SmartGARP® Global Equity, Global Emerging Markets Equity, European Equity, UK Equity and Paris-Aligned Global Equity 	A proprietary systematic, quantitative framework across a specific range of equity funds that aggregates a range of bottom-up and top-down inputs using growth at the right price (GARP), behavioural insights and market signals	ESG is one of eight factors considered by the SmartGARP® framework alongside other bottom-up and top-down inputs such as macro-economic and investor positioning information. SmartGARP®'s ESG factor has two subcomponents, one capturing companies' carbon footprint and the other focusing more generally on the strength of their ESG newsflow. For the Paris-aligned strategy, we use an enhanced ESG factor by integrating an implied temperature score in degrees Celsius into the SmartGARP® quantitative process to provide an indication of how closely greenhouse gas (GHG) emissions pathway is aligned with keeping global warming to well below 2°C above the pre-industrial average by 2100. Meeting company management does not form part of the SmartGARP® process. Find out more about ESG integration in this strategy in our case study on page 43.

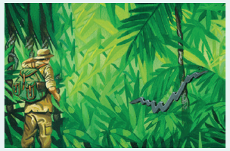
PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
FIXED INCOME		
Artemis Corporate Bond 	We invest predominantly in sterling investment grade bonds, with scope for other currencies. We focus on where the corporate bond market may be mispriced, seeking value across the market.	We look at ESG holistically, together with fundamentals, technical and valuation aspects, to come to a decision that will maximise performance. We have been reducing our positions in carbon intensive holdings due to the belief that the carbon intensity of the portfolio will increasingly become an area of challenge. We also seek to identify 'green' opportunities in companies which can be influential in the transition to a more energy efficient future and can see revenues growth as a result. Examples include car companies which are geared to electric cars and are set to benefit from an increased market share, companies which are focused on renewables, or companies which are focused on environmentally friendly packaging. We utilise the expertise of Artemis' wider fixed income and equity teams.
Artemis Global High Yield Bond and Artemis Short-Dated Global High Yield Bond 	We select high-yield bonds; greater yields than government or investment grade corporate bonds. No one region or currency predominates. We exclude tobacco production, nuclear power and its supply chain, weapons, fossil fuels and controversies in breach of the UN Global Compact principles on human rights, labour rights, the environment and corruption.	We consider ESG risks alongside 'traditional' financial, covenant and transaction analysis; a non-exhaustive listing of universal and industry-specific areas of risk/ focus is included below. We do not consider our exclusions to be the only areas of concern from an ESG perspective. Our stock specific analysis assesses if there are other potential issues that might preclude investment. For potential investments which clear these initial screens, the investment team undertakes fundamental credit analysis. We do not believe a standardised or fully automated approach to ESG analysis results in effective management of ESG risks within a high-yield portfolio. This is due to the often superficial nature of external research itself, as well as incomplete coverage of the high yield market by external ESG ratings services. We utilise the expertise of Artemis' wider fixed income and equity teams.
Artemis High Income 	We select a number of bonds, predominantly high-yield rated, alongside some equities. Our criteria is for high income and capital growth, before fees, that is, equal or above average yield of the Investment Association's Strategic Bond sector. In seeking higher yields, we look for bonds with a lower credit rating and through analysis finding the right balance between risk and reward.	This strategy is managed jointly by our High Yield and UK Select investment teams and therefore draws on the ESG integration processes outlined on pages 39 and 35.

PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
FIXED INCOME		
Artemis Strategic Bond 	An unconstrained approach. This strategy aims to hold the right bonds for each stage of the economic cycle and selects from investment-grade credit, high yield credit and government bonds. We choose resilient business models which support sustainable free cash flow generation to meet debt service obligations over the long term.	The consideration of materiality and trajectory of ESG risks/opportunities are a key focus, with the ultimate aim to positively contribute to portfolio performance over the long run. We also utilise the expertise of Artemis' wider fixed income and equity teams. Find out more about how we integrate ESG in this strategy in our case study on page 44. We provide an example of engagement for this strategy in a case study on **CPI Property Group** on page 53.
Artemis Target Return Bond 	We aim to generate capital gains from long and short allocations across fixed income using physical bonds and derivatives. Our portfolio selects mainly developed-market government and investment-grade bonds. We may also invest up to 40% in a combination of high-yield and emerging market bonds.	ESG is embedded into our fundamentals, valuation and technical analysis. We look at fundamentals, like poor governance or exploitative social/ environmental activities which threaten cash flow sustainability; valuations of where ESG bonds are trading relative to 'non-ESG' bonds; and technical ESG considerations which are driving investor behaviours. We also use the expertise of Artemis' wider fixed income and equity teams.
MULTI-ASSET		
Artemis Strategic Assets 	The objective is to grow capital by more than 3% above the Consumer Price Index (CPI) per year (after fees) over a five-year period. We invest in a variety of asset classes. Equities are intended to be the primary driver of returns. The portfolio can also have exposure to fixed income markets – primarily sovereign bonds – as well as commodities and currencies when appropriate, their proportions changing as economic and market conditions evolve. We can short assets selectively as a hedging tool and to provide additional diversification. Our approach uses a long-term value investing strategy to pick stocks. The framework is based on valuing companies using fundamental analysis and sizing positions according to the attractiveness of share prices relative to our view of their value. The strategy is underpinned by a core principle that the key driver of long-term value is achieving a high return on capital employed.	Companies that do not adhere to good governance, or look after their employees, the environment, and wider society are at risk of inhibiting their long-term potential. Therefore, the investment process requires a focus on the ESG risks and opportunities present in each business. The research-intensive process focuses on monitoring competitive advantages that drive high returns. In practical terms, this involves site visits, observing competitors and engaging with management to gain confidence in the sustainability of returns. The resulting portfolio has concentrated holdings while retaining broad diversification across sectors. Please note a new fund manager will be taking over as lead manager with effect from June 2023. A voting example for **Meta Platforms** can be found on page 67.
Artemis Monthly Distribution 	Our goal is to generate monthly income, combined with capital growth over a five-year period and typically holds 50% bonds and 50% equities. Blending offers some of the capital and income growth potential of equities, along with the greater predictability of bonds.	This strategy is managed jointly by our Global Income and High Yield investment teams and therefore draws on the ESG integration processes outlined on pages 38 and 39.

PRINCIPLE 7

Stewardship, investment and ESG integration

Examples of ESG integration by investment strategy

In the following pages we present four examples from different strategies which illustrate how our approach works in practice, in the context of individual mandates and investment approaches.

Each strategy applies investment and ESG integration processes according to individual strategy styles. The UK Smaller Companies investment team use a pure 'bottom up' strategy with intensive engagement (Example 1) ; Positive Future strategy, which selects stocks on the basis of innovation and impact in sustainability (Example 2); SmartGARP®, a quantitative proprietary approach which uses data on ESG news flow and carbon footprint to select stocks (Example 3) ; and Strategic Bond, an unconstrained bond strategy supported by cross-departmental collaboration and expertise to enhance stewardship (Example 4).

Example 1 – Developing an ESG snapshot for our portfolio companies: Artemis UK Smaller Companies

The Artemis UK Smaller Companies strategy aims to harness the superior growth potential of smaller companies. Detailed financial research and company meetings identify between 60 and 90 growing businesses that the managers believe will produce excellent risk-adjusted returns over the longer term.

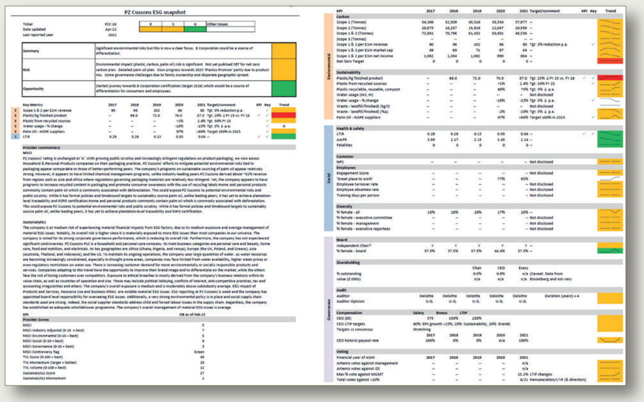
ESG is an integral factor for two key reasons: first, because our investment horizon is 3-5 years and ESG analysis is therefore important in both assessing the opportunities and risks facing companies over the medium to long term. We see this as a significant component of both an initial investment decision and the ongoing monitoring of investments and is assessed alongside other risks and opportunities. Second, we believe that good ESG analysis offers us significant scope for better returns given the challenges of limited stock coverage from traditional research providers and inconsistent company reporting. Our approach is therefore focussed on:

- In-house, research-intensive process.
- Company specific basis for assessing ESG factors.
- Direct access to management and boards.

Guided by the SASB framework we identify key ESG metrics for each company and track the disclosure and trend of these closely. We also reference commentaries from ESG data providers MSCI ESG Research and Sustainalytics to help identify any issues our research may have missed.

Disclosures by companies in the strategy's investment universe can often be poor, so this is an area we repeatedly engage on, and keep close eye on by maintaining an internal ESG monitoring list for all stocks in the portfolio.

The process we introduced in 2021 for rating each company on a traffic light scale (Red/Amber/Green) for ESG risks and opportunities, has matured in 2022. We have continued to develop ESG 'snapshots' for each portfolio company which continue to highlight significant opportunities for our investments to improve their ESG disclosure, as well as a number of issues (in the form of challenges or opportunities) that we are engaging with companies to address (to manage or maximise). These snapshots are bespoke and focus on the ESG metrics that we believe are most relevant for each individual company. We use data from annual reports, Bloomberg, MSCI, Sustainalytics and TruValue Labs. There are still gaps in the availability of data, but this is improving, and at the same time, we are continuously refining and enhancing these snapshots to improve comparability between companies.



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Stewardship, investment and ESG integration

Example 2 – ESG integration with impact at its core: Artemis Positive Future

The Impact Equities team believes that ESG is more than simply a risk to be managed; the strongest investment opportunities are at the companies addressing the biggest sustainability challenges with innovation. To meet the objective to grow capital over a five-year period, it invests in companies which meet the managers' criteria for positive environmental and/or social impact, screening out those that do not.

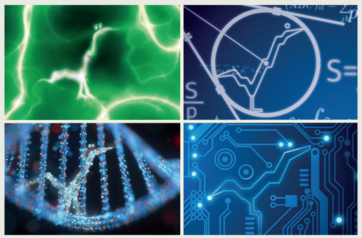
Investing with impact - we aim for every investment decision to have:

- Positive impact – We must satisfy ourselves that the company has positive impact.
- Conviction – We must satisfy ourselves that this opportunity has a higher long-term return than the stock it will replace in the portfolio.
- Influence – The position size is big enough to meaningfully influence aggregate portfolio performance.

For a stock specific example of the Positive Future approach, see Case Study 4. Cochlear.

Exclude and refine: a two step process for stock selection

The first step in selecting stocks is to exclude those companies whose products and services are widely regarded as being detrimental to the environment or to society at large. However, while this process helps define what we can't invest in, it by no means defines what we will invest in. The exclusions we currently apply relate to alcohol, tobacco, weapons, nuclear power, gambling, animal testing, adult entertainment, genetic modification and fossil fuels. Further details on these screens are available in our prospectus.



The second step is to refine our list of investments through:

Applying a positive-growth filter - transformational change typically occurs where there is disruptive innovation and disruptive innovation is often the preserve of high-growth businesses. We use a series of quantitative filters to identify companies whose revenues are growing at above-market rates, while simultaneously removing companies that have yet to generate revenues: we don't invest in pre-revenue or private companies.

Positive focus - we want to identify innovative companies that are engaging with the most critical sustainability challenges. As such, we focus on key societal frictions and track the emerging technologies that intersect with them. For example, one of our investee companies is **Coursera**, the world's largest online education platform. It had 97 million registered learners at end-2021, 60% of whom were registered outside the US and Europe. Coursera's product has a high degree of alignment with a number of UN sustainable development goals, for example SDG 4, 'Quality Education'. It therefore receives a high score for materiality, that is, it is likely to have a significant impact on the world if it executes its strategy successfully.

Analysis - to meet our threshold for investment, we ask six key questions which define a successful, transformative, positive-impact investment. Each question must be answered positively before we will invest in a company:

- Does it have a positive impact?
- Is it radical enough?
- Is the leadership authentic?
- Will it capture value?
- Can we earn a return?
- Are we prepared to be wrong?

Example 3 – A systematic approach with data-led ESG criteria – Our SmartGARP® framework

SmartGARP® is a fundamental quant strategy which aims to combine quantitative inputs with fund manager judgment to deliver well diversified portfolios of best ideas. The systematic approach to stock selection allows the fund managers to select the best companies from a universe of some 50,000 companies. The screen is evidence based and data driven and allows the fund managers to focus their attention on those companies with the most favourable financial characteristics.

SmartGARP®'s quantitative investment approach means engagement with companies does not form part of the investment process. Rather, insights gleaned from novel datasets are designed to help capture favourable ESG characteristics for companies. This data driven approach ensures the process is consistent in remaining evidence based. ESG is one of eight factors considered by the framework. The inputs to this factor consist of metrics focused on companies' **carbon footprints** and ESG **news flow** sentiment.

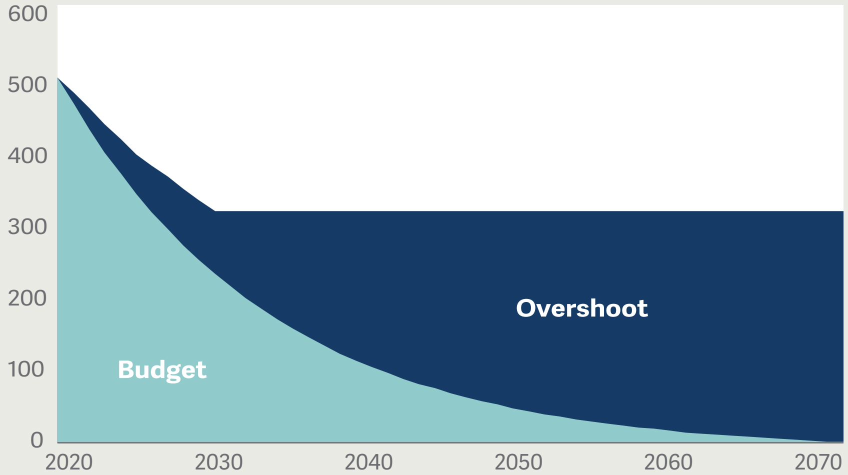
To capture carbon footprint we use an external provider's estimates of a temperature rise trajectory which includes current and expected future activity including planned emission reductions. This results in an implied temperature rise in degrees Celsius (˚C), allowing us to identify companies with lower carbon emission trajectories

To measure news flow, we use quantitative ESG data from Truvalue Labs which analyses 100,000 diverse sources online using natural language processing (media outlets, non-government organisations, ESG influencers, specialist journals, academic papers, legal notices) to identify relevant material across multiple languages. This gives us real-time ESG insights into approximately 18,000 companies and a score.

The result is specific data regarding footprint which, combined with a reliable stream of timely news charting both negative and positive information, produces a more objective picture which is does not depend entirely on company disclosure.

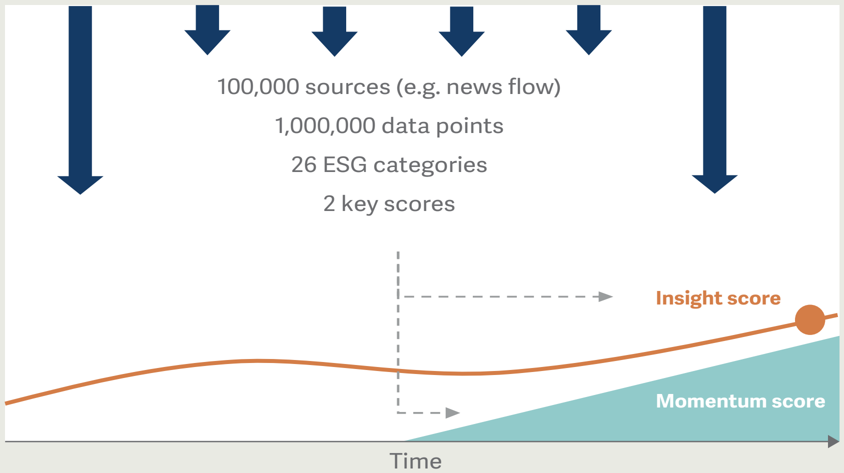
ESG factor: carbon footprint and temperature alignment

Company emissions, budget and overshoot (mt CO2)



ESG factor: harnessing big data and AI

Real-time data from Truvalue Labs



PRINCIPLE 7

Stewardship, investment and ESG integration

Example 4 – Integrating ESG in fixed income by drawing on fundamental analysis and cross-team insights – our Strategic Bond strategy

Our strategy aims to provide a combination of income and capital growth over a five-year period and we aim to generate returns through active asset allocation across the bond universe, from duration decisions, and through on-going optimisation of the portfolio positioning in order to preserve capital in difficult times and to profit when conditions improve.

As lenders, we have less scope than equity investors to influence management behaviour. However, being part of a multi-strategy boutique with some 80% of assets in equities has helped us to carve out an approach that is practical and proportionate and prioritises our clients' investment objectives. We are well supported on a day-to-day basis by the Stewardship team at Artemis and meet with the team for a formal review on a monthly basis. ESG considerations are also incorporated into the quarterly fund risk review with the CIO and Investment Risk team.

Our approach

- We look to identify resilient business models which support sustainable free cash flow generation so that the businesses we lend to can comfortably meet their debt service obligations over the long term. In pursuit of this goal, the consideration of materiality and trajectory of ESG risks/opportunities are a key focus, with the ultimate aim to positively contribute to performance over the long run.
- ESG factors are considered alongside with fundamental, technical and valuation considerations. Ultimately if valuations are sufficiently compelling and the managers believe they are compensated for the risk, in a broad sense, those issuers will be included within the portfolio.
- ESG research and data is collated from a range of third-party ESG providers in combination with in-house research to inform our decision-making process.
- We draw on expertise and common exposures across the broad fixed income team and our equity colleagues
- We consider material ESG factors at an individual issuer level but also in the context of the wider portfolio to fully understand our aggregate risk exposures.

How we engage

In last year's Stewardship Report we prioritised engagement as an area of focus, and we continue to do so. Thanks to our equity teams' engagement approach we coordinate with our equity colleagues to help influence and bring about change.

We include a case study on recent engagement with CPI Property Group on page 53.

Company-specific case studies

The following pages provide examples of how some of our investment teams have used stewardship and ESG integration to inform their investment decisions.

Case study 1: Anglo American has the edge on ESG credentials as Artemis Income exits Rio Tinto

Last year, Artemis Income exited its position in Rio Tinto, reinvesting the capital into existing holdings Anglo American and Swedish miner Boliden. The latter two possess strong ESG credentials - not just with respect to the metals mined and their importance to the energy transition, but also with respect to their mining practices – all of which we believe will benefit their long-term cash flows.

Rio Tinto is heavily exposed to iron ore which we believe could be structurally challenged over the longer term. In addition, Rio suffered from its destruction of two ancient Aboriginal rock shelters which resulted in the company's chair stepping down. Our view is that these events would have made Rio's time frame for expanding its iron ore production longer and the process more costly.

Anglo American, conversely, possesses among the best ESG credentials in its industry and has a portfolio rich in copper and platinum group metals (PGMs), all of which are crucial raw materials in the electrification and decarbonisation of the global economy. It has set ambitious GHG emissions reduction targets, will run its South American operations on 100% renewable electricity by 2023 and aims to have a net positive impact on biodiversity across its mines and sites by 2030.

The company is also acutely aware of the importance of its social license to operate. A good example of this is at the Quellaveco copper mine in Peru, where Anglo American has committed to hiring local people and paying for a $1bn development fund to be used in the local area. Water is an increasingly scarce resource in South America and needs to be kept free of contaminants to be used for irrigation but is also required for mining operations. Anglo American has therefore diverted the Titire river around the mine to ensure the local farming community retains a clean water supply and does not suffer from water scarcity or contamination.

Boliden's Aitik mine in Northern Sweden is the world's most efficient open-pit copper mine, and the majority of Boliden's mines and smelting facilities are in close proximity to cheap, green hydroelectric power in Scandinavia. It too has committed to demanding emissions reduction targets and is one of the pre-eminent producers of low carbon copper and zinc. Boliden's copper emits less than half of the carbon dioxide per tonne of copper produced compared to the industry average, and its low carbon zinc has among the lowest production carbon footprint of any refined zinc in the world.

Case study 2: taking the decision to divest - Drax, Artemis Income

Drax, a one-time coal fired power station and a long-standing position in Artemis Income, has successfully converted the majority of its operations to run on biomass, a renewable energy source, generated from burning wood, plants and other organic matter, such as manure or household waste.

We had held Drax's shares for a number of years, and had long been in two minds about the credentials of biomass as a renewable energy source. Both sides of the argument were credible: from Drax's perspective, over the long term it seeks to play its part in the UK's journey towards decarbonisation and eventually becoming a net zero economy. However, significant scientific lobbying concerning biomass's true environmental credentials raised some pertinent questions.

We felt that, whilst this debate will continue, it could at some point represent a risk to Drax's long-term cashflows.

Additionally, Drax has received significant subsidies from the UK government over several years. Were the UK or EU to change their stance on biomass -- currently regarded as carbon neutral energy -- these subsidies could be at risk, implying a further cashflow headwind. The stock had also undergone a period of exceptionally strong performance, and in light of these issues, we exited the final part of our holding.

Case study 3: materiality frameworks help get priorities in order in UK Special Situations

Bodycote is a heavy industrial company in our UK Special Situations portfolio, whose heat treatment processes improve the properties of metals and alloys, extending the life of components for a wide range of industries including aerospace, defence and power generation.

The company has committed to Science-Based Targets (SBT), which set out the emission reduction to meet goals set in the Paris Climate Agreement, i.e. limiting global warming to 1.5°C. More details of this are expected in its upcoming annual report. Although MSCI last summer improved its ratings, Sustainalytics rates Bodycote as high risk.

Guided by our materiality framework (a snapshot of which is seen on p34), our assessment centres on the benefits of heat treatment in terms of component life and material usage, with outsourcing options improving its asset utilisation versus internal heat treatment facilities. In summary, using these and other data inputs, we classify Bodycote as medium priority for engagement as an energy intensive industry.

Airline Ryanair, also in our UK Special Situations portfolio, is well known for courting controversy, some relating to state aid, customer compensation and labour relations.

Greenhouse gas emissions and business model resilience are highlighted in our materiality framework. The company is aiming for net zero by 2050, including offsets, and has committed to SBT targets. We are also tracking progress towards net zero with new planes and increasing use of sustainable aviation fuel.

We have identified some governance concerns and last year we did not support the re-election of Michael Cawley as an independent director, given his previous role at the company. Ryanair remains a high engagement priority for our investment team.

Case study 4: a clear case for investment for our Positive Future strategy

For those with severe hearing loss, a cochlear implant can be profoundly beneficial. With a 60% market share, Cochlear devised the first ear implant and is the global leader in cochlear treatments for the moderately to profoundly deaf, thanks to its innovative ability.

Cochlear meets our investment criteria because its strategic positioning is clear, its leadership is experienced and well-regarded, with a clear mandate to deliver long-term goals. It also helps to meet our positive impact assessment by improving health and education outcomes and advancing sustainable development goals.

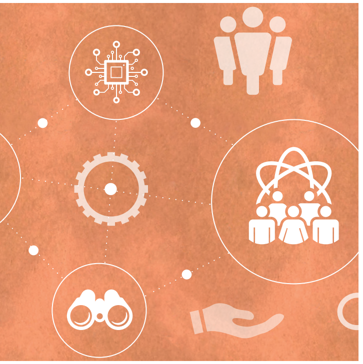
Its business model shows scale economics and high switching costs. Clearly, cochlear surgery, which entails hours of brain surgery, is a major decision and inspires anxiety, so trust in Cochlear's product and brand plays a critical role in reassuring patients. Once surgically implanted, the processor is upgraded every three-to-seven years over the course of patient's lifetime.

In recent years the company has leveraged new technologies, such as smartphones and big data, to enhance its product offering. Its implants deliver huge economic and personal positive impact, as follows:

- children with cochlear implants have better speech skills, a greater likelihood of acquiring oral language and more success in integrating at school. This boosts educational outcomes and overall quality of life (SDGs 3 and 4)
- in recent years, the use of cochlear implants has been expanded to adults with severe-to-profound sensorineural hearing loss from damage to the inner ear nerves. Their recipients show improved speech perception and better health-related quality of life.

PRINCIPLE 8

Monitoring managers and service providers

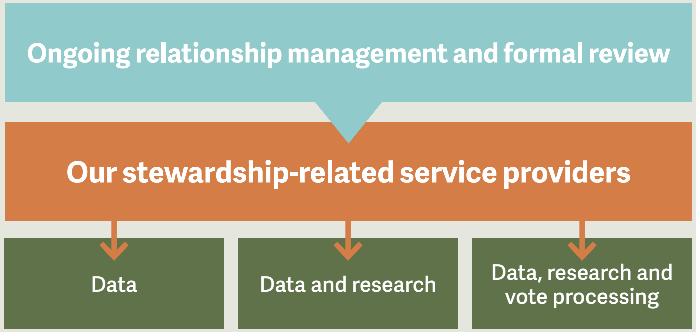


Ensuring service providers deliver in line with our stewardship needs

We work closely with a select group of providers whose services give critical mass and support to our stewardship function. They provide a data alone; data and research; and data, research, and vote processing services which we monitor carefully through ongoing relationship management and formal review. We are in regular contact with all our service providers and review their performance annually. You can find a list of our service providers in the table, below.

Service providers directly linked to our stewardship strategy at Artemis

Service	Provider
Proxy voting research & vote processing	ISS
ESG scores, research & data	MSCI ESG Research, Truvalue Labs
ESG risk ratings	Sustainalytics
Business involvement screning	MSCI ESG Research
Climate & carbon analytics	MSCI ESG Research



How we evaluate effectiveness

For most of our providers, our review involves a qualitative assessment of whether the data and research enhance our investment decision-making and whether they offer regular improvements in the quality of the information, as well as its access and use. We require that the research is accessible through multiple platforms familiar to our fund managers.

All our providers send regular newsletters and updates, as well as organising webinars and interactive sessions on services and planned improvements. We have a dedicated account management team at each provider who can answer questions and with whom we can raise concerns if necessary.

Continuing improvements with Institutional Shareholder Services (ISS)

ISS is our sole provider of proxy voting services including research, data on meeting results and reporting services, as well as transmitting our voting instructions to company meetings. As previously reported, in 2021 we improved the workflow between ISS, our internal vote processing function and the fund managers and analysts. In 2022 we added additional alerts for fund managers on a trial basis and these will now be rolled out across the investment teams in 2023.

We review our voting policy with the ISS research team annually, based on fund manager feedback on its application and their views on how diversity might be improved. In 2022, we reviewed best practice on board diversity and how we could incorporate more detail on expectations for companies on climate disclosure and transition plans into our voting decisions. ISS provided practical input on how we could implement these changes into our voting policy for 2023. As part of our annual review, we continue to explore ways in which ISS can help us manage our commitments under the Net Zero Asset Managers initiative into voting decisions.

In 2022, ISS provided additional detail on the types of resolution where we vote, particularly on environmental and social issues, which will allow us to improve reporting to our clients. We also provide more information to clients where we support shareholder resolutions.

PRINCIPLE 8

Monitoring managers and service providers

Maintaining our focus on data development and improvement

Our work with MSCI ESG Research in 2022 primarily focussed on ESG metrics (rather than ESG scores) particularly on climate data, such as methodologies for assessing portfolio alignment with the Paris climate goals and scenario analysis. Working with our investment teams, discussions on developing this data further are ongoing.

Disclosure under the Sustainable Finance Disclosure Regulation (SFDR) will be required in 2023 and we will continue to assess third-party data provisions and reporting tools. As part of our third-party oversight process, we reviewed commercial terms alongside MSCI services including data sets, stock coverage and reporting tools. As stated in our last report, we are working with MSCI ESG Research to ensure that access to the data is available on other platforms used by our fund managers and analysts, and the number of data points with broader access continues to grow.

We are reviewing our data platforms for the fund management teams in 2023 with a view to improving internal collaboration and analytical capabilities.

In our last report we indicated that the Stewardship team will be conducting a review of investment banks'/sell-side ESG research to provide additional insight into our ESG approach and investment decision making. We were not able to complete this work in 2022, having prioritised our response and initial target setting for the Net Zero Asset Managers initiative. We plan to complete this in 2023.

ESG data is a fast-evolving area and we will continue to explore and review new data-sets, tools and services which become available in the market.

Firmwide third-party oversight and selection of business critical service providers

Third-party Onboarding & Oversight Framework

Artemis has established a Third-Party On-Boarding and Oversight Framework designed to govern the use and on-going oversight of third-party service providers, safeguarding the firm and its customers in accordance with industry good practice and regulatory expectations. The focus of the framework is to ensure that all third-party providers deemed in-scope of the framework principles are categorised according to the risk they pose to the firm's operating model and to our clients. This drives a proportionate level of due diligence and on-going oversight to ensure key risk areas are identified, reviewed and service standards are maintained. Due diligence reviews are conducted annually for all critical, important, and significant data processor providers in line with their assigned risk rating. On-going oversight arrangements are also in place which include periodic service review meetings, key performance indicators and review of contract. This also applies to our ESG-related service providers where our focus is on investment relevance, and in the case of ESG providers, their value to the Stewardship team.

Completing our outsourcing review

In February 2023 we successfully transitioned our outsourced middle office functions from JP Morgan to Northern Trust Investor Services Limited ("Northern Trust"), who are now responsible for the post-execution processing of our trades. Artemis previously outsourced Investment Operations, Fund Accounting and Custody services to JP Morgan, who were also appointed in March 2010 as pricing agent for all our funds.

Artemis also outsources its retail fund administration and registration to SS&C Financial Services International Limited (SS&C). We have outsourced both functions to JP Morgan Bank Luxembourg S.A. for our Luxembourg SICAV range of funds. The remaining functions will transition to Northern Trust over the coming months.

Artemis initiated a Third-Party Administration (TPA) review in late 2020 which concluded in Q3 2021. This review was prompted by several factors including the renewal dates of existing outsourced relationships at JPM and SS&C in 2022. Recognising that there have been significant developments across the outsourcing environment, the FCA's increased focus on outsourcing arrangements and to demonstrate good governance, Artemis decided to reassess the current landscape and suppliers of services in the market. The key objectives of the TPA review were to:

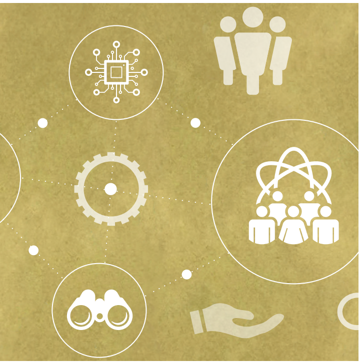
- review the outsourcing landscape and update the Artemis operating model;
- select potential suppliers to future-proof Artemis' business;
- select a preferred supplier / suppliers and agree key commercial and legal terms.

Following a detailed selection process, including an enhanced due diligence phase, the recommendation to consolidate outsourced services to Northern Trust was approved by Artemis's Executive Committee in September 2021 with migration planned in the first half of 2023. We expect delivery of investment management to remain unchanged while we anticipate improvements in areas such as client reporting and regular interactions, such as flows and reconciliations, will move to Northern Trust's standard model with straight-through processing.

Our Approach to Engagement

PRINCIPLE 9

Engagement



Why we engage

As long term, active investors, engaging with companies is an integral part of how we manage our clients' assets. It is one of the principal means by which we develop our understanding of companies, raise issues with management and monitor subsequent developments.

While we do make use of external research and data resources, it is the relationships we have built, and knowledge we have derived from meetings with companies that have consistently informed our investment decisions.

Our engagement policy applies to all our investment strategies where engagement with companies forms a key part of the investment process. The exception is our quantitative based investment strategies which use SmartGARP®, Artemis' in-house proprietary, quantitative model. This analyses company-specific including environmental, social and governance (ESG) and macroeconomic factors, to construct a portfolio of stocks. Meeting management does not form part of this process, although these strategies do vote.

How we engage

Our approach to stewardship means that both collaborative and strategy-level engagements play a role in our overall approach to engagement. In Principle 10 of this report, we outline our collaborative engagement efforts and priorities. We discuss how we collaborate through initiatives.

At an investment-strategy level, our engagement is targeted to reflect the priorities on addressing material issues among our fund managers and their individual investment styles. Information is shared across Artemis' investment teams and engagement is often collaborative across internal investment teams.

Because of the way we invest, much of our engagement is based on developing long-term relationships with the companies we hold in order to build a detailed picture of management, risks, opportunities and strategy.

Engagement can include face-to-face meetings, telephone calls, emails and letters on a wide range of topics including strategy, operational performance, governance issues and industry-specific considerations.

We generally prioritise engagement where we hold a significant proportion of the share capital, over smaller positions because of the potential impact and risks there might be to our clients' assets. We set goals for precise engagement after discussion between portfolio managers and analysts, with the specialist support of our Stewardship team. We prioritise meetings on an ongoing basis, based on external events, our priorities and company performance.

In person meetings are of particular importance. They not only illuminate crucial personality nuances in leadership which can be lost at a distance, but they also build trust and confidence in both directions.

Direct contact with executives is a valuable tool for our teams because, combined with our specialised knowledge and analysis, it provides critical insight which can round out an investment decision.

PRINCIPLE 9

Engagement

When we engage

Engagement may be triggered by a number of factors such as financial results, a new executive or non-executive director, a change in strategy or an emerging issue or concern. We expect companies to integrate material ESG factors into their strategy, governance and risk assessments. Our Stewardship team plays a critical role in providing data and insights that helps us form views from a stewardship and ESG perspective.

Developments for 2023/24

In building a firm-wide sustainability framework, we are reviewing how we communicate the activities and efficacy of our engagements. In 2022, we captured company meeting metrics and monitored engagement outcomes at an investment strategy level. In 2023, work is underway to improve how we capture and report on important interactions and data.

As part of our Net Zero Asset Managers initiative commitment, our active equity investment teams (excluding SmartGARP®) will be developing their engagement strategies to take account of their assessment of companies' climate risk, transition plans and progress on alignment. For more on our net zero plans, please see Principle 10.

Examples and outcomes of our engagement

Case study 1: Johnson Service Group

UK Special Situations

The heavy energy and water intensity of industrial laundry company, Johnson Service Group means this firm became a 'medium' priority for engagement, according to how we assess risk from low priority (normal monitoring, no immediate concerns) to high (close scrutiny given sector, governance, climate risk potential or other factors). Prior to our initial investment in December 2018 a key element of our research was to ensure the company was well invested to avoid the problems encountered at industry peer Berensden.

Up to date equipment brings financial benefits through lower energy and water usage helping explain above industry average margins.

In September 2021 we discussed the appointment of a new Head of Sustainability and observed that whilst the company is well advanced in its ESG initiatives, disclosure was limited, a fact highlighted by a third party ESG ratings provider.

At the full year results meeting in March 2022 we noted the recent publication of their sustainability report: The Johnsons Way. We arranged a follow-up meeting with Alex Brennan, the Head of Sustainability to understand the work she had undertaken since joining and the preparation of the report. We also met the Chairman a week later to discuss progress and the potential introduction of ESG metrics into management incentive schemes.

Progress on the sustainability agenda featured again when we met the CEO and FD in September 2022 with the interim results. In this meeting we discussed the use of recycled materials in workwear garments, water recycling and the use of environmentally friendly detergents.

We believe that the company and management team are making good progress and sustainability will continue to feature heavily in our ongoing discussions.

Case study 2: Jet 2

UK Special Situations and UK Smaller Companies strategy

Jet 2 is a low-cost leisure airline and the third largest scheduled airline in the UK behind EasyJet and British Airways[1]. We classify Jet 2 a 'high' engagement priority given its airline operations and its position as a relatively high carbon emitter.

We initially invested in May 2020 as part of a re-financing that was required as a result of Covid. We have been impressed with the way the company has conducted itself during Covid, acting responsibly with stakeholders unlike many of its competitors. Customer refunds were made promptly in the event of cancellations. Hotel suppliers were paid on time. Staff were treated well.

In October 2021, we met Dan Walker, the group's sustainability manager to discuss their recently issued sustainability report. The meeting focused on progress made in reducing CO2 emissions, planned initiatives and the setting of targets for further reductions. We were therefore pleased to see additional new orders for fuel efficient aircraft being placed with Airbus in 2022. This takes the total to 98 firm aircraft orders with optional extensions for a further 48 aircraft over the next decade. The A321 neo aircraft will deliver 16% reductions in fuel usage on a per seat basis and is considered the most fuel efficient and sustainable aircraft in its class. In addition, the company is actively negotiating access to sustainable air fuel and we look forward to further progress on that front in 2023.

As well as monitoring progress in achieving targeted CO2 reductions our engagement discussions in 2022 also focused on governance. We met the Finance Director and Company Secretary in August to discuss board composition and the lack of female board members. We were reassured that a search is underway for new non-executive directors and our feedback on gender diversity has been noted.

Trading momentum is strong as the company recovers from Covid and the firm's responsible approach to customers and suppliers during that period is now being reflected in market share gains.

[1]Source: Jet2.com

Case study 3: Pacific Gas and Electric (PG&E)

US Select, US Extended Alpha and US Absolute Return Strategy

Pacific Gas and Electric Company (PG&E) is California's largest utility, providing natural gas and electric service to millions of households in California. Our investment team had been watching the company carefully for some time, especially in light of a number of extensive and severe wildfire incidents between 2015-2021.

In January 2021, new management was installed in the company. A year later, in February 2022, when they were reporting fourth-quarter earnings, they reported on developments made in the intervening year. We met with the new management team in March 2022. In that meeting we were able to explore the progress the company had made in addressing some of the management shortfalls of the previous team. We came away from that meeting impressed with the amount of progress that had been made, exemplified by discussions the company are having with politicians and regulators in California with regards to future investment plans. Specifically, the company had started conversations with regards to undergrounding up to 10,000 miles of power lines in high-risk fire areas with the aim of significantly reducing fire risk. In addition, the capital investment in such a project would provide value to the customers as it would replace very significant annual expense in vegetation management. All powerlines are fitted with a safety system which is primarily there to protect workers when they are working directly with the powerlines. By increasing the sensitivity of this detection equipment the company is better able to detect any faults with powerlines which could result in sparks and in turn, ignite a forest fire. As part of this process the company had to significantly increase manpower to be able to go out and physically check whenever a fault was detected. While this was expensive for the company their regulator acknowledged that that this process had reduced fire risk by over 90%.

In 2022, we decided to invest and continue to monitor and engage with the company.

PRINCIPLE 9

Engagement

Case study 4: Procter & Gamble Company (P&G) Global Select

Global Select
P&G is a multinational consumer goods company. We contacted the Investor Relations team to get an update on the reported human rights issues regarding its palm oil supplier (FGV).

We were informed that they were no longer accepting any product from this supplier until they were certified that their palm oil was responsibly sourced and were working with them to improve their processes and gain certification.

They were also working with their other suppliers to improve processes and reported that all their other suppliers are RSPO certified. We felt this was a satisfactory response and continued to hold the shares.

Case study 5: CPI Property Group

Strategic Bond
CPI Property Group is a leading owner of income-generating real estate in Europe. Despite adding more independent board members over the years, governance has been a weakness. There is still a minority of independent board members on the all-male board.

We prepared for a meeting with CPI's management by discussing the issue and how to approach it with our Stewardship team. Armed with their insight about the weaknesses in the company's corporate governance structure, we highlighted an external ESG rating downgrade in December 2021 and raised concerns about what we viewed as a deteriorating trajectory in ESG performance. Following this meeting, company management assured us that they would be engaging with bondholders and external ESG ratings agencies to review and clarify perceived governance issues.

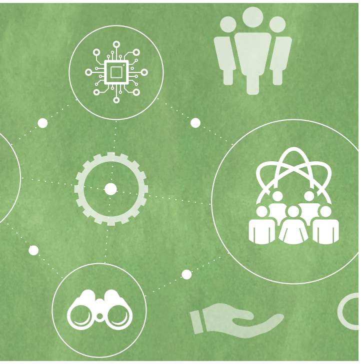
In February 2023, in recognition of improvement in governance and environmental factors, the ESG rating was upgraded.

Case study 6: Barclays

UK Select, but held widely across our large cap UK equity portfolios.
We have continued our engagement with the management and board of Barclays as they evolve the bank's approach to climate, both risks and opportunities directly and collaboratively via the Investor Forum . Barclays has committed to be a net-zero bank by 2050 and align financing in all sectors to the goals of the Paris Agreement. Barclays has developed a methodology for measuring financed emissions starting with the energy and power sector and latterly including cement and metals (aluminium and steel). Barclays was in the first wave of banks to join the New Zero Banking Alliance. However, to achieve a phasing out of fossil fuel financing across the portfolio in the short term is very challenging and their approach is to work with clients and companies to enable them to transition given the difficulties in some of the regions its clients operate in. We also took the opportunity to discuss board composition given the activity of an activist shareholder as well as the departure of the CEO. The bank has now gone further and set 2030 targets that integrate the IEA's 1.5 degrees centigrade scenario for the key sectors mentioned above and also included auto manufacturing. Financed emissions for their UK Residential Estate portfolio have also been assessed. Barclays continues to invest in its internal expertise across investment banking, corporate banking and ESG research more generally. Plans include setting targets by 2024 for all material high-emitting sectors in their portfolio and a phase-out of financing for coal-fired power generation by latest 2035. Our engagement with senior management on this topic is ongoing.

PRINCIPLE 10

Collaboration



Given our size, we can improve our ability to make a material impact by joining initiatives and partnering with others. The combination of both individual and collective approaches enables us to meet the investment needs of our clients, as well as tackling the wider sustainability imperatives for society and our planet.

Collective action can be an effective lever in bringing about concerted progress on overarching themes, such as climate. Moreover, a group of investors pushing for progress on a particular topic is an efficient way for asset managers like us to help markets function better. Collaborating with others not only increases our voice, but by sharing experiences and views in collaboration with industry colleagues we can boost the clarity and weight of knowledge we use day to day.

How we dedicate resource to collaborative initiatives is an important consideration, and we annually assess their feasibility to ensure we are working as efficiently and purposely as possible.

To do so, we consider factors such as: the level of interest from our stakeholders according to the feedback we gather in meetings, surveys and through our networks; the regulatory environment as set out in consultation and policy documents; best practice for example as set out by the Investment Association; and how well industry initiatives are established, supported and focused on the material, financial impact of the issue.

Net Zero Asset Managers initiative (NZAMi)

In 2021 we became signatories of NZAMi, an international group of asset managers with $59 trillion in AuM, committed to supporting ways to reach net zero greenhouse gas emissions by 2050 or sooner. This is a huge challenge in a demanding timeframe, requiring collaboration on a global scale, so NZAMi provides a set of commitments tailored to our industry, backed by support and guidance from credible organisations.

As signatories we have committed to work in partnership with our investee companies on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all of Artemis' AuM. We have initially committed 80% of assets under management (AuM) as being in scope.

Next steps on NZAMi

For AuM in scope for the initial goal ("in-scope assets") we have set a target to reduce carbon intensity by 50% by 2030 from a baseline of 2019.

Furthermore, before November 2023 we have committed to:

- set targets for in-scope assets which are aligning or aligned to net zero
- devise an engagement plan for direct and/or collaborative engagement with investee companies in material sectors which are key contributors to the AuM's financed GHG emissions
- update the voting policy in respect of NZAMi
- develop a policy to phase out coal investment. We aim to have completed that work in the next 6 months for the assets identified as in scope for our NZAMi commitment

PRINCIPLE 10

Collaboration

The following case studies highlight collaborative activity in 2022. In tune with feedback from investors and reflecting the limits of our resource, we have focused our actions on climate and social issues.

THE INVESTOR FORUM

Case study: The Investor Forum (Forum)

We were a founder member of the Forum, a collective of asset management companies, in 2015. It aims to facilitate dialogue on material issues between institutional investors and the boards of UK-listed companies. This is important to us because it amplifies our voice on key issues of collective interest to shareholders within our UK client base.

Collaborative action on social risks: a tool kit for investor action on modern slavery

Modern slavery threatens the world's social and economic fabric, a complex and widespread issue that impacts people, communities and entire economies. On an individual human level, it is a violation of human rights. On an economic level it has far-reaching and damaging consequences within communities and global supply chains.

As a founder member of The Forum, we are proud to have collaborated in building a specialist toolkit with which companies can assess, detect and eradicate modern slavery.

Although illegal in most countries, slavery –most commonly in food production, construction, and clothing manufacture—is hard to root out. Reliable market data for quantitative screening is scant.

To have a comprehensive understanding of the issues within a portfolio, an investor must undertake detailed company-specific due diligence. So, working with other asset managers, we helped to build a toolkit with which investors can:

1. understand the global context and systemic risks for listed companies;
2. evaluate whether an investee company has appropriate processes and commitments in place, with sufficient transparency;
3. examine how slavery statements work in practice, and
4. take action to drive improvements.

Investor interest, feedback and proactive engagement can be a powerful driver of corporate action to address the underlying issues. By using the process we have helped develop, investors have a practical guide with which they can make a difference. We plan to take forward this work in 2023.

Other engagements with the Forum

Aside from that, we took part in a number of investor meetings facilitated by The Forum which were aimed at encouraging companies – in this case banks – to implement effective climate commitments. We discussed progress on agreed climate transition action plans.

THE INVESTOR AGENDA

ACCELERATING ACTION FOR A NET-ZERO EMISSIONS ECONOMY

A letter to the 27th United Nations Climate Change Conference (COP27) in November 2022 called on global governments to "raise their ambition and to focus attention on adopting and implementing the specific policies needed to enable large scale zero-emissions, climate-resilient investments."

It was coordinated by the seven founding partners of The Investor Agenda and signed by 602 investors, including Artemis, representing almost USD $42 trillion in assets under management.

THE INVESTMENT ASSOCIATION

The Investment Association (IA)

Participating in the development of the asset management industry, with a voice on the legal, regulatory and fiscal outlook, is more important than ever as regulatory and transparency demands increase. We have several representatives on IA-led committees and working groups focussed on improving best practice and providing input into policy-making and regulation.

These include areas such as risk, corporate reporting and regulation, as well as thematic areas such as climate change.

Other activities

We have a representative on the IA's Climate Change Working Group which builds industry-wide positions on climate change, including guidance and public policy such as the UK Green Finance Strategy, frameworks for transition plans and ISSB climate-related disclosures as well as the IA Climate Change Action Plan.

In 2022, a member of the Stewardship team joined the IA's Next Generation Investment Committee, founded to bring new perspectives and creative challenge to industry thinking on investment and capital markets. On stewardship specifically, the committee discussed a range of issues at length, over several meetings, including the IA's response to the FCA's Sustainability Disclosure Requirements (SDR) and investment labels proposals, and the treatment of defence stocks and sovereigns from an ESG perspective following the invasion of Ukraine.

Regarding the development of ESG-related accounting standards and sustainability metrics, we are represented through the IA's Company Reporting and Auditing Group (CRAG). The group informs and directs the work of the IA on reporting and accounting matters affecting investors, as well as the related assurance and audit of that information.

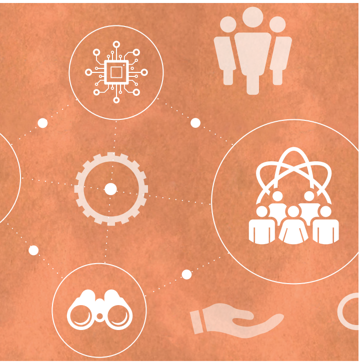
For information on other organisations we support please see pages 13-14.

Other memberships

IFRS Sustainability Alliance	We became members of the **Sustainable Accounting Standards Board (SASB) Alliance** in 2019, to help businesses around the world identify, manage and report on the sustainability topics that matter most to investors. In June 2022, the SASB standards consolidated under the IFRS Foundation, which is establishing the new International Sustainability Standards Board (ISSB).
Signatory of: PRI Principles for Responsible Investment	Supported by the United Nations, the **Principles for Responsible Investment** (PRI) rallies investors to work towards sustainable markets and so contribute to a more prosperous world for all. We became a signatory in 2015, committing to the six principles and reporting annually on responsible investment activity. Please note the PRI did not issue assessments for the year 2021. A copy of our last assessed PRI report for the year 2020 is available from the Stewardship and ESG page on our website, for which we received three stars (from a total five stars) for the Investment & Stewardship Policy module. Reporting for signatories resumes in 2023 (for the year 2022).
Climate Action 100+ Global Investors Driving Business Transition	**Climate Action 100+** is an international coalition of investors working to ensure the world's largest corporate greenhouse gas emitters take necessary action to halt climate change.
IIGCC The Institutional Investors Group on Climate Change	In 2021 we became members of the **Institutional Investors Group on Climate Change (IIGCC)**, which works with business, policy makers and fellow investors to help define the investment practices, policies and corporate behaviours required to address climate change.

PRINCIPLE 11

Escalation



Escalation in context

There are times when we need to escalate our engagement efforts to amplify our voice, to reinforce our message, to take a position on situations we deem to be serious, or to accelerate action when time is critical.

Our escalation strategy tool kit includes:

- Talking or meeting with the board and company management
- Writing to the companies to explain our expectations as owners
- Voting against or abstaining from management's resolutions
- Collaborating with other shareholders to bring pressure to bear on a board
- Submitting resolutions at shareholders' meetings

As with other aspects of our stewardship and investment approach, the decisions on whether and how to escalate are driven by our fund managers, who are supported by our dedicated Stewardship team.

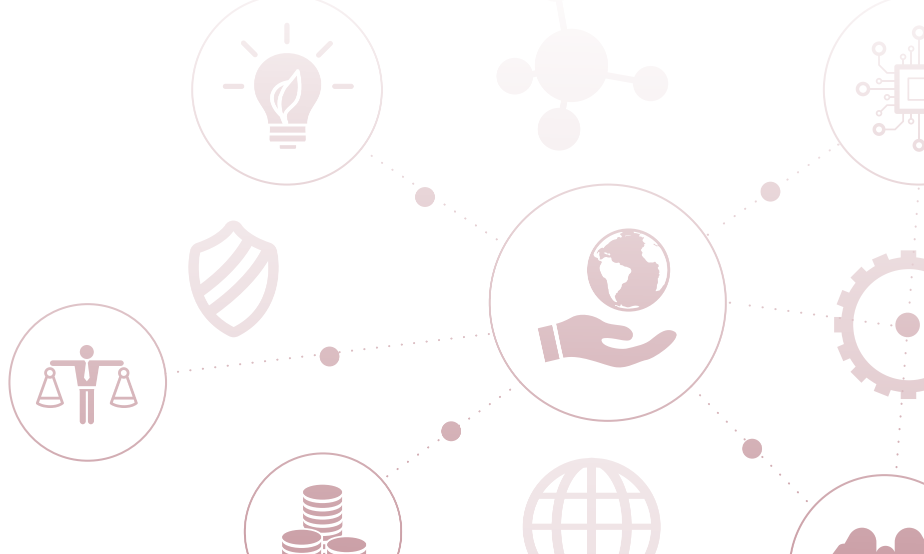
The specific escalation strategies used depend on the scale and significance of the issue, on the fund managers' views on what will be most effective in encouraging a particular company to change, and on the size of our holdings in the company.

We do not have hard and fast rules on which escalation strategies we use in particular situations. The decision depends on the specific market, on the regulations and norms in those markets, on our holdings in the company and on the nature and duration of our relationships with company management. However, we do tend to favour certain escalation strategies in certain circumstances.

- When we want to discuss operational and financial matters and the details of strategy execution, we generally look to talk with the executive team which may be remote or in-person. When we have concerns about board oversight, governance and/or risk, we generally discuss these with non-executives although, in certain circumstances, we may speak with the chairman or senior independent director. To explain our expectations as investors, we may also put our request or concerns in writing in the form of a letter to company management.
- We will also collaborate with other shareholders or through industry groups or initiatives where there is likely to be a better chance of a successful outcome as resources are pooled in pursuit of broadly similar objectives. We will look to collaborate in situations where we have relatively small holdings in a company, in situations where we are struggling for access to senior management or the board, and in situations where we do not have significant resources to allocate to the issue but want to signal our support. More information on some of the initiatives we have been involved in can be found in Principle 10 of this report.
- We recognise the importance of using our shareholdings to send formal signals to companies and we will abstain or vote against management if we feel that our concerns are not being recognised or if the actions being taken are not proportionate to the issues in question (see further Principle 12 in this report). While voting is often seen as an escalation strategy, we recognise that it also is a de-escalation strategy; voting in favour of management allows us to publicly signal that we are satisfied with the actions being taken or planned to be taken by management. We may also submit shareholder resolutions to a company's board of directors, directing them to take some form of action to be put to the vote of other shareholders.
- We raise and escalate matters with companies because we see them as important to the short- and long-term success of the company and because we want to ensure that the company is run in the interests of its investors. Our belief is that most issues can be addressed through dialogue, based on a sharing of information, through discussing and comparing options for action, and through taking actions that will underpin the success of the company. Our well-established relationships with company management and our clear alignment of interest with companies mean that the majority of issues can be resolved this way. However, while we place a great deal of value on our relationships with companies and we work hard to develop these relationships, we are fully prepared to sell our holdings if we feel that the company is not responding appropriately to our concerns.

PRINCIPLE 11

Escalation



Examples of escalation in 2022

In 2022, we had a number of examples where we needed to escalate our engagement by collaborating across our holdings (i.e. having a number of our fund managers work together), by raising matters with Chairmen, and/or by voting against management (see Principle 12). Over the following pages we share some case studies to illustrate escalation in action.

In 2022 board diversity and company remuneration policies continued to be key drivers of escalation activity across our strategies.

Case study: targeting better diversity at smaller companies

Our board diversity expectations of UK mid and smaller sized companies are similar to larger firms. Making sure boards are balanced, with talent and oversight from varied backgrounds and genders, is an area we engage on; more diversity means more robust governance, better strategy choices and enhanced performance. However we accept that this is a greater recruitment challenge for smaller firms and may therefore take longer.

In 2022 we wrote to the chairs of nomination committees at all of our portfolio small caps, where board diversity did not meet our expectations and invited them to discuss their plans.

The responses were mixed, with some committed to gender and ethnic diversity. Others, however, provided a limited response and will require more engagement effort on our part.

One company said it was committed to "ensuring the board has the relevant and appropriate mix of experience to help guide the business to achieve its long-term goals"; another, however, stated that while "due regard" would be paid to diversity balance, recruitment choices are predominantly made "on the basis of merit and the most appropriate experience against objective criteria."

We have written and spoken to some companies several times in the past year and have also escalated to the board and used our vote, as in our case study on page 60.

Our diversity expectations

We will continue to engage with companies on board diversity. This topic has been a consistent feature of The Investment Association's shareholder priorities and we welcome the launch of the FCA's Diversity and Inclusion on Company Boards and Executive Management rules for listed companies.,

For FTSE 350 companies, our formal policy is that we will consider voting against the chairman of the nomination committee where board gender diversity is less than 33%. For FTSE Small Cap, Fledgling and AIM companies, we will consider voting against the chairman of the nomination committee where there is no gender diversity on the board. For these companies, we are likely to abstain where there is only one member of the board from the under-represented gender.

Although we have not set out specific voting intentions on racial and ethnic board diversity at this time, in the UK we note and welcome the update to the FCA Listing Rules with respect to board diversity which apply to accounting periods on or after 1 April 2022. These require companies to disclose annually whether they meet specific board diversity targets on a "comply or explain" basis.

We will monitor closely the responses for both gender and ethnic board diversity targets, so we can set our expectations in advance of the 2024 voting season. As with gender diversity, we expect to conduct periodic reviews of our portfolios for all companies against these new ethnic diversity requirements and will engage with those who do not meet requirements or who do not have clear strategies to do so.

Escalation in practice: keeping a close eye on remuneration policies

Cognex Corporation

Artemis Global Select

Outcome: Sell decision

Cognex is an American manufacturer of machine vision systems, software and sensors such as bar code readers.

Like many firms, long-term incentive plans (LTIP) are an important remuneration mechanism for Cognex to reward performance and maintain focus on outcomes and objectives. While we support the use of LTIPs, we believe it is important that they are structured with a clear focus on the long-term success of the business. However, Cognex's LTIP policy awards bonuses based on the length of time spent at the company rather than performance, which is not in line with our expectations.

We met with the Investor Relations team and recommended that they implement performance KPIs and move away from the practice of simply rewarding length of time at the company. The Investor Relations team acknowledged our views and observed that other investors had also commented on the same issue. However, we did not receive any commitments from the company about changing the LTIP structure, or any signs that it would even consider doing so. Given that lack of responsiveness to our concerns, we decided to reduce our holding and, ultimately, we sold all our holdings in the company.

Ebro Foods, S.A.

Artemis Income strategy

Outcome: Escalation strategy under review

Ebro Foods is a Spanish food processor, the world's leading producer of rice and with a strong position in fresh and dried pasta. Artemis' Income strategy is a significant shareholder, with more than 3.3% of votable shares.

As long-term investors who preferentially chooses to invest in well-managed companies (the team rarely invests in turnaround stories or in companies with weak corporate governance), the Artemis Income strategy sparingly votes against management. However, since 2019 the investment team has consistently voted against director remuneration at Ebro Foods. The remuneration policies lack disclosure around the short and long-term incentive plan performance outcomes (i.e. the basis on which remuneration is decided) and many of the performance objectives for the long-term incentive plan are only measured over one year. We have a strong preference for three years as a minimum period for performance assessment to incentivise management with respect to long term value creation.

Our views are shared by other investors, with the percentage of votes against management being in the range of 11% to 15% against management since 2019. Despite the level of persistent shareholder concern, the board has ignored shareholder concerns, as more than two-thirds of votes cast have supported the board's position and therefore the company does not believe this triggers any formal requirements to reassess of the company's compensation practices.

We have had a number of conversations with the company and expressed our disappointment with the lack of progress on this issue. As we have voted against management for several years but are yet to see any meaningful change, we are reviewing our escalation options.

PRINCIPLE 11

Escalation

Both sides of the escalation coin: success and challenge in our UK Smaller Companies

While escalation is sometimes necessary, and well-justified in the opinion of our investment teams, success is not always a given, as illustrated by the examples of Crestchic and Somero below.

Company: Crestchic Ltd

Reason for escalation: management change

Outcome: Success

Crestchic (previously Northbridge) is an industrial equipment supplier specialising in hiring and selling power reliability equipment. Based in Burton-on-Trent, it had had the same CEO and Chair since its IPO on AIM in 2006.

Our investment team had concerns that the board was not independent, the management team undynamic and the business delivering sub-optimal returns. When there was no marked improvement, we engaged with other shareholders and the board which resulted in some key board changes. We continued to actively engage throughout 2022 particularly on performance and attended a site visit in July 2022. Subsequently the business sold its loss-making oil tools business to focus on its core load bank business. Performance has significantly improved, and the business returned to strong growth. In December 2022 Crestchic was acquired by Aggreko at a 44% premium to the prevailing market price.

Company: Somero Enterprises (UK)

Reason for escalation: board diversity, independence, and succession planning

Outcome: Unsuccessful but ongoing

Somero provides equipment which is used to place and screed the concrete slab in all building types. Its offering is based on laser-guided proprietary technology to achieve precision. While the firm has been very successful in the US, it has not grown its presence in the UK to the extent shareholders might expect.

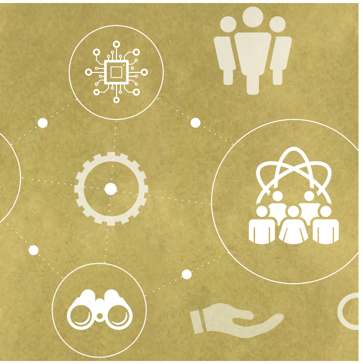
We first engaged with the AIM-listed company on its lack of gender diversity, succession planning and lack of independence in 2020 and repeated this again in 2022 via a letter to their board as part of our programme to encourage greater gender diversity in smaller companies (see our case study: *Targeting better diversity at smaller companies* which appears earlier in this section). Our engagement also involved calls and emails with the executive management team, which we escalated to the Chair. Although the board appointed a new NED (Anne Ellis) in early 2022, we feel that more needs to be done and we will continue to engage with the company on this.

We recognise that the business has been very successful, but we are of the view that a broader set of skills and wider view on markets and opportunities would set the Somero's UK operations on a firmer footing and would help it to identify and effectively access growth opportunities outside the US.

Exercising Our Rights and Responsibilities as Active Investors

PRINCIPLE 12

Exercising rights and responsibilities



Voting is an important way in which we exercise our stewardship responsibilities, and we aim to exercise voting rights across all our holdings, in the UK and overseas. The exception is when we are restricted from doing so by local market practice, laws or regulation. For example, where share-blocking is an issue (e.g. where voting would bar us from buying or selling a company's stock around the time of the AGM), we prefer to have the option to trade. In some markets and sectors we are prevented from using our voting rights as overseas investors.

We recognise that it is our responsibility to exercise our clients' voting rights in a considered manner, within the context of our relationships with company management. As active managers, we generally invest in companies where we are more likely to support management's approach on a range of issues. In these companies, voting with management across the range of resolutions that are tabled at company meetings is a tangible and public show of support for management.

However, we will vote against management when we believe this is the best way to signal that our support is not warranted on a particular occasion. Where we have a significant shareholding we endeavour to contact the company prior to voting.

Our voting policy

We have a formal voting policy which sets out our general approach to voting. The policy is available on our website. It sets out the principles which direct our votes (see our core voting principles and case studies in this section for further details) and discusses the instances in which our clients' interests may override support for management's proposals.

Our policy is global in scope, and unless otherwise stated, the principles that direct our votes apply across all regions.

How we exercise our rights in fixed income

We exercise our fixed income rights according to the specific instrument in which we are investing.

We thoroughly review prospectus and transaction documents as part of our investment process. Most of our work regarding impairment rights takes place during the due diligence stage. We model downside scenarios for the companies we lend to and analyse scenarios regarding potential default events.

During the new issue stage, we may seek amendments of certain terms and conditions. In addition, during the holding period stage, we may need to respond to proposals from an issuer to amend certain terms.

PRINCIPLE 12

Exercising rights and responsibilities

Our core voting principles

1. Board of Directors – Independence: Every company should be headed by an effective board of directors who take collective responsibility for the company's long-term success. For all companies quoted on main markets, our view is that at least half of the board should be independent.
2. Board of Directors – Chairman: In most instances we will vote against combining the roles of CEO and chairman.
3. Board of Directors – Election of Directors: We believe it is in shareholders' interests for directors to be submitted for regular re-election. Our preference is for annual election by a majority vote, and we believe that boards should not be classified (a structure under which directors serve terms of different length).
4. Board of Directors – Committees: All members of the audit committee should be independent and the majority independent for the nomination and remuneration committees.
5. Board of Directors – Succession Planning and Diversity: As part of a board's approach to succession planning, we expect the report & accounts to contain information on progress towards meeting 'best practice' guidelines on diversity at board and senior management levels. For main markets we have set specific board diversity guidelines.
6. Board of Directors – Board Accountability on Climate Change: For companies that are significant greenhouse gas (GHG) emitters through their operations or value chain we will consider voting against the responsible incumbent director or committee where the company is not taking steps to understand, assess and mitigate climate-related risks.
7. Report & accounts and audit: We are likely to vote against resolutions relating to the report & accounts where there are concerns about the presentation of accounts or audit procedures used.
8. Remuneration: We believe management should be appropriately rewarded for good long-term performance, however, levels and in particular increases in pay should be justified with a clear rationale.
9. Governance arrangements and shareholders' rights: We will vote against anti-takeover provisions and reductions to voting rights which we do not believe are in the interests of shareholders.
10. Corporate actions and capitalisation: We consider every corporate action on its own merits.
11. ESG Resolutions – Disclosure: Decisions on whether to support shareholder resolutions calling for more disclosure on ESG issues are based on whether additional disclosure is likely to enhance or protect shareholder value in both the short and long term.
12. ESG Resolutions – Say on Climate: We assess these resolutions on a case-by-case basis taking into consideration the rigour and completeness of the company's transition plan.

PRINCIPLE 12

Exercising rights and responsibilities

Our view on board independence

Where the independence of directors does not conform to best practice, we look carefully at the reasons why. Independence is often defined in terms of the length of time a director serves on a board (tenure), whether he or she holds share options in the company and the relationships which may influence decisions. In our view, a failure to meet some of these criteria does not necessarily stop non-executive directors discharging their duties and responsibilities effectively. We believe it is important to consider a director's contribution and, specifically, whether they behave in an independent manner, before deciding to vote against a director for not being independent.

How we implement our voting policy

All voting decisions are made by our fund managers.

With ISS, our proxy voting adviser, we have developed Artemis-specific guidelines which consider local, national and international standards. ISS provides our fund managers with a summary of all resolutions put forward at company meetings, alongside an assessment of the extent to which governance arrangements are in line with our expectations.

We are not able to offer investors in our funds the ability to direct voting at the present time. Institutional clients with their own segregated accounts can discuss voting requirements with their account director and of course may make their own arrangements to vote.

We do not lend stock for Artemis' funds. If a client's custodian does so, Artemis will not recall it for voting without prior arrangement.

We publish a summary of our votes and details of those instances in which we have voted against management in the standard quarterly investment reports we send to our institutional clients. On the Engagement and Voting page of our website, we provide:

- A full record of all of our votes.
- A summary of recent significant votes, highlighting votes where we did not follow management's recommendations and held more than 1% of the votable shares. In each case, we provide an explanation for the decision that we made.

Our voting data

Most of our voting decisions align with the core voting principles set out in our Voting Policy, and align with company management. Here we present some examples of our voting in 2022, together with the outcomes of those votes.

You can find further information on our escalation strategies, including additional voting case studies, in Principle 11.

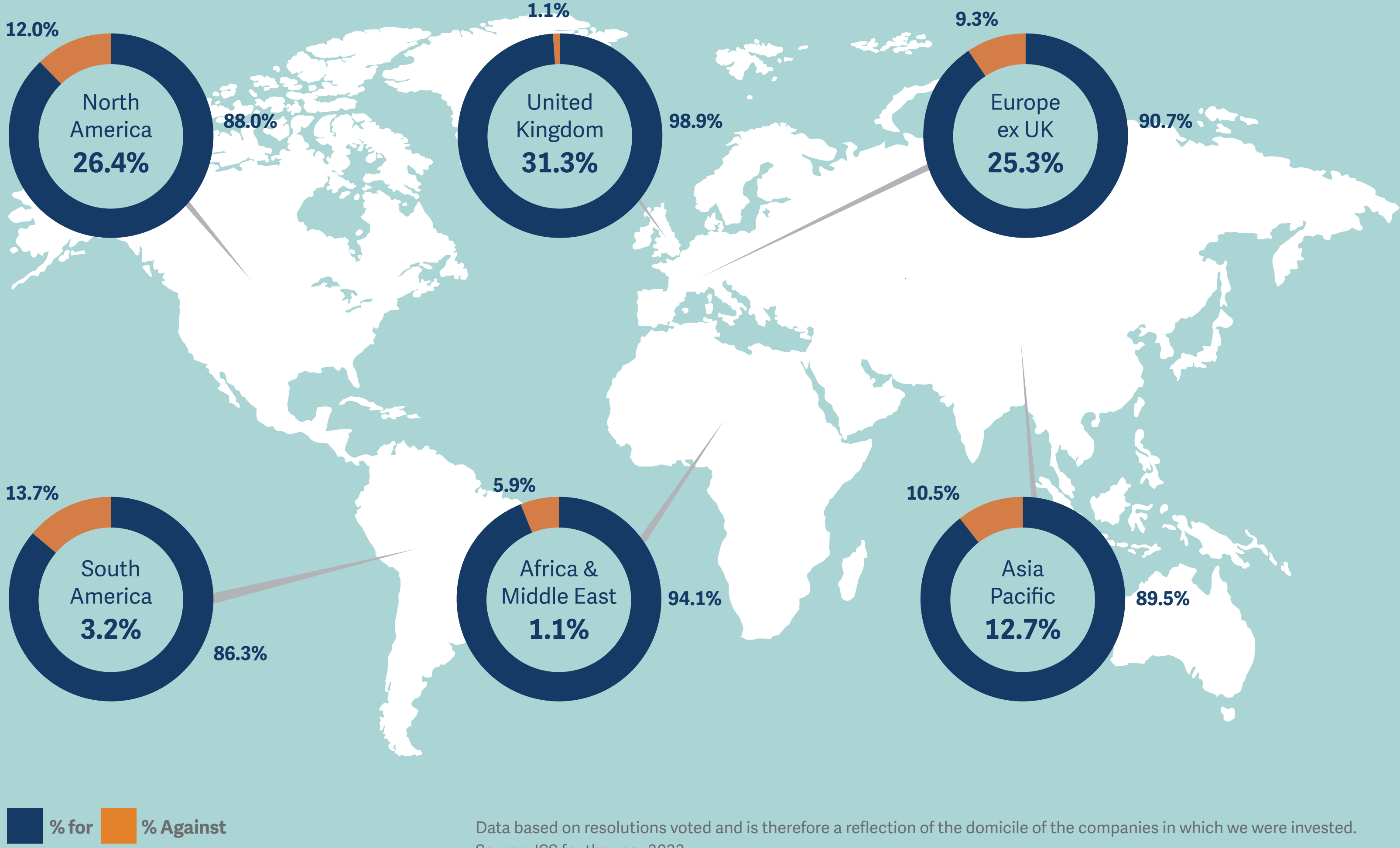
PRINCIPLE 12

Exercising rights and responsibilities

Voting & engagement statistics – where we vote and engage

Voting statistics

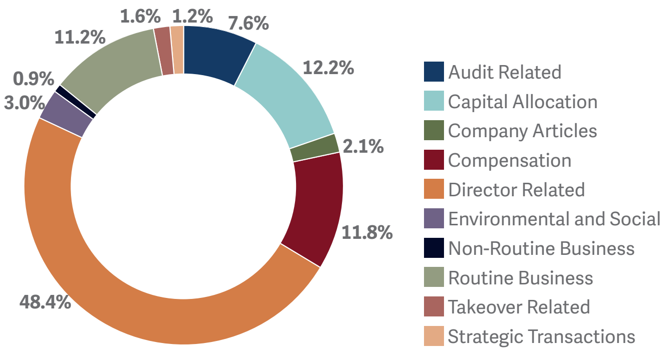
Resolutions voted for and against management by region (% of total)



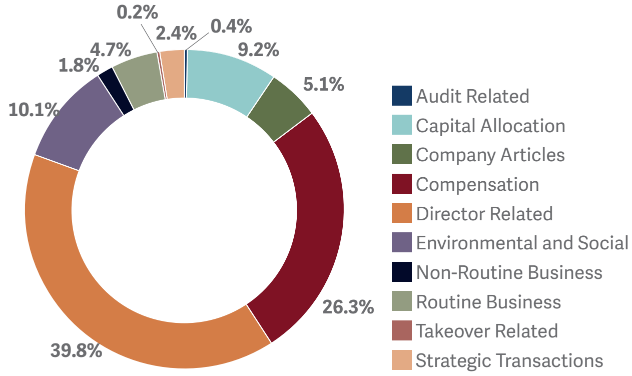
Data based on resolutions voted and is therefore a reflection of the domicile of the companies in which we were invested.
Source: ISS for the year 2022

Voting statistics

Resolutions voted by category



Votes against management by category



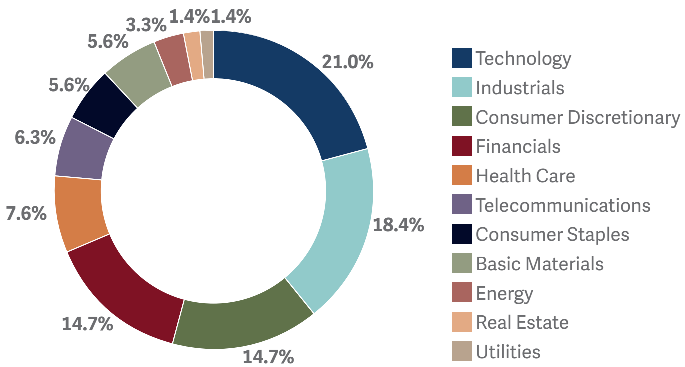
Number of resolutions voted as percentage of total number of eligible resolutions	95.5%
Number of meetings voted as a percentage of total number of eligible meetings	97.1%
Percentage of votes against management	7.7%
Percentage of votes against the Artemis voting policy	1.2%
Percentage of meetings with at least one vote against management	42.6%

Company meetings statistics

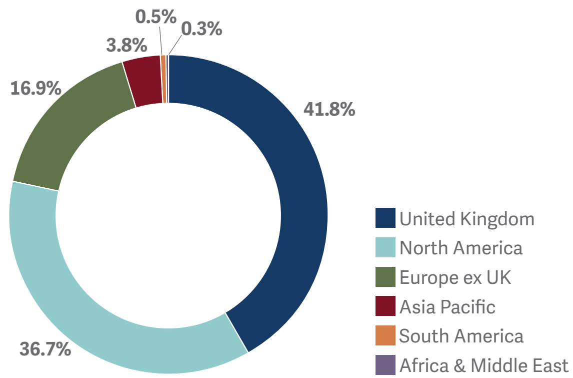
Total number of meetings – 1,464

Source: Artemis, ISS. Routine business includes matters relating to financial statements, audit and auditors, articles of association, dividends. All data for the year ending 31 December 2022.

Meetings by sector



Meetings by region



PRINCIPLE 12

Exercising rights and responsibilities

- Environmental
- Social
- Governance

Examples of our voting activity in 2022

Global

We supported shareholder disclosure resolutions at Exxon Mobil an integrated oil & gas company held in our Global Income Fund. In our view shareholders would benefit from greater disclosure about the company's assessment of climate change risk given strategy and capital expenditure plans, in particular how an IEA Net Zero scenario would impact its risk assessments. In addition, the company does not set targets relating to sold products.

Vote result: For 51.0% Against 49.0% - Accepted

In our Positive Future Fund we voted against an advisory vote to ratify named executive officers' compensation at environmental services company, Montrose Environmental Group. As a relatively newly listed public company, there has not previously been a 'say-on-pay' opportunity for shareholders. Prior to the 2022, we had already had some concerns regarding executive compensation practices e.g. annual bonuses partly determined by 'acquired EBITDA' targets which may have incentivised acquisitions for their own sake. These concerns were compounded by the 'one-time' grant to the executive team that the company made in December 2021 which we viewed as potentially exceedingly generous and also dilutive to existing shareholders. For these reasons we voted against the advisory vote to ratify named executive officers' compensation and this has been a point of discussion in our subsequent meetings with the Montrose management team.

Vote result: For 25.1%, Against 74.9% - Rejected, but gained significant support

We supported shareholder resolutions at global entertainment company, Walt Disney and online retailer, Amazon. Both companies are held in our Global Select Fund and both resolutions were looking for greater disclosure on lobbying payments and policy, particularly regarding the management and oversight of the indirect lobbying activities of trade associations of which the companies are members.

Disney vote result:
For 32.6%, Against 62.5%, Abstain 4.9% - Rejected, but gained significant support

Amazon vote result: For 47.3%, Against 52.7% - Rejected, but gained significant support

Meta Platforms (formerly Facebook) is a high-profile, multi-national technology company founded by Mark Zuckerberg. Following increasing and ongoing scrutiny on a range of practices at the company, managers of our Strategic Assets Fund supported shareholder resolutions at Meta Platforms to publish a human rights impact assessment, provide additional reporting on its lobbying practices, explain how the company is managing material risks related to misinformation and harmful content, and the use of concealment clauses in employment contracts.

Vote result: For 23.8%, Against 76.2% - Rejected, but gained significant support

Examples of our voting activity in 2022

Environmental

Social

Governance

UK

In our Income Fund, we voted against the remuneration policy and report at Ebro Foods, a Spanish food processing company, due to the lack of disclosure on performance metrics. We will continue to engage for further disclosure of performance measures.

See more on this case on page 59.

Remuneration Policy vote result: For 75.7%, Against 11.5%, Abstain 12.8% - Accepted

We supported a number of "Say on Climate" votes proposed by the companies, including British multi-national bank, Standard Chartered and integrated energy giants BP and Shell, held in our UK Special Situations Fund. These proposals generally set out strategy, transition plans and/or targets in relation to climate change. While in all cases disclosure could be improved, they provided sufficient information for an initial assessment of climate risk. However this issue will be kept under close review. We expect transition plans to be developed further and progress disclosed in the future reports.

Standard Chartered vote result: For 83.0%, Against 17.0% - Accepted

BP vote result: For 88.5%, Against 11.5% - Accepted

Shell vote result: For 79.9%, Against 20.1% - Accepted

Our UK Select Fund supported and approved UK based financial services company, M&G's, Climate Transition Plan and Climate-Related Financial Disclosure. Although scope 3 emissions are not disclosed in their entirety and there are no short and long term targets available for most GHG emissions categories, the net zero target across M&G's investment portfolio is in line with its commitments under the UN Net Zero Asset Owner Alliance to transition investment portfolios to net zero by 2050. The company generally meets expectations in terms of disclosure and governance surrounding climate change and we will continue to engage in regard to any gaps in the reporting.

Vote result: For 79.6%, Against 20.4% - Accepted

In our UK Select Fund we voted against the re-election of a director at Mitchells & Butlers, one of the UK's largest restaurant and bar operators, because of a lack of diversity on the board. As board chair, the director is responsible for corporate governance standards on the board. The Board and Committee composition continues to fall short of the UK Corporate Governance Code recommendations and this has been a recurring issue. Also the director is Chair of the Nomination Committee and less than 33% of the Board currently consists of women, which is not in line with the recommendation of the Hampton-Alexander Review. No firm commitment is provided that gender diversity will be further incorporated on the Board and no succession plans have been indicated by the company in the 10 years that the director has served on the board.

Vote result: For 72.3%, Against 27.7% - Accepted

We believe that for companies, attracting and retaining the right talent is a driver of long-term success. Nevertheless, we apply discretion, flexibility and context and we are aware that remuneration policies can be controversial.

At UK business intelligence firm Informa, the Artemis Income investment team supported a discretionary remuneration plan because we considered it important to incentivise skilled management in the complex and challenging period of the Covid pandemic. More generally, we think it is critically important to pay talent market rates of remuneration. If this does not occur, the long-term prospects for the business will diminish and value creation for all stakeholders will be limited.

We supported the board as we believed this to be the best decision, although the overall vote went against us. We continue to engage with Informa on remuneration and have found them to be open and constructive, setting out the rationale for their approach clearly.

Vote result: For 28.7%, Against 71.3% - Rejected

PRINCIPLE 12

Examples of our voting activity in 2022

Exercising rights and responsibilities

Environmental
Social
Governance

US

Managers of the US Absolute Return Fund supported shareholder resolutions calling for independent racial equity audits at US tech firm Alphabet, global finance house, Wells Fargo and Houston-based environmental services firm, Waste Management so that shareholders can better assess the effectiveness of efforts to address and manage the issue of any inequality in the workforce.

Alphabet vote result: For 22.3%, Against 77.4%, Abstain 0.3% - Rejected, but gained significant support

Wells Fargo vote result: For 35.8%, Against 63.2%, Abstain 1.0% - Rejected, but gained significant support

Waste Management vote result: For 54.5%, Against 44.5%, Abstain 1.0% - Accepted

Our US Select Fund supported shareholder resolutions to improve disclosure on climate and plastic waste at oil production and exploration firm ConocoPhillips and global tech giant, Amazon, respectively.

ConocoPhillips vote result: For 39.5%, Against 55.0%, Abstain 5.5% - Rejected

Amazon vote result: For 48.9%, Against 51.1% - Rejected

We supported shareholder resolutions to report on median gender and racial pay gaps at US home improvement firm, Lowe's Companies, and high profile technology firms, Apple and Amazon which are holdings in our US Extended Alpha and US Select Funds so that shareholders can measure the progress of a company's diversity and inclusion plans.

Lowe's Companies vote result: For 58.0%, Against 42.0% - Accepted

Apple vote result: For 33.6%, Against 66.4% - Rejected, but with significant support

Amazon vote result: For 28.8%, Against 71.2% - Rejected, but with significant support

Managers of our US Select Fund withdrew support for the election of directors at global travel platform, Expedia, and Broadcom, a provider of semiconductor and infrastructure software solutions, due to concerns over the number of directorships held by director nominees.

Expedia vote result: For 52.9%, Against 47.1% - Accepted

Broadcom vote result: For 75.2%, Against 24.8% - Accepted

In our US Smaller Companies, we withdrew support for the election of a director at cloud-based security firm, Tenable, due to joint CEO and Chairman positions. We withheld votes on the re-election of directors where shareholder rights are adversely impacted due to the lack of sunset clauses on governing documents and classified boards.

Vote result: For 74.9%, Against 25.1% - Accepted

Our US Extended Alpha Fund managers supported shareholder resolutions to improve disclosure on plastic waste at global technology giant, Amazon and international fast-food brand, the McDonald's Corporation. We also supported a shareholder resolution at Elon Musk's electric car and clear energy company, Tesla to increase disclosure regarding the company's lobbying activities and their alignment with the Paris Agreement.

Amazon vote result: For 48.9%, Against 51.1% - Rejected, but with significant support

McDonald's Corporation vote result: For 41.5%, Against 57.6%, Abstain 0.9% - Rejected, but with significant support

Tesla vote result: For 34.3%, Against 64.7%, Abstain 1.0% - Rejected, but with significant support

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