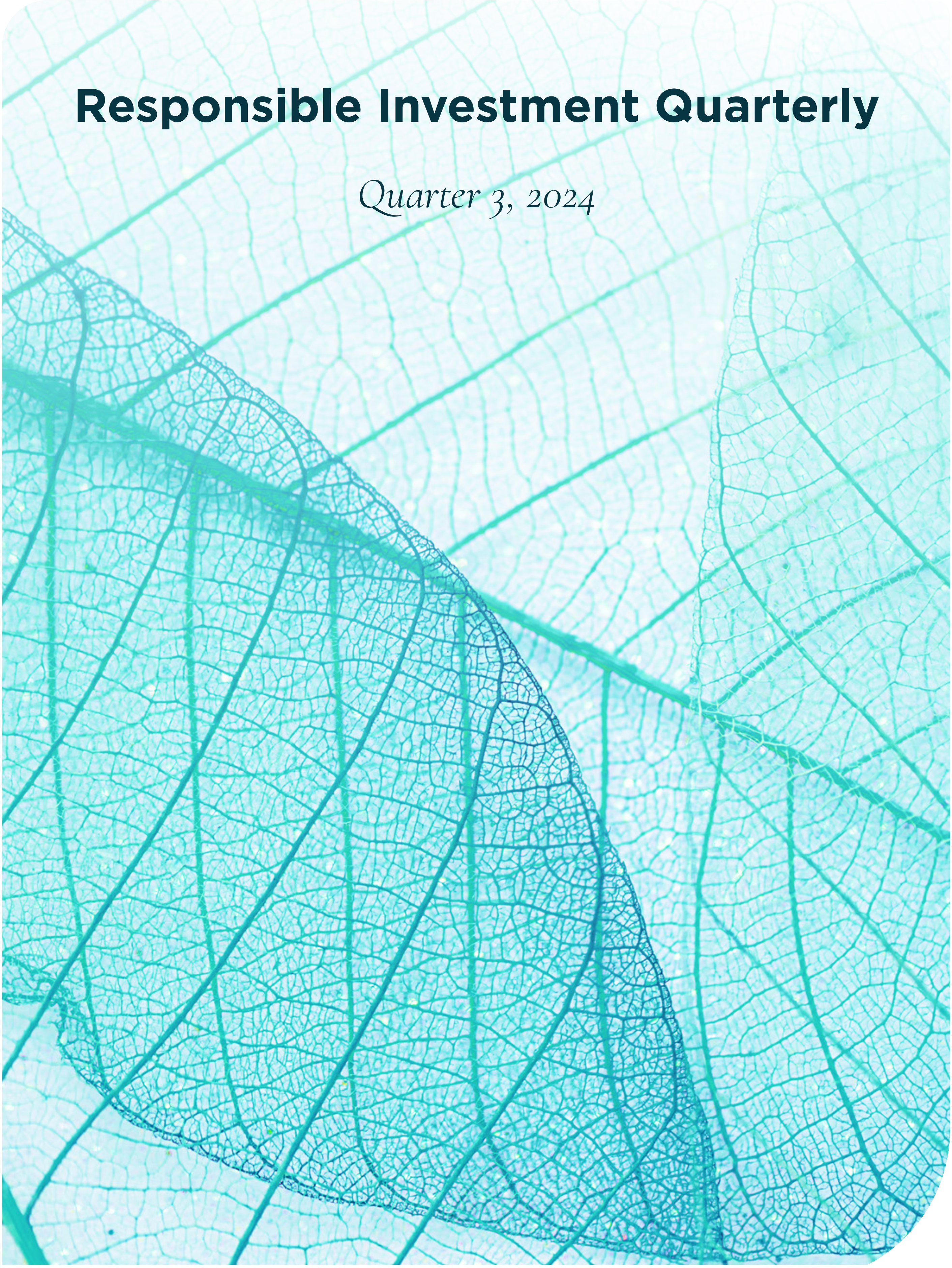
QUILTER CHEVIOT

Responsible Investment Quarterly

Quarter 3, 2024



Approver: Quilter Cheviot Limited, 15 October 2024

QUILTER CHEVIOT

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Welcome

From July to September, typically a quieter period, stewardship activity remained high. With voting activity slowing down in Q3, the team focused on several engagements and working groups. For the second year running, we welcomed an intern to the team. Across three months, Freya engaged in various tasks from ESG data assessment to thematic engagements.

The Advisers' Sustainability Group gathered pace in this quarter, its remit is to provide guidance to the FCA on how advisers should consider responsible and sustainable investment within their advice process. Gemma is a member of the group and leads the working group focused on good practice.

Q3 was an engagement heavy quarter. Ramón, collaborating closely with the fund research team, wrapped up a long-term thematic engagement on investment trust governance with the boards of our listed REITs and closed-end property funds. Margaret concentrated on NZAM engagements and conducted climate transition check-ins with major emitters. In collaborative efforts, Kirsty, as part of the 'Fix The Exec' working group, spearheaded an engagement letter addressing diversity shortfalls at the executive level of the UK's largest listed companies. Margaret also played a significant role in climate-related initiatives and is finalising the Climate Action Plan.

During Q3 we initiated a project to further enhance our approach to assessing third party managers from a responsible investment perspective. This is led by Rupert who has joined us as a consultant for six months and the project has three main elements.

1. build out new data driven ESG fund dashboards
2. revisit engagement frameworks and ESG RFIs (Request for Information) on an asset class basis
3. refine the ratings methodology

Nicholas completed the biannual review of all direct monitored holdings as part of the DPS Applied universe and updated the classification for all securities held across client portfolios with a robust interest in responsible investment. Continuing this theme, Kirsty reviewed the holdings in our voting universe; as of June, we voted on 97% votable holdings. Looking ahead, reporting requirements remain a priority. Gemma continues to advance the internal progress on Sustainability Disclosure Requirements (SDR), contributing to various industry bodies and the FCA consultation on extending these requirements to portfolio management services.

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Spotlight

Read the latest from us in the news this quarter

Authors

Gemma Woodward
Head of Responsible Investment

"Environmental and social issues remain long-term structural drivers for returns and thus the opportunity set remains. But we need to get the regulations right from the outset and take time to ensure they are as robust as possible."

Has SDR finally killed off ESG? - Citywire

Click here for the full insight

Investors plead patience for enduring ESG growing pains - Investment Week

Click here for the full insight

FCA scrutinises DFM feedback amid SDR extension rumours - Citywire

Click here for the full insight

Wealth firms ask for SDR extension - Citywire

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Lack of clarity still an issue as DFMs get SDR extension - Citywire

Click here for the full insight

Spotlight

Author

Freya McEwan
Intern

I was inspired to join Quilter Cheviot after hearing about its amazing work within sustainability and responsible investment. As such, it was fitting my first rotation fell within this function.

I kicked off my journey within the Responsible Investment team on a data analysis project. This was centred around assessing ESG data on 'value-add' and transparency before its utilisation in our ESG integration process. In particular, I aimed to assess whether our current data channels could be improved through the inclusion of different providers. This involved assessing previous data gaps and scoring methodologies, alongside 'fresh' data and scores evaluating their effectiveness and reliability. After collating my findings, I created a set of recommendations which are now being actioned within our internal ESG dashboards. It was extremely rewarding to see the work I put in have a tangible impact!

I was additionally involved in various thematic engagements centred around governance and climate. A particular standout was the engagements with the Climate Assets funds' largest emitters. It was extremely interesting to engage with various companies over their climate strategies and hear about the various issues they're facing within the climate space. For example, within the locomotive industry, there are current pressures to adopt alternative fuels such as hydrogen, electric power, and biofuels. Despite this, there are various issues around feasibility and reliability. Companies are aiming to rectify this, engaging with peers and industry experts to develop infrastructure and technology within this space. Ultimately, different companies are taking different routes, evidencing there is no one-size-fits-all solution.

I've also had exposure to the voting process, TCFD reporting, as well as understanding the new regulatory changes facing the market, like the UK Listing Rules and SDR. Ultimately, my experience has been very well-rounded and enriching.

Voting highlights

Voting activity slowed down slightly across Q3, following a busy proxy season. From July through to September, we voted at 104 company meetings, an increase from 82 across the same time period last year.

We have summarised the key voting issues from the quarter below.

Environmental voting activity by numbers:

1x vote in favour of reporting on environmental targets (shareholder proposal)
Concerns have been raised in recent years as Nike has continuously failed to meet its 2020 carbon reduction targets. Therefore, we supported this shareholder proposal requesting the company to analyse and report on its failure to meet its targets, and steps to ensure it meet its sustainability objectives moving forwards.
Company voted on: Nike

Social voting activity by numbers:

1x vote in favour of reporting on median gender/ racial pay gaps (shareholder proposal)
We supported this proposal as we felt shareholders would benefit from better transparency on median pay gap statistics across race and gender, especially unadjusted data as this would allow shareholders to evaluate and measure progress towards reducing pay inequities more fully.
Company voted on: Nike

Governance voting activity by numbers:

6*x votes against electing / re-electing director (management item)
We voted against the re-election of directors owing to board independence concerns, the presence of multi class voting structures and lack of board diversity.
Companies voted on: Monks Investment Trust, NIKE, Prosus, Shearwater Group , Worldwide Healthcare Trust x2

**Withheld and abstain votes have been included within votes against figures.*

Voting activity

Over the third quarter of 2024, we voted at:

104 COMPANY MEETINGS

Over the quarter we voted on:

1,361 RESOLUTIONS

for X 13 resolutions we did not support management (this includes shareholder proposals).

VOTE

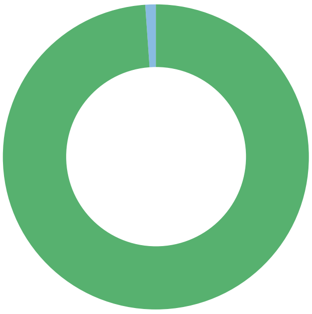
14 X

We enabled clients to instruct votes at 14 meetings

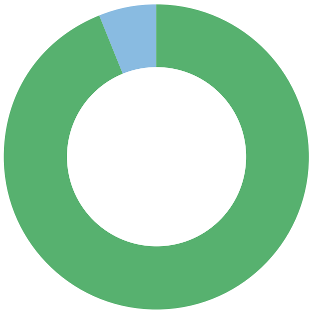
It is important to note that on a number of occasions having engaged with the relevant company we did not follow ISS' recommendations.

Voting activity

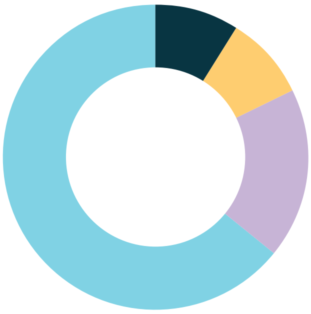
Management resolutions voted on in Q3 2024
(excluding shareholder proposals)



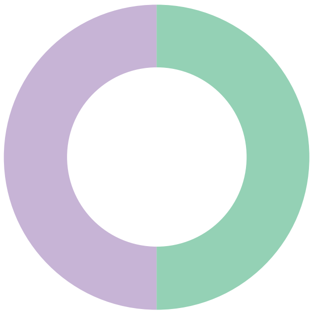
Meetings with votes against management in Q3 2024
(including shareholder proposals)



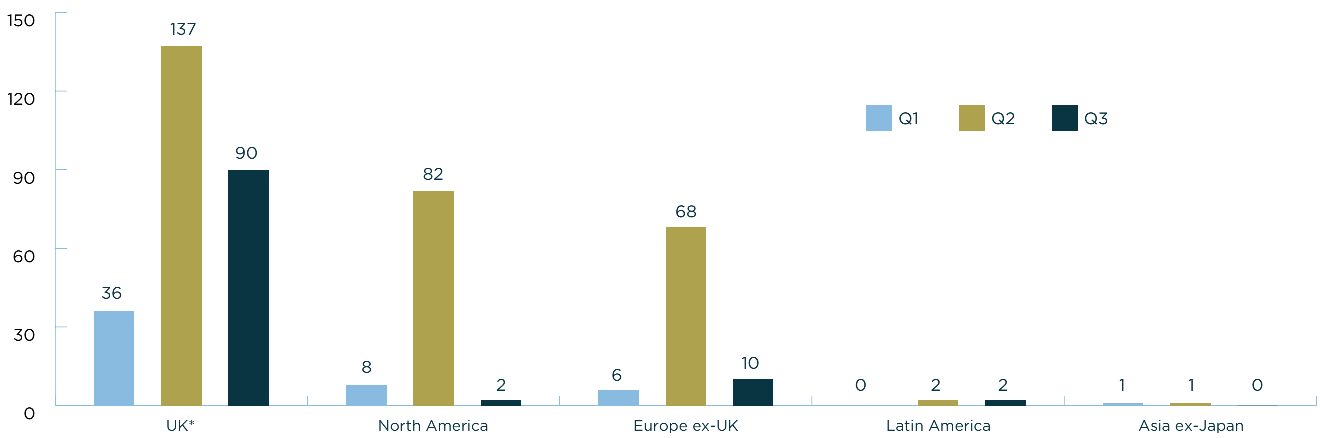
Management resolutions voted against by topic in Q3 2024
(excluding shareholder proposals)



Shareholder proposals supported in Q3 2024



Meetings voted in each geography in 2024



* Includes the Crown Dependencies of Jersey and Guernsey

Engagement activity

Here, we outline examples of our engagement in the third quarter of 2024. In line with the Shareholder Rights Directive II (SRD II) disclosure regulations, we have included the name of the company, investment trust or fund in most cases. In some cases, we will not, as this would be unhelpful in the long-term to the ongoing engagement process.

We have structured the engagement report broadly into the following areas which reflects our thematic, collaborative and our ongoing engagement agenda:

Environment: climate and natural capital

Social: cyber-security, supply chains in apparel and product safety in the healthcare sector

Governance: companies and our thematic engagement with investment trusts (this quarter primarily focused on infrastructure and renewables)

Environment

We have initiated a thematic engagement with the largest emitters from our Climate Assets Funds' holdings on their climate transition plans and disclosures.

The objective is to better understand each company's current plans and progress towards them. We will consider the outcome of our conversations and consider additional engagement as appropriate.

Whilst this is the first phase of engagement for these companies, it is built upon the thematic engagement that Quilter Cheviot has conducted with the highest emitters amongst the broader investment universe. This previous engagement allows us to use the framework developed for what a 'good' climate action plan looks like, as well as benchmarking the activities and performance of each company.

Aptiv - Environment

We began by outlining feedback on the company's approach to climate risk from a desk review, recognising its Science-Based Targets initiatives (SBTi) and annual CDP (formerly the Carbon Disclosure Project) disclosures, as well as the clarity of its sustainability reporting. The company has SBTi targets in place for both operational (Scope 1 and 2) and supply chain (Scope 3) emissions. In addition, it has a series of internal associated goals, including certifying its energy-intensive manufacturing sites to environmental and energy efficiency standards (e.g. ISO14001, ISO 50001), sourcing 100% of its operational electricity from renewable sources by 2030 and delivering only carbon-neutral products by 2039. The company has set an overall target of carbon neutrality by 2040, placing it amongst the best practice firms for its sector.

Much of our conversation focused on the company's Scope 3 strategy. Scope 3 emissions – particularly from the use of sold products – are the bulk of Aptiv's footprint (comprising 99%), making its approach to decarbonising this area critical. Emissions from Purchased Goods and Services (Scope 3, category 1) are the biggest contributor. Aptiv is attempting to address this by engaging with its suppliers and   response rates are improving (55% of spend). Going forward Aptiv is hoping to incorporate this engagement data into the cross-industry International Materials Data System, a global database linking technical specifications of all vehicle components. The company acknowledged challenges in getting granular data from suppliers, stating it would focus its efforts on specific suppliers of high-impact materials – copper and gold, primarily. There is a current focus on education, with Aptiv providing videos and information on its supplier portal and slowly introducing sustainability targets into its supplier contracting processes.

Aptiv is working with a patchwork of traditional and emerging Original Equipment Manufacturer (OEM) clients in decarbonising its supply chain. Aptiv noted that newer OEMs specialising in EV components are much more agile in their systems, and therefore better able to provide granular data for their products. Traditional OEMs face the burden of reimagining and reengineering established systems. Aptiv emphasised it is particularly working with traditional OEMs to encourage them to radically redesign their vehicles and make an effort to track and reduce material use. That said, recent policy shifts delaying planned bans of ICE (internal combustion engine) vehicles has introduced some uncertainty in the direction of travel for Aptiv's products.

Another element of the company's efforts to decarbonise includes changing its products. It has focused its attention on copper-based products, as this is one of the materials with a larger carbon impact. Aptiv has introduced a carbon-neutral copper wiring harness — using its 'Eco-Core' recycled copper — and included avoided emissions calculations to demonstrate the carbon savings of recycled copper products compared to using mined copper. Although the company does not yet have high demand for these products, they are being incorporated into new contracts.

It is also working with its OEM customers to create new lower-carbon products. Aptiv launched a research campaign with four of its biggest customers (equating to 20% of annual revenue) to proactively develop new low-carbon products for their businesses. Feedback from the campaign was used in a collaboration with Ford to manufacture a charging cable coated with recycled ocean plastic, which has been rolled out across Ford's Bronco Sport range. Aptiv is actively looking to expand these collaborations, particularly where carbon savings are realised for both entities.

Responsibility for the company's climate targets sits across its Chief of Operations and Chief of Supply Chain as it does not currently have a Chief of Sustainability.. It considers this arrangement a reflection of true integration of its sustainability works within the business.

Outcome: Aptiv appears to be taking appropriate measures in its climate strategy, making excellent progress against its science-based targets (SBTi-validated) — on track for 25% reduction in operational emissions by 2025 — and producing clear disclosures. Its strategy going forward is lacking a bit of detail, particularly regarding its largely non-committal approach to supply chain engagement in order to reach its Scope 3 reduction targets. However, the company is clearly investing its resources in developing lower-carbon products and ensuring it takes practical and achievable measures to reach its existing decarbonisation targets. Going forward, we will be keen to gain a better understanding of how Scope 3 emissions will be targeted and how Aptiv will engage with suppliers to facilitate supply chain decarbonisation.

Canadian Pacific Kansas City - Environment

In 2023 Canadian Pacific acquired Kansas City Southern, creating the combined entity Canadian Pacific Kansas City Limited (CPKC). This is important context for understanding the company's current status and progress with respect to climate risk, as work to fully integrate systems and produce an updated climate strategy is still ongoing. This also explains why there is not a 2023 sustainability report, and why CPKC is planning a more limited data disclosure for 2023 than previous years. The company did note, however, that there were many advantages of fully working through the strategy again, given the change in regulatory environment since the creation of the previous strategy —the transition from voluntary to mandatory disclosures and associated changes to accounting for train-related emissions. This accounting change is also the largest contributing factor in CPKC's CDP (formerly the Carbon Disclosure Project) score reducing from an A to an A-. In terms of methodology, CPKC 's approach is to focus on what they can control, aiming to be transparent and providing the data while recognising that methodology changes are out of their hands.

Notwithstanding the ongoing changes at this time, CPKC demonstrated a credible approach to climate risk and decarbonisation, with a particular highlight the company's focus on developing hydrogen locomotives — a high-horsepower hydrogen locomotive recently successfully completed its first phase of testing. This builds upon the successful trial and introduction of several low-horsepower hydrogen hybrid locomotives. The potential of this new technology was demonstrated last year when a hydrogen locomotive rescued a diesel locomotive frozen on the tracks. The hydrogen locomotive program is a clear example of the company's action-oriented approach to decarbonisation. The company was keen to explore the feasibility of low-carbon solutions before formally setting a net-zero commitment, recognising that while this was a different order to many of its peers, it was the most effective approach.

The exploration of the hydrogen locomotive also demonstrates CPKC's capacity for innovation and conviction in its own ideas. When many of its peers were considering battery operated vehicles for decarbonisation, CPKC had concerns over their recharge time, infrastructure and reliability, instead focusing on exploring hydrogen alternatives. The company's early development of its hydrogen locomotive research means it is leading the field against peers: CSX has already ordered hydrogen hybrid conversion kits from CPKC, and Union Pacific recently ordered 20 yard-switching battery-driven locomotives. Development of hydrogen locomotives and compatible tender infrastructure (e.g. tender cars) now represents a significant business opportunity for CPKC.

CPKC also noted in our discussion that carbon taxes are an area of emerging complexity. The framework of existing carbon tax policies and the political uncertainty around them – such as ongoing political pressure in Canada to remove carbon taxes across different jurisdictions - make accounting for them extremely complicated. CPKC focus on advocating consistency as much as possible, while ensuring compliance across all areas of their business.

CPKC supports a number of peer collaborations on decarbonisation solutions. This includes a biofuel pilot (B-20) with other Original Equipment Manufacturers (OEMs) and working with the American Railroad Association (ARA) and the Railway Association of Canada (RAC) on advocacy, including presenting the benefits of railroad freight over road transportations.

Outcome: Overall, this was considered a positive update from the company. Whilst the recent merger has impacted its 2023 reporting and disclosures, the company is considered highly credible in its approach to decarbonisation and climate risk. This includes its general approach to setting a climate action plan along with specific decarbonisation initiatives, including the ongoing development and testing of the hydrogen locomotive. We look forward to reviewing the updated, combined-entity climate strategy once published.

Union Pacific - Environment

The company has a focus on the next ten years with specific short- and medium-term targets. Union Pacific (UP) confidently walked through the key areas of its short-term decarbonisation strategy that underpin the company's 2030 Science-Based Target initiative (SBTi) to reduce greenhouse gases (GHGs) by 50.4% (Scope 1 & 2 and Scope 3 absolute emissions from Purchased Goods and Services, capital goods and fuel- and energy-related activities) from a 2018 base year. Locomotive-related emissions account for around 90% of total emissions, so are the foundation of the climate action plan. Plans to reduce fuel use include an increasing use of alternative energy sources such as biofuels and hybrid locomotives (the latter may take some time to develop but is a medium-term option to deploy). Overall, there is a clear link between efficiency and reducing emissions, meaning the corporate strategy is reasonably well aligned; increase efficiency, be more profitable, and reduce climate impact.

The climate action plan is focused on absolute emissions, because UP believes that relative reductions have limited impact and may be unjustifiably flattering in an inflationary market. Other options for reducing emissions, beyond locomotives, include transitioning yard lighting to light-emitting diodes (LEDs) and exploring other 'green' energy options — but these only account for a small slice of the overall pie (approx. 2%).

UP's approach is based on the belief that if climate or emissions-related information/key performance indicators (KPIs) are known, then they should be reported. In fact, UP believes it reports more than other Class 1 runners (top-earning rail freight companies) in the industry.

Within the company's disclosure, UP felt it necessary to include fuel and energy-related activities, as they make up approximately 67% of the company's Scope 3 emissions. Purchased Goods and Services and capital goods were also included, bringing the total up to 81%. The company believe this was the best course of action as it would have been too challenging to split Purchased Goods and Services from capital goods. UP has also started to identify top emitters from the aforementioned categories. While the company acknowledges there is room for improvement in this regard, it is pleased with its progress and plans further improvements. For example, this is the first year that UP has included climate KPIs in the supplier scorecard which goes out to the top 47% of Tier 1 suppliers by spend (Tier 1 are the company's first priority suppliers). This will ask for an allocation of emissions by product – not just a spend-based estimate. It will also ask what action suppliers are taking on decarbonisation, which UP discusses at annual supplier engagements with senior executives represented.

Some family-owned businesses with smaller operations may not be in a position to provide certain information, but UP is taking an educational/supportive role in the hope it will help, and it is starting to see results. Secondly, some sectors are hard to decarbonise (e.g. cement and steel). There is of course discussion of new technologies and UP is supportive, but in many cases, this is still at a nascent stage. This is especially challenging for materials as it must be 'bullet proof' (i.e. extremely resilient) due to the long design life of railway infrastructure (50+ years).

The company confirmed that it does share information with peers and that there is an anti-trust exception when it comes to sustainability and decarbonisation issues (falling within 'safety') within the Association of American Railroads (AAR). UP believes it has a strong working relationship with members of the working group. The company cooperates on decarbonisation initiatives especially on interoperability across railroad regions. Examples include dividing biofuel testing plans for increased efficiency and working together on testing for hydrogen locomotives. Allowing multiple operators to test different iterations of new technology accelerates the overall pace at which these technologies can reach deployment at scale.

UP views its position as 'peer leading' in terms of the strength of its climate action mandate. Sustainability considerations are integrated within each department, meaningful it is more impactful than some peers using a more siloed approached. UP is pushing for more consistent and comparable reporting between the Class 1 railroads.

UP recently joined a nationwide network on biofuel for policy makers, helping to broaden the coalition across sectors. It also requires educating policy makers on the impact of certain policies on the sector. UP believe there is also a need to educate on the feasibility of different technologies, requiring carefully balancing cost and sustainability considerations for the most impactful policy. Interestingly, the company noted it is never asked about its TCFD disclosures, indicating that this may not be a disclosure priority in the US.

The company opted to undertake climate scenario risk analysis using its own bespoke climate scenarios, rather than industry-accepted/agnostic (e.g. those outlined by Intergovernmental Panel on Climate Change and Network for Greening the Financial System). UP stated its choice was influenced by the specific climate risks it is most concerned about – physical impacts to its structures, and indirect impacts on crop yields and regionality (i.e. impacts on its primary customers). It was concerned that existing climate scenarios do not necessarily accurately reflect the increasing risks – particularly in areas such as flooding, noting in recent years its infrastructure has been exposed to multiple so-called '100 year' flood events, which suggests models have underestimated the severity and frequency of these events. UP has learned that under its models, climate-related impacts to crop yields across the continental US vary but ultimately 'net out' – meaning any significant declines in one crop or region are balanced by gains elsewhere. The company considers the exercise to have been a useful one in furthering its understanding of potential climate impacts and will repeat the exercise in future.

Outcome: Overall, this was considered a positive update from the company. UP's knowledge and enthusiasm for the topic was credible and gave the impression of a company that really intends to do things in the right way. Points of strength include the setting of a 2030 SBT which has an absolute emissions focus with a broad scope. Climate action plans are carefully focused on areas that have the highest emissions, and the company appears to be both making significant investments and meaningful progress in these areas. The company will face challenges in achieving effective decarbonisation of its locomotive fleet, but its participation in industry collaborations and the resources it has deployed to date are indicative of the company being committed to decarbonising.

Waste Management - Environment

Waste Management's (WM) emissions footprint is unusual in that Scope 1 makes up the majority (89%). The company has made impressive progress in reducing emissions within this space with current Science Based Target initiative (SBTi)-validated targets to reduce Scope 1 and Scope 2 by 42% in accordance with 2021 baseline. WM has achieved a 12% decline since 2022, surpassing its annual target to decrease emissions by 4.2%. The company has identified landfill gas (methane) capture as the main lever in its decarbonisation and is investing over US$1.4bn to develop measurement systems and renewable natural gas facilities. To date, the company has invested in eight new or upgraded facilities, with the new renewable natural gas (RNG) facility at the Eco Vista landfill site being a prime example of this. To keep momentum, WM is deploying and testing new measurement technologies to ensure optimum gas capture can be achieved.

WM has been capturing methane gas for over 20 years and boasts the largest network of landfill gas-to-beneficial use systems. This effort has been largely driven by economic incentives, as there is a growing demand for RNG as an energy and fuel source. WM aims to capitalise on this demand wherever possible. To ensure maximum returns, WM seeks to improve collection efficiency through advanced methane emission modelling. It currently uses a Solid Waste Industry for Climate Solutions (SWICs) model to estimate emissions but is also developing proprietary models to ensure methane emissions are accurately captured over time. In addition to its "Find it, Fix it" programme, which identifies and addresses leaks, WM aims to integrate advanced monitoring technologies to track and mitigate fugitive emissions more effectively.

The company's captured methane (compressed natural gas (CNG), renewable natural gas (RNG)) has proven an economic and sustainability boon. The company is well on its way to reaching its 2025 target of transitioning its fleet to 70% CNG vehicles, including the objective for as much of the fuel used by these vehicles as possible to be WM-produced RNG. Beyond these targets, WM is distributing its RNG through its network of 200 CNG stations across the US, which also serve external fleets. This provides a new source of revenue generation. The US Environmental Protection Agency's (EPA) Renewable Identification Numbers (RINs) credit scheme allows WM to monetise its RNG further, allowing WM to receive and redeem credits on the CNG/RNG sold through its distribution network.

While the company's progress to date is impressive, we were interested in understanding plans beyond the near-term goals. We noted that the company does not have a long-term net zero ambition or target – its SBTi end date is 2031, and it has not committed to net zero beyond this. When asked about this, the company noted the technology feasibility barriers it sees in methane capture from landfills: it is unclear if there will ever be a 'zero-emission' landfill. It emphasised the company wants to make realistic, achievable commitments and that cost efficiency is a key driver in its business decisions. The company has said it will re-evaluate feasibility of further targets on reaching its existing goals.

We asked whether the company was evaluating the potential for electric vehicles (EVs) in its fleet. Although it has initiated some EV pilots, there are major concerns around reliability. EVs have been known to experience frequent breakdowns and reduced performance in extreme weather conditions; this would inhibit WM's ability to consistently provide its service. Additional issues around grid accessibility further bolster these reliability concerns. Moreover, the current EV landscape and technology poses significant costs. WM estimates two to three electric collection vehicles would be needed for every CNG vehicle, due to load and capacity reductions. As such, WM sees CNG vehicles as a good immediate alternative while EV infrastructure develops.

Outcome: WM appears to be capitalising on the climate opportunities in its operations, driven primarily by economic gains: the company emphasised its belief in market mechanisms to drive sustainability actions. This emphasis on cost efficiency hints WM may be more in the 'fair-weather follower' camp regarding its sustainability strategy – a suggestion supported by the company's lack of longer-term climate targets or planning beyond its CNG/RNG use. That said, the company's commitments and progress in reducing its emissions is commendable, and it is using the 'alignment of incentives' (renewable credits' monetisation, growing market demand) in the CNG/RNG space to its benefit. The company's cooperation with industry collaborations such as the Solid Waste Industry for Climate Solutions (SWICS) on increasing the accuracy and coverage of methane leak detection and capture in its landfills is a positive contribution to the emerging field of methane capture. It will be critical to monitor the company's forward movement on its climate targets beyond the mid-term targets it has set for 2026/2031.

HICL Infrastructure - Environment

Objective: To understand how ESG factors are incorporated into the portfolio. The governance surrounding this and material issues such as health and safety and climate change. The insights from this meeting will inform the categorisation of the holding within our proprietary responsible investment framework.

The fund currently holds an Article 8 classification as per the EU's Sustainable Finance Disclosure Regulation (SFDR). The fund is not seeking a label under the UK's Sustainability Disclosure Requirements (SDR). HICL prefers to await clarity on the legislation before making a commitment, mirroring its cautious strategy when obtaining the Article 8 label. The manager confirms that if the team were to apply for a label in the future, the 'Sustainability Focus' label would be the most appropriate.

Prior to committing capital, the manager conducts a screening against the manager, InfraRed's Exclusion Policy which applies across its mandates. A preliminary assessment of sustainability risks, opportunities, and impacts of climate change on risk is also undertaken, and this is then factored into the investment appraisal and risk mitigation strategy. InfraRed's policy explicitly excludes investments in carbon-heavy sectors such as coal, oil, and gas when not part of a transition to low-carbon alternatives. HICL specifically avoids funding assets that primarily focus on electricity production. Moreover, exclusions extend to sectors involving weapons, combat-related services, tobacco, alcoholic beverages, gambling, and adult entertainment.

The manager conducts two yearly ESG-related surveys of the underlying portfolio companies. One focuses on ESG-related aspects featuring 75 questions, including the information needed for Principle Adverse Impacts (PAI) disclosures mandated by SFDR. A second survey is focused on greenhouse gas (GHG) emissions data. There's also a continuous tracking of these metrics to check that there's no decline in the performance of sustainability KPIs (Key Performance Indicators). Often, the manager will have a board member position, at the company level, to guarantee the sustainability standards are upheld.

At present, a quarter of HICL's portfolio is at or in alignment with net zero. By 2030, the goal is for half of the portfolio to meet this standard. Additionally, by the same year, the aim is for direct engagement to cover 90% of portfolio company emissions. The management's approach is consistent with the Science Based Targets initiative (SBTi) methodology, and there is a commitment to achieve net zero across the entire portfolio by 2050.The primary challenge of its net zero initiative is the Public-Private-Partnership (PPP) projects, because clients maintain control over their climate strategy while the manager's role is to influence and encourage them to accelerate their efforts. Nonetheless, there's a limit to this influence.

Outcome: The discussion did not bring up significant concerns; HICL takes into account ESG-related factors throughout the investment process, both during due diligence and while holding investments. HICL has set ambitious net-zero goals, however, there is still concern regarding the Public-Private-Partnership (PPP) segment of the portfolio because management of these assets, and their alignment with net-zero aspirations, is limited to the intentions of the client. This engagement will inform our proprietary ESG rating for the trust.

Sequoia Economic Infrastructure Income - Environment

Objective: We attended a roundtable to discuss the ESG-related disclosures of the trust.

This roundtable discussion with the manager and the board about disclosures was very timely, considering the new Sustainability Disclosure Requirements (SDR) regulation implementation, which impacts how UK funds can discuss their ESG-related activities. Under the new legislation, funds can apply for various sustainable labels. SEQI is currently not seeking a label but confirmed that some adjustments will be necessary to align its disclosures with the new regulation.

Outcome: It was helpful to hear the trust's perspective on the new regulation and its implementation. We will monitor future disclosure changes.

Watts Water Technologies - Environment

Objective: The purpose of the meeting was to discuss Watts Water Technologies sustainability disclosures, mainly relating to its climate-related targets and gender diversity.

Watts Water achieved an impressive 60 % reduction in its lower emissions intensity in 2023 (Scope 1 and 2 emissions), exceeding its target of 15%. To further decarbonise, the company will be taking measures such as including more renewable energy at its sites, replacing inefficient or older facilities, and purchasing renewable energy credits. A core part of the Scope 2 reduction targets includes solar installation and purchasing adjacent property for construction of solar farms. Regarding Scope 3 emissions, the company aims to start disclosing from 2026, to meet the requirements of the European Union's Corporate Sustainability Reporting Directive (CSRD).

On the issue of sustainability disclosure, Watts Water appreciates the value of disclosing environmental data to CDP (formerly the Carbon Disclosure Project); however, it will not report to the CDP owing to current resource constraints. The company has committed to disclosing in line with CSRD, despite its headquarters being in the US. As 25-30% of operations are in Europe it is more straightforward for the company to comply with CSRD requirements on a global basis. Watts Water is also considering a commitment to setting climate reduction targets based on the credible Science-Based Targets initiative (SBTi). A decision will be finalised following an extensive review on whether this is feasible for the business.

The final discussion point was female board representation and gender diversity across the business. Watts Water Technologies has 33% female board representation, falling below the 40% recommendations set by the Financial Times Stock Exchange (FTSE) Women Leaders Review (we appreciate the company is not listed in the UK; however, we consider 40% to be best practice). To address this concern, the company highlighted it is prioritising board gender diversity by emphasising diversity credentials with its recruiters. The company has also set internal targets for diverse hiring and holds monthly meetings between the Chief Human Resources Officer and Chief Executive officer.

Outcome: The discussion on sustainability disclosures was useful as we were able to gain more context on the company's decision to report in line with the EU CSRD and not disclose to CDP. The company's board gender diversity falls slightly below our best practice expectations. However, the company is committed to improving this ratio and has set internal targets throughout the organisation to improve the number of leadership positions held by women.

Governance

Ashtead Group - Governance

Objective: We met with Ashtead to discuss recent changes to its 2024 remuneration policy. We aimed to gather more information on the long-term incentive plan (LTIP) for the Chief Executive Officer (CEO).

Our proxy advisor recommends voting against the remuneration policy and long-term incentive plan at the upcoming meeting, owing to concerns regarding the overall quantum. The company proposes to significantly increase the performance share unit and restricted share unit portion of the LTIP.

Ashtead highlighted that its 2024 renumeration policy is centred around competitiveness, specifically to remain competitive with US peers and pay/benefits norms. Whilst its primary listing is in London, the majority of management, operations, and business are largely based within the US which accounts for around 90% of its operational capacity and 98% of its overall revenue. Hence, Ashtead believes it is necessary to align its renumeration polices with US-market norms rather than that of the UK. A failure to do so may result in a decreased retention rate and challenges with recruiting top talent.

Outcome: Companies operating in global markets moving towards a US style of compensation policy is becoming more common. In this instance we decided to support both the remuneration policy and long-term incentive plan as the planned increase is in line with the company's US peers and the CEO's pay has only increased marginally in recent years.

International Public Partnerships - Governance

Objective: We met with Amber Infrastructure, the investment adviser of International Public Partnerships (INPP) to discuss the impact of the UK Sustainability Disclosure Requirements (SDR) on reporting. We also used this opportunity to discuss the impact of Sustainable Finance Disclosure Regulation (SFDR) and discuss an update on INPP's net zero engagement efforts.

INPP is a Guernsey-incorporated investment company, therefore like other oversea funds it is outside of the scope of SDR. Even if it is not subject to the anti-greenwashing regulation, the management team has reviewed and amended disclosures to make sure they are aligned to best practice.

The manager explained that given the uncertainty with the FCA guidance it has no intention of applying for a label at the moment, rather seeing how the landscape evolves before jumping in. If INPP were to go for a label it could be either Sustainability Focus or Sustainability Improver.

The trust is an Article 8 fund under SFDR. The manager considers the fund as a dark green or Article 8 plus— an informal term used within the industry indicating that the sustainable focus is going beyond the minimum requirements needed to obtain the label.

Finally, we spoke about the net-zero strategy, specifically on the Public-Private Partnerships (PPPs). These are public assets like highways or hospitals, owned by the government and managed by INPP. The challenge with these assets arises from long-term contracts that often last decades, containing strict clauses on management which may not cover decarbonisation. The manager, part of Infrastructure and Projects Authority (IPA), is working with the government to make contract amendments easier. It is also collaborating with local governments and lenders to permit in-contract retrofits; for instance, it recently installed solar panels at a school, a small win that paves the way for future retrofits.

Outcome: We will monitor any adjustments in the SDR approach and look forward to reviewing the updated disclosures for further details on net-zero progress and engagement efforts.

Monks Investment Trust - Governance

Objective: We voted against the chair's re-election due to his extended tenure, escalating a long-term engagement that began in March 2023.

In March 2023, we informed the board that we believed all directors should adhere to nine-year terms to ensure regular refreshment and maintain independence of thought. The chair, however, clearly stated that he does not view the nine-year term as a strict deadline for independence and expressed his desire to extend his tenure. We communicated to the board that while we would support this at the 2023 annual general meeting (AGM), insufficient progress on succession planning would lead us to vote against at the 2024 AGM. Thus, in August 2024 we emailed the board to notify them of our voting intentions.

A few days after informing the board of our intentions, the board announced that the chair would be stepping down in mid-2025. While this is a step forward, it still extends the chair's tenure by almost another year (around nine months). Consequently, we have decided to vote against the chair on this occasion.

Outcome: After a number of engagements on the succession and tenure of the board, the chair has announced that he will retire mid-2025. At the AGM c.7% of shareholders voted against his re-election.

Nike - Governance

Objective: We contacted Nike's investor relations to discuss various resolutions ahead of its annual general meeting (AGM). After this engagement, Quilter Cheviot decided to vote against management on a number of resolutions including the re-election of director John Rogers, gender-pay gap disclosure and sustainability reporting.

Nike's investor relations provided detailed context on the board's perspective, addressing specific concerns about director nominations, pay equity, and environmental targets.

Nike explained its dual-class structure, emphasising that it ensures equal voting and economic rights for Class A and Class B shareholders, despite our proxy voting provider's recommendation against director John Rogers. We consider instances where directors benefit from a multi-class structure (unequal voting rights) without any timeline or deadline to convert to ordinary shares to disadvantage other shareholders and will be placing a withhold vote (in the absence of the option to vote against) at these elections.

On the other points: Nike reiterated its commitment to pay equity, highlighting its global pay equity ratio and the representation of diverse groups, while arguing against the median pay gap proposal as less transparent.

Nike emphasised its commitment to sustainability and explained that its existing Impact Report already provides comprehensive information on its environmental targets, making a separate report unnecessary.

Outcome: We found the rationale to be uncompelling, therefore, we decided to vote against director John Rogers and will be supporting the shareholder resolutions regarding the gender pay gap and the request for disclosure of environmental target report.

Patria Private Equity Trust - Governance

Objective: To provide the chair and the manager with feedback regarding our views on board composition, effectiveness and responsible investment disclosures.

Overall, the board has both strong private equity (PE) experience and investment trust experience and meets required Financial Conduct Authority (FCA) diversity targets. We think the board is well resourced and effective.

We mentioned aspects of responsible investment that could be expanded. However, we note challenges with data in the private equity sectors, specially this portfolio, which has over 700 underlying companies. The manager is collaborating with private equity initiatives to standardise sustainability data, although he believes they have not achieved this yet.

We also noted that the chair has extended his tenure by an extra year. He is now planning to step down from the board after ten years, rather than the nine years considered best practice. The trust underwent a change of investment adviser over the past year and has confirmed that this extension will last only for one year. Considering the extenuating circumstances, we are happy with this decision.

Outcome: We are looking forward to reviewing the annual report for updated disclosures as well as updates on the board succession timelines.

Shearwater Group - Governance

Objective: To investigate independence and over-boarding concerns of the non-executive director and assess whether this presented grounds to vote against their re-election.

The non-executive director in question previously served as executive director and is a significant shareholder, calling into question his independence. The company highlights that whilst the non-executive director holds numerous board directorships and committee roles, he has demonstrable experience which provides significant value to the company. Additionally, while he sits in both the audit and remuneration committees, no other members sit on both committees. The Shearwater Group claim independence is, therefore, maintained to a high standard.

Outcome: While we appreciate the experience the director brings to the board, given he does not meet the best practice guidelines of independence, we decided to place an abstention vote on this re-election.

RI Reels

Insights into Quilter Cheviot's approach to responsible investment, as well as topical issues.

Proxy Season

Ramon Secades joins Kirsty Ward to discuss proxy season this year.

Watch vlog

Alternative Investment Trusts

Ramon Secades joins Kirsty Ward to discuss his second thematic engagement piece on alternative investment trusts.

Watch vlog

Cyber security

Kirsty Ward is joined by Nicholas Omale to discuss his latest thematic engagement piece on cyber security.

Watch vlog

Source of images: iStock

Overview

When we refer to the universe of holdings covered by our responsible investment approach this is what is included.

Activity	Universe
Voting	Discretionary holdings within the global equity and investment trust monitored lists where we have voting rights.
	Discretionary holdings in UK listed companies which are IM (investment manager) led ideas where we own more than 0.2% or £2 million of the market cap.
	MPS (Managed Portfolio Service) Building Blocks
	Climate Assets Balanced Fund and Climate Assets Growth Fund
	Quilter Cheviot Global Income and Growth Fund for Charities
	Quilter Investors Ethical Fund
	AIM Portfolio Service
	Quilter Investors ICAV Funds
Engagement	Centrally monitored holdings
	AIM Portfolio Service holdings
	UK holdings where we own more than 0.2% or £2 million of the market cap (governance matters only)
ESG integration	Centrally monitored holdings

We use the ISS proxy voting service in order to inform our decision making, however we do not automatically implement its recommendations. When we meet a company to discuss governance issues, the research analyst usually does so alongside the responsible investment team as we are committed to ensuring that responsible investment is integrated within our investment process rather than apart from it. As Quilter, we are a signatory to the Stewardship Code. In order to maintain our signatory status, we submit a Stewardship Code report to the Financial Reporting Council (FRC) every April. We have successfully maintained our signatory status for 2023.

UK STEWARDSHIP CODE

Where clients wish to vote their holdings in a specific way, we will do so on a 'reasonable endeavours' basis; this applies whether the investment is in the core universe or not, and also to overseas holdings. We have ensured that two clients were able to instruct their votes over the last quarter.

For information regarding our approach to responsible investment, including our response to the UK Stewardship Code and our voting principles, as well as more granular detail on how we voted at each meeting please visit our website **Responsible Investment | Quilter Cheviot.**

Responsible Investment at Quilter Cheviot

Active ownership and ESG integration – for discretionary clients
We vote and engage with companies and fund managers on environmental, social and governance (ESG) matters. Integrating ESG considerations into our investment process can have direct and indirect positive outcomes on the investments we make on behalf of our clients.

We take a more targeted approach for clients that want their portfolios to reflect their specific interests or preferences.

A Direct Equity Approach* - DPS Applied

The strategies harness Quilter Cheviot's research and responsible investment process, as well as data from external providers, to implement ESG factor screening on a positive and negative basis. To ensure more emphasis is placed on ESG risks beyond the firm-wide approach to active ownership and ESG integration which forms the basis of the Aware categorisation.

A funds based approach – Positive Change
A pragmatic approach that combines funds that invest with a sustainability focus or for impact, with funds managed by leading responsible investment practitioners. Meaningful engagement by fund houses with company management is prioritised over formal exclusions on the basis that engagement can encourage change where it is needed most.

Sustainable Investment – The Climate Assets Funds and Strategy**
Investing in the growth markets of sustainability and environmental technologies, with a strong underpinning of ethical values. The strategy is fossil fuel free and invests in global equities, fixed interest and alternative investments. Five positive investment themes are at the heart of the stock selection: low carbon energy, food, health, resource management and water.

Ethical And Values Oriented Investment – Client Specific

This is incorporated on an individual client basis, informed by their specific ethical preferences and values. These will vary from client to client and will focus on industry groups, industries or individual companies.

* For UK, North American and European equity holdings

** Climate Assets Balanced Fund and Climate Assets Growth Fund.

Glossary

Welcome to our comprehensive responsible investment glossary. We're aware the investment world is full of specialised terminology, so hopefully you'll find the following key terms and concepts will enable you to navigate the world of Environmental, Social, and Governance (ESG) more easily.

Active ownership (Stewardship): Investors actively use voting and engagement to influence the management of companies with respect to environmental, social or governance factors. Similar principles are also used by investors in other asset classes such as fixed income, private equity or property. This will also involve active participation in industry and peer group collaborative initiatives.

Annual General Meeting (AGM): An annual general meeting is a requirement for all publicly listed companies. This meeting, held annually, provides an opportunity for shareholders to vote on company decisions either in person or by proxy.

American Depositary Receipts (ADRs): An ADR is a negotiable certificate that evidences an ownership interest in American Depositary Shares. ADRs allow U.S. investors to invest in non-U.S. companies and give non-U.S. companies easier access to the U.S. capital markets.

Source: US Securities and Exchange Commission

Carbon footprint: The total amount of greenhouse gases (including carbon dioxide and methane) that are generated by our actions.

Carbon pricing: Operates by placing a fee on emitting and/or offering an incentive for emitting fewer carbon emissions. This may refer to the rate of a carbon tax, or the price of emissions permits.

Carbon pricing has emerged as a key policy mechanism to curb and mitigate the dangerous impacts of greenhouse gas pollution and drive investments towards cleaner, more efficient alternatives.

Source: CDP

Circular economy: The model of production and consumption which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.

Clawback (and malus): Incentive plans should include provisions that allow the company, in specified circumstances, to ensure that a recipient:

- forfeits all or part of a bonus or long-term incentive award before it has vested and been paid – this is called 'malus' and/or
- pays back sums already paid – this is called 'clawback'

Climate change: This refers to a change in the state of the climate that can be identified (e.g. by using statistical tests) and that persists for an extended period, typically decades or longer. Climate change may be due to natural internal processes or external forcings such as changed of the solar cycles, volcanic eruptions, and persistent anthropogenic (environmental change caused or influenced by people directly or indirectly) changes in the composition of the atmosphere or in land use.

This is one of the three Quilter responsible investment priorities.

Source: Intergovernmental Panel on Climate Change (IPCC)

COP: An acronym for 'Conference of the Parties' that can be used to refer to the meetings of countries as part of the United Nations (UN) Framework Convention on Climate Change (UNFCCC).

Disapplication of pre-emption rights: Existing shareholders do not have first refusal on new shares and therefore their holdings will be diluted.

Engagement: Investors enter into purposeful dialogue with companies, funds, industry bodies, and governments to discuss environmental, social, and governance related issues in order to gain more information or to encourage and achieve change. This may be in collaboration with other investors.

ESG (Environmental, Social, and Governance): The risks and opportunities related to ESG issues.

Environment - relating to the environment. Examples include resource, water and land use, biodiversity, pollution, atmospheric emissions, climate change, and waste.

Social - relating to the relationship between companies and people, such as their employees, suppliers, customers, and communities. Examples of social issues of interest to investors include health and safety, labour standards, supply-chain management, and consumer protection.

Governance - relating to the governance of an organisation, also referred to as corporate governance. Examples include board composition, executive remuneration, internal controls, and balancing the interests of all stakeholders.

ESG integration: Analysing ESG data to better inform investment decisions.

ESG screening: Ethical and values-oriented investment based on client requirements is incorporated on an individual client basis within the Discretionary Portfolio Service. This is informed by their specific ethical preferences and values and will vary from client to client and will focus on sectors, industries, or individual companies.

Executive director: These are directors who act perform managerial duties within a business. They are held to account by the non-executive directors.

Global Depositary Receipt (GDR): A Global Depositary Receipt (GDR) is a negotiable certificate held in a country's local banks representing title to a certain number of foreign shares. Non-domestic companies wishing to list on the local exchange must offer GDRs.

Source: Morningstar

Green bonds: Differentiated from a regular bond by being "labelled" i.e., designated as "green" by the issuer or another entity, whereby a commitment is made to use the proceeds of green bonds (i.e., the principal) in a transparent manner, and exclusively to finance or refinance "green" projects, assets or business activities with an environmental benefit.

Greenhouse gases (GHG): Greenhouse gases (GHGs) are carbon dioxide, methane, nitrous oxide, and ozone. They account for a tiny fraction of the atmosphere, but they are a critical part of the overall atmosphere composition as they play a significant role in trapping the earth's heat and warming our planet. Since industrialisation, GHG concentrations have rocketed, warming the planet at unprecedented rates. The major cause of the increase in carbon emissions has been the use of fossil fuels in producing energy.

Greenwashing: Greenwashing describes misleading or unsubstantiated claims made by businesses including investment firms about the environmental performance of their products or activities.

Human rights: Human rights are the rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

This is one of the three Quilter responsible investment priorities.

Just transition: Just transition is a framework to ensure the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically – be they countries, regions, industries, communities, workers, or consumers.

Lead independent director: The role of a lead independent director is to serve as an intermediary between the independent directors, chairman and chief executive officer. Where a company maintains a combined Chief Executive Officer (CEO)/chair position, a lead independent director can serve as an independent counterweight to an executive (non -independent) chair.

Long-term incentive plan (LTIP): A type of executive compensation that pays out usually in the form of shares company. The reward is linked to performance metrics and the pay-out will be calibrated in line with the achievement of these. The quantum of the pay-out is linked to multiples of salary.

Natural capital: Natural capital is stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, or minerals) that combine to yield a flow of benefits and ecosystem services to society.

This is one of the three Quilter responsible investment priorities.

NEDs (Non-Executive Directors): These are directors who act in advisory capacity only, however they should hold the executive directors to account. They are not employees of the company; however, they are paid a fee for their services.

Net zero: Achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gases are involved, the quantification of net zero emissions depends on the climate metric chosen to compare emissions of

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different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon).

Source: IPCC

Over-boarded: Where non-executive directors are deemed to have a potentially excessive number of non-executive positions and the concern is whether they have sufficient time to contribute to the board of a company.

Paris Agreement on climate change: The Paris Agreement was a global agreement to strengthen the global response to climate change. It was agreed in 2015 that the global temperature rise this century should be kept to well below 2°C above pre-industrial levels and ideally below 1.5°C.

Power of Attorney: An instrument used to bestow authority to act on someone's behalf.

Pre-emption rights: These give shareholders first refusal when a company is issuing shares.

Premium listing: This was previously known as a primary listing for the London Stock Exchange. A company with a premium listing is expected to meet the UK's highest standards of regulation and corporate governance.

Principles of Responsible Investment (PRI): The world's leading voluntary initiative on responsible investment. Launched in 2006 it now has thousands of investor signatories globally who commit to adopt six principles for responsible investment and report against these annually. Although voluntary and investor-led the PRI is supported by the United Nations.

Proxy voting: Where a shareholder delegates their voting rights to be exercised on their behalf. Often voting rights are delegated to investment managers who exercise votes on investors' behalf. Votes are used to express shareholder opinions to company management.

Responsible investment: A strategy and practice to incorporate ESG factors in investment decisions and active ownership.

Source: PRI

Restricted share plan (RSUs): Some companies (and indeed investors) prefer the use of these plans as opposed to LTIPs (see above). The idea is that this type of plan encourages long-term behaviours and does not have the same use of targets that you would see within an LTIP. Therefore, it is expected that companies which adopt such an approach award a lower amount than would be seen under an LTIP which has a variable structure dependent on performance outcomes.

Share blocking: This refers to a rule prohibiting shareowners from trading or loaning shares that they intend to vote for some period of time leading up to, and often following, the company meeting date.

Short-term incentive plan (STIP): A type of executive compensation schemed that seeks to align a proportion of overall executive pay with a company's short-term strategy. STI have a performance year of one year or less and are typically paid in cash but may also be paid in shares.

SID (Senior Independent Director): The SID position is taken by an independent NED. The SID often plays a critical role in ensuring communication channels are open between the board and shareholders.

Stranded assets: Stranded assets describe the assets on corporate balance sheets that could rapidly lose their value because of forced write-offs. An example of this would be fossil fuel reserves remain unburned.

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

Source: Financial Reporting Council (FRC)

Sustainability focused investment: Sustainability-focused investment is an investment approach that selects and includes investments on the basis they fulfil certain sustainability criteria and/ or deliver on specific and measurable sustainability outcomes. Investments are selected based upon the sustainable solutions that they provide, such as what a company produces or the services it delivers. Consideration is often also given to how the company or asset delivers those products and services. There are different methods for assessing the sustainability characteristics of an investment, many of which reference an established framework such as the UN Sustainable Development Goals.

Task Force on Climate-related Financial Disclosures (TCFD): The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.

Tender – bid waiver: This is the right to waive the requirement to make a general offer under Rule 9 of the Takeover Code, resulting in a request to procure a good or service to take place without public bidding.

The Shareholder Rights Directive II (SRD II): Establishes rules promoting the exercise of shareholder rights at general meetings of companies with registered offices in the EU and the shares of which are admitted to trading on a regulated market in the EU .The 2017 revision (Directive (EU) 2017/828) aims to encourage long-term shareholder engagement to ensure that decisions are made for the long-term stability of a company and take into account environmental and social issues. A notable requirement within this is for asset managers to report on their voting activity and shareholder engagement on an annual basis.

Source: EU Directive

Task Force on Nature-related Financial Disclosures (TNFD): TNFD was formed to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature related risks. The ultimate aim is to support a shift in global financial flows away from nature-negative outcomes and towards nature-positive outcomes.

Total shareholder return (TSR): Is a measure of the performance of a company's shares; it combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.

UN Sustainable Development Goals (SDGs): The 2030 Agenda for Sustainable Development adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 UN Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests.

Source: United Nations

Voting Rights: Shares in listed companies typically come with specific voting rights which can be exercised at the company's annual general meeting or extraordinary meetings. They can be used as a means of expressing the opinion of the shareholder about how the company is being managed. This is also referred to as proxy voting when voting rights are delegated, for example to investment managers who exercise voting rights on an investor's behalf.

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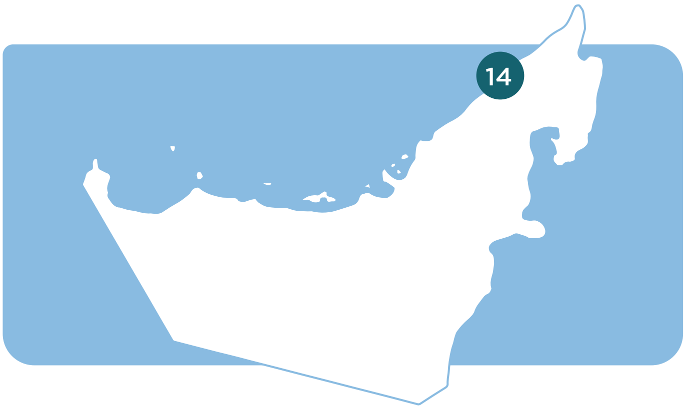
Our experts are here to help you



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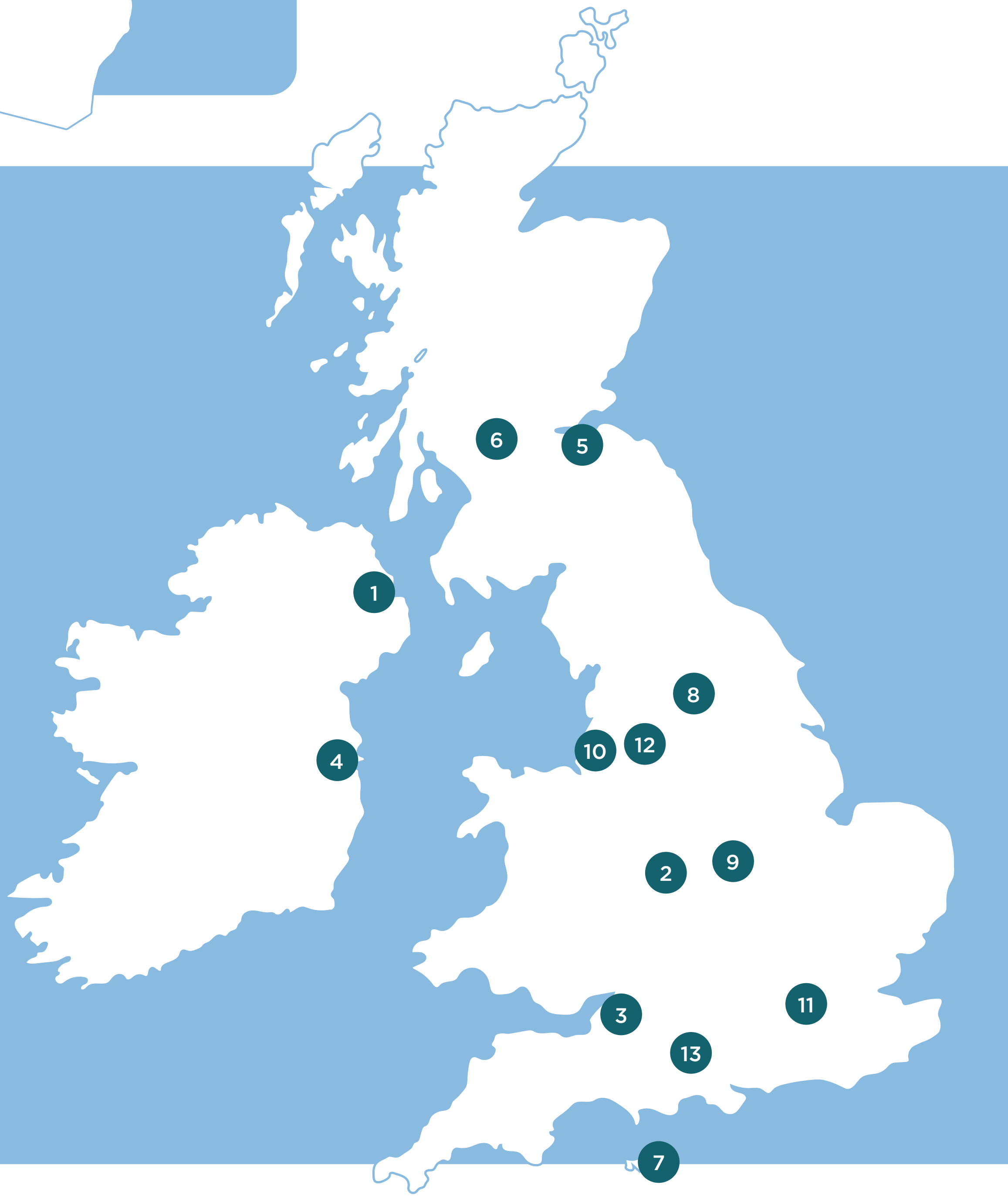

QUILTER CHEVIOT

SPECIALISTS IN INVESTMENT MANAGEMENT

Approver: Quilter Cheviot Limited 15 October 2024

QC000364_1 (10/2024)