Liontrust Sustainable Investment

ENGAGEMENT AND VOTING:

Annual Review 2023

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Contents

Harriet Parker leads and manages the engagement and screening activities of the Sustainable Investment team and liaises on engagement with clients.

Our approach to engagement and voting

Active ownership is integral to how our Sustainable Investment team ensures it invests in high-quality companies. Raising environmental, social and governance (ESG) issues with companies gives us greater insight and helps identify leading companies. Making specific requests for change can help foster greater ambition within investee companies and promote best practices, while voting at company AGMs further encourages better business and governance practices. In our experience, active stewardship challenges and encourages companies to proactively manage their business for the benefit of long-term shareholder value.

This Annual Review shows how our engagement covered a broad range of topics, from company-specific issues to driving ongoing improvements in areas such as companies' responses to the ongoing climate crisis and increasing gender diversity on boards. Engagement is a resource-intensive process, and our team conducts sustainability research alongside traditional financial and business fundamental analysis. This approach enables us to better target engagement on material issues and integrate it into our financial assessment of a company, maximising the information advantage that engagement can bring to analysis.

We meet companies face to face but also correspond directly through emails, calls, and letters. Depending on the specific issue, our interaction with a company might include senior management, sustainability teams or experts within the organisation. Typically, direct engagement with companies is initiated at our request and most often arises from questions or concerns we have as a result of our initial analysis of ESG issues, from ongoing monitoring of holdings on key sustainability issues or metrics, or relating to emerging issues, trends or controversies. We make specific requests for change where appropriate and aligned with the interests of the company, society and shareholders and routinely discuss traditional business strategy and financial topics with investee companies.

Companies we hold within the Sustainable Future funds are analysed at least once a year, although in practice this is done more frequently in line with our ongoing review of a stock's investment thesis and valuation. We actively engage with companies to encourage better management of ESG issues and assess all controversies using data from external research providers, and, when necessary, engage on issues of concern. Engagement also arises at the request of a company when we are invited to offer feedback or guidance on ESG policies and initiatives.

We engage collaboratively with other investors on initiatives that are aligned with the team's priorities and where we believe we are more likely to succeed collectively. In some instances, we lend our support to collaborative initiatives that can include targeting companies not held in our portfolios.

Finally, the team conducts considered annual voting for companies held in the portfolios and we are very active owners. Our voting policy is publicly available, and our voting decisions and rationale are also disclosed.

"It's hugely rewarding when a company releases its annual report and we see the issues we've been asking to be addressed, there in print, for all to see – and even better when a company has gone that extra mile, like adding impact metrics allowing us to see just how important their products are in achieving what our society needs."

HARRIET PARKER, INVESTMENT MANAGER

Meet the team

We have an 17-strong investment team that has been managing the Sustainable Future funds for 23 years. It has a mix of experience and youth and we further bolstered the team by adding two full-time investment analysts at the end of 2023.

A key differentiator is that all sustainable elements are fully integrated within a single team. We do not have separate fund management and ESG divisions for example, instead, every member is responsible for all aspects of financial and ESG analysis relating to an investment decision. Because of this approach, our team engages with companies across a broad range of issues relating to different stages in our investment process, including screening criteria, sustainable themes and company-specific ESG issues (details of which can be found throughout this Annual Review).

We also have a four-strong external Advisory Committee to provide another layer of expertise in key areas of social and environmental impact: Tony Greenham, Tim Jackson, Ivana Gazibara and Mark Stevenson (who was the latest member to join in 2023).

Equities

Peter Michaelis
Head of Sustainable Investment team

- MA in Physics from Oxford University
- MSc in Energy & Environmental Engineering from Sussex University
- PhD in Environmental Economics from the University of Surrey

- 24 years / 23 years

Simon Clements
Investment Manager

- BSc in Economics from the University of Newcastle, Australia
- Graduate Diploma in Applied Finance & Investment from Securities Institute of Australia
- CFA Charterholder

- 28 years / 15 years

Martyn Jones
Investment Manager

- MA in Management from the University of Glasgow
- CFA Charterholder
- MSt in Sustainability from the University of Cambridge

- 12 years / 10 years

Chris Foster
Investment Manager

- MA in Economics and Mathematics from the University of Edinburgh
- CFA Charterholder

- 11 years / 9 years

Harriet Parker
Investment Manager

- BSc in Economics & Management from the University of Bristol

- 20 years / 20 years

Mike Appleby
Investment Manager

- BSc (Hons) in Biological Sciences from the University of Edinburgh
- MSc in Environmental Management from Imperial College London

- 24 years / 20 years

"A rewarding aspect of our team is our integrated approach which leads us to hone in on the ESG issues that have the most relevance, so we engage with management of companies we invest in with a real sense of credibility. It takes time to do this extra analysis as well as to build trust with management teams; whether that's having difficult conversations with companies that until that point had a great track record, or when it is understanding the nuances of a particular vote before going against the grain to vote in a way that benefits long-term investors. It can be a challenge at times, but it is an incredibly important aspect of what we do and – personally – it's often one of the most satisfying too."

CHRIS FOSTER, INVESTMENT MANAGER

Harriet Parker leads and manages the engagement and screening activities of the Sustainable Investment team and liaises with clients on the team's engagement with companies. Mingming Huang assists in gathering and analysing engagement and voting data for the team. All team members conduct engagement and annual voting for companies under their coverage, and many are part of internal working groups that set objectives and company engagement targets for our proactive initiatives.

Academic background | Industry tenure / Team tenure

Equities (continued)

Mingming Huang
Portfolio Manager Assistant

- BSc Mathematics with Business Management from Queen Mary University of London

- 5 years / 5 years

Sarah Nottle
Investment Analyst

- BCom in Finance and Commercial Law and BA in International Relations from University of Sydney
- IMC
- CFA Level III candidate

- 6 years / 3 years

Ed Phelps
Investment Analyst

- BSc (Hons) Economics from University of Nottingham
- IMC
- CFA Level III candidate

- 3 years / 3 years

Linnea Bengtsson
Investment Analyst

- BA (Hons) in Chinese from University of Durham

- 5 years / <1 year

Fixed Income

Kenny Watson
Investment Manager

- BA in Accounting and Economics from the University of Strathclyde
- Chartered Accountant

- 27 years / 10 years

Aitken Ross
Investment Manager

- BSc in Accountancy and Finance from Dundee University
- MA in International Financial Analysis from Newcastle University
- CFA Charterholder

- 14 years / 12 years

Jack Willis
Investment Manager

- BSc in Mathematics with Finance from the University of Leeds
- MSc in Finance and Investment from the University of Leeds
- CFA Charterholder

- 10 years / 8 years

Connor Godsell
Investment Manager

- MA (Hons) Economics & Finance from Heriot-Watt University
- CFA Charterholder

- 7 years / <1 year

Hannah Muir
Portfolio Manager Assistant

- Studying for the IMC

- 9 years / 7 years

Nancy Kondelidou
Investment Analyst

- Bachelor of Laws (Hons) / MSc Law & Finance from Queen Mary University
- IMC
- CFA Level II

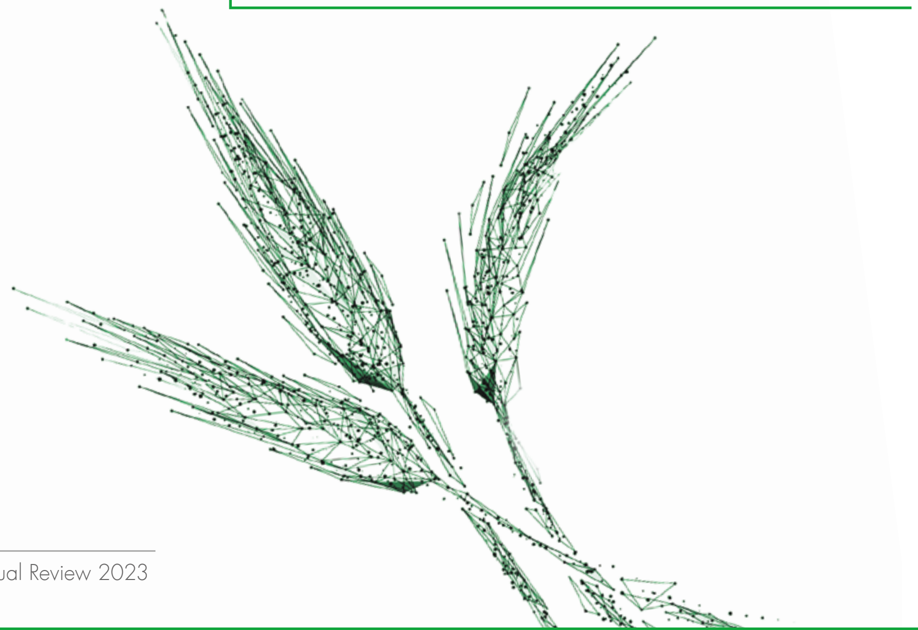
- 3 years / 3 years

Deepesh Marwaha
Investment Analyst

- BA (Hons) Economics & Human Resources from University of Strathclyde
- IMC
- CFA Level I

- 3 years / 3 years

Academic background | Industry tenure / Team tenure



Responsible Capitalism Team

Academic background | Industry tenure / Team tenure

Cindy Rose
Head of Responsible Capitalism

- MSc in Comparative Literature from the University of Edinburgh

- 25 years / 2 years

Katy Grant
Responsible Capitalism Manager

- MA (Hons) Modern European Languages from the University of Edinburgh

- 12 years / 2 years

Advisory Committee

Our sustainable investment team employs the services of an Advisory Committee which provides guidance and expertise in key areas of social and environmental impact.

Tony Greenham is the ESG Director at the British Business Bank, the UK's economic development bank providing finance for start-ups, scale-ups and small and medium sized businesses to transition to a net zero economy. He was previously Director of Economy, Enterprise and Manufacturing at the RSA (Royal Society of Arts, Manufactures and Commerce), where he led a programme of policy research into the future of work, social impacts of technology, green industrial strategy and economic democracy. He is a former corporate stockbroker and has written extensively on financial sector reform including the undergraduate economics textbook '*Where Does Money Come From?*'

Tim Jackson is Professor of Sustainable Development at the University of Surrey and Director of the Centre for the Understanding of Sustainable Prosperity (CUSP). Tim has provided consultancy and advice on sustainable finance to numerous governments, intergovernmental organisations, businesses and NGOs. From 2004 to 2011, he was Economics Commissioner on the UK Sustainable Development Commission, where his work culminated in the publication of the controversial bestseller Prosperity without Growth, which has been translated into 18 foreign languages. His latest book *Post Growth – life after capitalism* won the 2022 Eric Zencey prize for ecological economics.

Ivana Gazibara is a futures and systems change expert with more than 15 years of experience in sustainability strategy and innovation. She is currently working with the TransCap Initiative to build the field of systemic impact investing. Ivana has previously led Forum for the Future's futures practice, overseeing thought leadership projects, strategic foresight work with partners, and internal and external horizon scanning networks. She has also incubated and led The Futures Centre, the only open, participatory futures platform focused on tracking and making sense of change with the purpose of advancing a sustainable future. Prior to that, Ivana was part of SustainAbility's emerging economies team, working to build the organisation's practice in India and Brazil. Ivana has an MSc in Development Management from the London School of Economics and a BA in Peace and Conflict Studies from the University of Toronto.

Mark Stevenson is a strategic advisor to governments, investors, NGOs and corporates, and co-founder of Carbon Removals company CUR8. He helps organisations change the way they feel, think, invest, and operate in order to answer the intertwined questions the future is asking us – on climate change, inequality, the retreat of democracy and the failures of the markets to price risk properly. He is Global Ambassador for environmental law firm Client Earth and former strategic advisor on peace, national security, and climate change to the UK Ministry of Defence. He has written two best-selling books and has a hit podcast with comedian Jon Richardson and fellow systems change advocate Ed Gillespie (Jon Richardson and the Futurenauts).

"Being an active steward of our client's capital is central to our role as long-term investors. With our engagement and voting practices we want to partner with management teams and help them focus on the important factors that create sustainable value for all stakeholders, creating a more prosperous future for all."

MARTYN JONES, INVESTMENT MANAGER

2023 summary

Over the year, the team raised ESG issues and made requests for change with companies on a number of key environmental, social and governance (ESG) issues linked to our proactive engagement initiatives, including our 1.5 Degree Transition Challenge, where we are challenging companies across our funds to accelerate efforts to reduce their greenhouse gas emissions profile.

We also continued to encourage companies to participate in the 2023 Workplace Disclosure Initiative and engaged with a number of our financial holdings to see how they are contributing to the energy transition through areas such as lending practices and embedding ESG into their asset management operations.

Highlighting the scope of our activity in this space, we engaged on topics as diverse as sewer overflows, cybersecurity, the accessibility to communication services in developing nations, gene therapy risks, health and safety incidences, bribery and corruption, company culture and encouraging better impact metrics from companies and through our voting, we have seen continued progress on board diversity.

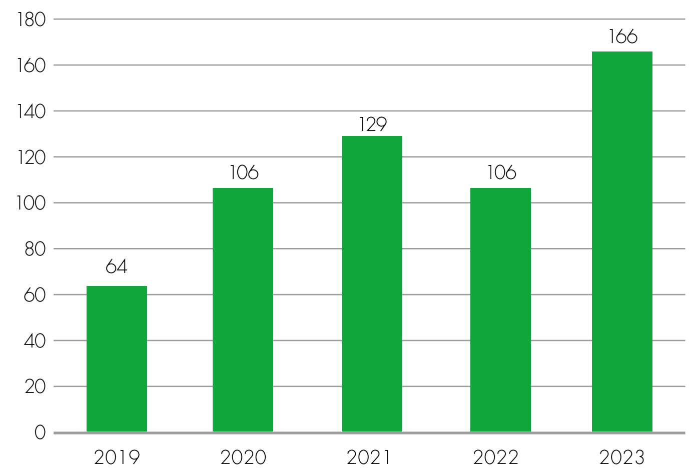
Since the SF funds launched 23 years ago, we have recorded our engagement with companies, monitored our success and reported on our activities to clients. Over 2023, the team met and corresponded with companies relating to four proactive engagement initiatives and company specific issues. The team made 166 specific requests for change with 128 companies on a number of key environmental, social and governance (ESG), strategy and financial topics. Of these requests for change, we have so far identified that 33% have been either actioned or committed to by companies and continue to follow up on ongoing requests. Of the requests for change that we made in 2021 and 2022, a further 12% have now been actioned or committed to over 2023 and we continue to follow up on outstanding requests over the course of 2024.

In 2023, we raised 417 ESG issues with companies; 58% of the issues we raised related to our proactive initiatives and 42% related to reactive issues. We met or spoke with 144 companies (in 215 meetings) on more traditional business strategy and financial topics.

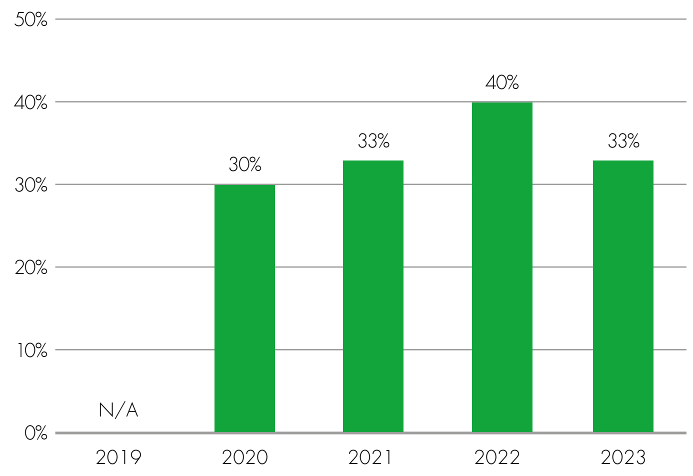
2023 Annual Engagement Summary Table

	2020	2021	2022	2023
# of Requests for Change	**106**	**129**	**106**	**166**
# actioned	23	40	42	48
# committed to	9	3	0	6
# ongoing	69	37	15	49
# failed	5	49	49	63
	2020	**2021**	**2022**	**2023**
% actioned	22%	31%	40%	29%
% committed to	8%	2%	0%	4%
% ongoing	65%	29%	14%	30%
% failed	5%	38%	46%	38%

of Requests for Change

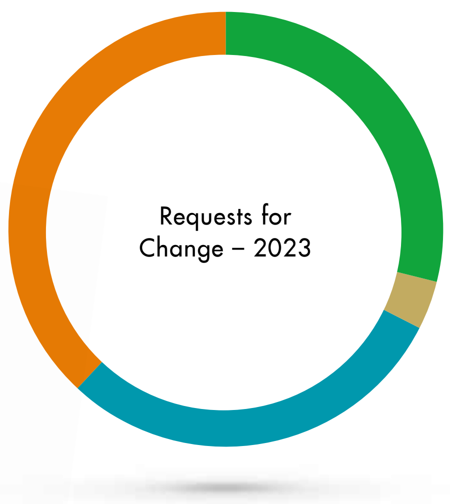


% of RFC actioned or committed to



2023

# Requests for Change	166	
% Actioned	29%	48 out of 166
% Committed to	4%	6 out of 166
% Ongoing	30%	49 out of 166
% Failed	38%	63 out of 166



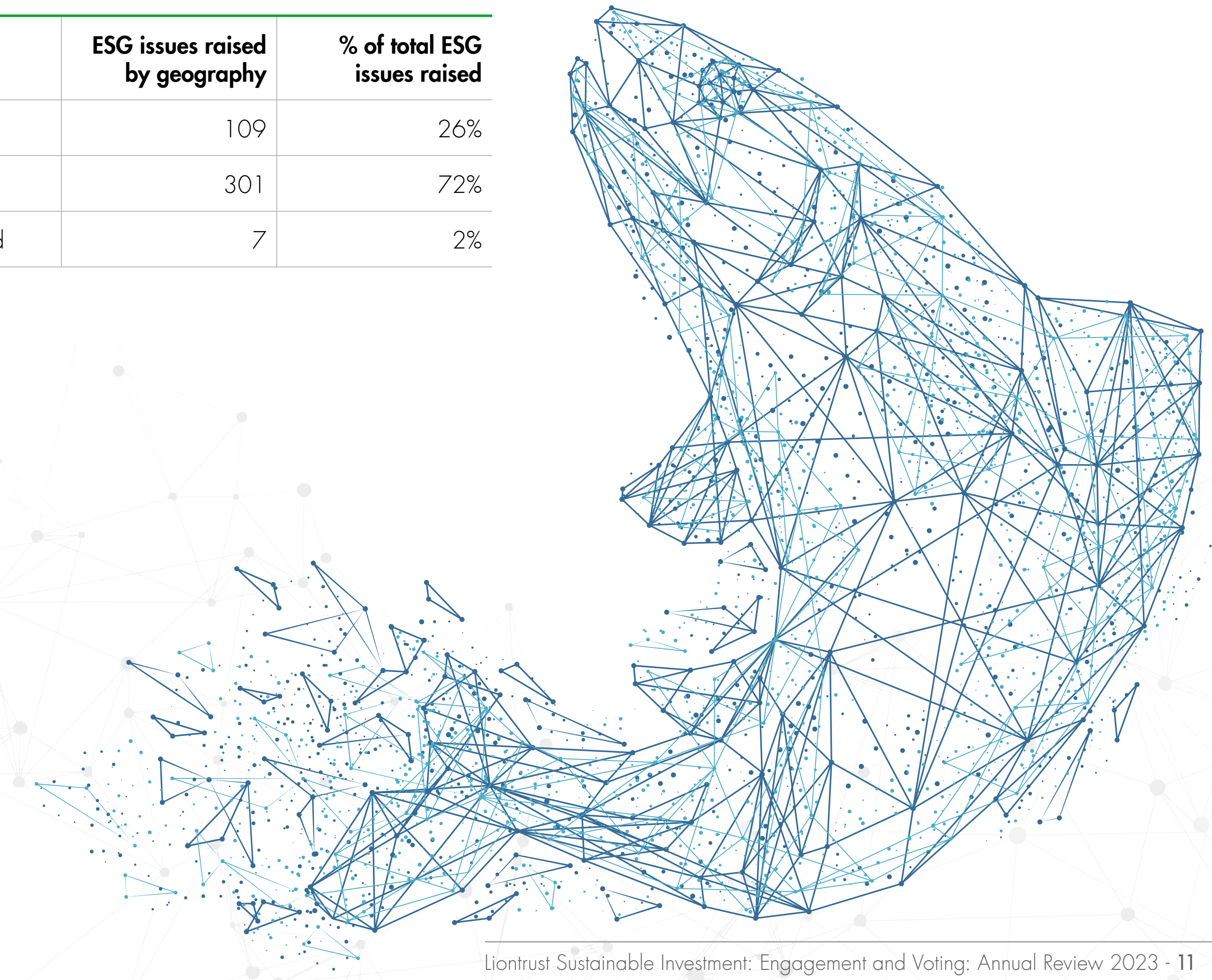
# Requests for Change	166
% actioned	29%
% committed to	4%
% ongoing	30%
% failed	38%

2023 Annual Engagement Summary Table

	2023	
# of companies (for total E, S, G, S/F raise)	254	
Face-to-face meetings/conference calls	353	
Emails	127	
Total number of ESG issues raised (E, S, G)	**417**	**with 204 companies**
Environmental	110	
Social	183	
Governance issues	58	
Corporate Governance	66	
ESG issues raised – priority initiatives	243	58%
ESG issues raised – reactive engagement	174	42%
# Strategy/financial issues raised	215 issues raised with 144 companies	
# Total E, S, G + S/F raised	632 issues raised with 254 companies	

ESG issues raised by geographical areas

	ESG issues raised by geography	% of total ESG issues raised
North America	109	26%
Europe	301	72%
Rest of the world	7	2%



2023 progress on proactive initiatives and next steps

At the end of 2022, we prioritised four proactive engagement initiatives in collaboration with our Advisory Committee for the year ahead. Below are some highlights across these areas.

In our experience, continued engagement over a longer period is more likely to achieve better outcomes than over a yearly reporting cycle, so engagement often builds on work that began in previous years.

Preventing irreversible damage from the climate crisis

Description	We said we would:	In 2023:	In 2024, we will:
To encourage companies to adopt strategies to reduce absolute carbon emissions at a rate consistent with limiting global warming to 1.5 degrees. We want to ensure companies can change in a timely, just and profitable way and have robust strategies and targets in place to achieve this.	• Continue to speak to investee companies about decarbonisation strategies and monitoring performance on near-term absolute emissions reduction targets, ensuring that we have engaged with the remaining companies that contribute towards 80% of fund emissions and asking for split gas accounting for methane where appropriate. • As part of the Net Zero Asset Manager Initiative (NZAMI), we have committed to reduce the direct emissions (scope 1 and 2) of all SF funds to emit 25% less by 2025 and 50% less by 2030 as compared to the fund benchmarks as at the end of 2019. This means monitoring our funds and disclosing data and our progress on NZAMI. • Increase the number of investee companies that are aligned with the Paris Accord. • Continue to challenge banks on financing the transition.	• The team raised this issue with 52 companies and made 12 specific requests for change in 2023, of which four have been actioned or committed to. We are focused on keeping up the pressure and continuing to assess the plans and performance of investee companies, highlighting examples of leadership and encouraging those that need to, to do more. • We will be disclosing data and our progress on NZAMI in Q2 SF fund Sustainability reports, however the majority of the SF strategies have exceeded 2025 NZAMI target.	• Continue to speak to investee companies about decarbonisation strategies and monitoring performance on near-term absolute emissions reduction targets. • Monitor our funds and disclose data and progress on NZAMI commitments to reduce the direct emissions (scope 1 and 2) of all SF funds to emit 25% less by 2025 and 50% less by 2030 as compared to the fund benchmarks as at the end of 2019. • Increase the number of investee companies that are aligned with the Paris Accord. • Continue to challenge banks on financing the transition.

Our 1.5C Transition Challenge launched in 2020, for which we asked companies to develop plans for absolute emissions reduction and to develop strategies for full decarbonisation. We target the top 10 emitters for each SF strategy and have engaged with 86 companies as part of the 1.5 degree challenge. The results have been revealing. Of the companies responsible for over 85% of the emissions in our portfolios, 60% have made meaningful, timely commitments to reduce emissions in line with the science and, of these, 53% were already involved with the Science Based Targets Initiative. And 36% had a commitment to a 1.5C pathway by 2030.

Of the companies in our portfolios, 48% (108 out of 227 entities held as at the end of December 2023) have or plan to commit to decarbonise their business in line with a science-based target (SBT).

Total entities in our portfolios as at December 2023	227	
Number of entities have or plan to commit to SBT	108	48%
# SBT targets set	82	76%
# Of 1.5C	77	
# Of 2C	1	
# Of well-below 2C	4	
# Committed to SBT	26	24%

Over the year, the team conducted a sector-wide engagement initiative across its bank holdings, covering 13 companies. The focus of the initial round of discussions was on companies' existing policies and exposures around financing the oil and gas sector, and specifically, new oil and gas exploration activities.

These discussions have enabled the team to understand better current company policies and to ascertain how well aligned these policies are with the team's objectives. The information received from this initiative is being used to refine investment eligibility criteria where necessary and to enable the team to make additional specific requests for change to further best practice.

Our 1.5 Degrees Transition Challenge

We are asking companies:

- To be more ambitious in emissions reduction targets to make their pace of decarbonisation consistent with what the science is telling us: requiring a 50% reduction in absolute emissions this decade.
- To show front-loaded timely targets for this: for example, a 50% reduction in direct emissions by 2030 based on a suitable baseline and a 25% decrease by 2025.
- To concentrate on reducing absolute emissions before considering offsetting at any large scale. We believe offsetting can be a distraction, and there are not enough legitimate carbon offsets of the scale required.
- To understand the largest sources of indirect (scope 3) emissions for their business and identify opportunities to reduce these aggressively.

Since beginning this initiative in early 2020 we have:

Contacted **105** companies overall

Met with **86** of these for detailed discussions about decarbonisation targets

So far, we have contacted 105 companies (up 48% from Sep 2021) overall on our 1.5 degrees challenge and engaged with 86 companies.

	Data as at September 2021	vs. Data as at December 2023	Relative
Contacted on 1.5 degree	71	105	48%
Engaged on 1.5 degree	57	86	51%

Below are the largest contributors to portfolio emissions which neither committed nor established targets for SBTs. (across all the SF funds as at the end of the first quarter of 2024):

Holding	Sustainable investment theme	What does the company do?
Alcon AG	Enabling innovation in healthcare	Alcon is an American-Swiss medical device company specialising in the design and manufacture of interocular lenses, consumables used in ophthalmic surgery and consumer contact lenses. It is the dominant player within implantable lenses and surgical consumables with 37% and 58% market share respectively, and the number two player in contact lenses with 22% market share.
Ashtead Group plc	Delivering a circular materials economy	Ashtead is the embodiment of the sharing economy, renting out industrial, commercial and general equipment across the US, UK and Canada. It maximises the utilisation of equipment that would otherwise sit idle for long periods, and offers assurance that equipment is serviced and maintained properly and is reliable. In doing so, it allows the businesses it rents to, to concentrate on their core competencies and to reduce their inventories of capital equipment.
CTS Eventim AG & Co. KGaA	Encouraging sustainable leisure	CTS Eventim is a live event ticketing company, that also promotes live music events across Germany.
Ferguson Plc	Building better cities	Ferguson provides sanitation equipment and infrastructure, water infrastructure equipment and extends the useful life of all this infrastructure.
Helios Towers Plc	Connecting people	Helios Towers owns and operates telecommunications towers and related passive infrastructure. The firm provides tower site space to large MNOs and other fixed wireless operators, which in turn provide wireless voice and data services to end-user subscribers.
Porvair plc	Improving the resource efficiency of industrial and agricultural processes	Porvair develops designs and manufactures specialist filtration and separation equipment.
Rentokil Initial plc	Enabling healthier lifestyles	Rentokil Initial helps to keep our urban environment clean and healthy by providing preventing pest infestations in businesses and homes and providing hygiene services.
TopBuild Corp.	Improving the efficiency of energy use	TopBuild is the largest installer and distributor of insulation products and related building materials in the US, with 410 branches spread across the US (235 installation and 175 distribution).
Trex Company, Inc.	Delivering a circular materials economy	Trex manufactures non-wood decking and railing products from waste wood fibres and recycled plastic, upcycling 400 million pounds of plastic each year from post-consumer waste. Although the products mimic wood, they require less maintenance and last longer.
Verisign, Inc.	Enhancing digital security	VeriSign is a provider of domain name registry services and internet infrastructure. The company enables the security, stability, and resiliency of key internet infrastructure and services.
Vonovia SE	Building better cities	Vonovia is a large European private residential landlord and the leading housing service provider in Germany, Austria and Sweden. It manages around 490,000 properties in total, helping to solve the housing shortages in the countries in which it operates by providing high quality affordable housing.

Source: SF funds' largest contributors to portfolio emissions (data as at 31 December 2023).

"It's important to remember that signing up to initiatives to reduce emissions, like the Science Based Target initiative, is an important initial step (which we encourage), but what's more important is: are there lower carbon alternatives that could majorly disrupt their business? How hard is it for them to get to super-low emissions and what can they do to produce the lowest carbon products and services and win business from that? Some businesses are going to find this huge transition much more of a threat than an opportunity, almost regardless of any initiative they have signed up to."

MIKE APPLEBY, INVESTMENT MANAGER

Case study: Ashtead Group PLC (B3)

Theme: Delivering a circular materials economy

Ashtead rents out industrial, commercial and general equipment mainly in the US, maximising the utilisation of equipment that would otherwise sit idle for long periods, ensuring it is serviced and properly maintained.

The team reiterated its previous request for Ashtead to set targets and reduce absolute emissions in line with limiting global warming to 1.5 degrees and for a clear strategy to do this with near-term targets.

Ashtead faces a significant challenge when it comes to electrification of its fleet because of a lack of planned charging infrastructure and upgrades to substations in the US. On near-term science-based targets, the company does not believe that the necessary electric charging infrastructure capacity will be in place, so has been unable to commit to these targets. The company will use a qualitative statement rather than targets for Scope 3 emissions and focusing on customer demand, given too much is currently outside its control. The company noted that its sustainability representative is the Chair of the European Rental Association and is currently focused on furthering industry-wide Scope 3 guidance and assumptions.

The company's trials with hydrotreated vegetable oil as a sustainable fuel for HGVs are going well but supply and sustainability are not guaranteed. It is partnering with its equipment suppliers to develop electric and more efficient and lower-impact machines.

Although a high emitter, the growth of Ashtead's business means a move towards rented equipment and away from owned equipment, which results in significant emissions savings as well as safety improvements. Ashtead states that one JCB mini excavator rented out replaces the need for 10 owned ones, saving the equivalent of 32.5 tonnes of CO2e (equivalent to the annual emissions of seven cars).

The team requested data to demonstrate better the positive impacts of more of its rental products and services vs. owned equipment and is reassured that Ashtead is working on the analysis and the methodology needed to credibly demonstrate the merits of its offering to its customers. Ashtead has committed to updating the team on this work in 2024.

Case study: Trustpilot Group PLC (B3)

Theme: Connecting people

Trustpilot is an independent digital review platform for consumer reviews and insights, addressing the 'trust gap' on the internet. Its mission is to improve trust by connecting consumers and businesses and enabling independent communication to help consumers shop with confidence and enable businesses to improve their offering from data insights.

The team requested that Trustpilot reduce absolute emissions in line with the team's 1.5-degree transition challenge and discussed the progression of targets.

In a focused follow up meeting, the team was informed that the group has appointed a consultant to help better define emissions and the group described its carbon emissions profile in detail along with its system to track emissions data. The team learned that emissions predominantly come from business travel and procurement, with nearly half of emissions generated from procurement where only 9% of its suppliers have science-based targets. As such, the group will aim to use suppliers that are signed up to the Science Based Targets Initiative (SBTI). When it comes to other emissions, Trustpilot uses AWS servers, which accounts for about 6% of emissions (AWS has a 100% renewable target by 2025).

Corporate TCFD reporting and Climate Transition Plans were also discussed, as well as the responsibilities for implementing the group's strategy on this topic.

Trustpilot has made significant progress since the team first began to engage on this issue and the team welcomes the company's validation of SBTi, likely due in H1 2024 (with credible IFRS disclosures by March 2025). The team is reassured that the group has a sufficient plan underway to meet the 1.5-degree transition challenge.

Case study: Trex Company, Inc (B3)

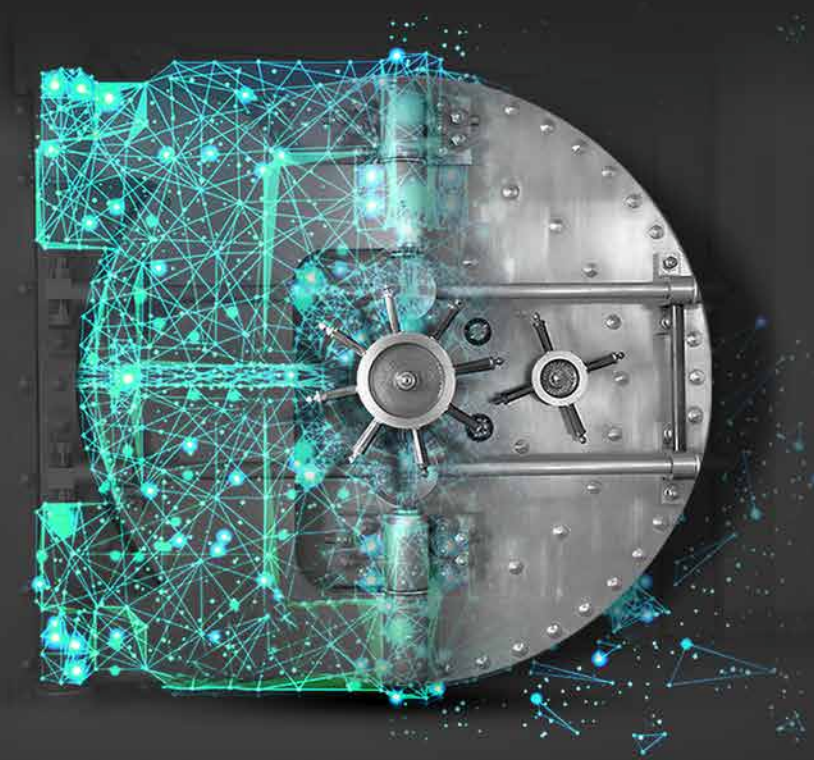
Theme: Delivering a circular materials economy

Trex manufactures non-wood decking and railing products from waste wood fibres and recycled plastic, upcycling 400 million pounds of plastic each year from post-consumer waste.

The team raised concerns that Trex has yet to introduce emissions reduction targets and strongly urged the company to set and disclose absolute emissions reduction targets, as well as asking about internal targets. The team discussed the barriers the company faced in setting and achieving targets and the group's responsibilities for setting climate strategy and emissions reductions.

Trex explained that it is in the early stages of reporting and feels the pressure to set absolute reduction targets but won't do this until it's been through the correct process. The group will most likely share targets in 2025.

The team requested that Trex report on the split of emissions between transportation and manufacturing which the group will consider doing. On Scope 3 emissions, the team requested that the group report on this in 2024. Trex noted that it appreciates the team's challenge on this topic, noting that it helps push this forward internally.



Case study: Banking sector

Initiative: Financing oil & gas exploration

Over 2023, the team engaged on climate also conducted a sector-wide engagement initiative across its bank holdings. The focus of the initial round of discussions was on companies' existing policies and exposures around financing the oil and gas sector, and specifically, new oil and gas exploration activities.

These discussions have enabled the team to better understand current company policies and to ascertain how well aligned these policies are with the team's objectives and also helped to establish which holdings will likely be most progressive in managing this exposure in the coming years. The information the team received from this initiative will be used to refine investment eligibility criteria where necessary and to enable the team to make specific requests for change to further best practice.

Thirteen companies were included in this initiative: Banco Santander, S.A, Barclays PLC, BNP Paribas S.A., BPCE SA, Cooperatieve Rabobank U.A., Credit Agricole SA, HSBC Holdings Plc, ING Groep NV, Investec Plc, Lloyds Banking Group plc, NatWest Group Plc, Societe Generale S.A., Standard Chartered PLC.

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Preserving and restoring nature

Description	We said we would:	In 2023:	In 2024, we will:
To engage with investee companies to encourage better information and reporting of natural capital impacts from their activities, products and services, as well as policies and programmes that preserve and restore nature and promote biodiversity. We will also engage to understand better companies' dependencies on natural capital and how this might impact financial returns.	• Explore and decide on collaborative initiatives related to nature and biodiversity. • Use external tools and data to better assess nature-related risks within our portfolios. • Continue to select high-impact companies to target, including water companies. • Look to sign up to the Finance for Biodiversity Pledge.	• The team engaged with investee companies to encourage better information and reporting of natural capital impacts from their activities, products and services, and from policies and programmes that preserve and restore nature and promote biodiversity. This allowed the team to better understand companies' dependencies on natural capital and how this might impact financial returns Over the year, the team made 11 requests for change relating to this topic, all of which are still ongoing. • The engagement has also been helpful in ascertaining how prepared investee companies are for reporting through new disclosure recommendations such as the Taskforce for Nature-related Financial Disclosures (TNFD). • The team explored collaborative initiatives and decided to participate in engagement with other investors through the Nature Action 100 initiative. The Sustainable Investment team joined investor groups for three companies – Smurfit Kappa PLC, Unilever PLC and Roche SE. • We met with all six water companies where bonds are held across our range of fixed income and managed funds. The focus this year was four key areas – companies' environmental performance; the strategy to markedly improve this; managing biodiversity; and strengthening the link between environmental performance and remuneration. Severn Trent stands out as a clear industry leader, with close and explicit links between environmental performance and remuneration throughout the organisation. However, having failed to convince the team on the pace of its environmental improvements, we sold Thames Water. • The team assessed external tools and data to better assess nature-related risks within our portfolios.	• Engage with other investors through Nature Action 100 collaborative initiative. • Continue to explore data and tools to help us better analyse and assess nature related impacts and dependencies.

UK water companies

Over 2023, the team met with all six UK water companies where bonds are held across its range of fixed income and managed funds, building on its engagement with these companies over 2022. To note, the team has only held bonds in water companies, rather than equity investments. This is because we believe these bonds can better support the investment in water companies' infrastructure which is so vital for future performance and sustainability. The risk profile for equity holdings in water companies also currently falls outside of our risk appetite. The focus this year was four key areas – companies' environmental performance; the strategy to markedly improve this; managing biodiversity; and strengthening the link between environmental performance and remuneration.

To see the improvement investors and broader society want in UK water management will require substantial investment and, as said, the team's holdings in the better managed UK water company bonds will support this much needed investment. The team continues to speak with stakeholders outside the water industry to get a more balanced view on companies' performance and where priorities lie.

Overall, of the UK water companies, Severn Trent stands out as a clear industry leader, with close and explicit links between environmental performance and remuneration throughout the organisation. This business is proactively managed and has the best environmental performance of the group – which, as an industry, is widely accepted as being in dire need of improvement.

This analysis is being used to inform sustainability assessments, which are likely to influence investment decisions as the team ensures it invests in only the better managed companies. Position sizes and exposure are being adjusted accordingly based on our takeaways from the engagement to ensure we are best positioned for upcoming catalysts in the space, such as Ofwat's draft determination and the Environment Agency investigation.

Case study: Anglian Water Group Ltd. (B4)

Anglian Water Group

Theme: Improving management of water

Anglian Water had strong biodiversity measures in place before the release of the Taskforce for Nature related Financial Disclosures (TNFD), taking a nature-first approach to works and projects. The team requested that the company report to this standard and Anglian signalled that it is working towards this, noting the biggest challenge is around the net biodiversity gain.

On the innovation front, the company displayed an interest in the team's suggestion of an investor-led quorum that brings together water companies, regulators and third-party stakeholders to discuss strategies that can help deliver positive outcomes.

The team also discussed the importance of the link between environmental performance and remuneration. The team also requested clarification to the company's remuneration policy to better enforce the link between these two elements.

Case study: Severn Trent PLC (B2)

SEVERN TRENT

Theme: Improving management of water

The team was encouraged by the performance from Severn Trent which is the leader in this sector, having attained the highest four-star rating from the Environment Agency for its environmental performance, as well as a leading position from the regulator, Ofwat. That said, the team is still looking for meaningful improvements on four key areas.

The company is also ahead of the curve in capital expenditure, with innovative net zero sites to be operational ahead of peers, and collaborative projects with both domestic peers and international.

On managing biodiversity, the team discussed TNFD and asked the company to report to this standard. The company committed to this, expecting to report in line with the recommendations by 2025, but pointed out that reporting is still somewhat in flux.

On remuneration and incentives, Severn Trent has stretching targets in place for annual compensation, which now makes up 30% of variable pay. This has been increasing and is expected to continue. The team requested further clarification to its remuneration policy to better enforce the link between these two elements, acknowledging that Severn Trent is leading the UK water sector in this regard.

> "More than half of the world's economic output – $44 trillion of economic value generation – is moderately or highly dependent on nature. Nature loss therefore represents significant risk to corporate and financial stability."

TASKFORCE FOR NATURE-RELATED DISCLOSURES (TFND)

Case study: Thames Water Utilities Finance PLC (B5 DIVESTED)

Theme: Improving management of water

Thames Water is the largest water and sewerage companies in England and Wales, providing drinking water and sewerage services.

In its meeting with Thames Water, the team concluded that the company appears well-prepared to implement the TNFD recommendations and has a biodiversity net gain policy. Despite challenges related to the highly urbanised location of its assets, it is still conducting many biodiversity improvement projects, including ones at freshwater streams and wetlands.

However, the company failed to convince the team on the pace of its environmental improvements; its ambitious plan seems contingent on high allowed returns being set by Ofwat, and subsequent shareholder equity following that.

Thames Water is clearly investing significantly to improve the environmental impacts of its water assets and improve biodiversity, however the Thames Tideway Tunnel project (to improve water quality and create significant capacity, due to be operational by 2025) only impacts just over 10% of Combined Sewer Overflows (CSO) in the Thames network. The pathway to improvement for the significant number of CSOs outside of the Thames was less clear. Although the company links environmental performance and remuneration, the team requested that the company better align incentives with environmental performance which the company has said it will investigate.

Case studies covering other themes

Case study: Smurfit Kappa Group PLC (B1)

Theme: Delivering a circular materials economy

Smurfit Kappa is the number one cardboard box manufacturer in Europe and benefits from the move away from plastic to recyclable and biodegradable cardboard packaging.

The team has been selected to join the investor group for leading engagement with Smurfit on the Nature Action 100 (NA100) collaborative initiative. The team met with Smurfit Kappa to explain its involvement and ascertain the extent to which the company believes it meets the NA100 investor expectations. The team also asked about some of the biodiversity frameworks that the company uses to report on how it manages nature risks. Smurfit has already responded to NA100 and the company has a longstanding position of disclosing on key areas like biodiversity impacts as part of its materiality assessments. Smurfit's impacts have been reviewed and targets have been assigned so the company is likely to have already satisfied some of the NA100 investor expectations. The team expects that, in time, Smurfit will be a leader in terms of TNFD reporting.

The team also asked the group about its 'double materiality' framework conducted by a big accountancy firm and was given some examples, which reassured the team that Smurfit Kappa is truly analysing its dependencies on nature. The company has a number of targets already in place and many are tied to incentives; ESG objectives are incorporated into a revolving credit facility and five targets need to be met to get the best margin. Forest targets are also part of executive remuneration. Performance against KPIs is considered by the Board twice yearly. Board members include policy experts and ministers, academics and ambassadors, and ex- management of FMCG companies.

The team encouraged the company to look more closely at the Science Based Targets for Nature (SBTN) and freshwater targets. It will also be looking at what specific requests for change it can make alongside other investors through the NA100 initiative which begins in January 2024.

Case study: Iberdrola SA (B2)

Theme: Increasing electricity from renewable sources

Iberdrola is a leading global utility company, with a clear strategy focused on the energy transition.

The team met with Iberdrola to encourage the group to align its reporting with TNFD, following the launch in September of the reporting framework's final recommendations and guidance. Iberdrola has an ambitious biodiversity plan which targets having a net-positive impact overall on biodiversity by 2030 and the team was reassured to hear that the company will publish a TNFD-aligned report by Q2 2024, ahead of peers. The company intends its reporting to be applicable to all its operations worldwide but is being realistic around both the level of supplier involvement with the plan and the water reduction targets it can achieve. Iberdrola noted that its long-term goals for the company align with and improve biodiversity measures such as those for water usage, as the group moves away from intensive usage of thermal units to more sustainable areas like green hydrogen.

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Case study: AstraZeneca PLC (A3)

Theme: Enabling innovation in healthcare

AstraZeneca is a pure play biopharmaceuticals company, with a focus on oncology, diabetes, CNS disorders, cardiovascular, autoimmune and respiratory disease.

AstraZeneca publicly commits to biodiversity targets and has a pharmaceutical and water policy. The company operates an 'impact dashboard' across the life cycle of its products and monitors medicines and the impact on the aquatic and external environments. AstraZeneca has a biodiversity action plan on its operational sites; the team asked for an example of what the group has done and were shown some examples on the group's website. AstraZeneca aims to engage with external stakeholders and put in place concrete risks and commitments on agriculture and marine materials. The team requested that the company links executive remuneration with net zero and nature-related goals and were told that this would be appropriate, over time.

Case study: Equinix (B2)

Theme: Improving the efficiency of energy use

Equinix operates data centres globally, providing the backbone to the functioning of the digital economy, which can help with improvements in the real economy. Equinix is at the forefront of innovating and driving technologies that increase the efficiency of data centres.

Equinix's CDP Water Security submission has not been made public, so the team requested the company share this with investors. The team also raised concerns that the company is behind on reporting water consumption data water use, despite water consumption being a material environmental issue given its use in cooling data centres. It requested that the group commits to reporting on its consumption, on water stress, and on release water management targets. The company said it would follow up on these requests.

Equinix explained that water has increasingly moved up on its materiality matrix and that the group is now turning attention to water usage to inform its water management programme. Water stress is also a recent part of this, so the company is in the data collection phase across its global portfolio. In addition, the team requested facility level water accounting, which the group stated was not yet published in its CDP water submission.

The team reiterated these requests during another meeting later in the year, also asking that the company align reporting with TNFD reporting and look at SBTN targets for freshwater consumption.

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Ensuring worker wellbeing

Description	We said we would:	In 2023:	In 2024, we will:
How companies manage and look after their workforce through direct operations and workers further down their supply chains can directly affect corporate reputation and overall business performance. We will engage to encourage companies to offer decent work and pay living wages and to ensure they mitigate risks, protect workers' rights and maximise the opportunities to support employees. We will also encourage companies to use their influence to drive forward best practice further down their supply chains. Engagement will cover companies' response to and management of the pandemic, including workforce adaptation, Covid-19 safety, redundancies and supply chain impacts.	• Request investee companies complete the WDI 2023 Survey. Increase the proportion of investee companies participating. • For companies that responded in 2022, encourage further disclosure in areas where it was lacking. • Use 2022 WDI data to engage with investee companies where there are specific opportunities, such as where are there gaps in reporting relative to peers, performance weaknesses or areas of concern. • Discuss how companies are helping workers though the current cost of living crisis.	• While there has been recent progress made in workforce-related reporting, there remains a lack of meaningful data around corporate workforce and supply chain practices. As a signatory to the Workforce Disclosure Initiative (WDI), which currently has the support of 56 investor signatories and manages over $9.5 trillion in assets, we are engaging with companies to improve corporate transparency and accountability on workforce-related issues. • Over 2023, the team requested 98 companies to participate in the WDI. Of these, 42 (43%) participated. The team was cited as a leading contributor to the initiative, coming second out of 20 active investors in terms of the number of companies it engaged with. • Companies who complete the WDI survey are making three times as much data available than the companies who don't complete the survey. We are in the process of assessing the 2023 data to look at reporting gaps and engage on any areas of concern.	• Support the WDI as it moves over to the Thomson Reuters Foundation and moves the submission window over to earlier on in the year, requesting the majority of investee companies submit data via the WDI 2024 Survey.

The Workforce Disclosure Initiative (WDI)

The Workforce Disclosure Initiative was set up by ShareAction and funded by the UK's Department for International Development. Over 60 institutions with $10.5 trillion in AUM are asking companies to provide more information on labour practices to identify badly managed workforces that are vulnerable to shocks. The WDI has now transferred to the Inclusive Economies department of the Thompson Reuters Foundation.

Overall, 42 investee companies participated in the 2023 survey, equating to 19% of companies held across the funds (out of 227 entities held as at the end of December 2023). 15 of these received a special mention for their transparent disclosure in 2023.

We believe that how companies manage human capital in their direct operations, as well as workers further down their supply chains, can affect long-term success. Our team will engage to encourage companies to offer decent work and ensure they protect workers' rights and maximise opportunities to support employees. We will also encourage companies to use their influence to drive forward best practice further down their supply chains.

"People are the most important and valuable asset to any business, and understanding culture and shared values within an organisation is imperative if you want to gauge how successful a business will be."

SIMON CLEMENTS, INVESTMENT MANAGER

WDI Awards 2023

Five companies held across the funds were runners up with their overall disclosure scores. Iberdrola, Softcat, Unilever were runners up with an overall disclosure score of 96% and Telefonica and United Utilities were also runners up with disclosure scores of 90% and 89% respectively.

Standard Chartered won the 'Contingent workforce data' category and was also a runner up with an overall disclosure score of 95%. Smart Metering Systems was cited as a runner up for the Best first time responder and ConvaTec was a runner up for Most improved responder. A further 25 companies held in the funds received special mentions for their disclosure.

The following is a list of companies held in the funds that completed the WDI survey in 2023 following engagement. Another 20 companies declined to participate and 36 either did not confirm or reply.

Organisation Name	2023 Response Status
AstraZeneca	Responded
AT&T Inc.	Responded
BNP Paribas SA Class A	Responded
Cellnex Telecom S.A.	Responded
Compass Group PLC	Responded
ConvaTec	Responded
Crédit Agricole	Responded
Croda International Plc	Responded
Direct Line Insurance Group Plc	Responded
GlaxoSmithKline plc	Responded
Helios Towers Plc	Responded
HSBC Holdings Plc	Responded
Iberdrola SA	Responded
Infineon Technologies AG	Responded
InterContinental Hotels Group PLC	Responded
Intuit Inc.	Responded
Investec Plc	Responded
Lloyds Banking Group plc	Responded
London Stock Exchange Group plc	Responded
M&G (Prudential plc)	Responded
Mobico (National Express Group PLC)	Responded

Organisation Name	2023 Response Status
National Grid plc	Responded
NatWest Group Plc	Responded
PayPal Holdings, Inc.	Responded
RELX PLC	Responded
Sartorius Stedim Biotech SA	Responded
SEGRO	Responded
Severn Trent Plc	Responded
Sika	Responded
Smart Metering Systems	Responded
Snam S.p.A.	Responded
Societe Generale	Responded
Softcat Plc	Responded
SSE Plc	Responded
St. James's Place Plc	Responded
Standard Chartered Plc	Responded
Telecom Plus	Responded
Telefónica SA	Responded
Unilever PLC	Responded
United Utilities Group Plc	Responded
Visa Inc. Class A	Responded
Vodafone Group Plc	Responded

Increasing corporate diversity

Description	We said we would:	In 2023:	In 2024, we will:
We believe companies that are more diverse are better able to prosper over the long term so we will engage and vote to encourage greater diversity. We look for gender and ethnic balance at a board level, senior positions and within the workforce, as well as at efforts to increase transparency and reduce pay gaps.	• Continue to engage with and/or use voting rights to encourage greater board diversity where it is lacking.	• Voted against or withheld support on 11 votable meetings (11%) of a total of 100 due to a lack of gender diversity. • Withheld support for the re-election of the Chair of the Nomination Committee of four companies that did not have at least one ethnic director. These were AJ Bell Plc, Crest Nicholson Holdings Plc, Molten Ventures Plc and Telecom Plus Plc. • Were able to support the re-election of the Chair of the Nomination Committee for five companies that we were unable to support last year due to a lack of board gender diversity. These were Ambu A/S, ANSYS Inc, Befesa SA, Cadence Design Systems Inc, Oxford Instruments Plc and Ringkjobing Landbobank A/S.	• We will vote in line with our updated 2024 policies on ethnic and gender diversity, which for some regions of the world, such as the UK, are now more stringent.

Overall, we have now targeted 42 companies where board gender diversity was lacking between 2016 to 2023. Of these, we have seen some good progress; 29 companies now have over 33% female representation on the board, going from an average of just 21% females on the board prior to us voting on this issue, to 42% after continued voting. A further nine companies improved from an average of 20% to 28% female representation. Four companies have not yet made progress – Aquila European Renewables Income Fund, Trainline Plc, Verisign Inc and Porvair Plc and here we continue to engage and using voting rights to push for change.

We note that over this time there has been continued scrutiny of boards lacking diversity and other investors pushing for change but see this as meaningful in terms of the level of oversight and reduction in the risk of 'group think' within investee companies' boards.

2016-2023 Board gender diversity	Number of companies	Average % of women on board (before we introduced our voting policy)	Average % of women on board (following 2023 AGM)
Improved	29 (69%)	21%	42%
Improved but still under 33% female representation on board	9 (21%)	20%	28%
Did not improve	4 (10%)	25%	25%

Progress on gender diversity: 2016 to 2023

Of the 41 companies we targeted due to a lack of board gender diversity, the following have made significant progress.

	2016 Votes on gender diversity	2017 Votes on gender diversity	2018 Votes on gender diversity	2019 Votes on Gender Diversity	2020 Votes on gender diversity	2021 Votes on gender diversity	2022 Votes on gender diversity	2023 Votes on gender diversity	2016 % of women on board	2017 % of women on board	2018 % of women on board	2019 % of women on board	2020 % of women on board	2021 % of women on board	2022 % of women on board	2023 % of women on board	2023 Outcome
3i Group Plc		Abstain	Abstain	For	For	For	For	For		25%	25%	33%	40%	44%	50%	44%	Improved and now have over 33% female representation
Adobe Inc.			Abstain	Abstain	Abstain	For	For	For			20%	27%	27%	36%	33%	33%	Improved and now have over 33% female representation
Alphabet Inc.				Withhold	Withhold	Against	For	Against				20%	27%	27%	30%	27%	Improved but still under 33% female representation on Board
Ambu A/S							Abstain	For							30%	33%	Improved and now have over 33% female representation
American Tower Corporation					Abstain	Against	For	For					27%	25%	38%	42%	Improved and now have over 33% female representation
ANSYS, Inc.							Against	For							22%	30%	Improved but still under 33% female representation on Board
Befesa SA							Abstain	For							22%	25%	Improved but still under 33% female representation on Board
Cadence Design Systems, Inc.				Abstain	Abstain	Against	Against	For				22%	22%	22%	27%	30%	Improved but still under 33% female representation on Board
Compass Group Plc		Abstain	Abstain	For	For	For	For	For		18%	20%	30%	36%	36%	33%	33%	Improved and now have over 33% female representation
Crest Nicholson Holdings Plc		Abstain	For	For	For	For	For	For		25%	38%	50%	50%	50%	38%	43%	Improved and now have over 33% female representation
Croda International Plc		Abstain	Abstain	For	For	For	For	For		25%	29%	38%	38%	38%	50%	50%	Improved and now have over 33% female representation
Equinix, Inc.				Withhold	For	For	For	For				11%	30%	33%	33%	36%	Improved and now have over 33% female representation
Greencoat UK Wind Plc		Abstain	Abstain	For	For	for	For	For		20%	20%	20%	60%	60%	60%	50%	Improved and now have over 33% female representation
Helios Towers Plc					Abstain	Against	For	For					12%	27%	36%	40%	Improved and now have over 33% female representation
Intuit Inc.				Abstain	Abstain	For	For	For				27%	27%	33%	33%	44%	Improved and now have over 33% female representation
IP Group Plc	Abstain	Abstain	Abstain	For	For	For	For	For	22%	22%	20%	11%	30%	33%	43%	50%	Improved and now have over 33% female representation
IQVIA Holdings Inc.						Withhold	For	For						22%	36%	40%	Improved and now have over 33% female representation
JLEN Environmental Assets Group Ltd.					Abstain	For	For	For					20%	33%	33%	50%	Improved and now have over 33% female representation
Kerry Group Plc		Abstain	Abstain		Abstain	Against	N/A*	For		18%	18%	25%	27%	25%	33%	33%	Improved and now have over 33% female representation
Kingspan Group Plc		Abstain	Abstain	Abstain	Abstain	For	N/A*	For		18%	17%	9%	17%	27%	27%	36%	Improved and now have over 33% female representation
Learning Technologies Group Plc			Against	For	For	For	For	For			14%	33%	33%	29%	43%	43%	Improved and now have over 33% female representation
Legal & General Group Plc				Abstain	For	Abstain	For	For				27%	36%	30%	36%	42%	Improved and now have over 33% female representation
Lifco AB						Against	Against	Against						25%	25%	27%	Improved but still under 33% female representation on Board
London Stock Exchange Group Plc	Against	Against	Abstain	For	Abstain	For	For	For	9%	9%	18%	31%	25%	42%	50%	38%	Improved and now have over 33% female representation
Mobico Group Plc (previously known as National Express Group Plc)	Abstain	Abstain	Abstain	Abstain	Abstain	For	For	For	18%	17%	17%	17%	27%	33%	33%	44%	Improved and now have over 33% female representation
Nasdaq, Inc.				Abstain	For	For	For	For				27%	30%	30%	40%	36%	Improved and now have over 33% female representation
National Grid Plc		Abstain	For	Abstain	For	For	For	For		27%	40%	25%	33%	40%	42%	42%	Improved and now have over 33% female representation
Oxford Instruments Plc					Abstain	Against	Abstain	For					25%	29%	29%	43%	Improved and now have over 33% female representation
Paragon Banking Group Plc		Against	Abstain	Abstain	Abstain	For	For	For		12%	17%	22%	25%	38%	38%	33%	Improved and now have over 33% female representation
Ringkjobing Landbobank A/S							Abstain	For							25%	38%	Improved and now have over 33% female representation
Smurfit Kappa Group Plc	Abstain	Abstain	Abstain	Abstain	Abstain	For	For	For	17%	17%	17%	25%	27%	33%	33%	45%	Improved and now have over 33% female representation
Softcat Plc	Abstain	Abstain	Abstain	For	For	For	For	For	17%	17%	17%	43%	50%	50%	57%	57%	Improved and now have over 33% female representation
St. James's Place Plc			Abstain	Against	For	For	For	For			22%	14%	40%	33%	33%	38%	Improved and now have over 33% female representation
Syncona Ltd.		Abstain	Against	Abstain	Abstain	For	For	For		20%	14%	25%	22%	29%	57%	57%	Improved and now have over 33% female representation
The Charles Schwab Corporation					Against	For	For	Against					15%	24%	24%	29%	Improved but still under 33% female representation on Board
Thermo Fisher Scientific Inc.				Abstain	Abstain	Against	Against	Abstain				17%	17%	17%	25%	27%	Improved but still under 33% female representation on Board
Treatt Plc			Against	For	For	For	For	For			14%	0%	25%	22%	25%	29%	Improved but still under 33% female representation on Board
Visa Inc.					Abstain	For	For	For					27%	33%	30%	30%	Improved but still under 33% female representation on Board

* We did not vote at Kerry Group's AGM in 2022 (sold in 2021 and bought back after 2022 AGM).
* We sold Kingspan during 2022 AGM.

We have updated our 2024 voting policies on diversity, and in some regions of the world, this has been more stringent. For example, for larger companies in the UK, we will vote against the Chair of the Nomination Committee if a company:

- has **less than** 40% women on the board
- does not have **at least one** woman in one of the senior board positions (Chair, CEO, Senior Independent Director or CFO)
- has **less than 33%** females in its leadership team
- does not have **at least one** member of the board from a minority ethnic background

Our full voting policies are available on our website: www.liontrust.co.uk

Engagement examples for Worker wellbeing and diversity include:

Company	Sector	Theme	Discussion topic	Discussion points
Markel Group Inc.	Speciality insurance provider	Insuring a sustainable future	Worker wellbeing	• The team requested that Markel report on key metrics which would better allow it to ascertain how well it performs on key areas –employee satisfaction and engagement levels, voluntary employee turnover, diversity statistics as well as any associated targets for improvement. • The team also requested the company highlight the percentage of employees that own shares in the company and details schemes that encourage share ownership throughout the organisation. • Markel acknowledged that it could do a lot more and the team followed up by email explicitly reiterating the need for this data.
Trainline PLC	Online train ticket retailer	Making transportation more efficient and safer	Board gender diversity	• The team voted against Trainline's chair of the remuneration committee due to lack of female representation on its board. • In discussing this issue with the company, the company argued that of its seven board members, two are women and one has an ethnic minority background. The company listed four years ago and since then it has added three new board members, two of which are women. The company stated that it is happy with the current skillset and does not plan to increase the size of its board at present. The company explained the difficulty in finding experienced female talent with a technology background that can complement its board. • The team requested the board improve its gender balance over the next 12 months and believes it is likely that the next appointment to the board will be a female.
Nagarro SE	Information technology services	Improving resource efficiency	Board gender diversity	• On governance, the team explained that it welcomes the steps Nagarro has taken to increase the size of the board, something the team has previously discussed, along with the appointment of a larger auditor which is also in motion. • The team reminded the company that it voted against the election of the two new board members, primarily due to the lack of gender diversity on the board and reiterated its request to improve this. • The team also reiterated the importance of establishing independent audit, nomination and remuneration committees, acknowledging that although this can be time consuming, it is all part of being a public company.

It is commonly known that insurance companies have large investment portfolios and as such their responsible investment policies can have a large impact on the world from an environmental and social perspective. There is however less known about their underwriting practises, especially for more controversial areas of the economy.

Company	Sector	Theme	Discussion topic	Discussion points
Evotec SE	Drug discovery solutions	Enabling innovation in healthcare	Board composition, diversity and incentives	• The team had a good discussion with Evotec's chairman on board composition and diversity, sustainability disclosure and responsibilities as well as the link to these and returns within corporate targets and remuneration. • The team requested that the company include return metrics in remuneration targets and increase the focus and disclosure on the positive impact of the company's products or services. • The team also requested that it be included in its materiality assessment. The team's views were factored into this analysis in Q3 through the company's advisor along with views from other investors. Other commitments from the company will be followed up in 2024.

Encouraging the transition to sustainable investment

Description	We said we would:	In 2023:	In 2024, we will:
To date, savings and investments have typically been geared towards traditional investments that don't necessarily incorporate ESG. However, as demand for sustainable and ESG-integrated investments grows, and regulations to better classify what constitutes 'sustainable' investment follow suit, companies should play their part to promote it to further accelerate the transition needed for a more sustainable economy. We will focus on determining which companies are leading the way and which need to do more.	• Encourage further adoption of sustainable funds on financial platforms, continue to push for comprehensive responsible investment policies and underwriting policies and practices.	• In 2023, we spoke with three investee companies that are involved with financial platforms on wider adoption of ESG/Sustainable funds - Nationwide Building Society, St. James's Place Plc and another company not held in the funds. • Nationwide Building Society – as a large provider of mortgages to retail customers, we asked about what the company is doing to encourage 'green mortgages'. There was a general agreement that the market is currently issuing mortgages against new builds that are already EPC A or B rated and therefore green mortgages aren't really moving the dial. We encouraged the company to explore how it could deploy more solutions going forward. • St. James's Place Plc – While we acknowledged the broader business has progressed well over the last five to six years in terms of its disclosure and reporting on ESG issues, we raised our concern about the continued lack of sustainable strategies. • Our view is that increasingly younger generations are starting to grow their savings and need financial advice so we requested that the company increase the number of pure play sustainable funds for clients.	• We constantly monitor investee companies and the wider sector with regard to industry best practise to ensure they are moving in the right direction. Having completed a review of the insurance industry's responsible investment practices a few years ago, we plan to refresh this over 2024 to ensure continued evolution – not only in companies' responsible investment policies, but across their responsible underwriting practices.

Other engagement examples

The team also engaged with investee companies on a range of other topics, including ensuring worker wellbeing, improving corporate diversity, sustainability strategy and reporting, remuneration and incentives as well as getting more detail around specific controversies. Examples of engagement include:

Company	Sector	Theme	Discussion topic	Discussion points
Smurfit Kappa Group PLC	Paper-based packaging products	Delivering a circular materials economy	Indigenous community controversy	The team has long held a positive view of the way that Smurfit operates and the environmental benefits of its product. However, there is a complex situation in Colombia, where the company is in mediation with the Misak community. The team met with the company separately to get an update on the situation, following initial engagement with the company on this issue in 2022. Over 2023, the team met with Kirsty Brimelow KC, who highlighted the key issues companies should consider when operating in Colombia and when trying to resolve a dispute. The team also met with WWF-UK's Senior Programme Lead for Latin America to understand the complexity with an independent lens. The team had a number of correspondences with the company on this issue to ensure the risks of the controversy are being handled thoroughly and also had a focused meeting to discuss the issue with the company. The team made a number of requests for information relating to the controversy, which the company actioned. The team continues to monitor this issue carefully.
Intuitive Surgical, Inc	Robotic surgery	Enabling innovation in healthcare	Sustainability strategy and reporting	The team met Intuitive Surgical to discuss how its patient and customer-centric business model has succeeded over time as well as its progress on sustainability and impact reporting. On reporting, the team requested a few additional refinements over time; firstly, a potential aggregate level impact metric for the business and secondly, more disclosure and metrics to demonstrate how the company ensures high levels of product integrity – for example, patient safety through manufacturing standards, audits, or steps along the way to spot issues. Several ideas were suggested, and the team will follow this up with the company.
Palo Alto Networks, Inc.	Leader in network and cloud security software	Enhancing digital security	Remuneration and incentives	Palo Alto has had a reputation for generous stock-based compensation (SBC) but this is under review, so the team met with the company to find out about its new thinking around incentives and communicate its preference in de-emphasising SBC in favour of performance indicators that are more aligned with shareholder outcomes. The company clarified that it will reduce SBC as a percentage of revenues but recognises that it is a complicated issue with cyber talent still scarce. The team pointed out that currently executives are incentivised on billings, revenue growth, operating margin and total shareholder return (TSR) and that, of these, only TSR is affected by stock-based compensation. The company responded that it recognises that this is not perfect alignment with shareholders, but it will evolve in that direction. The team also requested an ESG modifier to executive awards, such as human capital, diversity and climate change.

2023 Controversies

"Asking companies to explain specific wrongdoings can sometimes be difficult, but it's vital to get to the bottom of the issue. Talking to outside experts, discussing it with the team and our Advisory committee all helps to work out whether the company's response and actions are really enough and whether issues can be truly be rectified, or whether the red flag indicates that it is just no longer suitable as an investment for the funds."

PETER MICHAELIS, HEAD OF SUSTAINABLE INVESTMENT

Over the 23 years we have been managing the SF funds, a key lesson we have learned is that 'sustainable' should not be taken to mean perfect. Investing involves making predictions about the future, which is extremely difficult. We therefore have to expect occasions – albeit rare – when the future does not turn out as predicted and our companies become embroiled in a controversy that challenges our initial assessment of their sustainability. We do not claim to have perfect foresight, nor that the companies held in our funds are flawless. What we do aim for is to find the best examples of sustainable companies to own for the long term, and how we process and react to controversies is an important aspect of this.

Over 2023, MSCI highlighted 188 'controversies', with two of these considered 'very severe' and nineteen of these considered 'severe'. Of the two 'very severe' controversies, the team was already aware of the issues as these had been previously flagged. Three out of the nineteen 'severe' controversies led the team to review the ratings and engage with the company.

As soon as we are aware of any controversy, the next stage is to analyse the situation in detail, investigating to ascertain the involvement of the company in question, the seriousness of allegations made and how the business is responding. This gives us the context with which we can engage and we will then look to speak to senior management or non-executive directors as well as other interested parties such as nongovernmental organisations (NGOs) or industry experts. With this information, we are in a position to establish the impact of the controversy on our investment thesis (remembering that this includes the sustainability rating). The three possibilities are:

1. That the business no longer satisfies our criteria for a sustainable investment, so we exit the position.
2. The risk and quality of the investment is affected so we feel a smaller portfolio position is appropriate and therefore reduce our exposure. This would be reflected in a downgrading of our sustainability matrix rating.
3. The issue is being addressed by management sufficiently so that we can continue to hold our portfolio weighting while engaging with the company to ensure the situation is resolved.

Total number of MSCI controversies in 2023	188	% of total
Very severe	2	1%
Severe	19	10%
Moderate	73	39%
Minor	94	50%

Company Name	Case Assessment	Status	Controversy Case Indicator
Intuitive Surgical, Inc.	Very Severe	Partially Concluded	CUST-Product Safety & Quality
Kingspan Group Plc	Very Severe	Ongoing	CUST-Product Safety & Quality
Alphabet Inc.	Severe	Partially Concluded	LR-Labor Management Relations
Barclays Bank Plc	Severe	Ongoing	GOV-Bribery & Fraud
BNP Paribas SA	Severe	Partially Concluded	GOV-Bribery & Fraud
British Telecommunications Plc	Severe	Ongoing	CUST-Customer Relations
Deutsche Telekom AG	Severe	Ongoing	CUST-Privacy & Data Security
Experian Plc	Severe	Ongoing	CUST-Product Safety & Quality
Experian Plc	Severe	Concluded	CUST-Privacy & Data Security
HSBC Holdings Plc	Severe	Ongoing	CUST-Customer Relations
HSBC Holdings Plc	Severe	Concluded	GOV-Bribery & Fraud
HSBC Holdings Plc	Severe	Partially Concluded	GOV-Bribery & Fraud
Lloyds Banking Group Plc	Severe	Partially Concluded	GOV-Bribery & Fraud
Microsoft Corporation	Severe	Partially Concluded	LR-Discrimination & Workforce Diversity
Natwest Group Plc	Severe	Partially Concluded	GOV-Governance Structures
Roche Holding AG	Severe	Ongoing	CUST-Customer Relations
Societe Generale SA	Severe	Partially Concluded	GOV-Bribery & Fraud
Telefonica Emisiones, S.A.U.	Severe	Ongoing	CUST-Customer Relations
Thermo Fisher Scientific Inc.	Severe	Ongoing	HR-Civil Liberties
Unilever Plc	Severe	Ongoing	ENV-Biodiversity & Land Use
Vodafone Group Plc	Severe	Ongoing	CUST-Customer Relations

Case study: Daikin Industries, Ltd.

Sector: Energy efficient air conditioners
Theme: Improving the efficiency of energy use
Discussion topics: Controversial weapons; PFAS (per-and-poly-fluoroalkyl substances)

The team met with Daikin to discuss two key issues. The first of these related to the company's exposure to the production of white phosphorous for the Japanese Ministry of Defence. The team was seeking assurance these were not being used for incendiary purposes, which is banned under the Geneva Convention. Daikin confirmed these were not used for incendiary purposes and are used purely for training purposes. The company confirmed that no harm is caused to anyone from these products, however, it was not able to guarantee in the future that these products would never be used in any theatre of war, despite stating it did not ever expect this.

The second issue related to PFAS, which are chemicals produced within its chemical division. Daikin confirmed the production of these products complied with all regulatory requirements and acknowledged that the regulatory standards on PFAS are getting stricter. The group is committed to finding alternate products, but stopped short of exiting this business, as it feels it has a responsibility to its customer as a supplier.

The team's Advisory Committee, agreed in December that Daikin did not breach the team's screens, but acknowledged the increased risks to the investment case. The team subsequently exited the position from the SF funds.

UN Global Compact Watch list

Over 2023, there were three entities that were on the Watch list – Iberdrola SA; SP Transmission Plc; Unilever Plc. In each case, the fund manager was made aware of the issue and after consideration was still willing to hold the company on the understanding that overall, the issue is being proactively managed.

Company Name	Description of status	Description of status	Engagement and conclusions
Iberdrola	Watch list	Impact on local communities	The company has faced criticism over environmental impact to livelihood relating the Teles Pires Dam and lack of consultation with Indigenous communities.
SP Transmission (owned by Iberdrola)	Watch list	Impact on local communities	(Same as above).
Unilever	Watch list	Biodiversity and land use	The company has been criticised by NGOs over its alleged contribution to global plastic pollution. The team is meeting with the company in 2024 to discuss this issue and press for an improved strategy with regard to single use plastics.

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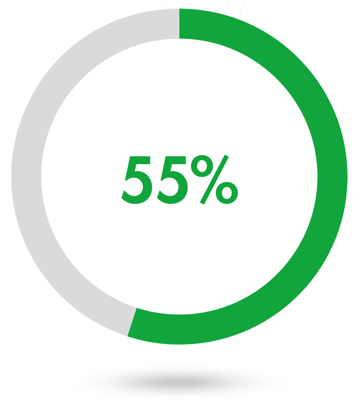
Voting summary 2023

In 2023, we voted at 97% (149 out of 153) of eligible meetings and against management or abstained on proposals on least one vote in 55% (84 out of 153).

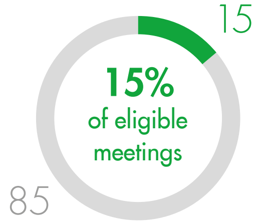
2023 voting summary	
Number of votable meetings	153
Number of meetings voted	149
Number of meetings with at least one vote Against, Withhold or Abstain	84



Number of meetings with at least one vote Against, Withhold or Abstain

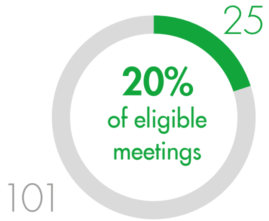
The following graphic shows (in green) the number and percentage of eligible meetings where we voted against or abstained on these particular issues.

Re-election of chair
(100 total votes)



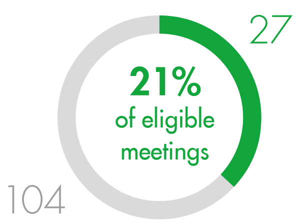
The re-election of the Chair of the Nomination Committee due to a lack of gender or ethnic diversity

Remuneration
(126 total votes)



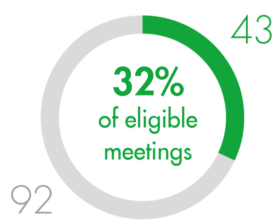
The approval of the company's remuneration report/compensation

Re-election of directors
(131 total votes)



The re-election of one or more company directors*

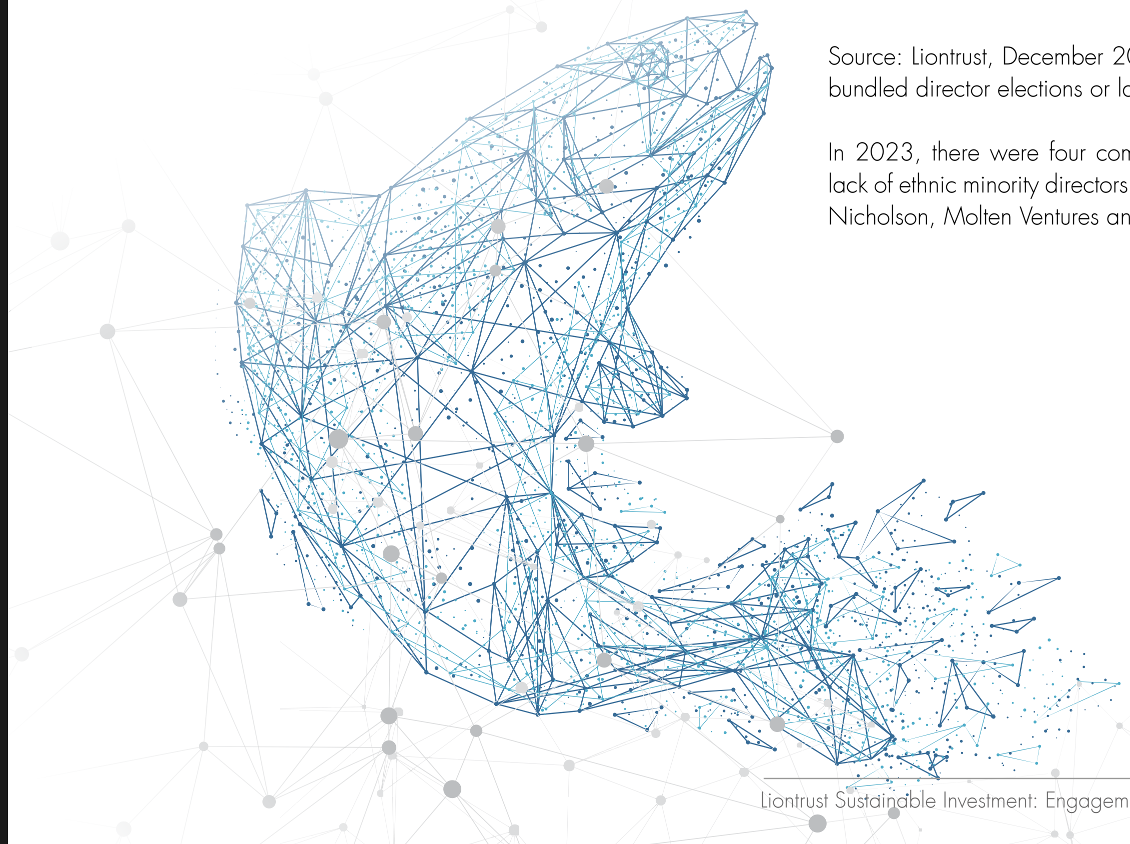
Ratification of auditors
(135 total votes)



The ratification of auditors/ authorisation for the Board to fix remuneration of external auditors

Source: Liontrust, December 2023. *Due to lengthy terms of office, bundled director elections or lack of independence.

In 2023, there were four companies we abstained on due to the lack of ethnic minority directors on the board. These are AJ Bell, Crest Nicholson, Molten Ventures and Telecom Plus.



Shareholder resolutions

As long-term, active and responsible investors we encourage companies to report on social and environmental issues that are pertinent to their businesses. Rather than support all social and environmental resolutions, each shareholder proposal is considered on a case-by-case basis.

During the period, the team approved the following resolutions for positions held.

Company Name	Proponent	Proposal Code Description	Proposal Code Category	Vote Instruction
Legal & General Group Plc	Management	Management Climate-Related Proposal	Environmental	For
Alphabet Inc.	Shareholder	Climate Change Lobbying	E&S Blended	For
Microsoft Corporation	Shareholder	Report on Climate Change	Environmental	For
The Ethical Property Co. Ltd.	Management	Private Company	No Research	For

Case study: NVR, Inc. – Remuneration & incentives

At NVR's 2023 AGM, we voted against the ratification of named executive officers' compensation.

We advised the company that we would be voting against the advisory vote to ratify named executive officers' compensation due to our concern about the absolute amount awarded to the CEO who is moving to take on the role of the chair. We spoke with NVR's investor relations to talk through our reasoning and explained that the absolute numbers could result in a significant share dilution to shareholders and that given the size of the CEO's existing stake from previous grants, he is sufficiently incentivised already. We also suggested that we would like to see relative total shareholder return as part of the incentives. We were very clear to communicate that our vote against was due to the absolute levels of pay and the related targets and was not a vote of no confidence in management, rather we think the management team is one of the best in the industry.

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Appendix: Full engagement activity over 2023

Company	E	S	G	Strategy and financial	Request for change
3i Group plc	✓	✓			✓
908 Devices Inc		✓	✓		
Abcam Plc		✓	✓	✓	
Abcellera Biologics, Inc.	✓	✓	✓	✓	✓
Admiral Group Plc	✓	✓	✓	✓	
Adobe Inc		✓			✓
Advanced Drainage Systems, Inc.	✓	✓	✓	✓	✓
Adyen NV		✓			✓
Agilent Technologies Inc		✓			✓
AJ Bell Plc		✓			✓
Alcon Inc		✓		✓	✓
Alfa Laval Ab				✓	
Alphabet Inc. Class A		✓			✓
Ambu A/S Class B		✓			✓
Amplifon SpA		✓		✓	
Angle Plc				✓	
Anglian Water	✓		✓		✓
Ansys, Inc.			✓		
Applied Materials Inc	✓				
Aquila European Renewables Income Fund Plc	✓			✓	
Ashtead Group plc	✓	✓	✓	✓	✓
Asian Energy Impact Trust plc			✓	✓	
ASM International N.V.				✓	
ASML Holding N.V.		✓		✓	✓
AstraZeneca PLC	✓	✓			✓
AT&T Inc		✓			✓
Atlas Copco AB Class B				✓	
Atrato Onsite Energy Plc	✓			✓	
Autodesk, Inc.		✓		✓	✓
AutoStore Holdings Ltd			✓		✓
Avanza Bank Holding AB			✓		
AXA SA	✓				
Banco Santander, S.A.	✓	✓			✓
Barclays PLC	✓	✓			✓
Beam Therapeutics Inc		✓	✓		
Befesa SA		✓	✓	✓	✓
Belimo Holding AG				✓	
Bentley Systems, Inc-class B				✓	
Blend Funding		✓	✓		
Blueprint Medicines Corp				✓	
BNP Paribas	✓	✓	✓		✓
Borregaard ASA	✓			✓	

Company	E	S	G	Strategy and financial	Request for change
BPCE SA	✓	✓			✓
Bright Horizons Family Solutions, Inc.		✓			✓
Brown & Brown, Inc.				✓	
BT Group plc		✓			✓
Bumble Inc			✓		✓
Bunzl plc	✓	✓	✓	✓	✓
Cadent Finance Plc	✓				
Carl Zeiss Meditec AG				✓	
Cellnex Telecom S.A.		✓			✓
Coloplast A/S Class B	✓			✓	
Compass Group PLC	✓	✓			✓
Compass Pathways Plc		✓		✓	
ConvaTec Group Plc		✓	✓	✓	✓
Cooperatieve Rabobank U.A.	✓				
Cosmo Pharmaceuticals NV				✓	
Credit Agricole SA	✓	✓			✓
CRH Plc	✓				
Croda International Plc		✓		✓	✓
CSL Ltd		✓	✓	✓	
CTS Eventim AG & CO. KGaA			✓	✓	
Cytokinetics Inc				✓	
Daikin Industries, Ltd.		✓			✓
Demant A/S		✓		✓	
Deutsche Telekom AG		✓			✓
Dexcom Inc	✓				
DFS Furniture Plc			✓		
Diasorin S.p.A.				✓	
Diploma PLC				✓	
Direct Line Insurance Group Plc		✓			✓
DiscoverIE Group PLC				✓	
Distribution Finance Capital Holdings Plc				✓	
DNB ASA		✓			✓
DocuSign, Inc.			✓	✓	✓
Downing Renewables & Infrastructure Trust Plc	✓				
Ecolab Inc.		✓			✓
Edenred SA		✓			✓
Edwards Lifesciences Corp		✓		✓	
Energy Recovery Inc	✓			✓	
Equinix, Inc.	✓	✓			✓
Essilor International				✓	
European Healthcare Acquisition & Growth Co BV				✓	
Evotec SE		✓	✓	✓	✓
Exact Sciences Corp		✓		✓	

Company	E	S	G	Strategy and financial	Request for change
Experian PLC		✓			✓
FD Technologies PLC	✓			✓	
Ferguson Plc	✓	✓		✓	✓
Fiverr International Ltd.		✓		✓	
Fresenius SE & Co. KGaA			✓	✓	
Garmin Ltd		✓		✓	✓
GB Group PLC				✓	
Genuit Group PLC	✓	✓			
Gerresheimer AG				✓	
Ginkgo Bioworks Holdings Inc	✓	✓	✓	✓	✓
Globant SA		✓		✓	
GN Store Nord A/S		✓	✓	✓	✓
Greenyard NV				✓	
Grifols SA			✓		
GSK Plc		✓	✓		✓
Gym Group Plc				✓	
Haleon PLC		✓			✓
Halma plc		✓		✓	✓
Helios Towers Plc	✓	✓	✓	✓	✓
Hemnet Group AB		✓			
Hingham Institution for Savings				✓	
Home REIT PLC		✓	✓	✓	✓
Homology Medicines Inc		✓	✓		
HSBC Holdings Plc	✓	✓			✓
Iberdrola SA	✓	✓			✓
Illumina, Inc.		✓	✓	✓	
IMI Plc				✓	
Infineon Technologies AG		✓			✓
ING Groep NV	✓	✓			✓
Inozyme Pharma Inc				✓	
InterContinental Hotels Group PLC		✓	✓		✓
Intertek Group plc		✓	✓		✓
Intuit Inc.		✓			✓
Intuitive Surgical, Inc.		✓	✓	✓	✓
Investec plc	✓	✓			✓
IP Group Plc	✓		✓	✓	
IQVIA Holdings Inc		✓	✓		✓
Johnson Service Group Plc				✓	
Judges Scientific Plc				✓	
Kemira Oyj				✓	
Kerry Group Plc Class A		✓			✓
Keyence Corporation		✓			✓
Kingspan Group Plc	✓	✓	✓	✓	✓

Company	E	S	G	Strategy and financial	Request for change
Kinnevik AB Class B	✓			✓	
Koninklijke Ahold Delhaize N.V.	✓	✓	✓		✓
Kymera Therapeutics Inc		✓	✓	✓	
Learning Technologies Group Plc				✓	✓
Legal & General Group Plc	✓	✓			✓
Lifco AB Class B	✓		✓		✓
Lloyds Banking Group plc	✓	✓			✓
London Stock Exchange Group plc		✓		✓	✓
Lonza Group AG		✓			✓
M&G Plc		✓			✓
Markel Group Inc	✓	✓	✓	✓	✓
Masimo Corporation		✓	✓	✓	✓
Mastercard Incorporated Class A			✓		
Maxcyte Inc				✓	
Merck KGaA		✓		✓	
Mobico Group Plc	✓	✓	✓	✓	✓
Molten Ventures PLC			✓	✓	
Mortgage Advice Bureau (Holdings) plc			✓	✓	
MSA Safety Inc				✓	
MSCI Inc			✓	✓	
Nagarro SE			✓	✓	✓
National Grid Plc	✓	✓			✓
Nationwide Building Society			✓		✓
NatWest Group Plc	✓	✓			✓
Netcompany Group A/S				✓	
Next plc		✓			✓
Novo Nordisk A/S		✓		✓	
NVR Inc			✓		
NX Filtration NV				✓	
On Holding AG Class A	✓			✓	
Orange SA		✓			✓
Orsted A/S		✓			✓
Otis Worldwide Corp	✓			✓	✓
Oxford Biomedica plc		✓	✓	✓	✓
Oxford Instruments Plc	✓		✓		
Oxford Nanopore Technologies Plc	✓	✓	✓	✓	
Palo Alto Networks Inc			✓	✓	✓
Paragon Banking Group PLC	✓		✓	✓	
Paycom Software Inc				✓	
Paylocity Holding Corp	✓		✓		✓
PayPal Holdings, Inc.		✓	✓	✓	✓
PerkinElmer, Inc.		✓		✓	
Porvair plc	✓	✓		✓	

Company	E	S	G	Strategy and financial	Request for change
PRS REIT Plc		✓		✓	
Puma SA		✓		✓	✓
Puretech Health Plc				✓	
QIAGEN NV		✓		✓	✓
Recursion Pharmaceuticals Inc		✓	✓	✓	
RELX NV		✓			✓
Renewables Infrastructure Group Limited				✓	
Rentokil Initial plc		✓			✓
Ringkjoebing Landbobank A/S	✓			✓	
Roche Holding Ltd Dividend Right Cert.		✓		✓	✓
Rotork plc	✓		✓		
Sage Plc				✓	
Salesforce Inc		✓			
SAP AG		✓			✓
Sartorius Stedim Biotech SA		✓		✓	✓
Savers Value Village Inc		✓			
Schnitzer Steel Industries Inc				✓	
Schwab (Charles) Corp			✓		✓
SDCL Energy Efficiency Income Trust Plc	✓			✓	
Sdiptech AB			✓		✓
SEGRO Plc		✓			✓
Sensirion Holding AG				✓	
Servicenow Inc		✓			
Severn Trent Plc	✓	✓	✓		✓
Siemens AG			✓		
Siemens Healthineers AG				✓	
Sika AG		✓		✓	✓
Smart Metering Systems PLC		✓		✓	✓
Smith & Nephew PLC				✓	
Smurfit Kappa Group Plc	✓	✓		✓	✓
Snam S.p.A.		✓			✓
Societe Generale S.A. Class A	✓	✓			✓
Softcat Plc		✓	✓	✓	✓
Sonova Holding AG		✓			
Spectris Plc				✓	
SSE Plc		✓			✓
St. James's Place Plc		✓	✓		✓
Standard Chartered PLC	✓	✓			✓
Stevanato Group S.p.A.				✓	
Straumann Holding AG				✓	
Suez			✓		
Sunnova Energy International				✓	
Swiss Re AG		✓			✓

Company	E	S	G	Strategy and financial	Request for change
Syncona Ltd GBP		✓	✓	✓	
Synopsys Inc		✓			
Tecan Group AG				✓	
Technogym S.p.A.				✓	
TechnoPro Holdings Inc		✓		✓	✓
Technoprobe S.p.A.	✓				✓
Telecom Plus PLC		✓	✓	✓	✓
Telefonica SA		✓			✓
Thames Water Plc	✓		✓		✓
Thermo Fisher Scientific Inc.		✓		✓	✓
Thrive Renewables (Bristol) Ltd.	✓			✓	
Topbuild Corp				✓	
Topdanmark A/S				✓	
Trainline Plc			✓	✓	✓
Trane Technologies Plc	✓			✓	
Transmedics Group Inc		✓	✓	✓	✓
Treatt plc			✓		
Trex Company Inc	✓	✓	✓		✓
Triple Point Energy Transition PLC	✓			✓	
Trupanion, Inc.		✓	✓	✓	
Trustpilot Group Plc	✓	✓		✓	✓
Tryg A/S		✓	✓	✓	✓
Ultragenyx Pharmaceutical Inc		✓		✓	
Unilever PLC		✓			✓
United Utilities Group PLC	✓	✓		✓	✓
US Solar Fund Plc				✓	
VAT Group AG				✓	
Veolia Environment			✓		
Verizon Communications Inc.		✓			✓
Vestas Wind Systems A/S		✓		✓	✓
Visa Inc. Class A		✓			✓
Vodafone Group Plc		✓			✓
Vonovia SE		✓			✓
Waters Corporation		✓		✓	
Whitbread PLC		✓			✓
Winmark Corp	✓			✓	
Wise PLC Class A		✓	✓	✓	✓
Xvivo Perfusion AB		✓	✓	✓	
Yorkshire Water Finance	✓		✓		✓
Zillow Group, Inc. Class A		✓			

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested.

We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments

The Funds managed by the Sustainable Future Team:

Are expected to conform to our social and environmental criteria.

May hold overseas investments that may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of a Fund.

May hold Bonds. Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result; The creditworthiness of a bond issuer may also affect that bond's value. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts. The value of a bond would be significantly affected if the issuer either refused to pay or was unable to pay.

May encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

May invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.

May invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares.

May, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

The use of derivative instruments that may result in higher cash levels. Cash may be deposited with several credit counterparties (e.g. international banks) or in short-dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

Outside of normal conditions, may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

May be exposed to Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
Do not guarantee a level of income.

The risks detailed above are reflective of the full range of Funds managed by the Sustainable Future Team and not all of the risks listed are applicable to each individual Fund. For the risks associated with an individual Fund, please refer to its Key Investor Information Document (KIID)/PRIIP KID.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

Disclaimer

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Liontrust is a signatory of:

PRI Principles for Responsible Investment

The United Nations Principles for Responsible Investment (UN PRI) is a global initiative for international investors to implement the six principles. The objectives are to understand the implications of sustainability for investors and support signatories to incorporate these principles into their investment decision making and ownership practices. As a PRI Signatory, Liontrust Investment Partners LLP commits to completing the PRI Reporting Framework on an annual basis. For more information about UN PRI and the six principles, please visit unpri.org

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