

## Quilter Stewardship Report

*Activities and Outcomes Disclosure*  
*Reporting year: 2025*



# Contents

<i>Introduction</i>	3
<i>Affluent</i>	5
Principle 1: Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries	6
Principle 2: Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets	8
Principle 3: Signatories engage to maintain or enhance the value of assets	10
Principle 4: Signatories actively exercise their rights and responsibilities	10
Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers	11
Principle 6: Signatories monitor and hold to account stewardship service providers	13
<i>High Net Worth</i>	14
Principle 1: Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries	15
Principle 2: Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets	19
Principle 3: Signatories engage to maintain or enhance the value of assets	23
Principle 4: Signatories actively exercise their rights and responsibilities	30
Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers	39
Principle 6: Signatories monitor and hold to account stewardship service providers	44

# Introduction

*Quilter plc is a leading provider of financial advice, investments, and wealth management, committed to being the UK's leading wealth manager for clients and their advisers. Our business is comprised of two segments: Affluent and High Net Worth ("HNW"). As of 31 December 2025, our Affluent segment managed £38.2 billion in assets under management, while our High Net Worth segment managed £32.5 billion.*

## Our approach to stewardship

Quilter recognises stewardship as a fundamental component of how we manage our customers' assets, and we fully support the UK Stewardship Code 2026. This report sets out how we applied the Code's principles for the Activities and Outcomes Report for the year ended 31 December 2025.

Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society. We are committed to our role as a steward of our customers' assets to protect and enhance long-term returns through engagement with investee companies and funds.

For this report, engagement captures any interactions with current or potential investee companies and managers on key issues. It involves structured dialogue and continuously monitoring our holdings, conducted individually or jointly with other investors.

The scope of this report primarily relates to our two investment management businesses: Quilter Investors (Affluent segment) and Quilter Cheviot (High Net Worth segment), and investment management activities carried out by our platform business for WealthSelect MPS.

## Collaborative stewardship, thematic priorities, and regulatory engagement

Both the Affluent and HNW segment are signatories to the UN Principles for Responsible Investment ("UNPRI") and are active members of the Investor Forum, UK Sustainable Investment and Finance Association ("UKSIF"), UK Wealth Managers for Climate, and the Institutional Investors Group on Climate Change ("IIGCC"). These memberships enable us to engage collaboratively on market-wide issues and amplify our voice on matters critical to long-term sustainable investment returns.

At group level, we have identified three thematic priorities: Climate Change, Human Rights, and Natural Capital, as defined in our Policy and Context Disclosure. These priorities are implemented in different ways across our segments, reflecting our commitment to addressing each theme appropriately. We believe they are material to long-term sustainable investment returns and have the potential to significantly impact other stakeholders and the planet. As part of our Human Rights focus, we co-signed an investor letter alongside other asset managers, urging the UK Government to allocate Parliamentary time to discuss the introduction of Human Rights Due Diligence legislation in the upcoming session.

At group level, we also actively respond to relevant regulatory consultations. This has included feedback on the UK Sustainability Reporting Standards ("UK SRS"), oversight of sustainability assurance, transition plan disclosure requirements, and the development of a regulatory framework for Environmental, Social, and Environmental ("ESG") data and ratings providers. For example, in 2025 we participated in the Financial Conduct Authority ("FCA") activities focused on defining appropriate and effective standards for ESG ratings providers. Given our broader experience, with the use of these ratings and the associated benefits and challenges, we contributed to consultations and roundtable discussions to share insights. We advocate for a fair and consistent approach to assessing materiality and ensuring the accuracy of research relating to companies, especially where the data outputs influence investment decisions. We believe minimum regulatory standards should include adequate expertise, transparency, and clear processes to support robust and reliable ESG ratings.

## Data governance

A consistent and reliable approach to data is essential for effective stewardship. To support this, Quilter has established market data principles, creating a governance framework for the appointment and ongoing management of ESG data service providers. This framework ensures consistency, accuracy, and transparency across our businesses, ultimately benefiting our customers.

Our Market Data team operates group-wide and is responsible for:

- ▶ monitoring issues and troubleshooting with the business
- ▶ reviewing contracts including pricing
- ▶ reviewing usage with the business and due diligence of the suppliers on an ongoing basis to ensure we are correctly contracted.

Throughout 2025, we continued to evolve our data capabilities. The Market Data team led the process of identifying and onboarding new service providers and data modules, ensuring accurate coverage in collaboration with our legal team. Budget approval and business sign-off were integral to this process.

To strengthen governance, the team introduced a third-party risk management framework across all suppliers, supported by regular quarterly and annual reviews. These measures help maintain data integrity and ensure that our stewardship activities are underpinned by robust and reliable information.

### Scope of this report

This report focuses on the stewardship activities we undertook on behalf of our customers during 2025, covering indirect and direct manager and company engagements, collaborative initiatives, and voting activities. We have also engaged in regulatory and policy consultations addressing market-wide and systemic risks, considering implications for customers from both investment and consumer advocacy perspectives.

Principle	Affluent summary	Page number	High Net Worth summary	Page number
<b>1) Integrating stewardship and investment</b>	ESG integrated through research, selection, and monitoring, ensuring issues addressed and commitments upheld.	6	Engagement spans direct holdings and funds through reactive, proactive, and collaborative approaches embedding the consideration of ESG factors.	15
<b>2) Promoting well-functioning markets</b>	Systemic risks managed through climate change, human rights, natural capital priorities, and collaborative integration.	8	Systemic risks managed through climate change, human rights, natural capital priorities, and collaborative integration.	20
<b>3) Engagement</b>	Given our limited direct equity exposure, we prioritise engagement with our third party managers. We review their sustainability standards and stewardship activities through regular due diligence and monitoring.	10	Direct corporate engagement supports our assessment of material ESG factors. These are integrated into our investment research through dashboards and collaboration with equity analysts.	24
<b>4) Exercising rights and responsibilities</b>	We vote on investment trusts and oversee sub-advised funds, ensuring governance and accountability.	10	Voting guided by global governance standards, our proxy adviser, independent judgement, and transparent reporting.	33
<b>5) Selection and oversight of managers</b>	External managers evaluated and monitored using Responsible Investment ("RI") tiering framework to maintain RI alignment.	11	Third-party managers assessed through our proprietary ESG framework combining data, qualitative insights, ratings, and escalation.	39
<b>6) Monitoring service providers</b>	Market Data team governs ESG providers ensuring consistency, accuracy, and robust risk management.	13	Market Data team governs ESG providers ensuring consistency, accuracy, and robust risk management.	44

# Affluent

This Activities and Outcomes Report sets out how Affluent has implemented its stewardship approach during 2025, demonstrating the practical application of the principles, policies, and processes as described in the Policy and Context Disclosure.

This report should be read alongside the Policy and Context Disclosure, which provides essential context on our investment management business model, our stewardship beliefs, and how ESG factors are integrated into our investment processes. It also explains our stewardship approach across different asset classes, our engagement framework and escalation processes, and our approach to voting.

In the following section, we demonstrate how we have translated principles, policies, and processes into practice. Our Stewardship Principle comprises of two key objectives: ensuring we meet the standards required for our customers and promoting a well-functioning investment market over the long term. These align with Principles 1 and 2 of the FRC Stewardship Code respectively as described below.

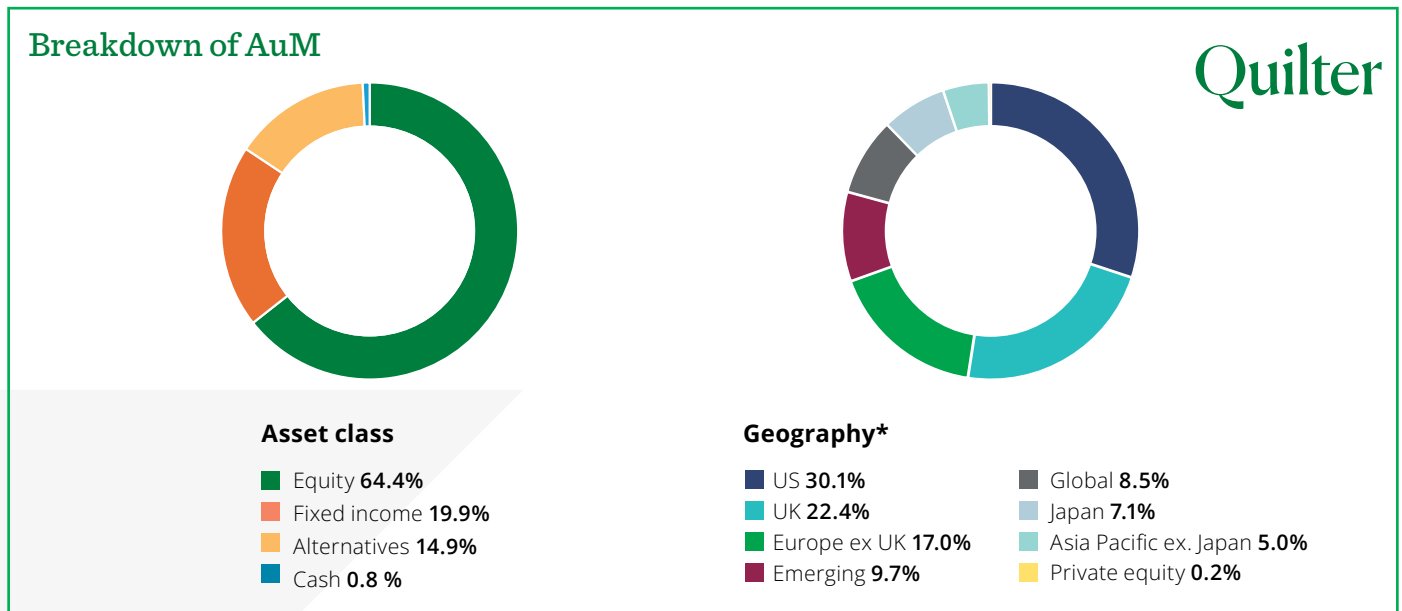
The nature of our holdings fundamentally shapes our stewardship approach. The vast majority of our investments are held indirectly through funds, meaning we do not directly hold the underlying company shares. As a result, our stewardship activity is primarily focused on engaging with our managers to assess their sustainability commitments and stewardship capabilities during due diligence and regular reviews while continuously monitoring their engagement and voting practices. As we utilise external managers for investing in our portfolios, Principle 5 joins these principles (1 and 2) as the focus of this report.

Whilst we do hold a small number of direct equities, these are investment trusts and are subject to the same research and due-diligence processes as our fund investments. We vote on the related meetings for these companies, but principles relating to direct holdings (Principles 3 and 4) are not the focus of our activity. Similarly, whilst we do use a third party to manage and recommend on voting decisions, the volumes are low, and we have not needed to make significant engagement efforts with our provider outside our established oversight procedures over third-party providers (Principle 6).

As of 31 December 2025, our Assets under Management ("AuM") is £38.2 billion. Our portfolio is composed of 61% active investments and 39% passive investments.

Within our indirect holdings, 40% are sub-advised, while 60% are externally managed (non-sub-advised) funds.

Below is a breakdown of our asset classes and geographical split as of 31 December 2025.



This is unaudited data at end of December 2025

\*This denotes the geographic breakdown of our equity holdings.

## *Principle 1: Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries*

Within Affluent, we integrate stewardship and investment through our investment process to deliver long-term value to our clients. See page 5 of the Policy and Context Disclosure on ESG integration for a description of the investment process, where manager selection and monitoring and oversight are our key opportunities for identifying and escalating stewardship activities in the investment process.

### **Integration through research and manager selection**

Manager selection is led by our central research function, the 'Research Hub' as described in page 5 of the Policy and Context Disclosure. The Research Hub works collaboratively to ensure minimum standards are met across our RI Tier framework<sup>1</sup> and convenes bi-weekly to highlight any issues that may arise through manager, people, or process changes for example, and to agree any escalation required.

### **Integration through issuer-level monitoring and manager engagement**

Integrated into our product and investment risk oversight processes, we also monitor full look-through exposures of our portfolios as described in page 5 of the Policy and Context Disclosure. This process helps us fulfill our commitments to customers. For example, it allows us to avoid exposure to certain economic activities in specific portfolios and monitor ESG risks in corporate equity and bond holdings. These risks include non-compliance with international standards or controversies. The responsible investment team reviews the flags generated through this process monthly, assessing each case individually.

When issuer-level flags need to be addressed with a manager, we initiate dialogue to understand their assessment of the issue, evaluate their plan for addressing the concern, assess whether their response aligns with our stewardship expectations, and determine appropriate next steps.

The insights gained from this dialogue feed back into our Research Hub's ongoing assessment of managers, informing our proprietary responsible investment fund tier ratings and potentially recommendations for divestment. This creates a continuous feedback loop between stewardship activities and investment decision-making.

<i>Example</i>	
<b>Target and objective</b>	To evaluate Geode Capital Management's responsible investment approach for passive strategies under the Fidelity brand and set expectations for improvements in exclusions policies and ESG training.
<b>Identification</b>	Firm level ODD <sup>2</sup> assessment
<b>Activity</b>	We consider Fidelity to have a strong approach to ESG integration and stewardship on active investments. However, our passive investments held through the Fidelity brand, provided by Geode, also require due diligence. Geode's approach to responsible investment has improved significantly over the past two years, with greater investment in resources and a stronger focus on voting policy and activities. Despite this progress, there are still areas for improvement. Specifically, the firm does not have exclusion policies in place and does not provide ongoing training on ESG-related topics for investment teams.
<b>Outcome</b>	Geode have been receptive to considering recommendations made because of this review process and we expect to further discuss milestones for implementation in the coming year.

<i>Example</i>	
<b>Target and objective</b>	To review Liontrust's responsible investment approach during the ODD process and set expectations for consistent application of exclusion policies and ESG practices across all products.
<b>Identification</b>	Firm-level ODD assessment
<b>Activity</b>	During the ODD review process, we identified that the firm's approach to responsible investment is not consistent across product ranges, with no centralised teams or policies applied across investments. This includes the firmwide Cluster Munitions Exclusion Policy which is an optional policy for investment teams to support. We engaged with Liontrust to sign an attestation letter confirming they will avoid these activities or notify us in the case of an exposure. In the meantime, we continue to monitor all funds for potential exposure using our own look-through data and investment risk processes.
<b>Outcome</b>	We will continue monitoring funds for any exposure that would contravene our own Exclusion Policy. At the same time, we will advocate for broader and more consistent application of this policy, along with other responsible investment tools and expertise, across the Liontrust investment products. Our goal is to ensure environmental and social risks and opportunities are integrated into the investment process.

<sup>1</sup> Refer to page 5 of the Policy and Context Disclosure for further detail on our Responsible Investment Tiering framework

<sup>2</sup> Operational Due Diligence

<i>Example</i>	
<b>Target and objective</b>	To investigate Toronto Dominion's United Nations Global Compact ("UNGC") compliance status flagged by our monitoring process and confirm eligibility for inclusion in the BlackRock ICS Sterling Liquid Environmentally Aware Fund.
<b>Identification</b>	Investment risk monitoring processes
<b>Activity</b>	Our third-party data provider indicated that Toronto Dominion breached UN Global Compact Principle 10 on business ethics, following a guilty plea and penalty related to money laundering and illegal drugs sales. Since the fund's investment process excludes issuers in violation of UNGC principles, this was raised with the manager. BlackRock reviewed the situation and confirmed, based on their own monitoring and data provider, that the issuer is not considered non-compliant and therefore remains eligible for inclusion in the fund.
<b>Outcome</b>	Engagement closed.

<i>Example</i>	
<b>Target and objective</b>	To review AB Sustainable Global Thematic Fund's exposure to Cameco and its corporate ownership link to Westinghouse, assessing potential involvement in nuclear weapons manufacturing and confirming alignment with our exclusion policies.
<b>Identification</b>	Through AMR <sup>3</sup> and investment risk monitoring processes
<b>Activity</b>	As interest in nuclear power as a clean energy source grows, we have seen an increase in the flags to investigate through our monitoring process. In all cases, this involvement has been highlighted due to corporate ownership of a company that is manufacturing nuclear reactor components, which can be used for both energy generation and weapons manufacturing. We engaged with the manager holding these stocks for a clearer understanding of the risk of this kind of involvement and are comfortable that no revenues are derived from these activities within our Tier 2 or Tier 3 investments.
<b>Outcome</b>	We have moved each of these cases to 'monitoring' status, ensuring they are raised during fund reviews. In addition, we have increased scrutiny over the specific assessments made by our third-party data provider.

<i>Example</i>	
<b>Target and objective</b>	To review CVS and Aetna holdings in Fidelity's Climate Transition Fund and T. Rowe Price Global Impact Credit Fund following UNGC compliance flags, and confirm alignment with fund criteria while setting expectations for ongoing monitoring.
<b>Identification</b>	Investment risk – monitoring for UNGC compliance
<b>Activity</b>	Both stocks were flagged during the reporting period due to a change in UNGC compliance status identified by our third-party research provider. CVS was added to the UNGC Watchlist due to its alleged involvement in the opioid crisis in the US and the subsequent filings by the Department of Justice for violations of the Controlled Substances Act and the False Claims Act. Aetna was then subject to a corporate action by CVS causing the flag to be applied through ownership. While UNGC Watchlist status does not breach any criteria for Tier 2 or Tier 3 funds, we initiated dialogue with these managers to gain a better understanding of the situation. The impact investment case for Aetna in the Tier 3 fund remains intact, however, it now carries a flag within the manager's proprietary scoring system and will be closely monitored.
<b>Outcome</b>	We have assigned a monitoring status to this holding and will continue follow-up discussions with the manager during both annual and interim reviews.

<sup>3</sup>Annual Manager Reviews

## *Principle 2: Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets*

Systemic and market-wide risks are those that can impact the entire market, either due to interdependencies or key issues that affect the market. Across Quilter Group, we have identified three thematic priorities; climate change, human rights, and natural capital, as outlined on page 3 of the Policy and Context Disclosure. We believe these areas are material to delivering sustainable long-term investment returns for our customers and have significant implications for other stakeholders and the planet. These priorities reflect our assessment of the systemic risks that pose the greatest threat to long-term portfolio value and require coordinated action.

Our response to these identified risks operates through two approaches: external collaboration to promote well-functioning markets and internal integration of thematic priorities to strengthen our investment process.

### **Participation in industry initiatives and market engagement**

We actively participate in industry initiatives to address market wide and systemic risks collectively and to advocate for improvements in market functioning. As discussed in the Introduction on page 3, we have a number of joint memberships at a Group level which allow us to amplify our voice on critical matters. During the reporting period, our participation included:



- ▶ **UKSIF:** We participated in events to understand market trends in areas we continue to develop. The UKSIF Alternative Investments event has provided valuable insights which has been incorporated into our responsible investment tier framework as we extend this to broader asset classes.
- ▶ **The Investor Forum:** We engaged with the Investor Forum to stay informed on UK engagement trends and activities, and to participate in collective engagements on specific stocks where our managers' expertise and influence can add value.
- ▶ **UK Wealth managers on climate:** We joined this peer collaboration during the year to align on research requirements and standards expected of managers with similar clients. This participation has resulted in targeted improvements to our firm level due diligence questionnaires.
- ▶ **IIGCC:** IIGCC is particularly relevant to our climate change thematic priority, we participate in working groups focused on incorporating transition pathways into sovereign debt analysis and developing standards for external funds.
- ▶ **The Investment Association:** We are a select group of asset managers actively engaging with the Investment Association's ("IA") Sustainable Investment Strategy. We help shape the direction of IA forum discussions and contribute to position papers submitted to the regulator. This includes informing how the IA interacts with regulators on behalf of the UK asset management sector, particularly in relation to the Sustainability Disclosure Requirements (SDR).

## Thematic stewardship

To ensure that our thematic commitments translate into practical outcomes, we have developed an action plan on climate and have enhanced our assessment of climate considerations at a firm and fund level. At the firm level, managers are evaluated on their commitments to responsible investment principles; such as climate action or decarbonisation plans, Task Force on Climate-Related Financial Disclosures ("TCFD") aligned reporting on financed emissions, and governance structures that link climate risk management to senior-level incentives. At the fund level, managers are assessed on how ESG-related constraints and commitments (including climate if relevant) are integrated into the investment philosophy and the materiality of climate risks to the strategy. Analysts use dedicated dashboards with look-through capabilities to evaluate carbon and climate risk metrics.

We are evolving our approach to integrating human rights and natural capital considerations into our investment process. This work involves defining how each thematic commitment should be addressed within our manager research and selection process, and determining appropriate monitoring metrics. We acknowledge the data challenges that come from these emerging topics and are actively monitoring data availability through manager engagement, meetings with data providers, and participation in conferences.

We recognise that fully embedding systemic risk considerations into our investment process is a long-term journey and will continue to report on our progress in future stewardship reports.

<i>Example</i>	
<b>Target and objective</b>	To develop and implement Quilter Affluent's Climate Action Plan, creating a roadmap towards ensuring client investments are resilient to climate change.
<b>Identification</b>	A group-level strategic priority and increasingly material risk to investment portfolios
<b>Activity</b>	We published our inaugural Climate Action Plan <sup>4</sup> , establishing a framework for managing climate-related risks and opportunities across our investment portfolios and the wider Affluent business. The plan outlined nine key milestones covering enhanced manager assessments, data infrastructure, investment integration, ESG dashboards, and policy development. We have made significant progress across various workstreams. We have refreshed and piloted our firm-level assessment frameworks with several managers (Milestone 1), initiated a comprehensive data and systems project (Milestone 2), developed an ESG and climate data dashboard for portfolio monitoring (Milestone 4), launched our refreshed Responsible Investment Policy strengthening our stewardship approach (Milestone 6), and engaged with our customers on their climate preferences (Milestone 8). Looking ahead, this foundational work will be driving our engagement prioritisation and planning for future years. We will expand the enhanced firm-level assessment rollout across more of our managers and complete our data infrastructure project, enabling deeper engagement with targeted managers and integration of climate considerations.
<b>Outcome</b>	The Climate Action Plan has established a clear roadmap for addressing climate change as a multi-year thematic priority. Progress to date is already impacting engagements with managers and informing our stewardship prioritisation strategy. We will report on the next phase of implementation in 2026, as we continue to embed climate across portfolios.

<i>Example</i>	
<b>Target and objective</b>	To assess the availability and quality of modern slavery statements across all investment managers during annual due diligence and onboarding, identifying gaps and informing future thematic stewardship priorities.
<b>Identification</b>	Thematic Stewardship research
<b>Activity</b>	We conducted a comprehensive review of modern slavery statements across all our investment managers, spanning our three RI tiers. This formed part of our annual due diligence questionnaire ("DDQ") and onboarding process and focused on whether each manager had a publicly available modern slavery statement.
<b>Outcome</b>	The review highlighted varying levels of maturity in how managers address modern slavery risks. We have identified which managers do not have a statement. We will be engaging based on the output of this work and as a result, this theme is shortlisted as part of the stewardship campaign for next year.

<sup>4</sup>Affluent Climate Action Plan can be found [here](#).

*Principle 3: Signatories engage to maintain or enhance the value of assets*

**Our approach to direct engagement**

As a predominantly fund of funds investor, we do not undertake direct engagement with corporate issuers held within our underlying funds. Our stewardship approach focuses on engaging with and monitoring our fund managers to ensure they conduct effective engagement on our behalf, as detailed in our reporting under Principle 5.

*Principle 4: Signatories actively exercise their rights and responsibilities*

**Our approach to exercising rights and responsibilities**

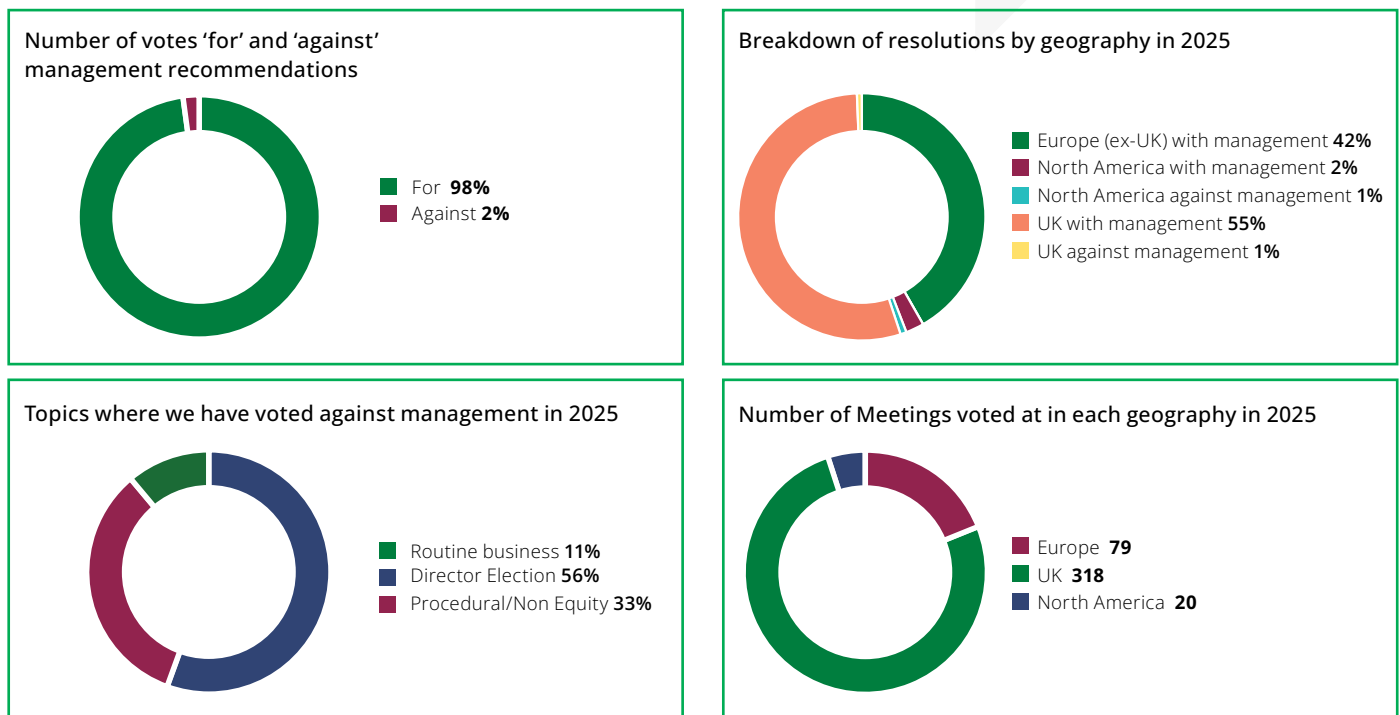
We exercise voting rights on investment trusts and other closed-ended investment vehicles, and we monitor voting activities for our sub-advised funds.

**Voting on investment trusts and closed-ended investment vehicles**

We exercise our voting rights on all investment trusts and closed-ended investment vehicles held within our portfolios, including umbrella companies for Exchange-Traded Funds (“ETFs”) and fund groups. These votes represent an important mechanism for holding boards accountable. Refer to ‘Voting’ on page 8 of the Policy and Context Disclosure for further detail on our approach to voting. Since the end of October 2025, we have provided monthly reports (previously quarterly) to comply with the requirements of the Shareholder Rights Directive II. The reports may be found [here](#).

During the reporting period, we voted on...

*Our voting analytics for 2025*



Source: Institutional Shareholder Services (ISS) voting data, 2025

UK includes the Crown Dependencies of Jersey and Guernsey

Note: Charts were generated using ISS labelling framework and definitions.

<i>Example</i>	
<b>Target and objective</b>	To exercise our voting rights as a significant shareholder in APQ Global Ltd in line with our Voting Policy, ensuring decisions protect and enhance long-term shareholder value.
<b>Identification</b>	Voting review
<b>Activity</b>	In 2025, we exercised our voting rights as a significant shareholder in APQ Global Ltd, where we held more than 10% of the voting rights. This engagement was guided by our Voting Policy, which prioritises decisions that protect and enhance long-term shareholder value. At the Special Meeting on 31 March 2025, we voted on proposals relating to the cancellation of admission of the company's ordinary shares to trading on Alternative Investment Market (“AIM”) and amendments to the Trust Deed governing repayment terms. Our voting decisions were informed by detailed analysis of the company's financial position, refinancing options, and expected return prospects.
<b>Outcome</b>	By actively participating in these votes, we influenced key strategic decisions aimed at improving the company's ability to refinance debt and enhance return potential for shareholders. Specifically, our support for the proposed amendments to repayment terms was intended to secure the best expected outcome for investors. This case demonstrates how we use our voting rights to drive positive outcomes and uphold our fiduciary responsibilities, particularly when we hold a significant ownership stake.

### Oversight of sub-adviser voting

For our sub-advised funds, voting authority is delegated to the sub-adviser as part of the Investment Management Agreement (“IMA”), reflecting our expectation that voting should be informed by ongoing fund research and engagement. We maintain rigorous oversight to ensure that all eligible votes within the sub-advised fund are instructed as part of our regular annual review. This year, we strengthened this oversight by refreshing our approach to monitoring stewardship activity across sub-advised funds.

### Conflicts of interest

During 2025, we did not identify any conflicts of interest in our voting activities. Our approach to managing potential conflicts of interest is set out in our Policy and Context disclosure on page 20.

### *Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers*

#### Our approach to external manager selection and oversight

Within Affluent, the selection and oversight of external managers represents the foundation of our stewardship approach as we invest ‘indirectly’ through external managers rather than managing assets directly.

As outlined on page 7 of the Policy and Context Disclosure, we deliver investment solutions to our clients through third-party funds and sub-advised mandates. While these structures differ in their legal arrangements and the degree of control we exercise, we apply similarly rigorous processes for manager selection and ongoing oversight, with enhanced monitoring for sub-advised funds where we retain greater influence.

#### Manager selection

Our manager selection process is led by the Research Hub, comprising of Manager Research Team (“MRT”), ODD, and RI as described under Principle 1.

The sub-advised structure enables us to exert greater influence over stewardship practices through IMAs. Our IMAs with sub-advisers include responsible investment requirements for managers to be signatories to the FRC Stewardship Code and UNPRI, they must report on all eligible voting and provide us with their annual voting reports.

#### *Example*

<b>Target and objective</b>	Propose the QI Long Short Fund as a new Tier 2 strategy to demonstrate the stewardship element within the Tier 2 framework during the annual manager review and due diligence process.
<b>Identification</b>	Annual manager review
<b>Activity</b>	Thorough due-diligence process including detailed review of stewardship approach and how this applies to the process and portfolio of the fund.
<b>Outcome</b>	Fund was made available for investment as Tier 2.

#### *Example*

<b>Target and objective</b>	Engage with Brevan Howard to assess their responsible investing approach during the firm-level ODD process, ensuring alignment with our minimum Tier 1 ESG standards.
<b>Identification</b>	Firm-level ODD assessment
<b>Activity</b>	Our operational due diligence with this manager identified potential gaps in the manager’s ESG practices and commitments relative to our minimum ‘Tier 1’ thresholds required for inclusion on our buy lists. We engaged with the manager to better understand their ESG approach, review their responsible investment policies, and assess their alignment with key industry frameworks, such as the PRI and the UK Stewardship Code.
<b>Outcome</b>	Following our engagement, we were satisfied that the manager’s current RI Policy and ESG integration approach are appropriate for the asset classes predominantly traded in their funds. We have established an ongoing monitoring process to track any changes in the manager’s asset mix and evolving methodologies, ensuring their approach continues to meet our standards, and remains appropriate for their investment approach.

### Ongoing oversight

We maintain continuous monitoring of our external managers to ensure they deliver on their commitments and respond to evolving expectations. Refer to page 6 of the Policy and Context Disclosure for the monitoring processes undertaken by our ODD and MRT teams.

<i>Example</i>	
<b>Target and objective</b>	To refresh and strengthen our stewardship assessment process, ensuring robust oversight and transparency across sub-advised funds.
<b>Identification</b>	Sub-advised fund review process
<b>Activity</b>	We undertook a comprehensive review of voting report submissions and engaged with several managers to clarify expectations and discuss data. The engagements focused on reinforcing the importance of full instruction of eligible votes, ensuring timely and accurate provision of voting reports and addressing any discrepancies in reporting to maintain integrity and accountability. All engagements were completed, and managers responded positively to our requests. In one instance, engagement helped correct inaccurate reporting, confirming that all eligible voting rights had been instructed. This dialogue strengthened mutual understanding and highlighted the importance of accurate stewardship reporting.
<b>Outcome</b>	The refreshed assessment process has improved transparency and strengthened stewardship practices across our sub-advised funds. Engagements have reinforced expectations and built stronger relationships with managers, supporting our commitment to responsible investment oversight.

### Investment risk monitoring

As discussed in Principle 1, our stewardship approach involves continuous monitoring of underlying portfolio exposures, with a structured process for responding to concerns through manager dialogue. Please refer to this principle for further details.

<i>Example</i>	
<b>Target and objective</b>	Engage with Janus Henderson regarding Amentum's nuclear weapons involvement identified in the Horizon Responsible Resources Fund, ensuring prompt resolution through investment risk monitoring.
<b>Identification</b>	Investment Risk monitoring
<b>Activity</b>	We identified a small holding in Amentum, a company that provides specialised support services essential for the operation of nuclear-powered submarines, including those equipped with nuclear-tipped Trident ballistic missiles.  We engaged with this Tier 2 manager to understand the rationale for holding a company involved in these activities. The team confirmed that the holding resulted from a secondary distribution of shares following a spin-off from another portfolio holding, Jacobs Solutions. At the time of our enquiry, the position had already been sold, indicating that the manager's process remained appropriate for a Tier 2 manager.
<b>Outcome</b>	The engagement was closed.

### *Principle 6: Signatories monitor and hold to account stewardship service providers*

The introduction outlines our governance framework for data and the role of our Market Data team in managing service providers. This demonstrates how we monitor and hold stewardship service providers and data providers to account, ensuring consistency, accuracy, and robust oversight. This process directly supports Principle 6.

ISS is a key stewardship service provider for Affluent. We engage ISS to provide research and recommendations on voting proposals, and the technological platform through which we execute our votes. This research supports our voting decision-making by providing analysis of governance structures, board composition, remuneration policies, and other matters requiring shareholder approval. We use ISS's research as an input to our voting decisions rather than automatically following their recommendations.

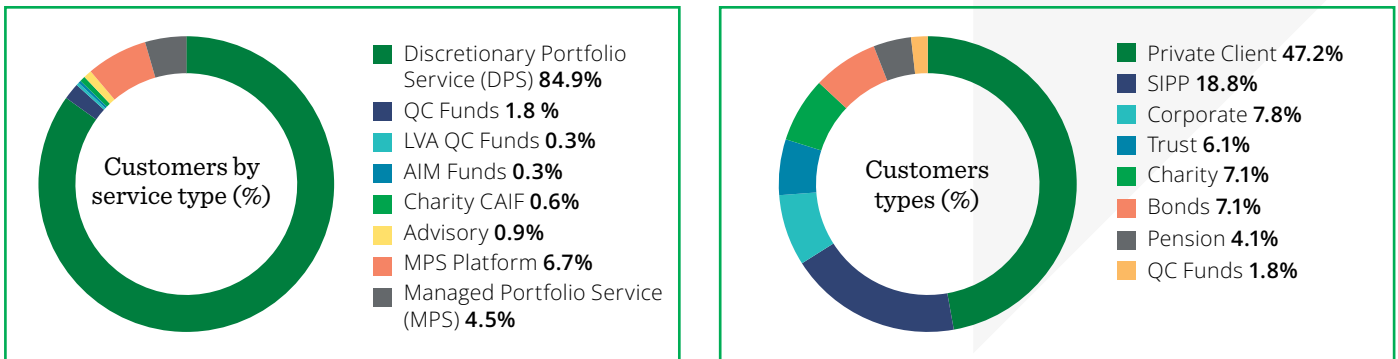
Alongside ISS we utilise a variety of providers to supply ESG and climate-related metrics that underpin our investment analysis and stewardship activities. Their data informs our monitoring of portfolio exposures and supports the integration of sustainability considerations into our engagement and decision-making processes.

<i>Example</i>	
<b>Target and objective</b>	Engage with the data provider to address ESG data quality concerns identified during TCFD reporting validation and agree on actions to improve accuracy and oversight.
<b>Identification</b>	Data validation for TCFD reporting
<b>Activity</b>	We maintain regular engagement with our data providers to offer feedback, communicate future needs, and identify areas for improvement, while also gaining insight into their development pipeline. In this case, our internal checks raised concerns about the quality of ESG data received. We sought to understand the vendor's strategy for improving data quality and after expressing our concerns, which the vendor acknowledged, we agreed on a set of actions to address the issue.
<b>Outcome</b>	The provider has demonstrated a clear commitment to improving data quality, outlining their internal structure and approach, including planned hires, to support this effort.  Additionally, we have established regular touchpoints where the provider will present updates on their internal oversight and data quality assessments, enabling us to track progress against agreed Key Performance Indicators ("KPIs").

# High Net Worth

This report focuses on the stewardship activity we have undertaken on behalf of our customers in 2025 focused on ESG factors. This activity runs alongside the ongoing research, engagement, and monitoring undertaken by our research teams. We believe that understanding the risks and opportunities of how a company or fund manages ESG-related activities and issues, is part of the overall investment case for a holding.

Within our HNW investment business, as at the end of December 2025, Quilter Cheviot provided services to over 35,000 customers and had £32.5 billion in AuM. The splits, shown as a proportion of AuM by service and customer type, are shown below.

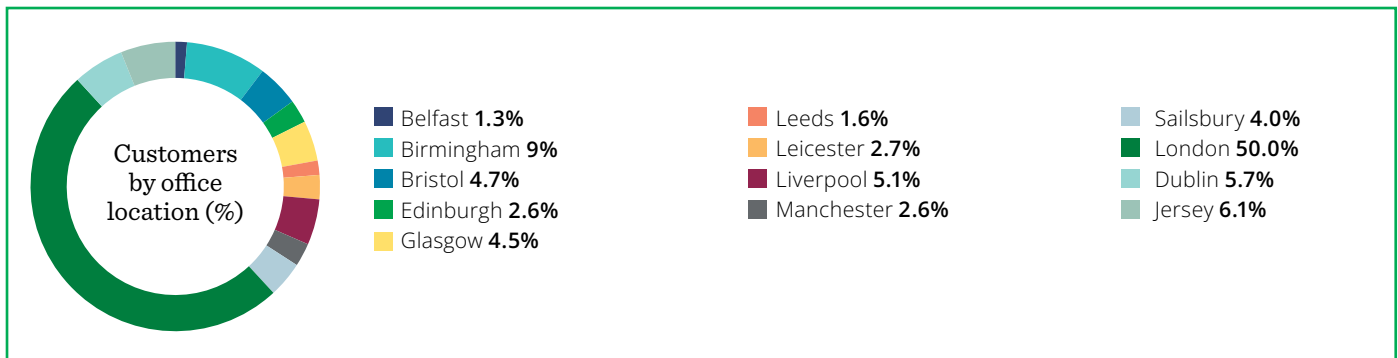


Percentages may not total 100 due to rounding.

QC Funds represent externally held assets in the Sustainable Opportunities Funds, Libero Balanced, Quilter Investors Ethical Equity, and the Quilter Cheviot International Funds. LVA QC Funds are Low Value Accounts that have 95% or above invested in a Quilter Cheviot fund. These figures show internally held assets only. Percentages may not total 100 due to rounding.

Private customers make up the largest customer type grouping, with the majority of customers (just under 85%) using our Discretionary Portfolio Service. 55.9% of our customers are advised, and the remainder are direct customers of Quilter Cheviot.

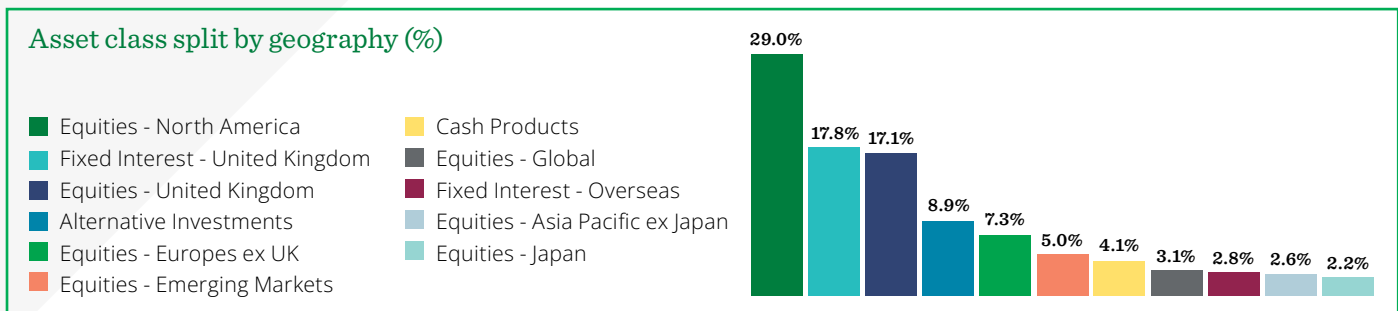
Quilter Cheviot has offices across the UK, Dublin, and Jersey. The split of AuM by geographic office is shown below.



Percentages may not total 100 due to rounding.

Quilter Cheviot undertakes stewardship on behalf of our discretionary customers through our discretionary and managed portfolio services. Within all service types, customers can instruct us to vote on their holdings. We also have a further £2 billion in assets under administration within our execution only and advice & dealing services, these customers are also able to instruct their voting.

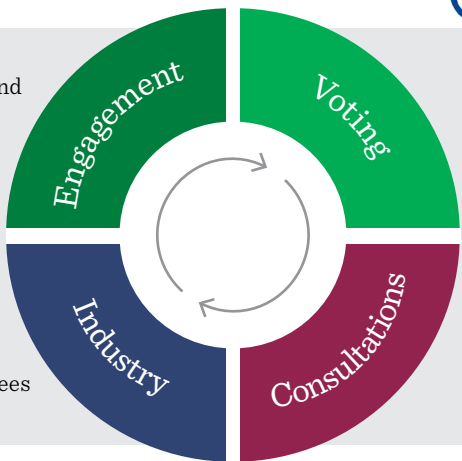
At Quilter Cheviot, just over 66% of AuM are in equity holdings – this is via direct holdings as well as through third-party funds. As of 31 December 2025, our fund holdings accounted for 55% of our total AuM.



Percentages may not total 100 due to rounding.

*Principle 1: Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries*

**Our engagement universe and activity**



**UK STEWARDSHIP CODE** Signatory of: **PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT**

**spring** **CDP** **30% Club**  
**IIGCC** **Nature Action 100** **Climate Action 100+**  
**advance** **THE INVESTOR FORUM**  
**PRI** **TISA**  
**UKSIF** **PIMFA**

Companies and funds  
 - Reactive, proactive and business as usual  
 - Thematic and collaborative  
 Data providers  
 Civil Society  
 Organisations and Non-Governmental Organisations

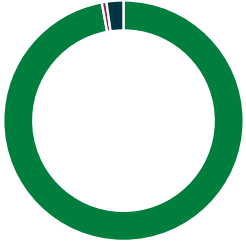
Active members of industry body committees and working groups

In conjunction with the relevant analyst Informed by our Proxy Adviser but decision is ours

Quilter and industry response to FCA consultations

Advance is a Quilter endorsed initiative.

**AuM by category**



Centrally monitored holdings form the majority of Quilter Cheviot's holdings; these are investment ideas generated by the in-house research teams. Engagement, voting and ESG integration activities are focused primarily on these investments. Investment manager led ideas are investments that are researched and monitored by investment managers. Quilter Cheviot will only engage or vote with these holdings where more than £2 million or 0.2% of a UK listed company is owned. Other: a long tail of legacy holdings, which is a consequence of the nature of the client base. In some cases, the position will only be held by one client.

- Centrally monitored holdings £30.5 billion
- Investment manager led ideas £0.19 billion
- Other £0.72 billion

The data excludes client cash held across multiple currencies in client portfolios.

We invest both directly and indirectly through third-party funds; within the third-party funds we invest in both actively managed and passive strategies.

For direct and indirect holdings our engagement activity falls into three buckets:

- ▶ Reactive/'bottom-up'
  - Annual General Meeting ("AGM") / Special General Meeting ("SGM") resolutions
  - Policy consultations
  - In response to controversies
- ▶ Proactive/'top-down'
  - Thematic engagements guided by our three thematic priorities
  - Collaborative engagements

► Business as usual

We will engage one to one as well as through collaborative initiatives and forums. We feel this combination of reactive, proactive, and collaborative engagements throughout the year ensures that we cover all issues and topics central to our responsible investment philosophy and enables us to deliver long-term sustainable value for our customers.

Any engagement typically includes the relevant research analyst given our centralised investment process and our focus on the centrally monitored universe. Our central teams of analysts are a dedicated investment research resource with no conflicting commitments. The research teams monitor investee companies and funds on an ongoing basis and regularly meet with company and fund management teams. It is imperative that ESG considerations sit within the investment decision-making process and are not outside it, and as a result, engagement is mainly undertaken in conjunction with the relevant analyst. Additionally, we will undertake engagements in conjunction with the Sustainable Investment team which are focused on one of their five themes of clean energy, food, health and wellbeing, resource efficiency, and water.

We invest directly and indirectly:

Asset class	Direct	Indirect
<b>Equities</b>	Predominantly UK, US, and Europe	All geographies
<b>Fixed income – sovereign</b>	Predominantly UK	All geographies
<b>Fixed income – corporate</b>	Limited number of issuers	All geographies
<b>Infrastructure</b>		Only via third-party funds
<b>Property</b>	Exposure to the sector through equity holdings	Third-party funds
<b>Private equity</b>		Only via third-party funds
<b>Alternative income, hedge funds and absolute return vehicles</b>		Only via third-party funds
<b>Commodities</b>		Only via third-party funds

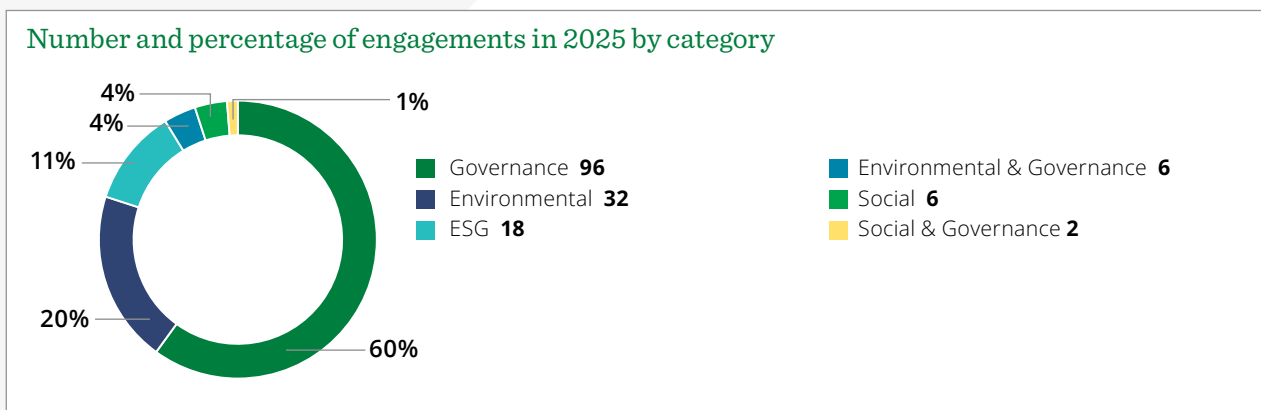
We engage directly with companies globally, as well as with funds in different domiciles. Topics of engagements may vary depending on the asset class. For example, engagements with our fund holdings are generally centred around the manager’s approach to responsible investment and active ownership, whereas direct equity engagements focus on company activities relating to our thematic priorities or in reaction to controversies and general meeting resolutions.

Our approach to engagement is consistent across our holdings globally. Our thematic engagements are planned at the beginning of each year and focus on targeting specific sectors or groups of companies or funds affected by the selected theme of the engagement, rather than targeting holdings in specific geographies. However, all engagements are company-specific, and regional-specific factors, such as regulatory or political landscape, may inform individual company and fund discussions.

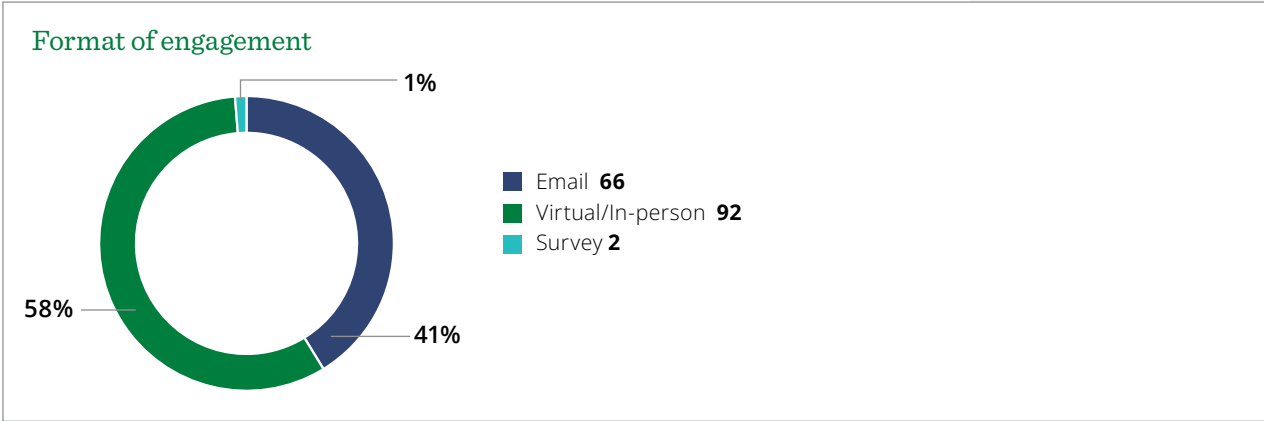
There are occasions where companies do not respond to our request for engagement (this is particularly common during proxy voting season). In this instance, we will clearly state that this is the case. Our voting activities are outlined under Principle 4.

**Engagements in 2025**

Over the course of 2025, we undertook 160 engagements with the companies and funds we invest in on behalf of our customers. We have classified these by topic, for example where we discussed environmental and governance matters, we have categorised the discussion accordingly. Engagements classified as ‘ESG’ relate to those with third-party managers (ex. investment trusts) where we delved into the firm or manager’s approach (for more information see Principle 5).

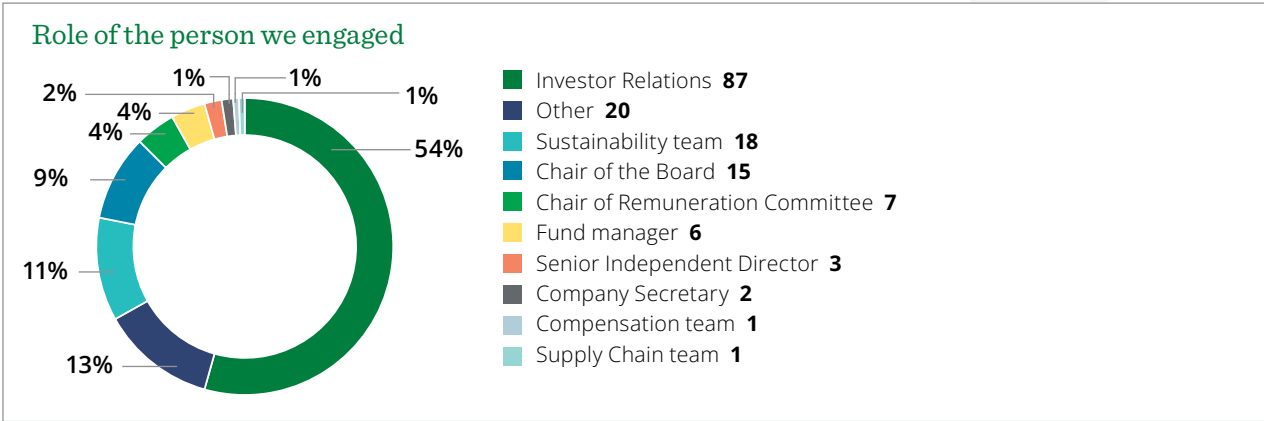


% of engagements and the number (#)

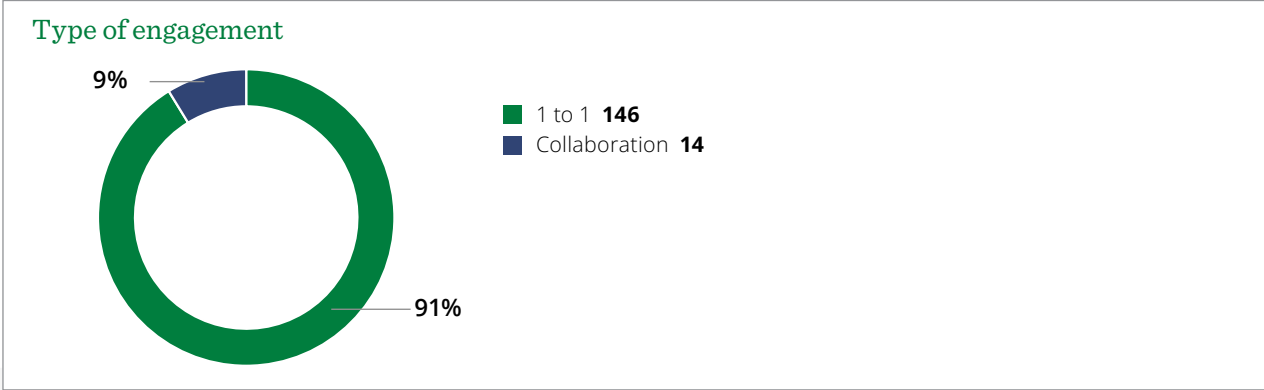


% of engagements and the number (#)

Email engagements relate to interactions with companies and investment trusts during proxy season



% of engagements and the number (#)



% of engagements and the number (#)

## Thematic priorities and materiality

Our three overarching themes of climate change, human rights, and natural capital inform our engagement activity. Underpinning our stewardship approach is our governance engagement activity through which we hold the companies and funds we invest in, to account.

Our thematic priorities across Quilter are shown below. There are key megatrends that we believe are material to longer-term sustainable investment returns for our customers and have the potential to have a significant impact on other stakeholders and the planet as a whole. As such, these are increasingly considered as part of the ESG integration and stewardship work undertaken by Quilter Cheviot.

### Climate Change - our commitment

Through our stewardship process we commit to engage with companies and funds to understand their decarbonisation plans with the aim to encourage alignment with net zero pathways and disclosure against globally recognised standards (such as the Science Based Targets Initiative).

### Human Rights - our commitment

Through our stewardship process we commit to engage with companies and funds to better understand or improve performance on issues such as decent work and pay, human rights in the supply chain, and health and safety as well as inclusion and diversity.

More specifically, where we have appropriate agency through our responsible investment processes, we commit to monitoring and respecting human rights included in the International Bill of Human Rights and International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions.

### Natural Capital - our commitment

Through our stewardship process we commit to engage with companies operating, and funds investing in, high impact sectors to better understand how they are managing and mitigating risks related to deforestation, water usage and biodiversity.

We commit to engage to improve company and fund performance where they are not meeting the standards expected by us.

These themes inform the following activity:

- ▶ proactive thematic engagements
- ▶ collaborative engagements
- ▶ ESG risk exposure engagements
- ▶ third-party managers' approaches to net zero
- ▶ ongoing voting and engagement.

These themes represent market-wide and systemic risks, and we have provided details of the related engagements in our response to Principle 2.

Given finite resources, we consider materiality to be an important factor in determining our engagement targets. This is materiality in two contexts:

- 1) The size of our holding
- 2) The significance of the ESG issue for the holding

In terms of collaborative engagement activity, we join collaborations where we can actively contribute and believe our engagement outcomes will be amplified. In specific circumstances we may join collaborations in nascent topics where we are building expertise. We target forums that align with our thematic priorities and working groups for investments where we have a material holding. We avoid joining engagements without a defined objective.

We have learned that focused engagements, be it with a company or a fund, are more constructive than a generalised discussion on multiple ESG-related issues.

In 2025, we engaged across all three of our mega themes, prioritising material issues affecting key and growing sectors.

### **How engagement informs investment decision-making**

When we engage, we do so with a specific objective and are outcome oriented. The outcome will take several different forms, including:

- ▶ a change in, or validation of the responsible investment categorisation of the holding
- ▶ for investment trusts, a change in, or validation of the Red, Amber, and Green ("RAG") rating which assesses board composition, board effectiveness, and responsible investment disclosures
- ▶ a voting decision
- ▶ addition or removal from a model strategy
- ▶ a change in analyst's recommendation.

We have included examples of these throughout the report.

## *Principle 2: Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets*

### **How we define engagement**

An engagement might be in person, via a virtual meeting, or through email. Not all our attempts to engage with companies are successful and, in that case, we document this in our quarterly engagement reporting.

### **Market-wide and systemic risks: our thematic priorities and our engagement activity**

Systemic and market-wide risks are those that have the potential to impact the entire market, either due to interdependencies or key issues that affect the market as a whole. As outlined in our response to Principle 1, there are three mega themes which inform our stewardship. These themes were first identified in 2021 and represent what we consider to be the most significant environmental and social risks that have the potential to affect the entire market.

Governance sits as the foundation of all our responsible investment activity. Upholding strong governance standards through active engagement helps address the root causes of systemic risk by ensuring that companies embed robust oversight, accountability, transparency, and appropriate remuneration throughout the organisation. Boards that are held accountable are more likely to manage risks more effectively.

Data security and customer privacy are systemic risks that Quilter Cheviot identified in 2024 and addressed through thematic engagements with our most material IT software and telecoms holdings. Details and outcomes of this engagement can be found [here](#). In 2025, we have continued to monitor developments in this area and will consider this risk in determining our engagement priorities for next year.

While other specific systemic risks, such as macroeconomic conditions and geopolitical risks, do not form part of our responsible investment engagement themes, these risks are a key component of the analysis carried out by our Research teams, who engage separately with our investment holdings to ensure we fully understand how companies and funds are exposed to these risks.

As detailed in the introduction to the Activities and Outcomes Report, Quilter plc engages in a variety of regulatory and policy consultations aimed at addressing both market-wide and systemic risks. In each response, we assess the implications for our customers, not only from an investment standpoint but also through a consumer advocacy lens.

Over the last five years we have engaged with companies and funds on sub-themes related to each of these priorities. Our involvement is predicated on the materiality of the holding and the collaboration's link to our core themes. The activity in 2025 is detailed below.

### **Climate change**

We consider climate change to be a systemic and market-wide risk as the physical and transition impacts have the ability to undermine asset values across all sectors and geographies, disrupt supply chains and operations, and significantly increase costs in complying with regulatory change.

While climate change poses significant market-wide risks, it also presents opportunities. We use our engagements in this area to gather information on how our holdings are responding to climate change. Investments that are resilient to climate impacts and are actively capitalising on the mitigation and adaptation opportunities are better placed to deliver long-term sustainable value.

Our Climate Action Plan, which was published in mid-2025, sets out our engagement pathway for climate change. In 2025 we delivered the following thematic engagements through one-to-one meetings:

- ▶ a biennial engagement with our direct equity holdings which are the highest emitters within our centrally monitored universe 'Taking the Temperature'. Linked to this in 2025 we engaged with the highest emitters within the Sustainable Opportunities Funds
- ▶ having been part of the Climate Disclosure Project ("CDP") Science Based Targets initiative ("SBTi") campaign, we have continued this through our 'Slow to Start' engagement with companies that have an industry-relevant pathway, but which do not have a verified target
- ▶ the net zero ambitions of the third-party managers we invest in 'Slipping through the net'. We have delayed the follow-up 'Where's the net?' given the uncertainty surrounding the Net Zero Asset Managers' initiative ("NZAM").
- ▶ with the rise of the use of Artificial Intelligence ("AI") we engaged with companies involved in cloud hyper-scaling to better understand the challenges faced in meeting their climate goals.

In collaboration with other investors, we are active members of the following initiatives:

For direct holdings:

- ▶ Climate Action 100+: Quilter Cheviot is a member of the working groups for National Grid and Trane Technologies, aiming to assess and encourage progress towards meeting the goal of Net Zero emissions by 2050. We engaged both National Grid and Trane Technologies in 2025; both companies are making steady progress towards climate commitments.
- ▶ IIGCC Net Zero Engagement Initiative: Quilter Cheviot co-leads working groups for Tesco and Siemens. The aim of the collaboration is to promote a net zero pathway using corporate engagement. It focuses on major emitters beyond the Climate Action 100+ focus list. We engaged with Siemens in 2025, and the company retains its standing as a transition enabling leader in the industrials field. We are encouraged to see further detail in its disclosures, particularly following feedback from our engagement group.

For indirect holdings:

- ▶ Wealth Managers on Climate: Quilter Cheviot is a member of the Wealth Managers on Climate ("WMC"), a collection of UK wealth managers working together to support climate action in our investments. The group was convened as a forum specifically for wealth managers, who often have different operating constraints and opportunities to larger asset managers. The purpose of the group is for managers to effectively and collaboratively engage on sustainability-related topics, especially on climate. Recent projects of the group have included compiling and adopting a standard climate questionnaire for third-party funds to complete, and climate framework consultations with IIGCC and ShareAction.
- ▶ Institutional Investors Group on Climate Change ("IIGCC") External Managers Working Group: Quilter Cheviot is an active member of this working group which was established in 2024 to support ongoing net zero alignment work being undertaken by IIGCC members. The working group meets on a regular basis to develop resources relating to the use of external fund managers when attempting to align portfolios with the goals of the Paris Agreement. The initial focus is on creating target-setting and implementation guidance for when investors use external fund managers to achieve their individual investment objectives. The group has just issued a first version of investor guidance on applying a climate alignment framework to externally managed funds, which is now open for public consultation.

## Human rights

In collaboration with other investors, we are an active member of the following initiatives for direct holdings:

- ▶ 30% Club and 'Fix the Exec': Quilter Cheviot is leading engagements with seven FTSE 100 companies that have been assessed as having room for improvement in terms of gender diversity performance, both at executive and board level. Initial engagement meetings are underway.
- ▶ PRI Advance: Quilter Cheviot is an active member of the working group for Anglo American where we are working with other investors to advance progress on human rights through stewardship.

We have also given support to the following initiatives (for direct holdings) focused on modern slavery:

- ▶ Find it, Fix it, Prevent it: Quilter Cheviot is a member of the working group engaging Persimmon on modern slavery risk management and performance. Engagement with the company is ongoing.
- ▶ Modern Slavery in the UK: Quilter Cheviot is a supporter of the Votes Against Slavery initiative led by Rathbones. In 2025 this initiative aims to promote compliance against the Modern Slavery Act for all listed UK companies, targeting 34 FTSE 350 and 66 AIM listed companies.
- ▶ Co-signed alongside other asset managers an investor letter requesting that the UK Government give Parliamentary time to discussing the introduction of Human Rights Due Diligence legislation in the upcoming session.

## Natural capital

In 2025 we prioritised the following thematic engagements through one-to-one meetings:

- ▶ 'Disposable disclosures: Consumer goods and single-use plastic'. Recent global plastic waste brand audits<sup>5</sup> have found that less than 60 companies are responsible for more than half the world's plastic pollution, with six companies responsible for a quarter of that total. We engaged with targeted companies based on our materiality criteria in the consumer goods sector.
- ▶ 'Making a splash.' Alongside the Sustainable Opportunities ("SO") team we engaged several investee companies held in the SO strategies to better understand water-related risks and opportunities, including emerging technological innovations and solutions that relate to water efficiency and water resilience.

In collaboration with other investors, we are an active member of the following initiatives for direct holdings:

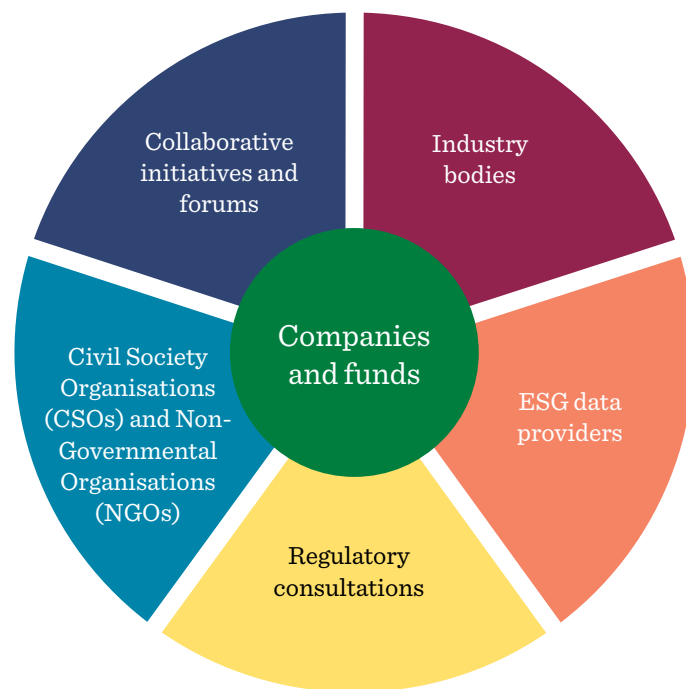
- ▶ Nature Action 100: Quilter Cheviot is an active member of the Rio Tinto working group. This initiative aims to support and encourage greater corporate ambition on tackling nature and biodiversity loss. In 2025 we met with the company as it worked towards releasing an updated nature strategy in Q3 2025. We also met with related Civil Society Organisations ("CSOs") to provide on-the-ground insight and feedback into how Rio Tinto manages its impact on the local community and natural habitat at sites like Simandou.
- ▶ PRI Spring: Quilter Cheviot is an active participant of the Reckitt Benckiser and BHP working groups. This initiative looks to encourage further action on addressing the systemic risks of biodiversity loss to protect the long-term interests of investors. In 2025 we held multiple meetings with the company which were aimed at scoping the comprehensiveness of its nature strategy.

We have outlined our approach to escalation in our response to Principles 3 and 5.

## Industry activity and contribution

Our engagement activity is not limited to the companies and funds we invest in. It takes other forms as well.

We have provided examples of our engagement with data providers in Principle 6, whilst earlier in our response to Principle 2 we have evidenced our engagement activity through collaborative initiatives and forums.



<sup>5</sup>Global producer responsibility for plastic pollution | Science Advances

## Civil Society Organisation (“CSO”) and Non-Governmental Organisation (“NGO”) engagement industry bodies

### Example

#### JD Sports – Social

**Objective:** We engaged with Share Action, an NGO that was coordinating a shareholder resolution at the 2025 AGM.

The resolution requested that the company provide additional disclosures related to how it assesses the potential provision of the ‘real living wage’.

The ‘real living wage’ is separate to the government-mandated minimum wage and is calculated as the actual cost of living by the Living Wage Foundation. Some companies commit to being Living Wage Accredited and benchmark their levels of pay versus this measure. JD Sports does not currently pay the ‘real living wage’ to employees, but in this instance the resolution is asking for basic disclosure on several items, including the number of direct employees whose pay is below this level, as well as the company’s approach to setting base pay for regular staff and third-party contractors. It also asks the company to report on how much it would cost to become accredited. Share Action and the institutional investor proponents have targeted the company as it is a retailer, which is a target sector for improving labour standards. It also does not disclose much of this information, has been slow to engage, and does not provide regional pay weightings (i.e. someone in London is paid the same as areas with lower living costs). Some retailers like Tesco and Sainsbury’s do pay the ‘real living wage’ to direct staff and contractors.

We then engaged with JD Sports to discuss the proposal; however, the company did not respond to our request.

We supported the shareholder resolution calling for greater disclosure on the company’s human capital management, as it does not currently pay the ‘real living wage’. We believe increased transparency on workforce pay and the potential cost of adopting the ‘real living wage’ would benefit shareholders.

**Outcome:** The discussion with Share Action allowed us to better understand the rationale and the merits of the shareholder proposal. We used this engagement to inform our voting decision to support the proposal at the 2025 AGM.

### Example

#### Rio Tinto – Social

**Objective:** As part of our role within the Nature Action 100 initiative we participated in a discussion with African CSOs involved in advocacy work around the Simandou mining complex in Guinea. Engagement was with two organisations, Action Mines (“AM”) and Advocates for Community Alternatives (“ACA”). The focus was on the social impacts of the environmental impact of the mines.

We engaged with CSOs to understand how Rio Tinto is addressing community impacts from its Simandou project. The Simandou complex is a massive iron-ore mining concession divided into two sections, with Rio sharing its section with Chinese-owned Chalco, and the other section’s concession held by the Winning Consortium (“WCS”) (a joint venture between Singaporean Winning International Group and Chinese Hongqiao). Importantly, Rio controls activities within its mining concession area, and co-owns the associated infrastructure projects (the port and the railway) built by WCS.

AM is a local community organisation which records and advocates on behalf of complainants affected by the Simandou mining complex projects, comprising the creation of new marine port facilities, a 650km railway line, and the mine itself. The organisation operates monitoring groups throughout the affected areas, including the corridor around the railway line, the coastal regions around the new port, and the forested mountains of the planned mining operations. These groups collate and document any community complaints on a quarterly basis and advocate for affected community members where issues remain unresolved.

There are several ongoing impacts from the development at Simandou affecting communities on the ground, including displacement, damage to homes, loss or damage to agricultural fields, and water pollution. In all cases, these issues were reported to the concession owners, using the complaints procedures set out by Rio and WCS. Despite efforts by AM to escalate unaddressed complaints through both WCS-owned processes and with Rio directly, there remain numerous instances where there has either been no response, or proposed mitigation has been insufficient. Importantly, AM collates and publishes clear documentation of these cases.

Both AM and ACA have engaged directly with Rio about these unresolved and increasingly widespread issues. In prior meetings they have suggested measures to enhance transparency around Rio’s management of complaints procedures, including the Initiative for Responsible Mining Assurance (“IRMA”) or other certification-based audits. However, little progress has been made, and Rio has appeared to be unwilling to bear responsibility.

**Outcome:** Our discussion highlighted seemingly credible claims of environmental impacts from the Simandou development on local communities in Guinea. Based on the experiences of these CSOs, Rio appears to be avoiding taking responsibility for the numerous and in some cases severe environmental impacts of the first works at Simandou.

Ultimately, if Rio is aware of serious deficiencies in how its enterprise partners are managing environmental impacts and complaints, it must step in and start addressing these itself. This has enhanced our understanding of the social impacts Rio Tinto and similar holdings may have on local communities. We will continue to monitor this situation and use this information to inform our future engagements.

### ▶ **The Investment and Savings Alliance (“TISA”) Responsible and Sustainable Investment Committee**

We are an active member of the committee and have deputy chair responsibilities. The committee meets quarterly and operates working groups to focus on specific responsible-investment-related issues.

### ▶ **The Principles for Responsible Investment (“PRI”)**

As a signatory to the PRI, we are required to report on our responsible investment processes and activities on an annual basis. We are also members of multiple PRI-convened collaborative engagements including Spring and Advance. Additionally, we are also members of the Wealth Managers Working Group, which regularly meets to discuss relevant industry-specific issues and policy developments, helping to support Wealth Managers to enhance their responsible investment approach.

### ▶ **The Investor Forum**

The Investor Forum is a practitioner-led membership organisation that aims to enhance stewardship practices in the UK and facilitate corporate dialogue. We regularly participate in investor feedback on stewardship-related topics, such as investment trust board expectations, and utilise the forum to join group dialogues with individual company board members. In 2025, we participated in several group engagements, including dialogues with the chairs of Shell and Prudential. At an event convened by the Investor Forum in December, we presented Quilter Cheviot’s responsible investment strategy and highlighted ESG performance expectations for a range of FTSE 250 companies. This was a useful way to engage with a broad corporate audience and to communicate our view of UK company best practice on topics like board composition and remuneration.

### ▶ **UK Sustainable Investment and Finance Association (“UKSIF”)**

We are a member of UKSIF, an organisation convening the UK’s investment community to support and enhance sustainable finance in the UK. UKSIF collaborates with policymakers and other stakeholders to help overcome barriers to the growth of sustainability and deliver progress towards decarbonisation of the economy. This has included being part of a panel at the annual UKSIF Good Money Week Conference, as well as joining forums on specific topics of interest.

### ▶ **Advisers’ Sustainability Group (“ASG”)**

The Head of Responsible Investment at Quilter Cheviot, Gemma Woodward, was invited to be a member of the ASG established by the FCA to focus on enhancing sustainable finance capabilities within the financial advice sector. She led the working group for best practice guidance. The report is expected to be published in early 2026.

### **Escalation**

The desired outcome of engagement activity is to reduce risk and/or obtain greater long-term success for the company and our clients. Thus, achieving change and avoiding risks are factors we consider in reviewing holdings and the success of our activity.

### **Escalation: market-wide and systemic risks**

We are active participants in several collaborative engagement networks and industry body working groups and committees. We contribute to industry consultations and will engage for change where appropriate. Our response to Principle 3 includes details of company-specific escalation, and within the Principle 5 response for our fund holdings.

### *Principle 3: Signatories engage to maintain or enhance the value of assets*

Within our response to Principles 1 and 2 we have outlined:

- ▶ how we prioritise engagements (thematic priorities and materiality)
- ▶ the types of engagement including collaborative initiatives
- ▶ the purpose of the engagement (reactive, proactive, business as usual)
- ▶ the outcomes from engagements
- ▶ our engagement activity in 2025.

Within our response to Principle 4 we have outlined:

- ▶ our approach to engagements related to voting activity.

Within our response to Principle 5 we have detailed:

- ▶ how we engage with the third-party funds we invest in.

Within this principle we have focused on engagement with direct holdings.

### Stewardship and direct holdings

This is focused on corporates, namely equities, and, corporate bonds. Our engagement activity also forms part of our overall approach to integrating ESG factors within our direct equity holdings. This is alongside our proprietary equity and corporate bond dashboards. The equity industry group dashboards are comprised of multiple data feeds related to ESG information deemed to be material by the Sustainability Accounting Standards Board ("SASB").

The fixed income dashboards are comprised of various data feeds, for sovereigns, risk factors are assessed at a country level. For our direct corporate bonds, we incorporate material ESG factors from the SASB framework, as well as the same seven core datasets as the equity dashboards. The core datasets include CEO pay to total shareholder return, board gender diversity, and board independence. For the sovereign bond universe, we assess country-specific scores based on rule of law, corruption, and income inequality.

As well as the work conducted by the Responsible Investment team to engage for change, key parts of our work are conducted alongside the equity research analyst to engage for information. This information is collected and fed into the analysts' investment thesis.

### Escalation: companies and investment trusts

The information published by companies and investment trusts, particularly financial statements such as reports and accounts, are important sources of information to assist in monitoring investments. We also use other sources including third-party ESG data, financial research, and information we obtain during engagement with a company.

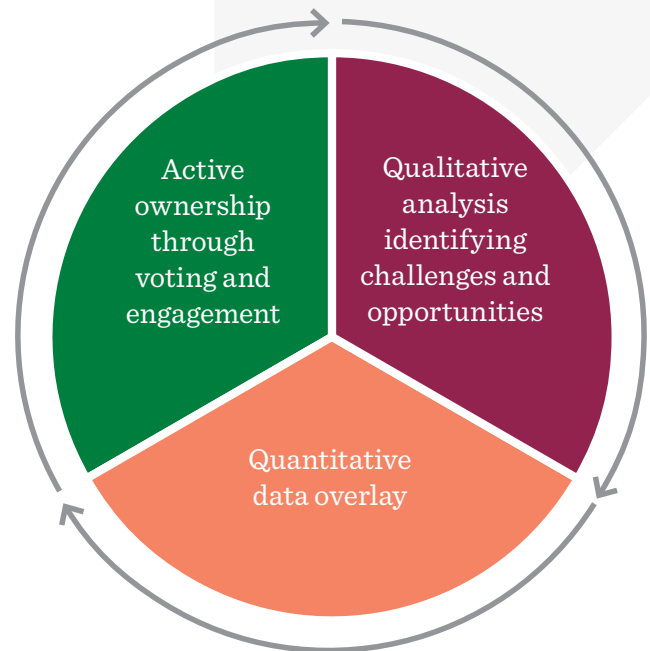
Engagement with companies arises from one-to-one and group meetings with company executives, as well as email correspondence. Depending on the topics of discussion, meetings are also held with company chairs and chairs of board committees. In specific instances we will request a meeting with the senior independent director ("SID") if we believe this will be helpful. We have found that multiple engagements are often required, and that patience and perseverance are helpful attributes.

Where possible, it is our preference to support the management of companies in which we have holdings. We will therefore evaluate the actions and strategies of companies constructively, particularly through meetings and other engagement with executive and non-executive directors of the board. However, where there is a threat to the value of the company, we will take steps to protect the value of our clients' investments.

We may consider taking one or more of the following actions:

- ▶ engaging with members of the company board
- ▶ discussing or working with other shareholders on matters of mutual interest
- ▶ voting contrary to the management proposals at general meetings
- ▶ downgrading the investment recommendation or removing it from our portfolio models
- ▶ selling the holding where we evaluate it is in the interests of our clients to do so
- ▶ in extreme circumstances, we could request a general meeting.

There are several escalation channels followed by Quilter Cheviot, examples of voting-related escalation activity are reported under Principle 4. One initial method of escalation utilised is to request further engagement from the company or fund to better address an issue of concern. This is typically paired with a requirement to speak to an individual with more seniority or directly involved with the matter (e.g. procurement specialists).



### Siemens – Environmental

Example

**Objective:** The rapid expansion of artificial intelligence (“AI”) and the pressing need for climate transition plans are two significant trends shaping the technology, software, semiconductor, and data centre services industries today. Companies like Microsoft, Google, and Amazon are at the forefront of these developments, driving innovation while grappling with the challenges of sustainability. Activities at companies like AMSL, ASMI, TSMC, Infineon, and Equinix are also shaping the wider AI ecosystem and its emissions profile, where advances in hardware technology are crucial for addressing AI’s energy demands. Companies are also exploring AI-optimised cooling, and smarter data centre design and operations to limit AI’s energy consumption. By understanding the interplay between technological advancements, regulatory landscapes, and energy demand dynamics, investors can better navigate the evolving landscape and capitalise on emerging opportunities. This is a nuanced landscape and despite highlighting the above tensions, AI’s role in the climate transition is increasingly recognised as a critical driver of growth and innovation. AI has the potential to address climate challenges by optimising energy use, improving grid stability, and integrating renewable energy sources. Companies must balance the benefits of providing and using AI solutions with current transition commitments. We engaged a focused group of companies to better understand this topic and the management of the risks related to the emissions implications of AI service growth.

We held a dialogue with the company’s Investor Relations ESG lead. The rising energy demands of AI scaling are a significant challenge. Siemens showcases the potential for AI to enhance operational efficiency while reducing emissions. By integrating smaller private AI solutions into industrial applications, Siemens has improved predictive maintenance and energy management, reducing energy consumption. The AI-optimised cooling and smart data centre designs further address AI’s energy demands and emissions implications. Siemens aims for net-zero emissions across its value chain by 2050, with significant interim goals for 2025 and 2030, validated by the SBTi. Despite challenges with Scope 3 emissions from sold products, recent business changes indicate a positive trajectory.

**Outcome:** Siemens leads in reducing energy consumption through AI, benefiting both operations and commercial opportunities. On this basis, Siemens is positioning itself as one of the leaders in technological innovations that are beginning to reduce energy consumption through AI applications, leveraging the benefits internally but also as a commercial opportunity. This reinforces the inclusion of Siemens within our highest responsible investment categorisation.

### American Water Works - Environmental

Example

**Objective:** We engaged with the Investor Relations and Sustainability teams at American Water as part of a thematic engagement driven by holdings in our Sustainable Opportunities strategy. This water-themed dialogue aimed to explore how the company is managing water-related risks, capital investment priorities, regulatory obligations, as well as water performance opportunities. As a regulated utility operating across 14 US states, the company plays a central role in delivering essential services. Our objective was to assess the robustness of its strategy in balancing infrastructure needs, environmental responsibilities, and long-term investor value.

American Water’s exposure to high water stress regions is limited (c.3%), which reduces its immediate physical risk. However, the company has adopted a proactive stance on climate resilience, with capital directed towards flood defences, reservoir construction, and a desalination plant. While these measures are commendable, the scale of investment required to future-proof infrastructure remains significant, and the pace of delivery will be crucial. The company does focus on catchment-level collaboration, is working with local stakeholders to protect source water, and has demonstrated success in Tennessee.

The company’s decade-long \$40–42bn infrastructure plan is ambitious and reflects the ageing state of U.S. water systems. American Water is deploying digital meters and leak detection technology to address non-revenue water, which currently stands at around 20% of water emissions. The target to reduce overall water use by 15% is positive, though progress will depend on regulatory support and enhanced customer engagement.

Regulatory complexity was a recurring theme, with varying standards across states. American Water appears to manage this well, but the fragmented national landscape may limit the scalability of certain initiatives, such as catchment-level collaboration. On emerging risks, the company is preparing for Perfluoroalkyl and Polyfluoroalkyl Substances (“PFAS”) regulation. PFAS are a large group of synthetic chemicals known for their non-stick and water-repellent properties. The accumulation of these substances has been linked to potential health issues. Water companies will be required to introduce additional measures to filter and prevent further accumulation of these chemicals in waterways.

**Outcome:** American Water presents a generally well-considered approach to water stewardship, with clear investment in resilience and efficiency. Its strategy reflects awareness of both physical and regulatory risks, and its collaborative efforts are positive. However, some areas – including regulatory consistency and expenditure on emerging contaminants (such as PFAS) – should be monitored. The company offers a credible long-term proposition, and delivery against its stated goals will be key to sustaining confidence. There was no change to the current dedicated RI categorisation.

## Example

**Unilever – Environmental**

**Objective:** Our thematic engagement on plastics aims to assess corporate plans to manage product packaging's lifecycle and reduce plastic pollution, while also seeking a better understanding of how companies are navigating an increasingly complex legal and political landscape. Using the Brand Audit Report from the NGO Break Free From Plastic ("BFFP"), we identified top global corporates whose packaging ends up as pollution. BFFP's 250 brand audits in 41 countries collected 537,719 pieces of plastic waste, documenting around 7,000 brands from 4,000 parent companies. The engagement focused on five leading consumer goods companies (Coca Cola Europacific Partners, Nestlé, Unilever, Coca Cola HBC, and Mondelez) – which correspond to the largest users of single-use plastics by volume in our investment universe. We sought to understand how these investee companies with significant plastics exposure are addressing key risks and opportunities – including their plastics strategy across different geographies, use of recycled plastics, reusable packaging formats, the impacts of packaging regulations, and emerging health and liability risks related to plastics.

This engagement with the Sustainability team provided a comprehensive look at Unilever's plastics strategy and its recent course-correction towards more realistic goals. Unilever remains committed to tackling plastic packaging waste, even as it has extended the timelines for some targets in light of practical challenges. Although it is disappointing to see a paring back of goals, the company has made tangible progress – for example, achieving a 23% reduction in virgin plastic use and reaching 93% waste collection – and it has a detailed action plan to push those numbers further in the coming years. Importantly, Unilever is undertaking both internal measures (redesigning products, investing in recycled content, R&D on new materials, etc) as well as external collaboration and advocacy for systemic change. This two-pronged approach – improving its own operations while also helping shape broader industry standards and infrastructure – aligns with what we as investors expect from a leader in sustainability.

Despite falling short of its initial 2025 aspirations, Unilever's updated strategy appears credible, and business aligned. The new strategy candidly recognises what was not working (especially around flexible packaging and the original deadlines). We were encouraged by Unilever's openness about the hurdles it faces – such as the need for better recycling technology for sachets and the reality that consumer behaviour is hard to shift. The real test will be in execution: achieving the interim targets in 2026/2028, scaling up reuse models, and innovating viable alternatives for problematic plastics. These remain significant challenges. For instance, solving the use of disposable sachets will likely require breakthroughs in material science or new delivery models that have yet to be proven at scale. Similarly, reaching 100% reusable/recyclable packaging by 2030/2035 will demand not only product innovation but also functioning recycling systems in all the markets Unilever serves.

**Outcome:** We view the 'realistic roadmap' as a positive in that it sets achievable benchmarks and encourages accountability, though we will watch to ensure that ambition is not further diluted over time. Unilever's leadership in global initiatives and support for regulation should help drive industry-wide progress, which ultimately makes its own goals more attainable. We maintain our responsible investment view based on the meeting.

## Example

**Persimmon – Social**

**Objective:** We engaged with Persimmon's Group Investor Relations Director and Head of Internal Audit to follow up on the company's approach to managing modern slavery risks. This engagement was conducted under the collaborative initiative 'Find it, Fix it, Prevent it'. Our aim was to assess progress since our last meeting and set expectations for continued improvement.

Persimmon outlined progress of its risk-based approach, focusing on two key areas: subcontracted labour on UK construction sites and sourcing of materials from higher-risk regions. Controls have been strengthened across both areas. All subcontractors must comply with Persimmon's Supplier Code of Principles, which prohibits unethical labour practices. The company verifies right-to-work documentation for all on-site workers, including agency staff. Since 2019, Persimmon has paid the 'real living wage' to direct employees and extended this to subcontracted site workers in 2024. This initiative is clearly communicated to contractors and backed by site audits.

On supply chain due diligence, Persimmon's Group Procurement team requires major suppliers to accept clauses forbidding modern slavery. Where materials are sourced from overseas, suppliers must provide written assurances of ethical practices. In 2024, the company conducted enhanced checks on solar panels, electric vehicle chargers, and heat pumps, excluding bidders unable to demonstrate responsible sourcing. These steps align with peer practices, and Persimmon uses sector data such as the Global Slavery Index to inform its assessments. The company confirmed that 99% of its supply chain by value is UK-based, with limited exposure to overseas sourcing. Nonetheless, it acknowledged the importance of maintaining oversight of international suppliers and is considering further steps, including independent audits and unannounced checks.

Training and awareness are central to Persimmon's strategy. All site and contract managers receive training on identifying forced labour. Office teams in procurement, commercial services, and HR complete tailored e-learning modules. In 2024, Persimmon launched a compulsory mobile training via its internal app 'The Persimmon Way', reaching over 16,000 site workers. The app also supports digital site sign-in and communication, improving visibility of working hours and enabling training delivery. Posters and flyers in multiple languages reinforce the anti-slavery message on site.

Whistleblowing mechanisms include a confidential hotline available 24/7 to employees, contractors, and suppliers. Reports are handled by Internal Audit and escalated to the Audit Committee. Persimmon has received a small number of serious concerns in recent years, including one involving agency workers living on site. In each case, the company acted swiftly, terminating contracts, and notifying authorities. Persimmon recently benchmarked its whistleblowing procedures with the charity Protect and received constructive feedback.

Internally, Persimmon tracks key performance indicators such as training hours, audit results, and reported concerns. These are reviewed quarterly by the board's Sustainability Committee. The company does not currently publish detailed metrics, a point we highlighted. It indicated openness to increasing transparency in future statements. This would align with peers such as Barratt Developments, which publicly discloses supplier audit figures and training completion rates.

**Outcome:** We noted the company's progress on building a more comprehensive modern slavery risk management approach over the past five years. We were encouraged by the company's progress on subcontractor oversight, training innovation, and responsiveness to stakeholder feedback since first engaging the company, validating our current responsible investment categorisation of the holding. We will continue to engage the company through this collaborative initiative and have set expectations that Persimmon will continue to strengthen transparency and supplier assurance. We will review the company's 2025 Modern Slavery Statement when published later in the year.

We also engage on an ongoing basis to maintain a constructive dialogue; this may be one-to-one or through collaborative initiatives or forums. Additionally, we will revisit a previous engagement to follow up and track the outcome of the discussions we have had with companies and funds.

## Example

**LVMH – Social**

**Objective:** We engaged with LVMH's Investor Relations' ESG lead to follow up on two alleged social controversies. The objective of the meeting was to better understand the materiality of recent allegations of misconduct and labour rights abuses within the group and whether this pointed to broader structural problems. Specifically, we discussed a sexual harassment claim at Moët Hennessy and labour violations in Loro Piana's Italian supply chain. This engagement was aimed at gathering information, setting expectations for remediation, and assessing any implications for our responsible investment view of LVMH.

The meeting began by exploring the Moët Hennessy harassment case. Management categorically denied the ex-employee's claims of a sexist culture, describing the incident as isolated rather than symptomatic of a broader problem. They emphasised that internal metrics such as sick leave and exit interviews have not indicated systemic issues, despite reports of elevated numbers by media sources. Moët Hennessy's leadership team highlighted a 50% female representation in senior roles and outlined staff support through employee programmes like the LVMH Heart Fund (which offers staff financial aid and counselling in times of need). An internal investigation was launched, and management reiterated its commitment to a safe, inclusive workplace, promising enhanced conduct training and standards. Management believes this is an isolated case and highlighted that the individual had bypassed internal grievance channels and taken her story public, leading LVMH to defend its reputation through a defamation complaint.

Turning to Loro Piana's Italian supply chain, management addressed the discovery of illegal subcontracting and worker exploitation by one supplier in May 2025. Loro Piana immediately terminated contracts with the supplier and all associated sub-suppliers. In July 2025, the division was placed under court supervision for one year to ensure labour compliance. LVMH responded by launching hundreds of unannounced supplier audits, tightening subcontracting approval protocols, and granting auditors greater access to lower-tier suppliers. The group also strengthened its oversight by engaging directly with all manufacturing heads and collaborating with industry peers and Italian authorities on national supplier certification programmes. The company also noted that this is a sector-wide problem in the northern Italian manufacturing region, with a number of companies negatively affected by illegal and hidden subcontracting of orders.

Management noted that these incidents have not had a material impact on LVMH's financial performance to date, but acknowledged the reputational risks involved, ensuring ethical labour practices is now a top priority group-wide. We were also told that Bernard Arnault, LVMH's CEO, personally convened all manufacturing heads to reinforce these expectations, underlining how seriously the group takes this matter.

**Outcome:** The engagement gave us better understanding of LVMH's actions and commitments regarding these ESG issues. On the basis of our dialogue, we believe that management addressed our questions openly and demonstrated in the case of Loro Piana, a clear plan to prevent future occurrences. As a result, we maintain our current responsible investment categorisation of LVMH. We expect LVMH to follow through on its enhanced oversight measures and will continue to monitor progress. We concluded by reinforcing our expectations that LVMH maintain high standards on workplace conduct and supply chain labour conditions, and management agreed to keep us updated on the outcomes of the internal investigation and the audit programme.

## Example

**Prudential – Governance**

**Objective:** We joined an update meeting with the chair convened by the Investor Forum. We currently hold no material concerns, but this was an engagement for information following a relatively significant board refresh.

The chair covered a range of topics focused on business strategy and investor sentiment following a period of significant renewal at board level. According to the chair, since the COVID-19 pandemic, the company completed its transformation from a global holding company to an 'Asian operating company'. During this time, there has been a significant board and management refresh, bringing in a number of new executives including a new CEO. The chair also believes the board refreshment has given them a high-quality 'Asia-focused' governance structure.

A key strategic aim has also been to increase the transparency of the company's approach. Insurance is long-term and complex, and Prudential often writes policies that can last for 40 years. The clarity and prudence of assumptions being made has been an area of improvement, which they believe adds to the culture of high performance and transparency. A big part of the transition of the past few years has been the drive from board management to simplify the business, having completed two demergers (M&G and Jackson) over the past five years.

The chair noted that the London listing brings some difficulties with the approval of remuneration policies for a global talent pool in the context of UK governance standards. The company has not let recent US-focused political developments deter the company's pursuit of a meaningful climate transition plan or Diversity, Equity, and Inclusion ("DEI") approach. In the case of DEI, they do not want to have a monoculture and believe they are implementing a strategy for (among other things) the right commercial reasons.

**Outcome:** This provided a valuable opportunity to engage with the chair and understand her priorities, and we will continue to monitor progress against these objectives. We maintain our responsible investment rating.

## Example

**JD Sports – Governance**

**Objective:** Last year we engaged the company's Investor Relations team as it was reported that a non-executive director, Kath Smith, had an undisclosed financial interest in one of the company's suppliers (Montirex), leading to allegations of a potential conflict of interest.

In the company's 2024 Annual Report it did disclose that Smith chairs the board of Montirex but did not disclose that it was a supplier. JD Sports re-iterated that the role was approved by the board prior to initiation and the financial interest that Smith holds in Montirex is of a level that is considered 'non-material' based on current policies and procedures. However, this is not an example of best practice which would involve board approval plus detailed disclosure of the item. Whilst Montirex is not a material supplier for JD Sports, we outlined our expectations of better disclosure on the issue.

**Outcome:** In the 2025 Annual Report the company now clearly highlights Kath Smith's role and links this disclosure to the level of JD Sport's financial exposure to Montirex. This is a positive development.

## Example

**Octopus Renewables Infrastructure Trust – Governance**

**Objective:** This engagement was an opportunity to discuss a range of topics including fees and share buybacks.

In this wide-ranging dialogue, we discussed the future of the infrastructure trust sector. The chair shares our concerns around the size of some vehicles and agrees that many are subscale, with further consolidation needed but many trusts unwilling to explore this. The chair believes that the trust's assets are more diversified than peers in terms of geography and technology, but they are still looking for ways to address the significant discount to net asset value ("NAV") which is not unusual in the sector. The trust will extend a tactical buyback programme and is looking to recycle more assets. The chair also sought our opinion on proposals in the sector to base investment management fees on market capitalisation rather than charging by NAV, as the board are in the process of reviewing fees. We are relatively agnostic and are open to hybrid models that utilise both, but are opposed to some exit fees that have been implemented, preferring a clean fee.

**Outcome:** This was a helpful catch-up with the board chair and a chance to provide shareholder input into some of the topics being considered by the board. We maintain our responsible investment rating and there was no change to the trust's RAG rating.

## Example

**Smithson Investment Trust – Governance**

**Objective:** To meet the new chair and discuss the future direction of the board.

A new chair was appointed in late January, replacing the incumbent chair who remains on the board. The chair confirmed that he is looking to expand the board from four to five members and is mindful of meeting diversity targets which the board currently falls short of. Additionally, over time he would expect to appoint a Senior Independent Director, but that is not an immediate priority. The board had come under criticism last year, following a decision to not hold a continuation vote, this was later reversed and as a result the trust has changed its broker.

The chair is committed to being independent and representing shareholders' interests and gave assurances to this effect. He is reviewing several aspects including the trust's marketing strategy. Over the next 12 months he would be happy if the following were achieved: the discount is below 10%, performance is above benchmark, and the board changes have been implemented as above; whilst acknowledging that performance is up to the manager.

**Outcome:** We will see what changes the next 12 months bring and until then the trust's RAG rating remains unchanged.

## Example

**Invesco Asia and Asia Dragon Trusts – Governance**

**Objective:** To receive a general update from the board chair following the merger of the Invesco Asia and Asia Dragon trusts and understand any key changes.

We engaged with the board chair who provided an overview of the structure following the merger of Asia Dragon and Invesco Asia. The board is comprised of eight members, two of whom (including the chair) will step down at the next AGM. The remaining six board members will stay on, and no additional members will be joining. A new chair will be selected from the pool of six. All board members bring a diverse skillset covering Asia-specific expertise as well as fund management/ investment banking experience, as well as meeting diversity expectations.

Invesco has a clear and strong approach on how it integrates ESG principles across this portfolio. ESG risks and updates are monitored by the board on a quarterly basis. The board has specifically asked for stock-specific examples of engagement tackling different issues. Examples are also published in the Annual Report along with key disclosures and metrics. Overall, there are no ESG-related issues where board governance and ESG monitoring is concerned.

**Outcome:** Confirmation of clear ESG integration policies across the portfolio and examples of active engagement from the investment manager. Evidence of board ESG management and oversight as well as integrated annual reporting and disclosure of sustainability-related metrics and data. We maintained our RAG rating.

*Principle 4: Signatories actively exercise their rights and responsibilities*

## Example

**L'Oréal – Social**

**Objective:** As part of our multi-stage engagement regarding reports of child labour used in jasmine farms in Egypt, we spoke to the human rights and procurement specialists at L'Oréal to better understand its supply chain risk management and take a deeper dive into how the company is responding to the controversy.

As detailed previously, an investigation into perfume supply chains by the BBC found jasmine used by Lancôme (owned by L'Oréal) was picked by children. The presence of child labour was found in Egypt, a country that produces around half the world's supply of jasmine flowers. As part of the investigation the BBC has evidenced, at four separate harvesting locations, many workers on smallholder farms supplying jasmine oil factories were under the age of 15. Since our initial engagement, L'Oréal has expanded its work with 15 other national and international producers and purchasers of jasmine and jasmine derivative products. The project, known as 'Harvesting the Future', aims to promote child protection and decent working conditions in the jasmine sector in Egypt. The Fair Labour Association ("FLA") leads this project.

Suppliers and purchasers of jasmine products fund the project. This is a key aspect in localising the initiative but also incentivising suppliers to place importance on the outcomes. L'Oréal is committed to a minimum of two years' funding and participation, and will extend this if needed. The aim is to hand over the project, which will provide local monitoring, education, and equipment, to suppliers and industry groups. L'Oréal believes this will better embed best practice, as the company cannot guarantee jasmine oil purchases from these suppliers in perpetuity. Improving levels of pay as well as reforming the structure of paying per kilo harvested will be important to disincentivise child labour. The company accepts that this should lead to higher jasmine product prices.

Further to this we discussed the sustainability of the above initiative and how the company is developing its commodity input risk assessment strategy. The company has a vast array of commodity inputs, and many are low volume products (like jasmine oil). The Human Rights team primarily categorises social risks by country of production. According to the team, prior to the 2024 BBC article, it had put in place studies to monitor child labour at the detailed locations. L'Oréal had already identified occurrences and was in the process of bringing in remedial action – in the form of the above project – as the BBC investigation was released. Both team members also speculated that the media coverage was helpful in prompting peers to join the initiative more quickly than usual.

In addition to a country risk prioritisation, the Human Rights team is introducing commodity-based risk assessments, prioritising further due diligence for commodities that have shorter growing seasons which are more likely to experience abuses related to migrant workers, child labour, as well as poor pay and working conditions. The combination of taking a deeper dive into higher risk commodities in higher risk countries is a welcome development in their supply chain due diligence.

**Outcome:** The level of access and detail given has provided us with additional comfort in assessing the company's response to this event. We maintain our responsible investment categorisation, and based on our engagement to date, welcome L'Oréal's coordinated action on this issue. Helping to launch and leverage a multi-stakeholder project like the one detailed above is a proactive approach to supplementing current monitoring practices, which are being further refined. In terms of next steps, we will monitor plan execution but assess remedial action to be well underway and there is no need for further escalation.

## Example

**Intertek – Governance**

**Objective:** We engaged the company's Investor Relations team to discuss concerns around the newly proposed remuneration policy.

A year after the approval of the last remuneration policy a new policy was put forward at the 2025 AGM. While many parts of the existing structure have been kept in place, the company proposes adding an enhanced long-term incentive plan ("LTIP") to sit over the core LTIP. If fully achieved, both policies will pay out 300% of salary each (making a 600% total LTIP opportunity). The performance metrics of the 'enhanced' policy largely echo that of the core one, with further earnings-per-share outperformance one of the main targets. With the revised policy the board is aiming to incentivise (and reward) best in class FTSE 250 performance, and they see this additional opportunity as an important element to motivate management to fulfil the three-year business strategy during a key period of growth. We would agree that the design of the structure largely aligns with shareholder interests and achievement of the enhanced opportunity will be stretching for management. The principal concern is whether this significant increase in potential reward is appropriate for a company of this size, with any material achievement placing remuneration well in excess of peers. There is also a debate over whether the additional reward is proportionally motivating or simply a high price for outperformance.

**Outcome:** While we acknowledge the efforts to align the enhanced pay opportunity with shareholder interests, we are not comfortable with the size of reward on offer relative to company size, peer benchmarks, and UK remuneration norms. We outlined our intentions to vote against the policy, but the item was rescinded by the board prior to the AGM, with a reversion to the current policy.

## Example

**Fidelity China Special Situations Trust – Governance**

**Objective:** To discuss progress on several topics including board gender diversity and responsible investment disclosures.

We engaged with the Senior Independent Director ("SID") to raise a number of items including board gender diversity, director shareholdings, responsible investment disclosures, and potential chair over-boarding. As part of our last regular review of the investment trust landscape, no material concerns were raised. Recently, we have noted that board gender diversity has fallen below FTSE listing recommendations to 33%. We addressed this issue with the SID, who emphasised that this is something the board is focusing on. Given the relatively small size of the board and the low tenure of most members, it may take a few years to remedy, but the SID committed to achieving 40% gender diversity through the next hire, likely to be when the chair steps down.

We also raised potential over-boarding concerns regarding the chair, who currently holds three investment trust board positions (all in the chair role). The SID assured us that the chair is committed to the trust and indicated that he will be stepping away from one commitment shortly (although exact timeframe not yet confirmed).

On the issue of board member shareholdings, we were surprised to see that three out of six board members currently have no or low shareholdings in the trust. We do not have a fixed holding expectation but do expect to see some level of steadily increasing shareholding to demonstrate commitment and belief in the portfolio. The SID did not seem aware of the concern but indicated that it would be raised at the next board meeting.

Finally, we encouraged the trust to improve responsible-investment-related disclosures. This topic was raised during our review of the trust in 2023 and has seen little improvement. The trust does not provide portfolio-specific vote reporting. It has previously provided engagement examples but has been recently advised not to publish these given the more uncertain ESG environment. We expect stewardship disclosures to be made available to shareholders.

**Outcome:** We maintain our responsible investment rating on the trust but will monitor several items moving forward. Director shareholdings and the chair's external commitments will be reviewed prior to the 2026 AGM. In the medium term we will monitor gender diversity and expect to see improvements in responsible investment disclosures, with reporting on trust-specific voting outcomes a minimum expectation.

## Example

**AstraZeneca – Governance**

**Objective:** We engaged the board and Investor Relations team of AstraZeneca as part of an Investor Forum collaborative engagement. The objective of the engagement was to better understand comments made by the CEO in connection with moving the company's primary listing to New York.

As part of the Investor Forum collaboration, we supported a letter sent to the chair seeking clarification. Given the potential impact to the UK investable universe and the consequences for clients who allocate capital to companies listed in the UK, we raised our concerns regarding a potential move in the company's listing. Owing to the potential costs and upheaval attached to a move of listing, a solid rationale would be needed to support a change. Investor Relations were the main point of contact, and the team conveyed that the chair acknowledged the letter and highlighted that they would not formally respond to what they consider 'speculation' and 'misrepresentation' regarding the CEO's comments but appreciated investor feedback.

**Outcome:** The engagement achieved its aim in conveying its concerns and views to the board. The board also committed to appropriately communicate and consult on a move of listing to the US. We will monitor future developments and re-engage as required.

Escalation can also impact capital allocation, and another form of escalation is to change our responsible investment categorisation of an underlying investment based on ESG integration performance and engagement results. The re-rating will have material capital allocation consequences as investments given the lowest rating are no longer eligible for inclusion strategies with higher responsible investment thresholds such as Discretionary Portfolio Services ("DPS") Applied and Sustainable Opportunities.

## Example

**Henkel – Governance**

**Outcome:** Informed by historic engagement and a deterioration in material ESG issue performance (monitored using our internal data dashboards) the company was downgraded to the lowest of the three Quilter Cheviot responsible investment categories. Henkel is a peer group laggard due to its misaligned CEO pay to total shareholder return ("TSR"), board gender diversity falling below its peer group median, and waste recycling ratio being lower than its peers.

## Example

**Ocado – Governance**

**Outcome:** We have regularly engaged with the company over the past five years and combined with a deterioration in material ESG performance. Ocado is a peer group laggard due to its CEO pay to TSR which is misaligned, and this is being driven by its share price which has fallen by 25% over the last year and 86% over the last five years. This is combined with it having not set a science-based climate reduction target and having a high carbon intensity relative to peers.

**Voting principles and disclosure**

As responsible investors, we use our voting activities to fulfil our role as a steward of our customers' assets, working to protect and enhance long-term returns. Voting and engagement is part of our investment process, so all decisions are made in conjunction with the relevant research analyst.

Our voting principles incorporate the following standards:

- ▶ UK Corporate Governance Code 2024
- ▶ Association of Investment Companies ("AIC") Corporate Governance Code for Investment Companies
- ▶ Pensions and Lifetime Savings Association guidance
- ▶ FCA PS22/3: Diversity and inclusion on company boards and executive management
- ▶ The Investment Association's Remuneration Guidelines
- ▶ The European Women on Boards Directive
- ▶ National corporate governance codes where available
- ▶ Securities and Exchange Commission ("SEC") provisions and listing requirements.

We use the services of ISS, a third-party proxy voting service provider, to facilitate the fulfilment of voting. We consider the recommendations of ISS in our engagement and voting decisions, but we apply our own views to the Voting Policy and will not always follow the recommendations of ISS if we feel it is in the best interests of our customers to take a different course of action. There are minor differences in how we execute our voting in terms of universe and process.

As a signatory to the UN PRI, we have made a commitment to transparency and recognise its importance in creating higher standards, not only for responsible investment practices but also for the wider financial market.

We report monthly (from end July 2025, previously it was quarterly) in line with the Shareholder Rights Directive II requirements. The reports may be found here [Stewardship | Quilter Cheviot](#). Our quarterly responsible investment reports include voting-related engagement activity.

From June 2020, we have disclosed all the votes within our voting universe cast on behalf of discretionary clients. We have classified all votes that are enacted within our voting universe to be significant. We do not disclose client-instructed voting publicly.

We disclose engagements with all companies and funds on a quarterly basis. In some (rare) cases, we may choose not to name the company or the fund in question if we believe doing so is likely to prove counterproductive to our engagement process.

We do not enter into any activity related to stock lending or borrowing.

### Voting universe and our voting panel

We vote on over 95% of the holdings<sup>6</sup> which have regular voting rights as voting decisions reflect our investment thesis. However, we may not place votes where we do not have a power of attorney in place, or the market/sub-custodian implements share blocking. We have a long tail of holdings which is unsurprising given the nature of our client base and we do not vote on every single position we have. The reason for this is simple: voting is aligned with engagement and so, while we could easily vote on every single holding globally, we would not engage on that scale in a meaningful way, and in some cases only one client may hold this position.

Customers are able to instruct voting on their holdings.

To give assurance on our voting, all contentious voting issues, i.e. where we are voting differently to our proxy service provider's recommendations (i.e. ISS), or where we are voting against management or placing an abstention vote, are referred to the Voting Panel for review. The Panel consists of the Chief Investment Officer, Head of Responsible Investment, and the relevant Head of Research (equities or funds). Where we are considering voting against management proposals or indeed supporting shareholder resolutions which management does not support, we will usually engage with the company beforehand and will inform the relevant company of decisions to abstain or vote against management.

### Voting principles for direct equities

We have principles in place which guide how we vote; however, we will deviate from these on occasion following engagement with the investee company. We have outlined below some of the principles we have adopted, as well as examples of how these have informed our voting decisions:

#### Environmental examples (climate change and natural capital)

Climate-related voting activity at the oil and gas majors remains a key focus. Once again, this year's proxy season saw Quilter Cheviot register a material number of votes against management at high-carbon-emitting companies. We aim to ensure consistency in our voting approach and will determine the voting action taken based on a company's performance in managing climate risks relative to its peers. While 2024 saw several companies, notably Shell and BP, paring back their climate ambitions, 2025 did not see many changes to climate transition plans but signalled a general lull in aspiration. We continued to use voting action to express our concerns regarding a company's climate risk management. Alongside engagement, this forms a key part of our stewardship process.

We continued to take a strong stance on **Chevron** and **ConocoPhillips**, voting against key board members owing to the inadequacy of both companies' transition plans. US-based oil and gas companies continue to lag European peers in terms of the energy transition targets or disclosures. Chevron and ConocoPhillips still sit at the bottom of the pack in terms of operational emissions targets (i.e. Scope 1 and 2) and low carbon capital expenditure, despite committing to broad net zero aims by 2050. Both companies recognise the physical and transition risks of climate change but do not appear to be taking meaningful steps to manage these risks. We did moderate our view on **Exxon** given increased capital expenditure on low-carbon activities. This investment provides optionality through the transition, which is valuable and an element of a good transition plan.

When voting, we will not support shareholder resolutions where we believe the requirements are too specific, unrealistic, or poorly structured – even if we are generally supportive of improvements in the company's climate-related disclosure. This year we did support a shareholder resolution at the **Shell** AGM to clarify how its current fossil fuel expansion is consistent with the existing transition plan. This received over 20% of shareholder support so will require formal response from management.

At a number of large financials, including **Bank of America** and **Wells Fargo**, we supported a shareholder resolution requesting the disclosure of a ratio of the proportion of fossil fuel versus renewable financing. This is a common measure that

<sup>6</sup>As far as reasonably possible given the local regulations on share voting. Notably, we do not vote where it results in the blocking of trading positions. We also do not currently vote on discretionary holdings (within the global equity and investment trust monitored lists) where we do not have the power of attorney in place. These markets being Switzerland, Sweden, Belgium, and Norway. Other infrequent instances of non-vote placement may include where Crest Depository Interests ("CDIs"), ADRs, or GDRs are held. Ability to vote on these holdings differs on a case-by-case basis.

several large banks already publish (including **JP Morgan**). We also supported a shareholder resolution at **Markel** asking for better disclosures on financed emissions; most peers in the insurance industry already provide detailed reporting.

#### **5x votes in favour of reporting on fossil fuel financing activities (shareholder proposal)**

We believe shareholders would benefit from greater transparency on how financial institutions are addressing any misalignments between financing activities and greenhouse gas (“GHG”) emissions reduction targets.

*Companies voted on: Bank of America, Berkshire Hathaway, Goldman Sachs, Markel Group, Wells Fargo*

#### **2x votes in favour of reporting on GHG emission reduction targets (shareholder proposal)**

We supported proposals seeking greater transparency on how companies assess and manage climate-related risks. This enables us to better evaluate their approach to transitioning to a low-carbon economy.

*Companies voted on: Shell (x2)*

#### **Social examples (human rights)**

The 2025 proxy season has seen a continued rise in anti-ESG proposals at US companies, reflecting a broader political and ideological pushback against corporate ESG initiatives. These proposals typically challenge or seek to roll back company policies related to environmental sustainability, DEI, and social responsibility. Some proponents have shifted tactics, reframing anti-ESG arguments in terms of fiduciary duty, risk management, or political neutrality, aiming to appeal to a broader investor base. Despite the increase in filings, support for anti-ESG proposals remains very low, with a median support level of just 1.4% in 2025.<sup>7</sup>

Companies also faced increasing pressure to report on their human rights policies and practices. For example, we saw several shareholder proposals filed at **Meta**, namely requesting additional transparency on how the company is managing and mitigating risks related to the use and collection of data, and its advertising practices.

#### **2x votes in favour of reporting on risks relating to the use of external data in the development of AI products (shareholder proposal)**

We supported the request for enhanced reporting given the company’s own recognition of AI-related risks and the growing regulatory scrutiny across many of its operating jurisdictions.

*Companies voted on: Alphabet, Meta*

#### **1x vote in favour of conducting human rights risk assessment (shareholder proposal)**

We supported this request as the report would allow shareholders to better assess the company’s management of its human rights impacts on its targeted advertising policies and practices.

*Company voted on: Alphabet*

#### **1x vote in favour of conducting a third-party racial equity audit (shareholder proposal)**

The shareholder proposal called for oversight and public reporting on an independent assessment of Walmart’s potentially adverse impacts on Black, Indigenous and People of Colour (“BIPOC”) communities, following the company rolling back its diversity initiatives last year, we supported this request as we believe additional information in this area would be beneficial to shareholders.

*Company voted on: Walmart*

#### **Governance examples (board independence and remuneration)**

Remuneration-related proposals dominated governance-related voting activity during proxy season, and they faced increased scrutiny with a notable rise in shareholder dissent – particularly on advisory votes for remuneration reports. This was largely driven by concerns over pay-performance alignment and a shift towards more flexible, tailored pay structures, including hybrid incentive plans. We saw an increase in UK-based companies, with a global presence, seeking to align remuneration packages more closely to those seen in the US, in efforts to attract and retain top talent.

<sup>7</sup> Anti-ESG Shareholder Proposals in 2025

### **52\*x votes against electing/re-electing director (management item)**

We voted against the re-election of directors owing to board independence concerns, presence of multi-class voting structures, and where the board had failed to adequately address prior year's low say-on-pay vote result.

*Companies voted on: Accor (x2), Adidas, Alphabet (x6), AIG (x3), Berkshire Hathaway (x5), BlackRock World Mining Trust, Chevron, ConocoPhillips, East Japan Railway, Essex Property Trust, Exxon Mobil, Hermes (x2), KION (x5), Kering (x2), LVMH, Meta (x6), Netflix, Phoenix Copper (x2), Regional REIT, T-Mobile US (x7), TotalEnergies (x2)*

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

### **51x votes against management on compensated related resolutions (management item)**

We placed votes against where companies failed to respond meaningfully to prior shareholder dissent, or where discretionary awards and non-standard pay structures – such as hybrid incentive plans – were introduced without sufficient justification.

*Companies voted on: Accor, Allianz, Amazon.com, American International Group, Ares, Equinix, EssilorLuxottica (x3), Euronext, GE Aerospace, Hermes (x4), Howden Joinery, Intel (x2), InterContinental Hotels (x5), Intertek, KION, Kennedy-Wilson Holdings (x2), L'Oreal, LVMH (x5), London Stock Exchange Group, Meta (x3), Nokia (x2), Pfizer, Sanofi, Schneider Electric, Stellantis (x2), Goldman Sachs (x2), Thermo Fisher Scientific, Unilever (x2), Valero Energy*

There are also different considerations to be considered for investment trusts and smaller companies. We incorporate these within our voting principles and activity.

A significant proportion of the assets we invest in on behalf of our customers are funds managed by third-party asset managers. Where these funds invest in UK equities, in general and where relevant, we expect asset managers to adhere to the Corporate Governance Code, and we expect them to apply their own voting and engagement policies. In certain situations, for example specific strategies or investment structures, the above requirements may not be relevant or appropriate. Where this is the case, we expect the manager to articulate a meaningful rationale as to why it may not be relevant or appropriate.

Voting activity in 2025

**In 2025**  
 Quilter Cheviot  
 voted at



**495**  
 company meetings



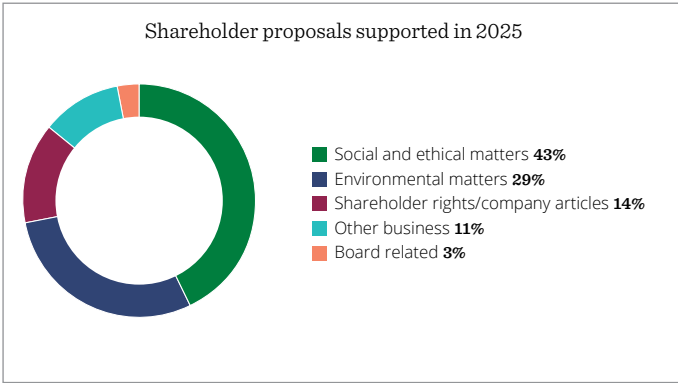
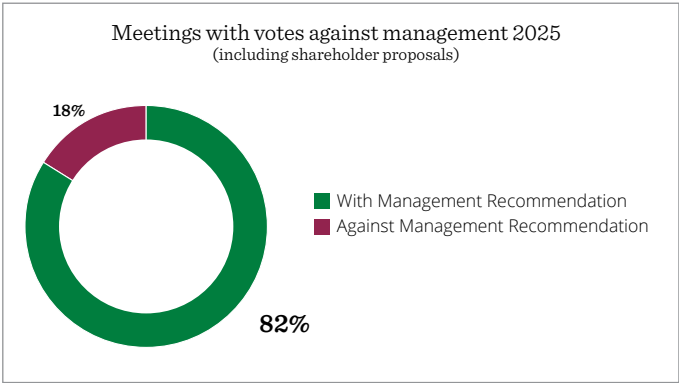
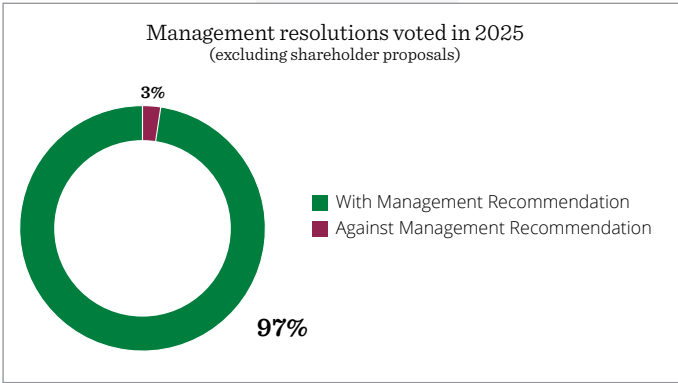
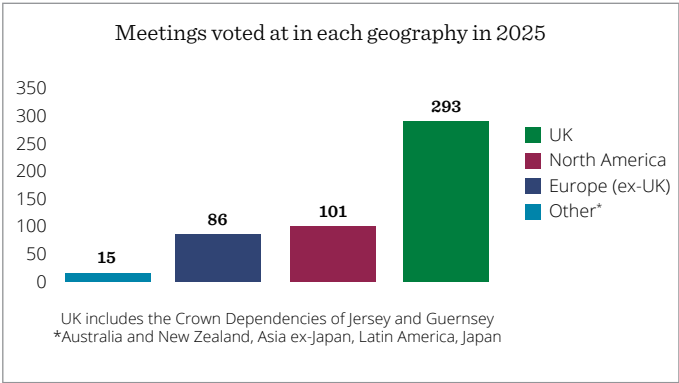
**7,460**  
 resolutions



**114**  
 customers  
 instructed voting  
 on specific holdings

We use ISS as our proxy voting service provider and have a Quilter Cheviot Voting Policy [here](#). We will vote differently to our proxy voting service provider on occasions where we feel that it is appropriate to do so – this is usually as a result of engagement with the underlying company. In 2025, of the 7,460 resolutions, we voted differently to ISS' recommendation for 91 of them (1.2%).

All voting data as at 31 December 2025.



Our voting activity is informed by the reactive engagements we undertake during the proxy season.

Voting data is sourced from ISS ProxyEdge as at 31 December 2025.

## Engaging to inform our voting decisions

### Example

#### Bank of America – Governance

**Objective:** We engaged with the company's legal counsel and Investor Relations team to discuss concerns related to executive compensation.

Our proxy adviser recommended voting against management on the advisory 'say-on-pay' resolution at the 2025 AGM. There are concerns that the short-term incentive programme lacks key disclosures and relies on discretionary board outcomes, leading to potential pay for performance misalignment. Our proxy adviser also recommended voting against the proposed omnibus stock plan owing to potential dilution of the share base.

On the latter issue, we have engaged with the company on this item previously and have been comfortable in supporting the programme given the company's commitment to repurchase common shares at least equal to the value of equity awards, which offsets the dilutive impact of the stock plan. The plan has been in operation for several years with no dilutive problems created.

Regarding concerns over the transparency of short-term incentive outcomes, the company highlights that the move away from more formulaic outcomes is something pursued by peers and encouraged by regulators since the financial crisis. We have engaged the company on the issue in previous years. We welcome recent enhancements in the reporting of the rationale and metrics used by the board to assess short-term executive performance and award quantum. Based on previous requests by shareholders (including Quilter Cheviot), the company has stopped using one-off awards. It should also be noted that the outcome of the short-term incentive programme is not deemed to be misaligned with performance either by us or our proxy adviser. We suggested the board explore disclosing more general target and maximum opportunity thresholds to move closer to a hybrid incentive model without moving too far from regulatory expectations and peer norms on short-term awards.

**Outcome:** We did not follow our proxy adviser's recommendation and voted to support management on items related to executive pay. We welcome the company's openness to engage on the topic and recognise the progress made in recent years.

### Example

#### East Japan Railway – Governance

**Objective:** To raise concerns on the re-election of a non-executive director with the Investor Relations team.

We have concerns regarding the election of a non-executive director who is considered an affiliated outsider as he previously worked at the company's current audit firm and is set to serve on the Audit Committee, which raises questions about the committee's independence.

**Outcome:** We voted against the director as they did not meet the threshold to be considered independent. We outlined our voting decision to the company.

### Example

#### London Stock Exchange – Governance

**Objective:** An update on the company's remuneration strategy.

Following on from our engagement and vote against the Remuneration Report at the 2025 AGM, the company has announced it will be reverting to the stated policy and abandoning proposed discretionary changes to award levels. For the 2025 long-term incentive plan ("LTIP") award, the company's Remuneration Committee proposed 50% threshold award levels for median total shareholder return achievement. Previously the award level sat at 25% for median performance. We were not comfortable with the changes to threshold vesting in the absence of a revised remuneration policy.

**Outcome:** We welcome the board's responsiveness to shareholder engagement and believe the reversion is a positive outcome.

## Example

**Melrose Industries – Governance**

**Objective:** We engaged the chair of the Remuneration Committee to discuss concerns related to executive remuneration prior to the 2025 AGM.

Our proxy adviser recommended voting against the Remuneration Report based on several concerns. The first was related to the level of variable awards paid out through the legacy share plan. We do not share these concerns as the legacy policy paid out in line with the existing formula, and we have engaged the company over several years, requesting a move to a more traditional policy (with fixed salaries, annual bonus, and long-term incentive plans). This new, more traditional policy was approved at the 2024 AGM and is how executives are rewarded moving forward.

Other concerns related to the treatment of awards for the departing CEO and CFO. Firstly, the discretionary decision to allow accelerated vesting of the 2020 portion of the legacy share plan and the waiving of the holding period for portion of award. Secondly, the 2024 annual bonus for the departing CEO and CFO was not pro-rated and based on the full year performance of the incoming CEO.

The board rationale for using discretion to remove vesting and holding restrictions on the legacy variable award was owing to the two executive's good leaver status and recognition of the contribution to historical long-term performance. The executives are required to holding 300% of final salary in shares, which they already exceed, so the board did not believe waiving holding requirements for this portion of reward improved shareholder alignment or protection against adverse outcomes. On the issue of not pro-rating of annual performance, given the significant period of upheaval facing the company (giving the transition of two long-standing executives and the change in business model to a more traditional aerospace firm), the board wanted to use the 2024 bonus to incentivise a smooth transition of leadership.

**Outcome:** We supported management on all items at the 2025 AGM. Ultimately, we disagreed with the full evaluation of our proxy adviser and welcome the improvements we have seen in the company's remuneration policy over our period of engagement. We recognise the use of the annual bonus as an incentive for smooth management transition during a challenging period for the company. We do not fully agree with the application of discretion for vesting or holding periods and have communicated this to the company.

## Example

**Total Energies – Governance**

**Objective:** To discuss the appointment of a new non-executive director to the board with the Investor Relations team.

The director currently holds an executive role and serves on two external boards, which raised concerns about his capacity to dedicate sufficient time to this position. In our engagement with the company, they emphasised the valuable expertise and perspective the director brings to the board.

**Outcome:** Whilst we appreciate the skillset the director brings, it is not unique and therefore we did not regard this to be a compelling rationale, and we voted against the re-election of this director.

## Example

**Warpaint – Governance**

**Objective:** To raise concerns regarding the disclosure of an increase to the CEO salary prior to the 2025 AGM.

We engaged the Investor Relations team. Our proxy adviser recommended voting against the Remuneration Report at the 2025 AGM. The company raised the CEO's salary by over 20% and did not disclose a rationale in the annual reporting. The point at issue here is the disclosure of the rationale. We are supportive of the increase in salary, given that the CEO's salary (even after the increase) is not excessive relative to peers. That said, a rationale should be provided for any increase in remuneration.

**Outcome:** We did not follow our proxy adviser's recommendation and voted to support management on all items, as after engagement the company committed to disclosing remuneration-related rationales in annual reporting moving forwards.

**Overseas and the UK**

There are different governance standards globally, in 2024 we undertook our own research into the issue of non-executive director independence to inform our voting decisions.

In the US there are significantly more shareholder resolutions proposed at meetings. We review these carefully to understand the proponent's position, this has become more important following the rise of anti-ESG and anti-DEI sentiment in the US.

**Conflicts of interest**

Please refer to the Policy and Context Disclosure for more detail. In 2025 no possible conflicts of interest were identified.

### *Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers*

Quilter Cheviot invests in third-party managers through the purchase of units in their funds. We do not enter into investment management agreements with the managers. Our exposure to alternatives is solely through these holdings. Our influence over third-party managers is therefore more limited than those that delegate management by entering into contractual agreements. However, as detailed below, our approach is therefore to monitor and engage with third-party managers to ensure their approach to responsible investment and stewardship is aligned with our expectations.

To assess third-party managers and their funds, over the last year we have enhanced our proprietary evaluation framework which is used to appraise our centrally monitored funds through quantitative and qualitative lenses. We combine data gathered directly from third-party managers via our annual ESG Request for Information ("ESG RFI") together with third-party data at the holdings level to build an understanding of each manager's approach to ESG integration, stewardship practices, and alignment with Quilter Cheviot's responsible investment principles. By applying both quantitative metrics and qualitative insights, we can form a holistic view of how each fund embeds ESG considerations within its investment process.

Based on this assessment, we assign ratings to funds to reflect their overall level of ESG integration and commitment to responsible investment practices:

- ▶ Funds are categorised as either Aware, Engaged, or Dedicated ("A/E/D"). For funds to be classified as Dedicated there must be appropriate alignment to the UN Sustainable Development Goals.
- ▶ Each fund is given a Fund ESG Rating score derived from our holistic quantitative and qualitative analysis.
- ▶ Investment trusts are RAG rated on three factors: board composition, board effectiveness, and responsible investment disclosures.

For those funds investing in private, unlisted securities we complement the data gathered from the ESG RFI with publicly available regulatory information, and where the whole category is comprised of closed-ended funds we use the RAG scoring (as outlined above).

We invest primarily in actively managed funds, with some exposure to index trackers (passives). In 2025 we engaged with the passive managers and active managers on a range of issues including portfolio decarbonisation, investment trust board governance, ESG exclusion policies, and ESG integration at property funds. Engagements may take place on a one-to-one basis or through collaborative forums such as the Wealth Managers on Climate and the Institutional Investors Group on Climate Change's External Fund Manager Working Group. Engagements relating to responsible investment will be undertaken by analysts in the Responsible Investment and Fund Research teams together or individually.

Engagements are split across four key areas:

1. Firmwide approach to responsible investment
2. Manager and strategy approach to responsible investment and ESG integration
3. Engagement on ESG-related risk and exposure
4. Firmwide approach to net zero

We appreciate that the strategy and asset class will determine the responsible investment approach that a manager is able to implement; different asset classes present different ESG considerations, and this nuance is reflected in the engagements that we undertake.

We have included examples of governance-related engagement with investment trusts within Principle 3.

#### **Indexing active ownership: How index trackers deliver stewardship**

#### **Example**

**Objective:** We have reviewed the stewardship approaches at fund managers where we have significant index-fund exposure. When describing responsible investment approaches, fund houses often put forward more sophisticated descriptions that typically apply to active strategies. We are interested in how and if these approaches translate across to index funds. Given the more passive nature of the investment process there are limitations on some aspects of stewardship such as divestment escalation. The exception to this being the growing number of index-based products with sustainability-specific weightings and mechanical divestment for underperformers, the outcomes of which are often informed through stewardship activities as well as ESG ratings. Key criteria in establishing our overall view of index stewardship will include resourcing, consistency of approach, voting alignment, and systemic focus. With the exposure via passive strategies (index trackers) we have evaluated the managers' approach to responsible investment through an engagement focused on resourcing, stewardship consistency, voting alignment, and systemic focus. From these engagements we were able to evaluate the eight index providers as below and to confirm our internal categorisation of these managers.

	Resourcing	Consistency	Voting Alignment	Systematic Focus
Investment Manager 1	●	●	●	●
Investment Manager 2	●	●	●	●
Investment Manager 3	●	●	●	●
Investment Manager 4	●	●	●	●
Investment Manager 5	●	●	●	●
Investment Manager 6	●	●	●	●
Investment Manager 7	●	●	●	●
Investment Manager 8	●	●	●	●

**Key**

- Green indicates a company satisfied the criteria clearly.
- Amber indicates the company satisfied the requirement but could improve relative to peers.
- Red indicates a company did not satisfy these criteria.

**Example****RBC US Equity Focus**

**Objective:** To understand how ESG factors and considerations are embedded at the portfolio level and deep dive into nature and climate metrics for which they were flagging as laggards against the US funds peer group.

This was an ESG-focused deep dive into the fund with the lead portfolio manager covering issues such as portfolio-level emissions alignment, commodity-driven deforestation, and natural capital metrics, and an insight into thematic engagements the fund managers have undertaken.

**Outcome:** Overall, this was a technical ESG discussion where the fund manager provided strong insights into how ESG factors and considerations are embedded at the portfolio level. Some further investigation needs to be done on Implied Temperature Rise ("ITR") scoring as there were some discrepancies between the metrics. The meeting provided reassurance on their climate and natural capital metrics for which they were flagging as laggards against the US funds peer group. There was no change to the RI categorisation as a result of this engagement.

**Example****Schroder European Sustainable Equity**

**Objective:** To meet with the new fund manager and understand the changes made to the fund through both fundamentals and ESG lenses.

We met with the fund manager and supporting analyst to understand the fund changes following the appointment of the new fund manager in late 2024. There have been several changes made to the fund, including: 1) a move from a broad sustainable fund to a specifically climate-focused fund and 2) an increased focus on quality stocks and large cap stocks. The key reason behind the change to a climate-focused fund is due to the personal research the fund manager undertook whilst she was studying for her master's degree. She found that owning European climate-improver companies who are decarbonising leads to more financial returns in the long run. She is focused on companies that are decarbonising today and relying on published regulatory data, and is not looking at climate targets or using third-party data which usually relies on estimates. In her opinion, the focus on climate means that it will be easier to ground information in hard science and data as opposed to subjectivity which comes with some social and governance factors. These latter metrics are still monitored and engaged on an ad hoc basis. There is strong engagement with portfolio companies both at the fund level and centrally by the Sustainable Investment team. The fund manager is of the view that focusing on thematic is not an optimal strategy as it is not enough for companies to be just 'green' without producing returns.

Overall, the fund manager presented a clear overview of the fund's renewed investment philosophy, demonstrated how decarbonisation and broader ESG is considered and integrated across the fund, as well as across the wider organisation.

**Outcome:** Renewed understanding of ESG integration and consideration of key material ESG issues across the fund. This insight will aid the fund research analyst in his review of the fund and validated the existing RI classification.

## Example

**TIME: Property Long Income and Growth**

**Objective:** To engage regarding ESG integration and to understand their views on material ESG opportunities and risks facing the property sector.

We met with the fund manager to understand in detail how ESG integration is embedded at the portfolio level. The discussion covered a range of issues including governance processes, understanding how Alpha Real's ESG policies are translated to the fund level, screens and metrics used during the due-diligence process, as well as how the fund manager considers ESG risk and opportunity for direct properties the fund is invested in versus real estate investment trusts ("REITs"). It was noted that energy intensity and the energy performance certificate ("EPC") are key metrics that are considered during the investment process, but unless there is a red flag, it does not have a significant effect on allocation decision-making. There was not much depth or insight into other key material issues such as physical climate risk and stress-testing of assets which we believe are crucial for the sector. The fund manager views the REIT sector to be 'pretty good' overall and therefore does not consider ESG risks as material when undertaking due diligence. There is also reasonably heavy reliance on third-party data with limited internal tools and systems at the portfolio level to conduct further analysis. We encouraged the fund manager to improve the fund's annual ESG disclosures and reporting to ensure transparency for shareholders into their activities and appropriate management of ESG risk.

**Outcome:** Overall, the discussion was a helpful insight into how the fund manager considers and embeds ESG risk into the investment decision-making process. Whilst steps are being taken to embed ESG metrics into screening and due-diligence processes, the approach is limited with room for improvement across several areas. We encouraged stronger ESG disclosures, reporting, and transparency on an annual basis, engagement with management on material ESG risks, as well as further consideration to be given of social and governance factors given the hybrid direct and REIT-focused fund. The meeting reconfirmed the RI categorisation of the fund.

## Example

**Janus Henderson Global Property Equities**

**Objective:** To deep dive into the fund's ESG integration practices to clarify responses submitted in our annual ESG RFI.

We met with members of the team who provided a comprehensive overview of Janus Henderson's firmwide ESG approach and policies followed by a deep dive into the Global Property Equities Fund's approach to ESG. It was highlighted that investment teams are responsible for integrating ESG analysis into their investment decision-making process and are supported by a central ESG team whose expertise is leveraged when nuance is required for analysis, engagement, or voting.

At the fund level, ESG factors are scored in tandem with a company's fundamentals. At the idea generation stage, the fund team highlighted that they seek to identify ESG issues that could drive cash flows, valuation, cost of capital etc. They use proprietary in-house ESG data tools supplemented by a qualitative layer to arrive at a quality-adjusted valuation of each stock. The team provided a demonstration of the scorecard that is used and noted that E, S, and G factors are weighed between 30–50%, 10–30%, and 30–50% respectively. It was highlighted that they calculate carbon emission intensity based on the portfolio size (kgCO<sub>2</sub>eq/m<sup>2</sup>) as opposed to MSCI's intensity per revenue basis as they believe this is a more accurate picture for the property sector. Additionally, during their analysis, they do not distinguish between REITs and the property companies they invest in.

The team was very aware of the ESG data gaps and challenges that exist where physical risk and embodied carbon risks are concerned. They engage with their companies who disclose physical risk at the asset level on issues such as insurance premiums, but noted that there are no comprehensive data providers who provide an aggregated picture at the portfolio level. One of the fund's holdings was impacted by the floods in Valencia, Spain in 2024. As part of the engagement that followed, the company's flood risk plans were discussed.

The fund's largest holding is a North American data centre company which has several associated environmental concerns. The team outlined the engagements they are undertaking with data centre companies they hold, these include issues such as water cooling and energy intensity, recognising the high level of carbon being emitted from this and similar holdings. They monitor and track progress over time but do not hold companies to specific time horizons recognising that change at large scales takes time.

**Outcome:** Overall, the team provided a good overview of how ESG integration is undertaken at the fund level. They provided confidence in the team's ability to integrate ESG factors into the investment decision-making process and it is evident that ESG factors across a range of issues are considered and scored as part of the fundamental analysis and not as an add-on. The meeting reconfirmed the RI categorisation of the fund.

## Example

**Pantheon Infrastructure**

**Objective:** To deep dive into the trust's ESG integration practices and policies and understand material ESG opportunities and risks facing the global infrastructure sector.

We met with the Global Head of Sustainability at Pantheon as part of our deep dive into the infrastructure funds we invest in to deepen our understanding of the company's firmwide ESG policies, as well as ESG integration at the fund level.

Pantheon highlighted strong governance and oversight where sustainability and ESG risk is managed and reviewed at several executive levels, including the Value Creation board, International Investment Committee, and the Sustainability Committee. The manager has rolled out four key pillars (transparency, integration, engagement, and strategy) which was first tested with the Pantheon Infrastructure ("PINT") portfolio given its smaller size. As part of this, scorecards were developed for each asset, and the manager engages with underlying holdings on an annual basis which is a 20+ question set which is mapped to the UN Sustainable Development Goals ("SDGs"). The team stressed that these scorecards are mandatory for each investment, and it is unlikely for an investment to be approved if this is not completed.

To date in 2025, the team has undertaken 30 calls with underlying managers on the back of general partner engagements and received data and insight from 270 managers via surveys. In addition to this, climate scenario analysis is undertaken, but only 15% is related to physical risk, which we believe is a material risk particularly for infrastructure assets. There was a discussion around the data challenge which has slowly improved from continent-level data to country level, but at this point in time granular physical risk analysis is a big undertaking for a portfolio spread across multiple geographies. The manager recognised that this is a key issue and noted that there is a lot more that could be done in this space.

Pantheon has been involved with several industry initiatives including the development of the Private Markets Decarbonization Roadmap ("PMDR") which provides a framework for private equity assets to highlight asset decarbonisation. PMDR alignment has been completed for PINT, and whilst there are no associated timelines, asset-level progress is tracked year on year. It was noted that biodiversity-related risk still has a way to go with regards to availability of data and disclosures. Ten percent of the scorecard focuses on biodiversity but they are unsure about the Taskforce for Nature-related Disclosures ("TNFD") as a voluntary disclosure framework but highlighted that making it a regulatory requirement would increase attention on these issues.

**Outcome:** Overall, this was a good insight into how ESG and sustainability is considered, integrated, and managed across Pantheon as an organisation and at the fund level. Based on the evidence provided on governance and oversight, engagement and transparency, this engagement has led to a change in the responsible investment categorisation from Aware to Engaged.

## Example

**Royal London Ethical Bond Fund**

**Objective:** To assess and understand in-depth the ESG integration process and credentials for the RLAM Ethical Bond Fund.

A meeting took place with a senior ESG credit analyst and investment director to learn in detail about RLAM's responsible investment approach as well as how ESG considerations are taken into account for the Ethical Bond Fund.

An overview was provided of RLAM's central responsible investment approach including the new focus themes for 2026 which include climate, nature, people and governance and also cover topics like just adaptation and just resilience. The 19 people team comprises subject matter experts across the different themes and focuses on engagement, governance and research.

The Ethical Bond Fund team went into depth regarding the processes that are in place to integrate ESG analysis and screening into the investment decision making. The team highlighted the importance of avoiding easy stock selection choices which ultimately hinder diversification. Regarding the topic of defence, exclusions are in place for this fund, and Royal London is looking to update its firmwide defence policy to be more stringent given the current macro context.

Two key challenges were highlighted in relation to credit and stewardship: limited third party data coverage, and corporate bond idiosyncrasy and data quality. To mitigate these issues, the fund manager uses the expertise of the Royal London Responsible Investment team to undertake analysis to fill the missing data gaps. As well as focusing efforts on areas that are overlooked and ensure to take a bespoke approach by considering bond specifics when undertaking creditor-centric engagements. Several examples of ESG reviews and engagement examples were provided and talked through bringing their approach to life and demonstrating a strong focus on materiality and true value add. The team confirmed that engagements do take place during bond issuance, but the majority of research is on-going. A proprietary alignment conviction framework has been built to help monitor climate transition credentials over time from a climate perspective and assists with highlighting key areas of risk.

**Outcome:** Overall, the discussion provided a strong insight into how ESG is integrated, and factors are considered for the RLAM Ethical Bond Fund. The credit analyst provided strong examples and case studies which brought the frameworks and theories to life and provided reassurance of how stewardship is undertaken despite the challenges that bondholders can face. The responsible investment categorisation remains Engaged.

## Example

**Neuberger Berman Private Equity**

**Objective:** To deep dive into Neuberger Berman Private Equity's ("NBPE") ESG integration practices and policies on the back of the 2025 ESG RFI submission.

We met with members of the NBPE's sustainability team based in New York to understand how ESG is integrated across the dealmaking process from due diligence to general partner ("GP") engagement throughout the lifecycle of investment holding periods. The fund has a clear process through which ESG assessments and analysis is used to understand financial materiality for each investment which is then reviewed during investment committee meetings. For direct investments, both financial materiality is considered as well as the lead sponsor's ESG integration processes to ensure they are robust, and this is complemented by an annual monitoring questionnaire which contains an ESG integration element for GPs to fill out.

The team went into detail showing the framework for assessing GPs which is broken down into firm, strategy and engagement pillars covering issues such as oversight, selection, measurement, ownership etc. resulting in a score from 1-4. This level of robustness was reassuring and provided a good insight into how each issue is considered.

The fund is involved in private markets initiatives that focus on ESG and sustainability but struggles to follow the Private Markets Development Roadmap to disclose GHG emissions at the fund level given is a limited partner ("LP"). The data received from GPs is not adequate to do so, although progress is being made. At the parent level, NB does publish an annual TCFD report and uses the IIGCC framework for net zero alignment.

**Outcome:** Overall, it was a good insight into NBPE's ESG integration approach as a whole, starting with the due diligence process through to engagement with GPs. We will look to follow up with the team in 2026 to further understand how ESG factors are integrated into practice and case study examples have been requested. At present the responsible investment categorisation remains unchanged.

**Escalation: funds**

The information published by third-party managers regarding their responsible investment activity is a useful source. Additionally, we use other data sources including our ESG RFI<sup>8</sup> and third-party ESG data, which complements the face-to-face meetings we conduct with funds.

Engagement with funds arises from one-to-one and group meetings with the fund management team, as well as with the manager's responsible investment team (where applicable) to understand better the firm's capabilities. Where we have concerns regarding the fund's strategic direction or responsible investment credentials, we may consider:

- downgrading the investment recommendation or removing it from our portfolio models
- not investing in new funds that the manager may be launching
- selling the holding where we evaluate it is in the interests of our clients to do so.

## Example

**Schroder US Large Cap – upgrade to Engaged and inclusion in Positive Change model**

The fund transitioned to Article 8 under the European Union's Sustainable Finance Disclosures Regulation ("SFDR") in July; this was first proposed at the end of last year. We deemed that from an investment perspective this would not have any material impacts on the way the fund was already managed. There have been three key changes:

- exclusions around thermal coal and tobacco: Companies that generate at least 10% of their revenues from tobacco production, companies that generate at least 25% of their revenues from the tobacco value chain (such as suppliers, distributors, retailers, and licensors), companies that generate at least 10% of their revenues from thermal coal mining, and companies that generate at least 30% of their revenues from coal-fired power generation
- a higher overall sustainability score than the benchmark (using SustainEx, Schroders proprietary tool)
- a positive SustainEx score for at least 25% of stocks based on the net asset value.

As a result of the changes made, the transition to Article 8 and our ongoing assessment of the way that Schroders and the team integrate ESG factors into stock selection, as well as the portfolio manager's consideration of these elements when it comes to portfolio construction, we upgraded the internal RI categorisation and also added this to the Positive Change model within our Engaged classification.

<sup>8</sup> ESG Request for Information

## Example

### Clearbridge US Equity Sustainability Leaders – Downgrade to Neutral and remove from Positive Change model

We had concerns that with changes in the portfolio management team whether the stated investment philosophy was being adhered to. Based on our analysis it appeared that there were several stocks that could be operating in a responsible and ethical manner but were not necessarily addressing global challenges. The portfolio management team were unable to address our concerns sufficiently which evidenced our view that the team was potentially starting to deviate from their approach and had dialled down on the consideration of ESG factors within their process.

### *Principle 6: Signatories monitor and hold to account stewardship service providers*

The introduction of this report outlines the approach taken across Quilter in managing market data for our responsible investment activity. Below are examples of engagement undertaken by Quilter Cheviot with third-party data providers.

## Example

#### ISS – Proxy Adviser

**Objective:** To monitor and validate the provision of service.

As our proxy adviser, ISS is a key stakeholder. We use ISS's proxy research as a benchmark but will engage to query changes to template voting policies and recommendations. This is relevant not only to better understand the rationale of the changes, but also to challenge changes in market norms that we consider undesirable from an individual company and systemic risk perspective.

We also regularly engage ISS to voice any concerns related to proxy voting operations and any challenges we have faced with processing votes, mostly related to research availability and timelines. We hold a quarterly meeting with ISS to discuss such topics and receive a quarterly assessment of ISS research availability relative to vote cut-off dates. We use this data to make sure ISS is releasing research reports well ahead of cut-off dates so we can take this information into account when making final voting decisions. These measures are not part of the standard offering and have been initiated by Quilter Cheviot to protect the integrity of vote execution. We also regularly review receipt of ISS-level vote confirmation.

**Outcome:** Ongoing monitoring of the service.

## Example

#### ISS – Proxy Adviser

**Objective:** Address ISS's changes to its Voting Policy on board diversity in the US.

In January 2025, a Presidential Executive Order aimed to eliminate diversity, equity, and inclusion ("DEI") initiatives across the US, impacting governance agencies, education, and private companies. These orders are not law but provide a direction of travel for future US government policy. Following this, our proxy adviser, ISS, suspended its board diversity expectations for US companies. Previously, ISS recommended voting against or withholding votes from the chair of the nominating committee at companies without at least one woman on the boards.

We met with ISS to understand the rationale and investor impact of this decision. Due to legal ambiguity regarding implementing DEI practices and policies, ISS's legal team advised on suspending US voting decisions based on diversity recommendations. ISS will still analyse board diversity but will not let it influence vote recommendations. We expressed disappointment as this deviates from global established market practices.

ISS, as a registered financial adviser, also holds further concerns regarding DEI recommendations' legality and how this may be interpreted by other agencies like the US Securities and Exchange Commission ("SEC"). After recent SEC guidance which has widely been interpreted as limiting investor stewardship in this area, more SEC actions are expected, requiring further clarity to re-implement DEI-related recommendations. The goal is to roll back this change in policies, but ISS will need to establish additional clarity on the subject in the coming months.

**Outcome:** This conversation clarified ISS's rationale for suspending its board diversity recommendations. Although we expressed our frustrations, it is clear that the legal interpretation of recent US Presidential Executive Orders led to this outcome. We will monitor this closely moving forward.

## Example

**LSEG ESG – ESG data**

**Objective:** To discuss the methodology behind the provision of ESG-related data.

We switched to LSEG ESG from another data provider in mid-2025. With any change in provider there are challenges regarding the data points that are provided. This was an opportunity to discuss these with LSEG ESG and to understand how a future policy change will impact the methodology behind data points. We made the decision to move to LSEG ESG as it has granular data which is our preference over subjective views from third-party data providers.

**Outcome:** We will be monitoring the delivery of the new policy and the methodology behind this. It is important to us that we have a clear understanding of how the data provider defines data and metrics.

## Example

**MSCI – Climate data**

**Objective:** Review progress in MSCI's data due diligence and delivery of granular climate-relevant data.

MSCI is our climate and other environmental data provider. We meet with them on a quarterly basis to discuss improvements to the climate- and nature-related datasets and review any service issues (typically data discrepancies or queries arising from our use of climate metrics). In 2025, our meetings have concentrated on publication of increasingly granular emissions data (i.e. distinguishing between market- and location-based Scope 2 emissions) and improved data-sourcing transparency (i.e. linking directly to relevant source document from data platform). The company has provided access to a range of its internal leaders in both data due diligence and climate-specific products. Although we appreciate the detail included in these updates, we are seeing slower-than-hoped progress in implementing some of the data changes we have recommended. Part of this is owing to the noted lag in corporate climate disclosures in 2024, which has had a knock-on effect for MSCI's typical data refresh cycles, as well as issues with some of the third-party climate datasets (e.g. CDP, which was released nearly six months later than usual).

**Outcome:** We are pleased to see improved reporting of quantified evidence for MSCI's data due-diligence enhancements and are actively engaging with the company's ESG desk as and when we discover discrepancies or flag issues requiring clarification.

**Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.**

## **Quilter plc**

Registered office:  
Senator House  
85 Queen Victoria Street  
London, EC4V 4AB

Registered number: **06404270**.  
Registered in England and Wales.

[plc.quilter.com](http://plc.quilter.com)

**Q24\_0063/February 2025**