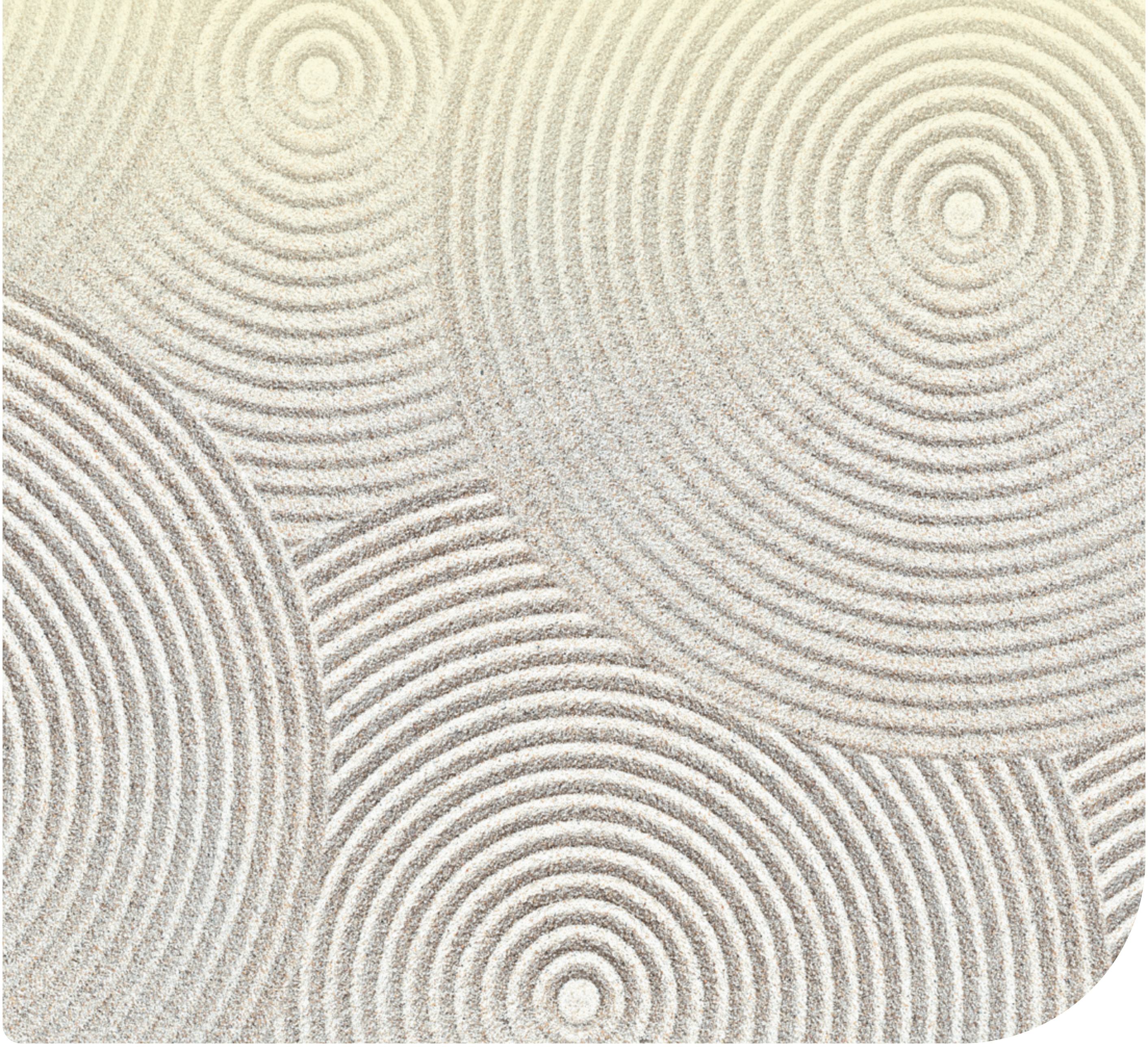
QUILTER CHEVIOT

RESPONSIBLE INVESTMENT

Responsible investment policy

Our approach to incorporating ESG factors and active ownership into the investment process



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We review this policy annually.
This policy was updated in June 2026.

Introduction

This policy outlines Quilter Cheviot's responsible investment approach, detailing our ESG integration and stewardship processes in line with our commitments made to the UN-supported Principles for Responsible Investment (PRI), the UK Stewardship Code and Shareholder Rights Directive II (SRD II). Aligned to Sustainability Disclosure Requirements (SDR) we seek to adhere to the Anti-Greenwashing Rule in all that we say and do.

At Quilter Cheviot, we have a duty to make sure that we are considering environmental, social and governance issues throughout our investment process and through our engagement with the companies and funds we invest in on behalf of our clients.

We believe that being a responsible investor is an important element in working towards a sustainable future for the next generation. As a business that tailors its services to the specific needs of our clients, we strive to meet their responsible investment objectives.

John Goddard
Chief Executive

Overview

Quilter Cheviot's discretionary investment management services are for anyone looking for highly personalised wealth management. Our services are for private clients, charities, trustees, and professional partners with straightforward or more complex financial needs.

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

Activity	Universe
Voting[1]	Discretionary holdings within the global equity and investment trust monitored lists where we have voting rights. Discretionary holdings in UK listed companies which are IM (investment manager) led ideas where we own more than 0.2% or £2 million of the market cap. MPS (Managed Portfolio Service) Building Blocks Sustainable Opportunities Balanced Fund and Sustainable Opportunities Growth Fund[2] Quilter Cheviot Global Income and Growth Fund for Charities Quilter Investors Ethical Fund AIM Portfolio Service Quilter Cheviot International Funds Libero Balanced Fund
Engagement	Centrally monitored holdings AIM Portfolio Service holdings UK holdings where we own more than 0.2% or £2 million of the market cap (governance matters only)
ESG integration	Centrally monitored holdings

Where clients wish to vote their holdings in a specific way, we will do so on a reasonable endeavours' basis; this applies whether the investment is in the core universe or not, and also to overseas holdings.

As at 31 December 2024, Quilter Cheviot's Assets under Management (AuM) was £29.5 billion. Of this £27.3 billion (92%) are centrally monitored holdings. Of the remainder £0.2 billion is held within investment manager (IM), led ideas and a further £0.8 billion represents 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[3].

We invest directly and indirectly:

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

1 As far as reasonably possible given the local regulations regarding share voting. Notably, we do not vote where it results in the blocking of trading positions. We also do not currentlyy 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, Norway. Other infrequent instances of non-vote placement may include Crest Depositary Interests (CDIs), ADRs or GDRs are held. Ability to vote on these holdings differs on a case-by-case basis.

2 Prior to 8 September 2025, these Funds were known as the Climate Assets Balanced Fund and the Climate Assets Growth Fund.

3 The data exclude client cash held across multiple currencies in client portfolios and does not include external platform managed assets which are not replicated on our in-house systems (£1.0 billion of the overall AuM), as well as £0.22 billion in externally held and administered positions in Quilter Cheviot managed funds.

Our responsible investment principles and purpose

Responsible heritage – why invest responsibly?

With a heritage dating back to 1771, we understand the importance of taking a long-term view and investing for future generations. As a responsible investor, Quilter Cheviot is committed to its role as a steward of clients' assets to protect and enhance long-term returns. This encompasses our engagement and consideration of environmental, social and governance (ESG) factors as well as proxy voting for the investments we manage on behalf of our clients.

We believe incorporating ESG considerations into our investment analysis and stewardships is important for the following reasons:

- **A more holistic approach:** Integrating ESG information into the investment process can help mitigate risks and identify opportunities. Our primary focus is on risk mitigation as part of our responsibility to our clients.
- **The double bottom line:** In addition to potentially enhancing long-term returns, we believe taking these factors into account will benefit other stakeholders, creating environmental and societal value, not just economic gains.
- **Policy drivers:** There are multiple regulatory developments progressing the case for implementing responsible investment and requiring immediate action.
- **Supporting client demand:** Public awareness of ESG issues and client demand for responsible investment solutions are growing. We implement a firm-level responsible investment process and offer a more targeted approach for clients that want their portfolios to reflect their specific interests or preferences.

To help our clients articulate their responsible investment requirements we have identified three categories which reflect responsible investment preferences and have aligned strategies to these.

ESG drivers are integrated into management remuneration in the following ways:

- For senior executives, this forms part of the long-term incentive plan (LTIP), as 10% of the scorecard is based on ESG measures. 7.5% is weighted on responsible investing, based on the UN-backed Principles for Responsible Investment (PRI) Framework, the world's leading independent benchmark for responsible investing. The remaining 2.5% of the award is based on reducing the carbon intensity of Quilter's own operations.
- The Company's short-term incentive plans include explicit customer outcome measures. In addition, our incentive schemes and outcomes are underpinned by the Company's corporate values, with common goals set for managers and employees to support an inclusive and diverse culture. As part of broader responsible leadership criteria, scheme outcomes also reflect progress in increasing diverse representation in senior and front-office roles, as well as cultural measures such as colleague engagement.

Our beliefs

- Responsible investment is an umbrella term for different investment approaches. Our role is to enable clients to pick the right approach for them, within the appropriate risk profile.
- There is no such thing as an ESG fund or an ESG company. All will take different approaches and therefore cannot be directly compared.
- As a responsible investor, the main pillars of our approach are:
  - to analyse ESG data to better inform investment decisions, and
  - to proactively engage with the companies and funds we hold on behalf of our clients (active ownership).
- In our role as a steward of our clients' assets, we aim to protect and enhance long-term returns through our approach to responsible investment.

There are two approaches to being a responsible investor:

1. Risk mitigation and identifying opportunities: the integration of ESG factors and stewardship within the investment process;

2. Specific RI related objectives: this builds on the first element and relates to linking products or strategies to specific RI related outcomes or objectives.

Definitions

ESG factors

ESG factors are the starting point for understanding how the responsible investment process works in practice. ESG issues are data points that can be used as an additional input into the investment analysis process.

We recognise that in some circumstances ESG factors may impact an investment's financial performance. Therefore understanding how our investments manage ESG risks and opportunities is integral to our process. Our approach will vary depending on whether this is a direct or indirect investment, the latter being through third-party funds. We outline our approaches further on in this policy.

ESG issues may be broad and varied, but examples might include:

Environmental

The impact on the natural world

- Climate change
- Biodiversity loss
- Resource scarcity
- Waste and pollution

Social

The wellbeing and rights of people and communities

- Human rights
- Modern slavery
- Working conditions
- Employee relations

Governance

The standards for running a company

- Bribery & corruption
- Executive pay (remuneration)
- Board diversity & structure
- Political lobbying & donations

These are examples of a range of issues that may be useful to look at. Materiality is critical and our focus is on issues that are significant for the investment, be it at an industry group or asset class level.

Our thematic priorities

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

Engagement captures any interactions between the investor and current or potential investee companies on ESG issues and relevant strategies, with the goal of improving (or identifying the need to influence) ESG practices and/or improving ESG disclosure. It involves a structured process that includes dialogue and continuously monitoring companies. These interactions might be conducted individually or jointly with other investors.

Climate change – climate change is the defining issue of our time and we are at a defining moment. From shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Without drastic action today, adapting to these impacts in the future will be more difficult and costly. (Source: United Nations).

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).

UN Sustainable Development Goal (UN SDG) alignment

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

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.

UN SDG alignment

Natural capital – natural capital can be defined as the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils and minerals) that combine to yield a flow of benefits and ecosystem services to society. (Source: Task Force on Nature-related Financial Disclosures).

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.

UN SDG alignment

Responsible investment

We adopted the UN backed Principles for Responsible Investment (PRI) framework.

'A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.'

Responsible investment can involve:

Screening	ESG integration	Thematic investing	Stewardship with investees	Stewardship with other stakeholders		**Sustainable investment** involves:
Applying filters to exclude or include investments based on specific criteria that reflect your values or investment objectives.	Considering ESG (environmental, social and governance) issues in investment analysis and decisions to better manage risks and improve returns.	Looking for opportunities created by long term ESG trends, such as the move towards renewable energy or investing in sustainable forestry and agriculture.	Involves engaging with investees, voting at shareholder meetings and filing shareholder resolutions/ proposals.	Involves engaging with policy makers and standard setters and reporting engagement results.	+	When an investment manager does all of this and focuses on a sustainable outcome.

Source: UN backed PRI

These are the three main pillars to responsible investment at Quilter Cheviot. These apply to the universe of holdings as outlined in the overview section.

Stewardship

Active ownership agenda

Our active ownership agenda encompasses our engagement with investment holdings to discuss ESG related issues to improve their handling and disclosure of these.

We do so individually, as Quilter Cheviot, but also in collaboration with other investors. Playing an active role in industry groups and trade bodies is also part of this work.

It includes voting, either in person or by proxy, which involves formally expressing approval or disapproval through voting on resolutions. Additionally, we facilitate client-instructed voting, therefore our clients have the ability to exercise their own stewardship.

ESG integration

Focus on core list of equities, funds and fixed income holdings

Part of the investment process - research analysts working alongside RI team

Multiple Data Providers including ISS, MCSI, LSEG ESG, Sustainalytics, Ethical Screening, CDP and other NGO data providers

The purpose is not to exclude certain activities or sectors, but to understand the ESG related challenges and opportunities for an investment.

It is about risk mitigation and the approach will depend on the asset class. ESG factors are a component within the investment process and is not the overriding consideration.

At Quilter Cheviot this is integrated into the investment research process.

ESG screening

At a firm level we exclude direct investment in controversial weapons

Clients within our Discretionary Portfolio Service may set their own screens for direct holdings

In line with international and national laws, we exclude direct investment in controversial weapons (cluster munitions and anti-personnel landmines).

Clients are able to express their own preferences through bespoke screening.

Our responsible approach and the UN backed principles for Responsible Investment (PRI)

Signatories to the PRI make the following commitment:

"As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- *Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.*
- *Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.*
- *Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
- *Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.*
- *Principle 5: We will work together to enhance our effectiveness in implementing the Principles.*
- *Principle 6: We will each report on our activities and progress towards implementing the Principles.*

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles."

As part of Quilter, we are a signatory to the PRI. Below we outline how our responsible investment policy and approach aligns to the six principles, and how we measure our progress through Key Performance Indicators (KPIs).

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

We consider ESG related issues within our investment process through our approach to ESG integration across asset classes and through directly and indirectly (third party funds) held investments. We use data from a number of different sources as well as our own research and engagement to inform our ESG analysis.

KPIs:

- We monitor this through changes to a recommendation – for example where we have removed a holding from a model or downgraded its responsible investment categorisation.
- Decisions to engage based on ESG issues being flagged.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

We vote on holdings on behalf of our clients; we use ISS as our proxy voting service provider and have set a benchmark policy which ISS bases its recommendations on. To ensure that we refrain from taking a mechanistic approach to engagement and voting, we do not always following ISS' recommendations and we believe that this is the right approach. Our Voting and Engagement policies set out our approach to active ownership.

We also engage with our holdings on a thematic basis to across our three core themes: Climate Change, Human Rights, and Natural Capital. These tend to be long term in nature, and we monitor progress and developments, re-engaging where necessary.

KPIs:

- Coverage of the voting universe as a percentage of in scope Assets under Management (AuM).
- The occasions, following efforts to engage, that we vote differently to the recommendations set by our proxy voting provider.
- Ongoing tracking of the breadth and depth of engagements through alignment to themes, asset classes and outcomes.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We engage with our investments, both direct and indirect holdings, to encourage better disclosure in line with industry practice. For example, we have been part of the CDP Non-Disclosure Campaign (NDC) and have engaged with companies to submit disclosures relating to their climate, forests and water risks and exposure. We have also participated in the CDP Science-Based Target Initiative (SBTi) engagement which is focused on high-impact companies to commit to and set Science-Based Targets. Additionally, as part of our engagement with investment trusts we have encouraged and evaluated responsible investment disclosures.

KPIs:

- Following the implementation of SDR in the UK, our focus has shifted to direct holdings given constraints regarding the new Naming and Marketing Rules and Anti-Greenwashing Rule which will potentially inhibit ESG related disclosures by the third-party managers we invest in.
- We continue to engage to improve better disclosure as part of our Climate Action Plan.
- Voting on shareholder resolutions which promote appropriate disclosure on ESG related issues.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Where we invest in third party funds, we consider whether a firm is signed up to the United Nations' backed Principles for Responsible Investment (PRI). As an additional measure, in June 2021, we implemented a requirement that any new funds included in our portfolios must have UN PRI signatory status via their investment manager/adviser. If this is a fund managed by a recently established firm, we would agree a timeline for the firm to sign up to the UN backed PRI. In exceptional circumstances, new funds may be added to our investment universe which are not, and do not have an intention to become a signatory. However, this would be extremely rare and the rationale for not being a signatory would have to be linked explicitly to the specific strategy that the fund was invested in. Any fund being added to coverage in this instance would need to be agreed by the Chief Investment Officer.

For funds within the current centrally monitored investment universe, we have identified a small proportion which are not PRI signatories. We accept that for a very limited number of specific strategies, there is no tangible benefit in attaining signatory status at this stage given the nature of the underlying investments.

As an example, we have declined to invest in a new fund where the manager is not a signatory of the PRI.

KPIs:

- Our centrally monitored third party funds' PRI status is reviewed annually and we will engage where appropriate on PRI signatory status.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

We are an active member of a number of collaborative networks as well as trade and industry bodies.

KPIs:

- For more information and how we monitor this, please see our Engagement Policy.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Our quarterly Responsible Investment Report details our engagement and voting activity and we summarise this in an annual report.

As a signatory of the UK Stewardship Code, Quilter plc publishes an annual Stewardship Code report, which details our stewardship activities throughout the year and provides examples of some of our key engagements across our investment management businesses. Our annual TCFD disclosure reports on our climate-related activities and progress. We also report on our activities through our regular publicly available voting and engagement records as well as our websites.

KPIs:

- Maintain Stewardship Code signatory status.

Our resources

The Responsible Investment team works alongside the research teams and has overall responsibility for the firm's active ownership work and leads on collaborative engagements, as well as membership of industry groups and trade bodies. The team also leads on strategic and regulatory developments across the business as part of Quilter's wider approach to this.

ESG factors are integrated into our investment process

Equity Research team

Identifying ESG challenges and opportunities using qualitative and quantitative assessments

Active engagement with companies on ESG matters

Responsible Investment team

Overall responsibility for active ownership (engagement and voting) and industry collaborations

Working alongside the research teams to continually enhance our ESG integration approach

Quantitative ESG data

Strategic and regulatory developments

Fund Research team

Proprietary ratings at a fund level based on the approach taken to stewardship and ESG integration

Active engagement with fund managers on ESG matters

Fixed income: we invest directly and via third party funds therefore both approaches apply depending on the holding.

We use external data providers and other publicly available data to undertake our active ownership and ESG integration work.

External data provider	Purpose
ISS	**To assist with our active ownership agenda. Also an additional ESG data source** **Voting platform** – we use ISS to inform our decision making. Recommendations are made based on the agreed voting policy. We do not always vote in line with ISS' recommendations. **Governance risk - oriented data** – focused on board structure, compensation, shareholder rights and audit & risk oversight. Informs decision making for governance engagements and is an input into the equity ESG dashboards.
MSCI	**To provide data for ESG integration and for engagement** **Climate solutions –** directly reported and modelled GHG emissions data and corporate climate performance information (including scenario alignment and disclosure against external frameworks) for use in our ESG integration activity as well as Task Force for Climate-related Financial Disclosure (TCFD) reporting. Prior to 2024 we used ISS for climate-related data.

Sustainalytics	**To provide data for ESG integration and for engagement** **Equity and fund dashboards** – we use ESG data as an input into our proprietary dashboards including companies that breach the UN Global Compact. **Controversial weapons screening** – used for monitoring exposure to anti-personnel landmines and cluster munitions in line with our policy.
Ethical Screening	**To screen on a negative and positive basis in line with the client policy. Also an additional ESG data source** **Screening tool** – employed at a portfolio level and an additional data source for the research teams to identify areas of exclusion as well as positive screening. **SDG alignment** – this is used for the Sustainable Opportunities strategy which identifies holdings and their alignment to the UN Sustainable Development Goals.
CDP	**To provide data for ESG integration and for engagement** **Equities and funds** – incorporating metrics from CDP's global disclosure system into the dashboards and providing data for engagements.
RepRisk	**To provide data for ESG integration and for engagement** We use this to identify and assess material ESG risks within our holdings.
LSEG ESG	**To provide data for ESG integration and for engagement** **Equity and fund dashboards** – we use ESG data as an input into our proprietary dashboards as well as for engagement purposes.

Monitoring service providers

The Market Data team operates Quilter-wide to ensure that we have a consistent and effective approach across the businesses.

In October 2021, Market Data principles were established across Quilter for ESG-related data to ensure consistency and to have a governance framework around the appointment or decision to leave service providers and the ongoing management of data. The overall aim is to provide consistency and accuracy for our clients.

Our Market Data team provides ongoing management of the service providers and the team is responsible for:

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

We continue to assess and evolve the market data we have access to. As part of this, our Market Data team lead the process for identifying and onboarding new service providers and data modules. The team is responsible for:

- business sign-off for accurate data and coverage;
- reviewing all legal points in conjunction with our Legal team; and
- confirming budget and where it is located.

There have been particular challenges which have required significant interaction with the service providers as the business usage has been fluid and changing. The Market Data team, in conjunction with the underlying users of the data, have had regular discussions with the service providers regarding a number of issues including the accuracy of the data, the data coverage, the challenges of ESG data for non-equity holdings as well as the accessibility of the data through different systems.

Additionally within Quilter Cheviot we maintain an issues log in order to track concerns and ensure that these are raised with the relevant data provider.

ESG integration and equities

This applies to centrally monitored holdings only. Your Investment Manager has the flexibility, within a controlled framework, to tailor your portfolio regarding asset allocation and security selection, to accommodate your investment requirements.

Quilter Cheviot invests directly in equities primarily in the UK, North American, and European markets. As part of our research process, we consider environmental, social and governance (ESG) factors. Responsible investment sits alongside the other three fundamental pillars of our equity selection process: quality, valuation, and themes.

Quality

- Management
- Industry Group
- Credit Rating

Valuation

- Industry group-specific metrics
- Duration
- Currency
- Asset-specific metrics
- Gross redemption yield

Themes

- Secular
- Short-term trends
- Return diversifier
- Income generator
- Volatility dampener
- Event risk hedge

Responsible Investment

- ESG integration
- Active ownership

The Responsible Investment team works closely with the Equity Research team to integrate ESG considerations into the analysis process. However, our overall approach to this is multi-faceted as it includes quantitative and qualitative analysis.

A growing number of companies manage ESG issues as part of their business-as-usual model to mitigate risk and maximise opportunity. Embracing ESG strategies may have direct and indirect positive impacts on the financial performance of a company.

- **Direct impacts** may be seen from the efficient use of material and energy resources, productivity improvements and process changes which can lead to reduced costs.
- **Indirect gains** are more difficult to measure but are important, nonetheless. These may include brand and reputational benefits of community engagement, which may in turn attract potential clients and employees and encourage increased employee and client loyalty.

Integrating ESG considerations into our investment process helps us identify and understand potential risks and opportunities, and ultimately protect, and possibly enhance, long-term investment outcomes for our clients. When we meet company management and boards, we discuss a number of issues, and as appropriate, those relating to ESG issues.

There are three key elements to integrating ESG factors into equity research:

Qualitative analysis identifying challenges and opportunities

The qualitative process aims to identify the material challenges and opportunities that a company faces from an ESG perspective. These will vary according to the industry group, the geography, and the company itself. We believe this should be considered holistically as there is no perfect company – all will have challenges from an ESG perspective to different degrees. Some will have more obvious ESG related opportunities, depending on the industry group or activity in which they operate. While this may be an attractive proposition, we are not solely reliant on ESG scoring when making investment decisions. The challenge is to understand the company's current positioning but also where the company's ambitions lie. This is not something you can discern from data alone and engagement plays an important role in this. The fundamentals of quality, valuations and themes cannot be overridden by a good ESG story.

Quantitative analysis through proprietary dashboards

Across Quilter Cheviot, we classify all monitored holdings across three categories: Aware, Engaged and Dedicated. For the Engaged category, our equity ESG dashboards are integral to this process. For our quantitative ESG integration approach, we incorporate material ESG factors based on the Sustainability Accounting Standards Board (SASB) framework plus additional factors which are identified in conjunction with the relevant analyst, which are determined to be relevant to the sector. Material ESG factors are sourced through various third-party data providers, annual reports, and publicly available sources on non-governmental (NGO) platforms such as CDP (formerly known as the carbon disclosure project).

By using several providers to source the data, we have data points which relate to most of SASB's materiality factors and use these to undertake a holistic analysis through our industry group dashboards. Despite the variety of sources used, there are some areas where we do not currently have the required data. Air quality, energy management and critical incident risk management are some of the disclosure topics where we have data gaps and there is ongoing work to address these areas. We work continually to improve data coverage and accuracy, with a focus on raw rather than aggregated data.

SASB

The SASB[4] reporting framework identifies ESG factors, which are financially material, and which have a direct impact on companies' enterprise value. There is a total of 26 factors which will have varying importance depending on the industry groups covered. For example, in the pharmaceutical and biotechnology industry, relevant disclosure topics will include access and affordability, product quality and safety, and customer welfare. This will be different to the energy industry where its main disclosure topics are greenhouse gas (GHG) emissions, employee health and safety, water, and wastewater management. As the material issues vary based on industry, we have created specific industry group dashboards to cover all industries on our monitored list.

Core and bespoke datasets

In addition to the 26 SASB factors, all dashboards have four core datasets, and some will also have additional bespoke data. The core datasets included on all dashboards provide relevant insight for all industry groups and are:

- Climate GHG reduction targets
- Governance assessment
- CEO pay to total shareholder return alignment (TSR)
- Percentage of women on boards

As an example, the climate GHG reduction target metric identifies whether companies have approved science-based targets or at least committed to setting targets and therefore are aligned with global net zero targets. We use several datasets that are specifically relevant to certain industry groups and their usage in the dashboards will again vary based on industry. A current example of this is the fossil fuel financing league table published by the Rainforest Action Network[5], which is only relevant to the banking industry.

Dashboard overview

The ESG industry group dashboards provide high level risk flags on consistent poor performers and highlight excellent performers on a relative basis. A company flagged as underperforming would be one where there is consistent poor performance across a material number of the SASB, core and bespoke datasets, relative to industry group peers. In contrast with this, a company flagged as outperforming is one where there is a consistent positive performance across a material number of the SASB, core and bespoke datasets, relative to their industry group peers. It is possible for a company to be flagged as performing well on some ESG factors while performing poorly on others. When a company is flagged as both leading in concerns and excellence, all factors will need to be weighed up against each other to determine which risk factors are of greater importance and we will engage with the company to determine the outcome.

Inclusion criteria for the Engaged category

The Engaged equity universe has specific exclusions as well as inclusionary criteria which are driven by the quantitative data provided through the industry group dashboards. This enables us to rank companies on a relative basis within industry groups and for inclusion within the Engaged universe.In categorising the investment universe, the quantitative data provides useful signals on out performance and under performance against ESG metrics. Where these signals are not clear we will gather more context through equity analyst discussion and company engagement. If we do not think

4 https://www.sasb.org

5 Rainforest Action Network - Fighting for People and Planet (ran.org)

the quantitative data represents true ESG performance, we will make a qualitative judgement-based decision on categorisation considering additional context. This may result in a company being included within the Engaged universe despite having a material number of underperforming quantitative data points.

We proactively engage with companies on a regular basis, and as part of the six-monthly formal review of the dashboards we will hold dialogue with companies where we require clarification of the quantitative evidence shown in the dashboards. The dashboards are refreshed on a quarterly basis and additionally we will engage with the companies within this universe on other occasions in line with our engagement framework.

We have not set a specific percentage hurdle for inclusion in the Engaged universe as industry groups will vary and we do not want to set artificial limits.

Active ownership through voting and engagement

Engagement will take different forms including collaborative, which will be alongside other investors; thematic which will focus on one of our three key themes; a more reactive approach usually around proxy season; or a ‘catch up’ to ensure that communication channels remain effective.

Voting and engagement is part of our investment process. This means that all decisions are made in conjunction with the relevant analyst. We use ISS as our proxy voting service provider and have set a baseline policy which ISS bases its recommendations on. We do not always follow ISS’ recommendations and we believe this is the right approach to ensure we avoid a mechanistic approach to engagement and voting.

For more information, please see our **Engagement Policy** and **Voting Policy**, as well as the relevant sections of the **Responsible Investment Policy**.

ESG integration and fixed income

This applies to centrally monitored holdings only. Your Investment Manager has the flexibility, within a controlled framework, to tailor your portfolio regarding asset allocation and security selection, to accommodate your investment requirements.

Summary

Supported by industry frameworks such as the PRI[6], Quilter Cheviot's Responsible Investment and Fixed Income Research teams seek to ensure best practice is applied where appropriate into our investment decision making. A significant part of our bond exposure is through third party funds, therefore the fund research approach of understanding the underlying manager's responsible investment process also applies. Environmental, Social and Governance (ESG) factor analysis for direct holdings in credit issuers is on a similar basis to equities.

Integration

The direct holdings are predominantly in UK, US and EU government bonds as well as supra-national issuance. Integrating ESG factors into the selection of sovereign debt issued by developed countries is likely to increasingly incorporate issues such as climate risk over time and best approached by seeking to influence government policy where appropriate.

There are around 60 corporate issuers (as of 30 June 2025) in which we invest, and the primary considerations are whether these issuers are senior, BBB rated, and if the bonds will maintain that BBB rating over the period to maturity. We believe identifying the ESG challenges and opportunities that impact the debt issuer are an important factor in evaluating the likelihood of the bond retaining the BBB rating over its lifetime.

ESG risks for corporate issuers mirror those covered by equity markets. Most debt issuing entities we invest in are companies that are already evaluated by the Equity Research team (approx. >75% dual coverage) and therefore the fixed income research can leverage the existing equity research. The remaining entities are not within the equity research universe and in some cases are not listed, typically these include non-profit and social housing associations. A brief ESG comment is included in the research note for all issuers although this may be more detailed for entities not covered by the Equity Research team such as housing associations and building societies. For all the holdings within the centrally monitored corporate bond universe, the analyst has assessed the issuer's ESG related credentials, and monitors these on an ongoing basis. The data sources include several ESG data providers and Bloomberg composite research.

6 https://www.unpri.org/investment-tools/fixed-income

Screening

Quilter Cheviot's fixed income investments must adhere to the firm's Controversial Weapons policy[7]. Issuers directly involved in the manufacture, sale and distribution of cluster munitions and anti-personnel landmines are screened out of the investment universe.

Our Fixed Income Research team will also exclude direct issuance with a credit rating below a BBB rating[8].

Thematic

The growth of green bond issuance, and newer areas like bonds linked to the UN Sustainable Development Goals, and transition bonds, adds a new dimension which we would expect third-party managers to evaluate appropriately. Sovereign bond analysis can be limited for developed markets but could increasingly incorporate climate risk in the future.

Engagement

While bondholders do not have voting rights in the way that shareholders have, larger fixed income houses can influence the funding structure of issuers. They can also engage on similar matters to equity investors and reconsider their funding if no progress is made. Within our centrally monitored universe, we have very limited exposure to corporate bonds on a direct basis and therefore are unable to influence the funding structure of issuers as larger holders are sometimes able to.

For fixed income funds, we engage with third-party managers on:

- The firmwide approach to responsible investment.
- Manager and strategy approach to responsible investment.
- Engagement on ESG risk and exposure.
- The firmwide approach to net zero

Through Quilter Cheviot's equity holdings, we collaborate with other investors, industry groups, and ESG initiatives to drive systemic change on ESG issues that require collective action. For further information see our Engagement Policy[9].

7 qc-responsible-investment-controversial-weapons-policy.pdf (quiltercheviot.com)

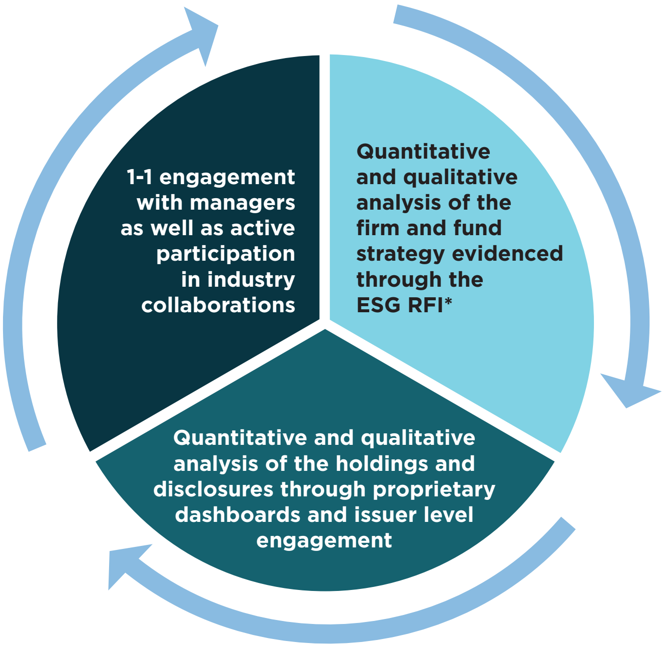
8 Bonds are rated according to their credit worthiness and quality using a letter-based credit scoring scheme.

9 qc-responsible-investment-engagement-policy.pdf (quiltercheviot.com)

Integrating environmental, social and governance (ESG) factors into fund selection

This applies to centrally monitored holdings only. Your Investment Manager has the flexibility, within a controlled framework, to tailor your portfolio with regard to asset allocation and security selection, in order to accommodate your investment requirements.

As a responsible investor, Quilter Cheviot evaluates third-party managers' approaches to responsible investment at a firm, strategy, and holdings level. This is incorporated into our research process.



Within our proprietary fund responsible investment framework, we evaluate the 350+ centrally monitored third-party funds and investment trusts quantitatively and qualitatively. As outcomes from this process, we assign the following ratings to funds:

- Within our responsible investment framework, we categorise funds as either Aware or Engaged (A/E). For funds to be classified as Dedicated they must first be classified as Engaged and there must be appropriate alignment to the UN Sustainable Development Goals as outlined in our approach to sustainable investment.
- Each fund has its own fund ESG rating which is a proprietary rating derived from our qualitative and quantitative assessment.
- Investment trusts are RAG (Red, Amber, Green) rated[10] on three factors: board composition, board effectiveness and responsible investment disclosures through our ongoing investment trust engagement programme.

* Request for Information
10 **qc-investment-trust-engagement-report-phase-2.pdf**

Quantitative and qualitative analysis of the firm and fund strategy evidenced through the ESG RFI

We seek to combine data gathered directly from third-party managers via our annual ESG Request for Information (ESG RFI), together with a comprehensive range of ESG data metrics at the holdings level for funds invested in listed securities including sovereign debt, or scorecards aligned with Sustainability Accounting Standards Board (SASB) disclosure standards for funds investing in unlisted securities.

Our proprietary fund dashboards have been designed and built to score centrally monitored third-party funds from a responsible investment perspective. The dashboards are designed to:

- Evidence the RI categorisation of funds and the proprietary ESG fund rating
- Identify funds and holdings for engagement

Through the analysis of this information, we make an initial quantitative assessment of a fund based on:

- The firm's approach to responsible investment
- The manager's approach to ESG integration / responsible investment as part of the investment strategy
- The fund's holdings or disclosures

The combination of this top-down and bottom-up approach allows us to determine the extent to which a fund displays responsible investment credentials. This is then either evidenced or challenged through the ongoing engagement with the fund.

Firm's approach to responsible investment	**Manager's approach to responsible investment as part of the fund's investment strategy**	**The fund's holdings and disclosures**
Data gathered through the ESG RFI	Data gathered through the ESG RFI Regulatory labels (SFDR and SDR)[11] Proprietary investment trust RAG rating	Listed securities: climate, governance, human rights and natural capital metrics Unlisted securities: proprietary scorecard for alternatives

This fund assessment process seeks to improve the consistency and depth of responsible investment related assessments using a data-driven baseline view of funds complemented by qualitative insight.

The scoring methodology has been developed to differentiate between asset classes given the data considerations for listed versus unlisted securities within the holdings and disclosures element of the quantitative analysis.

It is important to note that we do not set absolute standards or targets for either direct or indirect holdings, recognising that one-size does not fit all. Companies and funds vary widely in their approach to responsible investment, and material issues differ across sectors and geographies. Scoring at the holdings level reflects this, with each fund assessed within its peer group i.e. asset class and region where applicable.

Within the holdings' scorecards we capture some metrics solely for validation or specific engagement purposes. We have placed higher weightings to certain metrics reflecting their importance in our assessment of each fund.

11 Sustainable Finance Disclosure Regulation (SFDR) in the EU and Sustainability Disclosure Requirements (SDR) in the UK

Assessment level	Assessment element	Equity Fixed income Multi-asset Property (REITs) % allocation	Alternatives: Private equity Infrastructure % allocation	Alternatives: Absolute return Hedge funds Commodities Property (non-REIT/hybrid) % allocation
Firm	ESG RFI	20	20	20
Strategy	ESG RFI	40	30	40
	Regulatory label	10	10	10
	Investment trust RAG	n/a	10	n/a
Holdings and disclosures	ESG metrics	30	n/a	n/a
	Disclosures	n/a	30	30

ESG RFI - firm and strategy

All centrally monitored third-party funds receive our annual ESG RFI which gathers data at both the firm level and the individual strategy. The scoring allocation for the ESG RFI response will vary depending on the asset class as shown above. Each question falls into one of these four ESG pillars:

Oversight and implementation (25%)

The robustness of the fund manager's responsible investment governance framework i.e. how responsibilities, oversight, and incentives are embedded within the organisations and fund-level strategy.

ESG integration in the investment process (25%)

Evidence that responsible investment is a core component of the fund's process. The strongest funds treat ESG factors as integral as to how investments are selected and monitored.

Demonstrate that ESG considerations actively shape portfolio construction and risk management.

Stewardship and engagement (25%)

How effectively a fund manager uses influence as an investor to drive positive ESG outcomes. We are looking for evidence that stewardship is not a passive obligation but a strategic tool for managing risk and creating long-term value.

Transparency and reporting (25%)

How clearly and comprehensively a fund manager communicates its ESG approach, activities, and outcomes.

Strong reporting demonstrates that ESG integration is not just a claim but a measurable, verifiable practice.

Scoring for the RFI responses is calculated based on Y/N questions, with a binary 1/0 score, and multiple-choice questions, with scaled scoring between 1-0. Each question is weighted based on the importance assigned to it, and each category is equally weighted at 25%. We additionally include free text questions which do not contribute to the overall score.

For example, for equity funds where the ESG RFI is 60% of the overall dashboard score:

Fund name	Pillar A Oversight and implementation (25%)	Pillar B integration in investment processes (25%)	Pillar C Stewardship and engagement (25%)	Pillar D Transparency and reporting (25%)	Total RFI score (shown as 60% of the total score)
Fund 1	11.97	22.31	14.83	12.34	36.87
Fund 2	25.00	22.31	25.00	19.54	55.11
Fund 3	25.00	22.31	25.00	25.00	58.38

Thematic scorecards - holdings and disclosures

For funds with listed securities, we have created four scorecards aligned with our mega-themes: Climate, Human Rights, Natural Capital, and Governance. We have mapped individual metrics to each security within a portfolio and aggregated this at the portfolio level. To give an example, the climate scorecard includes metrics related to greenhouse gas (GHG) emissions, implied temperature rise bands, transition technologies, and fossil fuel exposure, for example, for listed securities. Across the full climate scorecard, we track over 70+ metrics to give a comprehensive overview of how a fund is performing against a range of climate issues. Additionally, we can drill down further into these metrics to show underlying data at the security level. Individual metric scores are aggregated at the scorecard level and each of the four scorecards are assigned an equal weighting of 7.5% for a total score at the holdings level of 30%. This allows for easy identification of where future engagement with each fund should be directed.

For unlisted securities (private equity, infrastructure, absolute return, hedge funds, commodities and property), we use a mixture of public disclosures and engagement given the lack of consistent data availability across these asset classes. The same scoring methodology applies across the four elements. Additionally, we have a separate scorecard for sovereigns and some of the metrics we consider include financed emissions across Scopes 1, 2 and 3 as well as weighted average carbon intensity and green bonds.

For example, unlisted and listed thematic scorecards covering the four key themes

Fund name	Climate (7.5%)	Social (7.5%)	Natural Capital (7.5%)	Governance (7.5%)	Weighted scorecard total %
Fund 1	4.4%	4.5%	2.7%	4.4%	16.0%
Fund 2	3.1%	4.5%	3.6%	3.7%	14.9%
Fund 3	4.0%	1.3%	4.5%	2.5%	12.3%

Regulatory labels

The SFDR (Sustainable Finance Disclosure Regulation) in the EU and the SDR (Sustainability Disclosure Requirements) in the UK provide structured frameworks for assessing sustainability:

- SFDR categorises funds into Articles 6, 8, and 9 based on their sustainability objectives and disclosures.
- SDR introduces four labels (Focus, Improver, Impact, Mixed Goals) with clear criteria, as well as funds that fall under the Naming and Marketing Rules. Within the SDR framework, a CFD (Consumer-Facing Disclosure) denotes the mandatory consumer-facing disclosure that firms must provide to retail investors.

By including these labels into the fund dashboard scoring framework rewards third-party managers that meet baseline regulatory standards for sustainable investing, demonstrate operational readiness to manage ESG risks and disclosures, and align with investor expectations for credible, transparent sustainability strategies. The labels will be scored as follows (% contribution to overall dashboard score):

- SDR CFD – 5%
- SDR Label – 10%
- SFDR article 8 – 5%
- SFDR article 9 – 10%

Responsible investment categorisation

For each fund within the dashboards the total score is translated into a fixed 1-5 scale to ensure comparability of the dashboard output across all funds. This applies consistently across all asset classes with nuanced considerations for both public and private markets.

Level 1	Level 2	Level 3	Level 4	Level 5
0-34%	35-49%	50-64%	65-79%	80-100%
ESG laggard	Weak performer	Average/ Developing	Strong performer	ESG leader

We use this 1-5 score to determine whether a fund should be classified as Aware or Engaged. The framework uses the 1–5 score as an anchor, supported by qualitative insights allowing for flexibility especially where data gaps exist.

A fund is classified as **Engaged** when:

- It scores 4 (Strong performer) or 5 (ESG leader), and
- It has no material weaknesses identified in any individual pillar, and
- It demonstrates stable or improving ESG practices year on year
- ESG risks are well understood and managed.

A fund is classified as **Aware** when:

- The dashboard score falls in the mid-range or below (-64%), where performance is acceptable but not robust
- One or more pillar scores are less than 10%
- There are structural gaps in the thematic scorecards (e.g. missing climate targets, limited asset level data, weak biodiversity disclosure)
- It should be noted that this category will include index tracker funds where there may be very limited evidence of responsible investment characteristics.

Overall assessment

While quantitative data forms an important foundation of our analysis and contributor towards the scoring of funds, outputs may be overridden where the Fund Research and Responsible Investment teams' engagement with the underlying fund indicates a different conclusion. This ensures data-driven outcomes can be appropriately challenged based on insights gained through regular engagement with fund managers.

Fund screening and monitoring

The funds and their underlying holdings are screened monthly for holdings which breach:

- United Nations Global Compact
- Quilter Cheviot's controversial weapons policy[12]

Whilst we have not set an exclusionary policy for our indirect holdings via third-party funds, we will then engage with funds on holdings which are identified through this process as part of our engagement on ESG-related risks and exposures.

12 **https://www.quiltercheviot.com/4ac2c9/siteassets/documents/guides/qc-responsible-investment-controversial-weapons-policy.pdf**

Additionally, we screen funds on exposures to activities that:

- are excluded from specific mandates for both direct and indirect exposure
- are excluded solely on a direct basis to enable us to quantify indirect exposure
- we are tracking as part of our Climate Action Plan.

Qualitative analysis

As a significant fund buyer in the UK market, Quilter Cheviot has a specialist fund research capability responsible for monitoring closed and open-ended funds. Funds are selected in accordance with Quilter Cheviot's investment strategy, involving both quantitative and qualitative analysis, with significant importance placed on meeting the individual fund managers and their teams.

Our qualitative analysis is focused on engagement with the third-party funds we invest in. This may be on a 1-1 basis or through collaborative forums such as Wealth Managers on Climate and the Institutional Investors Group on Climate Change (IIGCC) External Fund Manager Working Group. Engagements relating to responsible investment will be undertaken by the analysts in the Responsible Investment and Fund Research teams individually or together.

Responsible investment engagements are split across four areas of focus:

- The firmwide approach to responsible investment
- Manager and strategy approach to responsible investment
- Engagement on ESG-related risk and exposure – usually related to one of our thematic priorities of climate change, human rights, natural capital and governance
- The 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 as different asset classes present different ESG considerations.

Escalation

Escalation may take several forms. At the simplest level it would be reviewing the fund ESG rating and RI categorisation to downgrade the relevant rating. If this resulted in downgrading a fund from being categorised as Engaged this would result in the fund being removed from the relevant model.

It may take the form of a change of recommendation or inclusion in a model. We have, and may do so in the future, refused to invest with managers whose rationale for not being a signatory to the UN Principles for Responsible Investment is insufficient.

For investment trusts we would reconsider our RAG rating as well as potentially vote against members of the board.

Additional factors

Adoption of global and local codes or principles

We consider whether a firm is signed up to the United Nations backed Principles for Responsible Investment (PRI) and UK Stewardship Code, where appropriate.

As an additional measure, in June 2021, we implemented a requirement that any new funds included in our portfolios must have UN PRI signatory status via their investment manager/adviser. If this is a fund managed by a recently established firm, we would agree a timeline for the firm to sign up to the UN backed PRI. In exceptional circumstances, new funds may be added to our investment universe which are not, and do not have an intention to become a signatory. However, this would be extremely rare and the rationale for not being a signatory would have to be linked explicitly to the specific strategy that the fund was invested in. Any fund being added to coverage in this instance would need to be agreed by the Chief Investment Officer.

For funds within the current centrally monitored investment universe, we have identified a small proportion which are not PRI signatories. We expect a number of these will attain signatory status in the near term. For those that remain, we will continue to engage with them on this subject to continually evaluate the rationale for not becoming a signatory. We accept that for a very limited number of specific strategies, there is no tangible benefit in attaining signatory status at this stage given the nature of the underlying investments.

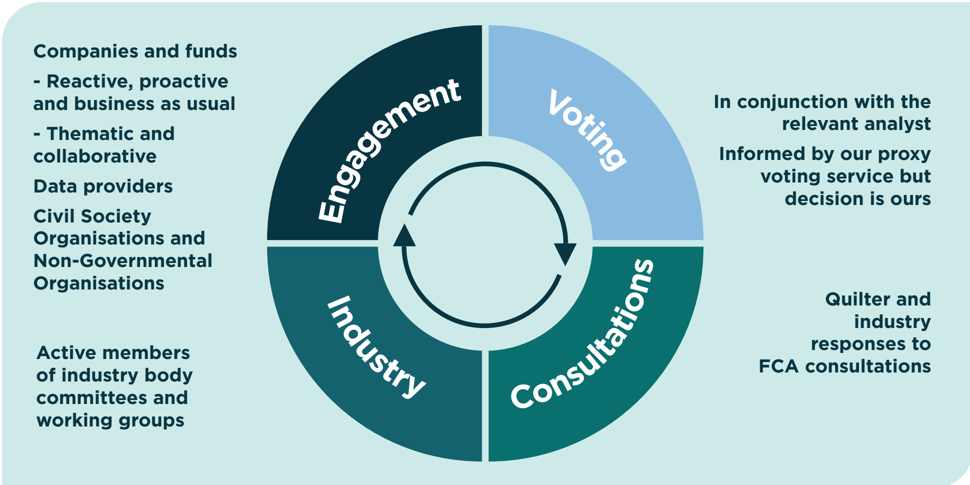
Quality over quantity

In line with best practice and in some jurisdictions, regulation, we expect managers to regularly publish details of their voting and engagement. In terms of the latter, we look for quality not quantity. Voting on thousands of resolutions at AGMs may be laudable but we are more interested in the thought process that goes into making these decisions. Often this quantum of voting may simply be the result of an automated voting system which does not lead to engagement with companies on key topics.

Engagement

Stewardship = Active Ownership

Engagement is part of our Stewardship (also known as active ownership) approach.



Being an active owner has many different facets

Best practice stewardship is not about single company engagements on governance topics, we aim to do more.

We want to amplify our engagement voice and outcomes as well as create a more enabling environment for our approach to responsible investment. We do this in a number of ways:

Collaborative engagement

We actively participate in collaborative forums with other investors to engage with investments. These include:

Climate change:

Climate Action 100+
NZEI (Net Zero Engagement Initiative)

Human rights:

30% Club Fix the Exec
Advance (PRI)
'Votes against slavery'

Natural Capital:

Spring (PRI)
Nature Action 100
CDP Non Disclosure Campaign (CDP NDC)

Industry participation

We play an active role in a number of industry groups and trade bodies including the TISA Responsible and Sustainable Investment Committee, IIGCC External Fund Manager Working Group, and the Wealth Managers on Climate. Additionally we are members of UKSIF and The Investment Forum, and have had representation on groups advising the FCA such as the Disclosure and Labelling Advisory Group (DLAG) and the Advisers' Sustainability Group (ASG).

Engaging with purpose

When we engage we do so with a specific objective and are outcome oriented. The outcome will take a number of 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 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 the analyst's recommendation

Engaging the wider 'ecosystem'

We aim to engage with external industry actors such as recruitment and remuneration consultants. This is not only an effort to facilitate systemic change but also allows us to have more informed conversations with investee companies when discussing material topics like diversity and remuneration. The Responsible Investment team leads the engagement process, working closely with the relevant research analyst.

Reactive (bottom up)

- to AGM/SGM resolutions
- controversial events
- policy consultations

Proactive (top down)

- thematic engagements
- collaborative engagements

Business as usual – regular catch ups

By engagement, we mean speaking directly to our investments about the issues that concern us and understanding their general approach to material ESG issues. Our central teams of research analysts provide a dedicated investment research resource with no conflicting commitments. The teams monitor the centrally researched investments on an ongoing basis, as well as face to face meetings where possible. It is imperative that ESG considerations sit within the investment decision-making process and are not outside it. Therefore, we will work closely with the Equity or Fund Research Teams, with the relevant analyst joining the engagement in most instances. Our approach to engagement is detailed in our engagement policy. Proactive, thematic engagements are approved by our internal engagement panel. Core membership of this panel includes the Chief Investment Officer, Head of Equity Research/Head of Fund Research[13] and the Head of Responsible Investment.

13 As applicable

Materiality

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

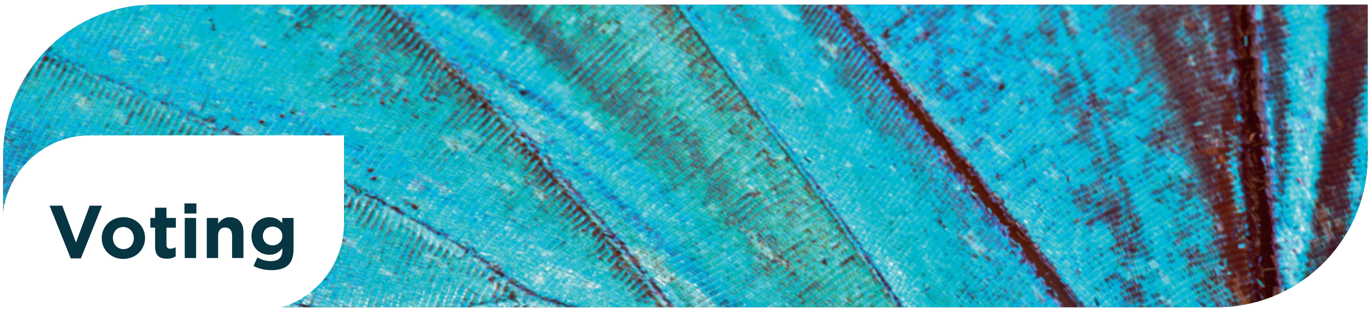
1. the size of our holding
2. the significance of the ESG issue for the holding.

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.

Our response to the Stewardship Code can be found here:
https://www.quiltercheviot.com/49642c/siteassets/documents/reports/stewardship-code-report-2024.pdf

Further information on our engagement policy be found on our website:
https://www.quiltercheviot.com/our-services-responsible-investment/stewardship/



Voting

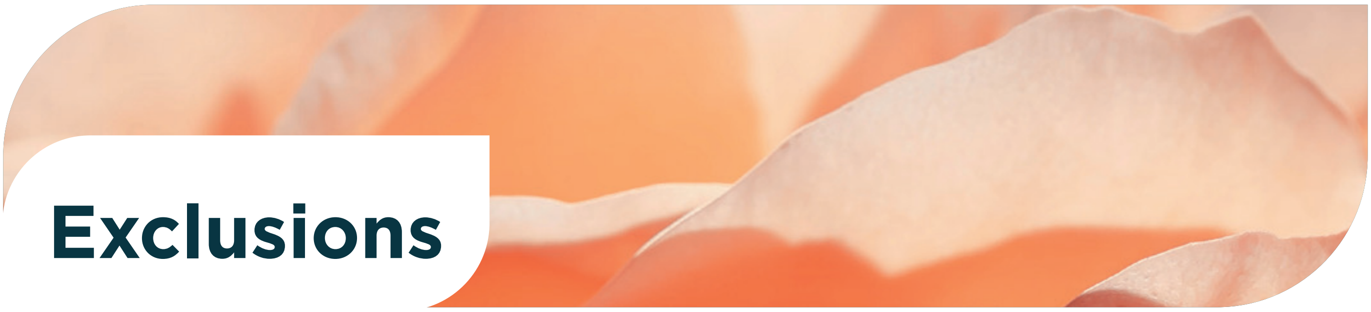
Voting and engagement is part of our investment process, and decisions are made in conjunction with the relevant analyst. We use ISS as our proxy voting service provider and have set a baseline policy which ISS bases its recommendations on. We do not always follow ISS' recommendations and we believe this is the right approach as it is important that we do not adopt a mechanistic approach to engagement and voting. Where there is a recommendation to vote against or abstain, we will seek to engage with the company in question. When we vote against management (or abstain) this is reviewed by the Voting Panel compromising of the Chief Investment Officer, Head of Equity Research /Head of Fund Research[14] and the Head of Responsible Investment. Decision making about voting includes the relevant Quilter Cheviot investment analyst.

We will vote differently to ISS as a result of engagement with the company or investment trust. We will have determined that a different course of action is justified given that interaction. The extent of engagement is dependent on the materiality of our holding.

We vote on over 95% of the holdings which have regular voting rights, however we have a long tail of holdings, which is unsurprising given the nature of our client base. We do not vote on every single position we have. The reason for this is simple: voting is carried out in conjunction (in the majority of cases) with engagement. Therefore, while we could easily vote on every holding globally, we would not engage on that scale in a meaningful way, and in some cases the position will only be held by one client.

Our voting policy is on our website: **https://www.quiltercheviot.com/siteassets/documents/guides/qc-responsible-investment-voting-policy.pdf**

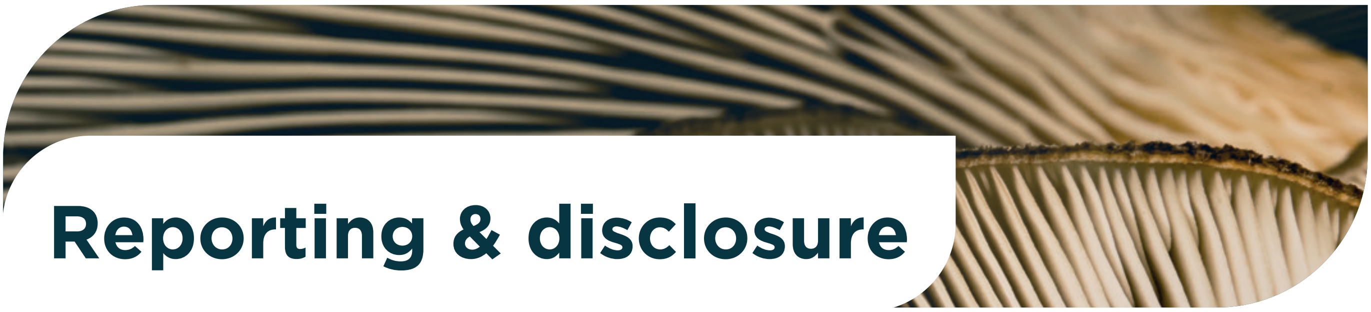
14 As applicable



Exclusions

We take a selective approach to exclusionary screening criteria as, in general, we believe most clients wish to retain broad market exposure. The only blanket exclusion we seek to employ relates to cluster munitions and anti-personnel land mines, as these are subject to international conventions and law. Where we invest directly, we do not knowingly invest in securities (equity or debt) of listed companies involved in the manufacture, development or trade of anti-personnel mines or cluster munitions. We also undertake regular checks to monitor any exposure through third-party actively managed funds to controversial weapons.

Ethical and values-oriented investment based on client requirements is incorporated on an individual client basis, informed by their specific ethical preferences and values within Quilter Cheviot's discretionary portfolio service. These will vary from client to client and will focus on industry groups, industries or individual companies. Beyond this, more specific negative screens may also be applied for strategies and funds that have clear responsible or sustainable investment related objectives. Typically, these could relate to activities which may either be excluded completely or subject to tolerance bands, such as revenue contribution, depending on the strategy.



Reporting & disclosure

As a signatory to the **UK Stewardship Code**, we commit to meeting the high standards that the Code expects from its signatories and as part of Quilter, we submit our report annually to the Financial Reporting Council for assessment. We were among the first group of investors to become signatories to the revised Stewardship Code in 2021 and have retained signatory status since then.

UK STEWARDSHIP CODE

Signatory of:

PRI Principles for Responsible Investment

As a signatory to the **UN-backed Principles for Responsible Investment (PRI)**, we have made a commitment to transparency and recognise it is important in creating higher standards for responsible investment practices and for the wider financial market. The PRI is a global investor-led initiative to promote and support the integratuion of ESG considerations into investment research and ownership practices.

In line with the **Shareholder's Rights Directive II (SRD II)** we disclose (from June 2020 onwards) 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. From July 2025, we publish our voting records on a monthly basis.

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

Quilter Cheviot publishes entity and product reporting in line with the **TCFD (Task Force on Climate-related Financial Disclosures)** requirements.

The reports are available on our website and on request.

Conflicts of interest

Quilter Cheviot's conflicts of interest policy may be found at: **https://www.quiltercheviot.com/siteassets/documents/important-information/os010171-qc-conflicts-of-interest-policy-uk.pdf**

It is possible that actual or perceived conflicts of interest may arise in relation to the execution of our stewardship activity. Should a conflict of interest arise which may influence us to not act fairly, independently, or objectively in the interests of our clients, we will follow the voting recommendations of our third-party proxy voting service provider.

Examples of possible conflicts include:

- We invest in a fund managed by a company we hold shares in. As we have a seperation between our Equity and our Fund Research teams, which are also both independent functions, we believe that we can manage this conflict effectively given separation.
- Quilter Cheviot is part of Quilter plc. There may be occasions where an interest to be voted is held in Quilter plc. In these cases, unless specifically directed by a client, we will follow the guidance given by our external proxy voting service provider with respect to voting.
- With respect to stewardship, it is possible that actual or perceived conflicts of interest may arise through the normal course of business in relation to the execution of our stewardship activity. For example, should a potential conflict of interest be identified when exercising proxy votes, which may influence us to not act fairly, independently or objectively in the interests of our customers, we will follow the voting recommendations of ISS, our third-party proxy voting service.
- Conflicts can occur between clients. Where this is the case, we will continue to act in the best interests of each client. Thus, for example, the equity share interests of different clients may be voted differently at the same meeting where it is in the interests of each to do so.
- Where an employee, any member of senior management or non-executive director of Quilter Cheviot is also a non-executive director of a company within our voting universe, we will apply the guidance of our external proxy voting service provider.

Investment management

Our solutions

Active Ownership and ESG Integration - for all discretionary clients

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

We take a more targeted approach for clients that want their portfolios to reflect their specific interests or preferences. Teams are responsible for incorporating this into their ongoing analysis of investments.

A Direct Equity Approach* – DPS Applied

The strategies harness Quilter Cheviot's research and responsible investment process, as well as data from external providers, to implement ESG factor screening on a positive and negative basis. Positive screening relates to the process of only including companies that reach a certain performance threshold. Negative screening excludes companies involved in pre-defined activities or controversial practices. This ensures more emphasis is placed on ESG risks beyond the firm-wide approach to active ownership and ESG integration which forms the basis of the Aware categorisation.

A Funds-Based Approach – Positive Change

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

Sustainable Investment – The Sustainable Opportunities Funds and Strategy**

Through an actively managed multi-asset approach, these are suitable for clients who want to support the development of sustainable societies by focusing on investment opportunities in the areas of Clean Energy, Food, Health & Well-Being, Resource Efficiency, and Water. Ethical exclusions are also applied to avoid investments in controversial sectors.

Ethical And Values Oriented Investment – Client Specific

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

Client Preferences

We have identified three client preference categories: Aware, Engaged and Dedicated. For existing clients, we have categorised these in accordance with their current investment strategy, however the adviser/investment manager reviews this with the client regularly. For example, if the client already invests in Sustainable Opportunities Funds or strategy then this would be aligned to the Dedicated category; similarly, for Positive Change this would align to the Engaged category. The majority of clients will be aligned to the Aware category. The Aware category reflects the Quilter Cheviot firmwide approach to responsible investment which incorporates stewardship (voting and engagement) as well as integration of ESG considerations within the investment process.

* For UK, North American and European equity holdings

** Sustainable Opportunities Balanced Fund and Sustainable Opportunities Growth Fund.

Our responsible investment framework categorisations

Our firmwide approach to responsible investment focuses on our role as an active owner and the consideration of ESG factors within our investment process. This applies to the centrally monitored holdings which as of 31 December 2024 accounted for £27.3 billion of the total £29.5 billion of assets under management (AuM) at Quilter Cheviot.

We introduced client responsible investment preferences in April 2022, and at the same time categorised all the centrally monitored holdings in line with these preferences to ensure that our investment strategies are aligned with the client preference categories.

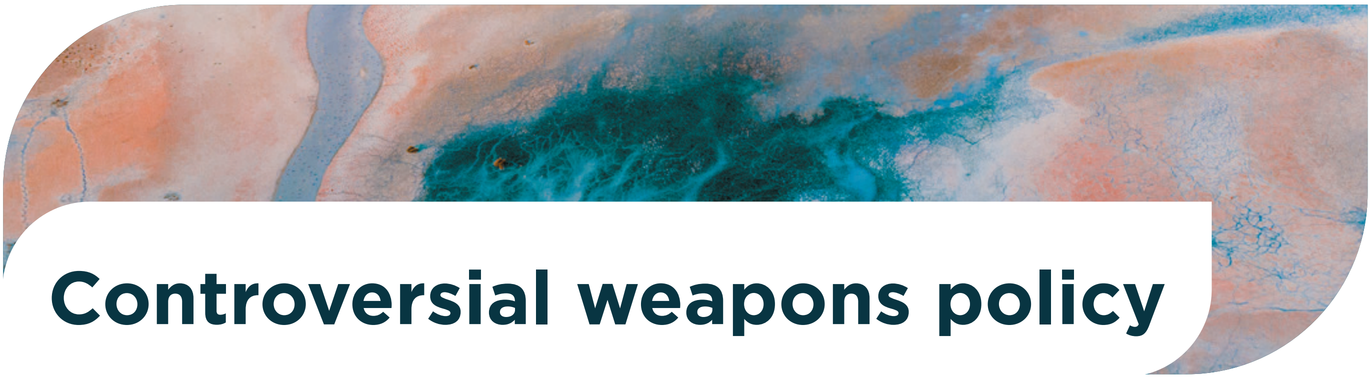
The three categories are: Aware, Engaged and Dedicated and apply to our clients' preferences, our investment strategies, and our centrally monitored holdings.

	Aware	**Engaged**	**Dedicated**
Client	My aim is to optimise financial returns for my risk level, and I acknowledge that being aware of ESG factors is an input to achieve this.	My aim is to invest with a focus on ESG factors in order to achieve my financial goals within the agreed risk level.	My aim is to invest on a sustainable basis where the consideration of ESG factors drives the investment decisions in my portfolio in line with the agreed risk level.
Investment strategies	• Discretionary Portfolio Service (DPS) • Managed Portfolio Service (MPS) • AIM Portfolio Service • Global Income and Growth Fund for Charities • Libero Balanced • Quilter Cheviot International Funds	• DPS Applied • Positive Change	Sustainable Opportunities Funds and strategy
Holdings	Each category builds on the previous one. The firmwide approach to active ownership and ESG integration applies to all the categories.		
	The firmwide approach to active ownership applies and ESG factors will be considered, however the extent to which this is a priority will vary. For example, index trackers will not usually consider ESG factors or place particular emphasis on active ownership in their approach. However, we will assess their responsible investment approach and engage with them on this.	For equities we combine negative and positive ESG factor screening to identify holdings which are categorised as 'Engaged' this process feeds into the assessment for corporate bonds.	This category focuses on the sustainability related credentials of a holding. Equity, corporate bond, and alternative investments will be classified as 'Dedicated' if 50% or more of the company's revenue generating activity is aligned with the targets that underpin one or more of the 17 SDGs. The classification also requires certain ethical exclusion criteria are met and the company must not generate more than 5% revenue from activities that are deemed to negatively impact achievement of the SDGs.

Holdings		Sovereign debt is usually classified as 'Engaged' and for funds we adopt a process which combines the assessment of the manager's approach to active ownership and ESG integration, as well as the mandate of the underlying fund.	For sovereign debt investments to be classified as 'Dedicated', the issuing country must have achieved i) an SDG index score of 80 or higher; and ii) a "green" rating for certain core indicators, in both cases based on data from the most recent SDSN Sustainable Development Report. This annual report assesses the progress of all 193 UN Member States on the SDGs, with a score out of 100 determined for each. An SDG index score of 100 indicates all 17 SDGs have been achieved.

We use several different tools and processes to categorise holdings, these include:

- Engagement: thematic, collaborative and ongoing.
- ESG equity and fund dashboards which use data from multiple external sources.
- ESG RFI (Request for Information) for third-party funds.
- Fund ratings to assess the manager's approach to responsible investment.
- SDG alignment via an external party.



Controversial weapons policy

Controversial weapons policy

This statement sets out Quilter Cheviot's position with respect to investments in companies involved in the manufacture, development or trade of controversial weapons, specifically anti-personnel mines[15] and cluster munitions[16]. These weapons are subject to international and national law and are of concern due to their humanitarian consequences and the unacceptable harm caused to civilians through their use.

Legal context

The Anti-Personnel Landmines Convention 1997 bans the use, stockpiling, production and transfer of anti-personnel mines and prohibits assisting others in these prohibited acts. Over 160 countries, including the UK, have signed the Convention. This treaty has been implemented in the UK through the Landmines Act 1998.

The Convention on Cluster Munitions 2008 bans the use, production, stockpiling and transfer of cluster munitions. It became legally binding on 1 August 2010, and at the time of writing 94 countries, including the UK, are signatories. Countries that have signed the Convention undertake to "never under any circumstances to assist, encourage or induce anyone to engage in any activity prohibited". This treaty has been implemented in the UK via the Cluster Munitions (Prohibitions) Act 2010.

Quilter Cheviot's position

Quilter Cheviot will not knowingly invest directly in securities (equity or debt) of listed companies involved in the manufacture, development or trade of anti-personnel mines or cluster munitions or components or services of the core weapon system which are considered tailor-made and essential for the lethal use of such weapons[17]. This policy applies to portfolios directly managed by Quilter Cheviot where we have discretion over security selection. Information regarding companies' involvement in anti-personnel mines or cluster munitions is provided by an independent third-party provider.

Indirect holdings

Where we invest in third party funds, we have engaged with managers to determine the exposure and asked managers to sign an attestation letter to confirm the avoidance of cluster munitions and anti-personnel landmines. In some cases, managers have refused to sign an attestation; additionally, tracker funds are out of scope given their investment process. We monitor this on an ongoing basis.

15 An "anti-personnel mine" is a landmine which is designed to be detonated by the presence, proximity or contact of an individual and is capable of incapacitating, injuring or killing an individual.

16 "Cluster munition" means a conventional munition that is designed to disperse or release explosive sub-munitions each weighing less than 20 kilograms. "Prohibited munition" means a cluster munition, or an explosive bomblet that is specifically designed to be dispersed or released from dispensers affixed to aircraft ("a relevant explosive bomblet").

17 The policy covers long and short positions in companies that manufacture develop or trade in core weapon systems which are components/services that are tailor-made and essential for the lethal use of the weapon, e.g. warhead, propulsion system. The policy does not apply to supporting systems or technical/administrative support that whilst essential are not tailor-made for the core weapon system. In the event of exposure via a parent/subsidiary company relationship we apply a 20% ownership threshold.

Shareholder engagement policy

The shareholder engagement policy must include information on how the asset manager integrates shareholder engagement in their investment strategy. Namely how Quilter Cheviot:

- monitors the investee company on relevant matters, including strategy, financial and non-financial performance and risk
- evaluates the capital structure, social and environmental impact and corporate governance
- conducts dialogues or engages with investee companies
- exercises voting rights and other rights attached to shares
- cooperates with other shareholders
- communicates with relevant stakeholders of the investee companies,
- and manages conflicts of interests.

On an annual basis, the asset manager must publicly disclose how their engagement policy has been implemented, including:

- a general description of voting behaviour
- an explanation of the most significant votes and the use of the services of proxy advisors
- disclose how they have cast votes in the general meetings of companies in which they hold shares
- where an asset manager does not in a given year, publicly disclose how its engagement policy has been implemented, it must publicly disclose a clear and reasoned explanation for its failure to do so.

Quilter Cheviot's annual Stewardship Code report, quarterly and annual responsible investment reports, monthly SRD II reports (disclosing voting activity) as well as our responsible investment, voting and engagement policies ensure that these requirements are met.

These documents are all found here **Responsible Investment | Quilter Cheviot**

This is available free of charge and is updated at least annually.

From June 2020, we disclose 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. From July 2025, we publish our voting records monthly.

For institutional investors

Where an asset manager invests on behalf of an institutional investor, whether on a discretionary basis or through an investment fund, asset managers must disclose on an annual basis, to institutional investors with which they have entered into arrangements, information on:

- how the investment strategy and its implementation complies with arrangements with the institutional investor
- how it contributes to the medium to long-term performance of the assets of the institutional investor of the fund
- the key material medium to long-term risks associated with investments made
- portfolio composition, turnover and turnover costs
- the use of proxy advisors for the purposes of engagement activities
- securities lending policy and its impact on engagement with investee companies
- whether investment decisions are made on the basis of evaluation of the medium to long-term
- performance of the investee company
- whether conflicts of interest have arisen, the nature of those conflicts and the manner of dealing with them.

The majority of Quilter Cheviot's clients are classified as retail, where we have institutional clients, we include the above information. We do not enter into stock lending arrangements.

Sustainability risks

We consider sustainability risks as defined below when assessing investments. We refer to this as ESG integration and this is an ongoing process across all asset classes that we invest in.

An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Considering sustainability risks and factors at Quilter Cheviot

Sustainability risks are an environmental, social or governance event or condition that, if occur, could cause an actual or a potential material negative impact on the value of the investment. As part of our responsible investment approach, we consider sustainability risks and factors when assessing investments. We refer to this as ESG (environmental, social and governance) factor integration and this is an ongoing process across all asset classes we invest in.

This applies to centrally monitored holdings only. Your Investment Manager has the flexibility, within a controlled framework, to tailor your portfolio with regard to asset allocation and security selection, in order to accommodate your investment requirements.

We invest directly as well as indirectly through funds. Here we have outlined our approach to considering ESG related risks and factors within our investment process.

To identify and prioritise ESG factors we use a number of data sources which inform our engagement strategy focused on our three mega themes of climate change, human rights and natural capital. Underpinning our stewardship approach is our governance engagement activity through which we hold the companies and funds we invest in, to account.

For our direct equity holdings we have created proprietary industry group dashboards to incorporate material ESG factors based on the Sustainability Accounting Standards Board (SASB) framework plus additional factors which are identified in conjunction with the relevant analyst which are determined to be relevant to the sector. This will then inform:

- which of the three responsible investment categories the holding sits within
- engagement priorities to understand specific ESG issues at a company level; and
- engagements within our three thematic priorities of climate change, human rights and natural capital, as well as governance matters.

For indirect holdings, i.e. holdings in third-party funds we have constructed asset class and geographic dashboards which inform:

- ongoing assessments of the manager's approach to ESG integration and active ownership (their approach to voting and engagement)
- quantitative ESG analysis on underlying fund holdings to identify risks and opportunities, and engagement on specific holdings where appropriate
- evaluation of the firm's net zero and climate transition planning; and
- how the firm approaches responsible investment across its business.

Our focus is on our centrally monitored holdings which as at 31 December 2024, represented 92% of our overall assets under management. For our direct holdings of equities, it is our research analysts' responsibility to identify ESG factors (both challenges and opportunities) when they initiate on a new holding, as well as on an ongoing monitoring basis. We combine this approach with an over-arching programme to engage with our key holdings on both a reactive (to news-flow) as well as on a proactive basis. Our Fund Research team is responsible for engaging with third party managers to understand their approach to ESG integration and stewardship, again this is part of the research initiation process as well as on an ongoing basis. This process involves a qualitative as well as a quantitative approach. The Responsible Investment team works alongside the research teams and leads the engagement and integration processes.

A significant part of our bond exposure is through third-party funds, therefore the fund research approach of understanding the underlying manager's ESG process applies. ESG analysis for credit issuers is on a similar basis to equities. The growth of green bond issuance, and newer areas like bonds linked to the UN Sustainable Development Goals, and transition bonds, adds a new dimension which we would expect third-party managers to evaluate appropriately. Sovereign bond analysis can be limited for developed markets but could increasingly incorporate climate risk in the future.

Within our ESG integration process we do not exclude specific sectors or activities (the only area where we have a firm wide restriction is controversial weapons). However, our responsible investment framework offers clients the opportunity to determine their own approach.

Quilter Cheviot's Remuneration Policy is consistent with and promotes sound and effective risk management, including sustainability risk, and does not encourage risk-taking which is inconsistent with clients' risk profiles, client objectives and personal circumstances.

Responsible Investment team at Quilter Cheviot

We have a dedicated Responsible Investment team which:

- Has overall responsibility for active ownership (engagement and voting) and industry collaborations.
- Works alongside the research teams to continually enhance our ESG integration approach.
- Leads strategic and regulatory developments.

Gemma Woodward

Head of Responsible Investment

Gemma joined Quilter Cheviot in 2015 to develop its approach to responsible investment and lead the strategic direction across the business. Within Quilter Cheviot she is a member of the Investment Oversight Committee and chairs the Sustainable Investment Forum. Externally Gemma is a member of TISA's Responsible & Sustainable Investment Committee, as well the Advisers Sustainability Group for the FCA, having previously sat on the Disclosure and Labelling Advisory Group (DLAG). She has 30 years of investment experience and has spent much of that time focused on the charity sector, and specifically clients with complex responsible investment requirements. Gemma has held multiple trustee and investment advisor positions for charities and is currently a trustee and chair of the investment advisory committee for a large medical grant making charity, as well as being an independent investment adviser for another charity. She is a Chartered Wealth Manager and has a degree in history from Durham University. Gemma's experience of being an investment practitioner clarifies the real-life issues of incorporating ESG factors within the investment process and for client portfolios and strategies.

Nicholas Omale

Responsible Investment Analyst

Nicholas joined Quilter Cheviot in 2021. and has been integral in the development and use of systems and data to better inform our ESG integration and active ownership activity. Additionally, he led the cyber security thematic research in 2024 and engages with investments to better understand how they manage ESG (environmental, social and governance) risks and opportunities. Prior to joining Quilter Cheviot, Nicholas completed the Investment Trainee programme at BNP Paribas Asset Management and has an MSc in International Financial Management from Queen Mary University of London. He has also completed the CFA ESG qualification and CFA UK Investment Management Certificate. Nicholas' quantitative approach to responsible investment brings a new skillset to the team and has enabled the building of new data tools to help with our stewardship activity.

Greg Kearney

Senior Responsible Investment Analyst

Greg joined Quilter Cheviot in 2019 and his role is focused on providing oversight and leadership for our active ownership agenda including our voting and engagement activity. This includes structuring and delivering thematic engagements. Greg represents Quilter Cheviot on several collaborative working groups including those for Climate Action 100+ and Nature Action 100, as well as the 30% Investor Club. He studied International Political Economy at the University of York and holds the Chartered Alternative Investment Analyst (CAIA) qualification. Greg's experience working at the UN backed PRI has informed Quilter Cheviot's approach to responsible investment and understanding what best practice looks like.

Margaret Schmitt

Responsible Investment Analyst

Margaret joined in May 2023 as a climate specialist within the team. She oversees Quilter Cheviot's climate strategy for its investments including the development of our Climate Action Plan. She leads climate-related engagements, including collaborations (Climate Action 100+, IIGCC Net Zero Engagement Initiative) and is a member of the IIGCC External Fund Managers Working Group, as well as Wealth Managers for Climate Action. Margaret also supports the delivery of annual TCFD group, entity and product disclosures. Prior to joining Quilter Cheviot, she worked in ecological research before joining a consultancy on carbon accounting and biodiversity. Margaret graduated with a degree in Environmental Science and Policy from Grinnell College (Iowa, USA). Her climate expertise is key to Quilter Cheviot's approach and disclosure in this area.

Kirsty Ward

Responsible Investment Analyst

Kirsty joined in 2022 and manages our voting activity where her prior experience as a resourcing co-ordinator has been beneficial in developing a streamlined and efficient proxy process. She contributes to our ongoing engagement programme, with a particular focus on social issues. She plays an active role in collaborative initiatives focused on diversity and inclusion, including the 30% Club "Fix the Exec" working group and Find it, Fix it, Prevent it which is focused on modern slavery. At Quilter. Kirsty is a co-lead of the Cultural Diversity Community. She graduated from the University of Nottingham with a degree in Politics and since then she has completed the CFA ESG qualification, CISI Level 3 International Certificate in Wealth & Investment Management. Kirsty is currently working towards the CISI Investment Advice Diploma.

Yumna Yusuf

Responsible Investment Analyst

Yumna joined Quilter Cheviot in 2025 and is focused on expanding the firm's ESG capabilities across third-party funds. Her role includes developing proprietary dashboards and tools to strengthen ESG assessments, working closely with fund research analysts to provide in-depth ESG analysis, and leading engagements across equity, fixed income and alternative strategies, including investment trusts. Yumna has worked in the sustainability and climate field since 2019, where she was a part of the UK Government's UNFCCC climate negotiations team before joining Schroders' Sustainable Investment team as a climate engagement specialist. She holds a degree in History from SOAS, University of London and has international experience of working in China and Tanzania. Her background in climate policy, stewardship and ESG analysis across asset classes informs Quilter Cheviot's approach to engaging with external managers.

Glossary

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

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

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

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

Source: US Securities and Exchange Commission

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

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

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

Source: CDP

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

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

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

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

This is one of the three Quilter responsible investment priorities.

Source: Intergovernmental Panel on Climate Change (IPCC)

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

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

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

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

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

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

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

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

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

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

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

Source: Morningstar

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

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

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

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

This is one of the three Quilter responsible investment priorities.

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

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

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

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

This is one of the three Quilter responsible investment priorities.

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

Net zero: Achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gases are involved, the quantification of net zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon).

Source: IPCC

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

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

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

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

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

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

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

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

Source: PRI

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

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

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

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

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

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

Source: Financial Reporting Council (FRC)

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

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

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

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

Source: EU Directive

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

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

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

Source: United Nations

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

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