

Environmental, Social and Governance Policy

Lansdowne Partners (UK) LLP (the “Firm”) is committed to considering Environmental, Social and Governance (‘ESG’) factors as part of the investment philosophy and process for the funds it manages, and in its operation of the business as a whole. This policy sets out the methods of integrating ESG factors across the business.

This policy is applicable to all of the funds managed by the Firm and is reviewed annually by the Management Committee. The ESG Committee (“Committee”) oversees the implementation of the policy.

Investment

ESG factors are core inputs for our fundamental, bottom-up analysis and decision-making. The impact ESG factors have on the attraction of shares as investments, either because of implications for profit pools or likely costs of capital, is clearly material. We seek, through our analysis, to identify significant opportunities and mitigate risks, especially where such trends are nascent. We recognise the importance for all stakeholders to contribute to the minimisation of current and future environmental challenges, promote responsible business practices, encourage diversity, and protect human rights. We understand that as an investment manager, we have a vital role to play in encouraging positive change for future generations.

Each investment team is responsible for considering such factors, including sustainability risk, and their impact on shareholder value throughout the investment process. Conclusions across different teams may vary, as assumptions and interpretations can be subjective.

Examples of issues that are considered as part of our company and industry analysis include:

- ▶ Environmental: consideration of the entire value chain (including end product use), monitoring and disclosure of impact, emissions (greenhouse gases and local emissions), hazardous waste, resource and land use.
- ▶ Social: sustainable labour practices (competitive pay, labour and management dispute resolutions), support of wider community and equal opportunities (gender, age, social, origin, access to new technology and innovation).
- ▶ Governance: board independence, diversity and authority, senior management track record, CEO compensation level and structure, insider trading, special voting rights or restrictions, downside management, equity issuance and buy back history.

Research, monitoring and engagement with companies are fundamental to our investment process. As part of this we seek to build effective relationships and maintain high and broad levels of engagement with management and other stakeholders of the companies to which we allocate capital.

Generally we do not engage publicly with companies on specific issues, but have a long history of interacting directly with management teams to articulate the case for applicable ESG issues. Such debates have, we believe, led to meaningful shifts in company approaches that are economically, environmentally and socially advantageous to the companies, their stakeholders and our clients. We believe that active, fundamental long-term investing is best-placed to achieve such goals, given the depth of dialogues and the linkage between social and economic outcomes.

Internal Reporting

We recognise that quantifying exposures to various ESG factors is an increasingly important part of investment analysis and reporting.

The Firm subscribes to MSCI, Integrum ESG (broad ESG Risk) and ISS (Climate Risk), as well as the Carbon Disclosure Project (CDP) and Transition Pathway Initiative (TPI), to supplement information available through Bloomberg and to compliment internal ESG analysis undertaken by the Investment Teams.

Analysis available from the Risk Team to the Investment Teams includes:

- ▶ Overall portfolio ESG scoring as well as separate E, S and G ranking split by long and short books (where appropriate) and trended over time along with detailed analysis of largest positions;
- ▶ Reporting highlighting positive sustainable impact solutions;
- ▶ Analysis and communication of ESG controversies where applicable; and
- ▶ Climate Risk Reports – including Carbon Footprint Analysis, Weighted Average Carbon Intensity Analysis, Net Zero Analysis, Transition Climate Risk Analysis and Physical Climate Risk Analysis

The Risk Team also provide analysis to the ESG Committee on a quarterly basis covering:

- ▶ Article 8 oversight;
- ▶ Managed account carbon reporting oversight; and
- ▶ Potential higher risk companies (looking at ESG ratings, CDP scores, UNGC violations, and high carbon companies), serving as a formal escalation process to highlight outliers (which in material cases could be escalated to the Risk Committee).

The central risk team, led by the Chief Risk Officer, also considers ESG investment risk as part of its overall risk assessment.

Sustainability Risks

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires in-scope entities to disclose information on their policies on the integration of sustainability risks in investment decisions. Lansdowne Partners (UK) LLP, as a UK firm, is not directly subject to SFDR, but provides portfolio management to a number of entities which may be directly subject to SFDR.

SFDR defines “sustainability risk” as an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Firm’s investment teams are provided with quantitative and qualitative information on sustainability risks and will generally take sustainability risks into account when making an investment decision. Sustainability risk forms an important part of the Firm’s overall risk management processes but is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. Therefore, sustainability risk may not, by itself, prevent the Firm from making any investment on behalf of its clients.

Climate Risks

At the portfolio strategy level, identification of climate-related issues is primarily the responsibility of the investment teams, with support from the Risk Team. Examples of the types of climate-related risks and opportunities that may be considered by the investment teams, and their relevant time horizons¹ include:

- ▶ Transition risk: policy and legal (e.g. increased pricing of GHG emissions; exposure to litigation), technology (e.g. substitution of existing products with lower emissions options), and market (e.g. changing customer behaviour); time horizons likely to be short-medium term.

¹ Short-term = 5 years; medium term = 10 years; long-term = 20+ years

- ▶ Physical risk: acute (e.g. increased severity of extreme weather events over the short, medium and long term), chronic (e.g. rising mean temperatures / rising sea levels over the long term).
- ▶ Opportunities: resource efficiency, energy source (e.g. lower emissions energy sources; use of new technology), products and services (e.g. ability to diversify business activities), access to new markets; time horizons likely to be short-medium term.

While it would be unusual for the investment teams to explicitly model annual financial forecasts beyond 10 years for a company, climate-related factors beyond 10 years would be considered vis-à-vis terminal values and target multiples.

The typical life cycle of our investments differs depending on which strategy they are held within, but average between 1-3 years; core positions may be held for longer in certain strategies. Short positions, where used, may be shorter duration.

Research from external service providers indicates that our investments are less exposed to physical risks than transition risks. This is possibly due to the fact that exposure to acute physical risks is location-sensitive, and exposure to chronic physical risk will likely materialise gradually over a long time period. The majority of our strategies are heavily concentrated in developed markets, which tend to be less exposed to physical risk at this point in time than emerging markets. Therefore, due to the location and time horizon of our investments, transition risks appear to be much more prevalent in the near-term.

The investment teams consider climate-related risks for each investment on a case-by-case basis, insofar as they consider the risks to be financially or reputationally material. One tool for managing transition risks which the Firm may use is to seek to understand whether these risks represent an opportunity. Investments in oil companies, for example, could be considered highly vulnerable to transition risk as the world shifts to renewables. However, these investments could present an opportunity when the oil companies in question are themselves significantly investing in renewables.

Proxy Voting

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When the Firm has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with its Proxy Voting Policy.

Since 2016 the Firm has engaged with Institutional Shareholder Services (“ISS” www.issgovernance.com), the world’s leading corporate governance and responsible investing solutions provider, to facilitate and assist with the voting process. In January 2021 we subscribed to the ISS Sustainability Policy in order to further enhance our ESG analysis and reporting capabilities with regard to Voting and Engagement. The ISS Sustainability Policy is a set of sustainability proxy voting guidelines and seeks to promote support for recognised global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labour practices, non-discrimination, and the protection of human rights. Generally, ISS’ Sustainability Policy will take as its frame of reference internationally recognised sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UNPRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), CERES Roadmap for Sustainability, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives.

The Firm generally votes in favour of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). For other proposals, the Firm will assess what is in the best interests of its clients and, in doing so, may take into account the following factors:

- ▶ whether the proposal was recommended by management and the Firm’s opinion of management;
- ▶ whether the proposal acts to entrench existing management;
- ▶ whether the proposal fairly compensates management for past and future performance;
- ▶ Environmental, Social and Governance factors, and

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► ISS' Research Reports and Sustainability Policy.

The Firm's Proxy Voting Policy requires the Firm to identify and address conflicts of interest between its related persons and clients. If a material conflict of interest exists, the Firm will determine whether voting in accordance with the guidelines set forth in the Proxy Voting Policy is in the best interests of the client or whether taking some other action may be more appropriate.

The compliance team reviews the proxy voting records on a monthly basis to ensure consistency with the Proxy Voting Policy.

Participation in ESG Initiatives

The Firm became a signatory of the internationally recognised Principles for Responsible Investment (PRI) in 2020. The Firm recognises this commitment as a way to embed current and future responsible investment considerations in both the investment process and promote ongoing positive firm culture.

The UK Stewardship Code is aimed at improving governance by encouraging engagement between investors and issuers, including through the use of proxy voting. The Firm committed to the UK Stewardship Code from its inception in 2012. Under the 2020 Stewardship Code, the UK Financial Reporting Council ("FRC") requires that firms aiming to be signatories must produce an annual Stewardship Report with only those meeting the required reporting standards being admitted as signatories. The Firm is delighted to retain its signatory status for the latest reporting year. Please refer to our website for our Stewardship Code Report: <https://www.lansdownepartners.com/london/regulatory-documents/>

The Firm became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021. Please refer to our website for our 2023 TCFD Report: <https://www.lansdownepartners.com/london/tcf-entity-report/>

The Firm has been a supporter of the Transition Pathway Initiative (TPI) since 2021. The TPI tool is used to support our ESG analysis as well as our engagement with existing and potential investee companies.

The Firm became a signatory of the Climate Disclosure Project in 2022. The CDP holds the largest environmental database in the world, which is utilized as part of the investment process, in our commitment to responsible investment management. Investors and banks work with CDP annually to request that companies participate in CDP's main disclosure request by responding to CDP questionnaires across the key environmental themes of climate change, forests and water. Last year the Firm participated in CDP's Non-Disclosure Campaign and is participating again this year; this initiative targets companies that have failed to respond to the annual CDP questionnaire.

Lansdowne Partners (UK) LLP

Environmental

The Firm is conscious of its green-house gas emissions and has taken steps to build a carbon management programme. Since 2016 the Firm has commissioned the team at Carbon Footprint to conduct a full annual audit of the firm, our business practices and travel, in order to reduce our carbon footprint. Internally, the Firm has set up several initiatives including a recycling programme and a bike to work scheme. The Firm is delighted to be a Carbon Neutral Organisation (<http://www.carbonfootprint.com/>). Additionally, the Firm's offices are supplied with 100% renewable energy by Engie.

Social

As a Firm we are committed to share our success with those less fortunate by providing firm resources to important causes. Through the Lansdowne Charity Committee, every employee is encouraged on an annual basis to nominate a charity they

are involved with, be it through volunteering or fundraising, for a discretionary grant. In addition to this, the Charity Committee has selected a number of charities to support that have been specifically chosen so that employees can be directly involved in volunteering and fundraising.

The Firm is committed to providing equal opportunities in employment and ensures that it will not discriminate against job applicants or employees on the grounds of their sex, marital status, pregnancy or maternity, sexual orientation, disability, age, race (including colour, nationality or national or ethnic origins), religion or belief or gender reassignment. It is the Firm's policy to make every effort to provide a working environment free from harassment, intimidation and discrimination.

In accordance with the Modern Slavery Act 2015, the Firm publishes annually a Modern Slavery Statement regarding the steps we have taken and continue to take to ensure that modern slavery or human trafficking does not take place in our business or our supply chain. To view the full statement, please refer to our website: <https://www.lansdownepartners.com/home/modern-slavery-statement/>

Governance

We recognise the importance of robust corporate governance practices that help to ensure effective oversight and strong accountability. The Firm is governed by a Management Committee where decisions are made by consensus and appropriately documented.

The Firm's ESG Committee was formed in June 2022 with a remit to develop and oversee the Firm's ESG strategy and policies. The ESG Committee meets on a quarterly basis and is responsible for the following: reviewing and approving updates to the Firm's ESG policy; monitoring new ESG related regulations or standards; reviewing ESG risks within portfolios and compliance with ESG related investment restrictions; reviewing engagement with investee companies; monitoring and proposing collaboration in industry initiatives; and consideration of internal ESG related initiatives. The Committee members are comprised of the Chief Risk Officer, Chief Financial Officer & Chief Compliance Officer, Head of Business Development & Investor Relations and an additional member of his team, representatives from the investment teams, and an ESG analyst. Additional invitees include all portfolio managers.

The Firm has strong compliance and governance policies in place including: Code of Ethics, Conflicts of Interest, Human Resources, Remuneration, Whistleblowing, Business Continuity and Cyber Security. Please refer to our Firm DDQ for summaries of our Regulatory and Compliance Framework as well as our Risk Oversight Framework.

Moreover, the Firm has a set of values that underpin all of our activities and shape how the Firm is governed. All new staff attend an introductory session on the Firm values, typically held by the Chief Executive Officer or the Chief Compliance Officer. From time to time, employees are asked to complete surveys regarding governance and policies, the results of which are used to help future improvements.