

Financial Reporting Council UK Stewardship Code Report
Report for the year 2023

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The Financial Reporting Council’s (“FRC”) UK Stewardship Code 2020 sets out high standards of stewardship to asset owners, managers and service providers. The Code defines stewardship as “the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society”.

Lansdowne Partners (UK) LLP (“the Firm” or “Lansdowne”), is committed to responsible investment and its role in the execution of its stewardship duties on behalf of client assets.

This report sets out how the Firm has applied the code during 2023.

The Principles of the Code

There are twelve Principles of the Code that apply to asset owners and asset managers. These are grouped under four headings:

Purpose and governance

1. Purpose, strategy and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment approach

6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement

9. Engagement
10. Collaboration
11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

FCA Regulatory Disclosure on the Stewardship Code

Rule 2.2.3R of the Financial Conduct Authority (“FCA”) Conduct of Business Sourcebook (“COBS”) requires an FCA authorised firm to disclose the nature of its commitment to the FRC’s UK Stewardship Code or, where it does not commit to the code, its alternative investment strategy.

The Firm committed to the UK Stewardship Code from its inception in 2012 and was subsequently classified as a Tier 1 signatory in 2016.

Under the 2020 Code, signatories must provide a Stewardship Report for review and assessment by the FRC on an annual basis that explains how the Firm has complied with the principles of the Code. Should the Firm be accepted as a signatory by the FRC, this report will be a public document, made available on the Firm’s website.

The Firm’s Stewardship Report is set out below:

Principle 1 - Purpose and Governance

Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Purpose, culture, values, business model, investment beliefs and strategy of the organisation

Lansdowne manages fundamental global equity strategies, each investment team having its own dedicated portfolio managers and analysts.

Our History

Founded in 1998, Lansdowne was established with the objective of building a leading investment management partnership focused on delivering superior long-term investment returns and exceptional client service.

Lansdowne’s Purpose Statement

We are a trusted manager of our clients’ savings, and at all times act in their best interests.

Our Values

Values underpin all of our activities and shape how we act and behave together on a day to day basis. They bring us together and help us achieve our overall objective of building a leading investment management partnership, focused on delivering superior long term investment returns and exceptional service to our clients.

Some of our individual core values are:

- **Excellence:** We are consistent in maintaining high standards, and strive to excel in all we do.
- **Honesty:** We are honest and transparent in the way we do business and in our conduct.
- **Fairness:** We aspire to treat everyone with dignity and fairness.
- **Sharing:** We share our success with those less fortunate, through committing firm resources to important causes.

Lansdowne Charity Initiative

Lansdowne is committed to sharing its success and supporting the wider community. The Firm aims to improve the lives of the most disadvantaged in the UK through charitable giving, both financially and through volunteering programmes, whilst also building an awareness of our ecological footprint and protecting our planet. The Firm set up the Lansdowne Charity Initiative in 2014 to support this aim.

Each year the Firm supports a number of Signature Charities. Staff members can nominate charities and the Charity Committee subsequently undertakes a comprehensive due diligence process for the selection of the charities. This involves conducting interviews with the charities and ensuring their alignment with the predetermined criteria set by the Committee, which typically focuses on helping underprivileged youths in London.

In 2023, the Firm's chosen Signature Charities continued focus on helping London's young people deal with the aftermath of COVID. We have tried to concentrate on charities that aim to provide solutions to the very challenging mental health crisis. We are delighted to continue supporting Eastside Young Leaders' Academy, Stem 4, Unlocking Potential, Unitas Youth Zone and First Give. These are Charities that have delivered impactful programmes and provided important support to local communities, families and young people.

Through the Lansdowne Charity Initiative, all employees are also given the opportunity to nominate a charity they are involved with to receive a discretionary grant. In addition to our Signature Charities, the Firm supported a further 18 staff nominated charities in 2023 covering social, medical, human rights and animal rights.

Investment Philosophy and Enabling Effective Stewardship

Our investment philosophy is predicated on generating consistent, absolute risk-adjusted returns, through the use of exceptional investment talent within a leading-edge operational infrastructure. Central to our investment philosophy is a rigorous process of fundamental research. The research process includes meeting with company management, as well as analysis of publicly available information, proprietary research and independent research.

We manage multiple equity strategies across global markets. Each strategy has its own dedicated team of portfolio managers and analysts, supported by a central investment Risk Team. All employees and partners of Lansdowne are committed to the success of our investment strategies, which contribute to a shared purpose and collaboration in seeking to achieve positive outcomes for our clients.

We believe that companies need to be managed in the interests of shareholders. Accordingly, we think we should invest in companies which are run in line with shareholder interests and where management can be held fully accountable to shareholders. In our view, companies which have strong corporate governance in place are more likely to be companies that deliver sustainable value to their shareholders in the long term.

Overall, we believe that good stewardship leads to good outcomes and sustainable value for shareholders and wider society. Therefore, our investment strategy and process is built around identifying companies which have good stewardship practices, which, we believe, allows us to deliver greater returns for our clients.

As an active fund manager it is central to our investment processes across asset classes to consider each investment's ability to create, sustain and protect value. We believe that analysing exposure to, and management of ESG factors, in addition to traditional financial analysis, enhances our ability to deliver long-term sustainable returns.

These are all factors that we consider to be the basis of the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries and leading to sustainable benefits for the economy, the environment and society. Each investment team is responsible for considering such factors and their impact on shareholder value throughout the investment process, subject to oversight from the Firm's Risk and Audit Committee.

We believe that engagement with company management, fundamental to our investment philosophy (as evidenced by the approximately 1,100 meetings the Firm had with actual or potential investee companies during 2023), underpins effective stewardship.

During 2023 the Firm appointed a dedicated ESG Analyst to assist the Chief Risk Officer in analysing climate and sustainability risk to support the investment teams. This analysis helps shape the investment teams' approach to stewardship and engagement. Last year the Firm also subscribed to Integrum ESG, which provides real-time updates on ESG data for investee companies, assisting asset managers with integrating Environmental, Social and Governance data into their research.

Effectiveness in serving the best interests of clients and beneficiaries

We strongly believe that our investment philosophy, in the long term, has and will continue to be effective in serving the best interests of our clients as well as other beneficiaries and stakeholders. Active engagement combined with a relatively long investment time horizon enables us to focus on the long term sustainability of the companies we invest in and the benefits they can unlock for our clients, other shareholders and stakeholders rather than on short term volatility. Some examples where we believe our stewardship has been effective in 2023 have been included as case studies in this report under Principles 9, 10 and 11.

Principle 2

Signatories' governance, resources and incentives support stewardship.

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

Under written and agreed Terms of Reference, the Management Committee delegates certain responsibilities to sub-committees including a Risk and Audit Committee, Valuation Committee, ESG Committee, IT Steering Committee, Charity Committee, Remuneration Committee and the Product Governance Committee. The Sub-Committees report and escalate issues to the Management Committee as required.



Data as at 01.03.2024

Resourcing of Stewardship activities

Day-to-day stewardship is primarily the responsibility of the investment teams. Within each investment team, one individual is assigned responsibility for monitoring and co-ordinating stewardship developments:

Team	Name	Role	Years' experience	Qualifications
Developed Markets Team	Melissa Earlam	Analyst	27	BA (Hons) English Literature
European Long Only Team	Shashwat Verma	Analyst	13	Bachelor of Technology
Princay Team	Samuel Joab	Portfolio Manager	33	MSc Accounting & Finance Diploma in Economics & Finance
China Team	Xing Zhao	Analyst	17	BSc Mathematics MA Statistics CFA Charter Holder

The Management Committee oversees and delegates day-to-day oversight of stewardship activities to the ESG Committee, which comprises 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. The ESG Committee is responsible for:

- Overseeing the Firm ESG policy and regulatory reporting;
- Supporting the investment teams in matters relating to ESG, stewardship and engagement;
- Continuing to enhance ESG analytics, client reporting on ESG, engagement and stewardship practices; and
- Identifying areas where the Firm could improve its environmental or social impact.

Biographies for members of the Management and ESG committees are included below:

Brian Heyworth, Managing Partner & Chief Executive Officer (Chair of Management Committee)

Brian joined Lansdowne Partners in January 2021 as Co-Managing Partner and Chair of the Management Committee. In February 2024 Brian was appointed Chief Executive Officer.

Brian has over 30 years' experience in global financial markets, investment banking and asset management. He joined from HSBC Asset Management, where he was the Global Head of Institutional Business.

Before that he spent a decade in senior management roles in Global Banking and Markets; his last role was Global Head of FIG. Before joining HSBC in 2006, he had senior client management roles at Bank of America Merrill Lynch and JP Morgan.

Brian obtained a MA in Economics from Cambridge University.

Andrew Ryder, Chief Risk Officer (Management Committee and Chair of ESG Committee)

Andrew joined Lansdowne in April 2016 as Head of Risk. In 2018, Andrew was appointed Chief Risk Officer and joined the Management Committee.

Prior to joining Lansdowne, Andrew was at CQS, where he was a Risk Manager for 5 years. Andrew has worked within the Investment Industry since 2002. Prior to joining CQS, Andrew worked at Investec Wealth and Investment, Henderson Global Investors, Invesco Perpetual and Aviva Investors (formerly Morley Fund Management).

Andrew holds a BSc (Hons) in Economics & Econometrics from the University of Nottingham. Andrew is a Chartered Financial Analyst and a Financial Risk Manager - Certified by the Global Association of Risk Professionals.

Hugh Orange, Partner, Chief Compliance Officer & Chief Financial Officer (Management Committee and ESG Committee)

Hugh joined the Finance and Compliance Team at Lansdowne in October 2007. Hugh was appointed Chief Compliance Officer in December 2013 and Chief Financial Officer in April 2016 and is a member of the Management Committee. Prior to joining Lansdowne, Hugh was, from 2006 to 2007, an Audit Manager at Ernst & Young London covering statutory, internal control and regulatory assurance engagements for some of Europe's largest hedge fund and asset management firms. Hugh began his career in 2003 at Morley and Scott, now Menzies LLP (a top-20 UK accountancy firm), where he trained and qualified as a chartered accountant.

Hugh is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BA (Hons) in Economic and Social History from the University of Bristol.

Andy Simpkin, Partner, Head of Business Development & Investor Relations (Management Committee and ESG Committee)

Andy joined Lansdowne Partners in November 2005 and is a member of the Management Committee and Head of Business Development & Investor Relations. Prior to joining Lansdowne, Andy was the co-founder and COO of Cheiron Capital Management LLP, a global financials long/short hedge fund. Prior to founding Cheiron in 2003, Andy was Head of Research, London at EIM, a global investment management organisation specialising in the allocation of capital to hedge funds.

Andy began his career at J Rothschild Investment Management before moving to GAM (Global Asset Management) in 1996. As a hedge fund analyst in the Multi-Manager Group, Andy was involved in analysing and evaluating hedge funds for the European component of GAM's external hedge fund investments.

Andy holds a BSc in Banking & International Finance from the City University Business School, London.

Karen Zachary, Chief Operating Officer (Management Committee)

Karen is Chief Operating Officer at Lansdowne Partners having joined the firm following the successful acquisition of CRUX in August 2023.

Prior to the acquisition Karen was CEO for CRUX Asset Management and had held that position since early 2020, having joined CRUX as COO in 2015. She has held senior or executive roles in asset management businesses for over 25 years, including Man Group, Janus Henderson and Fidelity, both in London and Dublin.

Karen also holds the position of Chairperson and Independent Non-Executive Director for Mediolanum International Funds in Ireland and in September 2022 was appointed as a Non-Executive Director on the board of the Investment Association, the UK trade body for the Investment Management sector. Karen also is a member of the FCA Small Business Practitioner Panel representing the Asset Management sector for the UK regulator.

Karen holds a Masters in Business Administration from Durham University.

Daniel Avigad, Partner & Portfolio Manager (Management Committee)

Daniel joined Lansdowne Partners in April 2006 and is the Portfolio Manager for the European Long Only Strategy.

Prior to joining Lansdowne, Daniel worked for five years in the Pan-European telecoms services equities research team at Dresdner Kleinwort Wasserstein which was ranked 1st in the 2005 Extel Survey.

Daniel holds a Master's degree with Distinction in Information Technology and a First Class Honours for his Bachelor degree in Mechanical Engineering with Mathematics from the University of Nottingham. Daniel is a holder of the CFA.

Daniel has been a Partner of the firm since April 2011 and has sat on the Management Committee since September 2018.

Nigel Hikmet, Partner & Senior Analyst (ESG Committee)

Nigel joined Lansdowne Partners in March 2012, having previously worked as an analyst and associate in the UK Mergers and Acquisitions team for Goldman Sachs.

Nigel read Land Economy at Clare College, Cambridge.

Melissa Earlam, Partner & Senior Analyst (ESG Committee)

Melissa joined Lansdowne Partners in January 2015, having previously worked at UBS as a Managing Director in European Equity Research covering the Beverages sector. Prior to that, Melissa covered the TMT sector in equity research. She started her career in 1997 working in telecom corporate finance at UBS.

Melissa received a first class honours degree in English literature from St John's College, Cambridge.

Shashwat Verma, Partner & Deputy Portfolio Manager (ESG Committee)

Shashwat Verma re-joined Lansdowne Partners in September 2016 as an analyst, after having initially worked at the Firm from 2011-2014, and became Deputy Portfolio Manager in January 2021. From 2014-16, Shashwat worked at Davidson Kempner European Partners LLP as an analyst within the European Long / Short Equities team. Prior to 2011, Shashwat worked at Oliver Wyman, where he was a Manager in the Financial Services Practice. Shashwat has broad experience in analysing and investing in European Equities.

Shashwat holds a Bachelor of Technology from the Indian Institute of Technology Delhi.

Naomi Shee, Investor Relations & ESG (ESG Committee)

Naomi joined Lansdowne Partners in September 2015, having previously worked at Transact, an investment platform, as a Client Service Manager. Prior to Transact, Naomi worked at Just, a provider of retirement income products.

Naomi holds a BA Hons in French and English Literature from the University of Leicester.

Lucy Karslake, ESG Analyst (ESG Committee)

Lucy joined Lansdowne Partners in March 2019. Having initially worked in the Compliance team, Lucy joined the Risk team as an ESG Analyst in December 2023 after completing the CFA Certificate in ESG Investing.

Lucy holds a first-class honours degree in Classics from Newcastle University.

On a monthly basis the Firm's dedicated ESG analyst and a member of the business development team meet with the investment teams of the two largest strategies to discuss engagement and stewardship. During these meetings, engagements with existing and potential portfolio companies are reviewed and recorded, with particular focus on objectives and outcomes relating to ESG topics. Additionally, any ESG controversies/incidents are discussed. This helps socialise ESG topics across the broader team where a subset of the team is directly involved in engagement.

Diversity

The Firm considers diversity in the broadest possible terms. We are committed to encouraging equality, diversity and inclusion among our staff. We recognise the value of a diverse workforce that is truly representative of all sections of society and believe a more inclusive working environment ensures better outcomes for our business and for all employees. The Firm seeks to attract and retain the best talent and is non-discriminatory in its efforts to do so. 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.

The Firm monitors diversity annually on an anonymous and voluntary basis; our 2023 statistics can be found on our website: <https://www.lansdownepartners.com/london/values-and-culture/>. Whilst we are pleased that we have a diverse representation within the Firm when viewed across differing spectra, we recognise that there is always more work to do in this respect.

For the past three years, the Firm has partnered with Arrival Education on the Lansdowne Unlocked Programme. Arrival Education is a youth organization that works with businesses to deliver culture change and improve inclusivity and diversity. The programme is a four-month 1:1 mentoring programme where university students from Arrival’s network are paired with a mentor at Lansdowne.

Arrival recruits talent from their network for participation in the mentoring programme, target candidates are:

- A stated interest in a career in investment / finance
- 100% from lower financial demographic background
- 85% have no personal network in “corporate UK”
- Ethnically diverse, gender split 50/50
- University students, 1st and 2nd year

In 2023 100% of the participants from Arrival’s talent network felt that the programme had a positive impact on their career and that the programme had increased their desire to have a career in finance. In 2021, 82% of participants went on to secure positions in their chosen sector. Due to the success of the programme in prior years, Lansdowne continues to work with Arrival Education for a fourth year of the Lansdowne Unlocked programme.

Further information about this programme is available at <https://wearearrival.com/case-studies/lansdowne-partners>

Training

The Firm has strong compliance and governance policies in place and a dedicated staff training programme. Moreover, the Firm has a set of values that underpin all of its activities and shape how the Firm is governed. All new staff attend an introductory session on the Firm values, typically held by the Chief Compliance Officer. The Firm’s training programme ranges from regular computer based training on topics such as anti-money laundering and IT security, and market conduct and ESG face-to-face training delivered either by internal staff or external consultants. In addition, staff are encouraged to seek out relevant professional development courses which are sponsored by the Firm.

Systems, process, research and analysis

Engagement with investee companies is primarily the responsibility of the investment teams and the respective portfolio managers, which ensures broad resourcing and significant, practical expertise. Each investment team is responsible for considering ESG factors and their impact on shareholder value throughout the investment process. Should escalation be required, the ESG Committee is accountable for ensuring that the approach taken by the organisation towards stewardship related issues is appropriate. Senior individuals represented on these committees ensure appropriate oversight and accountability and have significant experience in employing effective stewardship in pursuit of shareholder value and clients’ best interests.

Independent from the investment teams, the Risk Team monitor, on a weekly basis for certain mandates, any material changes to certain ESG metrics which may be shared with the relevant investment teams for consideration. 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).

This data helps identify potential engagement topics, therefore supporting the investment teams in their stewardship activities.

Lansdowne considers access to management an important part of investment and will generally meet with the management of portfolio positions either quarterly or half yearly in order to discuss governance, strategy, social and environmental impact and shareholder value. Lansdowne believes that its engagement with management on such areas is integral to the discharge of its stewardship responsibilities and ensuring the interests of its clients. Lansdowne is unlikely to invest in companies where it appears that management is not acting in the best interests of shareholders.

We engage with companies on many different corporate governance topics as part of our overall investment strategy and incorporate results from these engagements into investment process discussions. We regard engagement as an important tool for providing and receiving feedback on company practices, policies and disclosures. We primarily engage through dialogue with the senior management of the company but may use other mechanisms such as written correspondence to outline our views. Examples of such engagements can be found in Principles 7, 9, 10 and 11 below.

ISS Europe Limited, part of the Institutional Shareholder Services group of companies (“ISS”), is a third party with which the Firm has engaged to provide corporate research and to facilitate the voting of proxies. In January 2021 the Firm subscribed to the ISS Sustainability Policy in order to further enhance 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.

Lansdowne’s proxy voting procedures and record-keeping are overseen by Lansdowne’s Operations team who, subject to Lansdowne’s policies and procedures, refer to the applicable portfolio manager for voting decisions. When doing so, portfolio managers are provided with reports from ISS. Where the instruction from the portfolio manager is contrary to the recommendation of ISS Sustainability Policy, a reason will be requested and will be recorded in the proxy voting log. Whilst Lansdowne utilises ISS to assist in proxy voting, it does not outsource its stewardship responsibilities.

Lansdowne’s compliance team carry out a quarterly review of the proxy voting log to ensure consistency with the Firm’s proxy voting policy.

Compensation is determined by the Firm’s Remuneration Committee. Central to the Firms’ remuneration policy is the promotion of sound and effective risk management, including sustainability risks. The Firm does not have any quantitative sustainability-focused performance targets at either a portfolio or asset level and, therefore, this is a qualitative assessment in respect of adherence to the Firm’s internal procedures for integration of sustainability risks.

Effectiveness of corporate governance structures and improvements needed

We are satisfied with the effectiveness of the Firm's current governance structures in place. These have been further enhanced in 2023 by reviewing the Firm's governance processes with regard to sustainability; as a result, the structure chart has been updated to reflect that the responsibility for sustainability lies with the Chief Risk Officer, who is the Chair of the ESG Committee. The ESG Committee provides oversight and accountability for ESG issues and initiatives, including stewardship, and is overseen by the Management Committee.

The Firm recognises that good governance structures are not static and that there is always room for improvement. In respect to this, we endeavour to continue to meet the needs of clients, regulatory updates, and new initiatives surrounding stewardship and responsible investment.

We will continue to explore ways to further support these activities through additional investment in data and research providers, training and other collaborative forums.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Lansdowne maintains a robust policy on managing conflicts of interest which is designed to ensure its decisions are taken wholly in the interest of its clients. Lansdowne aims to ensure that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded. The Firm's conflicts of interest policy is available on our website: <https://www.lansdownepartners.com/london/conflicts-of-interest/>.

Lansdowne's ownership structure is that of a private Limited Liability Partnership, managing assets for multiple pooled investment funds and segregated managed accounts. Material potential conflicts of interest (including, but not limited to, policies with respect to trade allocation, personal account dealing, best execution and outside business interests) are disclosed to clients and prospective clients in Lansdowne's Form ADV 2, due diligence questionnaires and, where appropriate, relevant client agreements.

As part of Lansdowne's conflicts of interest policy, all members of staff must notify the Chief Compliance Officer (CCO) if they become aware of any material conflict of interest arising, including in relation to voting proxies on behalf of clients. Where such a material conflict of interest is identified, voting instructions will be subject to assessment and approval by the CCO.

Our principal objectives when considering matters such as engagement and voting are always to act in the best interests of our clients and to treat them fairly. A potential conflict of interest may arise regarding a potential or actual investment in a company which is linked to the Firm through being either: a significant client of the Firm; a company with which a staff member or relation has involvement; a potential strategic relationship; a significant supplier of the Firm; or relevant in some other way to the Firm.

If a conflict, or a potential conflict, arose out of a meeting with a company, then this would be raised with the compliance team. When engaging with companies we take all necessary steps to ensure we are not made insiders due to the impact this has on our trading activities. However, there are occasions where we will agree to receive inside information if it is necessary to facilitate discussions with management or the board. Should we agree to receive the inside information, the company is immediately put on our Restricted List. The Restricted List is utilised as part of our trading processes and no trades are placed in any securities which are linked to restricted companies. Once the information is made public, the Firm is able to trade in linked securities again. On the rare occasion where we have received inside information involuntarily or inadvertently in our discussions with a company, Lansdowne staff are required to immediately notify the Compliance Team, who will put the stock on the Restricted List, as described above. Staff receive training and assistance from our Compliance Team and external training providers to help identify and understand what constitutes inside information.

2023 Example of potential conflict and mitigation

In September 2023, an analyst on the Developed Markets team was appointed as a non-executive director of Tungsten West, an investee company of the Developed Markets Strategy. Whilst, in many ways, the appointment aligned interests with clients (in that it enhances long term stewardship over the investment), it still presented inherent potential conflicts. In accordance with the Firm's policies concerning outside business interests, the appointment was subject to approval by Lansdowne's Chief Compliance Officer. Additional compliance processes were implemented to manage the conflict, including restrictions on trading in the company's securities for the length of the directorship and ongoing certifications by the analyst covering information flow, recusal where appropriate and financial interests.

We do not have any further case study examples from 2023 of an actual past conflict arising in relation to a stewardship matter (noting that the above example can be seen to be related to stewardship).

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Assessing Market-Wide and Systemic Risks

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.

Through our in-depth analysis of a business during our investment process, we gain a strong understanding of the risks that may be impacting that business from a broad perspective. As indicated elsewhere in this report, and in particular under Principle 7, ESG considerations are integrated into this investment decision-making process and the Firm's ongoing risk management processes.

Portfolio risk management is primarily the responsibility of the respective investment teams (who are also primarily responsible for day-to-day stewardship and engagement matters). Independent oversight and monitoring of market, credit and operational risks associated with the fund portfolios is performed by the CRO and Risk Team. The Risk Team monitor the risk profiles of the funds / accounts against pre-defined risk parameters, and utilise proprietary in-house, as well as external analytic systems to report on risk.

The CRO and Risk Team are overseen by the Risk and Audit Committee. The CRO and Risk Team are functionally and hierarchically separated from the Firm's portfolio management and trading units.

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

Examples of our responses to market-wide and systemic risks in 2023 include:

- The Firm appointed a dedicated ESG Analyst to assist the Chief Risk Officer in analysing climate and sustainability risk to support the investment teams

- The launch of a second UCITS Fund which is compliant with Article 8 (ESG Focused) under the EU Sustainable Finance Disclosure Regulation.
- Given the collapse of SVB and pressures on other regional banks in the US and subsequent concerns with Credit Suisse in Europe, the Firm ensured there were no direct exposures to any banks deemed vulnerable, and where necessary, engaged with portfolio companies to ensure no material impact on their businesses. The Firm took necessary steps to minimise trading with vulnerable execution brokers and monitored the markets closely for signs of any potential contagion risks.
- We also continued to spend considerable time analysing the impact of interest rate rises on the portfolios and monitoring closely the credit risk of our major counterparties.

Industry initiatives and collaboration with other stakeholders and their outcomes

We recognise that collaboration with other stakeholders is an important component in improving the functioning of markets. Accordingly, we have committed to various industry initiatives.

The Firm is a signatory to the internationally recognised UN Principles for Responsible Investment (PRI). The Firm recognises this commitment as a way to embed current and future responsible investment considerations in both the investment process and to promote ongoing positive firm culture. In 2021, we submitted our first report to the PRI. We, alongside other stakeholders, gave feedback to the PRI regarding issues we had encountered with the reporting system, in order to help ensure a smoother reporting process in future years. The PRI, in response to our feedback and that of many other stakeholders subsequently paused the reporting process until 2023 to make significant updates to the reporting system. When we submitted our 2023 report we found the system much improved. It was a valuable process, as it provided a clear perspective on our standing relative to our peers.

The Firm is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and the Transition Pathway Initiative (TPI). The TPI tool is used to support our ESG analysis as well as our engagement with existing and potential investee companies. We have found the tool to be useful for identifying market wide and systemic risks, and this analysis contributes to and helps align our investment decisions.

The Firm became a signatory of the Climate Disclosure Project in 2022 and in 2023 participated in their Non-Disclosure Campaign in an additional collaborative engagement (more information provided below under Principle 10).

Effectiveness in identifying market-wide and systemic risks and promoting well-functioning markets

Overall, we believe that our identification and responses to market-wide and systemic risk has been effective whether through contributing to industry wide initiatives, impact on investment decisions or how this has led to targeted engagement with investee companies (as described under Principles 7, 9, 10, and 11).

As well as the actions taken and outcomes described above in relation TCFD, TPI and the CDP's Non-Disclosure Campaign, we have included commentaries from two of our Strategies where they discuss how market-wide and systemic risks have been identified as part of the investment process and how investments have been aligned as a result.

European Long Only Strategy – Shashwat Verma, Partner and Deputy Portfolio Manager:

‘The ongoing evolution of the investment management industry over the past decade has led to ever shortening investment horizons, with a shortage of active, committed and engaged long-term capital holding companies and

businesses to account and / or providing risk capital when it is most needed. This situation creates a certain pro-cyclicality in capital allocation – in times of strong short-term operating performance, passive and other investors of short-term investment horizons provide capital copiously, thus bidding up share prices and reducing cost of capital for the underlying business, even if such an outcome would not have been merited by a commensurate change in the long term fundamentals affecting the operating model of the company. Conversely, at times of financial (e.g. recessions, Covid-19 lockdowns) or operating stress (short term operational challenges faced by the business), such investors can pull out capital equally rapidly, thus leading to disproportionate falls in share prices, and commensurate rise in the market-implied cost of capital for the business. Such a situation can create perverse incentives for management teams, especially if their own strategic planning and execution horizon is mis-aligned with their shareholder roster. In these instances, provision of anti-cyclical, stable and long-term capital can be of utmost value to the long-term health of both businesses as well as capital markets – by ensuring managements are rewarded for thinking and acting strategically and long-term, such counter-cyclical capital can discourage inappropriate / short-term behaviour which can inevitably arise from chasing share-price performance in the very near term.

One such example from 2023 comes from the Fund's holding in Rentokil. Rentokil is currently in the process of integrating its largest ever acquisition, Terminix. In spite of being a household name in the US, and the #2 pest operator in the country, Terminix has suffered from a long history of poor management mis-steps under previous public and private ownership. In a highly people business, this has led to serial underperformance vs best-in-class peer, Rollins. Rentokil took advantage of its own scale and Terminix's challenges by acquiring the business in 2022, thus catapulting themselves from a sub-scale #4 to a clear #1 position in the market. With the strategic and operational upside from delivering a fully integrated operational business remaining deeply mispriced, in our view, the Fund took a position in the shares in spring 2022. In Q3 2023, the company reported a modest shortfall in growth and margins in its key US Pest Control business, with minimal overall impact on Group profits. Catalysed by a self-reinforcing vicious loop of sellers, the shares subsequently fell c30% in the next few weeks, with minimal – if any – change to long term fundamentals. In response to this situation, we undertook an in depth body of work analysing in detail the risks and opportunities available to the business from the integration of Terminix with Rentokil NA, with a focus on likely investment required to bridge the gap to best-in-class peers on marketing in particular. During the meeting, we took the opportunity to encourage the management team to continue to focus on the longer-term strategic plan and vision, with almost a forced disregard of near term share price performance. Following the interaction with the Group CEO and CFO, we came away reassured that both the probability of and the upside from successfully integrating Terminix longer-term was very deeply mispriced, with the market overly focused on very near-term growth and margins. We therefore took the opportunity to provide counter-cyclical capital to the business, both from our pooled Funds as well as co-investment vehicles, with the hope that more stable and longer term focused capital would allow the management to more confidently execute upon their integration plans (see Principle 9 below for further information on engagements with Rentokil).

Another similar example from 2023 is Michelin. We have been invested in Michelin for the best part of the last decade, with our first investment in the company dating back to pre GFC. As a result of our long relationship with the business, we have been able to establish a strong working relationship with senior management at the company. In September 2023, we were invited to present our strategic vision for the company to the Group's Top 100 Managers in presence of the Group CEO, and CFO. We took this opportunity to outline to the management our views on the strengths and perceived weaknesses of the business by the market. In particular, we outlined how high the market implied WACC for the business was, a key detriment to the Group's operational (from limiting use of capital for acquisitions) as well as financial performance. We suggested that this stemmed from 2 key market mis-perceptions – firstly that Michelin wasn't adequately focused on reducing its legacy cost base in light of continued competition from lower cost Asian tyre imports and secondly, that Michelin was a serial mis-allocator of shareholder capital in terms of spend on acquisitions. We presented to management the potential upside from an operational and financial perspective if the Group were able to take adequate cost right-sizing

actions, as well as communicate a strong ROIC commitment to the market regarding future uses of capital for acquisitions. Post our engagement with the company, we were reassured by announcement of plant closures in Germany and the US, which on our estimates, would lead to as much as €200m of cost savings for the Group. Further, we were encouraged by increased disclosure of the Group's acquisition of Flex Composites Group, a key step in order to reducing the Group's implied cost of capital, a necessary step in facilitating the next step of Michelin's strategic business plan.

Developed Markets Long Only Strategy – Melissa Earlam, Partner and Analyst:

Returns outlook for low carbon investment by Oil Majors – investment case

'There is significant debate around the returns prospects for low carbon and renewables investment by Oil Majors. Whilst it is clear that investment in renewable assets is unlikely to have the same returns profile as Upstream Oil and Gas, we feel that one can accept a lower return for a longer duration payoff profile and higher conviction in the terminal value. By way of example, it is harder to predict oil demand in 2035 than it is to underwrite a North Sea wind-farm with contracted revenues. Hence, transition risk for Oil Majors is a systemic risk.

We do need to ensure that renewable investment has a positive real return given the amount of capital being deployed here, and as a result have spent a lot of time analysing TotalEnergies. One only needs to look at recent case studies such as Orsted to understand the risk of overly optimistic forecasts for renewable technologies and that real value destruction can occur if one pays the wrong price for these assets. Our diligence and analysis of the investment merits of TotalEnergies to an extent hinges upon us gaining comfort that their investments in this field are worthwhile. As a result, we focused on this topic throughout our four engagements with TotalEnergies this year (including our 1-1 CEO meeting in April).

We used our time with the company to stress how transparency here would be helpful, and to attempt to triangulate a plausible outlook for the investments the company has made. Our work and these discussions lead us to believe that TotalEnergies has an improving outlook for low carbon returns. The company management is fully aligned with our belief that there is need for further detail and transparency to give investors comfort. We feel European Oil Majors are doing the right thing in investing in renewables, however one of their biggest risks is not communicating the benefits of this investment properly (particularly the synergies of operating an integrated energy company) and therefore jeopardising shareholder faith in them continuing to commit capital to this theme.

We have increased our position in TotalEnergies since the start of 2023. Part of the reason for this increase is the positive returns momentum in the Renewables space that we gained additional comfort over during the course of the year.'

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Lansdowne policies are reviewed and assessed annually by the Firm or following any material changes or regulatory developments that are applicable to Lansdowne. This process seeks the input of appropriately knowledgeable third parties where appropriate. Areas for development or update are identified by responsible parties internally and/or by third party

advisors that the Firm retains to provide expertise. The aim of these reviews is to ensure that all policies continue to be appropriate and effective in meeting the Firm's needs and obligations. It is the responsibility of the Firm's CEO and the CCO to monitor and assess the technical competence of Senior Managers and Certified Staff in their oversight of these areas.

Given its size, Lansdowne does not have an internal audit department. However, as a result of a review of its policies and processes conducted by the Firm's Risk and Audit Committee, it was agreed to engage with Macintyre Hudson, a third party accounting firm to perform annual internal controls testing, which took place over 2022 and 2023. The report was issued in Q4 2023, and no exceptions were reported. We will be engaging them on annual basis going forward. Lansdowne is also subject to an annual external audit of its financial statements. The Firm has always been provided with unqualified audit reports when it comes to our financial statements.

Some further changes during the year as a result of reviewing the Firm's processes linked to its stewardship activities (as also noted under Principle 2) included:

1. The Firm appointed a dedicated ESG analyst to support the investment teams in their engagement and stewardship activities.
2. The Firm subscribed to Integrum ESG, which provides real-time updates on ESG data for investee companies, providing potential engagement topics.
3. Incorporated updates into the ESG policy.
4. The Firm launched an additional article 8 compliant UCITS fund.
5. Following the launch of the Lansdowne European Fund in June 2022 (classified as Article 8 under SFDR), sustainability disclosures are now available on our website at <https://www.lansdownepartners.com/london/ucits/>
6. Completion of a Firm-wide survey to help inform management of areas it could seek to improve diversity within the Firm.

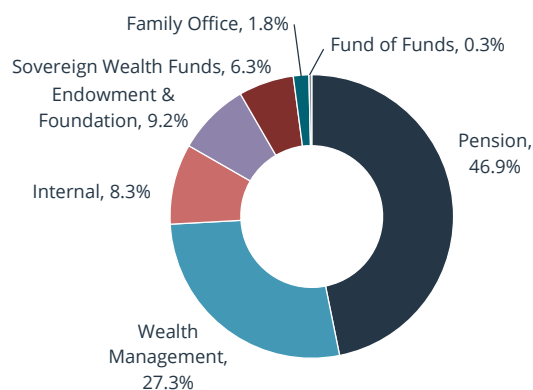
Our stewardship reporting is available to our clients via our website. All stewardship reporting is subject to review by our Compliance Team before publication to ensure that it is fair, balanced and understandable, with adjustments made if necessary.

Principle 6 - Investment Approach

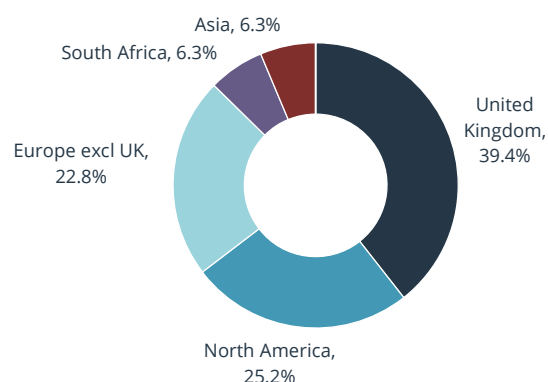
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Breakdown of client base

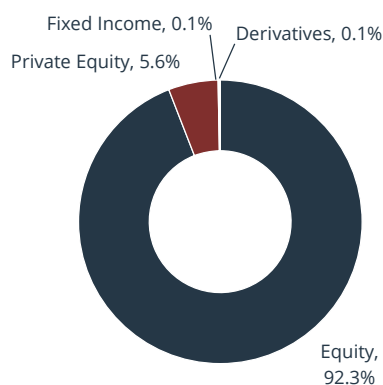
Type of Investor



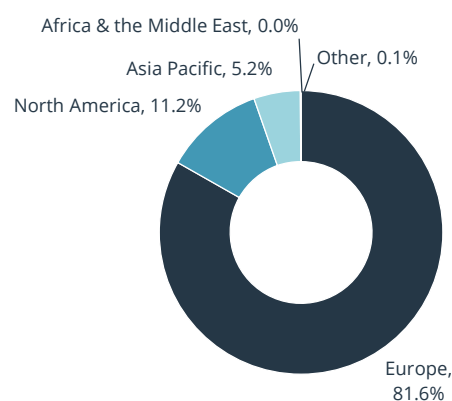
Geographical Profile of Investors



Breakdown of Assets by Asset Class



Breakdown of Assets by Geography



Data as at 31/12/2023
Source: Lansdowne analysis

Time horizon

The average time horizon for investments differs depending on which strategy they are held within, but the overall average is 1-3 years.

The average holding period for our largest strategy, the Developed Markets Long Only strategy (launched in 2012), is 1-3 years, however investments may be held for 18 months to a decade. This is longer than the average investor, contrasting to a market that is becoming more and more short term in returns criteria, with the average investor holding some positions for a matter of days.

In our view, it is only longer-term holders of companies that are incentivised to ensure companies address complex ESG issues. This is because a longer-term owner of a business is more likely to appreciate that often what is optimal for a company's future requires some sacrifice of short-term rewards. For instance, engaging with a steel company to invest in decarbonising its production comes at the expense of near-term cash flows that can pay a dividend. Long-term owners will appreciate that if these investments do not occur, the company will lose relevance and permission to operate over time, and so these types of capital expenditure provide sustainable growth to share price. Additionally, being an active, long term investor is very important, because it gives us a greater degree of influence in discussions with management and when giving advice.

Our second largest strategy, the European Long Only Strategy (launched in 2005), has an average holding period of 1-2 years. In recent years, however, core positions have typically been held for at least 3 years. Holding periods have elongated alongside greater concentration of fund weights within the last five years due to increased conviction of core positions brought about through continuous engagement with management teams. The investment team feels that their core skillset is in understanding company-specific risks rather than market timing. As a consequence, longer holding periods are typically more likely to be of benefit to clients because this is sufficient time for the favourable developments in terms of trade that they believe to have identified to potentially play out. Additionally, longer time horizons offer a greater potential impact for the suggestions the investment team have made to corporate management to be adopted plausibly and then manifest in the share price. Moreover, time horizon represents an increasingly arbitragable risk premia that increasingly few investor types are trying to access. As typical investor horizons have shortened, the value of longer time frames has become increasingly valuable. Not least, as the share of indices residing in companies with quite uncertain terminal values has risen as a consequence of zombification, or atypically slow creative destruction, due to a protracted period of low interest rates amongst other factors.

For other strategies within the Firm, holding periods are similar, being 2-3 years in the case of the Firm's Princay strategy and 1-2 years for the Greater China strategy. Short positions, where used, may be shorter duration.

Communication with clients and ensuring alignment with their stewardship and investment policies

Good stewardship is important to both us and our clients. We have a responsibility towards our clients to exercise their rights to the best of our ability. We promote an open dialogue with our clients on all matters, including stewardship.

Our clients are either pooled funds or separate accounts we have been engaged to manage on behalf of an individual client. Once a client is invested with us, we ensure their assets are managed in line with their goals and expectations through ongoing dialogue, update meetings, and access to fund managers and investment teams.

The process of comprehending our segregated account clients' needs starts prior to contracting where we take time to understand each client's expectations and for our clients to understand the Lansdowne investment process clearly, including our stewardship approach. If we are appointed to manage assets, we work closely with the client throughout contract negotiations and endeavour to accommodate any client specific requirements where possible. Generally our clients' stewardship and investment policies are aligned with that of ours, but where they have specific requirements, for example, in the form of unique restriction or exclusion lists, we ensure that these are adhered to and maintained by our Compliance Team. Pre-defined restrictions and risk limits are either hard coded into our order management system or overseen by the Risk Team.

We seek to encourage close relationships with clients (including investors in pooled funds) through a continuous dialogue, which enables us to continue to be mindful of our clients' needs. Transparency is central to how we manage our relationships. Clients are in receipt of weekly performance reports, quarterly investment letters and, where clients ask for specific voting information, this is provided.

In response to requests from clients, many of the funds have also delivered ESG and stewardship specific presentations, and collaborated with investors to engage with portfolio companies on issues such as Modern Slavery in supply chains and making ESG related disclosures and reporting.

Where clients seek further communication regarding stewardship and investment activities, for example in the form of due diligence questionnaires, we ensure that we respond to these in as much detail as we can. Often our clients will follow up on certain points of these due diligence questionnaires, in which case we will expand our answers as much as possible and endeavour to provide them with all the data they have requested, to assist them in fulfilling their own stewardship reporting requirements and to align with their policies, as appropriate.

We recognise that quantifying exposures to various ESG factors is an increasingly important part of reporting. Each strategy receives ESG investment risk reports on their funds (which are also summarised, where applicable, for client reporting). For example, such reporting may include:

- Portfolio Trends
- Portfolio Detail – Identifying Outliers
- Portfolio ESG Ratings and Metrics
- Company Score Summaries – Shorts / Longs
- Cross Vendor Score Comparisons
- Management Oversight – Cross Funds
- Management Oversight – Outliers
- Climate Impact Reports
- Controversy Reports
- WACI Trends
- Companies that are exposed to material ESG Risks

Effectiveness of chosen methods of communication

We maintain an open dialogue with our clients at all times in a way that enables them to share feedback, and if we do receive any observations that we are not responding to the needs of our clients we will be quick to address this. During 2023 we did not receive any such feedback and therefore have evaluated that our methods of communication have been successful.

Developments during the year

We continued our quarterly webinars with the Portfolio Managers to complement written quarterly investment letters. As well as providing insight into current thoughts and themes from the investment teams, these give investors an opportunity to ask specific questions directly to the Portfolio Managers.

We held several client events during 2023:

- Investor Day for a fund in the Developed Markets Strategy
- Breakfast meeting ahead of the launch of our second article 8 compliant UCITS fund
- Two breakfast meetings for our European Strategy

During 2022, we began publishing broader updates on activities and changes within the Firm on LinkedIn in an attempt to provide greater insight and transparency to our clients. This includes ad-hoc blog posts and articles from the investment teams on specific macro perspectives they wish to share. We have continued this throughout 2023, with increasing regularity.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Lansdowne is committed to considering ESG factors as part of its investment philosophy and in its operation of the business as a whole.

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, will clearly be 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.

For some of our segregated account clients, screening criteria is implemented pursuant to their instructions to observe any restrictions which may be ESG related. The existence of these restrictions, on occasions, has led to company engagements such as those with Freeport-McMoran, detailed in Principle 9.

For the Firm's two Article 8 funds certain metrics are monitored under the terms of the pre-contractual disclosures; namely UN SDG alignment in the case of one and UNGC Compliance in case of the other. Where companies are flagged as strongly misaligned to the UN SDGs or failing compliance with UNGC, the investment teams will in most cases engage extensively with the company to discuss the issues surrounding this. This was true of our engagements with Shell throughout 2022 and engagements we have begun with Barrick in 2024 (which we will discuss further in next year's report).

Each investment team is responsible for considering such factors 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 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).
- **Governance:** board independence 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.

Interaction with service providers

The key service providers that the Firm uses in its stewardship activities are data providers and ISS. The Firm conducts in depth reviews of different data providers prior to subscription to ensure that the data it receives is relevant and can add

value to its activities, including in relation to stewardship. The Firm continuously monitors ISS (as described under Principle 8) and clearly communicates its requirements to ISS to ensure that the services the Firm receives effectively support its stewardship and investment goals, including in relation to ESG issues.

Examples of ESG factors influencing a decision or consideration to buy, sell, hold, re-evaluate and/or engage a holding:

News Corp

BUY/SELL: We purchased News Corp in December 2022, in part due to the exciting prospect of the Murdoch family improving the company's governance. We have long liked many of the assets that sit within News Corp (note, this is separate from Fox the other Murdoch affiliated company), with particular attraction to the book publishing industry and digital real estate portals that the company owns in Australia. The Murdoch holding company structure has led to a chronic discount of the company to the value of its constituent parts. We always felt that without a change in governance structure or more openness to breaking up the media conglomerate that this value would be hard to realise.

At the time of purchasing the shares there was reason to believe change was afoot within the Murdoch-led organisation. With succession planning one often sees a change in approach, and there had been discussion of Activist pressure on the Board to seek to unlock the value within the business. We bought the shares when it became clear that Murdoch was seeking to merge Fox and News Corp. We felt doing this with News Corp at a deep discount to fair value would not be palatable to shareholders and as such, the company would seek to spin certain digital assets to shareholders in the process, unlocking considerable upside. We also felt commitment to a program of significant Governance improvement would be necessary to even entertain the proposed merger, and were pleased to see independent Special Committees set up at each company to review the process.

However, by late January it had become apparent that the Murdochs were unwilling to allow for concurrent improved governance and value unlocking strategies with the proposed merger. As a result the plan to merge Fox and News Corp met significant resistance from larger shareholders and the entire idea was shelved. Absent a change in Governance and a Board committed to unlocking News Corp's valuation discount (which we believed to present >70% prospective upside as an investment), we sold the shares.

 **HOLCIM**

DID NOT INVEST: We engaged with the Group IR to speak about two key themes: the impact of regulation in the EU related to decarbonisation on marginal economics and whether the structural position of the group is such that it can protect itself from the risk of imports, particularly in the US market. We spoke at length about the various levers that can be used to decarbonise which will be required to abate the CO2 cost which will be fully reflected in the cost base of European cement producers by 2034. In particular, we sought to understand whether the most important lever in Carbon Capture, Utilisation and Storage (CCUS) technology offer attractive returns based on the unit economics available today and whether Holcim can gain an advantage over competitors by investing earlier in this technology.

We were reassured that Holcim is fully committed to decarbonising its cement manufacturing operations, and that it believes it can return an attractive return on the investments it is making. We are less certain, particularly in the absence of adequate disclosure on the unit economics of the projects it is undertaking, that we can externally corroborate the statements Holcim has made about their financial viability. Moreover, we are concerned that the price of CO2

certificates will be equal to the cost of investing in CCUS technology in which case the incumbents who invest in the technology will not be economically advantaged against those who don't. We conveyed these concerns to the Group IR who responded by explaining how decarbonised cement commands a Green premium which they plan to take from 5-10% to 35%+. We have chosen not to invest at this time and are continuing to monitor.

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.

Proxy voting is an important duty of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly exercised in a timely manner. When the Firm has discretion to vote the proxies of its clients (which is generally the case), it will vote those proxies in the best interest of its clients and in accordance with its policy and procedures. While the firm subscribes to ISS for proxy voting research, as mentioned in Principle 12, Lansdowne may exercise votes contrary to ISS recommendations. The responsibility of proxy voting decisions still lies with the portfolio manager and, therefore, Lansdowne does not outsource its stewardship activities in this regard.

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.
- Proxy research provided by ISS.

The Firm’s Proxy Voting Policy (please see Principle 12 for a link to full policy on the Firm’s website) requires that the Firm identify and address conflicts of interest between its related persons and its 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 review the proxy voting records on a monthly basis to ensure consistency with the Proxy Voting Policy.

We recognise that quantifying exposures to various ESG factors is an increasingly important part of 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

Lansdowne's Carbon Footprint

We are increasingly aware of our impact on the environment. Since 2016, we have commissioned Carbon Footprint to conduct a full annual audit of the firm, our business practices and travel to reduce our carbon footprint. We support projects to offset our carbon footprint, earning Lansdowne an annual offset certificate.

Projects we continued to support in 2023 as part of the Firm's carbon offsetting included:

- Clean Drinking Water – Zoba Anseba Community Safe Water Project
- Reforestation – Reforestation of Degraded Land in India

As at 31st March 2023, we have offset a total of 5,436 tonnes of CO₂e by supporting a variety of projects around the world as voted for by Lansdowne Partners staff. The Firm is delighted to be a Carbon Neutral Organisation. Additionally, the Firm's offices are supplied with 100% renewable energy by Engie.

The Firm has also set up several internal initiatives, including a recycling programme and a bike to work scheme.

Principle 8

Signatories monitor and hold to account managers and/or services providers.

Lansdowne outsources various functions to third party providers. We ensure that third party service providers provide a high-quality service and are managed to the standards expected by us based on their criticality in each case. We believe it part of Lansdowne’s fiduciary responsibility as agent for its clients to ensure that the quality of the third-party providers we engage, is in line with the quality of service delivery expected from us as an organisation.

Before engaging a third party vendor, appropriate due diligence will be conducted. Depending on the nature of the service being offered, this may include peer comparisons, data security analysis, existing client references, background checks into key persons, review of financial stability and assessment of possible supply chain issues (including in relation to modern slavery).

Where it is determined that a formal periodic review is appropriate for a service provider, the review will be carried out by the Firm and the review and its findings will be documented. Each assessment, where deemed necessary, will be based on the risk given to the Firm based on how critical the service is to the Firm. Each service provider has a Lansdowne staff member(s) assigned responsibility to oversee and monitor the relationship, although ultimate responsibility rests with the Management Committee.

With respect to vendors deemed material to the Firm’s stewardship processes, namely ISS, the Firm has an ongoing assessment of performance and service levels, quality of research and data/outputs provided, including monitoring to ensure that votes instructed are cast and critical evaluation of voting recommendation is received. As part of the review of services provided by ISS, in 2020 the Firm subscribed to ISS’ “Sustainability Policy” across the Firm’s range of products. The Sustainability Policy provides sustainability led reports and recommendations for proxy voting. However, it is important to stress that the Lansdowne investment teams maintain decision making responsibility, which will be based on their detailed knowledge of the companies in which the Firm invests on behalf of clients. The Sustainability Policy recommendations are used for information purposes and represent one of many factors considered when voting.

During 2021, the Firm’s then ESG working group ran a project to identify which third party data provider would be most suitable for both internal monitoring and external reporting. Following a detailed process of testing and due diligence, the Firm ultimately decided to subscribe to MSCI ESG ratings and ISS Climate Risk reporting. In 2023, the Firm also subscribed to Integrum ESG. While the Firm uses this data for reporting purposes, it does not rely solely on the ratings without conducting analysis alongside, and there may be times when the investment teams disagree with the relevant service provider. For example, during 2023 one of our investment teams disagreed with a score provided by MSCI:



‘When examining MSCI’s Environmental Pillar Score for BP, the score is impacted by two specific “severe controversies”: (1) on 20 April 2010 the Deepwater Horizon oil drilling rig, operating in Macondo Prospect in the Gulf of Mexico, exploded and sank resulting in the death of 11 workers and the spill of 4m barrels of oil, (2) on 25 July 2020 the bulk carrier Wakashio grounded off Mauritius resulting in an oil spill.

Regarding the first severe controversy, there is no disputing the catastrophic environmental disaster of the Deepwater Horizon rig explosion. We do however believe that BP today – 13 years after this disaster – is a significantly different company, not least significantly improved in terms of its safety and environmental profile. MSCI deems this controversy ongoing and it is not clear when this status might change.

In relation to the second “severe controversy” identified by MSCI, BP rejects the claims that it is responsible for the Mauritius oil spill. In January 2021, BP responded to the allegations made in an article published on Forbes.com. BP stated that it had supplied fuel to the bulk carrier Wakashio, however was neither the charterer nor the owner of the vessel and was “not aware of anything to indicate that fuel quality contributed to the vessel’s grounding”. BP continues to look to have a dialogue with MSCI to explain this.’

Where appropriate, the Firm engages with third party vendors to ensure both accuracy of data and to provide input into potential data methodology enhancements.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

Comprehensive and continuous research and monitoring of investee companies is fundamental to Lansdowne's investment process. Lansdowne utilises various research and support tools to meet this principle. The monitoring process will include meeting with senior management of the investee companies, analysing annual reports and financial statements, using independent third party and broker research, attending company meetings and road shows and proxy voting corporate research provided by ISS.

Lansdowne endeavours to identify problems at an early stage to minimise any loss of shareholder value. If investment teams have concerns, where appropriate, they will use their best efforts to ensure that the appropriate members of the investee company are made aware of them. Such concerns may include, amongst other things, corporate governance issues where we believe they have an impact on shareholder value (including, where applicable, deviations from the UK Corporate Governance Code). However, in seeking to act in the best interests of its clients, Lansdowne may also consider it better to reduce or eliminate an investment rather than to continue such dialogue. Lansdowne's investment teams review the effectiveness of their monitoring on an ongoing basis as part of the investment process.

Lansdowne maintains records of votes cast and of reasons where voting is contrary to the recommendation of ISS. It is not always administratively possible to record whether such votes were cast in respect of contentious issues, due to the inherent subjectivity this entails or to record details of every engagement with management of investee companies. Lansdowne may attend General Meetings of companies in which its clients have a major holding where this is considered appropriate and practicable.

Lansdowne does not generally wish to be made insiders in normal circumstances, and therefore expects investee companies and their advisers to ensure that information that could affect Lansdowne's ability to deal in the shares of the company concerned is not conveyed to Lansdowne without its prior agreement.

During 2023, Lansdowne had approximately 1,100 interactions with actual or potential investee companies.

Examples of engagement with companies on ESG factors that has influenced the corporate behaviour or decision making of a holding:

Case Studies – Engagement and Outcomes

Engagement: Environmental, Social

ESG dedicated meeting with the Head of ESG covering several topics:

1. Completion of the Copper Mark Process (assurance framework to ensure responsible practices) for all assets globally.
2. External environmental audit completed for Freeport Indonesia.
3. Human rights impact assessment at Grasberg – significant undertaking, 24 months. Summary to be provided Q1 2024.
4. Climate – brand new gas turbine to replace coal in Indonesia, will be a 60% reduction versus company's base-line on a scope 1 basis. Haul trucks in the US continues to be a focus e.g. finding alternative fuel, trialling new technology but nothing yet commercially viable, guiding towards 2030.
5. Net Zero – team feels strongly that “aspiration” is the right call. Discussed importance of taking action, more nuanced now, not just box-ticking.
6. 2030 targets – intensity based targets for Americas and Indonesia make up the bulk of the company's commitment. New leaching technology is less carbon intensive.

Outcome: This reinforced our confidence that the company has and is continuing to improve in social and environmental areas. Follow up required on results of environmental audit and human rights impact assessment.

2023 engagements with Freeport McMoran: 2



Engagement: Social & Governance

We have spoken to the CEO and CFO on two separate occasions during 2023 regarding the bank's social responsibility. In February, we discussed mortgage spreads, the implications on the cost of living crisis and mortgage lenders' permission to operate in that context. In May, we had further discussions around the appropriate level to charge for deposits and mortgages in light of current inflation pressures and interest rates. We feel that NatWest is taking the right approach to managing through a cycle for the long-term with the intention of delivering sustainable returns.

We also had active discussion with the Chairman around the role of the largest shareholder (UK government) and its influence on the Board in light of issues leading to the resignation of the CEO.

Outcome: We strongly felt there should have been a shareholder vote and expressed our views on a better make-up of the board and its function. We reduced our holding partially due to the levels of government interference accepted by Natwest and the associated risk.

2023 engagements with NatWest: 6



Engagement: Environmental, Social, Governance

There was a fatal explosion at Arcelor Mittal's Kostenco coal mine in Kazakhstan in October 2023 which tragically resulted in the death of 46 employees.

We had a number of engagements with the company in order to gain a better understanding of the event, potential repercussions and become more informed about the independent review as a result while also detailing our views as to how the company should address the issues arising from this.

Some of our suggestions to the company were that:

1. It continued to engage proactively and extensively with all stakeholders both in the region and globally about this tragic accident. Support local workers and their families as much as possible.
2. It should publish its regional health and safety data to show that this is an isolated event (to ensure there are not broader safety risk concerns across Mittal's portfolio).
3. It continues to be as transparent and open about the incident as possible.
4. It should continue to strive to achieve best in class Health & Safety working practices.

Outcome: Whilst undoubtedly tragic, the company believes the accident is not representative of its wider health and safety record which has shown a consistent improvement in other regions around the world in recent years. Arcelor had been in discussions with potential acquirers of the mine before the tragic incident, reflecting the company's desire to both actively manage its portfolio of assets in order to reach its carbon reduction goals and manage the wider capital needs of the group. Following the incident the company has now reached an agreement to divest the asset. Taking into account the significant future capital requirements of the asset, to both improve its green credentials and upgrade the facility, we estimate that the transaction will be cashflow positive for Arcelor.

We have followed up with Arcelor and they advised their safety report on all assets is due to be published mid-2024.

2023 engagements with ArcelorMittal: 6



Engagement: Social



Assessment of company exposure to child labour in the cocoa supply chain in the Ivory Coast in Ghana. We engaged with a competitor 'Tony's Choclonely' to assess the structure and compliance to Nestle's income accelerator program spanning the 160,000 farmers in its African cocoa supply chain. Based on our dialogue with such local experts, we were able to engage the group CEO of Nestle around the effectiveness of its campaign. We discussed an alternative approach to supply remunerating farmers at the assessed level of a living wage and the pros vs cons of this approach vs incentivising productivity via a productivity linked wage structure, as is currently implemented.

Outcome: We have been monitoring the reported payments made to farmers under the income accelerator program to assess its effectiveness. At the end of 2023, Nestle expanded its Income Accelerator Program for Cocoa farmers to include farmers from Ghana in addition to Côte d'Ivoire. We note that to date, cocoa-farming families have received over EUR2million in incentives since January 2022. We continue to monitor these payments.

2023 engagements with Nestle: 3

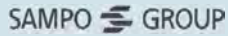
Engagement: Social & Governance



Further to addressing this engagement in our 2022 Stewardship Code Report, we continued to engage with the company throughout 2023, at both Corporate level (CEO, CFO) and also divisional level (CEO of key NA Pest Control business). The focus remained on integration of the acquired Terminix business with the Rentokil business in North America, with a special emphasis on pay practices for technicians and sales representatives at Terminix vs best-in-class practices, including at Rentokil North America.

Outcome: We remain reassured that the CEO and senior management are cognisant of the need to reach an improved and more consistent pay plan structure for both technicians and customer sales representatives at Terminix. Indeed, management have repeatedly commented that the integration can only be successful if there is a step-change in employee retention at Terminix, a necessary pre-requisite to driving higher customer retention, in-turn a pre-requisite to driving higher organic growth at Terminix. We are confident that an appropriate re-investment budget has been set-aside in order to re-invest into pay-plans at Terminix, and that Rentokil can still hit its stated targets post this re-investment, thus representing a win-win for all stakeholders. As of YE 2023, we were pleased to note that Terminix employee retention had improved by 8.1ppts since the closure of the deal in October 2022. In addition, alternate data such as job openings for technicians at Terminix continue to signal stability, and trends in-line with other peers, thus corroborating the company disclosed metrics. Whilst clearly representing steps in the right direction, we note that the gap to best-in-class peers including Rentokil North America remains wide, and will continue to monitor this as a key metric to measure the success of the ongoing integration of Terminix with Rentokil North America.

2023 engagements with Rentokil: 10



Engagement: Governance

We engaged with the CFO to articulate our perspective that enhanced focus on consumer duty is increasingly likely to be needed to preserve all insurers' social licence to operate. Early evidence of this is already apparent in the UK where the FCA is taking measures to prevent price walking and excess profits generated from instalment financing. We have encouraged Sampo to take early and effective action to ensure that their small UK subsidiary is aligned with regulatory best practices and that their larger businesses in Scandinavia are similarly well aligned.

Outcome: We have reviewed recent actions by Scandinavian insurance regulators as well as Sampo's policies with respect to standards of enhanced consumer duty. We believe that Sampo is in aggregate well aligned in Scandinavia, though needs to adapt in the UK to meet the likelihood of more onerous requirements. We have conveyed our position that this should be done swiftly and communicated effectively to regulators as soon as possible.

2023 engagements with Sampo Group: 8

How engagement has differed via geography and sector

Engagement can be impacted by geography and sector. To show these differences (and also how engagement experiences and approach may differ between investment teams), we have provided some commentary below from representatives of our two largest strategies below:

Shashwat Verma, Partner and Deputy Portfolio Manager – European Long Only Strategy:

‘Our engagement across sectors is tailored to key issues pertaining to individual business models from a strategic and long-term perspective.

For instance, our engagements with investments in resource and manufacturing heavy industries such as Oil & Gas and Mining have focused on de-carbonisation across Scope 1,2 and 3 emissions. For example, we have engaged extensively with Shell regarding the Group’s long-term capital allocation strategy, and how that seeks to strike a balance between ensuring adequate near-term resource availability required to drive the global economy versus long term need to move away from fossil fuels in order to meet sustainability targets. Similarly, in Linde, we have sought to understand the Group’s approach to decarbonisation of the energy and industrial supply-chain, and how that affects the Group’s medium / long-term growth prospects.

By contrast, our investments in service companies such as Rentokil have tended to focus more on labour practices. For example, we have engaged heavily with senior management at Rentokil regarding the significant management turnover observed in the acquired Terminix US business, and the need for management to improve labour retention rates in-order to drive up organic growth.

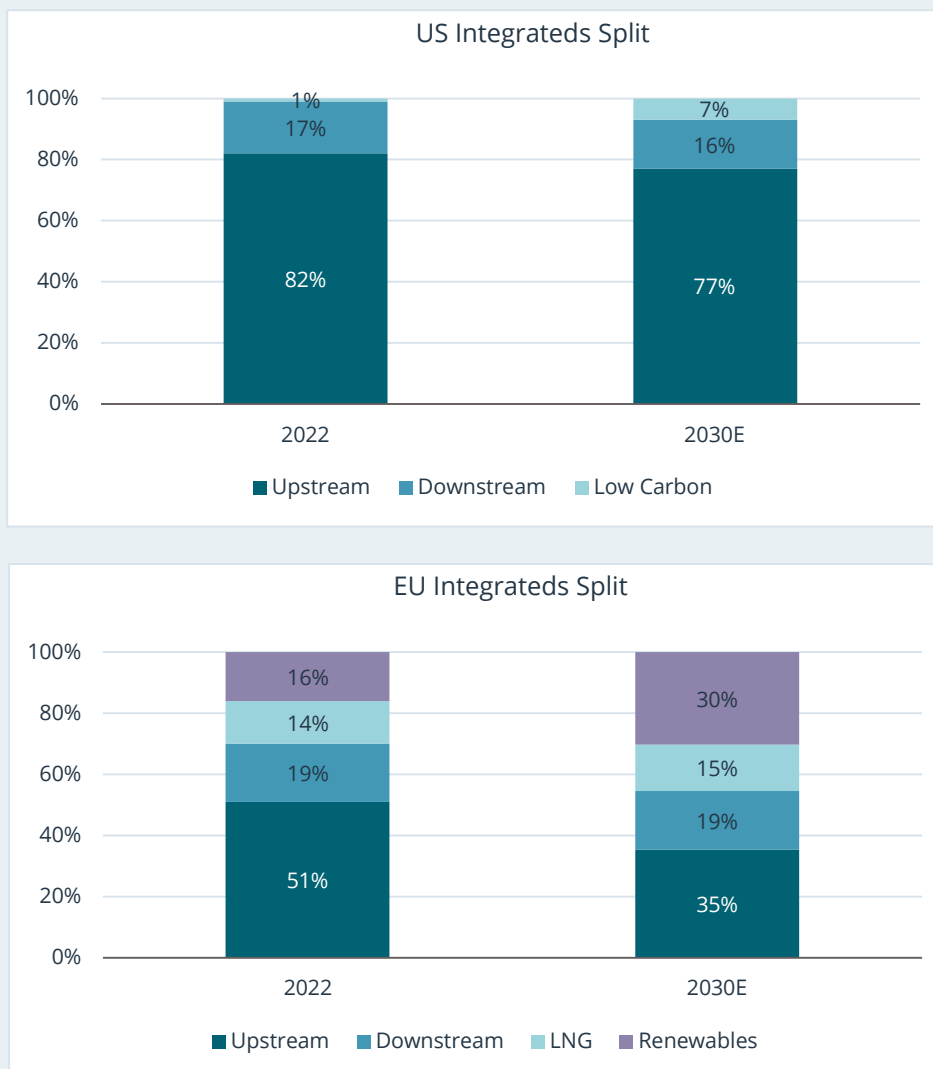
For sectors such as Banks and Utilities, our engagements have focused on the “fair-share” split of profits across all key stakeholders i.e. government, labour and shareholders with the need for management teams to be adequately engaged with policymakers. This has been particularly topical in 2022/23 with introduction of additional taxes in banking and utilities across most European markets. Such engagement has been very relevant for our holdings in KBC, Intesa, Iberdrola and also Vinci, where the French government has introduced a special tax on concessions, which whilst potentially illegal, is another representation of the need to balance profit sharing between shareholders and other stakeholders.

From a geographic perspective, our mega-cap UK and European investments have tended to be skewed towards manufacturing and resources, thus engagements have focused on de-carbonisation and emission reductions. Our mid-large cap holdings have tended to be more skewed towards service based business models, where labour relations has been far more topical given their already low intensity of carbon emissions per unit of revenue..’

Melissa Earlam, Partner and Analyst: Developed Markets Long Only Strategy:

‘We have noted differing experiences when engaging with companies in the US vs. the UK/EU. The US appears to be behind the UK/EU in terms of sustainability focussed roles within their investor relations teams, in particular with a focus on environmental considerations. For example, we have noticed that oil majors in the UK and the EU are more focused on the transition to net zero and investment into renewables than those in the US. As discussed in Principle 4 above, we have been engaging extensively with BP and TotalEnergies SE on the prospects of their renewables

investments, on the returns potential of their renewables investments. Conversely, less developed and extensive strategies to diversify away from carbon into renewables from two US companies – ExxonMobil and Pioneer Natural Resources – was a key reason causing us to close those positions. Please see below two graphs which demonstrate the differing capex split between US and EU:



Data as of January 2023
Source: Lansdowne and Bernstein estimates

Additionally, the companies we have tended to own in the US are large companies where direct shareholder engagement is by nature more challenging, due to holding smaller positions.

We have high levels of direct engagement with senior management for our mid-cap positions, which have tended to be UK-based. We find we are able to have more extensive strategic dialogue with these companies, where we may hold a more substantial position in percentage terms. However, it is worth noting that these mid-cap companies can face more real-life challenges in adopting ESG standards at pace. A good example of this would be the topic of diversity on corporate boards. There is a reality that for some smaller businesses, the recruitment pool of Directors with industry or sector expertise is smaller than for global businesses, and as a result achieving e.g. a gender or even age balance can take more time. Assuming that we have a high level of confidence that there is strong intention to meet ESG criteria, we tend

to afford these companies some more leeway to get to the right place in terms of timing. An example of these are our votes on board elections for Cairn Homes and Fullers, Smith & Turners, detailed under Principle 12.

Specifically relating to Environmental issues, we find that companies in industries that are particularly carbon intensive or carry a perception of being polluters are highly focused on said issues. For instance when engaging with oil companies, we have found that about 70% of the discussion will be on ESG. This is an interesting contrast to some other industries that may also have significant issues around pollution and/or carbon intensity, but aren't front of mind with consumers or regulatory bodies on environmental topics. A good example would be the apparel industry, which is accountable for a similar level of carbon emissions globally as the mining industry, as well as presenting serious water pollution and child labour issues. Since many consumers and investors often do not consider these companies in the same frame of mind as they would for example an airline or a steel miner, we find the companies are less prepared to engage and have less developed thoughts on how to tackle key issues.'

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issues.

Lansdowne has no objection in principle to collective action by investors and will consider any specific action on a case by case basis subject to regulatory restraints, company strategy or governance. In normal circumstances, Lansdowne will tend to act on its own when engaging with or expressing concerns to investee companies. However, whilst we have tended to act with caution in the past when considering collaborative engagement with other shareholders given regulatory constraints, there have been instances where we have been willing to do so. Scenarios where we may consider collaborative engagement include where we believe there are either structural issues within a business or where its strategy is at odds with creating sustainable shareholder value and where we have identified another shareholder who shares our belief and where we believe the best chance of effecting change is through collaborative engagement. Additionally, we may participate in industry collaborative engagements, for example the CDP Non-Disclosure Campaign which we participated in during 2023 (please see below under “Collaboration in industry initiatives”).

Whilst Lansdowne may communicate with other shareholders regarding a specific proposal, it will not agree to vote in concert with another shareholder without approval from Lansdowne’s Chief Compliance Officer.

Other investors wishing to approach Lansdowne should contact Lansdowne’s Chief Compliance Officer Hugh Orange, using the following contact details:

Email: compliance@lansdownepartners.com

Telephone: +44 (0)20 7290 5500

Collaboration in industry initiatives

We support or have committed to a number of different industry initiatives.

Lansdowne was initially a signatory to the UK Stewardship Code (Tier 1) since its inception in 2012 and has been supportive of the Financial Reporting Council’s efforts to widen the scope of and improve engagement with the UK Stewardship Code across the industry.

The Firm became a signatory of the Climate Disclosure Project in 2022, and in 2023 participated in its Non-Disclosure Campaign:



‘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. However, as of 2022, a large number of high-impact companies have yet to report their environmental impacts through CDP. CDP’s Non-Disclosure Campaign (NDC) targets these companies that have failed to disclose their data in previous years via CDP disclosure requests.’ (CDP)

Last year the Firm, along with 288 other financial institutions, co-signed letters sent to over 1,500 companies encouraging them to respond to the CDP questionnaire. Of those companies, 317 disclosed to the CDP for the first time; a response rate 2.2 times higher than among those companies not engaged.

For the past five years the number of companies disclosing has tripled, with an average yearly growth of 37%.

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.

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 PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policy makers but is not associated with any government; it is supported by, but not part of, the United Nations.

In addition, the Firm is a supporter of and has committed to the TCFD and TPI as referred to under Principle 4.

Collaboration with other stakeholders

More broadly, as appropriate, we may also collaborate with other stakeholders when engaging with investee companies. An example of this is detailed in the below case study from 2023 and its outcome:



We have engaged with OFCOM a lot over the last few years. OFCOM have been trying to encourage investment in the industry by giving long term visibility to the sector, however we felt their announcement regarding retail pricing increases was unhelpful for the industry. Therefore, we provided feedback to OFCOM directly. Openreach is permitted to increase prices in line with inflation, as put in place by OFCOM, yet they advised telecoms companies cannot do this. We do not support the notion that costs can go up by inflation, but revenues cannot. We had several discussions about this, separately, with both OFCOM and BT.

Outcome: OFCOM were thankful for our feedback. BT are also pleased to have a supportive shareholder. We continue to aim to ensure that BT has a regulator that is consistent in the way it looks at the wholesale and retail telecoms market.

Continued engagement from 2022:

Over the last several years we have had deep engagement with a listed biotechnology company in an effort to take what we believed to be a strong base idea that had been mismanaged, and give it a second chance at success. Initially we spent time with the board and prior management to understand cash flow requirements and progress with the database which led to us form three clear views:

- The core database of NHS data remained highly differentiated and of huge potential value.
- Much of the capital deployed had been wasted building clinical apps and not enough on ensuring the data quality was improved quickly enough.
- Existing management, despite strong ownership incentive, had both misled us and wasted significant capital.



Initially we expressed a view to the board that we needed to see a plan generated by them. Separate from this a former colleague who had run a similar business since leaving Lansdowne, expressed an interest in looking at the business with a view to turning it around.

No plan was initially forthcoming from the board, making insolvency the only option alongside our former colleague's interest. He led this work on behalf of Lansdowne, and has developed a plan with new funders for the business that we have agreed to support for a period, to see whether a bigger project is viable. Since funding this we have been in regular dialogue with our former colleague, who has taken the lead on the restructuring required to save costs whilst engaging in regular discussion with us on what monetisation models will work and which proof points will allow a broader investor base to support. As part of this process the company has been delisted, something which allowed us (alongside use of debt and equity funding) to ensure our clients get the maximum benefit for their commitment.

Outcome: Over the 12 months since this restructuring commenced, business performance has been better than expected and steps have been taken to secure funding.

2023 update on outcome: The company subsequently won two contracts with major pharma companies. We continue to engage with the company in the hopes of securing further funding in 2024.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

As part of Lansdowne's investment strategy, it seeks to build effective relationships with boards and management at the companies in which it invests. Lansdowne will generally look to invest in companies that it believes to be well managed. As part of the research and monitoring process, Lansdowne may look to intervene by holding meetings with management and/or directors to express Lansdowne's concerns or express its views through other channels. These concerns will generally be motivated by the failure of management to uphold shareholder value. Lansdowne will continue to meet with the company and monitor developments to assess changes in the company's approach. Should concerns persist, Lansdowne may seek to intervene formally through written letters addressed to the appropriate company board or committee members. In addition, Lansdowne will consider whether it would be more effective to intervene jointly with other institutions but will only do so where this is considered appropriate and in the best interest of its clients and where it is felt management are not maximising shareholder value. Lansdowne acknowledges that a variety of factors will make each situation unique and therefore the approach taken to escalation of concerns will vary on a case by case basis.

In general, Lansdowne is unlikely to make public statements, submit resolutions or requisition an EGM or shareholder proposal. In most circumstances, Lansdowne generally believes that any escalation is best carried out on a private basis.

Please see below example of escalation from 2023:



Throughout the year we had several engagements with BT, discussing the structure of the company. Early in the year, we first discussed the possibility of separating the business, expressing our view that the current structure was not tenable. While the company seemed receptive to some of our arguments, it did not appear to be their top priority at that time. Following the resignation of the CEO, we had a call with him to discuss his motivations for leaving; we concluded that personal issues were partly the cause, however, we were left with the impression that internal issues at BT and other stakeholders were also to blame and resolved to follow up with the Chairman.

We sent a letter to the Chairman and Board emphasising the need for a change in strategy at BT, within which we provided our views on several possible courses of actions. These included an alternate timeframe for infrastructure investment, separation of network assets, and consideration of partners / M&A candidates. Following the letter, we engaged with the company again, once more expressing our strong view that a more expedient change of strategy was needed and a clearer focus on shareholders among the stakeholders. While the Chairman took our comments on board, no conclusion was reached. Around this time we reduced some of our position in BT.

Post appointment of the new CEO, we engaged with the company to reflect on strategy; we were pleased to see some evidence of capex efficiencies given that this had been an area of focus for us. Soon after this we discussed the profit outlook for BT's B2B division over the medium to long term. We have yet to see the outcome of this and will continue to engage with the new CEO and the company throughout 2024 to emphasise our views on the need for a change in strategy.

2023 engagements with BT: 7

Principle 12 - Exercising Rights and Responsibilities

Signatories actively exercise their rights and responsibilities.

As indicated above, engagement with companies is 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.

Proxy voting is an important duty of shareholders and part of this engagement. As described above, we utilise the services of the voting agency ISS to vote on behalf of our Institutional clients at all relevant company meetings. We believe ISS' expert and independent analysis complements Lansdowne's investment process. For our full Proxy Voting Policy please refer to our website: <https://www.lansdownepartners.com/london/proxy-voting-policy-and-procedure/>.

Assessing the share structure of investee companies prior to investment, the type of voting rights applied to each security and the impact on minority shareholders is a fundamental part of our due diligence in the investment process. This is especially important where there is a dual share structure.

In relation to pooled Funds managed by the Firm, neither the client nor investors can override our proxy voting policy or direct voting. It is always our preference for the Firm to have voting discretion. However, some segregated account clients can direct or retain voting discretion under the terms of the respective investment management agreements. The Firm does not engage in stock lending on behalf of itself or its clients and therefore does not need to consider processes concerning recalling lent stock or empty voting.

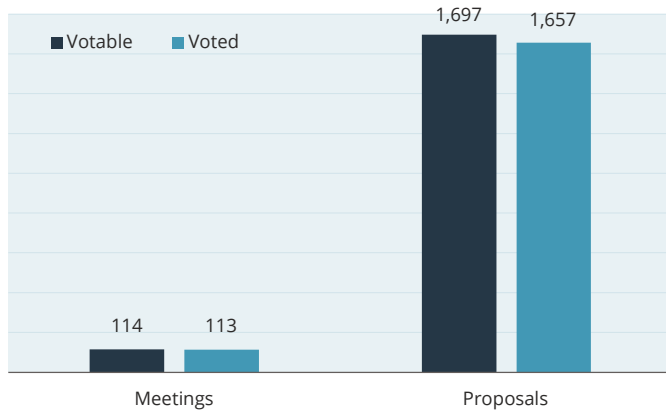
The Firm receives voting recommendations from ISS, in line with ISS policies (Lansdowne subscribe to both ISS' Standard and Sustainability Policy recommendations). However, the Firm makes its own voting decisions and may exercise votes contrary to ISS recommendations, where it deems appropriate. The decision to vote contrary to ISS' recommendation is made by the investment team, which may follow engagement between our Firm and the company. Lansdowne receives Proxy Voting reports from ISS, which cover all proposals to be discussed at upcoming company meetings. These reports are circulated to the relevant investment team, who confirm their agreement or otherwise with ISS recommendations. In cases where Lansdowne deems ISS' decision to not be in the best interest of its clients, the Firm will intervene and cast a vote against their recommendation. Lansdowne reviews the services it receives from ISS at least annually.

Detailed voting records for 2023 can be found on the Firm's website:
<https://www.lansdownepartners.com/london/see-proxy-voting-statistics/>

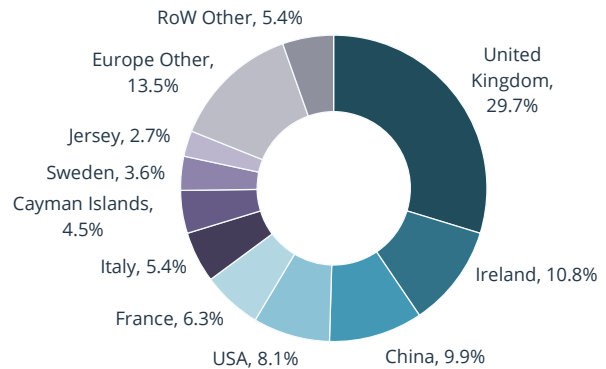
A summary of the Firm's voting statistics from 2023 is included below.

All votes were voted on apart from those which would result in share blocking. A total of 3.8% were voted against management and 3.5% against the ISS Sustainability Policy ("ISS Sustain"). It is important to note that each of our portfolio managers take a different approach towards voting decisions. However, all would wish to vote in the best fiduciary interests of their clients. Additionally, while ISS materials can be used for background, and to understand the likely intentions of other institutional investors, ISS is not aware of the history Lansdowne might have with a company (especially where engagements have taken place with management), which could give rise to voting with management and against ISS.

Voting Statistics*



Meetings Voted by Country



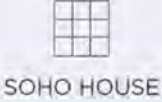
* The 1 unvoted meeting (40 proposals) was subject to shareblocking and, as per the Firm policy, the Portfolio Manager elected to not participate in the meeting and to instead retain the availability of the stock to trade. Note: Voting statistics from 2023. Source: ISS

Proposal Category Type

		For	Against	Abstain	Did Not Vote	One Year	Withheld	Total	Against Management	Against ISS Sustainability Policy
Management Resolutions	Audit Related	117	1		1			119	1	1
	Capitalization	249	14					263	14	
	Company Articles	31	4		5			40	4	
	Compensation	195	10		3	6		214	10	9
	Director Election	605	10	3	19		8	645	20	43
	Director Related	106	5		7			118	1	2
	Environmental	2	1					3		
	Miscellaneous	2						2	1	
	Non-Routine Business	14	2					16		1
	Routine Business	186	10		5			201	2	
	Social	19						19	7	1
	Strategic Transactions	8						8		
	Takeover Related	30						30		
	E&S Blended	1						1		
	No Research	7						7		
	Subtotal	1,572	57	3	40	6	8	1,686	60	57
Shareholder Resolutions	Compensation	1	1					2	1	
	Environmental	1	2					3	1	2
	Miscellaneous		4					4		
	Social	2						2	2	
	Subtotal	4	7					11	4	2
		1,576	64	3	40	6	8	1,697	64	59
									3.8%	3.5%

Significant Votes Cast in the Period:

Company	Description	Vote Cast	Vote Against?	Commentary	Outcome	% For
	Management Proposal: Re-elect Director	For	Against Management: No Against ISS Sustain: Yes	Board nominations: Director in question is not independent and we understand ISS' concerns with him sitting on the RemCo board. We voiced this with the company. Ultimately, we do view this as a controlled business by its majority shareholder and therefore think he director is likely very aligned with our equity ownership. We do not feel as though management targets are by any means "soft" which is where a conflict could arise, and think the controlling shareholder is aligned with us in setting testing targets.	Pass	82.5%
	Management Proposal: Re-elect Director	For	Against Management: No Against ISS Sustain: Yes	Board nominations: ISS are suggesting we vote down the Chairman, on the basis of his prolonged tenure. He continues to add enormous value to the business, and we feel the need to vote him down feels arbitrary.	Pass	83.9%
	Management Proposal: Approve Remuneration Report	For	Against Management: No Against ISS Sustain: Yes	Remuneration targets were reset during the year last year across the company. This was a function of the impact of the late 2021 Covid wave that heavily disrupted the peak holiday trading season, and rendered annual budgets non-applicable. The Company subsequently created targets for the April – September 2022 period (once COVID had subsided), which we viewed as reasonable. We see no issue with new incentive plans being necessary – and in a tight labour market think that retaining some bonus structure for all front line staff has been helpful for the first time in 3 years. We do feel that the past few years have been extremely challenging for pub operators, who have worked harder than ever for little reward. The executive team at MABs has hardly over-earned, and if anything benchmark as being low-cost relative to peers.	Pass	78.5%
	Management Proposal: Re-election of Director	For	Against Management: No Against ISS Sustain: Yes	We have spoken to Investor Relations to discuss the issues flagged by Sustainability regarding his re-election "Votes against incumbent nomination committee chair are warranted for lack of diversity on the board." Following the stepping down of David O'Breine in 2022, the Board is now comprised 33% women, meeting the recommendation of the Hampton-Alexander Review and in line with the current expectations of the Balance for Better business targets in Ireland. We recognise that Cairn has not yet met the Parker Review recommendation relating to ethnic diversity at board level, however the Company notes that "In response to the embedding of the Parker Review in market practice, the Board is reviewing succession planning and recruitment policies to ensure an appropriate focus on ethnicity"". Although not yet applicable, the current Board composition also does not meet the new Listing Rules requirements on board diversity. We believe that progress has been made on gender diversity at the Board level and the company is moving in the right direction regarding ethnic diversity.	Pass	99.8%
	Shareholder Proposal – Align Targets for Indirect Scope 3 Emissions with	Against	Against Management: No Against ISS Sustain: Yes	The merits of the proposal are fully acknowledged. However, it is considered that the proposal would represent a change in strategy from the one developed by the Board, which implies a potential constraint on the Board to develop and implement	Pass	69.6%

Company	Description	Vote Cast	Vote Against?	Commentary	Outcome	% For
	<i>the Paris Climate Agreement (Advisory)</i>			strategy. This is outlined in the company's Sustainability & Climate 2023 Progress Report published March 2023.		
	<i>Shareholder Proposal: Submit Severance Agreement (Change-in-Control) to Shareholder Vote</i>	Against	Against Management: Yes Against ISS Sustain: No	A vote for this item is warranted. While the company's current severance arrangements are within market practice, the implementation of a policy like the one described in the proposal would meaningfully mitigate the risk of cash severance payments that are excessive or not in line with market norms. Further, the proposal applies only to new or renewed severance arrangements.	Pass	59.8%
	<i>Management Proposals: Elect Director</i>	Against	Against Management: Yes Against ISS Sustain: No	A vote against the incumbent chair of the committee responsible for climate risk oversight is warranted because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments.	Pass	82.0%
	<i>Management Proposal: Elect Director</i>	Withhold	Against Management: Yes Against ISS Sustain: No	Withhold votes are warranted for director in question for serving as a non-independent member of a key board committee; and given the board's failure to remove, or subject to a sunset requirement, the dual-class capital structure, the classified board structure and the pop-up supermajority vote requirement to enact certain changes to the governing documents, each of which adversely impacts shareholder rights.	Pass	99.8%
	<i>Management Proposals: Re-elect Directors</i>	For	Against Management: No Against ISS Sustain: Yes	ISS' recommendation to not re-elect nominating committee members were due to the Nominating Committee Chair not being up for re-election. However, we feel that firing the female directors for insufficient Board diversity is not likely the correct approach, given that the board of Fullers does not meet the reporting requirement of achieving 40% female representation on the board or at least one director coming from an ethnic minority background.	Pass	99.5%
	<i>Management Proposals: Approve Stretch CEO Long Term Incentive Plan</i>	For	Against Management: No Against ISS Sustain: Yes	We voted for this proposal as additional disclosure of the company's state level lobbying, indirect lobbying-related expenditures and board oversight mechanisms would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	Pass	68.0%
	<i>Management proposal: Approve Remuneration Report</i>	For	Against Management: No Against ISS Sustain: Yes	We voted with the company and against ISS. 1. Company actions are already in place to remedy identified weakness. Discussion with the company is ongoing to ensure progress is maintained for Director re-election, and 2. For voting against the remuneration policy: this is because we believe that the company's proposed remuneration policy is in line with the value brought to the company by the individual/s in question and therefore is in line with the fiduciary responsibility of Lansdowne Partners for the remuneration policy. Also worth pointing out we engaged 1:1 with the Remco chair last year to address concerns regarding the Remuneration policy, and came away reassured that it was aligned with long term shareholder interests.	Pass	70.3%
	<i>Management proposal: Reelect Director</i>	For	Against Management: No Against ISS Sustain: No	The candidate remains independent in our view. ISS' view is that the nominee is losing independence after 12 years of Committee membership, we think this is overly formulaic and too binary.	Pass	83.5%

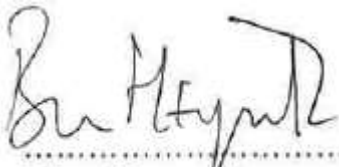
Company	Description	Vote Cast	Vote Against?	Commentary	Outcome	% For
	Management proposal: Reelect Director	Against	Against Management: Yes Against ISS Sustain: No	A vote against incumbent nominating committee chair is warranted for lack of diversity on the board.	Pass	95.5%
	Management proposal: Allow Shareholder Meetings to be Held by Electronic Means Only	For	Against Management: Yes Against ISS Sustain: No	A vote against the proposed article amendments is warranted because the new articles provide the possibility for virtual-only shareholder meetings. While there are benefits from allowing participation at shareholder meetings via electronic means, virtual-only meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions.	Fail	N/A
	Management proposal: Reelect Director	For	Against Management: No Against ISS Sustain: Yes	Rationale is that ISS' voting intention relates to gender diversity quota without a regard to other characteristics of the director such as experience and relevant skillset. We do not agree with the ISS opinion that gender diversity alone warrants a vote against the proposal on this occasion.	Pass	91.0%
	Management proposals: Approve Compensation of Chairman and CEO	Against	Against Management: Yes Against ISS Sustain: No	A vote against this remuneration report is warranted. The Chair / CEO is entitled to post mandate vesting f ongoing LTIP plans (2021 and 2022) without any prorata temporis. There is a compensation effect between performance conditions of the 2020 LTIP plan, which, even limited, has for effect to erase partially the impact of Covid19 for FY20.	Pass	65.7%
	Management proposal: Re-elect Director	For	Against Management: No Against ISS Sustain: No	A vote for is warranted as the company has set targets by 2030 and 2050 to achieve Net-Zero on a 1.5C trajectory validated by SBTi with intermediary checkpoints and as the disclosure framework and content are in line with market practices. However, qualified support only is warranted as the company has not set up any proper GHG reduction targets (scope 1,2 and 3) by 2025.	Pass	98.2%
	Management proposal: Re-elect Director	Against	Against Management: Yes Against ISS Sustain: No	Significant risks to shareholders stemming from severe ESG controversies have been identified at the company, which reflects a failure by the board to proficiently guard against and manage material environmental, social and governance risks. * Votes AGAINST board chair are warranted given that the chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders, and should therefore be held the most accountable for poor board oversight of ESG risk exposures at the firm. Votes FOR the remaining nominees are warranted.	Pass	93.1%
	Shareholder proposal: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	For	Against Management: Yes Against ISS Sustain: No	We viewed the increase in management compensation as well-deserved in light of 1) Very strong operational delivery and business performance during a challenging environment over the last two years. 2) Management's foresighted and balanced capital allocation during the Covid-19 pandemic, which has allowed the Group to gain c200bps of market share in its key US end-market, further cementing the fly-wheel effect that the business benefits from structurally (scale -> purchasing and operating efficiencies -> better customer service / pricing -> market share gains -> scale 3) Continued progress on management's diversification and clustering strategy (in-line with announced targets), which has helped make the business more resilient to economic downturns 4)	Fail	20.2%

Company	Description	Vote Cast	Vote Against?	Commentary	Outcome	% For
				Need to be at-least partially benchmark executive compensation vs US peers given the US continues to account for >90% of the Group's profits. We also agree with the one-off increase in CFO compensation for similar reasons, and also acknowledging the increasing complexity of his role (three separate country operations, much bigger Finance team).		
 RYANAIR	Management proposal: Re-elect Director	For	Against Management: No Against ISS Sustain: Yes	This is because we believe the director in question is a significant value driver for the company and therefore voting for their re-election is in line with the fiduciary responsibility of Lansdowne Partners.	Pass	76.0%

Declaration:

This Report has been reviewed and approved by the Management Committee of Lansdowne Partners (UK) LLP.

Signed:

A handwritten signature in black ink, appearing to read 'Brian Heyworth', written over a horizontal line of small, repeating characters.

Brian Heyworth

Chief Executive Officer
Lansdowne Partners (UK) LLP