STONEHAGE FLEMING STEWARDSHIP REPORT

2025

STONEHAGE FLEMING

2025 marks our fourth report and whilst we have made changes and improvements throughout the year, some portions of our core reporting remains unchanged.

Principles 1,2 ,5 and 6 are mostly unchanged except for cases of material changes to team or practices, as permitted by FRC guidance for 2025 submissions.

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A MESSAGE FROM STUART PARKINSON, CHIEF EXECUTIVE OFFICER

Welcome to our Fourth Annual Stewardship Report.

The term stewardship is integral to our business. We have a vital role to play as good stewards of our clients' capital, but beyond that for the entirety of their wealth and reputations, and as facilitators of the successful transition of wealth from one generation to the next. As a recent arrival to the business, this clear sense of purpose is one of the many factors which attracted me to join Stonehage Fleming.

We have always recognised that the positive impact we can generate for communities global and local, will be primarily delivered through the decisions we take as investment managers. Our engagements with the third-party managers and companies to which we deploy capital on behalf of our clients are critical to this process. We have taken further steps forward in the last year, both in our role as stewards of client capital and the way in which environmental, social and governance (ESG) factors are considered in the day to day running of the business. The work of our Stewardship and Investment Sustainability Committee (SISC) has been expanded and Graham Wainer, CEO Investment Management addresses this more fully in the next section.

We match our engagement as investors with engagement with our clients. Proprietary research has long been a feature of how we understand client concerns and requirements, and thus enhance our offering in response, and we share the results of this research with clients and their advisors through a substantial report and in-person events and discussion. Though results are as yet inconclusive, in 2024 we have also been actively researching client requirements for sustainable advisory services. In 2025 we are conducting our first formal client satisfaction research and will use the results to evidence how we deliver good client outcomes as well as identifying any areas for improvement. These initiatives across Stonehage Fleming complement the high touch engagement we enjoy with our clients on a daily basis.

We recognise the need to reflect the high standards we expect as investors with the practices we adopt within our business. The work of the DE&I Committee and the Responsible Business Group (RBG) are now fully embedded in the fabric of our governance structures. The RBG identified the need for a robust platform on which to base target setting for the reduction of emissions and have this year engaged with the Siemens Awarely platform to enable us to gather Scope 1, 2 and 3 data efficiently. This will enable us to take well evidenced decisions as to what we may practically achieve in reducing emissions in the normal course of business. The RBG is also charged with reporting to our most significant external shareholder, Caledonia Investment Trust, on our status on a wide range of ESG metrics and policies, and identifying appetite for sustainable services amongst our clients.

A MESSAGE FROM STUART PARKINSON

The DE&I Committee continues to focus on four key targets

- Improve the diversity of the SF workforce, by interviewing a higher proportion of diverse candidates: in those markets where we are permitted to record such data we can evidence that diverse candidates have accounted for 57% of interviewees as against 40% in the prior year
- Increase the diversity of the workforce at Senior Management Level (measured by Directors and Partners); in line with our target of 28%
- Raise awareness and increase inclusion by providing everyone with annual DEI training; on target, training over 160 line managers within the Group on issues such as unconscious bias
- DE&I focused activities; our wellness week in May 2024 captured attention across the Group with webinars, lectures and fitness challenges, and we have celebrated several culturally diverse milestones throughout the year.

The Responsible Business Group together with the SISC and the DE&I Committee all report directly to a member of the Executive Committee or to me directly, and I will be evaluating how we monitor our progress and impact as a responsible business at Board level. There is always more work we can do but I am impressed with the level of commitment and progress I have experienced.

Our collaboration with external partners demonstrates our commitment to positive change in the communities in which we operate. As Founder Members of the Chancellor's Circle at the University of Westminster, we continue to support, through mentoring and experiential programmes, the personal and career development of students from the University; in 2024 we welcomed some 50 students to our office to discuss with younger leaders within the firm how their career pathways had evolved. This is another demonstration of our support for the Next Generation, our local community in London (with the University a short walk from our offices), and for an academic institution which prides itself on its diversity and inclusivity. Amongst other noteworthy credentials, 51% of Westminster students are the first generation in their families to go to University and 64% of undergraduates are from ethnic minority backgrounds.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

A MESSAGE FROM STUART PARKINSON

As a business with a significant international footprint, our communities are not just in the UK. Our new volunteering policy encourages staff to support charitable causes of their choice and gives them time to do so; the business supported some 64 charities across 14 geographies in 2024. Recipients of financial support included the Laureus Foundation, Great Ormond Street Hospital and the Dunhill Foundation. We also concluded a three-year commitment in partnership with two of our clients, to the Duke of Edinburgh's International Award, which has a global ambition to bring the Award accreditation to more than 2 million young people annually. Our contributions supported almost 700 students (in their mid-teens up to 25 years old) over the 3-year period. Our support has been focussed on South Africa, acting through Afrika Tikkun with whom we have worked for many years to support disadvantaged youth with education and social development in the Western Cape and Gauteng. Two of our Stonehage Fleming Partners are on the board of Afrika Tikkun (UK).

Following our move in London to new BREEAM certified offices in September 2022, we are continuing to look for opportunities to upgrade the quality and environmental efficiency of our office space internationally; in the last 12 months we have opened new premises in Jersey, Geneva and Mauritius and upgraded our offices in the Isle of Man; all of these developments improve the quality of office space for our staff and our environmental impact.

We are proud to have had our Stewardship Reports approved in the last three years, evidencing to all our stakeholders that we understand the importance of Stewardship and are implementing adherence to the Code with enthusiasm and diligence. We have also played a role in consulting with the FRC on how the Code might evolve in coming years. We are complementing our engagement with the FRC through our affiliation with and submissions to the UNPRI. We continue to learn much about where we can establish best practices from both the FRC and UNPRI.

Final review and approval of this report rests with me as Chief Executive Officer and Graham Wainer as CEO Investment Management. It has also been reviewed by the Stewardship and Investment Sustainability Committee, which is a designated body of the SFIM Board, and by the Chair of the Responsible Business Group, a senior Partner in the firm.

I am delighted to present our fourth Annual Stewardship Report.

STUART PARKINSON

www.stonehagefleming.com

A MESSAGE FROM GRAHAM WAINER, CEO INVESTMENT MANAGEMENT

I am proud to be presenting Stonehage Fleming Investment Management UK's (SFIM UK) Stewardship Report alongside the Chief Executive of our Group.

We serve a wide range of investors. In addition to our core group of successful families and wealth creators, certain strategies are also offered to professional and institutional investors. Though, like professional investors, some families already expect the highest standards of stewardship from us, in our experience the majority are still establishing how stewardship and sustainability are best incorporated in their investment philosophy and objectives.

The pace of development of regulation, communication and education has been and will continue to be appropriately intense. Our expectation is that the stewardship expectations of private wealth will converge with those already evident amongst institutional investors. We are enthusiastically embracing the challenge of positioning our stewardship processes to meet the most stringent requirements of our investors. Part of our role is educational — to help private investors navigate the complex and nuanced area of sustainable and responsible investment and become even better stewards of their family capital. Similarly, we are also conscious of the expectations of the next generation of wealth, which we anticipate will be better informed and more precisely attuned to climatic and societal responsibility at an earlier juncture, and consequently be willing to use their engagement as investors to effect positive change.

We made significant progress in enhancing our stewardship practices and resources in 2024. We added two new team members with a specific focus on stewardship and sustainability, one with responsibility for third party manager selection and the other with a broader remit on stewardship policies and procedures. In addition and as reflected at various points in the report, we:

- Produced a second version of our exclusions policy with criteria we are confident we can deliver against;
- Implemented an anti-greenwashing policy for all financial promotions
- Updated our engagement policy (on which we elaborate in the report) and conducted three specific engagements covering TCFD/Climate with over 50 third party managers, Climate for all holdings in our GBI equity strategy and a broad based engagement on our Global Sustainable Investment Portfolio including Nature, Climate, DE&I and remuneration factors
- Enhanced processes in a number of areas including ESG screening, exposure checks and risk reviews, climate risk assessment and oversight, and assessment of third party manager ESG credentials and practices
- Published our first TCFD reports and second PRI report.

The scale of our ambition in stewardship and sustainability has increased together with the speed of implementation and we are confident that the granular examples throughout the report will evidence this progress.

The success of our business is intrinsically linked to an effective transfer of wealth between the generations. Wealth with endowment-style characteristics means investment decisions today need to be considered through the lens of the future owners of capital; the societal issues we face are inevitably and quite properly incorporated in the process of capital deployment. We work hard to understand the dynamics of intergenerational wealth, and the different perspectives held by different age groups, and indeed the perspectives of those in the first generation of wealth from those who have already managed a successful transition between generations. Proprietary research, conducted regularly over more than a decade helps ensure we are current with their concerns and priorities; this report references some of the key findings in our most recent research and why they are important to stewardship in more detail.

The framework for our reporting has not changed. We refer in this document as in our previous submissions to 'internal expertise' - our team of in-house specialist stock selectors and high quality bond selectors, whilst our 'external expertise' references our construction of multi-asset portfolios on behalf of our clients. We have a team of third-party manager selectors looking to bring the same consistency of quality and diligence to the selection of funds as we do to the individual companies in which we invest.

A MESSAGE FROM GRAHAM WAINER

Included in the 'external expertise' are our dedicated sustainable investment strategies. We launched Global Sustainable Portfolios in 2019 for those clients wanting a more focused approach to socially responsible investment, anchored to a number of the United Nation Sustainable Development Goals (UN SDGs). While the Sustainable Portfolios focus exclusively in this area, many identified best stewardship practices have been adopted into our other strategies to the benefit of all our clients.

Our investment teams, irrespective of whether they are selecting specific equities or third-party managers, share a commitment to identifying excellence and integrity. With significant volumes of assets entrusted to us to deploy with long-term horizons, we can and do influence outcomes. We are highly cognisant of our responsibilities in this regard.

As evidenced by the examples we share in this report, we seek actively to engage in various ways to generate best outcomes.

We have come a long way in formalising our approach to stewardship in a relatively short period. We have made further progress in the last 12 months to embed measurement and monitoring in an investment culture already underpinned by a strong set of values.

In addition to our Stewardship Reports, we made our second submission to the UNPRI in 2024. Feedback from this process and from self-appraisal means we are in no way complacent about our progress but we now have a very clear idea of what we want to achieve as investors and as a business, and the very process of reporting helps us learn, develop and improve.

We hope this, our fourth Stewardship report, demonstrates our ongoing commitment to the principles, and our efforts to enhance our investment processes and the broader industry.

GRAHAM WAINER

“We are enthusiastically embracing the challenge of positioning our stewardship processes to meet the most stringent requirements of our investors.

INTRODUCTION TO STONEHAGE FLEMING INVESTMENT MANAGEMENT

An overview of our UK Investment Management business

Stonehage Fleming is an adviser to many of the world's leading families and wealth creators. We manage and protect their wealth, often across several geographies and generations. Most of our clients are successful entrepreneurs and business owners who have created and continue to accumulate significant wealth. Our clients look to us to assist with the successful transition of substantial wealth from one generation to the next.

Stonehage Fleming Investment Management UK (SFIM UK) is a Private Limited company wholly owned by the Stonehage Fleming Family & Partners Group (Group). Being predominantly owned by management and staff means we are free from the commercial pressures and constraints faced by many financial services companies. Our business is explicitly service-orientated rather than product-led.

We are a global investment manager, constructing high conviction portfolios to preserve and grow wealth in real terms across generations. As of 31st December 2024 we manage £18.4bn in assets.

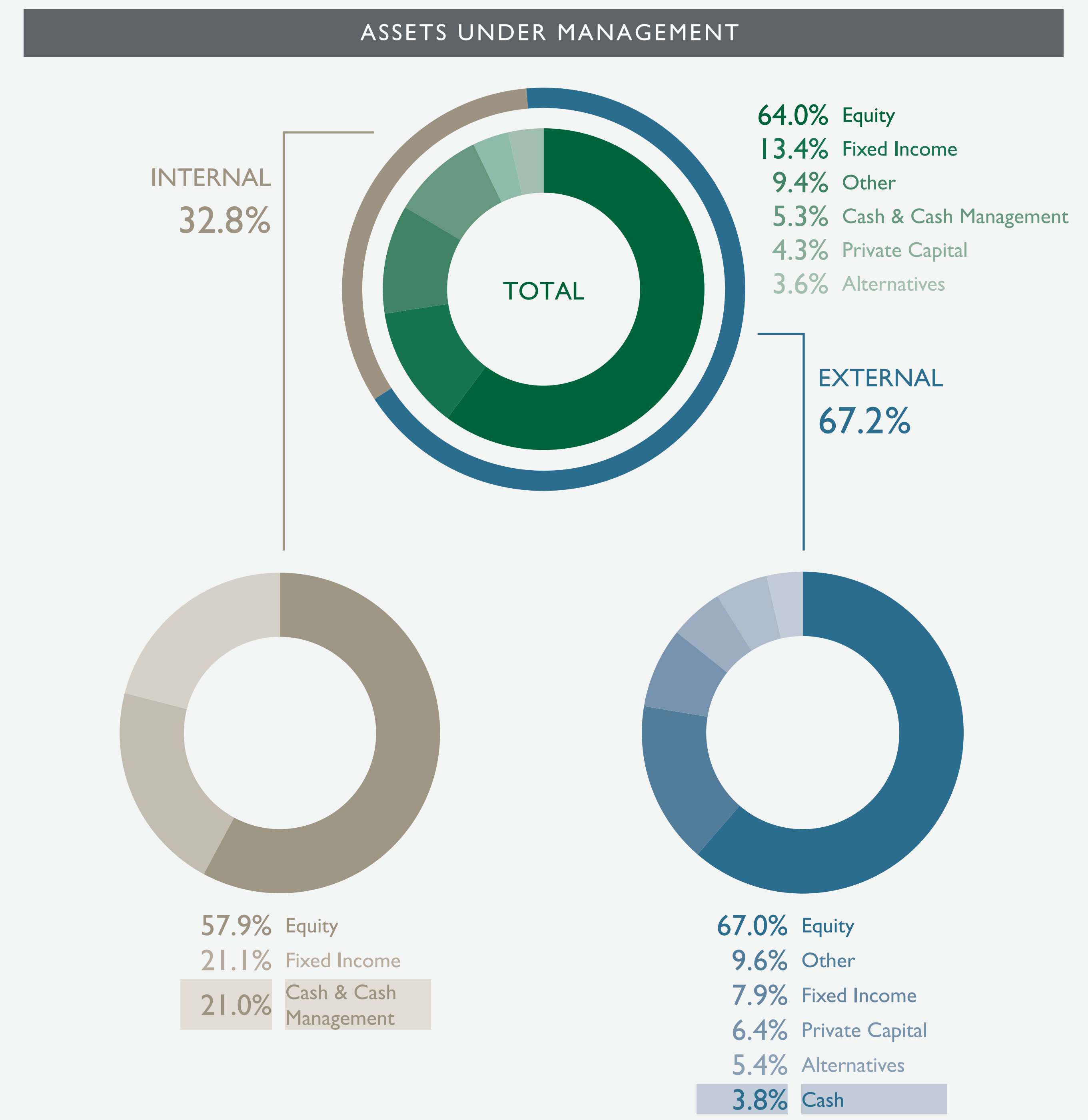
Most of our clients invest with us on a multi-asset basis and harness our portfolio construction, external manager selection capability, and in-house direct equity and fixed income expertise.

In other instances, clients have come to us to utilise only our direct equity selection capability and have more extensive portfolios managed elsewhere.

We, therefore, find it helpful to distinguish between our 'external expertise' and 'internal expertise'. External expertise refers to assets held with a set of carefully vetted third party asset managers. Internal expertise refers to our in-house security selection capabilities.

The Principles of good stewardship are universal. Still, in some instances, we need to draw distinctions between stock selectors and manager selectors. The asset split between internal and external is shown on page 14 (further information on asset breakdown can be found in Principle 6)

INTRODUCTION



Source: Stonehage Fleming Investment Management, 31 December 2024
Includes Fund data and SFIM UK client holdings, some estimates used on advisory assets.

INTRODUCTION

INTERNAL EXPERTISE

Global Equity Management (GEM) Team

(19.0% assets)

Our flagship direct equity investment offering is the Stonehage Fleming Global Best Ideas Equity Fund (GBI Fund), managed by our Global Equity Management team (GEM). Its investment strategy is to own a concentrated portfolio of best-in-class global companies that possess a strategic competitive edge, and to only acquire them at a fair value or less.

The GEM team manages a comparable size of assets in segregated accounts that mirror the Fund's philosophy and holdings (though in some instances regulatory and /or client restrictions may result in minor differences in holdings).

Direct Cash and Fixed Income

(13.8% assets)

The majority of our invested fixed income capital is allocated to specialist third party investment managers. However, we have established a fixed-income team that invests in direct bonds to meet the objectives of certain clients.
These portfolios typically comprise of high credit quality issuers with maturities up to the ten-year horizon. Similar to the equity selection, the emphasis is on issuers where we have confidence that company management will deliver on their objectives.

This category also includes sovereign bonds and bills held in client portfolios.

INTRODUCTION

EXTERNAL EXPERTISE

We manage multi-asset portfolios with cash, fixed income, alternatives, equity, and private capital allocations. A core competency is the selection of third party investment talent, which we use to implement these mandates. There are no shortcuts to identifying the very best managers. We pride ourselves on the rigour of our due diligence.

We select external talent across the multi-asset spectrum and seek out managers who share our values and approach to stewardship. We expanded our multi-asset offering in 2019 to include dedicated sustainable investment mandates.

Sustainable Mandates

Our sustainable multi-asset mandates allocate capital to managers with a definition of sustainable investing similar to our own.

We define sustainable investing as investing with the aim of having a positive impact on society or the environment.
In practice, this means that the sustainable mandate invests in managers whose investments align with the 17 Sustainable Development Goals defined by the United Nations. It also aims to outperform a relevant broad market index.

Both of these objectives can be met; we do not see them as mutually exclusive. Currently this proposition represents a small percentage of overall assets.

PRINCIPLE 1: PURPOSE, INVESTMENT BELIEFS, STRATEGY AND CULTURE

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.

OUR PURPOSE

Our purpose is to preserve the real wealth of the families we serve across multiple generations.

As stewards of intergenerational wealth, we have always had an extended time horizon. A failure to consider all stakeholders (including the planet) when providing investment solutions would be doing our investors a significant disservice. We view the long-term outcomes of corporate activity as integral to the investment process and the proper functioning of the broader financial system.

INVESTMENT BELIEFS

Stonehage Fleming has a long history of working with wealthy families, and we believe that capital should not be narrowly defined in purely financial terms. We see wealth as having four distinct, complementary and mutually dependent pillars. The Four Pillars of Capital are defined as follows:

Financial Capital

Tangible assets, business, properties, investments, and intellectual property – items that have quantifiable financial value.

Social Capital

How we (clients and our firm) engage with society and the communities we live and operate in, to contribute to societal and individual wellbeing.

Intellectual Capital

Skills, knowledge, experience, wisdom, and also awareness of where this needs to be supplemented by the expertise of partners and third parties.

Cultural Capital

Approach to business, treatment of others, contribution to society, leadership and values.

The Four Pillars provide a framework through which intergenerational success factors can be considered and positive outcomes achieved.

Our approach to investment decision making must also address all of these to resonate with our clients and deliver on our core purpose.

PRINCIPLE 1

STRATEGY

Whether we are constructing multi-asset portfolios, selecting third party managers, individual equities, or corporate issuances, the following is universal to all our approaches.

Long term

As described above, our time-frame is intergenerational. We select investments and construct 'built to last' portfolios that can withstand market vagaries, systemic risks and geopolitical risks.

Know what we own

We know that sound investment decision making is rooted in a thorough understanding of the details. Rigorous due diligence has always been a hallmark of our investment process. It is a source of pride within the firm. We believe that this meticulous care is an essential component of stewardship.

Management Quality

Whether selecting third party investment managers or company management, we focus on their suitability for the role (past experience and record in the industry) and their strategic thinking.

Avoidance of unnecessary complexity

We believe it is vital that all of our clients know and understand how their capital is being deployed. This builds trust in our ability to be good stewards of capital and results in long-term relationships with our clients.

CULTURE

Our corporate culture emphasises the following values:

Family

We are a family and embrace the values that make a family harmonious and successful. We treat everyone as we expect to be treated ourselves. We harness our heritage, listen, trust each other and act as one to benefit our clients, our partners and ourselves.

Moral Courage

We act with integrity and conviction. We ask difficult questions of clients and colleagues alike, and without exception strive to do the right thing.

Excellence

We strive for excellence in everything we do and demonstrate this passionate aspiration in how we think, talk, and interact.

These values have been regularly assessed for relevance and authenticity as the business has grown, changed shape and integrated other businesses. They have remained unchanged for well over a decade.

PRINCIPLE 1

OUTCOME: LONG-TERM VALUE FOR CLIENTS AND BENEFICIARIES

Our purpose, belief, strategy, and culture are designed to generate long-term value for our clients and their beneficiaries.

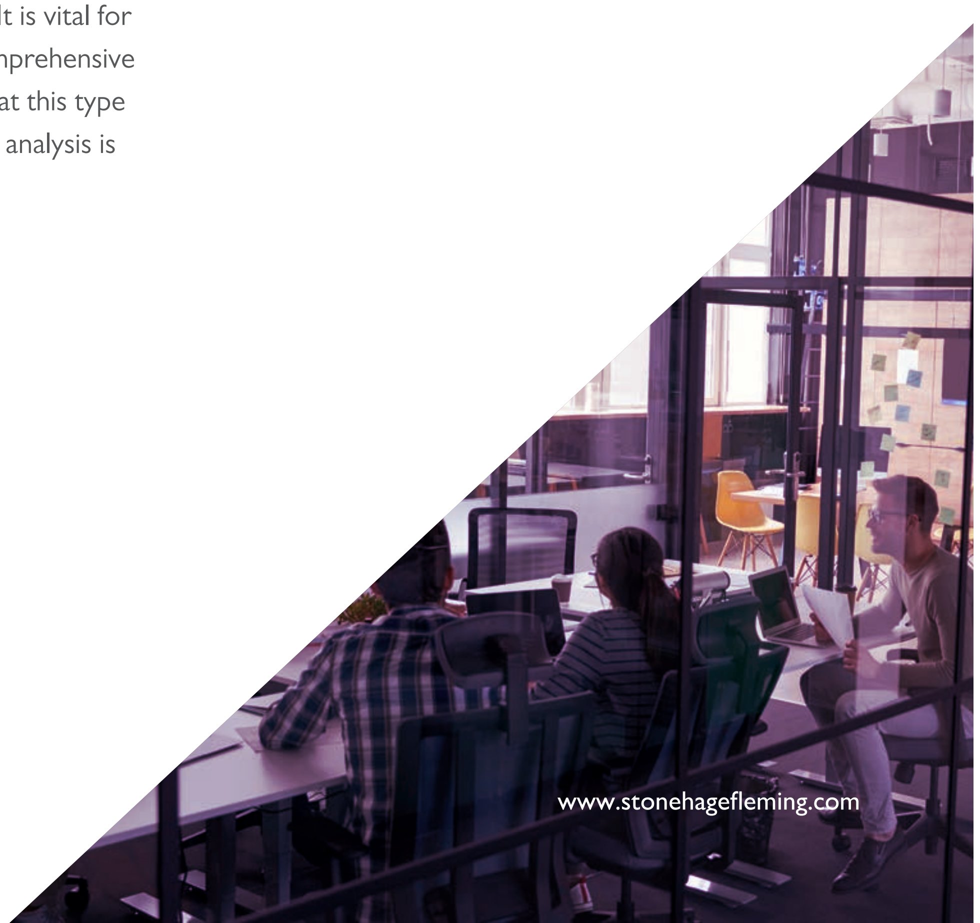
We have surveyed clients, advisors, and friends of the firm regularly since 2018 on the importance to them of reflecting their values in their investments.
Over 70% of respondents have consistently reported that they wished for their values to be represented in their investments, though the means of implementation was much more nuanced.

Our 2023 survey was the most extensive yet reaching nearly 300 respondents in multiple jurisdictions, and in terms of the issues explored. The importance of Social Capital, the contribution in its broadest sense that a family or individual makes to its communities, both local and global, is explored in detail. It is vital for any organisation which seeks to have a comprehensive understanding of the needs of its clients, that this type of qualitative and quantitative research and analysis is conducted on a regular basis.

OUTCOME: SUSTAINABLE BENEFITS FOR THE ECONOMY, ENVIRONMENT, AND SOCIETY

As long-term investors, we are providers of patient multi-cycle capital. This allows the managers of those assets, either corporate entities or third party providers, to invest in projects designed to deliver optimal long-term outcomes, not merely short-term profits.

We only allocate capital after we have conducted rigorous due diligence. This due diligence encompasses a wide variety of factors, including management quality and the overall integrity of the business.
Our high-quality due diligence also allows us to play a responsible role within the broader functioning of financial markets including our analysis and response to systemic risks. Examples of this work are included under Principle 4 & 7.



PRINCIPLE 1

INTERNAL EXPERTISE

Global Equity Management

The team invests in best-in-class businesses for their quality, strategic competitive edge, and value. The objective is to achieve long-term growth in capital in portfolios of high-quality listed businesses from around the world. There is a particular focus on the quality of management, sustainable growth*, balance sheet strength, return on invested capital, free cash flow, and the ability to grow dividends each year.

The GEM team's investment philosophy is built on four core pillars:

Through its commitment to the first two of these pillars the team has always considered ESG risks as an element of its broad research process and portfolio management considerations. We know that companies not actively addressing their ESG and climate transition risks will be less able to generate future sustainable revenue and earnings growth.

**Sustainable Growth refers to stable long term financial performance and does not imply ESG credentials or expectations*

EXTERNAL EXPERTISE

Third party manager selection

Portfolios capture our optimal long-term investment ideas with carefully selected funds and securities. Few exceptionally talented individuals invest well for long periods, and they won't all reside within a single firm. Our rigorous due diligence process meaningfully narrows the odds in favour of identifying talent.

SFIM UK believes that stewardship practices and an awareness of environmental, social, and governance risks and opportunities are factors to consider when selecting third party managers. An assessment of these practices is therefore part of our own due diligence process where deemed material. Additional detail on the incorporation of ESG factors into our analysis is covered in Principle 7.

Sustainable Investment Proposition

Our sustainable investment proposition takes additional steps. Here, SFIM UK considers the merits of third party strategies by systematically assessing both investment returns and the robustness of manager sustainability credentials. The latter focuses on how convinced we are that managers, through their firm wide practices and fund level approach to integrating sustainability considerations into the investment process, contribute to positive environmental, social or governance outcomes.

This is primarily measured by mapping the portfolios to the United Nations Sustainable Development Goals (UN SDGs) and tracking alignment over time.

In addition to the mapping process, we expect underlying managers to integrate environmental, social, and governance factors into the inputs and outputs of the investment process. This helps to assess whether they pose a material risk to environmental or social objectives and risk-adjusted returns.

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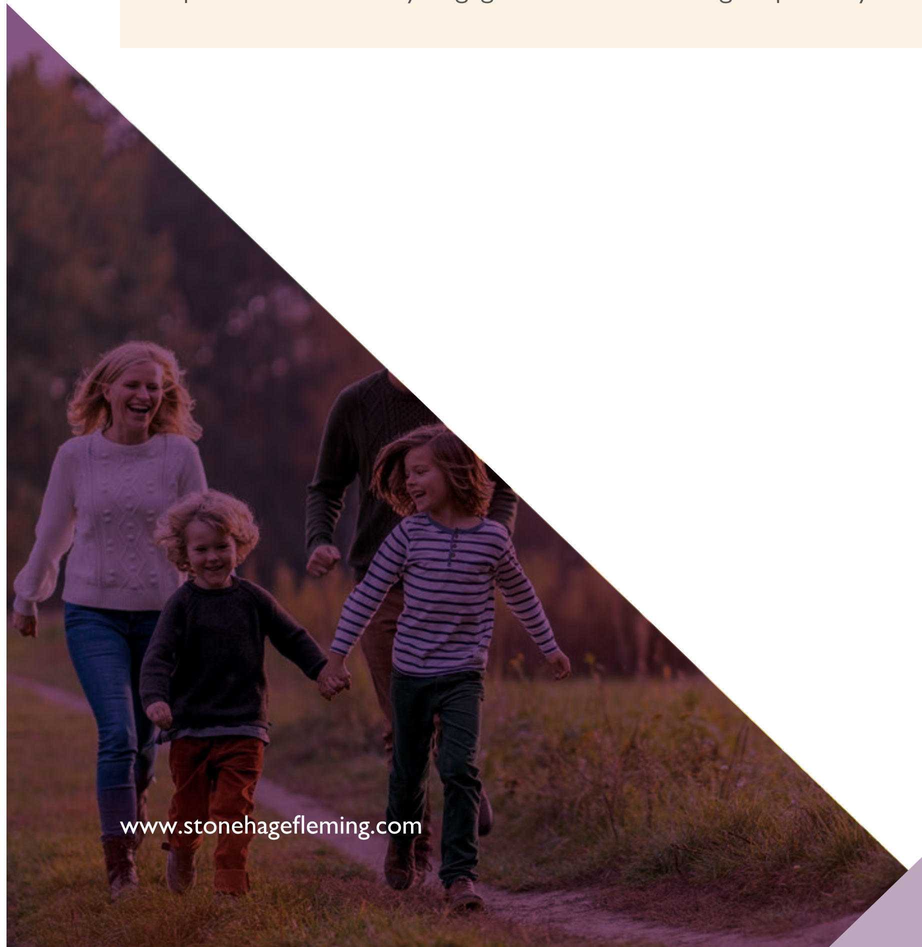
PRINCIPLE 1

NEW FOR 2024

During 2024, the wider business won 11 industry awards including the family office services provider of the year award from Spear's, multiple family office awards and three Citywealth brand and reputation awards in recognition of the evolution of our brand and thought leadership. In addition, 11 of our professionals were individually recognised including recognition in the PAM NextGen leaders list. We are pleased that our firm and client proposition receive regular third party validation and recognition for the high-quality work we do on behalf of clients.

We continued to share the results of our most recent Four Pillars of Capital proprietary research report, focused on helping families and wealth creators achieve intergenerational success. The report drew on insights from over 300 respondents in multiple jurisdictions, and representing different age groups and generations of wealth.

The report is publicly available and has been the centrepiece of speeches at conferences in the UK, Europe, Africa and the Americas, both those hosted by Stonehage Fleming and by respected organisations such as the Society of Trust and Estate Practitioners (STEP). We have also hosted events where families and their advisers debated the findings and shared experiences of managing risk and reputation, demonstrating their social capital and community engagement, and investing responsibly.



PRINCIPLE 2: GOVERNANCE, RESOURCES, INCENTIVES

Signatories' governance, resources and incentives support stewardship.

STEWARDSHIP IS SUPPORTED BY SFIM UK'S GOVERNANCE STRUCTURES

A governance structure aims to ensure that an organisation's processes, procedures, and policies are transparent and there is a high degree of accountability.

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

Governance supports stewardship and requires the following:

- Highly qualified, honourable, and experienced individuals in positions of trust
- Access to resources and infrastructure that support stewardship
- Mechanisms through which that work can be assessed and ongoing improvements made
- A culture of transparency and integrity

Stewardship demands more of us than merely having appropriate governance structures and accountability. Our governance framework is designed to help us meet the requirement to create long-term value for clients and beneficiaries. It is also aligned with our broader purpose and beliefs (see Principle 1).

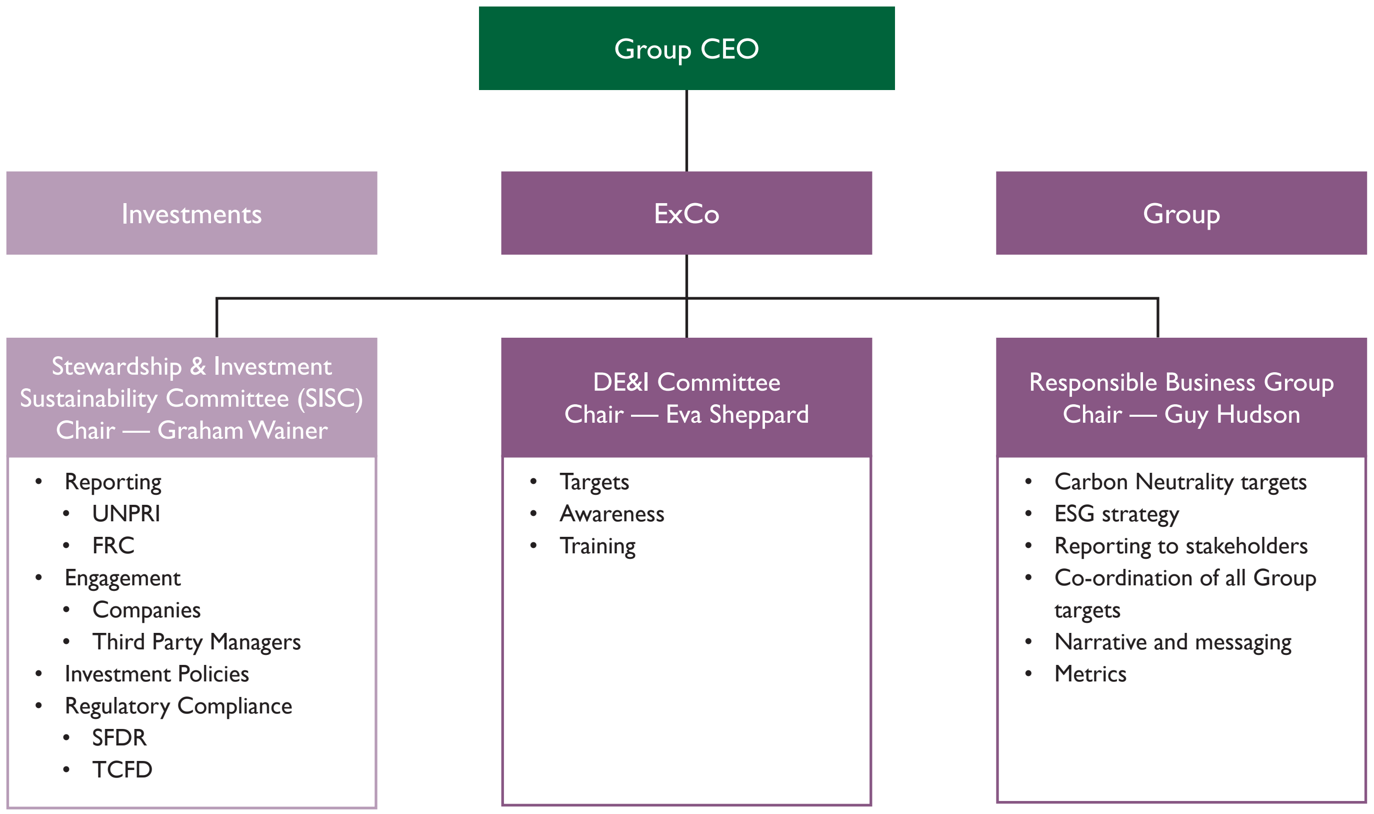
In this section we outline the committees and individuals directly responsible for ensuring stewardship considerations are embedded in all decision making and practices. We outline how these operate both within our investment activities in SFIM, and also within the day-to-day running of our business.

PRINCIPLE 2

OVERSIGHT AND ACCOUNTABILITY

As is appropriate for an investment business of our size, we have a governance structure in place to ensure that our investment activities are conducted effectively and serve the needs of all stakeholders (clients, employees, business and industry partners, regulators etc.). To achieve those ends, we have Committees with delegated authority from the SFIM Board, charged with fulfilling these specific duties.

The schematic below shows that all Stewardship activities, conducted through the Stewardship and Investment Sustainability Committee, DE&I Committee and the Responsible Business Group, are reported into the executive at SFIM or Group level, and through this to the SFIM or Group CEO. Stewardship activities occur through normal reporting lines.



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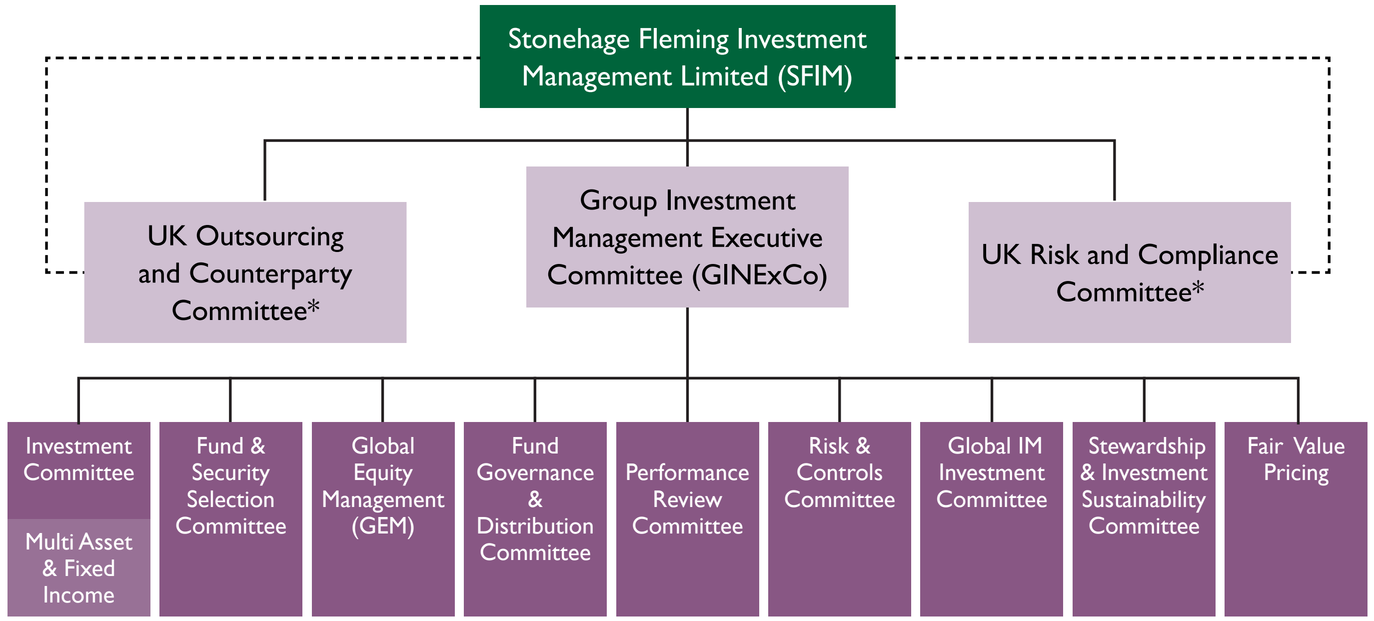
PRINCIPLE 2

At SFIM level, additional committees integrating aspects of stewardship exist. These do all have Chairpersons with the requisite experience to manage the committee and reporting lines which lead back to Graham Wainer, CEO Investment Management, and the Board of SFIM, and from there on to the Group's CEO Stuart Parkinson and ultimately to the Group Board.



**applies to all UK FCA regulated entities*

Over the past five years, we have progressed from semi-formal oversight of a broad range of stewardship activities led by Partners of the firm, to a governance structure designed to build stewardship into "business as usual" practices.

Since 2023, we have been reporting to our strategic external shareholder, Caledonia Investment Trust, across a wide range of metrics, predominantly focused on environmental considerations, to contribute to its own aggregated reporting across its portfolio as a quoted investment trust.

PRINCIPLE 2

STEWARDSHIP AND INVESTMENT SUSTAINABILITY COMMITTEE (SISC)

The SISC was established in 2022 and is a designated committee of the SFIM UK board. The committee is chaired by Graham Wainer, CEO Investment Management. It has responsibility over all UK FCA regulated entities to ensure there is a high level of stewardship across strategies, sharing best practice on ESG, and helping co-ordinate sustainability initiatives, including new regulatory developments.

The committee consists of senior representation from across the firm.

It was established with these guiding principles:

- To incorporate the evaluation of ESG issues into our investment analysis and decision-making processes
- To be active owners and incorporate ESG issues into our ownership policies and practices
- To seek appropriate disclosure on ESG issues by the entities we invest in
- To promote acceptance and implementation of the Stewardship principles within the investment industry
- To work together to enhance our effectiveness in implementing these principles
- To report on our activities and progress towards implementing the principles

Under Principle 5, we expand on the functioning of the Stewardship and Investment Sustainability Committee by describing the operational structure we have established in order to demonstrate its effectiveness more clearly.

PRINCIPLE 2

DIVERSITY, EQUALITY & INCLUSION COMMITTEE (DE&I COMMITTEE)

The DE&I Committee was established at Group level in 2020 with representatives from across business lines, functions, and geographies of varying levels of organisational seniority. Chaired by Eva Sheppard, a senior client Partner at Stonehage Fleming Investment Management, the DE&I Committee is charged with supporting the Senior Leadership Team by establishing meaningful and achievable goals to increase awareness of DE&I issues and effect change so that Stonehage Fleming is a truly diverse and inclusive business in terms of its staff composition, attitudes and practices. Our four key goals are:

- Training: Raise awareness and increase inclusion by providing everyone with annual Diversity, Equality & Inclusion Committee (DE&I) training (on target)
- Recruitment: Improve the diversity of the Stonehage Fleming workforce, by interviewing a higher proportion of diverse candidates. The diversity criteria measured include one of three categories: ethnicity, highest level education and gender (on target)
- Workforce: Increase the gender diversity of the workforce at Senior Management level (Director and Partner level) which for the financial year ending March 31st 2025 was set at 28% (on target)
- Activities: For the committee to assume responsibility for organising at least two global activities/events annually to everyone with the purpose of promoting DE&I in line with our mission statement (Wellness Week is in its fourth year and once again we are participating in the #10,000 Black Interns program)

PRINCIPLE 2

RESPONSIBLE BUSINESS GROUP (RBG)

The RBG is the latest addition to the Group's stewardship and sustainability governance structures. First constituted in 2024 as a Group level committee. It works closely and shares membership with the other two pillars of our Governance framework overseeing stewardship and sustainability matters. The RBG is chaired by Guy Hudson, a senior Partner who formerly chaired the SISC, and includes Eva Sheppard, a senior Partner and chair of the DE&I Committee, Tristan Dolphin, Head of Sustainable Investments and Philipp Cyrus, Sustainability and Stewardship Officer, both of whom are also members of the SISC. Caroline Bauer, Head of Family Office Zurich and Harry Sutton, Family Office Jersey, represent our Family Office business to ensure we are considering stewardship requirements across all our services. Lorraine Whitby, Head of Facilities Management is also a member of the RBG, reflecting the importance of buildings and facilities management to ensuring that best practices in terms of sustainability are applied across the Group's 20 offices, including relationships with suppliers, recycling and waste management, conformity with local regulations, and energy conservation.

The Group has been set-up with the following mandate:

- To establish a "centre of gravity" for the Group's strategy, ambition and narrative as a responsible business, as well as target setting, monitoring, measuring and implementation
- To develop the Group's Responsible Business strategy, ambition and narrative
- To recommend Responsible Business KPIs for the Group to monitor and improve performance against
- To establish processes for measuring the progress against Responsible Business KPIs, including appropriate data storage and quality checks
- To work collaboratively with industry peers, including participation in relevant industry events and networks
- To maintain a roster of all commitments to voluntary bodies across the Group and identifying any affiliations which would benefit the Group and its stakeholders
- To report to all stakeholders on Responsible Business matters including progress against targets

The RBG works closely with other Group functions e.g. Finance to track client-related and intra-company data such as travel information which is used to track and manage the Group's carbon footprint.

PRINCIPLE 2

RESOURCES FOR STEWARDSHIP

Good stewardship requires sufficient resource from both a people and analytical perspective. As the business has developed its responsible investment framework in recent years, further investment has been made in both tools to support this work and headcount with the recruitment of two new joiners to the team.

Having first expanded our capabilities in 2023 through the creation of a dedicated Sustainability & Stewardship Team, in 2024 we have added two additional resources to aid our sustainable investing and stewardship activities.

Biographies for the key members involved in stewardship activities, as well as all SISC members, are shown below:

Sustainable Investment Team, SISC Member

TRISTAN DOLPHIN

Head of Sustainable Investments

Tristan is Head of Sustainable Investments at Stonehage Fleming and acts as portfolio manager to the firm's multi-asset and equity-only sustainable investment strategies. He also contributes to broader multi-asset investment strategy and fund research.

He joined the Group in 2011, initially in the Direct Equity team during a period of strong growth before moving across to the Investment Strategy and Research team.

Tristan holds an honours degree in Psychology from the University of Plymouth and qualified as a CFA Charterholder in 2015.

Sustainable Investment Team

STEPHEN KELLY

Investment Strategy and Research Analyst – Consultant

Stephen is a Consultant at Stonehage Fleming and provides research on the investment team's core and sustainable investment strategies. He also contributes to broader multi-asset investment strategy and fund research.

He joined the Group in 2022 when Stonehage Fleming acquired Maitland Group, where he worked for 5 years on equity-fund selection.

Stephen holds an honours degree in Mathematics from the University of York and is a CFA Charterholder.

Sustainable Investment Team

ALICE WOODS

Analyst, Investment Strategy and Research – Sustainable Investments

Alice is an Investment Strategy and Research Analyst, working on the Group's multi-asset and equity-only sustainable investment strategies. She also contributes to broader multi-asset investment strategy and fund research.

She joined the group in 2024 after previously working for Wren Investment Office as an Associate.

Alice holds a Bachelor of Arts in History from the University of St Andrews and has completed the IMC and ESG CFA.

PRINCIPLE 2

Sustainability & Stewardship Team, SISC Member

PHILIPP CYRUS

Sustainability & Stewardship Officer

Philipp is an Associate Director at Stonehage Fleming, responsible for Sustainability & Stewardship, having joined the group in 2023. He oversees ESG data and research, disclosure and engagement projects as well as sustainability strategy development, policies and processes.

Prior to joining Stonehage Fleming, he worked as an analyst in the sustainability research division of S&P Global. He also worked in research, development and teaching capacities for various UK and international organisations, including UK based Social Value Portal, the London City University and the UN Food and Agriculture Organisation.

Philipp holds a Doctor of Philosophy in Economics from the School of Oriental and African Studies, London.

Sustainability & Stewardship Team

BENJAMIN LAWS

Junior Analyst, Sustainability & Investment Stewardship

Ben is an analyst on the Sustainability & Stewardship team, working on ESG data and research, disclosure and engagement projects for multi-asset and direct equity products.

Prior to joining the group in 2024 he worked at Redburn Atlantic as an Equity Research Analyst.

Ben holds an MSc in Environmental Development from the London School of Economics and a BSc in Sustainable Development from the University of St Andrews.

SISC Member

GRAHAM WAINER

CEO Investment Management

Graham is CEO Investment Management with overall responsibility for the firm's investment management business. He is also Chairman of the Investment Committee and the Stewardship & Investment Sustainability Committee (SISC).

Prior to joining the Group, Graham was GAM's Group Head of Investments – Multi Asset Class Solutions and Chairman of GAM's Investment Advisory Board where he had overall responsibility for the firm's discretionary mandates and related co-mingled funds.

Graham holds Bachelor of Commerce (Hons) and Master of Commerce degrees from the University of Cape Town.

PRINCIPLE 2

SISC Member

GUY HUDSON

Head of Marketing and Communications

Guy is Head of Marketing and Communications for the Stonehage Fleming Group. As a Partner and Chair of the Responsible Business Group, Guy also leads on embedding, co-ordinating and measuring ESG considerations within the day to day running of the business. Guy has 40 years' experience in asset and wealth management.

Prior to joining Stonehage in 2013, he was the Board Director leading Client Services at Heartwood, now Handelsbanken Wealth Management. Previously he had spent over 14 years at Newton and Mellon in senior sales, marketing and strategic development roles, including building Newton's private investment business and heading asset management distribution for Mellon in the US and Europe. Guy holds an MA in Modern History from Trinity College, Oxford and is a recent Vice-Chairman of Governors of Sherborne School.

Guy was awarded the INSEAD Coaching Certificate in June 2022; he provides coaching and mentoring to executives inside and outside the Stonehage Fleming Group, including on a pro bono basis to C-Suite personnel in the charitable sector.

SISC Member

JOHN VEALE

Deputy Head of Investments

John Veale is Deputy Head of Investments for Stonehage Fleming Investment Management and is responsible for multi-asset investment strategy and research. He joined the Group in 2001 working initially as a Portfolio Manager and Analyst.

John previously practised as a Chartered Engineer, working among others at Arup.

He holds a Master of Science in Engineering from the University of Cape Town.

SISC Member

TOM JEFFCOATE

Head of Equity Funds

As Head of Equity Funds, Tom has oversight of all public equity funds and discretionary equity investments at Stonehage Fleming globally, with the exception of the GBI Fund for which he is a Senior Research Analyst, specialising in in-depth research of companies across all sectors.

Tom joined Stonehage from ZAN Partners having previously worked at Sigma Capital and PricewaterhouseCoopers. Tom is a CFA Charterholder, a Chartered Member of the Chartered Institute for Securities and Investment and has an honours degree in Economics and Politics from Durham University.

Tom also holds a CFA Certificate in ESG Investing and is responsible for driving the ESG agenda within the Global Equity Management team and for the GBI fund. He chairs the GBI ESG Investment committee and is a member of the group Stewardship and Sustainable Investment Committee.

PRINCIPLE 2

SISC Member

SIMON WARD

Investment Management

Simon is a Partner within Stonehage Fleming Investment Management and looks after a small group of large UK and international client families across invested multiple asset classes.

Prior to joining the Group in 2002, he worked for Cazenove Fund Management where he managed discretionary portfolios for UK based entrepreneurs and families. Whilst there, Simon completed SFA and Securities Institute examinations, becoming a Fellow of the Securities Institute in 2001.

He is a member of the Stewardship and Investment Sustainability Committee and of the Performance Review Committee.

SISC Member

JILLY WONG

Risk and Compliance

Jilly is a Senior Compliance Manager within the Risk & Compliance Team, working closely with the business on various aspects such as regulatory change, financial promotions reviews, cross-border marketing and business risk registers.

Prior to joining Stonehage Fleming in 2022, she worked in the Compliance Operations Team at Close Brothers. Jilly began her career in compliance in the Asia financial centre of Hong Kong, initially with a boutique asset management firm and then moving to the global investment bank, Credit Suisse, as part of the Equities Compliance team. With over 20 years' experience she has gained exposure to hedge funds, equities, funds administration and prime-brokerage.

Jilly also holds a Master of Business Administration from the University of South Australia.

SISC Member

JON SCARLL

Head of Operations

Jon is Head of Stonehage Fleming Operations in London. He joined the group in late 2020 and has 29 years' investment operations experience.

Prior to Stonehage Fleming, Jon has held senior operational roles within financial services. Jon sits on the firm's SISC and takes a keen interest in the continually evolving E&S landscape, working within the firm to implement processes to measure and support its socially responsible investing and adherence to its regulatory reporting obligations.

Jon holds a BA in Management from the University of London.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 2

INCENTIVISATION

A clear Remuneration Policy is essential for employees, clients and shareholders to be confident that remuneration governance is consistent with best practices and promotes sound and effective risk management. Employee remuneration consists of both fixed and variable elements. The fixed element comprises basic salary and benefits. The variable part includes an annual bonus and long-term incentive awards which may involve equity options and growth shares.

Over recent years, the firm has placed a greater emphasis on stewardship and ESG considerations within the appraisal process to incentivise employees accordingly. This is naturally a challenging area on which to assess employee performance and we continue to look at ways of developing this further.

NEW FOR 2024

- Ongoing development of a Group sustainability framework which defines our ambitions for four key stakeholders – our clients, our workforce, our communities and our planet
- Constitution of the RBG as an additional pillar of our Group level sustainability and stewardship activities and governance
- Expansion of stewardship and sustainable investment teams through new hires

FUTURE GOALS

- Improvement of our data capture, tracking (e.g. Scope 1-3 emissions) and reporting to stakeholders

PRINCIPLE 3: MANAGE CONFLICTS, BEST INTERESTS, CLIENTS FIRST

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

SFIM UK CONFLICTS OF INTEREST POLICIES AND PROCEDURES

SFIM UK maintains a comprehensive Conflicts of Interest policy that applies to all of our activities. Managing conflicts effectively is central to our duty of care. The oversight falls to our Risk and Compliance team, but the responsibility rests with the management team. Our Conflicts of Interest policy document can be found on our website. We approach managing conflicts as follows:

- Identify circumstances that do or may give rise to conflicts of interest
- Take appropriate steps to avoid or manage those conflicts of interest
- Disclose conflicts of interest as appropriate

We define conflicts as either 'Structural' or 'Transactional.' Each business unit has a Conflicts of Interest matrix, which details structural conflicts and records how these conflicts are managed and controlled. It is reviewed, at a minimum, annually. Transactional conflicts must be recorded separately within the Group's central Conflicts of Interest Register.

SFIM UK, in the management of conflicts, refers to Financial Conduct Authority (**FCA**) Principle 8 of the FCA Principles for Business, which sets out the fundamental obligations of all authorised firms under the regulatory system. This Principle has been expanded in Chapter 10 of the FCA handbook's Senior Management Arrangements, Systems and Controls sourcebook (**SYSC**). It requires firms to take all appropriate steps to identify and prevent or manage conflicts of interest.

Our conflicts of interest policy is reviewed by internal audit and also externally by BDO. This helps provide assurance that our policy is in order.

In order to ensure that the business manages conflicts appropriately, periodic training is provided so that all staff are familiar with our approach to managing conflicts and best practice around this.

PRINCIPLE 3

EXAMPLES OF CONFLICTS AND THEIR RESOLUTION RELATED TO STEWARDSHIP

Actual or potential conflicts related to Stewardship form a subset of the overall number of conflicts which could exist within the business, and in these instances, we will always put our clients' interests first. Listed below are structural and potential conflicts of interest related to Stewardship.

Allocation of capital to our in-house public equity offering by our multi-asset team

The vast majority of our multi-asset portfolios are invested in external managers, but we do allocate capital to our in-house teams. When we do use internal offerings, we are guided by the following:

- We will use in-house products only where we believe wrapping its investment strategy, which could otherwise be offered as a set of direct investments, into a fund structure will enhance clients' investment outcomes
- We will reduce the financial conflict of interest of generating additional fees. Where a client is paying our standard multi-asset fee, any in-house public equity strategy used will either have a zero management fee class, or the multi-asset fee will be reduced by any management fee charged within the product
- All in-house investment products are scrutinised and evaluated using the same parameters set for third party external managers.

EXAMPLE

Commercially beneficial for clients to go into particular mandates

Some strategies have lower levels of assets and these may benefit from additional assets to bring them up to a critical mass.

In order to mitigate this conflict, rigorous work is done at the take-on stage to ensure that clients are in the most appropriate mandate. We have signed up to a new provider in recent years, Oxford Risk, to further aid us with determining the suitable mandate for clients. A combination of understanding our clients well and full transparency helps to mitigate this risk, and ensure investments are aligned with the correct strategy.

EXAMPLE

PRINCIPLE 3

Material conflicts of interest for our equity selection team include:

- SFIM UK (or an affiliate) serves as financial advisor to or provides other services to the Investee Company
- The proponent of a shareholder proposal is a SFIM UK client
- An employee of SFIM UK has a material relationship with the Company
- An employee of SFIM UK (or an affiliate) sits on a company's Board of Directors

When such a conflict of interest arises, SFIM UK will remain impartial in exercising proxy voting rights by abstaining or voting based on the majority recommendation made by a proxy advisor, currently Glass Lewis.

Issues may arise where SFIM UK determines that there is a material conflict of interest. In such instances SFIM UK will notify the specific client of its voting intentions. If there is disagreement between SFIM UK's voting intention and the wishes of the individual client, SFIM UK will abstain from the specific vote for that client. SFIM UK will also consult the Stonehage Fleming Group Conflicts of Interest policy and may take further action if required.

EXAMPLE

Differing stewardship preferences of our clients

This may arise where clients have opted to vote on their own shares rather than allow SFIM UK to vote on their behalf. In these instances, we would respect the client's wishes and vote accordingly for each client.

EXAMPLE

Price Sensitive Information

There may be times where our investment team are exposed to price sensitive information. In the event of this happening, the team would follow our compliance policies to ensure we meet our regulatory and legal responsibilities.

Regular training is provided to the firm to ensure there is a high level of knowledge in this area including how these events should be reported and escalated.

EXAMPLE

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 3

Our third party manager selection team may invest in a Fund where the equity of the asset manager which houses the Fund is held by our in-house equity team

There is clear separation between our third party manager selection team and our Direct Equity team, with both operating independently. We are confident that this conflict could be managed if it were to arise.

EXAMPLE

FUTURE GOALS

We are looking to introduce "Market Soundings: OFIO" rules for our fund managers. This is where an investee company may seek to bring investors "inside" on material non-public information. The OFIO (Outsourced Family Investment Office) set up will give Risk and Compliance initial insight to the circumstances before the fund management team and should ensure full capture of all such incidents to ensure no conflicts of interest arise.

PRINCIPLE 4: IDENTIFY, RESPOND, PROMOTE

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

SFIM UK PORTFOLIOS

As defined previously, our purpose is to preserve and grow the real wealth of the clients we serve across multiple generations. Consideration of systemic risk is essential to the fulfilment of our stated purpose. A major adverse market event may result in market losses, but these should be recoverable and not result in the permanent loss of capital.

Our portfolios, therefore, are built with the following ideology, which serves to reduce the impact of systemic risk events:

- A long-term, multi-year mind-set
- A diversified global orientation
- An emphasis on high quality investments
- Avoidance of leverage
- Avoidance of complexity

While the portfolios are built to be robust and withstand a variety of market conditions, this needs constant appraisal and review. Our Investment Committee takes responsibility for ensuring this is the case for multi-asset portfolios, and our Risk and Performance team informs that process.

THE RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Investment Committee is led by Graham Wainer (CEO Investment Management) and also includes John Veale (Deputy Head of Investments) and Peter McLean (Head of Multi-Asset Portfolio Solutions). The committee meets at least once a month and is responsible for establishing our clients' strategic investment approach, including an appropriate risk framework, strategic and tactical asset allocation, and the implementation of portfolios with suitable investments. The committee also directs the research team to investigate new opportunities and reviews manager research reports on funds and products before submitting them to the Fund and Security Selection Committee.

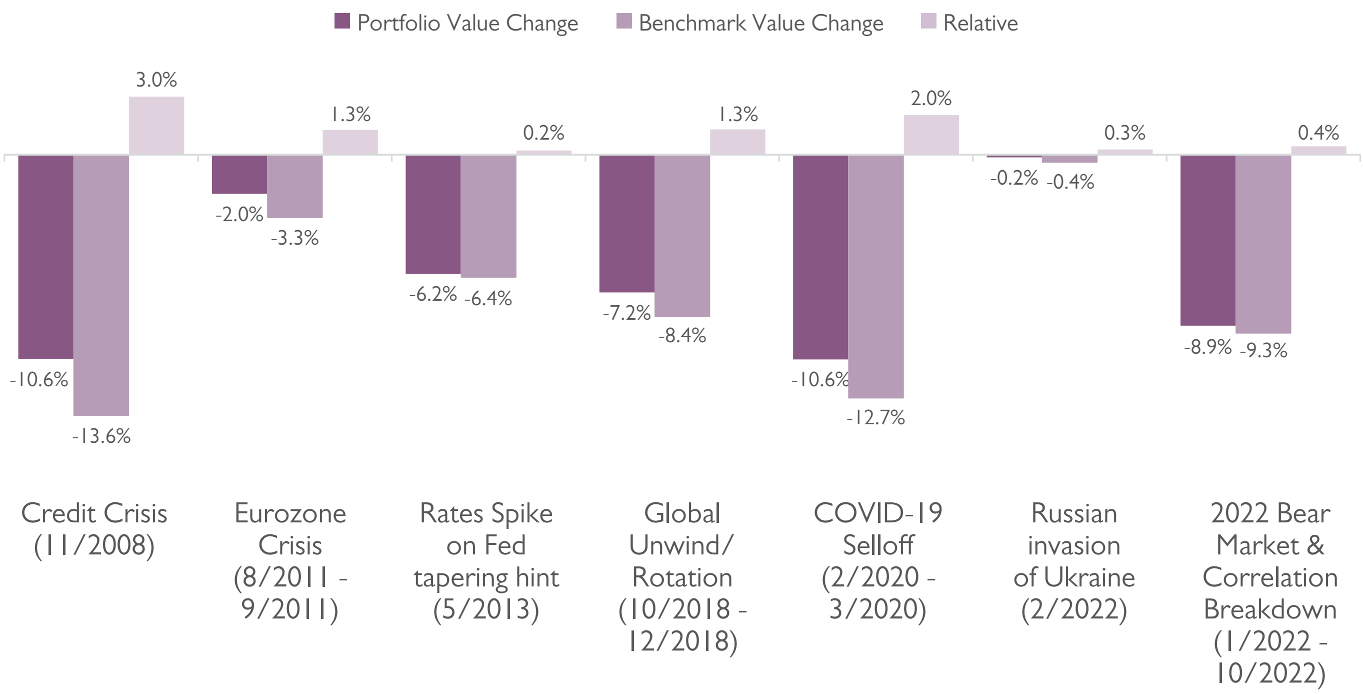
The Investment Committee approaches market-wide and systemic risk from several different angles.

PRINCIPLE 4

MANAGING RISK – INVESTMENT PORTFOLIOS

The Investment Committee utilises risk reports and stress tests generated by FactSet. This allows us to review historic systemic events and evaluate the outcomes that our current portfolios might have sustained during those events. This is helpful in assessing the sensitivity of the portfolios to systemic shocks and ensuring that the risk of the portfolios is commensurate with the risk tolerance of the client. It also allows us to input alternative adverse scenarios (interest rate changes, currency fluctuations, etc.), and determine how these may impact portfolios.

Below is a sample of our Scenario Analysis tool, which allows us to see how the portfolio is likely to be impacted by either historical events or different stress scenarios. While we cannot predict what might occur in the future, this sort of stress analysis is good at highlighting correlation risks which might not be as conspicuous when reviewing rudimentary exposure reports.



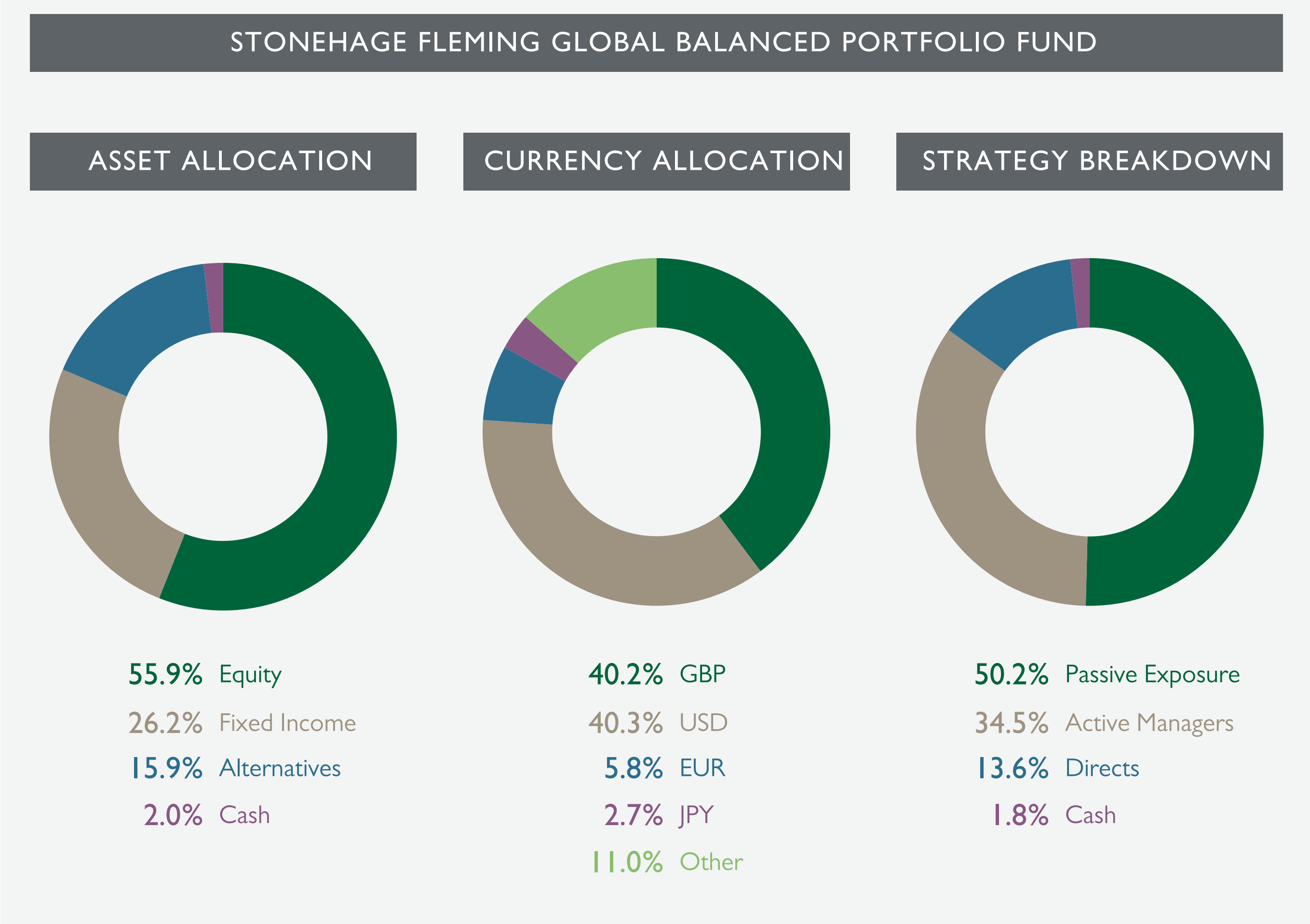
Source: FIS Investment Risk Manager, December 2024
Portfolio Holdings As Of Date: Stonehage Fleming Global Balanced Portfolio Fund - Transactions, 31 December 2024
Benchmark Holdings As Of Date: SAA UK GBP Balanced, 31 December 2024
Risk Model Date: FactSet Monte Carlo MAC Model 3 - FactSet Equity, 31 December 2024

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 4

We fully recognise that models are only as good as the data they draw upon.

We pride ourselves on the granularity of our information and obtain underlying holdings data for most of our third party managers. We can review portfolios on a 'look-through' basis to ensure we identify all cross-holdings and concentrations and get a clear picture of exactly how and where our clients' capital is deployed.



Source: APX, Stonehage Fleming Investment Managment data as of December 2024

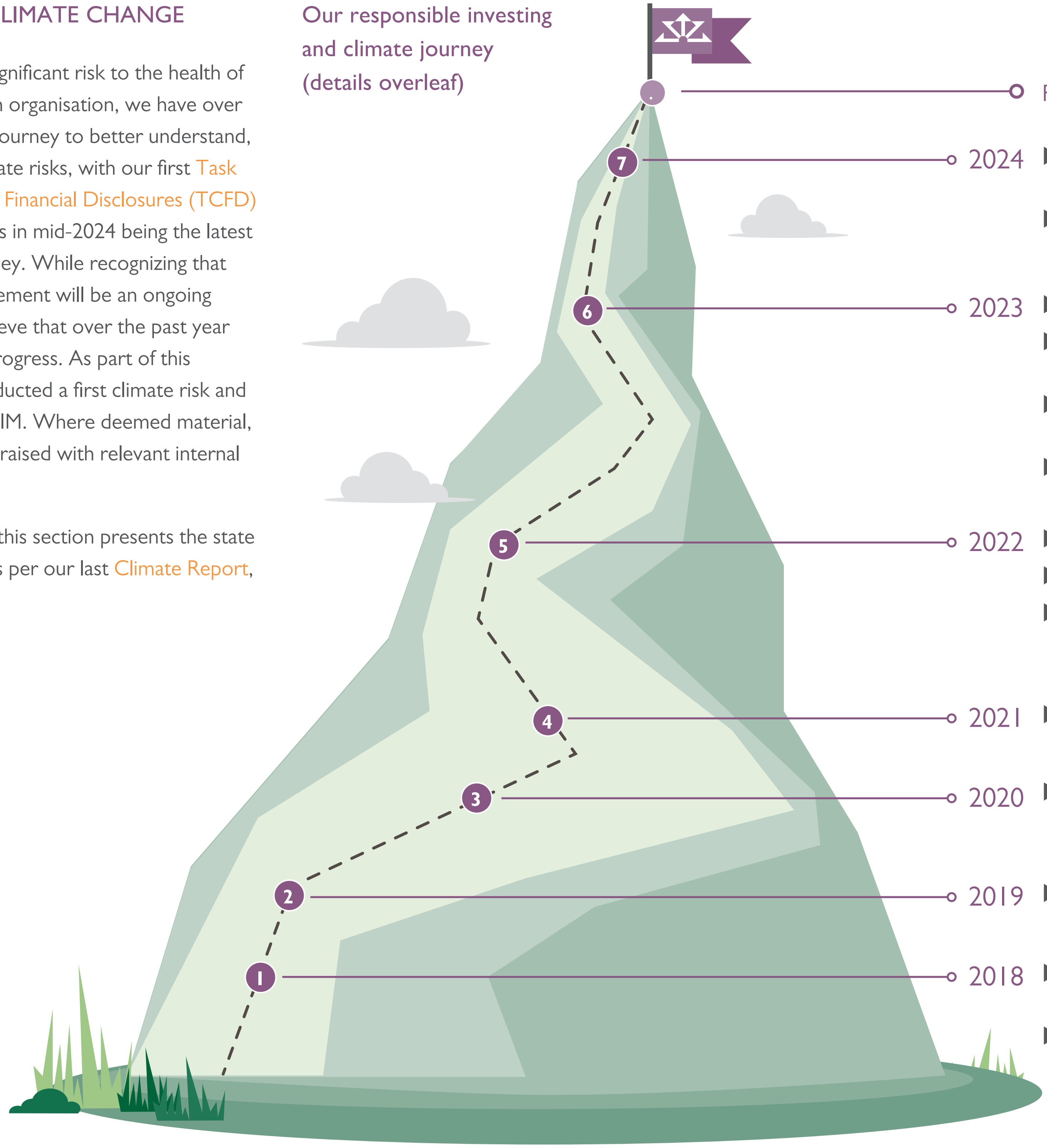
PRINCIPLE 4

MANAGING RISK – CLIMATE CHANGE

Climate change poses a significant risk to the health of the financial system. As an organisation, we have over the past years been on a journey to better understand, monitor and manage climate risks, with our first Task Force on Climate Related Financial Disclosures (TCFD) entity and product reports in mid-2024 being the latest achievement on this journey. While recognizing that better climate risk management will be an ongoing endeavour for us, we believe that over the past year we have made material progress. As part of this undertaking we have conducted a first climate risk and opportunity review for SFIM. Where deemed material, identified risks have been raised with relevant internal stakeholders.

Information presented in this section presents the state of our climate practices as per our last Climate Report, published in June 2024.

Our responsible investing and climate journey (details overleaf)



PRINCIPLE 4

FUTURE DEVELOPMENTS

2024
- Group level sustainability oversight and strategy development through establishment of Responsible Business Group
- TCFD disclosures

2023
- First non-investment sustainability hire to facilitate ESG integration across the business
- Introduction of climate and sustainability risk oversight for SFIM executive and at executive committee level
- Introduction of SFIM wide and product specific screening and exclusions criteria (e,g, tobacco, thermal coal, controversal weapons)
- Regular ESG Risk Committee meeting for flagship GBI Fund

2022
- Sustainability and Climate Risks are introduced as emerging risks to internal audit and risk framework
- UK Stewardship Code signatory GRIF becomes an SFDR classified fund
- Improved Responsible Investment oversight through new Stewardship and Investment Sustainability Committee

2021
- UN PRI signatory

2020
- Launch of first Global Responsible Investment Fund (GRIF), focussing on sustainability and climate improvers

2019
- Launch of first Global Sustainable Investment Portfolio (GSIP) offering

2018
- Four Pillars Report identifies keen interest amoung clients to align their values with investment decisions and outcomes
- Appointment of first Head of Sustainable Investment

PRINCIPLE 4

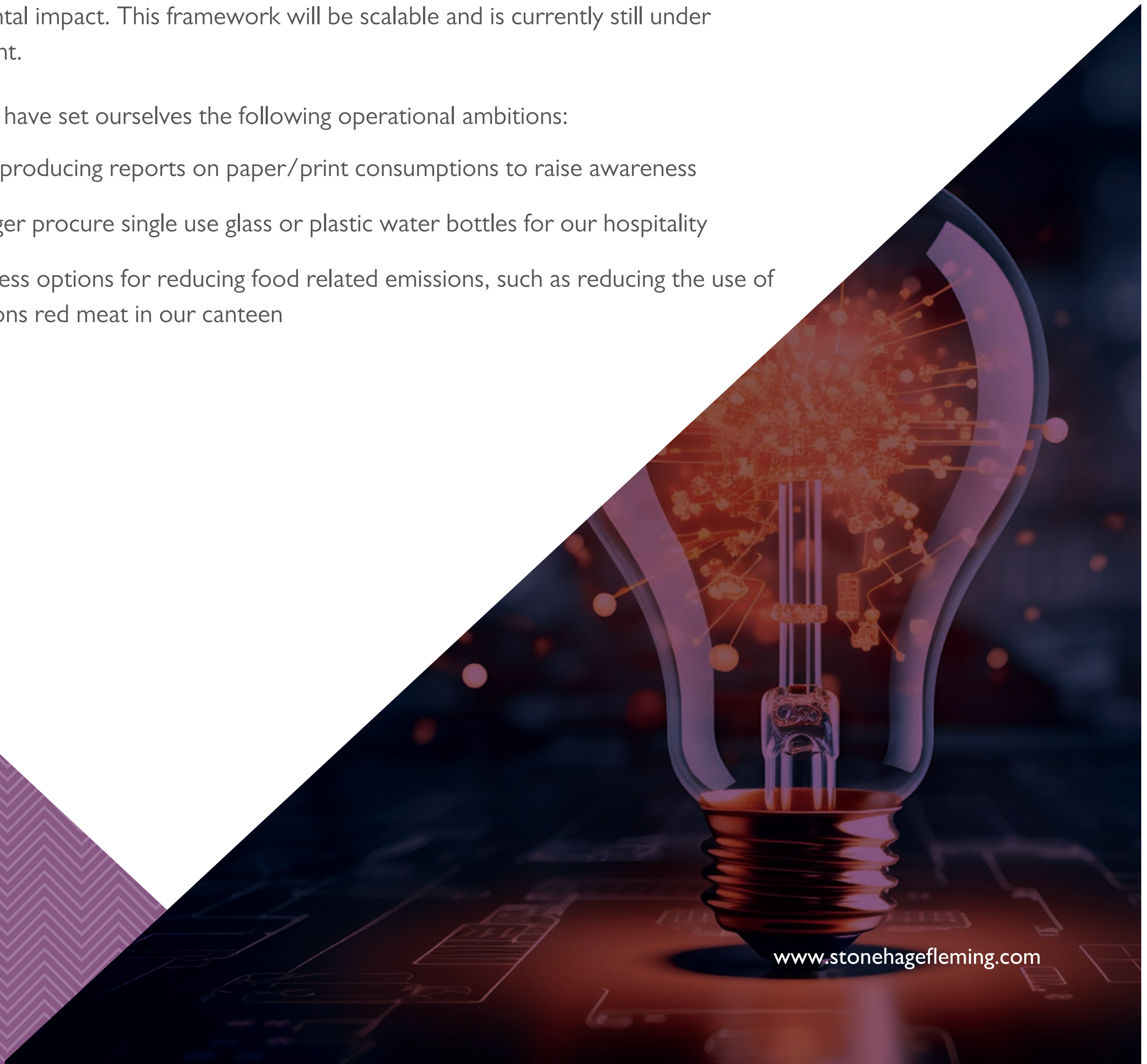
Operational developments

Operationally, we have over the past years worked on better managing our climate footprint, including the following positive developments:

- We moved into our new London office in 2022 which has stronger environmental credentials than our previous office (excellent BREEAM rating). The overall relocation project was 60% reuse and we are finalists in the BCO (British Council for Offices) awards as a result
- As part of the move we were able to support a school with 20% surplus furniture and donated clothes and shoes that were left behind to a charity
- We started using Savills in 2023 to audit our London office's environmental impact and help us create a framework that allows us to benchmark and measure our environmental impact. This framework will be scalable and is currently still under development.

In addition, we have set ourselves the following operational ambitions:

- We will be producing reports on paper/print consumptions to raise awareness
- We no longer procure single use glass or plastic water bottles for our hospitality
- We will assess options for reducing food related emissions, such as reducing the use of high emissions red meat in our canteen



PRINCIPLE 4

Investment developments

On the investment side, we view climate change as a material long-term risk for asset prices. We look to mitigate this through climate specific analysis and engagements with direct equity holdings and third party managers, with more details on this provided in the sections for Principle 7 and Principles 9, 10, 11.

To enable this, we have obtained additional climate datasets. These are used for our TCFD reporting, identifying SFIM investment portfolio carbon emissions (see table) compared to benchmark, and beyond for analytical purposes.

Representative SFIM Investment Portfolio GHG Emissions compared to benchmark as of TCFD Report:

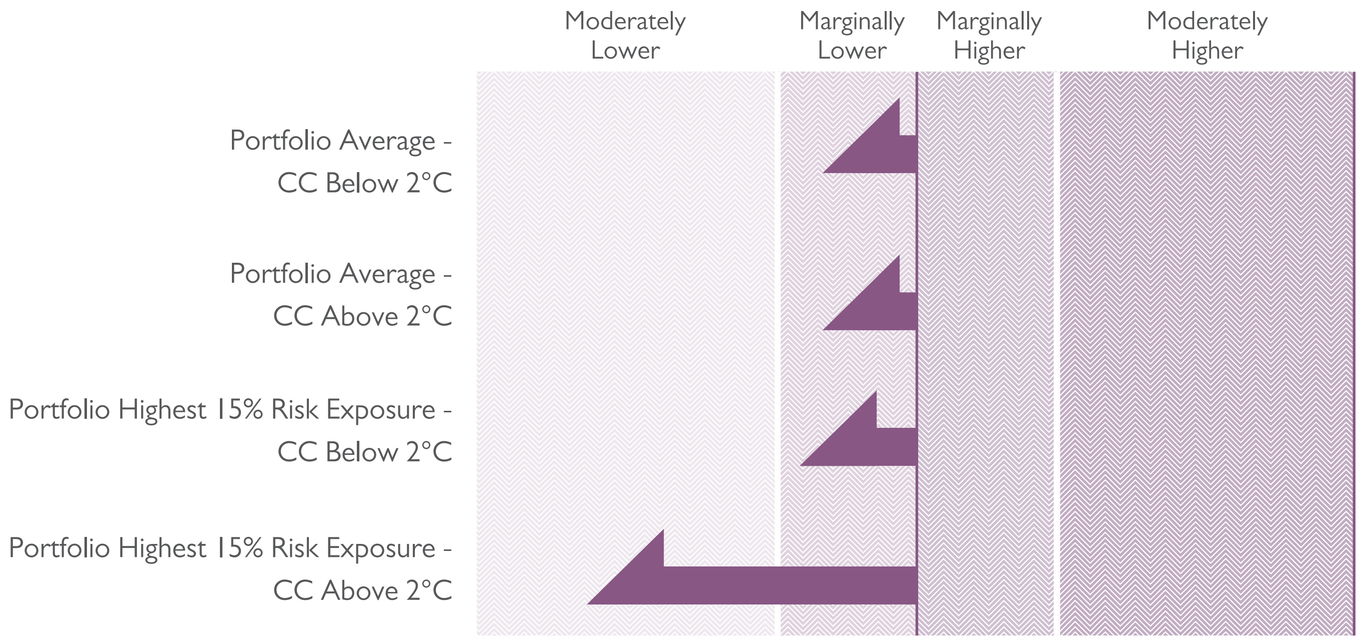
	Metric	Fund	Benchmark	Fund Coverage	Benchmark Coverage
GHG Emissions (Absolute Carbon Emissions (Tonnes))	Scope 1 Tonnes	458,099	527,216	49%	52%
	Scope 2 Tonnes	112,095	112,643	49%	52%
	Scope 3 Tonnes	3,449,780	4,451,220	49%	52%
	Scope 1, 2 and 3 Tonnes	4,019,974	5,091,079	49%	52%
Carbon Footprint (per GBP millions)	Scope 1, 2 and 3 Tonnes	252	674	49%	52%
Weighted Average Carbon Intensity	Scope 1, 2 and 3	568	629	56%	60%
Implied Temperature Rise	Scope 1, 2 and 3	2.3	2.9	49%	51%

Source: Morningstar, 31 December 2023
*Compares representative SFIM UK portfolio *Global Core Balanced Onshore) to a broad market cap weighted indices benchmark*

PRINCIPLE 4

We also used publicly available data to conduct a mixed methods analysis of our overall investment portfolio climate risk under different climate scenarios compared to benchmark, the view that our portfolio has marginally to moderately lower climate risk exposures then the benchmark.

Assumed Difference in Climate Risk Exposure - SFIM UK vs Benchmark (Broad Market Cap Weighted Indices)



Source: Stonehage Fleming, 2023 Climate Report
Compares SFIM's sectoral asset allocation and related climate risk levels to those of a broad market cap weighted indices benchmark

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

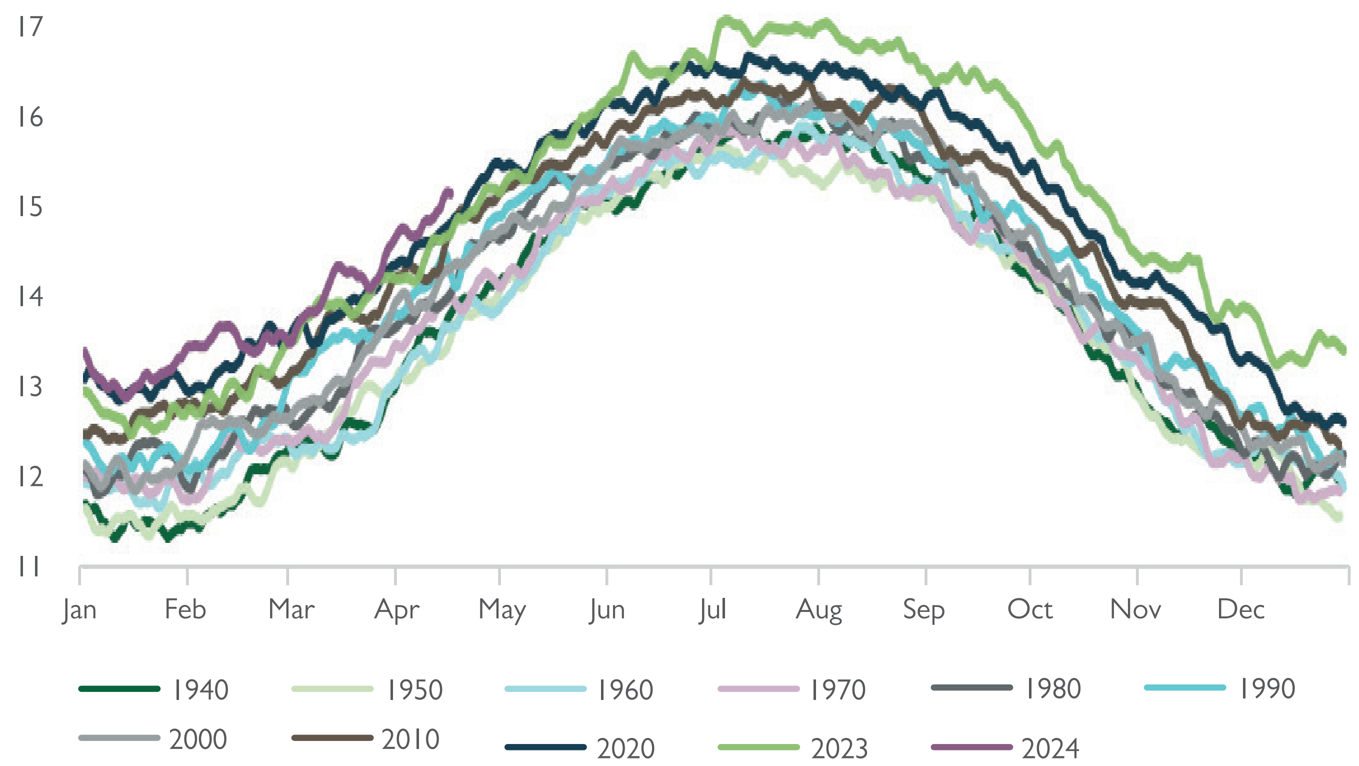
PRINCIPLE 4

For our sustainable strategy, we further conducted an extensive climate research piece, outlining views on developments and prospects in the solar industry.

The World is warming at a fast pace

Global average air surface temperature (°C)

Source: Copernicus Climate Change Service, April 2024

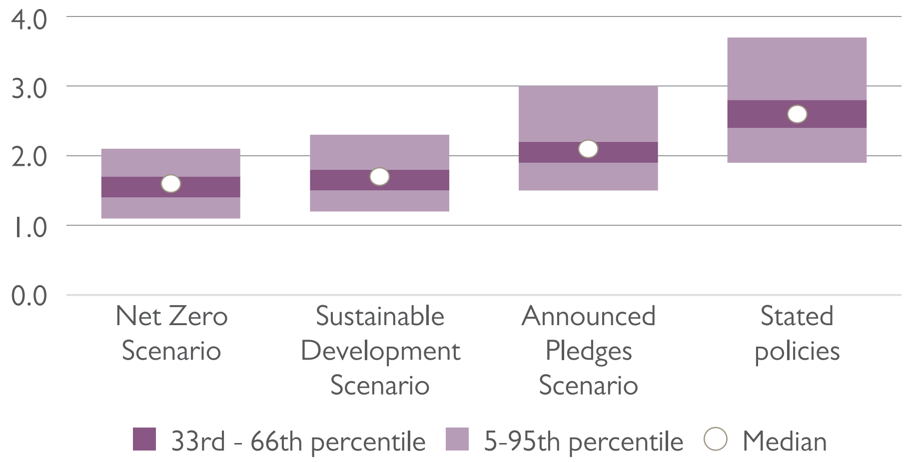


PRINCIPLE 4

And set to continue in all scenarios

Temperature rise (°C) above pre-industrial averages

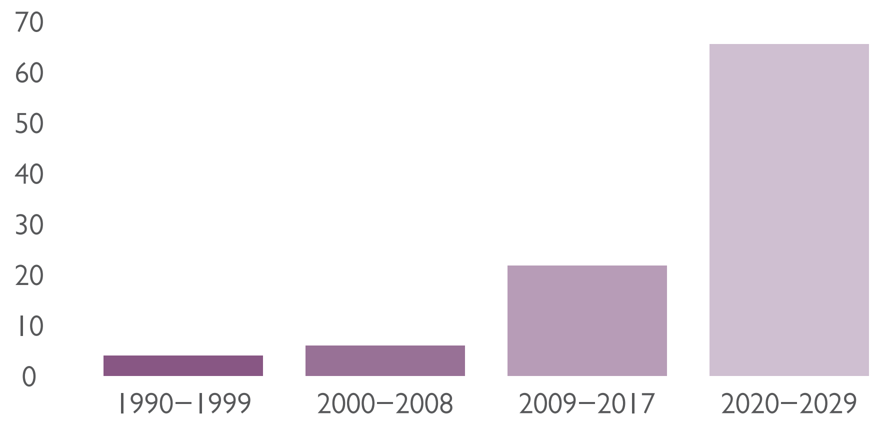
Source: IEA. World Energy Outlook 2021



Policy support is picking up, particularly US

Average annual US climate spending in different periods ($bn)

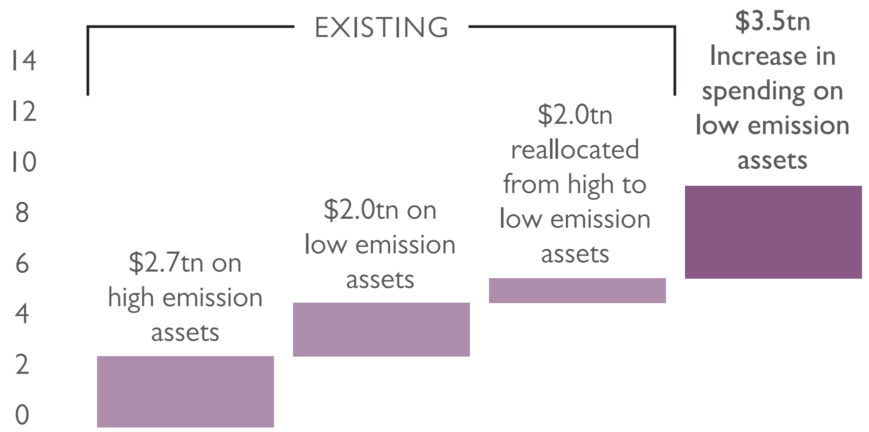
Credit Suisse, RMI, November 2022. 2020–2029 are estimates.



But much more required for net zero

Global annual spending needed in physical assets to reach net zero ($tn)

Source: McKinsey, 2022



PRINCIPLE 4

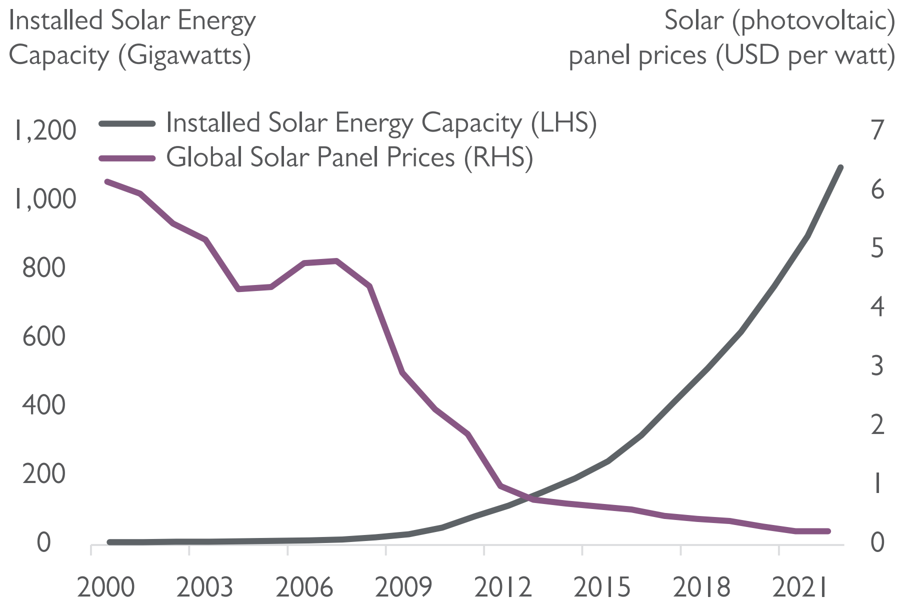
ENERGY TRANSITION EXAMPLES

The below example is a recent 2024 research piece conducted for our sustainable investment offering.

High solar growth as cheapest form of energy

Cumulative solar energy capacity vs Solar panel price

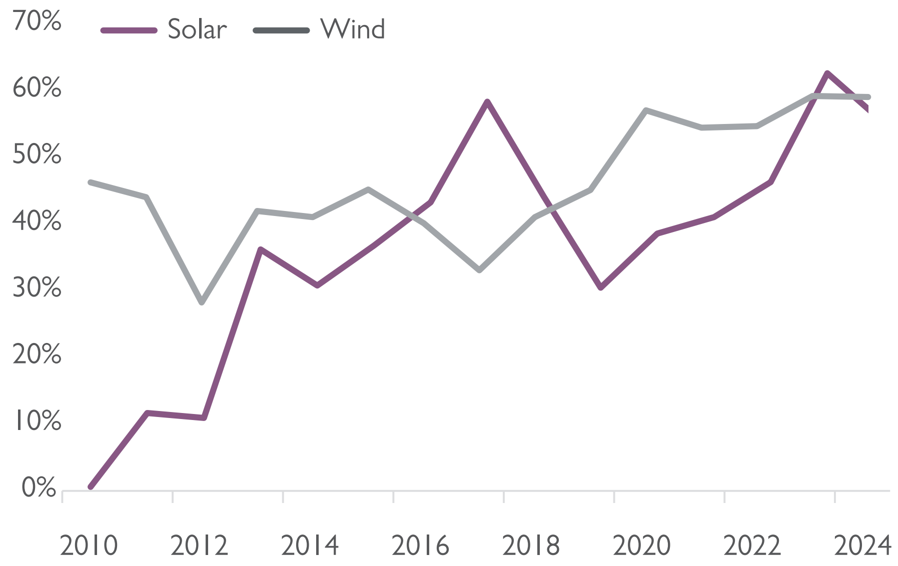
Source: ourworldindata.org, 2023



China leading the way in renewables

China % of global growth in wind installations and solar (gigawatts)

Source: Guinness Global Investors, BP, IEA, BNEF, PV Infolink. Dec 2023, 2024 estimated.



PRINCIPLE 4

Some progress on buildings efficiency

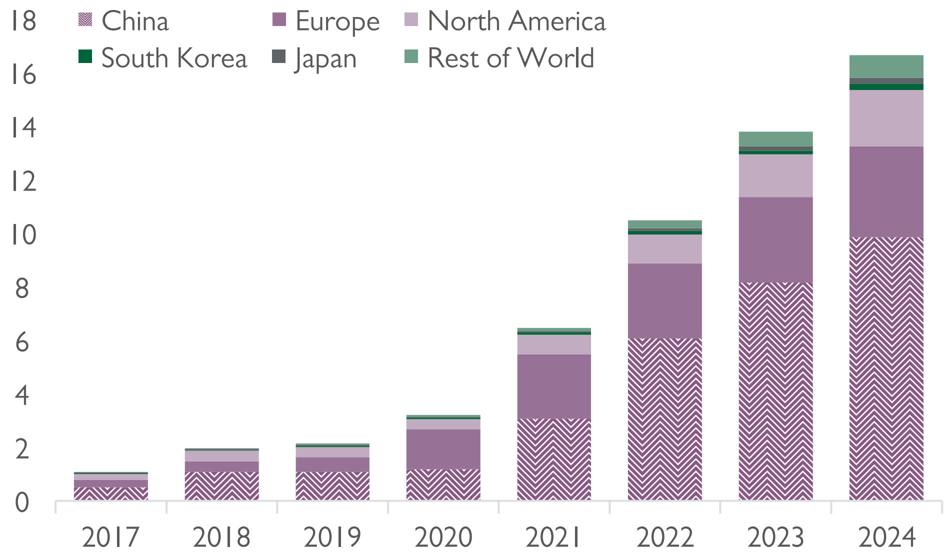
Source: iea.org

Region	Date	Progress
Japan	2022	Zero-energy performance buildings for all new buildings by 2030 and existing by 2050
EU	2023	Zero emissions for all new public buildings by 2026 and all new buildings from 2028
US	2023	American Society (ASHRAE) publishes zero net energy and zero net carbon standards
China	2022	Requires all new, expanded, or renovated buildings to be designed for energy efficiency

Expecting record EV growth in 2024

Electric Vehicle sales by region (in millions)

Source: BNEF, 2024 estimated. April 2024



In addition, we continue to monitor underlying fund managers to understand how they examine climate risk and the potential impact on portfolio holdings. It is our expectation that by working closely with some of the most talented external fund managers, our clients will benefit from managers getting ahead of the curve on which companies will be more resistant to climate change.

PRINCIPLE 4

MANAGING RISK – BUSINESS FAILURE- COUNTERPARTY RISK

Counterparty Risk

The due diligence we perform on counterparties looks to identify systemic risks which may impact our clients as well as the functioning of the broader financial system. We review our core custodians in the following way and provide a relevant example from the reporting period.

Biennially	On a biennial basis, all approved brokers are reviewed by the SFIM UK Dealing team to ensure they are meeting agreed service levels and remain appropriate for use.
Annually	The Operations team send an annual due diligence questionnaire to each of our core custodians. Questions include staff turnover, potential legal actions and media coverage. We also receive the latest financial results and AAF reports. The results of the questionnaire and analysis of the reports are reviewed by the Outsourcing & Counterparty Committee. Since 2022 we include a section on ESG policies and participation.
Quarterly	CDS spreads for those core custodians and approved brokers available on Bloomberg are reviewed quarterly and data presented to the Risk & Controls Committee. Any concerns are immediately escalated. In periods of financial stress or if a counterparty is seen as a higher risk, monitoring will be completed more frequently and a formal due diligence review can be completed.
Monthly	CDS spreads for those core custodians available on Bloomberg are assessed monthly. Any concerns are immediately escalated. In periods of financial stress, or if a counterparty is seen as a higher risk, monitoring will be completed more frequently and a formal due diligence review can be completed.
Ongoing	Anyone within the organisation can recommend a suspension of trading with a counterparty at any time if information becomes available through the various monitoring frameworks. In addition to the CDS monitoring performed by the Performance & Risk team, we also engage a third party credit ratings agency who provide a continuous credit monitoring function and advise on any material changes to the credit rating for each counterparty. This data is monitored by the Risk & Controls Committee on a monthly basis.

PRINCIPLE 4

Counterparty Risk Assessment

The following example highlights a case of enhanced due-diligence we conducted on one of our service providers following the noting of concerning signals through our ongoing monitoring.

In 2022-23 we conducted enhanced due diligence on one of the operational service providers following concerns over the financial health of the business. A related entity to the one we are contracted with received a large regulatory fine plus redress payments which could pose a risk to the survival of their overall business.

We had several meetings with the firm to better understand their position and sought the opinion of the Fund Directors. We decided that we should take action to protect our clients in case the firm went into administration, and performed extensive due diligence on 4 alternative providers. Once the due diligence was completed, a decision was taken to move to a new provider with strong financial health and an excellent track record in providing such services. The move to the new provider was completed in quarter three 2023.

Third party manager failure

We manage the risk of failure by a third party manager by conducting extensive and detailed upfront due diligence and then in-depth ongoing monitoring.

Our upfront due diligence process can take many weeks and includes multiple meetings with management and operational staff, detailed documentation review, and a thorough challenge process at both the Investment Committee level and the Fund and Security Selection Committee. Once approved, we meet at a minimum annually with core fund managers, conduct a detailed assessment of performance quarterly and review the annual audited financial statements of the fund when released.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 4

MANAGING RISK – SUSTAINABILITY/ESG

Exposure to sustainability or ESG risks can under certain circumstances result in material financial impacts for our clients' assets. Examples range from fines for breaching environmental or social regulations to negative performance impacts due to consumer backlash or shifts in consumption patterns. A prominent recent example of such sustainability risk related cost is the USD 30 billion settlement reached by BHP and Vale with the Brazilian government in 2024. The settlement followed over the 2015 collapse of a dam in the state of Minas Gerais that led to the death of 19 people, the displacement of hundreds is widely considered one of the worst environmental incidents in recent Brazilian history. We therefore deem having a robust process for monitoring financially material sustainability risks a requirement for our direct investments and third party managers.

To ensure robust approaches to sustainability risk management are in place within our investment portfolio we started exploring options for expanding our own sustainability risk reviews in 2024. Both to better understand risks and identify potential risk management gaps with managers or companies we invest in. While currently an ongoing process, we undertook a screening of a limited set of third party funds for exposures to a set of controversial activities (Coal Extraction, Controversial Weapons, Tobacco Products Production, UNGC Violations), before internally assessing the need for engagement with managers where potentially problematic exposure levels were identified.

We further conducted a limited exercise of screening a set of sustainable and non-sustainable third party funds for their sustainability risk levels, as noted by one of our data providers, before again assessing within the team the need for further action. The risk assessment focussed on understanding the quality of sustainability risk management of funds compared to benchmark. This was assessed by looking at risks across funds that could be managed but are currently not (manageable but unmanaged sustainability risks), and risks that can currently not be managed (unmanageable sustainability risks). We were pleased to see that most screened funds displayed sustainability risk levels close to benchmark. It was decided to continue reviewing data options for structured sustainability risk reviews of our managers in 2025.

We applied the same review approach to our GBI, assessing sustainability risk management gaps within the fund. These were then discussed at the bi-monthly fund ESG Risk meeting, with focus on whether identified risk exposures and management gaps present financially material risks for investees and fund performance. It was decided to conduct a quarterly sustainability risk screening of the fund, to monitor developments.

The process of expanding our sustainability risk reviews and monitoring is currently ongoing and we hope to fully apply it across assets at some point in 2025.

PRINCIPLE 4

MANAGING RISK – RUSSIA/UKRAINE

Russia's invasion of Ukraine in 2022 continues to represent a systemic and market-wide risk, alongside being a humanitarian tragedy. The business has taken a number of steps over the last two years:

Investment portfolios have had some re-positioning with a reduction of equity exposure to Continental Europe and a greater allocation to the US, with the latter less impacted by the invasion, particularly on the matter of energy security.

We enhanced our sanctions management process with deeper regular checks against relevant sanction databases. Separately, Group Internal Audit reviewed this process with an outcome of "reasonable assurance". Trade sanctions remain challenging in 2024 and require client teams to remain vigilant to trading activity, particularly within complex structures.

ENCOURAGING RESPONSIBLE PRACTICES

We take many active steps to engage with others, including influencing issuers to address systemic risks within their portfolios. One of the projects we started in 2023 are annual sustainability focussed engagements for our sustainable offering and flagship GBI Fund. We have engaged on issues such as nature, climate, DE&I or sustainability linked remuneration, trying to understand practices and encourage improvements. Further information on our topical 2024 engagements is provided in the section for Principles 9, 10 and 11.

NEW FOR 2024

- Conducted a first climate risk assessment covering operations and investment portfolio
- Conducted ESG risk reviews for key third-party and flagship equity fund
- Assessed feasibility of regular structured ESG risk reviews
- Engaged all our core and sustainable third party managers on their climate risk management approaches, to understand their practices

FUTURE GOALS

Further work on climate related risk management, as part of our TCFD reporting.

PRINCIPLE 5: REVIEW, ASSURE, ASSESS

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

REVIEW OF SFIM UK POLICIES AND PROCESSES

The policies and processes of SFIM UK have three separate parties that review and assess their effectiveness:

- Internal Audit. Its focus is to provide independent assurance on our risk management, governance and internal control processes. Every year Internal Audit completes a risk based internal audit plan.
- External Review. Stonehage Fleming Investment Management (SFIM) produced a Type 2 AAF 01/20 Internal Controls Report for the period covering 5th March 2022 to the 31st December 2022, which was issued to us by our external auditor BDO in May 2023. There have been no changes to our controls environment between the 1st January 2023 and the 31st December 2023 and our controls continue to operate effectively and robustly. This was confirmed by our internal audit team, which conducted an internal audit of the SFIM controls environment covering the period 1st January 2023 to the 31st December 2023
- Stewardship and Investment Sustainability Committee. This committee has a specific focus on stewardship policy and process oversight.

The schematic on page 24 gives additional detail on the Stewardship and Investment Sustainability Committee and its day-to-day functioning and how it will reflect on the firm's effectiveness with respect to Stewardship, Sustainability and Governance matters.

The committee is chaired by the CEO of Stonehage Fleming Investment Management, Graham Wainer, with oversight by the SFIM Board.

PRINCIPLE 5

Annually	On an annual basis, the committee will review sustainability and stewardship related policies and approach of SFIM UK and ensure that it is meeting the requirements as defined in Principle 2. This review includes a continued effort to improve our stewardship processes, having taken any feedback from other parties reviewing our approach (Internal Audit, BDO). When due, the committee will review our submissions to The Financial Reporting Council in the form of the UK Stewardship Code, the submission to the United Nations Principles for Responsible Investment (UN PRI) and our climate/TCFD disclosures. The Stewardship Report itself has been reviewed and signed off by senior professionals across departments including the investment team, operations and compliance. It has also been reviewed and signed off by the Group Investment Management Executive Committee (GINExCo), by the Chair of the Responsible Business Group Guy Hudson, our CEO Investment Management, Graham Wainer, and our Group CEO, Stuart Parkinson.
Quarterly	On at least a quarterly basis, the Committee will review management information that is useful in assessing the effectiveness of our processes in meeting the stated objectives of the committee. These will include: *Voting Records* ▶ Votes undertaken by the investment management team will be reviewed and we will ensure that all votes taken are consistent with our philosophy and objectives ▶ Refer to Principle 12, where we expand on our actions in respect of voting *Engagement Reviews, Including Outcomes* ▶ A review of engagement across both the equity selection and manager selection teams and review the outcomes of these engagement actions will be conducted. This will provide opportunities to assess successes and failures and help shape best practice on an ongoing basis ▶ Refer to Principle 9 & Principle 11 where we have examples of our engagement.

PRINCIPLE 5

Quarterly	*Regulatory Reporting* ▶ The committee will review Regulatory reporting requirements and ensure these meet the requisite standard and are being conducted in a timely and professional manner. Examples of requisite regulatory reporting include the Shareholder Rights Directive, the Sustainable Finance Disclosure Regulation (SFDR) and the Taskforce for Climate Related Financial Disclosures (TCFD). *ESG Screenings* ▶ The committee will review outcomes of fund specific screenings for controversial activities and discuss need for further action, as specified in our Screening and Exclusions policy.
Adhoc/ Ongoing	The committee discusses product or SFIM wide engagement initiatives, progress and outcomes, regulatory developments that impact out sustainability and stewardship activities as well as product specific updates.

NEW FOR 2024

Stewardship & Investment Sustainability Committee signed off our second PRI submission and first TCFD reports, capturing our responsible investment practices and climate risk governance, strategy, management and disclosures.

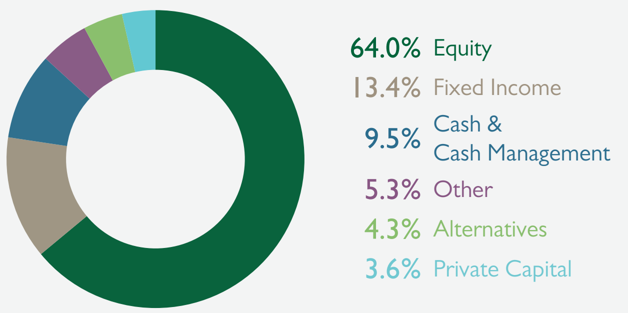
PRINCIPLE 6: ACCOUNT, COMMUNICATE, INVEST

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

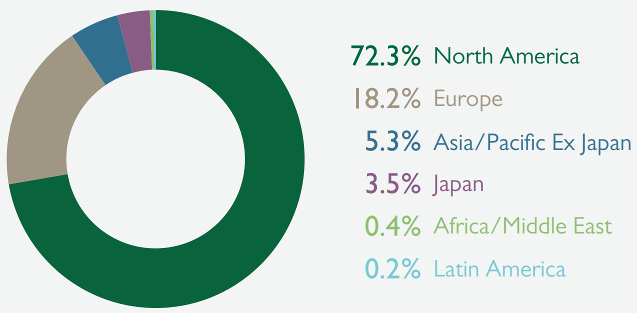
CLIENT BASE AND ASSETS UNDER MANAGEMENT

At the end of 2024, we managed £18.4bn in assets on behalf of our clients. Our investment portfolios are diversified and global in nature, which is reflected by the breadth of exposure by asset classes and region.

ASSET BREAKDOWN - ASSET CLASS

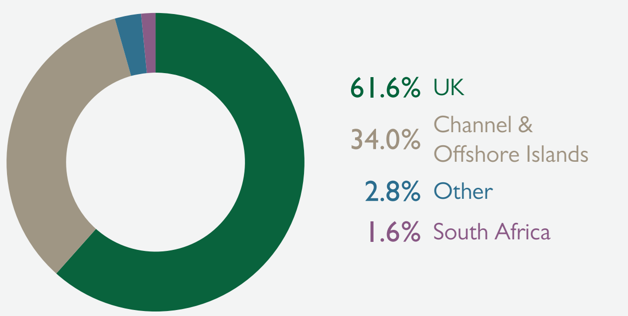


ASSET BREAKDOWN - REGION

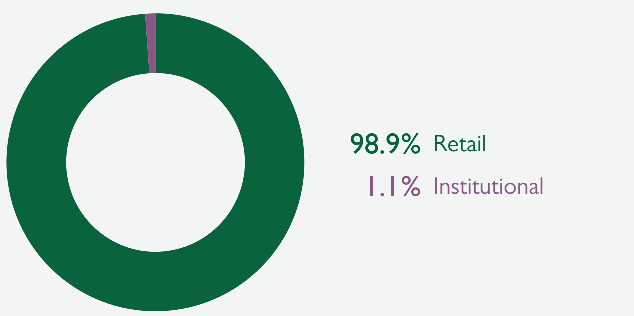


Source: APX, Stonehage Fleming Investment Managment data as of December 2024

CLIENT BREAKDOWN - REGION



CLIENT BREAKDOWN - RETAIL / INSTITUTIONAL



Source: APX, Stonehage Fleming Investment Managment data as of December 2022

PRINCIPLE 6

SFIM UK'S APPROACH TO CLIENTS

No two family clients have identical investment needs. Some of our clients are in the first generation of family wealth; others have many members across multiple generations, where succession and governance can be key investment issues.

We have a large team and a limited number of clients. This allows us to spend considerable amounts of time with each client to fully understand them and their beneficiaries' needs. As stated in Principle 1, our starting point for a new relationship is always to understand the purpose of a client's investments, the timescale, their attitude to risk and return, the beneficiaries, and the role of any other advisers. We articulate clearly what is achievable and how we intend to go about it.

When taking clients on, we conduct a thorough and comprehensive review of their needs and revisit periodically (updating where appropriate). Since 2022 we have been using Oxford Risk, a software tool that applies behavioural finance to a suitability profile of a client. The rationale for its selection was that the questionnaire is easy for clients to understand and the behavioural aspects allow for more meaningful conversations with clients. As of 2023 we have been using the ESG section of the report, looking to understand a new client's views on sustainability/ESG through a series of questions. This is part of a broader client sustainability preferences project which is looking to introduce this topic to all of our existing and new clients over the coming years.

We provide detailed written reports and commentary quarterly and then in-person review meetings as required. We are not prescriptive about the amount of contact we have with our clients. It is their money, or money for which they have a fiduciary responsibility, and we are at their disposal as frequently as they wish.

An example of our reporting on multi-asset portfolios and a direct equity mandate:

PRINCIPLE 6

As reference, we describe below an exemplary family engagement which required us to fulfil our stewardship role for their unique set of circumstances.

Client seeking trusted advisor with complex structure

A European based family who already had investment advisors in place, approached Stonehage Fleming to manage the Family wealth, core to which was a sizeable investment portfolio. Upon introduction to the Family, it became apparent to Stonehage Fleming that the financial position of the client was inherently complex, and that the existing portfolio lacked a long term goal, guidelines and general direction. Stonehage Fleming worked with the Family to:

- Define the purpose of their wealth to understand what the Family wanted from their portfolio and how the portfolio could be used to support them
- Understand the client's entire balance sheet, as well as cash flow requirements
    - These two points helped Stonehage Fleming and the Client work together to produce a long term goal for the portfolio that meets the needs of today, and the future
- Explain why the current portfolio was unsuitable to meet the long term goals
- Produce a framework for evolving the existing portfolio of assets into a portfolio that would meet the long and short term needs of the Family in order to meet the requirements of the Family over the current and future generations

We were able to assist in the following way:

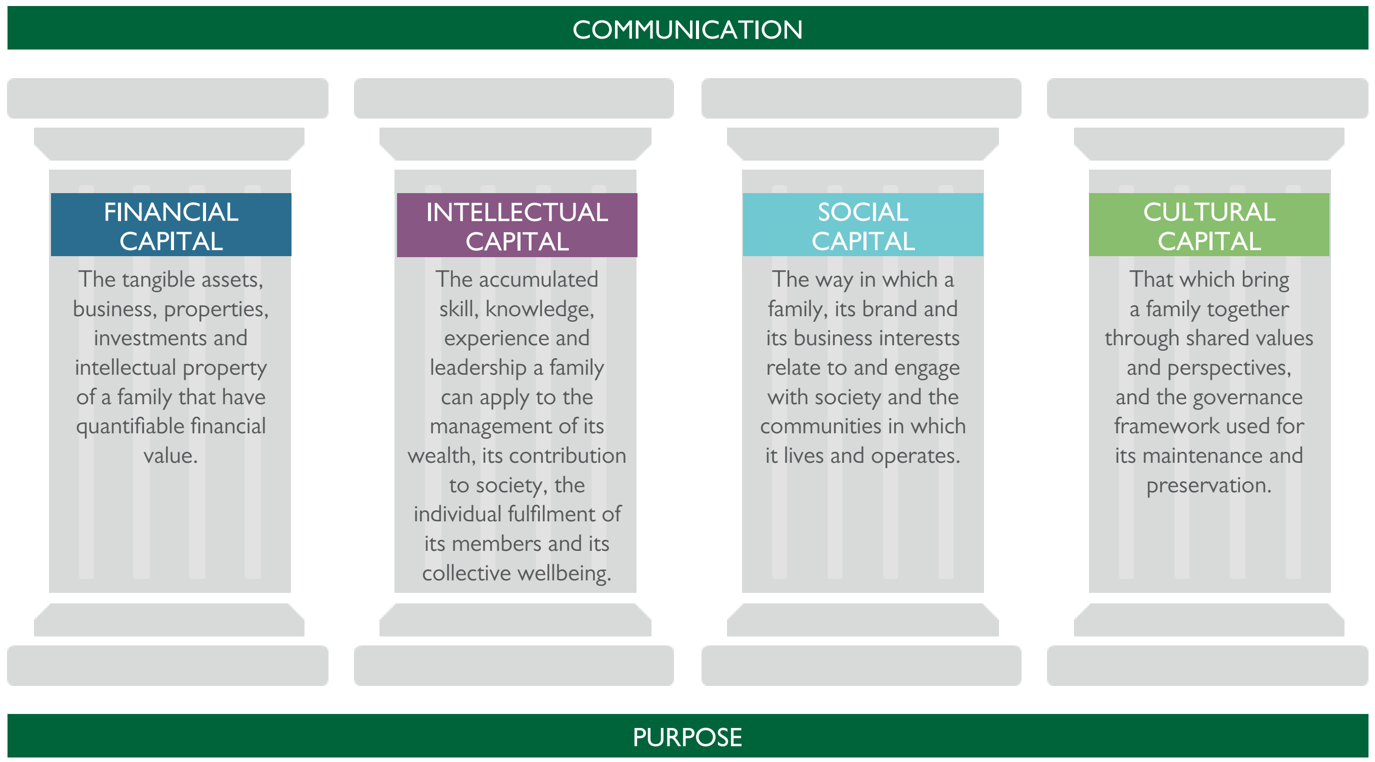
- Our Family Office team were able to provide in-depth analysis of the clients existing assets outside of the investment portfolio, and cash flow requirements. The result of distilling this down was to have a single output to understand the current financial situation of the Family
- Our Investment Management team were able to opine on the existing portfolio and showcase the shortcomings of the current allocation to meet the Family's need. Stonehage Fleming Investment Management went on to formulate an investment mandate to meet the needs of the Family, which included establishing a long-term aspirational goal for the portfolio and a strategic asset allocation
- An implementation plan was produced, showing the exact steps involved to transform the existing portfolio of assets into a portfolio that would meet the needs of the client

PRINCIPLE 6

FOUR PILLARS OF CAPITAL — REPORTS

Since 2013, we have published five reports with the overarching theme of Wealth Strategies for Intergenerational Success. Each one has generated valuable insights and practical wisdom from families, wealth creators and their trusted advisers, highlighting the challenges of sustaining wealth across generations. Comprised of a carefully structured online survey, supplemented with detailed in person qualitative discussions, we are able to secure exceptionally powerful data that contributes to better understanding our clients, the development of our service offering as well as helping frame discussions we have with the families we are privileged to support.

The simple premise we have constructed based on the insights, is that families and wealth creators should not focus solely on the stewardship of their financial capital; their social, cultural and intellectual capital, underpinned by collective purpose are equally as important to the successful transition of wealth and reputation, and the creation of an impactful legacy. Indeed, our research suggests that the biggest risks to financial capital result from inadequate attention to the fundamentals of the other pillars.



PRINCIPLE 6

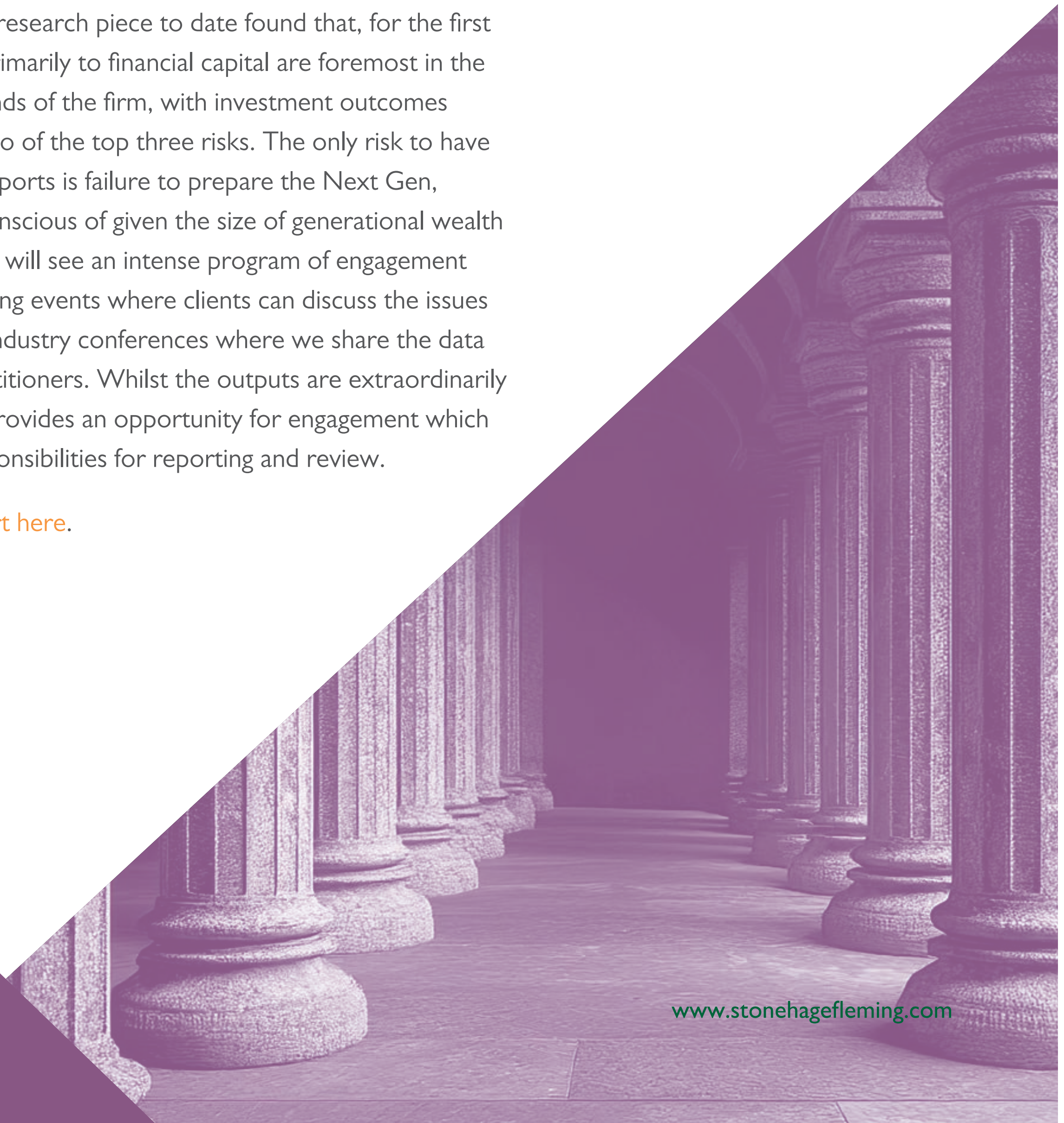
The Four Pillars has significant impact on our stewardship of the capital we are entrusted to deploy on behalf of our clients; as we referenced in our last submission, the results of the 2018 report led directly to the establishment of our first fully focused sustainable investment strategy, as well as formalising our approach to Family Governance and Succession and Reputation Management. But we believe the insights we can share also help our clients themselves become better Stewards of their wealth – helping them evaluate and plan their societal contribution and engagement, to consider the necessity of preparing the Next Generation for their responsibilities, the value of their intellectual capital in sustaining wealth, and the importance of having leaders properly equipped to fulfil their role in the family's dynamic.

In 2023 our most ambitious research piece to date found that, for the first time in our research, risks primarily to financial capital are foremost in the minds of our clients and friends of the firm, with investment outcomes and political risk/taxation two of the top three risks. The only risk to have consistently featured in all reports is failure to prepare the Next Gen, something we are acutely conscious of given the size of generational wealth transfer underway. This year will see an intense program of engagement based on the findings, including events where clients can discuss the issues raised peer to peer, and at industry conferences where we share the data with other professional practitioners. Whilst the outputs are extraordinarily powerful, the process also provides an opportunity for engagement which goes beyond mandated responsibilities for reporting and review.

You can access the full report here.

NEW FOR 2024

We started a process of reviewing our sustainability data vendors, with the aim of improving the insights generated through disclosed data in the future.



PRINCIPLE 7: INTEGRATE, INVEST, FULFIL

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

STONEHAGE FLEMING INVESTMENT MANAGEMENT UK

Under Principle 1, we outlined how as a business, we integrate material environmental, social and governance issues into the fulfilment of our overarching responsibilities. Here, we provide more detail on how ESG factors are integrated within direct investments and when allocating capital externally.

INTERNAL EXPERTISE – GLOBAL EQUITY MANAGEMENT

The GBI Fund maintains a core universe of circa. 150 companies' from which it selects 25-30 best-in-class companies' to own for a long time (target >5 years). These companies' are regularly monitored for their ESG risks and issues. All companies' are screened for their quality via 15 tests on topics such as liquidity, profitability and leverage. One of the 15 tests is to have a low ESG controversy score based on data by 3rd party ESG risk analysis by RepRisk. The ESG controversy score contributes to the overall company quality rating in conjunction with other quality financial metrics. If a company that is already owned sees its ESG controversy score increase beyond a given level into higher-risk territory the analyst responsible for that company will complete a specific research project on it, focused entirely on ESG risks and issues.

Priorities & Pre-Investment

Before investing in any company, our detailed in-house research and due diligence process includes focus on our ESG and stewardship priorities, such as ESG risk analysis, looking in depth at a company's track record, ongoing risks, industry engagement, sustainability plans and commitments and importantly the level of management engagement and accountability for ESG. To aid our research process we use the services of an independent ESG risk assessment provider, RepRisk. They use independently sourced data to provide a risk-based ESG score and full detailed analysis and flagging of specific risks.

We can often monitor a company for several years before making an initial investment. During that period, we may monitor it as fully as we would if actually holding it, to build our conviction in the investment case and the quality of the company.

PRINCIPLE 7

Monitoring

All companies in the fund are continually monitored and assessed for their ESG risks by our team of analysts. A core strength of our approach is our own in-house research capability that we rely on to form our opinions and to drive our investment decisions.

Our analysts conduct research and engage with companies on ESG topics when controversy levels increase above a set threshold.

In 2022, the GEM team launched a bi-monthly ESG Risk Committee Meeting that is exclusively focused on ESG topics, reporting into the SISC Committee. The ESG Risk meeting focuses on two key areas:

- The ESG risks of the underlying strategy holdings. In looking at the strategy holdings' ESG risk data, where an owned company's RepRisk score increases over 50, the team produces an ESG report which is then debated by the ESG Risk committee meeting. Where a risk is identified that is of material concern, then further engagement with the relevant company is required, usually in the form of written communication
- The Fund's ESG responsibilities and regulatory requirements, and adherence thereof

Where deemed material the GEM team also consider ESG specific metrics such as greenhouse gas emissions, use of renewable energy and any ESG risks that are specific to an industry. Our long-standing valuation framework has always incorporated into our discount rates the specific beta of a company relative to the MSCI to reflect the relative risk of an investment. We believe where sufficiently financially material the risks associated with ESG (either positive or negative) should be reflected in that discount rate. We use a discount rate adjustment factor which links to the company's RepRisk scores to quantify this in an objective way. We then discuss whether that discount rate adjustment is justified and whether the market would ever apply the penalty or premium on those grounds.

Within our core GBI fund we monitor our companies commitments to the Paris Climate Pledge, their support of the TCFD and their signatory status to the UN Business Ambition for 1.5. We also encourage social progress and monitor our companies for their board diversity and pay equity through our voting practices.

64%	57%
of GBI holdings have Net-Zero targets	of GBI holding have Science-Based targets

Source: Company disclosures as of March 2025

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 7

Exit

We typically divest from a company for three reasons:

1. We identify a superior quality company – an "even better idea"
2. It becomes materially overvalued
3. There is a structural/strategic change to the facts that led to our initial acquisition, which may include an increase in ESG risk

In reasons one and two the company most likely will remain in our core universe and could even be repurchased again. As such, we will continue to monitor and engage with it as we would any other name in the core universe.

Voting

The Global Equity Management team takes its voting responsibilities very seriously. We have developed our own voting policy document over several years, and update it annually after each voting season to reflect the developments in the investment community and governance best practice over the year. Our pre-vote research and analysis is supported via a subscription to an independent research of a proxy voting advisor. Since 2019 we have used Glass Lewis for this purpose who provide us with independent information on each vote proposed to support us in making our own informed decisions.

We are not bound to follow Glass Lewis' advice and often vote against them, where our own voting policy and/or research leads to a different view. We keep full records of all our voting activity, including Glass Lewis' recommendation and where we may differ. The data is published on our website. Glass Lewis' research also gives us access to summary research by Sustainalytics, Arabesque and BitSight from which we have access to additional data on our companies' ESG performance, ESG risks and Cyber Security risks.

PRINCIPLE 7

ESG Data

There are many industry providers who evaluate portfolios on the basis of different scoring methodologies. Our preference is to review multiple sources and then drill down at the stock level to understand what is driving a metric in a particular direction. There is currently no one-size fits all approach and we try to review ESG related scores with a sense of pragmatism rather than relying on a single headline number. We believe this is a better way to truly quantify the ESG related risk within the portfolio.

Assessing Climate-related risks in our portfolios

A more prominent feature in our research over the recent years has been the assessing of the environmental risk profile of each company held by our GBI Fund and their efforts and success in managing them.

As part of this undertaking, in 2024 we conducted a data driven review of the constituents of the fund, classifying their climate risk profile along four axes using 20+ datapoints provided by various of our ESG data vendors. As seen below, the primary risks for the GBI fund lie in high emissions levels and potentially negative revenue impacts relating the climate change, while in large parts robust governance and a moderate to low level of physical risk exposures help moderate the overall risk profile of fund constituents. Overall, we were pleased with the presented picture, as it reconfirms our approach to focussing on well governed high quality companies.

GBI Fund - Climate Risk Review	Emissions Level	Physical Asset Risk Level	Governance Gap	Expected Negative Revenue Impact
Below Average Risk	41.4%	20.7%	48.3%	51.7%
Average Risk	24.1%	58.6%	41.4%	10.3%
Above Average Risk	31.0%	10.3%	10.3%	37.9%
No Sufficient Data	3.4%	10.3%	0.0%	0.0%

As a next step we engaged all fund holdings on climate risks deemed financially material, to encourage an improvement of practices or governance, or to push for additional disclosures. Further information on this engagement is provided in the section for Principles 9, 10 and 11. Inevitably, the depth of our analysis is limited by data availability. We look forward to building this research out further, with more depth and breadth as industry reporting standards improve.

PRINCIPLE 7

INTERNAL EXPERTISE - DIRECT FIXED INCOME

Investment decisions within the fixed income team are underpinned by bottom up analysis, where the investable universe is decomposed in order to look at companies at an individual security level. Credit analysis is conducted in house using both internal and external resources in order to focus on the issuer's key fundamentals and risks, including but not limited to ESG and Climate Risk.

Our fixed income team does not typically apply explicit exclusions within models or client portfolios; as these are typically bespoke, they are led by the client's stated preferences. If there are no explicit preferences, then the full investable universe of high-credit quality issuers is considered.

While there are no explicit constraints we recognise that ESG factors are increasingly important inputs when evaluating companies. The team believe that companies that exhibit good ESG credentials are more likely to have also addressed risks that can potentially impact them financially. ESG related factors have therefore become an important factor that can influence an issuer's credit spread and overall risk profile.

The team continue to refine their process incorporating ESG screens available from various vendors, particularly Bloomberg, and use this as an input into the security selection process. This is included within our process documentation, ensuring we are integrating a consistent consideration of material ESG factors into our investment research. Our change to make this more formal partly reflects the improvement in data quality. Inputs such as the E, S and G scores trending over time versus history and peers can now be used as an input into the process of evaluating investment opportunities and risks for companies. Sectors trending over time versus history and peers can now be used as an input into the process of evaluating investment opportunities and risks for companies and sectors.

PRINCIPLE 7

EXTERNAL EXPERTISE

Third Party Manager Selection

While ESG and stewardship considerations are fully integrated into the third party fund selection process for SFIM UK's sustainable offering across asset classes, for our traditional offering this is not the case. It is important to note that we do not have any segregated accounts today where we have specified the mandate to the manager; instead we allocate to third party funds where the mandate is already defined – this means that we are unable to dictate the manager's approach to ESG, but we can be selective in who we choose to partner with and engage with them along the way, particularly for our sustainable offering.

Priorities & Pre-Investment

While not formally integrated for our traditional non-sustainable offering, the key issues we have prioritised as part of integrating ESG into the third party fund section process for our sustainable offering are:

- Understanding ESG risks. Partnering with managers who analyse their companies in greater depth than most peers and hence have a better grasp of whether they are being compensated for ESG risks
- Appropriate level of ESG integration. The degree of ESG integration should be aligned with the investment philosophy of the strategy
- Good stewardship credentials. Managers take their voting responsibilities seriously, engage where appropriate and act in the best interests of investors
- High quality firm. Whilst most importance is placed on the credentials of the strategy, it is also critical for the firm itself to have solid stewardship credentials and operational infrastructure
- Portfolio level awareness of ESG aggregate risks. As shown in Principles 4 and 5, we have a good level of detail on total portfolio ESG risks which helps us to understand total risk, the contributors to it and can lead to adjustments if we are uncomfortable with current risk exposures

PRINCIPLE 7

For all our third party allocations, in order to evaluate a third party strategy against the issues of importance to us, detailed research reports and meeting notes are kept. Within research reports, we detail and cover our view on manager's practices. To provide a few examples on our general approach and the level of detail we go into:

- In assessing an equity manager's voting credentials, we will go through the voting history to understand whether they vote on all resolutions, how often they vote against management, and challenge where a voting decision is unexpected
- To understand a strategy's research capabilities and investment process (of which ESG forms part), we will typically meet with the fund manager on a number of occasions and other analysts that work on the strategy (investment and often ESG if separate)
- To better understand the manager and/or the firm including stewardship credentials, we will often triangulate our work by getting references from other investors or past members of the team/firm
- Using third party software tools, such as Inalytics, to assess the trading behaviour of a manager. This acts as useful supplementary evidence as to whether a manager's stated investment approach is corroborated by underlying data

Monitoring

Whilst there is a lot of upfront work in establishing whether a third party strategy is a good fit, there continues to be a high level of engagement on an ongoing basis. We typically meet with managers twice per year, although in some cases it will be more, and we continually challenge those areas of priority to us. In addition to these meetings, we use a number of quantitative tools (Bloomberg, Morningstar, Inalytics) to continually assess the manager's skill set. Statistics such as voting data continue to be collected for our funds and we also receive the responsible investments reports from managers who produce these.

Exiting

Our investment philosophy typically leads us to partner with managers for many years, but there will be occasions where we decide to disinvest from a strategy. There are a number of reasons why we might decide this is in the best interests of clients, including a drop in the conviction of the existing strategy or a superior investment opportunity.

PRINCIPLE 8: MONITOR, HOLD TO ACCOUNT

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

SFIM UK SERVICE PROVIDERS

SFIM UK has an established network of external service providers that complements the work that we do in-house. In each case, there is a robust governance structure built around the due diligence and monitoring of the service provider, which is dependent on the services provided. For instance, monitoring of brokers and custodians is overseen by the Risk and Controls Committee, whilst the monitoring of our third party fund managers is overseen by a combination of the Investment Committee and the Fund and Securities Selection Committee. Further information on governance structures can be found in Principle 2.

INTERNAL EXPERTISE

Our primary service providers that support stewardship for direct investments are our research and data providers. Monitoring and selection of these providers is regularised, but in practice it is a continuous exercise, and we may look to make changes during the period. In addition to monitoring the quality of the data or research and the timeliness of it, we will also meet with the service providers to understand the latest developments, give feedback and talk through any areas for improvement.

Proxy Vote Provider Review

Following a review in 2023, we will start a bi-annual audit of our proxy vote research providers in early 2025, in accordance with the requirements of our SEC license. We will consider the current provider alongside alternatives at the same time to ensure the provider is meeting our voting objectives.

The audit review process includes:

- Review of providers:
  - Code of Ethics
  - Best practice principles, statement of compliance
  - Conflicts of Interest policy
- Completion and review of due diligence report in accordance with SEC recommendations

2023 audit outcome: in completing the audit we held a virtual call with Glass Lewis, in which we expressed the concern that some of their recommendations were politically biased. We had observed a pattern of recommendations to vote in favour of shareholder proposals supporting left wing political views and against right wing political views. In one instance, they recommended abstaining on a vote for an Independent Chair of the Board because it was proposed by a group supporting the US Republican Party. Whilst we do not incorporate political preferences in our decision making, we do believe our service providers should be impartial.

PRINCIPLE 8

EXTERNAL EXPERTISE

The majority of our clients' capital is allocated to third party managers, who we view as our primary service providers. We pride ourselves on the level of detailed research we conduct on these managers at the initial due diligence stage and through ongoing monitoring.

In line with Principle 7, we meet with our managers on a regular basis, analyse their decision making through third party tools, directly receive and evaluate their voting data, and pull in data on ESG exposures. With all this data, we are in a strong position to challenge managers, such as in the example below.

Engagement with global equity manager on fund governance

We engaged one of our third party managers relating to changes to the ESG methodology of one of their product series, including a switch from Sustainalytics to MSCI for ESG assessments and the removal of an ESG alignment criterion.

The proposed changes were put to us through a consultation and explained as being driven by commercial decisions. We did not support all of the proposed changes and made this known to the firm running the consultation.

We also shared directly with the manager our concern that the governance of these processes is not optimal, as while changes from one year and consultation to another may not be material, over time they add up. This was a particular worry to us as proposals for changes for these products' methodologies had been received multiple times over the past years.

EXAMPLE

PRINCIPLE 8

Engagement with global passives provider on voting record

We engaged one of our global passives providers on behalf of our core strategies, as voting statistics were viewed as weak for US large cap companies.

While the manager was unable to explain why voting statistics were lacking, they stated that they would aim to increase their voting on resolutions going forward. We were ensured that this will be tracked internally by the manager in a quarterly basis, and that an update would be provided.

EXAMPLE

Engagement with global passives provider on transferral into newly created ETF

We engaged one of our global passive providers on the automatic transferral of one of our investments into a newly created ETF, resulting from a merger and internal consolidation of products.

It was our view that communication had been limited, including on an undertaken currency switch for the share class we were invested in. We communicated our views, including on how the switch was communicated and handled, to the managers senior management.

EXAMPLE

Engagement with global passives provider on lack of communication relating to upcoming votes

We engaged one of our global passives providers on the lack of disclosures over an upcoming vote. While the manager was amending voting articles they were not able to share with us what the exact amendments were.

It was our view that this was not best practice as investors were being requested to vote on insufficient information. We ended up voting against the manager and had a call with the them to discuss our views. As part of this conversation we requested that they look to enhance transparency on such matters in the future.

EXAMPLE

ESG Data Provider

During 2024, we continued a 2023 engagement with an ESG data provider that provides data on portfolio alignment to the UN Sustainable Development Goals and a number of impact metrics. As part of this engagement we conducted a granular due diligence review of their methodology and data.

Areas were identified where the quality of the data being provided could be improved and we engaged with the data provider to suggest amendments. Furthermore, there is a continued drive to better understand underlying ESG data models within systems that can be somewhat "black box", and encouraged the provider to be as transparent as possible.

EXAMPLE

PRINCIPLE 9: MAINTAIN, ENHANCE
PRINCIPLE 10: PARTICIPATE, COLLABORATE
PRINCIPLE 11: ESCALATE, INFLUENCE

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

10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

11: Signatories, where necessary, escalate stewardship activities to influence issuers

All of our investment strategies actively engage with issuers to maintain and enhance the value of the assets we hold on behalf of our clients; this is predominantly done independently from other investors, but we will collaborate on select items or expect our managers to collaborate on our behalf. We also view the escalation of stewardship activities and influencing issuers in this regard as integrated into the maintenance and enhancement of value. We, therefore, address Principle 9, Principle 10 and Principle 11 on a combined basis.

In 2023 we adopted a revised approach to engagements across SFIM, focussing on four key themes. Our new approach aims to leverage one or more of the four E's below to benefit current and future internal and external stakeholders, including our clients. It will further enable us to better define, track and progress sustainability related stewardship activities.

01	EXPLORE	Analysts pursue an exploration of a topic with an investee or third party to understand their approach, ambitions or perspective on identified issues. Such engagements have the function of informing decisions on potential follow-up engagements.
02	ENCOURAGE	Analysts refer to industry best practice or norms to encourage an investee or third party to consider aligning their practices, in particular where we identify gaps.
03	ENHANCE	Analysts shine a spotlight on topics that may be under the radar, with the aim of knowledge sharing and a subsequent enhancing of practices.
04	EXPERIENCE	Analysts specifically advocate for our clients to ensure their experience is as good as it can be. For example, this can be the case with performance fees.

Putting our updated engagement approach to use, we conducted engagements on the four E's with 30+ direct equity holdings. We further conducted engagements with most of our third party managers on their approach to climate risk management, as well as more limited scope engagements focussed on sub-sets of managers or individual managers throughout the year. We plan to further expand our engagement programme in 2025, and to conduct follow-up engagements where deemed relevant.

INTERNAL EXPERTISE

Voting and Engagement

The Global Equity Management team proactively engages with company management, as described above and more fully in our Engagement and Voting Policy document.

Engagement is integrated into the investment process as part of the initial due diligence and through ongoing monitoring of an investment. In our detailed investment research reports, we consider (amongst many other things) the most salient investment topics, strategies, risks and uncertainties and in so doing identify key questions and topics requiring further engagement with management.

We will engage with companies when seeking information to build our conviction in our investment case. Whilst Engagement is not a mandatory pre-requisite for investment it is common for us to monitor a company for many years before making an initial investment, during which multiple engagement events may occur.

Having initiated an investment in a company we actively vote at AGMs and EGMs in a way that best protects the long-term investment returns of our clients and is consistent with our values. Whilst we have not historically disclosed out voting intentions to Management or other shareholders in advance of a vote, even when dissenting, we will do so if deemed necessary.

Presentations at Capital Market Days are a useful way to gain insight to company strategy and operations and provides opportunities to engage with cross-company management not normally made available to investors. We join and participate in our companies' Capital Markets days.

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PRINCIPLE 11

Escalation

The escalation process outlined below can be executed before or after a shareholder vote, or far from the AGM in a fiscal year. We can of course also sell our holding in a company at any time, noting that greater losses may be incurred by delaying an exit decision simply due to this policy. Our escalation steps are as follows:

- Communicate with investor relations via email, phone or meeting
- Communicate with Senior Management via email, phone or meeting
- Communicate with appropriate Board member via letter, email, phone or meeting
    - Financial/Strategic = Chair of relevant committee
    - ESG = Chief Sustainability Officer or Board member responsible for ESG
- Communicate with Chair of Board or Lead Director if Chair is not independent
- Collaborate with other shareholders on topic and communicate to Board
- Consider raising external awareness in media

We recognise the power of engaging with management in advance of a dissenting vote. On matters of governance in particular we will write to a Company to explain the rationale of our voting decision.

Collaboration

One of the areas that we noted in past Stewardship reports as room for improvement was the extent of collaborative engagement. We recognise that collaborative engagement in some instances can be more impactful and lead to better outcomes.

One of the developments in 2022 was to enter an agreement with Atlantic Equities who facilitate corporate access to leading US companies. Through Atlantic we have been able to engage with many of our US investments, along with their other clients, attending Group and one-on-one meetings with Senior Management and Investor Relations departments. This has granted us access to companies that we previously struggled to engage with and provided an additional access point for more collaborative engagement.

Direct Fixed Income Team

Due to the nature of the credits selected (high credit quality large liquid issuers) and our trading volumes (we are small scale investors in comparison to the outstanding volumes of debt issued by these companies, typically trading a few hundred thousand lot sizes vs issue sizes in the hundreds of millions), there is very limited scope for engagement. However, in the highly unlikely event of a corporate failure, we would seek to exercise our rights to the fullest extent available to us.

SFIM is cognisant of limited engagement today within Fixed Income and it remains an area that we wish to develop further, as opportunities to do so evolve.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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Engagement Summary GEM Team

Since the end of 2020, we have provided an annual report for Stonehage Fleming GBI Fund on our website on engagement that details our engagement activities, alongside disclosure on our Proxy Votes.
This includes:

- A description of voting behaviour
- Data on our voting activity in the year
- An explanation of the most significant votes
- The use of the services of proxy advisors
- A description of how we have cast votes in the general meetings of companies

Number of companies owned during the reporting period	33
Number of engagements with Fund holdings excluding AGM and EGM votes	20 ad-hoc 28 under our annual ESG engagement initiative
Total number of all company engagements by Fund team	60
Number of AGM's voted	26 AGMs, 0 EGMs
3rd Parties providing additional engagement on our behalf	Glass Lewis (on governance and remuneration best practice issues)
Number of AGM's not voted (where eligible)	1 - Nestle
Reasons for not voting	Prohibitive Swiss rules on custody of holding during vote
Number of companies own with no vote entitlement	1 – Alphabet Whilst our shareholding in Alphabet has no vote entitlement we still review and appraise each company and shareholder vote and the overall governance quality of the company
Number of Company organised Investor/Capital Market events attended	6
Number of direct meetings with Company Management present	17
Number of direct meetings with Independent Board Members	0
Number of formal communications to Companies (letter or email)	28 (28 under annual ESG engagement initiative)

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Climate Engagement Project

In late 2024 we wrote to all companies then owned in the GBI Fund asking them to provide further details on specific climate related risk exposures and risk management gaps we had identified through an internal review.
For further details on the underlying review please see Principle 7. Many of these companies have a global footprint and supply-chains and we hold them to above average standards of execution to ensure their climate risk exposures are robustly managed. Failure to manage climate risks could result in financial penalties, litigation, customer boycotts, product bans, etc., all of which could have a material impact on the sustainable growth and profitability of a company.

As the engagement was started in late 2024 we are still assessing feedback received and will continue to engage on this topic throughout 2025, in particular to follow-up with companies that have not yet responded to our initial outreach and to encourage companies that did not provide satisfactory responses to improve their practices. A total of 10 of 28 companies have so far responded our engagement letters.

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Our Climate Engagement process is presented below.

October 2024

Our sustainability team created climate risk profiles for companies held within our GBI Fund from 30+ datapoints, with the aim of identifying high risk areas.

Risk areas assessed included Emissions Profile, Physical Asset Risk Level, Governance Gap, Expected Negative Revenue Impact. Metrics used included: transition plan indicators, asset level physical climate risk exposures, operational implied temperature rise, Scope 1-3 emissions, carbon intensity.

November 2024

Our investment and sustainability teams reviewed flagged climate related risks for investee companies and discussed their materiality and current management.

December 2024

Our investment and sustainability team for all companies within the fund prepared letters querying material unmanaged climate risks.

December 2024 / January 2025

First responses were received by our investment and sustainability team. These were reviewed and assessed to determine how comprehensive and material the answers were.
Companies were then separated into 3 categories.

- Companies that have responded and the team are satisfied with the response.
- Companies that have not responded.
- Companies that have responded and the team are not satisfied with the response.

From March / April 2025

- No further follow-up required
- Our investment and sustainability team will continue to engage to gather satisfactory information, and encourage a reduction of climate risk management gaps

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The following two engagement examples relate to our climate engagement

Climate Engagement – US industrial company focused on electrical power distribution

Review and Request	For this company, we identified a range of climate related issues, including their removal of a Science Based Targets Initiative (SBTi) net-zero commitment from SBTi's homepage, their high emissions levels (across Scope 1-3), carbon intensity and the Implied Temperature Risk of their operations, as well as a material exposure of their assets to physical climate risks, in particular heatwaves. We requested further information on why as per the SBTi homepage the company's SBTi commitment had been removed; information on upcoming initiatives, processes and policies aimed at reducing the company's Scope emissions and carbon intensity, as well as how they plan to mitigate physical climate risk exposures across assets.
Response	The company acknowledges the importance of reaching net-zero emissions by 2050 and although their SBTi commitment had been rescinded, a new one was submitted for review in January 2025. Anticipating SBTi approval, the company will have in place net zero goals across Scopes 1, 2 and 3 at some point in 2025. They further presented to us their carbon reduction strategy, which focuses on energy efficiency, electrification and increasing the use of renewables. This will be done through: energy; efficiency in manufacturing processes; on-site solar use where feasible; off-site use of large scale renewables. For scope 3 emissions reductions they aim to: contribute to greening of the grid; transitioning to sustainable aviation fuels and other biofuels; improved efficiency of their products; circularity, including material inputs and end-of-life product management. Regarding physical climate risks, the company argued that emissions reductions are the best way for them to reduce exposures.
Opinion	The provided response was granular and engaged with the three topics we raised. The presented details enabled us to understand what processes the company has in place and how it will set out managing identified risks. We were particularly encouraged by the company sharing its intent to put in place new SBTi commitments and targets. The presented approach to physical climate risk management is deemed somewhat lacking, and we will continue to monitor and potentially engage on this topic.

COMPANY EXAMPLE

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Climate Engagement – Large European Technology Equipment Manufacturer

Review and Request	For this company, we identified a lack of an SBTi approved net-zero target, a high emissions level and carbon intensity, as well as a material revenue share being flagged as having a negative impact on SDG13 - Climate Action as concerns. We requested further information on how the company plans to reduce its absolute emissions level and intensity, its plans for setting SBTi approved net-zero targets and how it aims to manage negative impacts on SDG13. We also encouraged the company to structure its climate disclosure in line with the 11 TCFD disclosure requirements.
Response	The company provided a stock response outlining their climate ambitions and how those will enable them to achieve net-zero by 2050. The company further explained that while it published a TCFD report in 2022 and 2023, it decided to align its reporting with CSRD instead as of 2024, and has no plans to revert back to TCFD aligned reporting currently. The company did not provide details on how they plan to reduce its negative impact on SDG 13.
Opinion	Whilst being provided the company's projected route to net-zero and how they believe this will be achieved was helpful to us, the lack of targets and detail in the provided answers stood out as negatives. Further, while we acknowledge CSRD aligned reporting being a requirement for the company and there being material overlap between CSRD and TCFD climate reporting requirements, we do not deem this a sufficient explanation for not continuing to provide TCFD aligned disclosures considering TCFD being a recognized international standard for climate risk management disclosures. Similarly, the lack of engagement by the company with how it negatively contributes to SDG 13 was disappointing. We will continue to engage with the company on the identified topics of concern, as the received response was not deemed satisfactory.

COMPANY EXAMPLE

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Other Equity Engagements

Leading global food and beverage company – Human Rights Violations

Background	As signatories to the UK Stewardship Code and UN Principles of Responsible Investing, we are committed to engaging with companies in the GBI Fund to discuss and raise awareness of ESG related risks and issues. In this context, we noted several significant Human Rights violations for a particular holding, with the company being consistently flagged by our research provider RepRisk. Violations included, inter alia, serious allegations of deforestation in its supply chain (despite company commitments to avoid this); Alleged human rights abuses and broader environmental destruction; Alleged persecution of indigenous people; and, the alleged use of child labour alongside generally unsafe working conditions for employees.
Engagement	We wrote to the company in question outlining our concerns, requesting information to understand the serious allegations against the company, and to hear how the company may respond to the allegations. We also aimed to understand how the company was dealing with any human rights issues it may face, and whether it was on the right path to eliminate them. We also wanted to understand how the company may integrate United Nations Global Compact principles into its business strategies. As a result of our engagement, we were able to set up a meeting that included the company's Global Head for Social Impact and Human Rights.

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Outcome	Over the course of research into the topic, alongside our engagement with the company, we came to understand that many of the allegations were relating to the company's supply chain, being outside of their direct control, and that the issues were and remain systemic to the countries in which the inputs are acquired. We also came to understand the company's strategy to deal with human rights violation, noting that it is a leader in mitigating abuse, has invested significant resources - including in education, improved payment for audited supply free of abuse, and funding of partners to lobby for local regulatory intervention. We also came to understand that the company continues to improve both its own operations, and that Human Rights receive the requisite oversight within the company, including at the board level. We came away from the engagement with the idea that the company is the best operator in a difficult industry, is driving it forward, and that its investments may even prove to be a competitive advantage as regulation and compliance tighten. Regardless, we did note the systemic issues in the industry, which fed into a broader review of our holding into the business, which ultimately resulted in us selling our holding in the company.

COMPANY EXAMPLE

www.stonehagefleming.com

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Leading global food and beverage company – Operational Issues

Background	We noted several operational issues that occurred in quick succession, including a fumbled transition of an ERP system at one division, a regulatory issue related to human safety concerns in another, a serious human health safety violation at a subsequently shuttered factory, a failed acquisition into an adjacency, and extended supply issues at some key businesses. We were concerned that an ongoing operational efficiency drive may have been too aggressive, and/or there may have been systemic cultural and management issues within the larger conglomerate, impacting its people, its overall performance, and ultimately harming shareholders.
Engagement	Initially, we conducted extensive research into the drivers of each of these seemingly connected events. Following this, we set up a meeting with the company's Investor Relations team to engage and better understand the company's perspective, gain additional insight into whether the issues were systemic or indeed disparate and coincidently occurred in a short space of time; to make known to the company that we hold them to the highest operational standards; and to understand what, if anything, the company was doing to alleviate the operational issues it faced.
Outcome	Based on our ongoing research, consideration of our engagement with Investor Relations (which we did not find satisfactory), analysis of the company's ongoing opportunity set and quality ranking weighed against the risks in the business, we chose to exit our position.

COMPANY EXAMPLE

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Leading global healthcare and consumer goods company – Shareholder Collaboration in support of better Governance

Background	A holding in the GBI fund has a large controlling shareholder owning 32% of the equity and votes. This shareholder is able to appoint eight members(50% of the Board). In addition there are 2 members of the Board from a business that the same shareholder owns a 17% stake in and that works closely with the company in real estate transactions. We note that the company CEO and Chairman (the same individual) is also the Chair of the investment vehicle that owns the controlling stake on behalf of the founding family. We consider this to be a) poor corporate governance on multiple fronts, and b) multiple conflicts of interest.
Engagement	We objected to both the conflict of interest that the presence of the 2 board members creates, to excessive control and representation of the large shareholder, the combination of the Chair and CEO functions and the conflict of interest of that same individual being the representative of the key shareholder. We further voted against the election and the compensation of the CEO/Chair to the company Board, as well as against the election of the 2 board members from the associated company. We also engaged directly with the company to express our discomfort with the situation and that at best we would like the representation of the real estate company on the Board to end.
Outcome	All individuals were re-elected to the board, with their appointment aided by their large shareholding. In the engagement, the company dismissed our concerns and did not consider there to be either poor governance or a conflict of interest. We will vote in opposition again accordingly at the 2025 AGM and consider writing to the independent board members should governance not improve thereafter

COMPANY EXAMPLE

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EXTERNAL EXPERTISE

Voting & Engagement

A majority of our capital is allocated to third party fund managers. We aren't able to dictate the engagement policies of our managers given we invest in pooled fund vehicles with many other investors; however, engagement is still very much present as part of our investment process. We address the issue of engagement in several ways:

- Vote on fund resolutions to ensure that areas like director and auditor appointment are in order amongst other ad-hoc resolutions
- Engage with senior management at the various fund houses to ensure that the business is going in the right direction, including where deemed a material issue on ESG and stewardship practices

Engagement for allocations to third party funds therefore have two distinct sources: the engagement that third party managers perform on our behalf and our engagement with the third party strategies including the manager, firm and board. We believe both of these are important and in 2024 we put in place a structured review and documentation process, through a quarterly voting and engagement meeting.

Escalation

Escalation forms a key part of the engagement process for many of the fund managers we allocate capital to – this is particularly the case for our public equity third party managers. Where we deem manager responses to our engagements to be insufficient, we try to encourage improvements through continued and where necessary intensified conversation.

Collaboration

As investors in pooled vehicles, collaborative engagement is undertaken by third party managers on our behalf.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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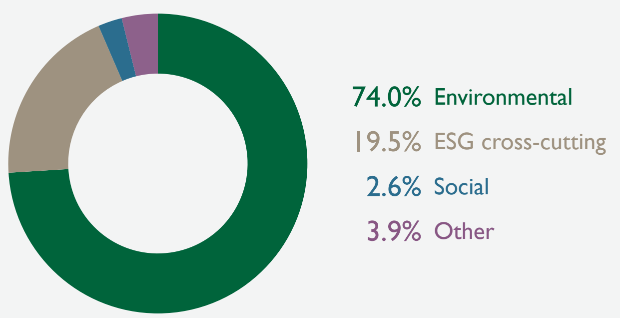
ENGAGEMENTS – EXTERNAL EXPERTISE

2024 Engagement Statistics

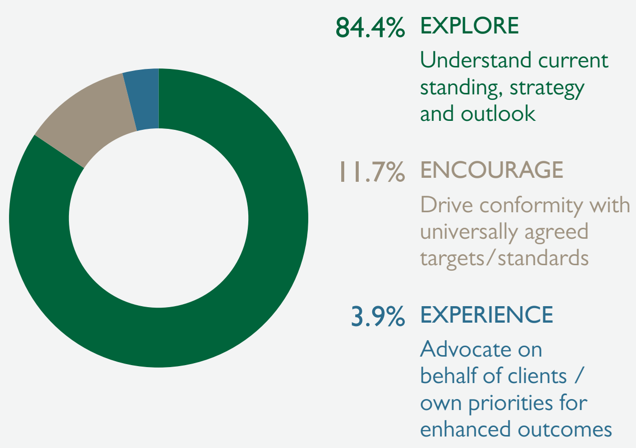
Over the course of 2024 we conducted a total of 77 engagements with third party managers. These focussed overwhelmingly on environmental or cross cutting sustainability topics. Our focus was on a mix of engagement types, with primary aim of better understanding manager practices, changing practices based on identified key risks or gaps in practices and advocating on behalf of clients or our own priorities. Most prominently, our 2024 engagements include a climate / TCFD focussed engagement which we conducted with most of our third party managers in spring 2024 – aimed at better understanding their climate risk management practices, as well as a topical engagement with managers in our sustainable strategy in December 2024.

We aim to conduct meaningful engagements with managers that help us learn and enable us to encourage material change.

ENGAGEMENT TOPICS
WITH THIRD PARTY MANAGERS



ENGAGEMENT TYPES
WITH THIRD PARTY MANAGERS



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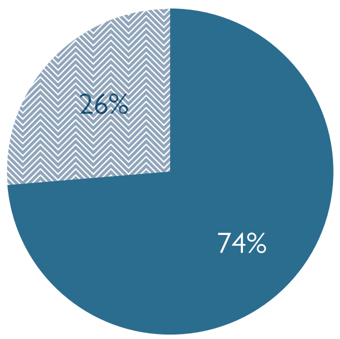
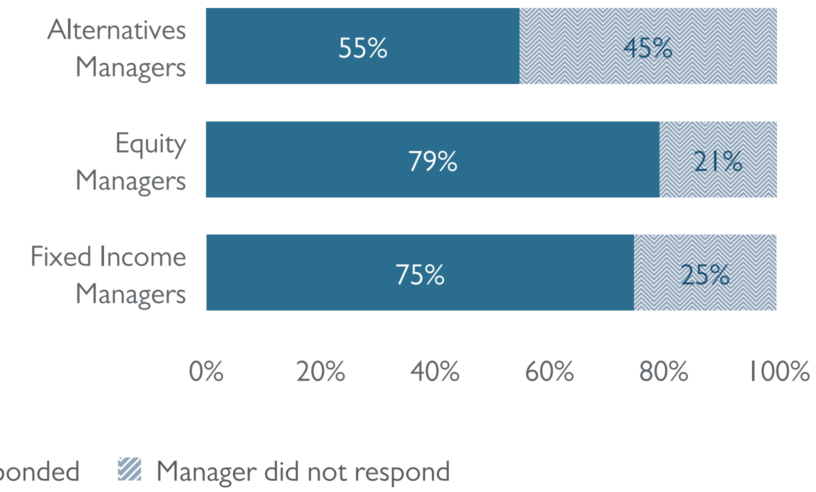
TCFD engagement

Manager Response Rate



Manager Response Rate by Asset Class



As good stewards of our client's capital, we cannot rely on best case scenarios for climate risks to materialise, especially considering potentially highly material risks already in the short to medium term.

Given roughly two thirds of SFIM UK's assets are managed through third-party managers that we allocate to, we have limited direct control over the climate risks within a significant element of our AUM. A good understanding of the climate risk management processes employed by these managers is therefore a crucial part of our risk management and due diligence process. We therefore engaged all our third-party managers to provide information on their approach to climate risk management and monitoring.

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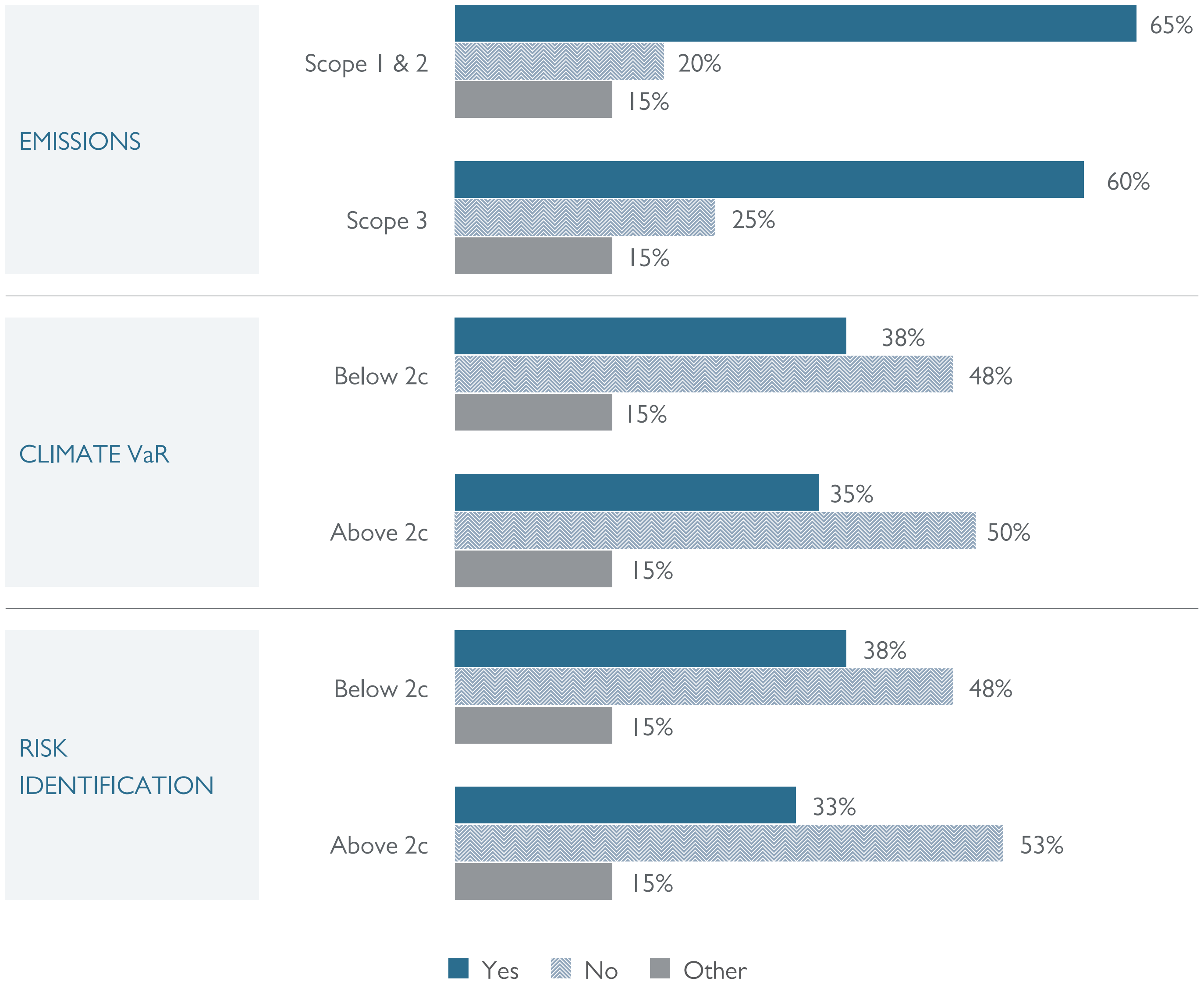
Between January and May 2024 we reached out to 60+ third party managers to which we have allocated capital, asking them for information on their organisational and fund level climate risk management processes. As we engaged with these managers for the first time on climate matters in early 2024, the high response rate as well as interest in follow up conversations, in particular amongst our key third-party managers, stands out.

Product level climate risk assessment



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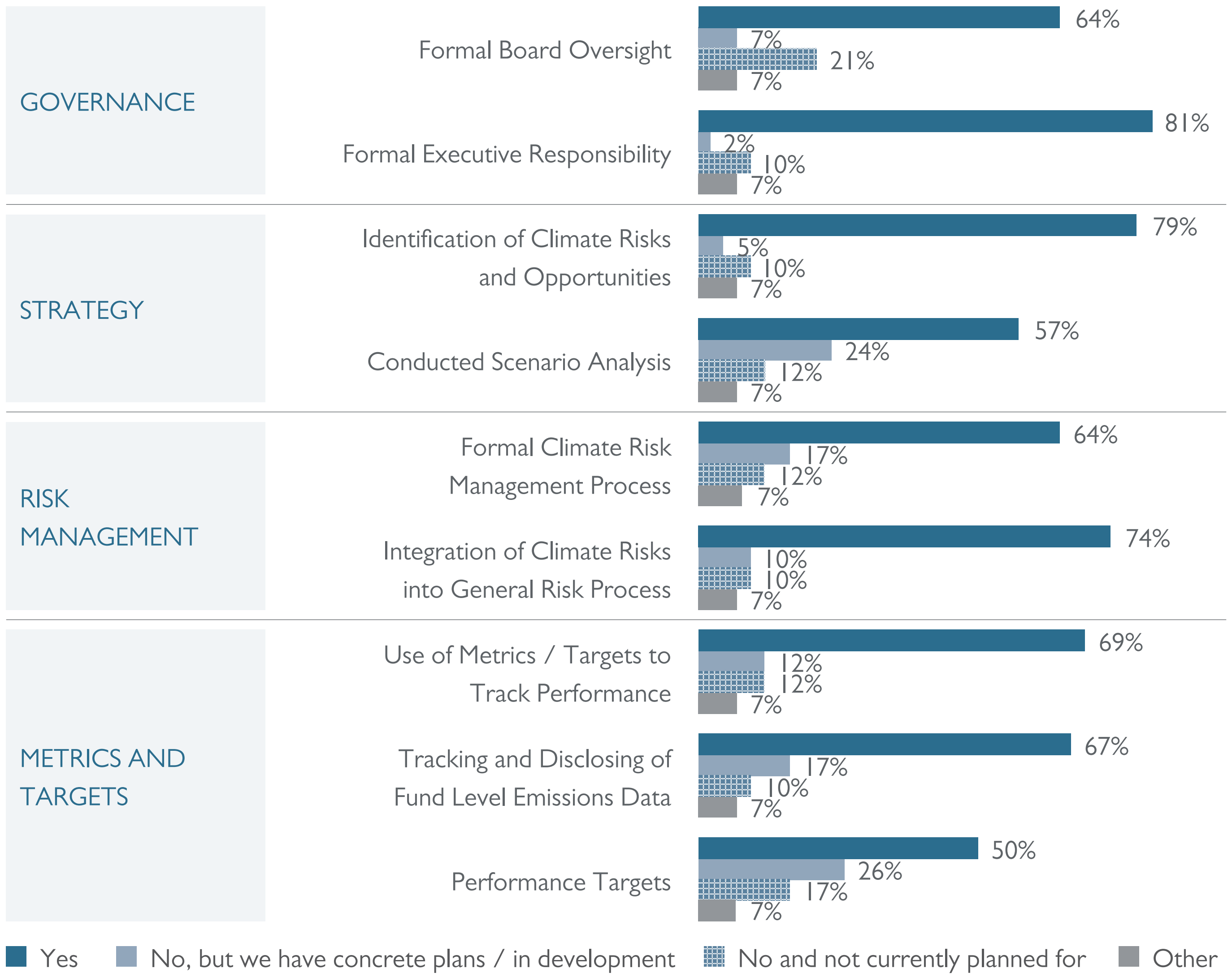
At organisational level we requested information on how they implement TCFD requirements into their practices, and where gaps exist whether they plan to close them. At fund level we requested information on identified climate risks, emissions levels and expected impacts as quantified e.g. through Climate Value at Risk.

We received 43 responses and were pleased with the degree of climate risk integration across managers. Across asset classes and managers, the level of climate risk integration at organisational level is robust, with most managers satisfying TCFD requirements. Where material gaps exist, we are reassured by managers stating the ambition to revise practices to align with TCFD requirements, this e.g. being the case for the use of scenario analysis to understand potential climate impacts under different climate scenarios, or for setting clear and transparent emissions reductions targets.



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Where we identified material gaps in TCFD aligned climate risk governance at managers we allocate to, the potential risk of unmanaged climate risks at specific funds or managers was raised internally. This was the case for ca. 10% of responding third party managers, most of which were deemed too boutique to be able to satisfy TCFD aligned climate risk governance. We were pleased to note that over half of those managers do conduct climate risk reviews as per responsible analyst, such as through the application of carbon pricing, just not in line with TCFD. The other half we either sold out of, unrelated to climate concerns, or have plans for climate specific follow-up conversations. We further discussed our stance on managers that did not engage with our request for information, and determined that they constitute an immaterial share of our total allocations, and potential climate risk management gaps are therefore manageable from a portfolio impact perspective.

We will continue to monitor manager climate governance practices and engage managers on climate more broadly.

2024 Topical ESG Engagement – Sustainable Strategy

Considering the aims of our sustainable offering, we put a particular emphasis on ESG engagements for this strategy. The ambition being to expand our understanding of third party managers approaches to important sustainability topics and to use our influence to encourage third party managers in which we invest to improve their management of ESG issues. In last 2024, we conducted a topical ESG engagement with every manager held in the Global Sustainable Investment Portfolios (GSIP). The engagement focussed on three topics. First, a follow-up on our 2023 engagement topics, which were Nature/TNFD integration, DE&I ambitions and ESG related remuneration practices. Second, we engaged on specific climate risk management gaps which we identified in our Spring 2024 TCFD engagement. Third, we engaged on manager's net-zero ambitions. Following our engagement all managers provided written feedback, with further follow-up conversations being assessed as of early 2025. In addition we engaged a sub-set of managers on identified exposures to controversial activities (see next section). Overall, we were satisfied with the quality of provided responses, including provided information and rationales on policies and current practices.

On last year's engagement topics we noticed minor improvements, with managers showing overall satisfactory practices with potential for improvement particularly on their internal DE&I ambitions, as well as when it comes to setting clear and measurable ESG remuneration targets for investment staff. Meanwhile on Nature/TNFD we were pleased to see that managers keep working on integrating nature risk governance into their processes and ESG risk models, as well as that they have started engaging companies on identified nature risks.

On identified TCFD gaps managers provided robust explanations as to reasons for identified gaps, such as cost or data robustness, or otherwise outlined plans for reducing identified gaps over the coming years.

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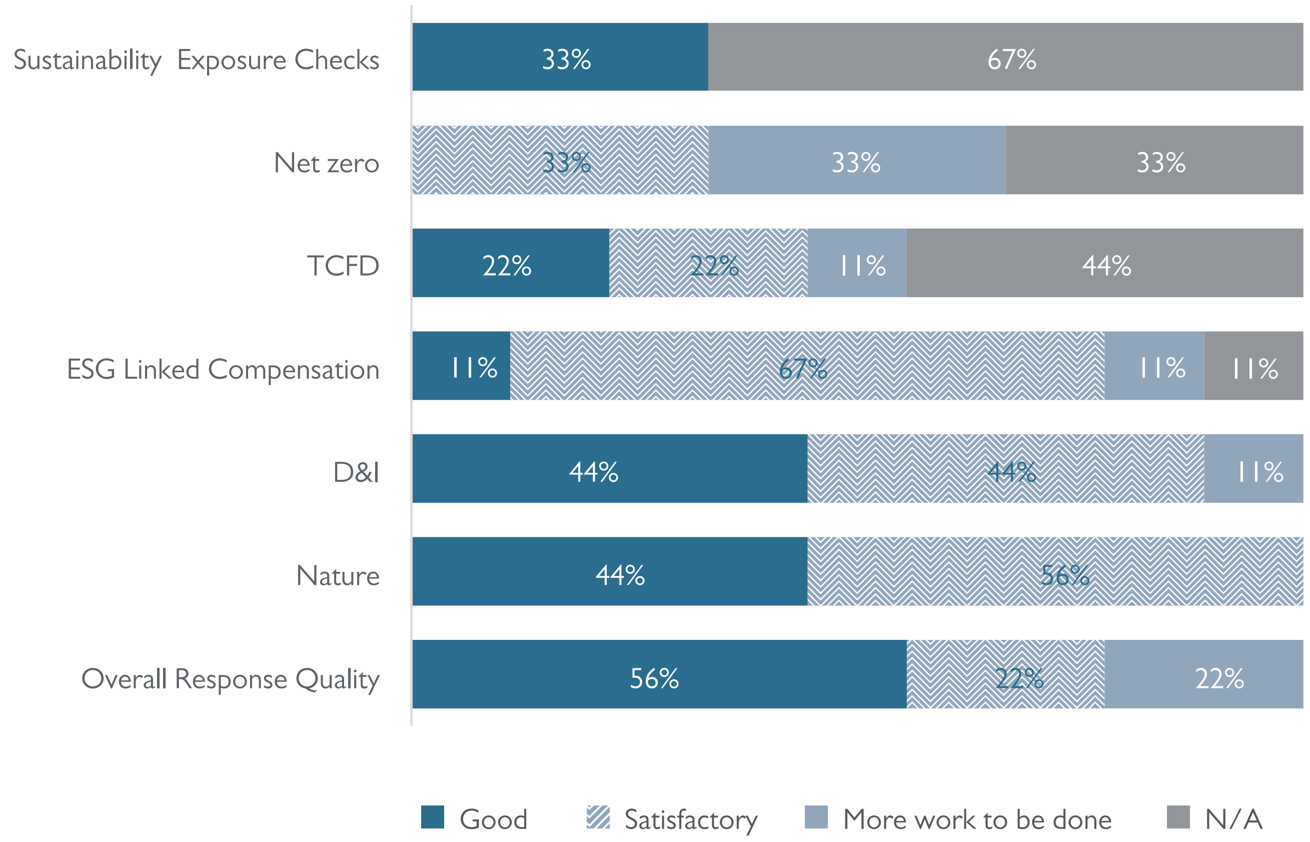
Meanwhile on climate we noted continuing scope for increasing ambitions and commitments with engaged managers. In particular a negative industry wide trend towards withdrawing from international initiatives such as CA100+ or NZAM has to be noted in this context, with various engaged managers being affected by this trend. For us, robust climate risk management and engagement practices are paramount, and we will continue to monitor and engage managers on this topic to ensure robust practices and ambitions are maintained.

The below table presents for all managers the quality of provided responses. Where scope for improvement was identified follow-up engagements will be conducted.

Manager Response Quality to 2024 Sustainable Product ESG Engagement



** N/A refers to a topic not engaged on with a specific manager*

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Sustainability Exposure Checks

In line with our Sustainability Screening and Exclusions policy we further engaged managers where breaches to GSIP ESG screening thresholds were identified. In total, three managers were engaged relating to holdings with exposure to controversial weapons, UNGC breaches, fossil fuel exposures and military contracting exposures. For such screenings we rely on Morningstar.

We received robust and satisfactory responses to our ESG exposure related engagements, with managers providing granular and insightful rationales as to their holding of companies flagged by our data provider. We found that third party managers were actively engaging on this topic, with a keen interest in discussing investments in companies with exposure to controversial activities. Managers either presented to us a clear justification for continued investment or showed an openness to exploring rationales for continued investments and divestments.

Fund	Controversy	Outcome
Environmental Equity Fund	Fossil Fuel Exposure	We asked one of our sustainable equity managers for details on one position with exposure to fossil fuels. The manager highlighted that the company is held for its offshore and onshore renewables exposure, which by now accounts for most of their revenues and profitability. The manager further elaborated on the company's revenue exposure to fossil fuels being the result of legacy natural gas assets that account for a decreasing share of revenue and profits - 18% of EBITDA as per Q3 2024. They further highlighted to us their continued dialogue with management of the company and their monitoring of the company's decreasing fossil fuel exposure, which makes them confident in its continued focus on particularly offshore wind development. Our view is that the manager is aware of the fossil fuel exposure and has a robust rationale for still being invested. We will continue to monitor the company and reengage the manager in case problematic revenue trends are noted.

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Fund	Controversy	Outcome
Climate Equity Fund	Fossil Fuel & Military Contracting	We asked one of our sustainable equity managers for details on three holdings flagged through our controversial activity screening. One company had recently been divested from, with the two remaining being flagged for fossil fuel and military contracting exposure. On fossil fuel exposures, the manager explained that the company in question has two business segments with material exposure – ca. 17.5% of total revenues – thermal power generation and energy markets. Importantly, fossil fuel exposure is related to use of natural gas, with currently no exposure to coal-fired activities. In addition, 90% of capital spend in FY 2023 went towards regulated networks and renewables build-out. The manager therefore noted that while they are aware of a persisting fossil fuel reliance, they expect an increase in renewables and network footprints, reducing fossil fuel exposures. On military contracting exposures, the manager ensured us that the company in question's exposure is flagged because of end product use that the company is not directly responsible for. According to the manager, the investee company manufactures and markets enabling technologies, with clients including the Aerospace and Defense industry. These include among others instrumentation and sensors that may be attached to defense-related vehicles. The manager assured us the investee does not manufacture lethal armaments, and highlights the use of company products for environmental monitoring, such as of air, water or soil. Our view is that the manager provided robust rationales for remaining invested in both companies. We will continue to monitor both companies and reengage the manager in case problematic revenue trends are noted.
Climate ETFs	UNGC Breaches, Controversial Weapons Manufacturing & Military Contracting	Various UNGC breaches, controversial weapons & military contracting exposures were flagged in our screening. The manager provided documentation on their exclusion policy which meets our own ESG screening criteria. While not responding directly on the companies in question, our view is that the manager provided convincing evidence of their process being aligned with our own, with the flagged exposures being due to differences in data providers. We will continue to monitor exposures.

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Engagement with global equity manager on ESG risk management process

We identified that one of the third party equity funds that we use in non-sustainable products has consistently maintained high exposures to what we deem a high risk controversial activity – controversial weapons manufacturing. While we currently do not have in place a mandatory escalation process for such exposures, we decided to engage the manager to learn more about their management process for this specific risk area. The manager shared with us information on their involvement with defence industry initiatives and their approach for monitoring defence industry specific risks. We further met with the manager's stewardship team to discuss their approach to engagements and stewardship for the sector. While we recognize gaps in the managers human rights and environmental due diligence process relating to the defence industry, we were satisfied with their general defence industry related risk management and engagement process.

EXAMPLE

Engagement with alternatives manager on problematic public statements of executive

Following various media outlets picking up on a prominent firm executive at one of our alternatives managers making controversial public statements on Twitter/X, we met with the firm's CIO to understand firm governance processes and any actions which may have been taken since statements were made. To frame the conversation, we tried to understand any impact on firm culture, working relationships and potential other tensions which may have arisen as a result of these events. The conversation was held a very openly and we were satisfied that the involved executive would take accountability for what happened.

EXAMPLE

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ENGAGEMENTS – EXTERNAL EXPERTISE
EXAMPLES OF THIRD PARTY MANAGER ENGAGEMENTS

The below engagement examples are from third party managers we invest in across our non-sustainable strategies.

TPI - Deforestation

Background	The manager engaged with a global renewable energy company that designs and manufactures wind turbine blades. Core raw materials used in the company's wind blades include foam and balsa wood, around 90% of which is produced in Ecuador. The manager has been engaging with the company on the deforestation risk posed by their use of balsa wood in their wind turbines since 2022.
Engagement	In December 2024, the manager met with the company to discuss the recent publication of a multi-year investigation, exploring Amazon forest crimes in Ecuador related to wind turbine manufacturing in the US and China. The report explicitly mentions the investee company. During the meeting the manager shared examples of best practice from the investee's peers regarding disclosures surrounding balsa wood, as well as suggestions on providing assurance to investors regarding management of balsa wood in the supply chain.
Outcome	Going forward the manager will continue to monitor the company's activities and seek to continue engagement to monitor progress made with suppliers and disclosures.

ALTERNATIVES MANAGER EXAMPLE

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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Lindt & Sprungli - Deforestation

Background	The manager engaged with a consumer foods company manufacturing a broad range of confectionary products, some of which contain forest risk commodities. As a result, the investee has set up a program which consists of four pillars: tracing their beans, training the farmers, investments for farmers and communities, and independently verifying their program. Since 2020, the company sources all of their products through their Farming program, with a traceable source and independent third-party verification.
Engagement	The manager engaged the company as part of a group investor initiative focussed on deforestation risk in the investee's sector. The manager spoke with the Corporate Sustainability Team, raising that the investee is an outlier by not publishing a Grievance Tracker, despite the company claiming to be a leader in sustainable sourcing. In the conversation, the company highlighted that trainings and investments such as those included in the Farmer Program can be impactful in driving change, these suppliers typically being local. In relation to the environment, the company aims for products sourced to be free from deforestation risks. They also aim to support farmers to achieve positive biodiversity impacts.
Outcome	The managers feedback has been well received and is being considered by the company.

ALTERNATIVES MANAGER EXAMPLE

Travere - Company Restructuring

Background	The investee underwent a business restructuring at the end of 2023 that led to ca. a quarter in workforce reduction, leading to a decrease in the company's MSCI ESG rating. The company operates in healthcare both in the US and emerging markets and MSCI has stated that staff management efforts lag behind those of peers.
Engagement	The manager engaged the company on the restructuring, with the investee presenting that related redundancies are below industry standard in similar situations. MSCI Ratings was also engaged by the company, to understand the overall view on their ESG practices, with them planning to have more robust ESG practices in place. To ensure robust employee engagement and maintaining of moral, the investee further disclosed holding town halls and informal coffee chats.
Outcome	The manager highlighted that conversations with the investee were open and constructive, including both restructuring implications and employee responses. They further flagged that, considering this being a lower market cap company, general disclosure levels and related practices are limited, with expectations therefore being limited.

EQUITY MANAGER EXAMPLE

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Mara - Energy Intensity and Physical Climate Risk

Background	The manager engaged a digital asset company that mines crypto currencies, with issues relating to their low MSCI ESG rating being raised. The manager believes the investee has spent considerable resources on ESG efforts since the start of 2024, and has been improving its sustainability disclosures. The company has further started measuring Scope 1, 2, 3 emissions in 2023 and is in the process of for 2024 publishing its first CDP report.
Engagement	The manager engaged the company on materiality assessments, powering down operations in down times and employee engagement programs. The investee was questioned on its materiality assessment process, to which they responded that their strategy has remained unchanged and been reinforced throughout 2024. During severe weather conditions, the investee further disclosed that they are able to power down for days instead of hours (compared to peers), allowing power to return to the grid. On employee engagement, the firm presented taking its core values seriously and current employee engagement being high.
Outcome	The investee's leadership team lead the push for sustainability with a top down approach. Developing a strategy for wasted energy was viewed as a positive commitment that the investee made. According to the manager, the key focus going forward will be on energy use and renewables investment.

EQUITY MANAGER EXAMPLE

Dutch Bros - Energy Intensity and Physical Climate Risk

Background	The manager engaged with a coffee chain based in the US due to an MSCI ESG rating downgrade caused by management failure to reduce food safety concerns.
Engagement	The investee argued that they are attempting to mitigate food safety risks by conducting annual reviews related to their supply chain and employing a Food Safety & Quality Control manager. Should an issue occur in the company's supply chain, disrupting a particular coffee bean producing region, they have ensured alternative beans with similar profiles can be sourced.
Outcome	The manager exhibits confidence in the company's response and is optimistic of a positive rerating by MSCI.

EQUITY MANAGER EXAMPLE

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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Markel - Disclosure and Transparency

Background	The manager initiated discussions with a insurance company and urged the investee's management to enhance the company's disclosures regarding its environmental impact, as well as to more clearly define how sustainability is integrated into their underwriting and investment strategies.
Engagement	The manager has engaged with the company for two years, during which there has been minimal incremental improvement. The manager has observed that the company possesses the capability to disclose information if required by the SEC; however, it has chosen not to do so.
Outcome	The manager decided to not escalate following the engagement, with view that disclosing underwritten emissions is of limited added value at present time, due to a lack of standardized methodology. The manager will continue to hold the company.

EQUITY MANAGER EXAMPLE

Berkshire Hathaway - Disclosure and Transparency

Background	The manager engaged with a multinational financial conglomerate, with the aim of encouraging more emissions disclosures for all subsidiary companies. The manager notes that subsidiary disclosure has improved over recent years.
Engagement	Management at the investee have discussed sustainability factors at what they deem to be their most material subsidiaries and improved subsidiary disclosures. While noting progress the manager was unable to support the 2024 emissions disclosure shareholder resolution due to specific language requiring measurement of underwriting emissions given no agreed methodology to measure greenhouse gases. As a result, the manager voted against resolution (using ISS criteria). The manager also noticed the tone of the company's management has changed positively due to active management from shareholders.
Outcome	The manager has supported various emissions disclosure shareholder resolutions from 2021 to 2023 and would like to see the continued disclosures of emissions data for all subsidiary companies.

EQUITY MANAGER EXAMPLE

PRINCIPLE 9
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PRINCIPLE 11

Ryanair - Restriction on non-EU Investors

Background	The manager engaged with a European low-cost airline regarding Brexit related restriction to voting rights for non-EU shareholders. EU legislation requires EU airlines to be majority-owned by EU investors. As following Brexit this was not the case anymore for the company they decided to removed voting rights for non-EU investors. As recently EU shareholders have almost reached the 50% threshold again, the manager engaged with the company to lift the ban it had placed on non-EU shareholders once legally permissible.
Engagement	Current EU ownership is approaching a majority, therefore the investee is considering granting the ability for non-EU share purchases or restoring voting rights to non-EU shareholders. The manager viewed lifting restrictions once EU based ownership reaches 50% plus as positive, highlighting the importance of shareholders retaining voting rights.
Outcome	The timeline and outcome of this process still remains uncertain, so the manager will continue to monitor this.

EQUITY MANAGER EXAMPLE

Grafton Group - Net zero Commitments

Background	The manager engaged with a builders merchants company after voting against the re-election of the Board Chair at the 2023 AGM for a lack of 2050 net zero target. As the investee did not provide a timeline or sufficient transparency in disclosing a net zero target, the manager maintained its voting stance following the AGM, in line with almost a quarter of other shareholders.
Engagement	Following the AGM, the investee announced a 2050 net zero target, agreed disclosure of scope 3 emissions and highlighted intention to have validated SBTi targets by the end of 2024. After a follow up engagement in February 2024, the manager acknowledged the targets and company's progress toward net zero. In July 2024, the these targets were officially validated by the SBTi.
Outcome	The manager will continue to monitor the company and escalate engagement topics through voting practices.

EQUITY MANAGER EXAMPLE

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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EnBW – Decarbonisation

Background	The manager engaged with an integrated power utilities company present across all parts of the energy value chain, which has a tilt towards energy networks and renewables. The manager held a discussion with the investee's IR on its nuclear power decommissioning and thermal coal plant closures.
Engagement	In terms of nuclear power, the company noted that all of their nuclear plants were shut down in March 2023, and that the decommissioning is too advanced to reverse. On thermal coal operations, the company confirmed that they will exit their remaining coal activities by 2028 in line with their domicile government requirement. The remaining capacity, accounted for less than 5% of revenues in 2023 and is projected to decrease further in 2024. With regards to activities associated with alternative energy sources, the investee will be active in the national hydrogen network and has exhibited optimism about hydrogen usage.
Outcome	The manager will continue to maintain an active dialogue with the investee as a leader in networks and renewables additions. In the future they place focus on an accelerated timetable for coal closure to enable an increase in existing investment exposure.

FIXED INCOME MANAGER EXAMPLE

Merck KGaA - Sustainability Integration

Background	The manager engaged with a pharmaceuticals and chemicals company active globally, although it does not currently invest. The company manufactures and sells prescription drugs and is a major supplier of materials and solutions for the semiconductor and display industries. The manager's engagement involved an update on the company's strategy and initiatives regarding sustainability, as well as specifics on climate change.
Engagement	The company outlined the main goals that make up its sustainability strategy, with a set of specific timelines for each. They also updated the manager on their recent performance and achievements, which included commitments to enhance the availability of medicine; commitments to diversity, equity, and inclusion (DE&I), in particular on gender parity and increasing ethnic diversity; emission reductions by approximately one third, stated as currently being in line with their 2030 guidance. Additionally, the company is working on reducing its water consumption.
Outcome	The manager does not currently invest in the company for both fundamental and valuation reasons. Whilst the manager believes the sustainability update provided useful progress, their investment stance remains unchanged following the engagement.

FIXED INCOME MANAGER EXAMPLE

PRINCIPLE 9
PRINCIPLE 10
PRINCIPLE 11

Romania - Political Volatility in European Country (Fixed Income manager)

Background	The manager engaged with a Sovereign country based in the southeast of Europe which is a focus for monitoring and engagement, particularly regarding governance-related matters relating to their 2024/2025 presidential elections.
Engagement	The purpose of the engagement was to gain insight into current developments, including the validity of the end of 2024 first-round election results. The manager believed the outcome of the parliamentary vote was the key factor for domestic policy and governance rather than the presidential results. Indications from the parliamentary elections so far are encouraging according to the manager with the presidential vote now being re-run in spring 2025.
Outcome	Overall, the manager remains cautious in holding a long investment position in the country given the current political party layout. Therefore, the team used increases in volatility to add exposure where opportunities arose.

FIXED INCOME MANAGER EXAMPLE

All Portfolio Companies – Climate Change Disclosures

Background	The manager has been supporting their portfolio companies for four straight years on climate related issues such as conducting carbon footprint analysis. For 2023/24, this has led to all portfolio companies disclosing scope 1 and 2 emissions. The manager, having noticed gaps in Scope 3 emission targets, had decided to engage with their portfolio companies to encourage further Scope 3 emissions disclosures. In the reporting period 2023/24 the portfolio reached 90% achievement of Scope 3 emission reporting.
Engagement	The manager now focusses on actively encouraging adoption of Science Based Targets (SBTs), which as of March 2024, 8 portfolio companies report on. Target setting and validation form an integral part of having SBTi targets confirmed.
Outcome	The manager will continue to engage with the companies on climate related issues, as has been practice over the last 4 years.

PRIVATE CAPITAL MANAGER EXAMPLE

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

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Noveocare – Developing and Implementing an ESG Strategy

Background	After investing in 2020, the manager began an ongoing ESG review of the company, which is a European health insurer. This assessment contained an evaluation and examination on the level of maturity of the company's governance of material ESG factors, with findings presented in an action plan aimed at closing gaps. This plan received approval from both the company's board and the manager's senior management, highlighting focus areas for the company's development, including employee well-being and environmental responsibility. The manager was involved in helping with the implementing of the company's ESG strategy. This included the process of creating a framework with defined ESG objectives to steer their efforts in sustainability and governance, assisting with the assessing of the firm's carbon footprint and pinpointing service providers to facilitate compliance with CSRD requirements.
Engagement	As part of this ongoing process, in September 2024, the company appointed a manager for ESG and CSR to promote ongoing enhancement of their ESG strategy.
Outcome	The manager will continue to work with the company to further develop its ESG strategy.

PRIVATE CAPITAL MANAGER EXAMPLE

PRINCIPLE 9
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Below examples are from third party managers we invest in through our sustainable strategy.

Insulet - Diversity Related Engagement

Background	The manager engaged with a medical device company, meeting members of the investor relations team as well as the VP of Global Sustainability and Chief Sustainability Officer in October 2024, to learn more about the firm's sustainability initiatives. The call focused particularly on diversity, an area where the investee is deemed a leader by the manager, but environmental endeavours were also noted.
Engagement	For its latest type 2 diabetes Omnipods study the firm deemed diversity a priority, the aim being to demonstrate that its tubeless insulin pump can be used by a broad population of diabetes sufferers. It recruited a material share of Hispanic and Black participants for its case study, further noting the importance of having diversity of income groups and education levels represented. The manager agrees that easy use of the product, from children to older adults who are less familiar with technology, is crucial. On the environmental side, the manager cautions that the disposable nature of the company's Omnipods means that waste is generated, while highlighting that the company has introduced initiatives that allow customers to return the used product to them for responsible disposal or in some markets for recycling.
Outcome	The manager believes the company's efforts to recruit a diverse population in trials and to ensure easy product use by people of all education and knowledge levels provides a valuable example of how considering diverse patient groups can add value for healthcare companies. The manager is also pleased about the environmental efforts and looks forward to seeing further progress in this area.

SUSTAINABLE EQUITY MANAGER EXAMPLE

PRINCIPLE 9
PRINCIPLE 10
PRINCIPLE 11

Deere - Biodiversity Disclosure

Background	The manager engaged with an agricultural machine manufacturer, to raise awareness and increase disclosure on issues associated with biodiversity loss. The manager has been engaging with the company since 2020, where discussions have shifted from high-level awareness raising to nuances in the role the company's tools could play in a more sustainable world.
Engagement	In 2024, the manager focussed on ways for the company to improve their TCFD transparency, whilst considering TNFD. The company has also unveiled plans to incorporate a CDP assessment of risk and opportunities associated with biodiversity.
Outcome	The manager has remarked that since investment, the company has increased its disclosure on biodiversity impacts and further developed an understanding of how this affects its shareholders.

SUSTAINABLE EQUITY MANAGER EXAMPLE

Tesla - Climate Risk and Supply Chain

Background	The manager engaged with an electric vehicle manufacturer with the aim of improving operational resilience due to increasing physical risks of climate change. The manager has been working on assessing these types of risks for the past two years by working alongside an educational institution. They have since produced a report which highlights the specific climate risk faced by the investee. In particular, the report highlighted an under-representation of wildfire risks in the company's consensus modelling and identified specific vulnerable suppliers.
Engagement	The manager has met with members of the Responsible Supply Chain team to discuss the report. The investee is now working to integrate more factors into their assessments of physical climate risks across their supply chain.
Outcome	The manager found the discussions fruitful, and has highlighted there being ongoing exchange between the investee and manager, providing support in further managing climate risks.

SUSTAINABLE EQUITY MANAGER EXAMPLE

PRINCIPLE 9
PRINCIPLE 10
PRINCIPLE 11

Roche - Sustainable Challenges

Background	In Q4 2024, the manager engaged with a global healthcare company to gain insights on their approach to sustainability challenges, including antimicrobial resistance (AMR), climate disclosures and access to health equity.
Engagement	The company presented how it is conducting AMR surveillance to actively address global health security, through ensuring manufacturing partners adhere to strict environmental standards. On climate action, the company submitted net zero targets to the SBTi for 2029 and 2045, as well as aiming to report in line with the TCFD from 2025. Meanwhile regarding access to health equity the company is focussing on addressing limitations highlighted by their performance in the Access to Medicine (ATM) Index, as well as developing increasing clinical trial diversity.
Outcome	In the future the manager aims to encourage more comprehensive ESG reporting and disclosure from the company, to better reflect their ongoing efforts in these areas.

SUSTAINABLE EQUITY MANAGER EXAMPLE

Inditex - Physical Climate Risk Disclosure

Background	In Q3 2024, the manager engaged with a multinational clothing company on how it supports workers throughout its supply chain adapting to physical climate risks and how it addresses associated human rights risks. The manager views the company to be in its early stage of understanding supplier related physical risks and impacts on people.
Engagement	Through the engagement the manager solidified its view that the company's approach to proximity sourcing may lessen exposure to SE Asia manufacturing hubs, as well as that it is currently unclear how the company understands climate related human rights risks at supplier level. The manager further notes that the company does not appear to consider human rights related climate adaptation measures, rather relying on compliance with local legislation.
Outcome	The manager believes the topics are increasingly on the company's radar, with hope that future engagements can be used to work with the company to develop this further. Therefore, the manager will continue to monitor and engage where they feel necessary.

SUSTAINABLE EQUITY MANAGER EXAMPLE

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Amiad Water Systems - Climate Risk Management and Disclosure

Background	The manager has engaged with an international water treatment and filtration company for several years, covering their climate risk management processes and disclosures. According to the manager the firm had made limited progress in advancing the disclosure of its related processes and performance data.
Engagement	In 2024, the manager voted against the election of the Board Chair and abstained from the vote for the Chair of the Audit Committee. Both were responsible for overseeing climate-related risks. The company noted that it has now measured and reported Scope 1 and 2 emissions to a Middle Eastern country's Environment Ministry (though the data was not publicly available) and detailed effort to reduce emissions. In June 2024, the company communicated that the disclosure of scope 1 and 2 emissions data was the result of the manager's previous engagement and request. The company has also begun to disclose updated figures on water consumption and waste management and has set a high-level commitment to continuously reduce Scope 1 emissions.
Outcome	The manager will continue to engage the company and share best practices, as the company's Scope 3 emissions reduction ambitions and broader reduction targets has been limited to date.

SUSTAINABLE EQUITY MANAGER EXAMPLE

Croda International – Climate Risk Management

Background	The manager has engaged with a UK speciality chemicals company since 2020, primarily on climate-related risk management. Recently its engagement focus shifted to nature-related risk assessments in line with TNFD.
Engagement	In 2023 and 2024 the manager was involved in a collaborative engagement to assess the company's nature-related dependencies and impacts. The company's initiatives on nature are captured under a what they call 'Land Positive' commitment. Although, the company has not undertaken a full nature impacts assessment, they are confident of having assessed material aspects of nature, captured through updates to its double-materiality assessment for CSRD disclosure, and aligned with the TNFD and SBTN.
Outcome	The company is reviewing its overall sustainability leadership strategy with its executive team and board. It is currently considering setting FLAG targets (forest, land and agriculture) as a proxy for understanding and managing land-use change and reducing nature-related impacts. The manager will continue to monitor these practices. The company has indicated that it will publish nature targets in due course. The manager will review 2025 disclosures and continue to engage on this topic

SUSTAINABLE EQUITY MANAGER EXAMPLE

PRINCIPLE 9
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PRINCIPLE 11

Kuehne & Nagel – Carbon Emissions

Background	The managers engaged with a global transport and logistics company to understand the reasons behind an anomalously high figure reported for a Scope 3 emissions category as well as their lack of science-based targets in their net zero strategy.
Engagement	In March 2024, the manager initiated a dialogue with the company's sustainability team and queried this emissions figure. An error caused by confusing kilotons (ktCO2) and metric tons (tCO2) was the result of the emissions reported. The company does not expect similar errors to recur but acknowledged that some reallocation of emissions across scope 3 categories may take place in the 2024 reporting cycle. On science-based targets, the company outlined their Net Zero strategy, which includes an ongoing resubmission of their science-based targets and a shift from absolute to intensity-based targets, whilst remaining committed to their near-term 2030 goal.
Outcome	To the manager this engagement highlighted the challenges that companies face when calculating their emissions, and helped build a stronger relationship in the long-term. The conducted due diligence was positively received by the company, and the manager will continue to monitor climate and other data disclosures of this firm going forward.

SUSTAINABLE EQUITY MANAGER EXAMPLE

Nestlé – Deforestation Targets

Background	In October 2024, the manager engaged with an international food and beverage company to discuss their response to the upcoming European Directive on Deforestation (EUDR), originally set to take effect at the end of 2024. The regulation has been delayed by a year and will now take effect in 2025.
Engagement	The company's initial target of achieving a deforestation-free supply chain by 2020 was previously delayed to end of 2025. This extension accounted for the inclusion of additional commodities. The company has acknowledged the difficulty of reaching 100% deforestation-free status but emphasised that this still remains a commitment.
Outcome	The manager notes the conversation was engaging, candid, and insightful.

SUSTAINABLE EQUITY MANAGER EXAMPLE

PRINCIPLE 12: ACTIVATE, RESPONSIBILITY

Signatories actively exercise their rights and responsibilities.

INTERNAL EXPERTISE

Direct Equity

Our Global Equity Management Team actively exercise their right to vote in all Proxy Votes where they have the discretion to do so and where there is nothing to prohibit them from doing so. The team makes its own informed decisions on how to vote. We may use the information provided by proxy advisors, such as Glass Lewis, but will not necessarily follow their recommendations. We have also developed in-house voting policies at the product level.

We vote in all our equity funds as default and discuss voting preferences directly with our segregated clients.

Where a segregated client may opt-out of voting is where there is an associated cost with voting on a client's custody platform. We vote the same for all clients unless a conflict of interest exists (see Principle 3), or in the event that a client wishes to direct voting (not the case for any clients today). We do not participate in stock lending.

Our Global Operations Team are responsible for ensuring that all potential votes are captured, so the team don't miss a potential voting opportunity, whether it be a fund vehicle or a segregated account. The team pass on vote notifications directly to the Global Equity Management team who will then advise on the appropriate voting response. They maintain a shared database where voting data and recommendations are captured.

A description of how we vote is detailed in our Engagement and Voting Policy document. Since the end of 2020, details of the Proxy Voting activities for the team's flagship fund, GBI, have been produced annually and can be found on our website.

Our voting statistics for the period are shown on page 111. It should be noted that the 7% which wasn't voted on was for a single Swiss company. In order to vote on this security, there would be a period where we wouldn't be able to trade the security. We believe it is in the best interests of clients to retain this flexibility, even though there is some value loss in not voting. 100% of the resolutions were voted on for securities that do not have a trade block.

STONEHAGE FLEMING STEWARDSHIP REPORT 2025

PRINCIPLE 12

Voting Statistics for the Reporting Period

Number of meetings we were eligible to vote at	26 AGMs
Number of resolutions we were eligible to vote on	441
% of resolutions we voted on for which we were eligible	93% Voting for Swiss domiciled companies requires us to temporarily cede custody of our shares in those companies, during which time we lose our ability to trade in them. As such, and in order to maintain full liquidity at all times, in 2024 we did not vote on a Swiss holding of the Fund. This one company accounted for 7% of all resolutions we are eligible to vote on.
Of the resolutions on which we voted, the % we voted with management	89%
Of the resolutions on which we voted, % we voted against management	11%
Of the resolutions on which we voted, % we abstained from voting	0%
% of meetings where we voted at least once against management	72%
% of resolutions where we voted against the recommendation of our proxy adviser	9%
% of votes in line with result	87%
% of votes on Governance (and % supported)	6% (61%)
% of votes on environmental and social issues (and % supported)	9% (87%)
% of votes being shareholder proposed (and % supported)	11% (20%)

Source: Stonehage Fleming GBI Fund, Voting and Engagement Record 2024 (see fund homepage)

PRINCIPLE 12

We also provide a brief outcome summary of most controversial votes in our formal voting disclosure document, as shown below, as well as one detailed example.

MOST SIGNIFICANT VOTES	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6
Company name	Copart	UnitedHealth Group	Becton, Dickinson & Co	Essilor-Luxottica	McDonalds	Amazon
Date of vote	06 Oct 2024	06 Mar 2024	23 Jan 2024	30 Apr 2024	22 May 2024	12 Sep 2023
Size of holding on vote date (as % of portfolio)	2.5%	2.7%	1.6%	4.1%	1.5%	5.6%
Summary of the resolution	Re-election of D.Morefield, Chair of Nominations and Governance Committee	Re-election of Bill McNabb, Chair of audit & Finance Committee	Re-election of Bert Scott to Board	Re-election of J-L Biamonti as Lead Director	Shareholder proposal for report on Human Rights	Shareholder proposal for report on plastics use by 3rd Party Sellers
Management recommendation	For	For	For	For	Against	Against
Proxy vote advisor recommendation	Against	Against	For	Against	Against	Against
How we voted	Against	Against	Against	Against	For	For
Advanced communication to company of vote intent	No	No	No	No	No	No
Rationale for the voting decision	Lack of Board Diversity (<30% target)	Response to cyber attack and loss of customer data	Exxcessive tenure (12 years), insufficient Board independence	Conflict of interest and lack of independence	To support GBI engagement on UNGC 1 & 2	Reduce plastics use by sellers
Outcome of the vote	For (87%)	For (91%)	For (91%)	For (90%)	Against (98%)	Against (69%)
Implications of the outcome	Elected	Elected	Elected Stock sold in 2024	Elected, engaged on governance	Alternative report available	No new report
Criteria on which vote classified "most significant"	5	1, 2, 3	1, 5	5	1, 3, 4	1, 2, 3, 4

PRINCIPLE 12

Fixed Income

Due to the nature of the asset class, we have no voting rights over the fixed income securities held. We currently do not seek amendments to terms and conditions of the fixed income instruments invested in given our focus on the secondary market for corporates.

EXTERNAL EXPERTISE

Third Party Investment Managers

While we delegate the voting responsibilities to third party fund managers, the approach to stewardship and voting is one of the key areas that we conduct due diligence on and is highlighted as an ESG priority in Principle 7. In order to be considered as a candidate for capital, fund managers need to demonstrate robust stewardship credentials that align with the philosophy of the strategy, and honesty and transparency in their dealings with us.

In order to form a view on these matters, SFIM UK will acquire relevant information, and often go back to the manager to query certain votes. If the team disagrees with manager practices we will look to engage directly with the fund manager. If it is a material disagreement, then we may consider disinvesting.

In addition to the voting conducted by the fund managers on our behalf, we are able to exercise our voting responsibilities at AGMs and EGMs of the Funds held. We will look to vote on fund resolutions and consider whether fund changes, auditor/director appointments, and other matters are in the best interests of our clients. A good example of this has already been provided in the Principle 8 section, where we in parts voted against proposed changes to the ESG methodology a manager's product series.

GLOSSARY

BREEAM	Building Research Establishment Environmental Assessment Method
DE&I	Diversity, Equality & Inclusion
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
GBI	Stonehage Fleming Global Best Ideas Equity Fund
GEM	Global Equity Management
GinExCo	Group Investment Management Executive Committee
GRIF	Global Responsible Investment Fund
GSIP	Global Sustainable Investment Portfolios
RBG	Responsible Business Group
SEC	Securities and Exchange Commission
SFIM	Stonehage Fleming Investment Management
SISC	Stewardship and Investment Sustainability Committee
TCFD	Taskforce for Climate Related Financial Disclosures
TNFD	Taskforce for Nature Related Financial Disclosures
UN PRI	United Nations Principles for Responsible Investment
UN SDGs	United Nations Sustainable Development Goals

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CONTRIBUTORS

SEAN CURRY
Senior Alternatives Analyst

PHILIPP CYRUS
Sustainability & Stewardship Officer

SHIVANI DESAI
Risk and Compliance Associate

TRISTAN DOLPHIN
Head of Sustainable Investments

HAYLEY GARTAN
Document Design Specialist

OSCAR HERBERT-WILLIAMS
Private Capital Research Analyst

COURTNEY HOREY
Senior Fixed Income Analyst

GUY HUDSON
Group Head of Marketing & Communications

TOM JEFFCOATE
Head of Equity Funds

STEPHEN KELLY
Consultant

BENJAMIN LAWS
Junior Analyst, Sustainability & Investment Stewardship

JESSICA MILSOM
Fund Research Analyst

KATIE MUNDELL
Group Head of Risk & Compliance: UK & Investment Management

STUART PARKINSON
Chief Executive officer

MATHEW POWLEY
Investment Manager

PETER ROGERSON
Deputy Head of Risk & Compliance: UK & Investment Management

MARK SULLIVAN
Senior Client Relationship Manager

JOHN VEALE
Deputy Head of Investments

GRAHAM WAINER
CEO Investment Management

ALICE WOODS
Analyst, Investment Strategy and Research – Sustainable Investments

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