KBI Global Investors

Responsible Investing

2021 Annual Report

2021 ANNUAL REPORT ON RESPONSIBLE INVESTING

Message from our CEO

At KBI Global Investors ("KBI") we're looking to deliver sustainable long term returns for our clients and distribution partners using a responsible approach to investment. That may sound aspirational but I can assure you that it's not - in the following pages you can see practical examples of how we interact with investee companies both directly and in collaboration with other like-minded investors. We have given some examples of the results that have been achieved and also scenarios where there is still work in progress. Our activities in terms of engagement are a core part of our investment processes in which responsible investment principles have been deeply embedded for many years.

Many investors and asset owners have now come around to the view that the best long-term results can be achieved through consideration of the broader long-term interests of all stakeholders - not just short-term shareholder priorities. The headline events over the past year have supported this - pandemic, climate concerns and the increased geopolitical tensions leading to the devastating invasion of Ukraine have all posed challenges and are leading to reassessment of objectives and priorities.

While it's early to make judgements on the long-term economic consequences of the invasion of Ukraine, inevitably we are seeing increased focus on food, energy and cyber security as well as concerns regarding protection of critical infrastructure. From an ESG perspective there is renewed emphasis on the 'S' and 'G' in looking at companies and regions - rule of law, human rights and protecting freedoms all have recently come to the fore. At the time of writing, the most immediate response has been severe sanctions on individuals. Significantly Russian bonds and stocks have been stripped from benchmarks which will lead to defunding of Russian corporates. I expect there will be a lot more coming down the line as investors take time to scrutinize the impact of their holdings.

While the headlines at the moment are mainly on the geopolitical situation we have also had the latest IPCC report issued which highlights the urgency of global decarbonization which of course has investment implications. Inevitably we will see some increased short-term reliance on fossil fuels and most likely delays in planned winding down of coal and oil burning energy plants due to the current supply disruptions. However in the medium to longer term the conflict that is changing the landscape of European security will accelerate the transition to renewable energy and away from Russian gas supplies and fossil fuels generally.

On this front we can report that KBI has recently joined the Net Zero Asset Managers initiative which is a powerful alliance of 236 asset managers currently managing US$57.5 trillion[1] in assets with the objective of achieving net zero emissions by 2050. KBI has set more specific targets which are outlined later in the report.

As a leader in responsible investment over many years clients often ask what we are doing within our own business in addition to what is being done within the investment portfolios.

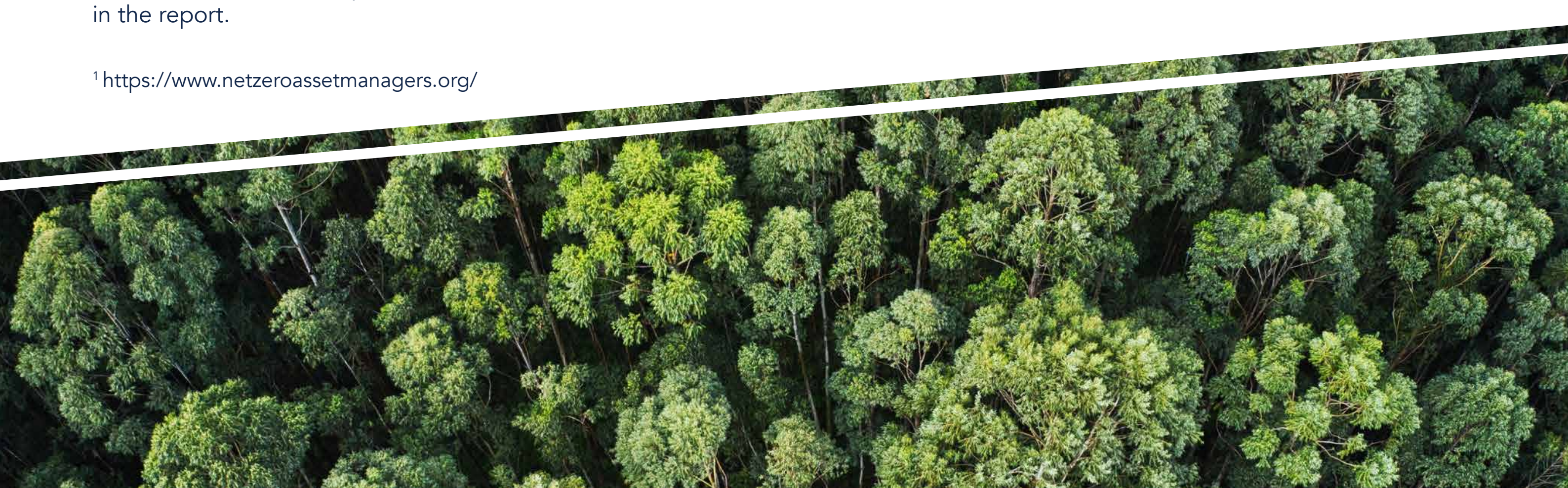
We are realistic about what can be achieved as a small firm, but nonetheless the team at KBI recognises that the purpose and values of the firm should be aligned with our responsible investment philosophy. Some of the recent and ongoing initiatives include:

- **Carbon Reduction Target:** We appointed an accredited technical consultancy firm to calculate our carbon footprint for 2018-2020 and subsequently set an objective of reducing our combined scope 1, 2 and 3 upstream carbon emissions by 30% per employee by 2025 relative to the base year of 2019.
- **An Choill Bheag (The Small Forest):** To recognize KBI's 40th year in business we have collaborated with environmental agencies to fund the planting of a small, dense, biodiverse native woodland habitat at a Secondary School in Dublin. This is complementary to other forestry projects we have funded in Ireland and South America.
- **Equality, Diversity, Inclusion:** Our EDI Committee has been very active over the past year with the highlight being the achievement of Silver Accreditation from the Irish Centre for Diversity.

All of these are small initiatives but are consistent nonetheless with our commitment to manage our client mandates in a responsible manner which can deliver sustainable long-term returns.

Sean Hawkshaw, Chief Executive Officer

[1] https://www.netzeroassetmanagers.org/



COMMITMENT AND GOVERNANCE

Long-standing firm-wide commitment to Responsible Investing

KBI Global Investors has a strong commitment to Responsible Investing issues, and has managed strategies with a Responsible Investment focus for more than three decades.. The firm was established in 1980 and is headquartered in Dublin (Ireland) with a representative sales office in Boston in the US.

Responsible Investing at this firm began with the implementation of negative screens as far back as the mid 1980s, in order to incorporate various 'ethical' criteria such as humanitarian and animal welfare issues for our clients. Today, our investment process has evolved from the simple negative screens utilised for our original faith-based clients to a fully integrated, decisive commitment to Responsible Investing, serving endowments, foundations, and institutional investors across the globe.

We implement Responsible Investing principles firstly because we believe that the use of ESG factors has positive effects on the risk and return of investments, and secondly because the use of RI principles in managing investments can help to achieve ESG goals which are worthy of achievement in their own right and which are also in the best interests of long-term investors.

Responsible Investing can be incorporated into the investment process in three ways. Screening involves excluding stocks that 'fail' ESG criteria. A thematic ESG approach means investing in certain industries or sectors that have strong ESG credentials. Integration is where ESG information about a company is directly built into the investment process and portfolio construction. Our two product suites - Natural Resources and Global Equities - both use Screening and Integration, while our Natural Resources strategies additionally apply a Thematic approach.

Our Net Zero Commitment

In July 2021, we became a signatory to the Net Zero Asset Managers initiative, committing to set interim targets by 2030 and to reach net zero by 2050 or sooner. The Net Zero Asset Managers Initiative - a joint project of IIGCC, the PRI, CERES and others - has set out what investment managers should do to help to achieve the goals of the Paris Agreement.

The Paris Agreement committed every country to the goal of keeping the rise in global temperatures to below two degrees centigrade and to 1.5 degrees if possible. This means that the world needs to completely stop sending greenhouse gasses into the atmosphere by 2050 at the latest (hence the focus on Net Zero by 2050).

But 2050 is obviously a long way off, and action needs to start immediately if that target is to be reached. The United Nations Environmental Programme (UNEP) published an assessment in 2019 (the base year for this project) which calculated that the planet needed to reduce its emissions by 7.6% per annum over the period to 2030, to keep the rise in global temperatures to a trajectory that would achieve the the 1.5ºC Paris Agreement target.[2]

While technically the 7.6% per annum number calculated by the UN covers the period to 2030, we felt that a five-year period rather than a ten-year period would be a better timeframe for our objectives as it is more concrete and less aspirational. So, our current commitment is to reduce the carbon intensity of 100% of our AUM:

- by 7.6% per annum *on average*
- over the period from end 2019 to end 2024
- encompassing Scope 1 and 2 emissions for now, but with a view to including Scope 3 emissions (both upstream and downstream) when data availability and quality has improved.

Regarding the carbon emissions of our own operations at KBI (as distinct from our investments), we have carried out an audit of our emissions and have submitted our data to CDP for the first time. And we have instituted a formal target to reduce Scope 1, Scope 2, and upstream Scope 3 emissions per employee by 30% in 2024, relative to the base year of 2019.

[2] https://unfccc.int/news/cut-global-emissions-by-76-percent-every-year-for-next-decade-to-meet-15degc-paris-target-un-report

RESPONSIBLE INVESTING COMMITTEE

Our Responsible Investing Committee has responsibility for all aspects of Responsible Investing, including philosophy, policies, operational issues relating to the implementation of RI factors across existing products, selection of relevant service providers, development of new RI products, Proxy Voting, Engagement, and liaison with external RI organisations and groups.

It is co-chaired by two executive directors of the firm, Chief Investment Officer, Noel O'Halloran and Head of Business Development, Geoff Blake. The Committee is made up of senior staff members including our Head of Responsible Investing, our Head of Compliance and various senior product specialists. While the Committee and its co-chairs have ultimate responsibility within the terms of reference, we have designated ownership for tasks within the committee to ensure efficiency, compliance and ownership.

Noel O'Halloran
Chief Investment Officer
Experience (years): 34
Years in firm: 30

Geoff Blake
Head of Business Development
Experience (years): 28
Years in firm: 28

Eoin Fahy
Head of Responsible Investing
Experience (years): 34
Years in firm: 34

Derval Murray
Head of Compliance & Risk
Experience (years): 24
Years in firm: 21

Niall Murphy
Senior Vice President - Business Development & Client Services, Europe
Experience (years): 30
Years in firm: 30

Matt Sheldon
Senior Portfolio Manager
Experience (years): 20
Years in firm: 11

Michael Gray
Head of Middle Office
Experience (years): 32
Years in firm: 32

Michael Keane
Senior Vice President - Business Development & Client Services, North America
Experience (years): 20
Years in firm: 17

Peter Fox
Senior Vice President - Business Development & Client Services, North America
Experience (years): 24
Years in firm: 24

James Collery
Senior Portfolio Manager - ESG Strategies
Experience (years): 21
Years in firm: 21

Jeanne Chow Collins
Vice President, Responsible Investing
Experience (years): 21
Years in firm: 8

Specialist Team

Long-serving experienced investment

Oversees all aspects of Responsible Investing policy and implementation

UNPRI and other Responsible Investing organisations

We have been signatories to the United Nations Principles for Responsible Investment (UNPRI) since 2007.

As a signatory, we fully subscribe to the six Principles, as below. We submit a detailed Transparency Report to the UNPRI, annually, setting out our compliance with the principles and this report is publicly available via the UNPRI website.

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

PRI Principles for Responsible Investment

The PRI organisation carries out an annual Assessment of our Responsible Investing activities, and as the table below shows, we are very proud to have achieved the maximum possible rating (A+) in the three modules on which we are assessed in each of the last four assessments (our assessment for 2021 is unavailable at the time of writing).[3] We believe this ranks us very highly within the global equity peer group.

Consistent Annual PRI Assessment Scores

Module	2020	2019	2018	2017	2016
Strategy and Governance	A+	A+	A+	A+	A+
Listed Equity - Incorporation	A+	A+	A+	A+	A
Listed Equity - Active Ownership	A+	A+	A+	A+	B

[3] The full PRI Assessment of our firm is available to clients on request. The PRI is the world's leading proponent of responsible investment, with over 3,800 signatories managing more than $121 trn of assets under management.

More details on the Principles are available at https://www.unpri.org/about-us/about-the-pri

We also participate in, or are signatories to, or are formal supporters of several other responsible investment organisations and initiatives.

Building a Sustainable Investment Community (BASIC)

CDP (Carbon Disclosure Project)

CERES Investor Network on Climate Risk

Climate Action 100+

Institutional Investors Group on Climate Change (IIGCC)

Net Zero Asset Managers Initiative

Sustainable Finance Ireland

The Taskforce on Climate-related Financial Disclosures (TCFD)

Equality, Diversity and Inclusion

Our Equality, Diversity and Inclusion ("EDI") Committee, a sub-committee of the firm's Executive Committee ("ExCo"), develops and embeds the Equality, Diversity and Inclusion Framework within the firm.

The goal of the EDI Committee is to drive an inclusive culture with frequent staff engagement to ensure that all voices are heard, and to advance diversity in the workplace through implementing a thoughtful recruitment process to encourage a diverse range of candidates. We will also seek to understand EDI data as an organisation with a view to monitor progress and identify areas that can be improved. As investors, we also play an important role in advancing Equality, Diversity and Inclusion efforts for all groups in society, which is why we engage with companies on diversity at board level, and this is further enhanced by our proxy voting policy.

We were awarded the Silver Accreditation from the Irish Centre for Diversity. The Investors in Diversity EDI mark offers a clear and structured framework to transform culture.

Investors in Diversity | SILVER

We also signed up to some new initiatives in 2021. We became a signatory to the CEO Action for Diversity and Inclusion initiative which is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. We also became a signatory to The 2020 Belonging Pledge where signatories share a firm belief that racial equity belongs throughout the investment process, in the investment committee meeting, and, ultimately, in how decisions are made about capital deployment.

ACTIVE OWNERSHIP

Proxy Voting

The firm has a strong commitment to Active Ownership, and our policy is to vote all securities that we are entitled to vote on behalf of our client portfolios. A Proxy Voting Policy is in place, published on our website, and reviewed annually. We employ the services of Institutional Shareholder Services (ISS), the leading provider of proxy voting services, who provide voting recommendations to us based on a pre-agreed set of principles. Those principles are formulated to align our corporate governance philosophies and investment objectives with our proxy voting activities.

Vote recommendations are made using ESG risk indicators to identify moderate to severe ESG risk factors at public companies, and holding culpable board members accountable for failure to sufficiently oversee, manage, or guard against material ESG risks. Those risk indicators cover several topics including the environment, biodiversity, human rights and impacts of business activities on local communities, labour rights and supply chain risks, consumer product safety, bribery and corruption, and governance and risk oversight failures. The guidelines are generally supportive of shareholder proposals that promote greater disclosure and transparency with regard to corporate environmental and social policies, and reporting on sustainable business practices.

In the 12 months to December 2021, as a firm, we voted at 1,039 meetings worldwide for all our strategies. We voted against management in 8% of 12,338 proposals.

We also supported the shareholder proposals shown below, and voted against management on 51% of all shareholder proposals. Shareholder proposals are initiatives put forward by shareholders, usually requesting management to take action on particular issues.

Lack of Gender Diversity:
We voted against or withheld votes for one or more board members of the following companies due to a lack of gender diversity on the board:

Xinyi Glass Holdings,
Xinyi Solar Holdings,
Southern Copper,
China Merchants Port Holdings,
WH Group,
Dah Sing Financial Holdings,
KWG Group,
WM Morrison Supermarkets,
Beijing Enterprises Holdings,
Aichi Corp,
Zhongsheng Group,
Elematec Corp,
MCJ Co,
Hikari Tsushin,
Tesco,
Comsys,
Surgutneftegas,
ALSO Holdings,
Altech,
Smith & Nephew,
Evolution Gaming,
Drax Group,
Domino's Pizza,
Jardine Metheson,
Jupiter Fund Management,
Citic Telecom,
Legal & General Group,
Uni-President China Holdings,
Kingboard Laminates,
ABC-Mart,
Ferrexpo,
Hochschild Mining,
Takeuchi Manufacturing,
Guangzhou Automobile,
BHP Group,
Drax Group,
Varta,
The Weir Group,
SIIC Environment,
China Everbright,
First Solar

Poor oversight of ESG Controversies:
We voted against one or more board members of the following companies due to poor board and management oversight of ESG risk exposures:

Bayer,
Centrais Eletricas Brasileiras SA,
Repsol, Total SE,
Iberdrola,
Posco,
BHP

We supported *Climate Change Related* shareholder proposals:

Bunge,
Standard Group,
Bank of Montreal,
Royal Bank of Canada,
Nestle,
Unilever,
Iberdrola,
Total SE,
Nextera Energy,
T. Rowe Price,
Mitsubishio UFJ,
Rio Tinto,
BHP,
Commonwealth Bank of Australia,
Westpac,
ANZ Bank

We supported shareholder proposals on *Health, Access to Medicine and Supply Chain:*

Bunge,
McDonalds,
Pepsico,
The Wendy's Company,
Merck & Co.

We supported shareholder proposals on *Lobbying Payments and Political Contributions:*

The Home Depot,
Maximus Inc,
Abbvie,
Omnicom,
Microsoft

We supported shareholder proposals on *Employment Diversity, Equity, and Inclusion Report/Gender/ Ethnic Pay Gap:*

IBM,
Intel,
Comcast,
The Home Depot,
Badger Meter,
Bank of Nova Scotia,
Microsoft

We supported shareholder proposals to *Report on Loans made in Support of the Circular Economy:*

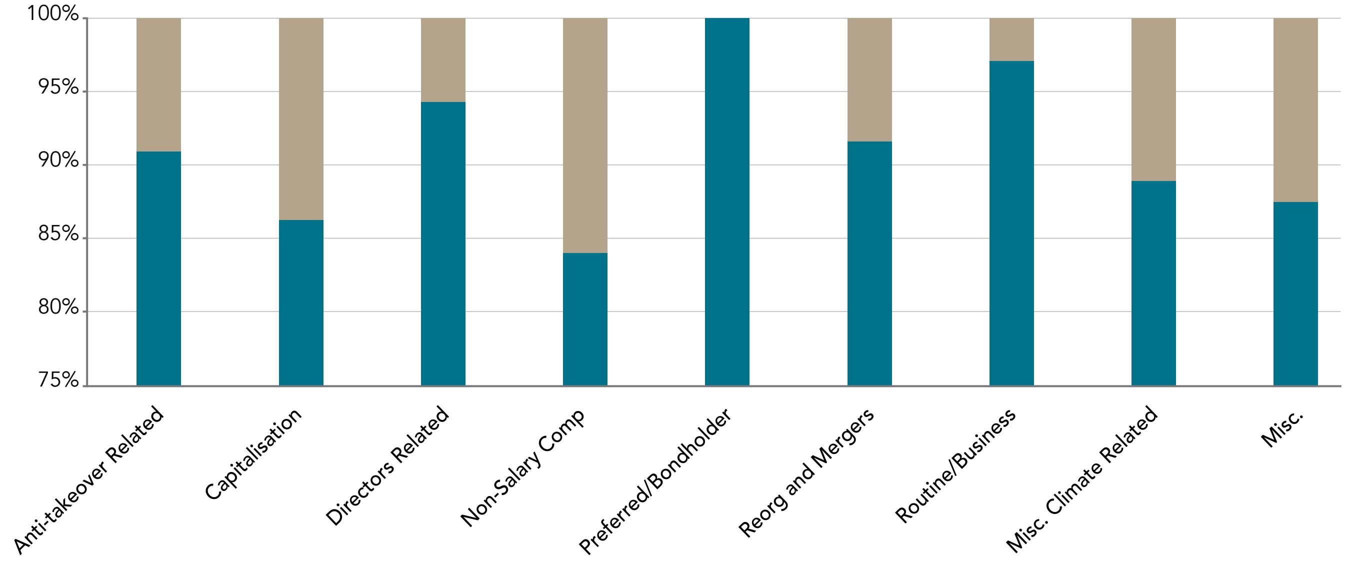
Royal Bank of Canada,
Bank of Nova Scotia,
CIBC

We supported shareholder proposals that *Require an Independent Board Chairman:*

Abbvie,
Gilead Sciences,
CVS,
Applied Materials,
Baxter International,
Prudential-Financial,
Southern Copper,
Bristol Myers Squibb,
Amerisource Bergen,
Walgreens,
Boots Walgreen Alliance,
Mitsubishi UFJ,
IBM

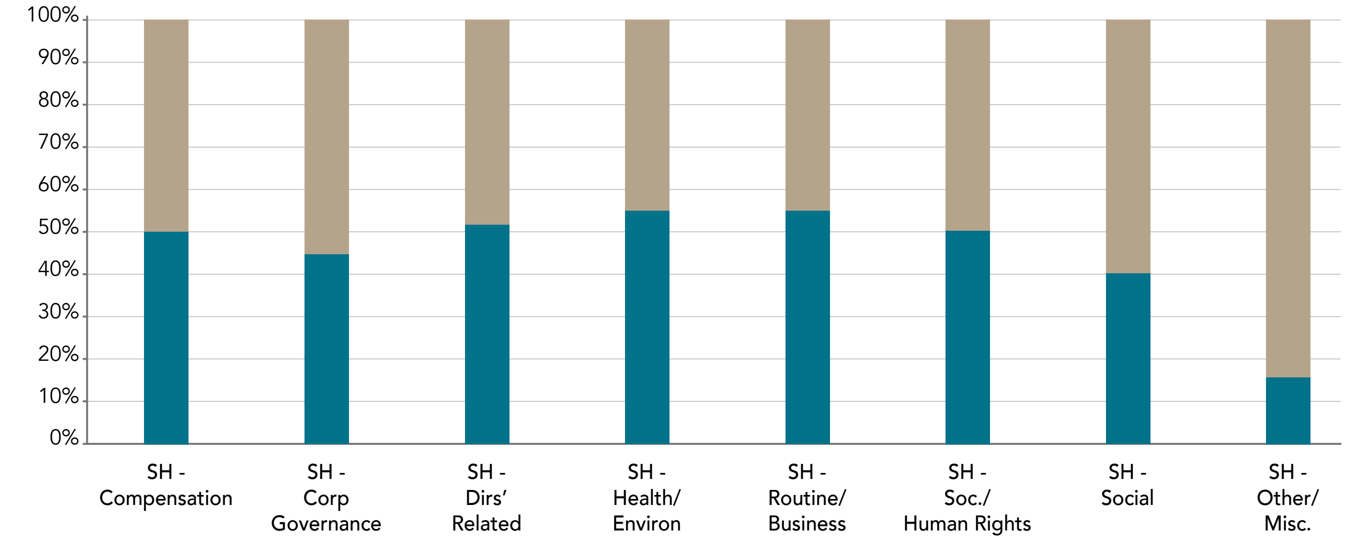
We disclose our full proxy voting record on our website with details of all votes, including our voting rationale, in this link https://www.kbiglobalinvestors.com/proxy-voting/

KBIGI votes on Management Proposals



Source: KBI Global Investors and ISS for the year 2021

KBIGI votes on Shareholder Proposals



Source: KBI Global Investors and ISS for the year 2021

Engagement

There are many reasons for commencing engagement, including but not limited to concerns re board structure and governance, excessive or inappropriately structured executive compensation, management's intention or ability to deliver shareholder expectations, disclosure of environmental information, and breaches of best practice with regard to stakeholder management.

However, while any of these factors may lead to commencement of engagement, we have decided to prioritise climate and diversity when engaging with companies.

For **Climate**, we prioritise engagement with companies that do not meet the minimum expectations of reporting carbon emissions to CDP and reporting on climate-related financial disclosures using the TCFD framework. Furthermore, we expect large cap companies in carbon-intensive sectors to have a formal Net Zero target and we prioritise engagement with those who do not

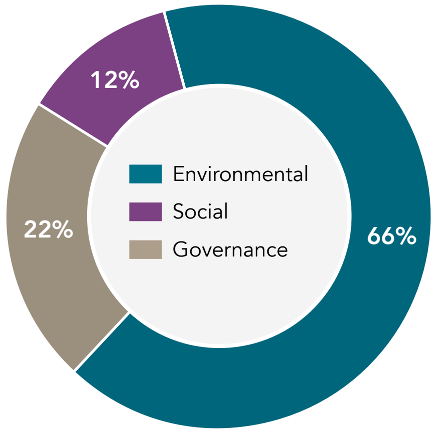
On **Diversity** we prioritise diversity at board and senior management level.

Our engagement priorities are supported by our voting policy, where we have a particular focus on board accountability in terms of climate and on diversity at board and senior management level.

We participate in collaborative engagements based on materiality and strategic priorities set by our Responsible Investing Committee. As a specialist boutique asset manager with focused resources, we endeavour to leverage relationships to engage in collective engagement when appropriate. We have decided to particularly focus on initiatives related to Climate Change and Carbon Risk and have been involved in a number of initiatives in this area.

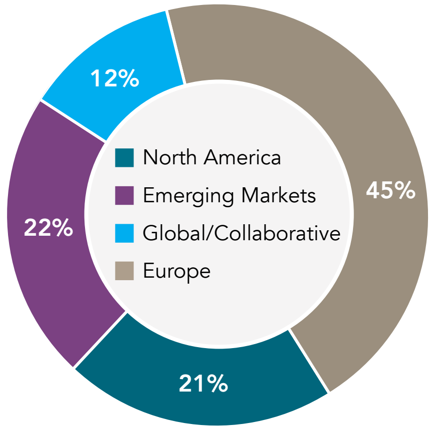
During 2021, we directly engaged with thirty five companies, and were involved with the leading investor groups for collaborative engagement with fifteen companies, and on eight issues, as well as with a much larger number of companies as part of group collaborative engagements where we were not among the leading investor group.

2021 Engagement: Direct and Collaborative



Source: KBI Global Investors

2021 Engagement: Regional Breakdown



Source: KBI Global Investors

Company Engagement Examples:

Environment:

Xinyi Glass: We engaged with the Hong Kong company to increase the percentage of renewable energy in its energy consumption. We also asked it about the percentage of coal fired power in its energy mix and the use of renewable energy in its manufacturing process.

Veolia: We have been engaging with the company since 2019 about its use of coal as a power source. We asked it to disclose the percentage of energy from coal, the percentage of revenue from coal-related activities, and the targets and plans that the company has in place for coal use in the future. In May 2020, the company committed to converting its entire coal fleet by 2030 at a cost of €1.2bn. In September 2021, the company committed to the Science Based Target Initiative's Business Ambition for 1.5°C, essentially doubling the company's efforts compared to its ambitions adopted in 2019 (22% GHG reduction by 2030), with the goal of 'net zero' emissions by 2050.

Social:

Canadian Solar: We engaged with this company on its supply chain labour standards, asking it about its exposure to forced labour camps in the Xinjiang province. We eventually divested due to sustainability risks.

Governance:

The Berkeley Group: We engaged with the UK company on board composition and diversity. We also informed it that while we had voted for all the directors at its 2020 AGM, it was not without concern, and we noted that the nomination committee did not have an independent majority. We also let the company know of our voting policy where we vote against or withhold votes from the head of the nomination committee, if the board lacks a 33% representation of women.

Kurita Water: We discussed the company's ESG strategy and targets with its Corporate Social Responsibility staff. We asked the company to increase the number of external directors, increase the number of women on the board, and to increase its target of women in management. We asked the company to consider hiring directors with international backgrounds as the company has become more international due to mergers and acquisitions.

Collaborative Engagement Examples:

Our collaborative engagement efforts during 2021 were largely, though not exclusively, focussed on climate change issues.

Collaborative Engagement: General

Collaborative Group	Engagement Overview
access to medicine FOUNDATION	We signed an investor statement calling on world leaders to finance the Access to Covid Tools (ACT) in full and providing adequate funding to ensure fair and equitable access to Covid 19 tools globally, and recommending that the feasibility of innovative finance mechanisms for national and global Covid 19 responses be explored.
IIGCC Institutional Investors Group on Climate Change	We supported the Investors Expectations statement for how banks should demonstrate alignment with goals of the Paris Agreement, drawn up by the Institutional Investors Group on Climate Change.
THE INVESTOR AGENDA ACCELERATING ACTION FOR A LOW-CARBON WORLD	We signed the 2021 Global Investor Statement to governments on Climate Change. The statement was launched in June and backed by 457 investors representing over $41 trillion in assets. The statement urges all governments to raise their climate ambition and implement robust policies by COP26 in November. As the most ambitious global climate statement from investors to governments ever, the 2021 Global Investor Statement sets out five actions governments need to urgently undertake.
CDP DRIVING SUSTAINABLE ECONOMIES	We co-signed the Investor Position Statement on Votes on Transition Plans, coordinated by the Institutional Investors Group on Climate Change, which sets out the expectations that investors have for investee companies in terms of climate change transition plans.
IIGCC Institutional Investors Group on Climate Change	We co-signed the Investor Position Statement on Votes on Transition Plans, coordinated by the Institutional Investors Group on Climate Change, which sets out the expectations that investors have for investee companies in terms of climate change transition plans.
IIGCC Institutional Investors Group on Climate Change	We agreed to support the Investor Expectations on Physical Risks and Opportunities, which provides an overview of physical risks and opportunities that can affect corporate performance and shareholder value, the actions that companies should take to increase resilience to a changing climate, and questions that investors can ask companies to better understand their risk management capabilities.

Source: KBI Global Investors for the year to 31st December 2021

Audit and Audit committee engagement:
In 2020, we joined a collaborative group working with auditors and audit committees to ask if climate change risk is included in company financial statements. We encourage auditors to make sure that audited accounts and annual reports contain enough disclosures on climate issues to allow shareholders to make an informed judgement on the risks and opportunities facing the company. In November 2021, we sent a further round of (public) letters to the big auditors in the UK, reminding them of our requirements as shareholders and their obligations under company law and putting them on notice that investors may vote against the reappointments of auditors at annual meetings if these issues are not properly addressed.

Audit Committee Chairs of carbon-intensive companies:
As part of our collaborative engagement with auditors and audit committees, we wrote to the Audit Committee Chair at the carbon-intensive companies, and copied other members of the company's audit committee as well as the lead audit partner.

Our letters:
- reiterated our expectations that the directors consider material climate risks in their financial statements and make the disclosures we set out in our Investor expectation document sent last year,
- highlighted key areas of ongoing concern based on Carbon Tracker's recent analysis of their latest financial statements, and
- underlined that the board should expect increasing votes against the audit committees reappointment and auditor where these expectations continue not to be met.

Companies include: Anglo American, BASF, BHP, BMW, CRH, Daimler, Enel, Eon, Iberdrola, OMV, Repsol, Rio Tinto, Saint-Gobain, Total, Volkswagen (via Porsche)

Sector Engagement:
The chemicals sector has been largely untouched by shareholder engagement, as most investors focus on the energy and transport sectors. Subsequent to our lead engagement effort on LyondellBasell, we joined the ShareAction collaborative engagement effort with the European chemicals sector. Based on the standards set out in the report, we asked the companies about emissions targets, and also its decarbonisation strategy for feedstock and energy consumption, including moving away from inadequate solutions.

Collaborative Engagement as part of Climate Action 100+

Enel SpA: As part of CA 100+, we are part of the lead investor group engaging with this large Italian manufacturer and distributor of electricity and gas. We asked the company to divest from coal and to give the market a firm timeline for this. In November 2019, the company updated its 2020-22 strategic plan, and announced that it will be accelerating its planned investment in renewables and its phase out of coal generation, committing to reduce production by 74% in 2022 (vs 2018). We have had several interactions with the company, including an interesting discussion in particular on the political implications of closing its coal-fired power plants. We supported the slate of board candidates filed by CA100+ shareholders at the Enel AGM, who were appointed to the board in June 2020. On a call with the company in September 2020, Enel committed to a Scope 1 emissions cut of 70% per kWh by 2023 relative to 2017, with a cap of 125g/kWh, and full decarbonisation by 2050. It also committed to cut scope 3 emissions by 16% to 2030, and it is compliant with the Science Based Target Initiative standards but only to keeping global temperature increase to "well below two degrees", not with "maximum rise of 1.5 degrees" which is best practice. **Enel made significant climate-related announcements at its Capital Markets Day in 2021, including bringing its net-zero emissions commitment across all scopes forward by 10 years, to 2040.**

CNOOC: We joined the lead investor group of CA100+ to engage with this Chinese oil company. Members of the group have met and spoken with the CNOOC President, CFO, and the Deputy Manager in the Office for the Board of Directors and Investor Relations. The company's Sustainability Report 2019 included more reporting on climate risks in its operations. In August and November 2020, the lead investor group discussed TCFD related disclosures which are important to investors with the company.. The company was drafting its own 5-year plan and strategy to meet the country's low carbon 2060 pledge. The company's plan was to announce ESG targets in 2021, which include increasing the gas production percentage in its mix (target 50% gas by 2035; now ~20%), to develop new energy business focusing on offshore wind power and to adopt new technologies and management such as onshore power and smart oil fuels. **In January 2021, the Chairman announced that it has initiated carbon neutrality planning.**

LyondellBasell: We joined the lead investor engagement group of Climate Action 100+ to engage with this commodity chemicals company. We met with the Head of Investor Relations and the Head of Research & Development, Technology & Sustainability in 2019, the Head of Global Sustainability who joined the company in 2020, and with the CEO in 2021.

Over the course of these discussions, we discussed the company's climate change commitments, disclosure and reporting, and governance and risks. The company's annualised emissions reduction target of 1% was significantly below the industry average. This target was set in 2013 and in our discussions with the company it acknowledged that its carbon emissions reduction targets were not aligned with the Paris agreement.

We've had some engagement progress with the company. After our meeting in Nov 2019, the company expanded its enterprise risk framework to include climate change. When we met with the CEO in Jan 2021, we discussed the company's climate change commitments and its plans to manage climate related financial risks, and discussed disclosures to TCFD, CO2 related reduction spending and the procurement of renewable energy.The tone of the company continued to be conservative, in wanting to be certain on how it will achieve any improved emissions targets that it set.

Therefore, at its 2021 AGM, our CA100+ group initiated a climate discussion AGM agenda item, and we asked a question on Paris-aligned financial accounts. This was the only formal AGM intervention in Europe this year by Climate Action 100+, and we were able to get two climate discussion agenda items at the AGM, because we had sent the board a formal request signed by shareholders owning 4.6% of the company shares. **In September 2021, LyondellBasell announced its commitment and pathway for net zero emissions by 2050.**

We met with the company in November 2021 to discuss its new carbon reduction targets, and met with the company again in December 2021 to discuss the CA100+ Net Zero Benchmark assessment and also the appointment of its new CEO. We requested a meeting with a board member to discuss the oversight of climate-related issues and the transition of its new CEO who is not due to start till the second half of 2022. We met the Chairman of the Board in early 2022.

Weyerhaeuser: As part of CA 100+, we are part of the lead investor group engaging with this US forest/paper company. We participated in a meeting with the company in Dec 2019 with group IR and Head of Sustainability. The company had released its new Sustainability Plan which was approved by the company's board in H1 2020, and subsequently we discussed the company's new Sustainability plan and its efforts on carbon, as a large owner of land, forest, and wood products. We also asked the company to consider divesting its oil and gas properties given that it generates less than 1% of revenues. **In September 2021, Weyerhaeuser set a science-based GHG reduction target aligned with the pathway to net-zero.** We met with the Head of Sustainability, Head of IR and climate/carbon analyst to discuss the company's carbon record and its targets submitted to SBTi. The CA100+ group raised Influence Map and the company's position on climate lobbying.

EXCLUSIONS

As a house policy, we do not invest in any companies which are involved with the production or sale of anti-personnel mines and cluster bombs, or of chemical, biological and depleted uranium weapons and we also exclude any company which violates, repeatedly and seriously, one or more of the ten principles of the Global Compact. In March 2022 the firm decided not to invest in Russian equities.

As at the end of December 2021, we screened out a total of 758 companies in all portfolios. The breakdown is as follows:
Controversial Weapons: 143 companies
Global Compact: 30 companies
Coal: 506 companies
Tobacco: 79 companies

Our Integris Global, Eurozone and Emerging Market Equity strategy also exclude companies that have material connections to certain controversial industries, e.g. fossil fuels, tobacco and weapons. These portfolios also exclude companies that score the worst overall ESG score ('CCC') as calculated by an independent external ESG research company, MSCI ESG Research. At the end of December 2021, there were 614 companies excluded from the investible universe of these portfolios as a result of this ESG exclusion policy.

Our Natural Resource strategies invests in companies providing solutions to sustainability challenges related to the provision of food, energy, and water, and the mitigation and adaptation to the impacts of climate change. The strategies exclude companies that have material connections to certain controversial industries, such as fracking, private prisons, civilian firearms, conventional and nuclear weapons, and a more restrictive revenue threshold for coal extraction and power generation than that of our house exclusion. Approximately 10% of all listed companies meet the criteria (all such companies must be 'solutions providers' to the implications of environmental challenges, evolving world demographics, and opportunities in environmental solutions) of our proprietary investment universe of our Natural Resource strategies.

It is our policy to facilitate clients who wish to exclude investment in certain companies or sectors, on a separate account basis, using either lists of securities supplied by the client or using negative screens based on MSCI ESG Research inputs.

SUMMARY OF DEVELOPMENTS DURING 2021

- In July 2021, we became a signatory to the Net Zero Asset Managers initiative, committing to set interim targets by 2030 and to reach net zero by 2050 or sooner.

- We committed to reduce the carbon intensity of 100% of our Assets Under Management:
    - by 7.6% per annum on average
    - over the period from end 2019 to end 2024
    - encompassing Scope 1 and 2 emissions for now, but with a view to including Scope 3 emissions (both upstream and downstream) when data availability and quality has improved.

- Regarding the carbon emissions of our own operations (as distinct from our investments), we have carried out an audit of our emissions and have submitted our data to CDP for the first time. We have instituted a formal target to reduce Scope 1, Scope 2, and upstream Scope 3 emissions per employee by 30% in 2024, relative to the base year of 2019.

- We continue to actively support the work of Climate Action 100+, and joined the lead investor group to engage with four companies asking for greenhouse gas reductions in line with the Paris Agreement, integration of climate change issues into the governance structure of the company, and high-quality reporting on climate issues, in line with the reccomendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

- Our proxy voting activities support the goals of Climate Action 100+, voting against management and supporting the climate related resolutions at the annual meetings of sixteen companies.

- The Responsible Investing Committee considered certain business activities which are particularly harmful to the environment or society this issue and decided that where more than five percent of a company's revenues comes from one or more of these activities, the company is not eligible for inclusion in the Natural Resources universe. These harmful business activities include:
    - Fracking for the purposes of extracting oil or gas.
    - Private prisons
    - Companies which derive more than 10% of their revenues from the manufacture and retail of civilian firearms and ammunition; from weapons systems, components, and support systems and services; and from the production of nuclear weapons.
    - Companies which derive more than 25% of their revenues from thermal coal-based power generation and/or the mining of thermal coal* and its sale to external parties.

- We participated in a number of collaborative engagements, usually on the topics of climate change and the disclosure of environmental information which have been identified by us as being our strategic areas of focus for engagement, both collaboratively and on a bilateral basis.

- Our Head of Responsible Investing, Eoin Fahy, is a member of the steering committee of CDP (formerly known as the Carbon Disclosure Project) in Ireland, which is coordinating efforts by Irish institutional investors to encourage Irish companies to submit data to CDP. In 2021, Eoin was appointed Chairperson of CDP Ireland.

- We conducted climate change scenario testing on all of our strategies, using the Paris Aligned Capital Transition Assessment tool provided by the Two Degree Investing Initiative and the PRI.

- The European Union Regulation on sustainability-related disclosures in the financial services sector (the SFDR) regulations came into effect in March 2021. The vast majority of our Assets under Management has been designated as Article 8 under these regulations. We fully comply with key parts of the regulations, and we await a further and more complex set of requirements which will come into force at the end of 2022 (unless the regulators defer that deadline).

- We published several whitepapers: *'Decarbonisation, ESG and the important role of value investors', 'The transition to Net Zero: the greatest commercial opportunity of our time?', 'The future of Energy infrastructure'*.

- We released the end 2020 update of our Revenue Aligned SDG Scores in April 2021, measuring the Impact of our Natural Resource Strategies in terms of how the portfolios' revenues are aligned with achieving the United Nations Sustainable Development Goals.

- We gave comments to Institutional Shareholder Services (ISS) and MSCI ESG Research on their annual consultation on their policies. In 2021, there was particular focus on climate and diversity.

- We continued our programme of formal Responsible Investing training for staff using the courses of the PRI Academy. More than half of all staff (and almost all investment and client-facing staff) have completed at least one PRI Academy training course. About 20% of staff additionally completed a detailed course on the EU Sustainable Taxonomy, facilitated by the Frankfurt School, while 10% of staff have completed the CFA Certificate in ESG Investing.

- In 2021, as part of our climate action programme to reduce the impact of our firm's carbon footprint, we offset our travel-related carbon emissions via the 'Gold Standard' Vichada Forest Restoration project in Colombia. The project transforms the savannah lands into biodiverse forests, and creates 80 jobs, mitigates 51k tons of CO_2e each year, over 13,200 hectares of planting area, and plants 80m trees, which are pine, eucalyptus and acacia mangium.

* including lignite, bituminous, anthracite and steam coal

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