WALTER SCOTT

ANNUAL SUSTAINABILITY REPORT

2024

CONTENTS

Stock Examples – Companies referred to in this report have been chosen for illustrative purposes only to demonstrate our ESG Integration and Stewardship process and are not intended to be an indication of performance. This information should not be considered a recommendation to buy or sell any particular security. There is no assurance that any securities discussed herein will feature in any future strategy run by us. Any examples discussed are provided purely to help illustrate our investment style or, are given in the context of the theme being explored. The securities discussed do not represent an entire portfolio and in the aggregate may represent only a small percentage of a strategy's holdings.

To help us continually improve our service and in the interest of security, we may monitor and/or record telephone calls.

FOREWORD

JANE HENDERSON
Managing Director

Our fifth Walter Scott Sustainability Report builds on years of developing disclosure in this area and covers a range of themes that are important to many of our clients.

There is considerable ongoing scrutiny of this area of investment, driven in part by increasing political and regulatory focus. With the Financial Reporting Council also undertaking a consultation on the future direction of the UK Stewardship Code, we anticipate that our stewardship philosophy is well aligned with the proposed revisions to the guidance.

Our investment philosophy is to seek out and own high quality, durable and resilient companies with long-term growth potential. We then aim to be engaged owners of these companies on behalf of our clients, meeting with management regularly and voting thoughtfully at general meetings.

Given this context, the emphasis of our engagement work is on 'business-as-usual' meetings with management teams and independent board directors alike. Where we believe that it will be helpful to have a more formalised and structured approach, an investee company can be added to our engagement framework.

We regularly discuss our approach to the topics contained in this report with many of our clients, and we are always interested to hear more feedback. We are committed to continually improving in this area.

In 2024, we were pleased to again be reconfirmed as a signatory to the UK Stewardship Code. The Board and Executive team of Walter Scott remain fully committed to the objectives and ethos of the Code, and the Financial Reporting Council's ongoing work in raising standards across our industry. This report also serves to outline Walter Scott's updated response to the UK Stewardship Code.

If you are interested in finding out more about our work across Stewardship and Sustainability, please do read this report and get in touch if we can provide further information.

Best regards,

Jane Henderson, Managing Director

"Our investment philosophy is to seek out and own high quality, durable and resilient companies with long-term growth potential"

UK STEWARDSHIP CODE

Overview of Reporting

As referenced in the foreword to this report, our Annual Sustainability Report incorporates our report on progress with respect to the UK Stewardship Code.

We have taken the approach of "integrated reporting" for two principal reasons:

- We believe that it is more helpful and accessible to our clients and stakeholders to have all relevant information in one place relating to our holistic approach to ESG Integration, Stewardship and Sustainability at a firm and portfolio level.
- We further believe that ESG Integration, Stewardship and Sustainability are inextricably connected in practice, and that external disclosure should ideally reflect this.

Having taken this approach, our objective has been to report on our progress across these connected areas in an intuitively understandable and engaging way, reflecting our culture and how we operate as a business.

We are, however, equally committed to ensuring that our reporting meets the requirements for reporting against the 12 principles of the UK Stewardship Code. The following table 'signposts' where relevant information can be found in this report with respect to the principles.

STEWARDSHIP CODE MATRIX

	UK Stewardship Code Principle	Covered in sections:
1	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.	- Foreword - Strategic Update - About Us - From the Research Team
2	Signatories' governance, resources and incentives support stewardship.	- Strategic Update - About Us - From the Research Team - Additional Objectives Portfolios - Appendix
3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	- Appendix

	UK Stewardship Code Principle	**Covered in sections:**
4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	– From the Research Team – Engagement – Climate – Appendix
5	Signatories review their policies, assure their processes and assess the effectiveness of their activities.	– Appendix
6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	– About Us – Proxy Voting – Additional Objectives Portfolios – Appendix
7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	– From the Research Team – Engagement – Proxy Voting – Additional Objectives Portfolios – Appendix
8	Signatories monitor and hold to account managers and/or service providers.	– Appendix
9	Signatories engage with issuers to maintain or enhance the value of assets.	– Engagement – Proxy Voting
10	Signatories, where necessary, participate in collaborative engagement to influence issuers.	– Engagement
11	Signatories, where necessary, escalate stewardship activities to influence issuers.	– Engagement
12	Signatories actively exercise their rights and responsibilities.	– Engagement – Proxy Voting – Appendix

STRATEGIC UPDATE

HILDA WEST
Head of Investment Operations and Sustainability

ANDREW CAVE
Stewardship & Sustainability Lead

2024 was a year of steady progress for Walter Scott in the ever-evolving area of sustainability.

Having invested in our capability in this area by establishing a dedicated Stewardship & Sustainability team in 2023, we appointed our first Stewardship & Sustainability Lead in the latter part of 2024. This doesn't reflect any change in our conviction that our Research team is best placed to determine the financial materiality of sustainability and governance factors pertaining to our holdings. On the contrary, having a dedicated specialist team helps to ensure that our stock champions are supported with the data and the issue-specific analysis that they need to support the integration of sustainability and governance factors into investment analysis.

In addition to supporting the Research team with investment analysis, the Stewardship & Sustainability team provides:

- support with proxy voting and company engagement activities.
- operational and analytical support to our Additional Objectives Portfolios framework.
- support to the firm's external sustainability disclosures (Annual Sustainability Report and TCFD disclosure) and commitments.
- support to the firm's management of sustainability risks and evolving regulatory requirements.

In addition to our Stewardship & Sustainability Lead, the team is comprised of two managers and two analysts.

FOCUSING ON FUNDAMENTALS

We continue to see analysis of sustainability factors as integral to understanding long-term investment risks and opportunities.

Our focus has been on continuing to develop the rigour of our analysis to ensure that we understand the financial materiality of these ever-developing issues.

For example, how are fashion and apparel companies addressing the challenge of ever-increasing scrutiny of working conditions in their supply chains?

How are carbon-intensive extractive and industrial firms preparing for a range of different climate scenarios, taking account of both physical and policy related risks?

How are technology and financial services firms placing privacy and discrimination safeguards around artificial intelligence, to ensure that they are aligned with developing regulatory and user expectations?

In a complex and rapidly evolving external environment, we believe that our investment research would be incomplete without undertaking analysis of the financially material long-term factors confronting our portfolio companies.

To augment the work that our stock champions undertake on relevant issues, our ESG Research Group undertook several projects in 2024 relating to the mapping of supply chain risks, focusing initially on human rights, working conditions and biodiversity risks.

In addition, we carried out Enhanced Climate Assessments of selected holdings and created a new investment research ESG datasheet for all holdings to summarise material proprietary and third-party data.

INTERNAL GOVERNANCE

Following the completion of a number of significant updates to our firm's oversight of Stewardship and Sustainability in 2023, our focus was on embedding our revised approach in 2024. The Investment Stewardship & Sustainability Committee continues to be the principal oversight body for our work in this area, supported by a number of working groups (see diagram overleaf). We created one additional group in 2024, the Sustainability Client Group, to assist with the coordination of our response to evolving client requirements in this area.

LOOKING FORWARD TO 2025

Our focus for 2025 will be on continuing to develop the rigour of our approach to financially material ESG Integration to meet the evolving expectations of our clients.

AOP Group operates under delegation from the IMC and provides a quarterly update. In addition, any recommendations for engagement activity are presented to the ISSC.

We also continue to offer our Additional Objectives Portfolios methodology, which provides choices to clients who have additional sustainability requirements.

We are in a period of considerable regulatory change, with consultations ongoing regarding the EU SFDR framework, and recently announced revisions to the EU CSRD requirements. Meanwhile, the UK Financial Reporting Council (FRC) is reviewing the UK Stewardship Code, whilst in the US there has been a move away from the prioritisation of sustainability issues in the regulatory framework. We will continue to monitor all of these developments closely, but our enduring view is that our materiality-led approach to this area continues to serve our clients well.

One evolution that we have already implemented is the simplification of our engagement framework.

For a number of years, we have classified engagements into multiple categories, with a number of specified escalation steps.

This framework was originally introduced in response to the 2020 UK Stewardship Code. This structured approach helped to raise the profile of engagement internally, segmenting engagements by type and stage. With enhanced awareness of the value of more structured engagement now embedded in the Research team, and reflecting on both the FRC's intention to simplify the UK Stewardship Code and the recent US SEC guidance changes to stewardship-related disclosure requirements, we have taken the decision to simplify our engagement framework from Q2 2025 onwards.

We will therefore no longer refer to 'engagements for change' and 'engagements for information', instead maintaining a single log of open engagements, with the qualifier for this list being instances where we have agreed on a specified engagement objective(s) for a particular investee company, be that strategic, disclosure-related or otherwise.

All other interactions will be considered part of our 'business-as-usual' everyday stewardship activity – meetings, calls and correspondence (we will still track and report on the number of regular meetings with material sustainability and governance related dialogue). We have updated our Proxy Voting and Engagement policies to reflect the above changes.

For the purposes of this 2024 Sustainability Report, we are still reporting on last year's engagements under the 2024 categories (see 'Engagement' section).

ABOUT US

Walter Scott was founded in Edinburgh in 1983 as a global equity investment manager serving institutional clients. An early focus on the UK subsidiaries of US companies led to the development of a broad institutional client base in North America and then later around the world. Today, Walter Scott manages US$78.2 billion (as at 31st December 2024) in assets for institutional clients and distribution partners in all major regions.

The firm has maintained its investment philosophy and process, deliberately and consistently. A long-term investment outlook underpinned by rigorous research and highly selective investment are hallmarks of Walter Scott's approach.

Team-based research and investment decision making are also critical characteristics, with members of the Walter Scott Research team responsible for all aspects of company analysis, as well as engagement and proxy voting. Edinburgh has remained Walter Scott's home since 1983, and we added a client service presence in Boston in 2019.

With a well-defined and consistently pursued investment approach, the firm's stated objective has also remained unchanged. That objective is to achieve a real rate of return of 7-10% annualised over the long term. Our 'buy and hold' investment approach rests upon a long-term holding period, enabling companies to grow over industrial and market cycles and allowing the compounding of growth over time. So too, therefore, the returns we seek to deliver for clients are long-term in nature.

From the firm's early days, the founders were acutely aware that investment performance can only ever rely on best efforts, whilst recognising that in terms of client service and administration there could be no excuse for anything less than excellence. On that commitment the firm's business strategy was born, with a focus first and foremost on existing clients.

Much of Walter Scott's success over time has come from that starting premise and those values continue to shape the firm's strategy today. Clients whose tenure exceeds ten years account for 79% of the firm's assets under management, and additional funding from existing clients has been an important part of the firm's growth.

CULTURE

Walter Scott's consistently applied investment philosophy and process, alongside its consistent client-first business strategy, have been key pillars of the firm's success. Culture has also played an important role in that success, a culture set out by the firm's founders, and which endures today. That strong and distinctive culture has, of course, not endured through mere chance, rather it has been protected and nurtured.

Long tenure of staff is another of Walter Scott's defining characteristics and one that has played an important part in a cohesive, collegiate, and meritocratic culture. Of the 12-strong Executive Management Committee, nine have worked at Walter Scott for longer than 10 years, and four of those individuals for over 25 years. Similarly, of the 20 individuals that make up the core investment team, thirteen have worked at Walter Scott for over a decade and three for more than 25 years.

That said, here again, the Board and senior management recognise the need to work hard to maintain that record of tenure, appreciating the need to protect Walter Scott's culture.

OWNERSHIP

Walter Scott has been a 100%-owned subsidiary of BNY since 2007, one of a number of investment boutiques within its Investment Management division. The firm operates autonomously within that structure, with BNY representation on the Walter Scott Board of Directors.

The Board consists of an independent non-executive chair, four executive directors, including Walter Scott's managing director, and four other non-executive directors, three of whom are independent non-executive directors, the other being Deputy General Counsel and Chief Legal Officer of BNY Investments.

WALTER SCOTT IN NUMBERS

WALTER SCOTT

1983
Walter Scott & Partners Limited founded

178
Employees

$78.2BN
Assets Under Management

135
Clients in 18 countries

INVESTMENT APPROACH

1
—TEAM—
One investment team manages all portfolios collectively

1
—PHILOSOPHY & PROCESS—
Consistently applied investment philosophy and process since 1983

1
—ASSET CLASS—
Sole focus on global equities

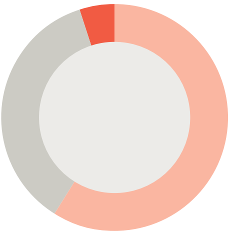
CLIENTS

10.5
Average length in years of client relationship

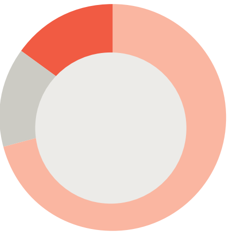
79
% of AUM managed for clients with tenure >10 years

59
% of AUM managed for clients with tenure >15 years

ASSETS



AUM by Product
- Global – 61%
- EAFE – 37%
- Other – 2%



AUM by Region
- North America – 71%
- Asia Pacific – 14%
- EMEA & ROW – 15%

OUR COMPANIES

185
Listed equities held across regions and sectors

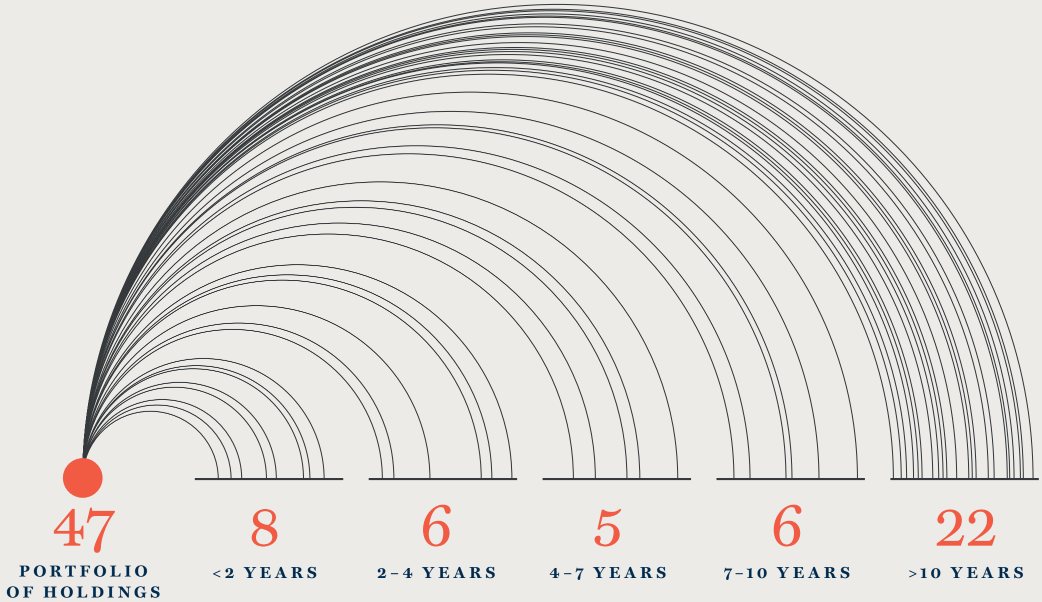
8.9
Average holding period in years

41
Longest holding period in years

741
Company (owned and unowned) meetings in 2024

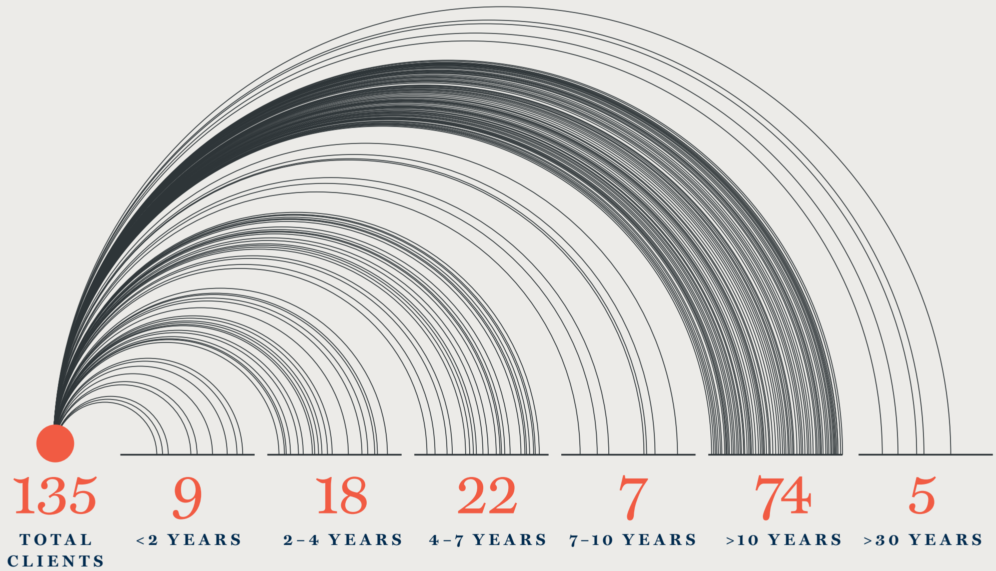
Source: Walter Scott, all figures as at 31 December 2024

BUY AND HOLD



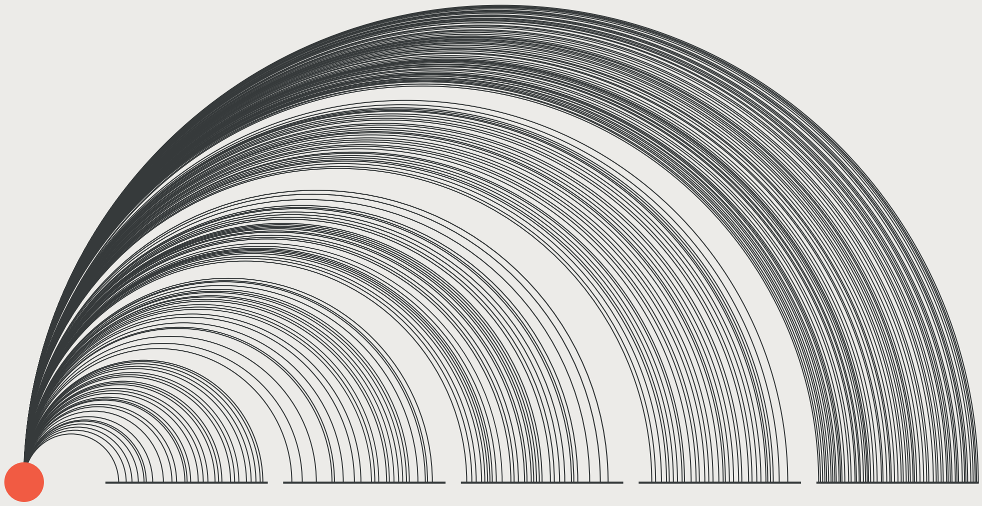
As at 31 December 2024. Source: Walter Scott. A representative global portfolio was used to illustrate this strategy. Stocks sold and then re-purchased only include the duration held since most recent purchase.

CLIENT LONGEVITY



As at 31 December 2024

EMPLOYEE TENURE



178	27	22	30	32	67
TOTAL EMPLOYEES	<2 YEARS	2–4 YEARS	4–7 YEARS	7–10 YEARS	>10 YEARS

As at 31 December 2024

FROM THE RESEARCH TEAM

The AI revolution appears to be leaving no corner of the investment world untouched, with ESG Integration as no exception. Over the course of 2024, the Research team held discussions with companies across numerous sectors about the impact of AI. While many covered potential improvements to efficiency and profitability, other meetings focused on some of the potential sustainability-related risks, such as data privacy and responsible usage.

Reflecting this growing interest, we also saw AI-related concerns continue to come through in shareholder proposals. You can read more detail on some of these in the Proxy Voting section of this report.

Another area of focus for the Research team during 2024 was mineral supply chains. With demand for critical minerals rising exponentially, due in part to efforts to decarbonise the global economy, there is now more attention being paid to the environmental and social consequences. Two members of the Research team, Alan Edington and Lucia Gibbard, undertook to build on our existing knowledge in this area and to consider how better to engage with companies on their mineral exposure (see page 14). As part of this research, they attended the OECD's Forum on Responsible Mineral Supply Chains in Paris.

The importance of good supply chain governance is not limited to minerals, however. In our more globalised,

WHAT WE CONSIDER

We don't believe that consideration of sustainability is a separate construct or a methodology that can be usefully applied in isolation from the financial analysis of our investments. For us, sustainability and governance risks and opportunities are research inputs. Sustainability is shorthand for a number of issues that we think can potentially be important to the long-term success of our investments:

ENVIRONMENTAL CONSIDERATIONS

Biodiversity risks and impact; water and natural resource usage; circular economy; pollution controls and waste management.

CLIMATE CONSIDERATIONS

Physical climate risks and opportunities; 'Paris alignment' and transition-related risks and opportunities; climate strategy; climate-related disclosures.

SOCIAL CONSIDERATIONS AND HUMAN CAPITAL

Bribery and corruption; tax practices; cyber security; AI ethics & data privacy; corporate conduct and culture; product safety and consumer protection.

Human capital management; talent & inclusion; employee relations; labour rights and human rights in the workplace and supply chain; community engagement and social licence to operate.

CORPORATE GOVERNANCE

Board and committee composition – independence, skills and experience; director commitment; share structures and voting standards; director and executive remuneration; succession planning and board development.

Related-party transactions and conflicts of interest; auditor independence; corporate disclosure; shareholder protection and rights; capital allocation and dividend policy; capital issuance and dilution; poison pills and anti-takeover practices; political donations.

KEY ESG INTEGRATION ISSUES RESEARCHED AND DISCUSSED IN 2024

Sector / Region	Key issues and relevant holdings
Artificial intelligence risks	AIA, Cognizant, Experian, Microsoft, Netflix
Cyber security	Mastercard, Microsoft, Visa
Executive remuneration & retention	Experian, Novo Nordisk, TotalEnergies
Hydrogen	Air Liquide, Linde
Improved disclosure	Brembo, Murata Manufacturing, Nitori, Toei Animation
Supply chain governance	Adidas, Nike, Inditex, TJX

> *"With demand for critical minerals rising exponentially... there is now more attention being paid to the environmental and social consequences"*

interconnected world, companies everywhere are having to deal with labyrinthine networks of suppliers. To add further detail to our understanding of how these complex ecosystems can impact our portfolio companies, the ESG Research group embarked on a supply chain mapping exercise. The outputs of this work, and a similar project on biodiversity risk, will help inform our company-specific analysis in 2025.

KNOWLEDGE SHARING AND TRAINING

Our commitment to knowledge sharing and continuous development in the area of Stewardship and Sustainability continued in 2024.

Members of the Research team and the Stewardship & Sustainability team attended several conferences and industry events related to sustainability and governance, including the PRI 'In Person' conference in Toronto, the ICGN Global Stewardship Forum, the IA Annual Sustainability Conference in London and the Council of Institutional Investors' gatherings in Brooklyn, NY and Washington DC.

As in previous years, we invited external speakers to present to the Research team throughout the year, with the aim of sharing insights and challenging our understanding of sustainability-related issues.

Tom Gosling, Executive Fellow at London Business School and at the European Corporate Governance Institute, presented to the Research team on climate risk and the challenge of setting firm-level commitments on emissions. Sean Brocklebank, Senior Lecturer at Edinburgh University's School of Economics, spoke on a number of topics, including supply chains, electrical grids and climate change policy.

Internally, Andrew Cave, Stewardship & Sustainability Lead, led a discussion with the team on what best practice looks like for board composition. Investment managers Alan Edington and Lucia Gibbard, meanwhile, presented the findings from their research into mineral supply chains.

To ensure that colleagues from across Walter Scott were kept abreast of developments in our approach to sustainability and governance, as well as in the wider industry, a company-wide knowledge transfer workshop was held on stewardship and sustainability.

UNDERSTANDING CRITICAL MINERAL SUPPLY CHAINS

ALAN EDINGTON
Investment Manager and
Sustainability Integration

LUCIA GIBBARD
Investment Manager

Structural demand for critical minerals is rising sharply due to global trends such as digitalisation and electrification. Critical minerals such as copper, lithium, nickel, cobalt and rare earth elements are essential components in many of today's growing technologies – such as electric vehicles, IT hardware, batteries and renewable energy equipment.

However, this surging demand comes with social and environmental consequences. The United Nations Environment Programme speaks of a "delicate balancing act" between the benefits of critical minerals and the risks that pervade the entire value chain.

In 2024, we conducted in-depth analysis of the critical mineral landscape. The purpose of our work was threefold:

- Better understand the potential risks to companies and investors
- Identify where these risks might be most acute in our clients' portfolios
- How to more effectively analyse and address these risks

A QUESTION OF COMPLEXITY

The global mineral supply chain is a complex web of inter-connected relationships and intermediaries. There are many stages along the path from initial extraction to end-user, from mining and aggregating to trading, transformation (often at multiple stages of the supply chain) and manufacturing. Risks exist at every stage. These are often rendered more acute by the location of significant mineral deposits in countries with weaker governance structures, limited financial resources and poor disclosure.

Companies reliant on these complex and opaque structures face twin risks:

- **Risk to Supply** – concentration of supply, both geographic and ownership/control
- **Risk to Reputation** – regulatory and consumer

An example of the challenges facing companies in this area is Myanmar, one of the world's largest producers of the rare earth elements widely used across modern technology. The extraction of these vital minerals in Myanmar often takes place in unregulated and illicit mines operated by paramilitary organisations. Environmental damage, biodiversity loss and human rights abuses are widespread.

Overwhelmingly, however, the processing of Myanmar's rare earth elements takes place in China, where data protection laws limit traceability. From there, these potentially illegally sourced minerals inevitably find their way into products across global markets. With few alternatives available, it is nearly impossible for companies to source what they need from elsewhere.

ASSESSING PORTFOLIO EXPOSURE

To some extent, it is possible to link all industries and sectors to critical mineral supply chains – their use is pervasive across our economic system. However, companies with the most acute exposure are likely to be found in the energy, materials, industrials, healthcare and information technology sectors.

Of course, the exposure of specific companies in these sectors will vary widely, so it's important for us to distinguish between those companies with financially material exposure and those without. Nor is our work limited to these sectors. LVMH, for example, sits in the consumer discretionary sector but, as a major procurer of gold, is potentially exposed to the criminal activity and often poor environmental and labour standards associated with its extraction.

WHAT CAN INVESTORS DO TO MITIGATE RISK?

Market standards, regulation and enforcement remain inconsistent across geographies, leading to a range of opinions on the best way to approach due diligence and monitoring. In an ideal world, we would have a globally accepted process in place, enabling rigour and standardisation, and backed up by legislation, regulation and international diplomacy.

While the direction of travel is towards a more globally standardised approach, this will naturally take time. Until then, it is incumbent on long-term investors such as Walter Scott to engage with companies where we believe these issues pose a financially material risk. Building on our understanding of the issues will enable us to more effectively question management teams.

Our starting point is to analyse a company's disclosure. This enables us to identify and assess the strengths and weaknesses of its approach to supply chain governance, and to ascertain whether it is doing everything it reasonably should. Where companies are falling short, we can engage constructively with management to encourage improvement and the adoption of best practice.

There is, of course, no panacea for the risks inherent in critical mineral supply chains. Many of the challenges have longstanding social, macroeconomic and geopolitical roots. But as mineral demand continues to build and the associated risks grow more acute, it is vital that companies and investors alike better understand the financially material consequences of doing too little.

> *"The steady drumbeat of regulatory announcements will continue in 2025"*

THE YEAR AHEAD

The steady drumbeat of regulatory announcements will continue in 2025, at least in the EU. The European Commission has announced an Omnibus package of proposals aimed at simplifying rules and streamlining sustainability-related reporting obligations under key regulations such as the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

The main changes in the area of sustainability reporting (CSRD and EU Taxonomy) should remove around 80% of companies from the scope of CSRD. The focus of sustainability reporting obligations will now be on the largest companies which are more likely to have the biggest impacts on people and the environment.

The package also aims to ensure that sustainability reporting requirements on large companies do not burden smaller companies in their value chains. It will postpone the reporting requirements for most companies currently in the scope of CSRD.

The story in the US may be more one of deregulation, with the new administration revising regulation that it believes will impede innovation and economic growth. Investors will be keeping a close eye on potential divergences in regulatory standards between the US and other countries, which would pose complications for global companies operating across multiple jurisdictions.

Regardless of the ongoing noise relating to sustainability, we will continue to analyse and assess any risks and opportunities, related or otherwise, that we deem to be financially material to our portfolio companies.

ENGAGEMENT

We believe engagement with companies is central to good stewardship on behalf of our clients. Through constructive dialogue with company management, we seek greater insight into the risks and opportunities that can affect a company's ability to deliver long-term value for clients. Engagement also gives us a platform to recommend improvements that we believe can enhance the long-term financial performance of a company.

We are members of the International Corporate Governance Network, which works to promote effective standards of corporate governance and investor stewardship. We endorse its stewardship principles and align with its governance principles.

Responsibility for engagement and proxy voting sits with our Research team and Investment Executive, overseen by our Investment Stewardship & Sustainability Committee and supported by the Proxy Voting & Engagement Group and the Stewardship & Sustainability team.

Our approach to engagement is pragmatic and constructive.* Working with the Investment Stewardship & Sustainability Committee, stock champions must judge the significance of the issue identified before a formal engagement is instigated. This helps us to prioritise and focus our efforts.

It is worth noting that our ideal number of formal engagements is zero – we set out to buy and hold a select number of what we consider to be the best listed businesses around the world. It would be somewhat surprising if we then set out to push for fundamental changes throughout our portfolios. In reality, there will always be some holdings where we believe that material improvements can and should be made.

A formal engagement will often relate to financially material sustainability and governance factors. Our tailored approach enables us to focus on the issues or concerns financially material to each company. While these issues will inevitably differ by company, they will typically fall within one of the following categories:

- Business Strategy
- Environmental Considerations
- Climate Considerations
- Social Considerations and Human Capital
- Corporate Governance

More detail on our approach to engagement can be found in our Engagement Policy.

As set out in the Strategic Update section of this report, we have updated and simplified our engagement framework in 2025. For reporting purposes, we have set out engagements in 2024 under the previous headings of 'engagements for change' and 'engagements for information'.

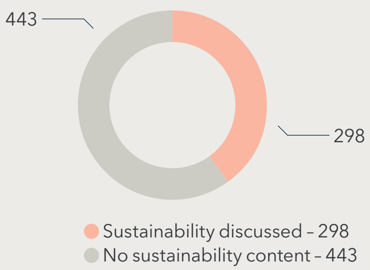
ENGAGEMENT IN 2024

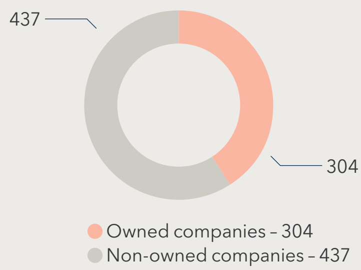
Our engagement in 2024 covered a wide range of topics, from labour market conditions and artificial intelligence to management changes and executive remuneration. Another subject of frequent discussion was supply chain governance. This is an area of growing long-term financial focus for investors. Many companies are exposed to highly complex chains of suppliers that make it challenging to uphold standards and adhere to

"Our engagement in 2024 covered a wide range of topics, from labour market conditions and artificial intelligence to management changes and executive remuneration"

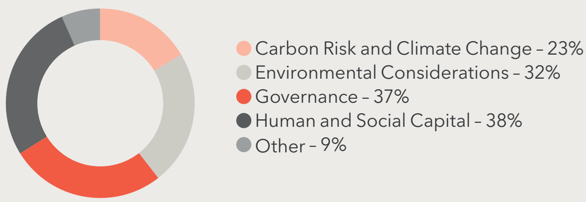
*We do not acquire or hold securities for the purpose or effect of changing or influencing control of management for the purposes of Rule 13d-1(b) and Rule 13d-1(c) of the Securities Exchange Act of 1934, as amended

COMPANY MEETINGS





MEETINGS WITH SUSTAINABILITY AND GOVERNANCE CONTENT SPLIT BY SUBJECT[1]



[1]More than one subject might be raised in a single meeting

best practice. It is important that management teams understand as far as is possible the material risks within their supply chains.

In line with previous years, we continued to encourage investee companies to align their reporting with the Task Force on Climate-Related Financial Disclosures and the CDP disclosure framework. Alignment offers investors greater insight into how a company is taking financial and operational implications of climate-related risks and opportunities into account, as well as providing investors with a simple and consistent framework for obtaining comparable and useful information.

During the year, Walter Scott's Stewardship & Sustainability Lead joined ICGN's Global Policy Committee. An investor-led body, the Committee enables members to contribute perspectives on ICGN's policy work, including thought leadership and advocacy activities.

“It is important that management teams understand… the material risks in their supply chains”

ENGAGEMENT FOR INFORMATION CASE STUDIES

Adidas
Supply chain governance was high on the agenda of any meeting with companies involved in the global apparel industry. In a discussion with Adidas, we probed management about processes for raw material verification, a particularly hot topic given the industry's exposure to Chinese materials and manufacturers.

Given the complexity of apparel supply chains, full traceability of materials can be challenging, not least when dealing with recycled materials. However, management stressed that addressing these challenges is very much front of mind for the business, citing the clear rules of engagement in place with all suppliers and sub-suppliers. Regular audits are also conducted to ensure that standards are being upheld.

Adidas has over 130 independent partners, of which some 45 are considered strategic and manufacture the vast majority of products. These strategic partnerships tend to be long term in nature, with the length of relationship determined by specific performance criteria which are regularly audited and reviewed. The company publishes a list of suppliers on both its website and on the Open Supply Hub, an industry initiative promoting transparent sharing of retail supply chain data.

Novo Nordisk
Periods of rapid growth can pose challenges for companies from a cultural and organisational perspective, so on a call with the Chair, CEO and CFO of Novo Nordisk we were keen to hear how the Danish pharmaceutical pioneer is navigating the spectacular success of its diabetes and obesity therapies.

The recruitment of 9,000 employees in 2023, a 17% increase in headcount from 2022, gives a sense of the scale of growth at Novo recently. Onboarding that number of people is a challenge, and one that becomes particularly acute when recruiting leaders. To help with integration, Novo provided leadership training for more than 400 of its senior employees in 2023, while the business also appoints facilitators – senior leaders who travel the world helping to instill the company's expected values and behaviours, collectively known as the 'Novo Nordisk Way'. This has proved an effective tool for identifying and supporting those leaders who might be struggling to adapt.

Another key pillar of Novo's culture is remuneration, which sits below the average of the wider European pharmaceutical industry and well below that of the US. Management does not think this has acted as a barrier to attracting and recruiting the best talent, however.

The task for Novo is to find a level of remuneration that is acceptable to Danish society and a remuneration structure that is internationally competitive. So far, the business believes it has struck the right balance – Novo is "competitive enough". Indeed, in the US, many senior leadership recruits have moved across from 'Big Pharma'. It helps too that Novo appeals to people looking to work for a company with a long-term focus on sustainability, which means the business typically hires people who share its values.

Total
Succession planning was on the agenda when we met with TotalEnergies' CEO and Chairman Patrick Pouyanné. Now more than 10 years into the role, Mr. Pouyanné expects to remain at the helm for another three years at least and potentially longer should the board of directors wish him to stay. Beyond this, he is confident that the next CEO is already at the firm, citing a strong field of credible internal candidates. Total has a long history of promoting from within, having had only two externally appointed CEOs in the last hundred years. Occasionally, the company will recruit externally for fresh perspectives, but this typically happens a couple of rungs below executive level to allow new hires time to absorb the Total culture.

Under the stewardship of Mr. Pouyanné, Total has established itself as a highly profitable oil & gas major with a coherent and consistent transition strategy.

> *"Novo appeals to people looking to work for a company with a long-term focus on sustainability"*

A two-pronged approach has seen the business pursue new hydrocarbon opportunities while at the same time investing considerably more than its peers in renewables and setting ambitious decarbonisation targets for its own operations.

Given his successful tenure and execution of Total's long-term transition strategy, we were comfortable voting for Mr. Pouyanné's re-election as both chair and CEO at the company's AGM, which took place the month after our meeting. A joint CEO/chair is not always the ideal structure, in our view, but Total's board has a strong independent lead director and Mr. Pouyanné's experience and abilities argue in his favour. However, we disagreed with the company's decision to omit from the AGM agenda a shareholder proposal requesting that the roles of chair and CEO be split. We believe shareholder proposals are an important shareholder right, a view we communicated to management following the AGM.

"The future of the electric vehicle market has come under increased scrutiny, with a slowdown in sales prompting questions about the speed at which drivers will adopt the technology"

Jardine Matheson

The future of the electric vehicle (EV) market has come under increased scrutiny, with a slowdown in sales prompting questions about the speed at which drivers will adopt the technology. Rather than making the leap straight from internal combustion engines to full electric, consumers appear to be opting instead for hybrid vehicles on grounds of cost and practicality.

For some in the auto industry, the trend vindicates a long-held view that the conventional wisdom around the speed of EV adoption had always tended towards the overly optimistic.

This more sceptical assessment is shared by management at Jardine Matheson, the Hong Kong-based conglomerate with exposure to the auto industry through its stake in Astra International, a leading manufacturer and distributor of two and four-wheeled vehicles in Indonesia.

Thanks to its long-running relationships with the likes of Toyota and Honda, both leading exponents of hybrid technology, Astra has built a dominant position in Indonesia's vehicle market. Yet given buoyant expectations for EV sales, the company's share price has been languishing, beaten up by predictions of a calamitous loss of market share to electric insurgents, a threat allegedly rendered even more acute by Chinese EV manufacturer BYD's decision to build a plant in Indonesia.

Lamenting the market's current focus on EVs, Jardine's Group Finance Director believes it highly unlikely that Indonesians will rush to embrace the technology given a chronic lack of charging infrastructure and the complete lack of electric seven-seater vehicles, the country's most popular model. Rather, he expects hybrids to continue to prove popular, and for Toyota to extend its lead in the market.

CSL

A meeting with CSL included an update on the company's emission reduction efforts. In recent years, CSL has started to make progress on its Scope 1 and 2 emissions, putting in place a target of 40% reduction by 2030 (against a baseline of the average annual emissions across fiscal years 2019-2021). Its European manufacturing facilities now purchase 100% renewable electricity following the transition of the facility in Marburg, Germany to renewable sources. Australia is likely to follow suit in 2025.

More exacting, however, are Scope 3 emissions, which account for the bulk of CSL's carbon footprint, with around 85% of overall emissions coming from its 42,000 vendors and suppliers. To tackle this, the company initiated an engagement programme with suppliers responsible for 67% of these emissions, encouraging them to set 2030 Scope 1 and 2 targets that align with the Science Based Targets initiative. After three of four planned waves of supplier engagement, CSL calculates that it has now reached 50% of the targeted 67%.

ENGAGEMENTS FOR CHANGE 2024

30
Engagements for change

27
Open engagements for change

3
Closed engagements for change

ENGAGEMENT FOR CHANGE CASE STUDIES

In 2024, we undertook 741 owned and non-owned equity company meetings, of which 298 included discussions on sustainability and governance topics. A smaller subset of these meetings was tied to our structured engagement framework, where we focus on specific, pre-determined issues that we consider to be materially relevant to long-term financial performance. Over the same period, we initiated 22 formal engagements on specific issues and a total of 30 formal engagements were open overall.

PAYCHEX

Objectives: To raise and discuss greater independence at both board and committee levels, with a particular focus on length of tenure. While we consider each company on a case-by-case basis, our starting point is that companies should follow international best practice on governance to minimise the risk of mismanagement and the associated financial implications.

Status: Open

Update: In September, we discussed our engagement with senior Paychex representatives, including the CFO and Chair of the Nominations Committee.

The company is aware of the long tenure of some of its directors but values the experience and challenge that these directors bring. We were informed, however, that a board refreshment programme was in place, with the aim of replacing long-tenured directors and improving committee independence.

This process will take time, but progress is already evident. Following the retirement earlier in the year of the chair of the audit committee who was also a long-serving board member, the audit committee now has an independent chair and is majority independent. More committee changes are expected in the next couple of years, which should see independence levels improve further.

We welcomed this commitment to raising independence levels. We also noted with interest the following assertion in the Paychex proxy statement: "*Due in part to stockholder feedback, board refreshment continues to be an important consideration of our Board.*" Not only does this further convey the company's intent, but it demonstrates the importance of constructive engagement as an effective means of securing change in the long-term interests of shareholders.

Next Steps: Given the ongoing board refreshment initiatives at Paychex, we voted with management's recommendations regarding the re-election of directors whose tenure was longer than our 10-year preference and who reduced the overall independence of the board and some committees. We will continue to monitor progress and engage with the company when appropriate.

LEENO INDUSTRIAL

Objectives: Encourage increased English language disclosure, including proxy materials, the company's audit statement and a complete version of its annual report. This would, in our view, not only provide material benefit to us as shareholders looking to better understand the company but also have benefits for the company itself. More English language disclosure could raise Leeno's profile with English-speaking investors and improve investor analysis and understanding, all of which could increase interest in its shares.

Status: Open

Update: In June, two members of the Research team raised the matter with Leeno's chief financial officer whilst in South Korea. They received an assurance of increased reporting disclosure in the next couple of years, including greater English-language disclosure.

Next Steps: We will monitor the company's progress on this issue, engaging as and when appropriate.

CLP

Objectives: To raise and discuss the repurpose of CLP's coal assets outside of Hong Kong. These assets risk becoming 'stranded' on our long-term investment horizon, with material financial implications.

Status: Open

Update: While CLP has made good progress in this area in recent years, most notably by bringing forward the closure of the Yallourn coal plant in Australia, we continued to discuss with management our concerns with the speed of the process.

In conversation with the company's new CFO, we welcomed confirmation that the issue was now a strategic priority. Following a wholesale review of coal exposure, a plan has been put in place for the eventual sale of each asset. Some of these disposals will take time given the complexity involved (joint venture structures, long-term power purchase agreements etc), but the emergence of a clear route map is a positive development.

Next Steps: Monitor the progress of CLP's coal-assets disposal programme and raise with management as and when appropriate.

BREMBO

Objectives: To raise and discuss improved disclosure of the metrics used for executive incentives and the criteria for retention bonuses. The current limited disclosure makes it more challenging for investors to assess if management is aligned with long-term shareholders.

Status: Open

Update: While Brembo has made some improvements to its remuneration practices in recent years, we have consistently voted against its remuneration policy and report due to an ongoing lack of disclosure on metrics and clarity around one-off bonuses paid to the CEO.

During our most recent interaction with the company, we received no further update on forthcoming executive remuneration other than that it would be in line with policy and that the business would provide an explanation for anything that fell outside policy.

Next Steps: However, Brembo's next proxy statement contained no disclosure of performance targets for its long-term incentive plan and no rationale for the payment of a guaranteed annual bonus of €500,000 to the CEO. Consequently, we again voted against management's recommendation, and our engagement for change is ongoing.

JARDINE MATHESON

Objectives: To raise and discuss improvement across a range of governance and sustainability considerations, most notably board independence and reduction of carbon intensity across the business.

Status: Closed

Update: The business has made significant progress in areas that we had identified as financially material risks.

From a governance perspective, JM has increased the independent representation on both its board of directors and board committees. The board of directors is now 50% independent, whilst the audit committee is fully independent. There have also been governance upgrades at all three listed subsidiaries, Hongkong Land Holdings, DFI Retail and Mandarin Oriental International.

Regarding decarbonisation, the company's 2023 Sustainability Report contained several developments that built on the Net Zero framework established in 2021. All businesses categorised under the 'Decarbonisation Pathway' set Scope 1 and 2 decarbonisation targets and roadmaps, most of which aligned with a 1.5°C trajectory. Furthermore, four were validated by the Science Based Targets Initiative. Meanwhile, JM's Indonesian mining and energy business United Tractors, which follows a separate 'Transition Pathway', expanded into renewable energy and the transition mineral extraction sector to mitigate the impact of its legacy coal business. This strategy aims to ensure business continuity in a lower-carbon scenario and reflects JM's commitment to a Just Transition; the company must balance its decarbonisation ambitions with coal's importance to Indonesia's short-to-medium term economic growth.

We did not see the progress we might have wished for on every issue we raised as part of this engagement, perhaps most notably a strategic review of the company's palm oil assets. We were encouraged, however, by the decision of PT Astra Agro Lestari (AAL), the palm oil subsidiary of JM's Astra International business, to apply for membership of the Roundtable on Sustainable Palm Oil. AAL was already certified under the Indonesian Sustainable Palm Oil scheme.

Next Steps: Overall, we think these developments marked a step-change in JM's approach to financially material sustainability issues. This was welcome and, in our view, merited our closing the formal engagement. We will, however, continue to engage with management as and when appropriate on issues relevant to the company's long-term financial prospects.

“In 2024, we were a lead signatory in CDP's Non-Disclosure Campaign”

COLLABORATION

We think collaboration with other investors can be a useful tool in certain situations. For example, collective engagement can help drive ongoing improvements in governance and sustainability practices at our investee companies. As well as collaborating on company-specific matters, we may also choose to engage with other investors on regulatory and policy matters, as well as engaging with regulators and policymakers directly on relevant issues. We will only undertake to work with other investors if we believe it is likely to prove effective, it is in the best interest of our clients and provided we can do so in a manner that is compliant with applicable laws and regulations.

In 2024, we were a lead signatory in CDP's Non-Disclosure Campaign, where we engaged with ten companies to encourage their participation.

We recognise that all investment firms must play a part in encouraging well-functioning markets and financial systems. Despite our size we do believe it is incumbent upon all to proactively collaborate to address challenges and improve standards where possible. Through our membership of the Investment Association, we participated in a number of industry initiatives and working groups. We also collaborated with our parent, BNY, to respond to consultations over the course of 2024.

MEMBERSHIPS

We are members of or signatories to several groups that we believe best represent client interests when engaging on matters of sustainability, including:

Principles for Responsible Investment
Signatory since 2017
The PRI is a collaborative, investor-led organisation. Signatories can get involved with the PRI's work by joining advisory committees and groups, signing up to the initiatives and statements, or providing case studies.

CDP (Formerly Carbon Disclosure Project)
Member since 2017
CDP is a not-for-profit that runs an independent environmental disclosure system for companies, capital markets, cities, states and regions.

Council of Institutional Investors
Member since 2023
The Council of Institutional Investors is a non-profit association of US public, corporate and union employee benefit funds.

UK Investment Association
Longstanding member
The IA is the trade body and industry voice for investment managers in the UK. Several Walter Scott representatives now participate in IA working groups, the aim of which is to agree/shape industry best practice and provide input into policy making and regulation.

ICGN (International Corporate Governance Network)
Member since 2019
Founded in 1995, the ICGN is a leading authority on global standards of corporate governance and investor stewardship.

We are signatories to the **UK Stewardship Code** and have stated our commitment to **Japan's Stewardship Code**.

SUPPLEMENTARY COMPANY ENGAGEMENT INFORMATION IN ACCORDANCE WITH THE UK STEWARDSHIP CODE

ENGAGEMENT OUTCOMES

Our investment process leads to long-term holdings in some of the world's most successful companies. The issues that we decide to pursue through formal engagement may be challenging. These are highly unlikely to be issues that can be quickly fixed. As such, we do not expect engagements to move quickly from initiation to successful close. We continue to refine and evolve our approach to engagement to ensure the best possible outcomes for our clients.

The examples of engagement shared within this report are intended to give an insight into the range of topics we discuss with management teams and the varied approaches.

ESCALATION

We have a formal process to guide the agreement of issues to be raised, agree the approach such engagement should take and then provide approval to proceed. An important aspect of that process is periodic review and the related decision to change approach. Whilst formal engagement is likely to remain less common relative to many of our peers, given our selective investment approach and focus on high quality, market-leading companies, over time this more formal and documented process is enabling us to report on success and common themes. There were no formal escalations in 2024.

JUDGING PROGRESS

Progress on engagement is judged on a case-by-case basis and is reviewed periodically. We acknowledge that engagements can take time and we are supportive of management teams that wish to take an iterative approach on the issue under discussion, providing a clear pathway to improvement is in place.

PROXY VOTING

Considered proxy voting helps us to ensure effective corporate governance and protect long-term shareholder value. It allows us to promote the interests of our clients by expressing our views.

OUR APPROACH

Proxy voting, in our view, is central to the effective stewardship of shareholder capital. We consider every resolution on an individual basis, and we ultimately vote at shareholder meetings in a manner we believe to be consistent with our clients' best interests. While we aim to vote at every shareholder meeting and on every resolution, this is on a 'best endeavours' basis and may not always be possible due to reasons outlined in our Proxy Voting Policy.

The responsibility for proxy voting decisions rests with our Research team, with analytical support from our Stewardship & Sustainability team in Investment Operations. The Stewardship & Sustainability team is responsible for managing the day-to-day proxy voting process, working with the Research team to ensure voting is consistent and aligned with our approach. Proxy voting is overseen by the Proxy Voting & Engagement Group (PVEG).

To ensure that we have all the necessary information on an Annual General Meeting or Extraordinary General Meeting, we receive documentation on forthcoming votes from custodians and receive meeting analysis from an external proxy voting advisory service.

We consider third-party recommendations for information purposes but arrive at voting decisions independently, based on company meeting materials and, where required, engagement with the company for additional information.

POLICY

Walter Scott's Proxy Voting Policy has evolved over the years and is prepared by us independently. We take ICGN guidance into consideration and are confident that the policy is aligned with industry best practice.

Our Proxy Voting Policy applies across all investments, regardless of geography or strategy. It does, however, take into account the fact that corporate governance approaches and expectations can vary between regions. It also applies across all clients for whom we are mandated to vote. Other clients make their own decisions on whether to vote, and how to vote.

We vote all proxies in line with our voting policy. If a client for whom we have voting authority instructed us to vote differently to our policy on a specific item, then we are able to facilitate this given sufficient notice and on the understanding that such requests are relatively rare. There were no examples of this in 2024. Clients in pooled funds or investors in funds managed by our distribution partners are not able to set their own voting polices.

2024 PROXY VOTING REVIEW

In keeping with recent years, 2024's proxy season was another busy one. Sustainability-related shareholder proposals were again a major feature, although the downward trend in support continued. Investors were also presented with a growing number of counter proposals which take a different position on a range of sustainability issues, although support for these remained low.

Inevitably, AI appeared more frequently on proxy statements than in previous years. As more companies integrate the technology into their operations, investors are looking for greater disclosure and transparency around risk management, use cases, governance and oversight.

We welcomed this scrutiny. As the AI revolution gathers pace and as regulators play catch up, companies should ensure they have robust structures and processes in place to manage the related risks and opportunities.

> *"The responsibility for proxy voting decisions rests with our Research team"*

"Inevitably, AI appeared more frequently on proxy statements than in previous years"

The quality of shareholder proposals remained a point of contention throughout the year. Attending a conference in Brooklyn, NY in September, we heard two high-profile CEOs lament what they perceived to be a lack of focus and relevance in too many proposals.

While we did not agree with every complaint, we did share some of the CEOs' frustrations. Too many shareholder proposals had questionable merit. A more considered approach in future would improve dialogue with companies.

PROXY VOTING CASE STUDIES

Paychex
We have an engagement with Paychex regarding greater independence at both board and committee levels (for more detail, see page 20). Reflecting our case-by-case approach, however, we voted with management's recommendations regarding the re-election of directors whose tenure was longer than our 10-year threshold and which reduced the overall independence of the board and some committees.

Our voting decision was informed by a meeting with management, during which we discussed the company's board refreshment programme. It is our preference to support management teams when they are making positive progress on outstanding issues and this initiative has started to improve overall independence. And while we understand that it will take time to achieve our preferred levels of independence, we took a positive view of Paychex's work to date and management's constructive approach to engagement.

Netflix
Netflix received a shareholder proposal requesting that the business publicly disclose a report outlining its use and oversight of AI.

Recommending that shareholders vote against the proposal, Netflix cited its commitment to the responsible use of AI tools, thoughtful approach to oversight, and its adherence to the collective bargaining agreements in place with industry guilds.

We took the view that supporting the proposal would not ultimately be in the best interests of shareholders, given it is not clear exactly what are the AI-related financial or reputational risks to Netflix. Furthermore, not only did the proponent fail to define what constitutes AI, but the scope of what the business was being asked to disclose would potentially be very broad, time consuming and costly. As such, we chose to vote with management and against the proposal.

Nike
A proposal at Nike's 2024 AGM requested that the company publish a report evaluating the impact of signing up to worker-driven social responsibility (WSR) principles and binding agreements, such as the Pakistan Accord. Nike's supply chain policies and practices had come under the microscope following allegations of outstanding wage payments at suppliers in Cambodia and Thailand.

The proponents argued that the corporate social responsibility initiatives favoured by Nike "often fail to identify, and remedy persistent rights abuses" as they "rely heavily on social audits". WSR initiatives, which include binding agreements between workers and companies, would better ensure independent monitoring and effective reporting.

In our view, Nike is an industry leader in supply chain governance, with multiple programmes aimed at mitigating the inevitable risks that come with such an extensive network of suppliers. Despite this, we were keen to understand in advance of the AGM why the company had not emulated rivals Adidas and Puma by signing up to the Pakistan Accord, a legally binding agreement between trade unions and brands to ensure worker health and safety in the country's textile and garment sector.

Nike's decision not to sign up to the Pakistan Accord is driven in part by a very limited supply chain exposure to the country. As a global firm, it would also rather focus on setting and adhering to appropriate standards of governance and disclosure than put its name to numerous local initiatives. Nike did, however, contact the proponents to ask which specific elements of the Accord it might usefully implement but failed to receive a response.

Nike's existing approach to supply chain governance merited a vote against the shareholder proposal, in our view. We did, however, suggest areas of potential improvement. Providing greater transparency on the challenges and roadblocks to better supply chain governance would be welcomed by investors. More emphasis on sector collaboration would also be beneficial. Human rights and labour risks cannot be resolved by one company, regardless of the level of their commitment to raising standards.

Reply
In February 2024, the Italian parliament approved a new capital markets law. Amongst other changes, companies listed in Italy will have the right, but not the obligation, to hold AGMs behind closed doors. The change makes permanent a temporary measure introduced during the Covid-19 pandemic.

In our view, the removal of shareholders' ability to attend an AGM (whether virtually or in person) is an unwelcome development that negatively impacts shareholder rights and is contrary to good corporate governance.

Reflecting this, we voted against Reply's proposal to incorporate the change into its Articles of Association, having notified the business of our views in advance of its AGM. While Reply may be acting in line with the new law, this does not make it in the best interests of shareholders.

Amphenol
On a pre-AGM call with Amphenol, we discussed the position of Anne Wolff, an independent director and chair of the company's finance committee. Proxy voting advisory firm ISS had recommended that shareholders vote against Ms. Wolff's re-election to the board, arguing that she could no longer be considered independent due to her spouse's position as a partner at a law firm providing services to Amphenol. The specific trigger for the change in classification from independent to non-independent was the quantum of the fees paid to the legal firm in question.

Following our discussion with Amphenol, we chose not to oppose Ms. Wolff's re-election to the board, believing that several factors supported her ongoing independence.

First, the legal firm in question received its fees from and was appointed by a third party. Second, the fee amount paid had decreased from the previous year. Finally, Ms. Wolff's spouse only joined the firm after it was contracted to represent Amphenol, did not work on any Amphenol business and had asked not to receive a share of any related profits.

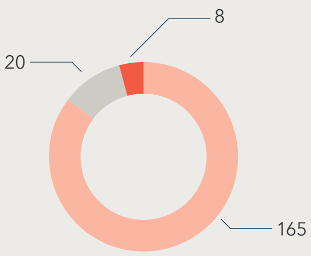
Microsoft
As the AI revolution gathers pace, companies are facing growing pressure to disclose their exposure to the risks associated with the technology and the steps they are taking to mitigate those risks.

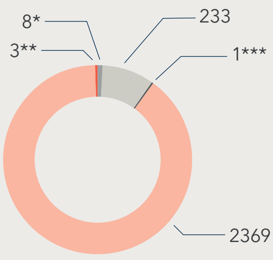
At Microsoft's 2024 AGM, we voted for a proposal requesting that the company prepare a report assessing the risks presented by "the real or potential unethical or improper usage of external data in the development and training of its artificial intelligence offerings". This was the first time Microsoft had received a proposal relating to the use of external data for training AI. And while some of the language used in the proposal was emotive, we agreed with its aims in principle due to the potentially financially material implications of misuse of external data.

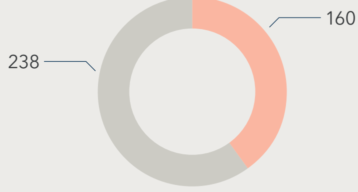
In stating its opposition to the proposal, the company pointed to its existing, publicly available commitments to sourcing data for training generative AI models "in ways that are consistent with global laws, and that respect privacy, safety, and content". However, while welcome, this disclosure does not provide much detail about how the company approaches risks related to copyright infringement. This is an ongoing issue and one that is currently subject to significant media coverage and high-profile lawsuits.

In our view, copyright infringement poses a potentially financially material risk to Microsoft. It is a risk that is likely to grow in importance as regulatory scrutiny of AI increases. As such, we believe Microsoft could benefit from being more proactive in this area by providing additional disclosure with a greater focus on the risks relating to its use of copyrighted information.

PROXY VOTING OVERVIEW







*All abstentions due to voting mechanics in relation to Brazil's Remote Voting Card
** Withheld votes due to plurality vote standards, where Walter Scott was unable to vote 'against'
***Relates to our preferred frequency on 'Say on Pay'

VOTES AGAINST MANAGEMENT RECOMMENDATION RATIONALE

49 Due to potential dilution >10%

38 Board or committee independence related

21 Remuneration proposal

14 Vague/poorly-defined proposal

13 Corporate governance issue

11 Ad hoc items

6 Shareholder proposal – in the long-term best interest of shareholders

5 Preference for a one vote per share structure

1 Persistent failure to attend board meetings

1 Negative impact on shareholder rights

1 Debt financing instruments

This voting summary for the full year 2024 reflects the votes cast by Walter Scott & Partners Limited during the period on behalf of our clients for whom we have full voting discretion. 100% of votes were submitted to ISS where we had the authority to do so in 2024. Full voting records on a quarterly basis, including a rationale for any votes against management recommendations, and our voting on shareholder proposals (both against and in line with management's recommendation), can be found on our website. Our Shareholder Rights Directive II (SRD II) disclosures also provide detail regarding significant votes.

SHAREHOLDER PROPOSALS

*Five votes 'for' related to Italy's "voto di lista" where shareholders vote on slates of nominees submitted by both controlling shareholders and minorities.

SUPPLEMENTARY PROXY VOTING INFORMATION IN ACCORDANCE WITH THE UK STEWARDSHIP CODE

VOTING PROCESS

We subscribe to ISS' services as an effective means to receive proxy voting ballots and then to action the vote informing applicable custodians. But the voting decision rests solely with Walter Scott without any reliance on ISS recommendations.

Voting follows a two-step process. One person within the Client Operations team places the instruction on the ISS platform and another checks that instruction matches, as well as checking the voting information is entered correctly into our investment accounting system. If there is an instruction on a proxy vote that is client-specific, then a manager in our Client Operations team also checks the instruction to make sure it has been submitted correctly.

After submitting the proxy voting instruction, we do a 'ballot check' to ensure the accounts, and positions, that we have voted on through ISS match our investment accounting system information. This allows us to identify any issues straight away and to contact ISS or the custodian to promptly resolve them. We also receive a daily email from ISS that details any rejections, which also allows prompt resolution where needed.

The Client Operations team also carries out another layer of checks between our systems and the clients' custodians, to double check how many shares we expect to be voting on, incorporating whether the client has given us proxy voting authority. Votes are submitted through ISS, and we check that our instructions have been successfully received.

We also inform the company after the vote of our voting recommendation where there has been engagement on an issue or where there has been a vote against management, and we want to re-iterate our concern.

100% of votes were submitted where we had the authority to do so in 2024. Instances where we do not have the authority to do so can include when the client has directed stock lending, power of attorney is not in place, we do not receive the ballot from the custodian, or it is a restricted market. We continue to work as closely as possible with other providers, notably the custodians, to ensure that all proxies can be voted in a timely manner.

VOTING OUTCOMES

Where any individual proposal receives less than 85% votes in favour, the stock champion is notified. Where votes fail, in addition to notifying the stock champion, the Research Operations team also notifies the PVEG so that those votes can be formally reviewed in the context of our voting decision and possible engagement.

STOCK LENDING

Walter Scott does not undertake stock lending. Any such arrangement rests solely with clients and their appointed custodian. Walter Scott generally does not ask clients to recall stock on loan in order to vote with the exception of material votes.

Where the firm believes a resolution is material, in that the outcome could significantly affect the long-term investment return, on a best-efforts basis Walter Scott will generally seek to ask clients who lend stock to recall any stock on loan.

ADDITIONAL OBJECTIVES PORTFOLIOS

As highlighted in previous sustainability reports, we launched an additional process in 2022 to meet evolving client needs for portfolios that are managed in line with additional sustainability requirements, such as the 'Article 8' disclosure regime set out in the EU SFDR. In addition to portfolios reflecting EU SFDR requirements, we can offer clients a range of other sustainable investment options.

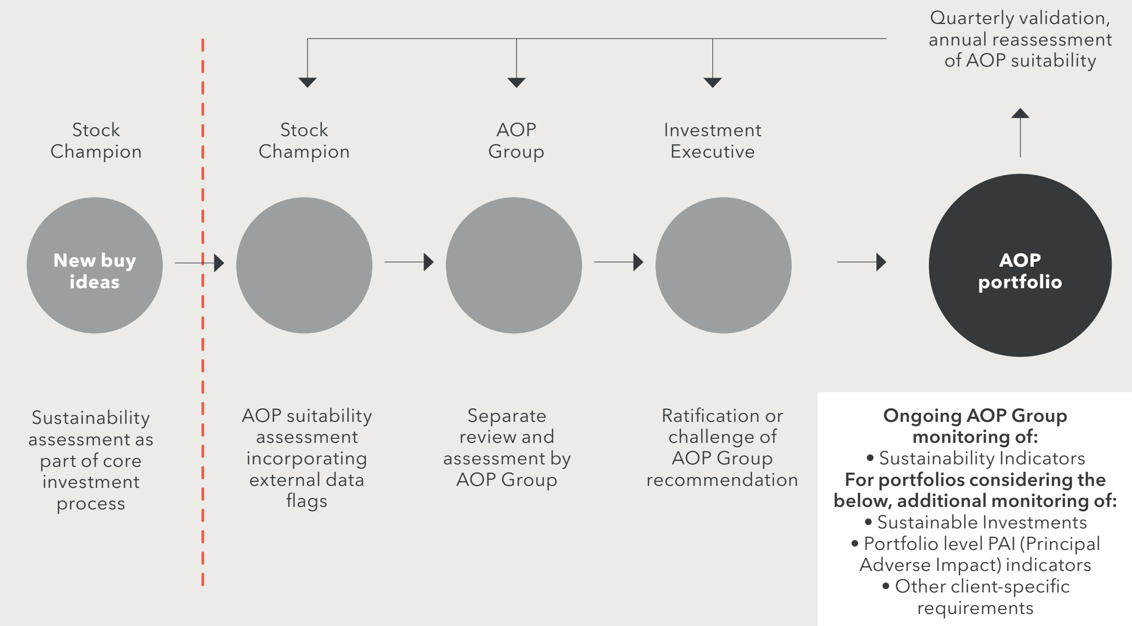
OVERVIEW

The 'Additional Objectives Portfolios' (AOP) methodology was developed in response to the EU SFDR and other sustainable investment regulations and client-specific sustainability preferences. Our aim was to develop a process for sustainable investment funds that built on our longstanding work on ESG Integration, Stewardship and Sustainability. In addition to requiring the development of a methodology for assessing the suitability of existing holdings for these portfolios, we developed a governance framework to ensure that there was a separate review of all proposed holdings.

The AOP Group (referenced in the Governance chart on page 7) performs this function, making recommendations to our Investment Executive about the suitability of holdings. It is important to note that the AOP Group does not have a 'veto' over holdings in AOP funds

ADDITIONAL OBJECTIVES PORTFOLIOS ASSESSMENT PROCESS

Holdings are assessed and separately reviewed for AOP suitability on an ongoing basis



or recommend new ideas, nor does it have responsibility for portfolio construction – decision-making responsibility continues to sit with the Investment Executive, supported by the Research team and the relevant stock champion.

AOP PROCESS

Our suitability assessment process aims to combine the best available external data with the fundamental analysis and company-specific knowledge of our stock champions. In developing our approach, we have been careful to ensure that the conclusions from the AOP assessment do not have any bearing on our willingness to hold companies in 'non-AOP' portfolios, although we do of course ensure that any financially material insights gained from the process that have broader relevance to all holders are shared with relevant colleagues in the Research team.

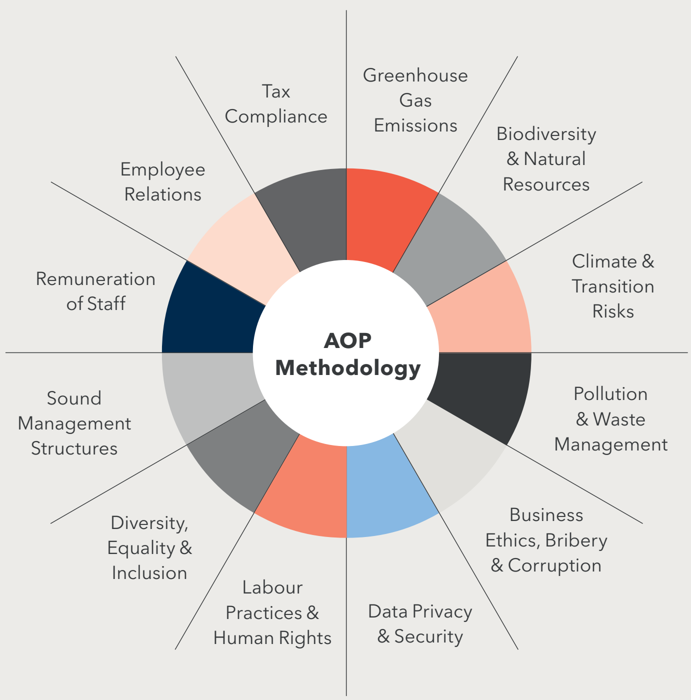
The AOP Group is comprised of members of the Investment Research, Stewardship & Sustainability and Research Operations teams. The diagram on the previous page sets out the AOP process. The suitability assessment incorporates 12 sustainability sub-themes (see diagram below) that we determine to be important in deciding whether a company meets the appropriate portfolio sustainability requirements.

This process uses carefully selected external vendor data to augment the typically more qualitative fundamental analysis from stock champions of company performance on material sustainability factors using an additional structured assessment template to capture insights and conclusions. If a company 'flags' against the monitoring thresholds that we have set for each of the external data points, the appropriate stock champion will undertake additional analysis to determine the accuracy of the data and the materiality of the issues identified. Analysis, which includes an overall suitability recommendation from the stock champion, is then reviewed by the AOP Group. As part of its review, if the AOP Group has any outstanding concerns it will arrange a meeting with the stock champion to discuss the matter in detail before a final recommendation is made to the Investment Executive with respect to suitability for respective portfolios.

In addition to this core suitability assessment process, relevant data pertaining to additional EU SFDR considerations such as 'Sustainable Investment' classification (incorporating 'do no significant harm' checks) and portfolio level 'Principal Adverse Impact' indicators are also reviewed quarterly by the AOP Group and we have the capability to provide oversight and monitoring to a range of additional client sustainability requirements through this model.

The AOP Group meets on a quarterly basis to review any material changes in the selected external data points (with appropriate stock champion analysis) which might have an impact on the suitability of AOP holdings. This includes a review of any holdings that have previously been deemed to be unsuitable for AOP clients to determine whether an issue has been satisfactorily addressed. The AOP Group is also involved in the production of periodic reporting requirements for clients whose portfolios are required to comply with EU SFDR and can undertake additional research into key sustainability themes and issues arising relating to AOP holdings.

ADDITIONAL OBJECTIVES PORTFOLIOS – KEY SUB-THEMES



CLIMATE

As noted in previous sustainability reports, it is a core part of our fiduciary duty to identify and take account of long-term risks to our clients' portfolios. The systemic risks to the global economy (and indeed to societal stability and wellbeing) arising from climate change continue to increase as mean temperatures track upwards compared to pre-industrial levels.

The Board of Walter Scott has delegated responsibility for climate change strategy to the Managing Director in her role as chair of the Executive Management Committee. The climate change strategy is subject to periodic review and challenge by the Board of Directors.

We published our second entity level TCFD-aligned report in June 2024, further enhancing our disclosure in this important area of our business. We are due to publish an updated version of this annual disclosure in the second quarter of 2025. We would direct interested clients and other stakeholders towards these detailed reports.

This section of the report provides a summary overview of key developments and metrics relevant to our ongoing commitment to understanding and managing climate-related risks and opportunities.

CONTEXT

As we have stated before, we are now in a world that is rapidly moving from climate risks to climate impacts. The most recent Los Angeles wildfires were the most expensive in Californian history, with a significant impact on both communities and the insurance industry alike.

In addition to increasing physical climate risks, the transition challenges confronting companies arising from diverging climate and emissions regulation and changing customer expectations present significant risks to unprepared businesses.

It is important to note that not all physical and transition risks arising from climate change will be intuitively predictable. Idiosyncratic company specific nuance and strategy is important (to give an example, technology companies could deploy very different approaches to datacentre resilience).

In the coming years, we can also expect significantly increased policy and market divergence between different regions of the world. For these reasons, 'bottom up' fundamental analysis of investee companies is more important than ever.

DEVELOPING OUR APPROACH TO UNDERSTANDING AND MANAGING CLIMATE-RELATED INVESTMENT RISKS

For a number of years, we have been analysing climate risks and opportunities wherever material to our investments, and we have included an element of structured climate scenario analysis in our Integrity document since 2021. In 2023, we enhanced our existing approach in a number of ways, further refining this work in 2024.

Our ESG Research Group, which reports into the Investment Stewardship & Sustainability Committee (ISSC), provides oversight and guidance to our investment-related research on climate-related investment risks. With representation from both Research and Stewardship & Sustainability, this group has overseen the development of several innovations which are now well established as ongoing elements of our climate-risk management process, complementing our existing 'bottom up' fundamental analysis of climate risks contained within the Integrity document.

- We undertake annual climate scenario analysis of our holdings for key strategies, presenting the findings to our Investment Management Committee (IMC).
- We undertake ongoing climate scenario analysis for all holdings as part of our Integrity document, using three NGFS scenarios (NGFS Orderly – Net Zero 2050; NGFS Disorderly – Delayed Transition; NGFS Hothouse – Nationally Determined Contributions). We anticipate that our approach in this area will continue to evolve, and we may make further changes to the

type and range of scenarios that we utilise in the future.
- In addition to the core analysis outlined above, we undertake an 'Enhanced Climate Assessment' (ECA) for analysing climate risks and opportunities pertaining to higher emissions / potentially higher risk holdings, with a summary of the findings presented to the ISSC and IMC.
- To support the above work, the Research team continues to receive regular insights from a specialist energy transition-focused research provider.

OUR PORTFOLIOS

As was the case last year, a relatively small number of companies represent a large share of global corporate carbon emissions. The same is true of our portfolios. Looking across our portfolios, in 2024 there continued to be limited exposure to more carbon-intensive industries, such as utilities and fossil fuels, where the transition risks are more pronounced.

Our portfolios continue to typically have greater exposure to industries, such as healthcare and information technology, where transition risks, while still applicable, are likely to be less marked. A number of our holdings are also in a position to support and enable a low-carbon transition through the provision of their core products and services.

We expect all our investee companies to disclose emissions data to the CDP and report according to TCFD recommendations, in order to provide financially relevant climate information and data to us in a structured and useful way. We recognise that in many markets there is still considerable work to be done to meet this standard, however. It is important to re-emphasise that our objective with the above monitoring and engagement work is about creating value for our clients over the long term. A changing climate is a systemic risk to long-term performance for all companies, hence our analysis and focus on all holdings.

APPENDIX

UK Stewardship Code – Supplementary Information

OVERSIGHT GROUPS AND STEWARDSHIP RESOURCES

Investment Stewardship & Sustainability Committee
Under delegation from the Investment Management Committee, the Investment Stewardship & Sustainability Committee (ISSC) provides consolidated senior oversight to all of our investment-related sustainability work. Its responsibilities include:

- overseeing the firm's stewardship, sustainability, ESG Integration and climate strategy, escalating any relevant issues or concerns where required.
- ensuring compliance with relevant stewardship and sustainability regulations, including any evolving reporting and assurance requirements.
- overseeing the approach, quality and consistency of the firm's policy and regulatory interactions in relation to stewardship and sustainability.
- overseeing the selection criteria, quality and consistency of the firm's engagement with investee companies.
- approving company disclosures and responses to industry codes as required.
- coordinating the approach to climate analysis for portfolios, including the requirement to undertake portfolio level scenario analysis at least annually.

The ISSC is in turn supported by specialist groups that oversee specific areas of responsibility:

- Proxy Voting & Engagement Group (PVEG) – The PVEG is responsible for overseeing the firm's ongoing approach to (and reporting on) proxy voting and engagement activity, escalating decisions to the Investment Stewardship & Sustainability Committee (ISSC) as required.
- Sustainability Policy & Regulation Group (SPRG) – The SPRG is responsible for the identification and interpretation of relevant sustainability & disclosure policies and regulations to determine their applicability to Walter Scott.
- Sustainability Communications & Reporting Group (SCRG) – The purpose of the SCRG is to oversee the end-to-end production of all mandatory Stewardship & Sustainability disclosures, as well as any additional sustainability communications.
- ESG Research Group (ESGRG) – The purpose of the ESGRG is to provide analysis, direction and support to the firm's investment research on sustainability and governance , and oversight to thematic portfolio-wide analytical projects such as the firm's ongoing work on climate risk as well as other selective research project as required (e.g. supply chain risks, biodiversity risks etc.).
- Sustainability Client Group (SCG) – This group is responsible for discussing feedback from clients and prospects for sustainability-related business needs.
- Additional Objectives Portfolios Group (AOPG) – under delegation from the Investment Management Committee (IMC), the AOPG is responsible for reviewing and approving supplementary governance and sustainability assessments undertaken as part of the AOP process, in addition to monitoring any relevant additional portfolio level governance and sustainability considerations (such as client specific 'Sustainable Investment' thresholds).

The ISSC has representation from Investment Research, Research Operations, Client Service and Compliance. The Committee meets quarterly with ad hoc meetings when required.

Investment Team
The core Investment team comprises the Investment Executive and the Research team. The Research team consists of investment managers and investment analysts who work collectively across all portfolios managed by the firm.

Each stock held is championed by a member of the Research team. Typically, the champion will be the person that first proposed the idea and who is then responsible for monitoring thereafter.

The Research team is structured into three regional groups, with a combined group specifically tasked with looking at emerging market opportunities across regions, and as befits a global equity investment manager, individuals rotate amongst those teams. However, stocks are not reallocated as individuals move between regions.

Those with long careers at the firm will have spent time in all the teams and will thereby champion stocks across all regions, as well as across industries. Our investment approach is centred on finding global leading companies irrespective of geographical boundaries and industry classifications. It is important that our Research team has that same perspective. In the search for the best, they must be able to contrast and compare companies across the world.

The stock champion is responsible not only for analysis and research but also engagement and proxy voting. Furthermore, they are responsible for assessing, analysing and monitoring material sustainability risks and opportunities that make up part of an investment case.

Whilst the firm believes that an integrated approach to sustainability is more powerful and effective, the Research team is supported by Research Operations in a number of areas of ESG Integration, Stewardship and Sustainability.

Remuneration at Walter Scott
Remuneration is an important part of the retention and motivation of staff and Walter Scott's approach to remuneration very much reflects its culture and its investment approach.

Teamwork, contribution to team discussions and working with others to ensure the best client service, are all central to performance reviews. Beyond competitive base salaries, everyone in the firm shares an additional pool that is a percentage of the firm's annual profits.

For the Research team, an individual's share of that pool is determined by a range of factors, and not solely investment performance. Instead, that division will reflect an individual's own research and analysis, contribution to team discussions, responsibility for sustainability research and stewardship with integration of sustainability and governance risks, pursuit of innovative research, sharing of expertise and experience with other team members, as well as a commitment to ensuring that all aspects of the investment process meet the highest standards. In short, the proportion allocated to an individual will reflect the efforts that will underpin the long-term success of the firm, not individual pursuits or any short-term target.

The relative weights of base salary and profit share move according to performance. The components of compensation will also vary from year to year depending on the level of operating profit. There is, however, no cap on profit share as a percentage of base salary. For directors and some senior staff, the majority of annual compensation comprises a share of the firm's profits. An element of this is deferred via a long-term incentive plan. This is primarily invested in a global equity fund of which Walter Scott is the investment adviser with the balance in BNY stock. Both have a deferral period which vests on a pro rata basis over three or four years.

Walter Scott's compensation structure is designed to promote fair and equal treatment of all staff. The Board's Remuneration and Nominations Committee reviews and approves the annual salary and profit share allocations based on the overall performance of the firm.

Reflecting our commitment to integrating stewardship and sustainability, every employee has non-financial criteria requirements included as part of their annual review. These include a firm-wide sustainability goal. Regardless of role, employees are expected to:

- participate in Walter Scott's sustainability updates, training and relevant industry training.
- understand the impact of Walter Scott's sustainability approach on own role and implement changes to responsibilities where appropriate.

ADDRESSING CONFLICTS OF INTEREST

Our approach to conflicts of interest remains unchanged. Conflicts of interest are inherent throughout the investment management business, therefore from the outset we have organised activities to ensure the interests of our clients are always placed first and to avoid material conflicts of interest that cannot be managed in the best interests of clients. Our Conflicts of Interest Policy, available on our website, sets out our approach where conflicts are unavoidable.

As an equities-only manager with all members of the Investment team working collectively to manage all portfolios, the potential conflicts that might face more diversified investment firms or where strategies are managed separately by different individuals do not apply to Walter Scott. With regards to potential conflicts emanating from ownership or outside interests, the firm is 100% owned by BNY and there are strict compliance and review processes around any individual within Walter Scott taking on any external role, whether it is remunerated or not.

With regard to personal trading, again Walter Scott's rules are robust, with investment discretion in single stocks prohibited. Where individual company shares have been bought prior to employment at Walter Scott any trading must be undertaken via a prescribed list of authorised brokers who in turn are required to report any trading activity to Walter Scott's compliance department. By assuming this strict position on personal trading, potential conflicts in this regard are significantly minimised.

Proxy Voting
For us, potential conflicts mainly occur with regard to proxy voting. For every proxy, we check whether the company is also a client. Where there are shareholder proposals, we also check whether the proponents are clients of the firm.

During 2024, there were four potential conflict of interest situations with voting undertaken either with regard to a company that is also a client or where a client placed a shareholder proposal on the agenda. The Proxy Voting & Engagement Group considered all instances and agreed that the proposed voting was in line with Walter Scott's Proxy Voting Policy and in line with our normal voting procedures.

Material Non-Public Information (MNPI)
In the course of shareholder engagement, Walter Scott may receive Material Non-Public Information (MNPI), although our approach and process are such that receipt of such information should be infrequent.

Our process, which is communicated to all investee companies and their representatives, requires companies to send any material which is not in the public domain, and may therefore be MNPI, to Walter Scott's Risk & Compliance's electronic mailbox. This mailbox is only accessible by Risk & Compliance. On receipt of any such material, the Chief Compliance Officer, or alternate within Risk & Compliance, will review the information. If it is considered possible that the material contains MNPI, it will be passed to a "Ring Fenced Team (RFT)" for further analysis. The RFT will be considered insiders while the information is being analysed. The RFT's analysis will determine whether the information is considered MNPI.

In the case of materials which are not considered to be MNPI, the material is passed to the relevant stock champion within the Research team and the RFT ceases to be considered as insiders.

If the information is considered MNPI, the RFT will continue to be an insider until Risk & Compliance determine that the information has become public or immaterial. Until such time the material will remain confidential and ring-fenced within the RFT. At that stage, Walter Scott as a firm will not be considered an insider, and will continue to trade as normal in all stocks. While considered insiders, members of the RFT will not attend any research-related meetings and will not discuss the investment of the relevant stock with any other Walter Scott employee, whether formally or informally. That will include the stock champions if they were in receipt of the information. In addition, members of the RFT who attend the weekly Investment Management Group meeting or the more formal quarterly meeting of the Investment Management Committee should excuse themselves from the meeting if a stock is to be discussed for which they are in possession of MNPI.

SUPPORT OF WELL-FUNCTIONING MARKETS

Recognising our Role
We recognise that all investment firms must play a part in encouraging well-functioning markets and financial systems. We do believe it is incumbent upon all to proactively collaborate to address challenges and improve standards where possible.

Through our membership of the Investment Association, we continue to participate in a number of industry initiatives and working groups in relation to stewardship and sustainability. We have also collaborated with our parent, BNY, to respond to consultations over the course of 2024.

Addressing Market-wide Risks
Whilst Walter Scott's investment approach is resolutely focused on company fundamentals, we do take macroeconomic and geopolitical considerations into account at both company and portfolio level. For example, we have assessed the exposure of our investee companies to tariffs in light of the trade policies of the new US administration and the responses of target countries. Based on our analysis, we estimated that only around 10% of portfolio holdings had a high-risk exposure to tariffs. Reflecting the fact that the outlook for this issue is still highly uncertain, our analysis is ongoing and we continue to communicate with clients on our thinking.

We also receive regular updates from an independent advisory firm on the potential impact on capital markets from geopolitical developments.

Despite macroeconomic and geopolitical vicissitudes, our approach is to remain focused on investing in world-leading companies with excellent management teams, robust business franchises and strong balance sheets. Events such as trade conflicts emphasise the need to focus on the long-term fundamentals of companies, investing in businesses that are able to lever on growth trends that will endure beyond periodic challenges.

ONGOING REVIEW & ASSURANCE

Overview
The terms of reference for all board committees include the need to regularly review applicable policies to ensure not only effectiveness but that they remain in line with best practice.

Our Engagement and Proxy Voting policies are reviewed annually, and were last updated on 1 December 2024.

Review and Audit
We continue to believe that our own process for review and challenge, and our parent BNY's internal audit mechanisms are sufficient at this point. With regard to our broader assurance and audit, in the second quarter of 2022, BNY Internal Audit reviewed our processes in relation to stewardship activities, including our 2021 response to the UK Stewardship Code, as part of its periodic Investment Management Audit. This Annual Sustainability Report, incorporating our response to the UK Stewardship Code, has been reviewed and signed off by Walter Scott's Managing Director and the Investment Stewardship & Sustainability Committee.

We have held initial discussions with providers of external assurance services. We will continue to consider this issue further through 2025.

Feedback from Clients
Client feedback is primarily gathered through conversations with clients in regular meetings over time. Whilst we believe that is the most effective way of anticipating and reacting to client needs, particularly given the tenure of many clients, we do also on occasion ask for formal feedback.

Following our in-person client conference in Edinburgh in 2023, we sought feedback from clients. That feedback is now informing the structure and content of our next client conference, which will be held in Edinburgh in 2026.

Custom Client Requirements
A number of our segregated clients have specific investment restrictions laid out in their formal investment management agreement with us. Those restrictions often relate to religious or ethical views on alcohol or tobacco, with environmentally linked restrictions also increasingly requested. Any restriction of that nature is coded into our trade management and processing system, Charles River (CRIMS), and manual oversight checks are also undertaken. Breaches of investment guidelines are infrequent, with robust policies and procedures in place.

All portfolios are subject to a daily automated compliance check within CRIMS against measurable client guidelines to detect potential alerts or warnings. This report is reviewed daily by the Portfolio & Cash Management team and the status electronically recorded. Thereafter, exceptions are annotated with any action required or explaining why there has been a status change. This process allows the team to review all accounts daily and take any required remedial action at the earliest opportunity. Technical or passive breaches of investment guidelines can occur because of market movements or unexpected cash flows. In such instances, remedial action is taken to ensure portfolios are brought back within guidelines as soon as practicable.

We also have a governance process and methodology for assessing the suitability of holdings for EU SFDR Article 8 mandates.

Client Communication
We consider effective client communication critical to what we do. With a relatively small number of clients and an institutional-only client base, our Client Service and Client Management teams are structured and resourced to allow regular conversations with our clients, sharing information and views whilst also soliciting feedback.

Within those conversations, interest in our stewardship activities continues to increase and we certainly now often devote more time to these subjects. Reporting on our stewardship activities has also been enhanced through the publication of our response to the UK Stewardship Code and SRD II disclosures, providing more detail around proxy voting records and significant votes. In 2024, all clients were issued with our updated Proxy Voting Policy and our TCFD Entity Report.

A quarterly stewardship commentary continues to be shared with clients and is also posted on our website.

Our reporting on engagement extends to our quarterly management reports that are prepared for each client.

In addition to timetabled communications, we continue to share our research and thoughts across the spectrum of sustainability issues in several additional ways. Our Research Journal combines contributions and interviews with our Research team with those of external experts. Client events mirror our Research Journal, combining contributions from our Research team and external academics or industry experts, alongside contributions from companies around the world. Reflecting our integrated approach to sustainability and governance , and the importance of issues of sustainability and stewardship in the context of our long-term approach, sessions on environmental and social issues are very often part of the agenda.

Shareholder Rights Directive II
The Shareholder Rights Directive II (SRD II) aims to promote shareholder engagement and improve transparency and stewardship practices across the European Union. SRD II requires asset owners and asset managers to make disclosures about their

long-term investment strategies, their arrangements with each other and their engagement with the companies in which they invest. Walter Scott fully supports the goals of SRD II.

Under SRD II, asset managers must publicly disclose their Engagement Policy and, on an annual basis, outline how that policy has been implemented over the period. Walter Scott's Engagement Policy can be found on our website and the engagement case studies and company meeting information provided throughout this report show how Walter Scott implemented its Engagement Policy over the course of 2024.

Proxy voting is an integral part of our approach to Stewardship, and it is also an important part of SRD II. Our approach to proxy voting is summarised in our SRD II Report which is available on our website. That report also outlines our approach in determining significant votes as required by SRD II. Information is available on our website with updated information added quarterly.

MONITORING SERVICE PROVIDERS

Vendor Review & Monitoring
In 2024, we introduced a quarterly sustainability data governance review, interrogating data from several platforms for integrity and consistency. We found no major concerns regarding the overall data.

Overall, we believe we have procedures in place to monitor the data and service providers used within our investment process. Utilising the systems and processes of our parent company, BNY, we have extensive vendor management procedures. These procedures and checks do not only cover the take on or cessation of a vendor but they also require ongoing monitoring. This includes a formal, documented annual review. Whilst dialogue must be ongoing, that annual review is structured to include consideration of any previous issues as well as possible improvements. Where the relationship or service being provided is material to the business, a meeting, rather than just an exchange of correspondence, with documented notes, is required within the review.

Because investment decisions do not rest upon a single data point or input from an external research or service provider, there is no need to use any particular source or provider of external research. However, there is of course value in gathering data to help build a long-term investment case for a particular company, and the Research team is given the resources it needs to undertake that work, be that through very general and broad services, such as Bloomberg, or very specific inputs on environmental data, for example.

Proxy Voting Materials
We currently receive proxy voting materials from ISS and use its platform to submit all votes. We also gather materials directly from the company. Engagement with the investee company, as well as a 'common-sense' check by the stock champion, also helps to highlight any errors in the materials being provided. We do not provide ISS with our Proxy Voting Policy nor do we ask them to follow it. We reach our own decision on how to vote: we do not rely on ISS to determine that decision and we instruct them on our final decision. ISS processes votes for us and in doing so we ask them to confirm to us that those votes have been processed and submitted. We rely on ISS' own checks to ensure that processed and submitted votes are then counted.

Ongoing Review
We continue to consider additional data providers but whilst the number of approaches we have from providers, particularly across environmental and social metrics, continues to increase, none of those that we have investigated would add materially or specifically to our existing sources. With so many new providers, as well as new technologies, we will keep this under regular review.

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