ACTIVITIES & OUTCOMES REPORT 2025-2026



CASTLEFIELD

THE THOUGHTFUL INVESTOR

CASTLEFIELD INVESTMENT PARTNERS LLP

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INTRODUCTION

This report provides further information on the voting and engagement we have undertaken during the reporting period. It constitutes Part 2 of our reporting to the Financial Reporting Council under the requirements of the UK Stewardship Code.

Unless otherwise stated, the activities and outcomes described in this report cover the period from 1 January 2025 to 30 June 2026. Information relating to holdings, policies or organisational arrangements is accurate as at 30 June 2026, unless otherwise stated.

Policy & Context Report



Part 1 of our submission is our Policy & Context Report.

This provides information on our business, our clients and the policies and governance structures that underpin our stewardship programme.

View by clicking the button or scanning the QR code below.

READ THE REPORT

FOREWORD

Written by
Simon Holman



> "On behalf of all my colleagues at Castlefield, I'm delighted once again to have the honour of penning this foreword to our latest Annual Stewardship Report."
>
> **Simon Holman, Partner, Head of Client Portfolio Services**

New Stewardship Code reporting format

The past year has been one of the most significant in Castlefield's investment history. Following the launch of our Thoughtful World Equity strategy in August 2025, we now invest directly in companies across global markets for the first time. This has expanded both the opportunities available to our clients and the scope of our stewardship activity, allowing us to engage directly with a far broader range of businesses around the world.

As a result, we chose to move our reporting window to October, to reflect a full year of stewardship under our new global approach. The eagle-eyed among you will also notice a slightly different format to the report - namely fewer and more streamlined principles and the introduction of targeted principles for different asset classes - reflecting changes to the UK Stewardship Code which came into effect in January 2026. We hope these changes, and our response to them, make our reporting more accessible, and we welcome your feedback.

Expanding our global approach

The key change was the launch of our Thoughtful World Equity strategy in August 2025, as we began to invest directly into non-European stock markets for the first time, replacing our previous approach of using third-party global equity funds to obtain this exposure for our clients. This launch followed a period of over a year in which we validated the concept by running the strategy with real money before seeking regulatory approval to make it live for investors. In practical terms, this saw us merge our previous Castlefield Thoughtful UK Opportunities Fund into our Castlefield Thoughtful European Fund, with the merged approach then changing its mandate to that of the Thoughtful World approach. This means that far fewer of our company investments are now UK-listed and hence the reasoning behind adjusting the timing of this report so that we can report on a full twelve months of our global equity approach.

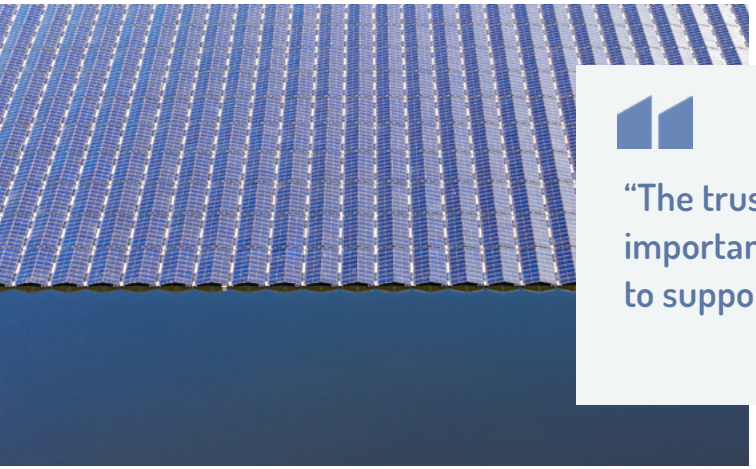
Stewardship in practice

Beyond the structural practicalities outlined, our adoption of global coverage has brought with it the challenges and intricacies of engaging with companies in different countries and regions of the world, as well as navigating the corporate governance norms each has. In some cases, these are the polar opposite of how we approach UK-listed companies and the methods for how we engage with them differ too. You can see the results of these differences in our report, as collaborative engagement has become more important than ever while we've also been getting accustomed to the use of shareholder resolutions for US-listed companies.

Through it all, we're fortunate in that we have the benefit of our External Advisory Committee to discuss a broad range of topics with twice a year and use their expertise to consider our approach. As a case in point, we've altered our remuneration voting policy this year to account for the different pay structures often seen in US-listed companies, having talked our proposed changes through with the Committee and sought its members' feedback on them. We felt it important that we don't simply vote against every single pay resolution at US-listed companies and so devised a new approach which takes into account factors such as performance and pay ratios, reaching what we hope is a credible system for assessing an often-controversial topic.

Challenging environment

With the major changes in our approach outlined on page 3, what then of the world we invest in? I write this foreword shortly after the UK has experienced its fifth heatwave in quick succession, and extreme climatic conditions, including heat domes and wildfires have impacted people, businesses and economies across the globe - even before the impact of the El Niño weather pattern. Environmental and social issues are increasingly relevant to the long-term prospects of many businesses. As investors, our role is not simply to identify risks and opportunities arising from these trends, but also to engage with companies on how they manage them. Through active ownership and stewardship, we seek to support businesses that are adapting responsibly to a changing world and creating long-term value.



Looking ahead

This is why the trust our clients place in us is so important: their personal values reflect a desire to support a better, more equitable world; one that can be handed on to future generations knowing that they've tried to use their finances to prevent it being a tarnished legacy.

I'm an optimist at heart and there are reasons for optimism. The cost of renewable energy technologies continues to fall, efficiency continues to improve and its growth continually outstrips predictions. We can learn of the benefits found by developing floating solar power installations, for example: increased efficiency of the solar panels given the cooling effect of the water beneath them, and reduced evaporation of the water given the shading of the panels. This is but one example of innovation and the benefit of developing our knowledge; our job is then to find the companies who can deliver successfully for the long-term, for example Denmark's Vestas Wind Systems, which continues to develop its technology to make its wind turbines more efficient and with a smaller environmental footprint.

Our investments won't always be in environmentally or socially focused businesses, as there are many types of company which can make a difference to people and planet; however, their environmental and social credentials remain core components of our approach, alongside the desire for good governance and the underlying investment case.

I trust you'll find this report informative in setting out how we've gone about putting our approach into practice over the past year. Please let us know if anything stands out, for better or for worse, and as ever, if you'd like to work with us, we welcome collaboration with all.

> "The trust our clients place in us is so important: their personal values reflect a desire to support a better, more equitable world."



Simon Holman
Partner, Head of Client Portfolio Services

SUMMARY

KEY THEMES AND ISSUES

Prevalent engagement themes and environmental, social, transparency & governance (E.S.T.) themes over the period

Top engagement themes discussed over the reporting period

1. Workforce & Human Rights (pg. 21)
2. Climate (pg. 25)
3. Governance (pg. 28)

The engagement themes are discussed under Principle 3 — Pgs. 16-30

E.S.T. themes most frequently recurring in our stock directory in the year 2025

1. Climate
2. Data Security, Privacy & AI
3. Responsible Sourcing

See more detail on our findings. — Pg. 11

E.S.T. themes most often raised by clients in client meetings over the reporting period

1. Exposure to conflict regions
2. AI & technology
3. Defence & armaments

View the range of themes raised by clients. — Pg. 12

NOTABLE ENGAGEMENTS

Collaborative engagement

Collaborative engagement allows investors to work together to encourage positive change on important issues. We can have a greater influence on companies and represent a much larger pool of investment assets.

Find out more about our work with a range of organisations such as the Workforce Disclosure Initiative (WDI), Interfaith Centre on Corporate Responsibility (ICCR), and As You Sow.

Pgs. 17-18

Assessing engagement

View examples of how we assess the impact of our engagement outcomes in the following engagement case studies:

Microsoft on human rights..... pg. 21
Unilever on sugar sourcing..... pg. 23
Foresight on Scope 3 emissions..... pg. 25

CURRENT TOPICS

Managing exposure to defence and weapons

As defence spending has increased globally, we outline how we continue to manage exposure to defence and weapons industries.

Pgs. 9-10

KEY VOTING FIGURES

Over the reporting period

608

Significant Votes

Voting categories with the most votes in opposition

1. Remuneration
2. Director Independence & Effectiveness
3. The Audit Process

Read more about how we've voted over the period under Principle 4 (Pgs. 31-42)

PRINCIPLE 1: Integrating stewardship and investment

Our Thoughtful Investor fund range has two equity funds and two portfolio funds. Our Thoughtful Investor approach applies to the entire fund range and the diagram (below) shows how we take environmental, social, transparency & governance (E.S.T.) considerations into account in our investment process for both fund types. Voting and engagement are an integral part of the investment approach.

Castlefield also manages one fund, the Risk Managed Fund, that sits outside the Thoughtful Investor fund range. For more information on our Thoughtful Investor approach, please see the Policy and Context Report which accompanies this document.

The Thoughtful Investor® Approach



Reject investments that do not meet our screening policy.

Select investments with strong financial criteria (B of the B.E.S.T. framework*).

Assess the E.S.T. credentials (the 'E.S.T.' of the B.E.S.T. framework*) of potential investments against our criteria.

For Equity Funds:
Thoughtful UK Smaller Companies Fund
Thoughtful World Equity Fund

Ensure that investments achieve our E.S.T. threshold meaning that at least 70% of the Fund is invested in companies which achieve 50% or more of the E.S.T. criteria.

For Portfolio Funds:
Thoughtful Cautious Portfolio Fund
Thoughtful Growth Portfolio Fund

Assess the values-led methodology of third-party managers and the E.S.T. characteristics of each strategy's underlying portfolio.

Actively engage with investments and vote on behalf of our clients.

*B.E.S.T. is our proprietary investment framework which enables us to incorporate Business, Environmental, Social and Transparency & governance considerations in our investment process.

Read more in our Policy & Context Report.

HOW STEWARDSHIP SUPPORTS OUR INVESTMENT PROCESS: A Q&A WITH CASTLEFIELD'S CHIEF STEWARDSHIP OFFICER, ITA MCMAHON

Q. How does Castlefield integrate stewardship and investment considerations into its equity funds?

A. Stewardship is integrated throughout the investment process. Occasionally, we will engage with companies prior to initiating a holding, if we find significant and unaddressed E.S.T. risks. More commonly, E.S.T. risks are identified in the research process and we will look to engage on the issue once we have initiated a holding.

We aim to be long-term shareholders and vote at company meetings wherever possible.

Please see Principle 4 for information on our voting over pages 31-42.



Q. How is stewardship incorporated into the Thoughtful Portfolio funds?

A. Our portfolio fund range underwent several changes during the reporting period. Following the launch of the Thoughtful World Equity Fund, we reduced our reliance on third-party managers for global equity exposure. The Thoughtful Portfolio Growth Fund and Thoughtful Portfolio Cautious Fund now gain their global equity exposure by investing directly in the underlying holdings of the Thoughtful World Equity Fund, while continuing to invest in the Thoughtful UK Smaller Companies Fund.

These changes have increased the proportion of portfolio assets where stewardship activities are undertaken directly. Engagement and voting carried out through our equity funds therefore also support stewardship outcomes across our portfolio range.

While a significant proportion of our portfolio assets are now managed directly, some asset classes continue to be accessed through third-party funds and specialist investment vehicles. In these cases, we seek managers whose approach aligns with our investment principles and who demonstrate a clear commitment to addressing environmental, social, transparency & governance issues within their investment processes.

This is discussed in more detail in Principle 5 over pages 43-45.

Q. Does Castlefield take the same approach to stewardship across different geographies?

A. We vary our approach on a fund-by-fund basis, so that we're using the most effective method possible for each market.

For example, with our UK Smaller Companies Fund, we tend to engage directly with management teams and board members whereas this level of access is usually unavailable to investors in large scale companies listed in the US. For these companies, we often opt to work collaboratively with other investors and use mechanisms like shareholder resolutions. For larger UK and European companies, our most effective dialogue is often when we secure meetings with company specialists that have in-depth knowledge of specific issues such as responsible sourcing or environmental management.

That said, the social and environmental themes that we engage companies on tend to be the same regardless of market. On governance, we recognise that accepted norms vary from market to market. Therefore, we have extended our voting policies for the 2026 voting season to include a specific sub-set of guidelines for US corporations.

Read the Voting Guidelines Update Q&A on pages 40-42.

SPOTLIGHT ON UK SMALLER COMPANIES FUND: INTEGRATING STEWARDSHIP AND INVESTMENT DECISION-MAKING

This example using Judges Scientific, a holding in our Thoughtful UK Smaller Companies Fund, demonstrates how issues identified through investment research can inform subsequent engagement, voting and ongoing monitoring.

Investment informing stewardship

Investment research identified governance concerns that became priorities within our stewardship programme

Stewardship informing investment

Engagement outcomes and company responses informed our AGM voting decisions and ongoing monitoring of the investment.



1. Investment Research:

B.E.S.T. assessment and investment research identifies concerns relating to board independence and succession planning at Judges Scientific.

2. Position Initiated:

The investment case remained compelling, and we initiated a position while continuing to monitor governance and board composition.

3. Governance Concerns Added to Stewardship Priorities:

The identified concerns were added to our stewardship priorities and became a focus area for engagement and monitoring.



4. Governance Engagement Ahead of the Annual General Meeting (AGM):

We engaged with the company on governance ahead of the 2026 AGM, discussing board composition, long-serving directors and succession planning.

5. Engagement Informs AGM Voting Decisions:

The insights gained from our engagement informed our voting decisions at the 2026 AGM.

6. Ongoing Monitoring:

We continue to monitor board refreshment, succession planning and committee independence as part of our ongoing stewardship.

Written by
David Gorman


HOW OUR STEWARDSHIP INFORMS INVESTMENT DECISION MAKING

Defence Exposure and Our Screening Policy

Summary: Defence spending has increased globally, with some companies more exposed to defence-related activities. Here we outline how we continue to apply our screening policy rigorously and, where insufficient information is available to assess a company's exposure, adopt a cautious approach to protect the integrity of our investment criteria.

As geopolitical instability has increased, Western governments have raised defence spending. This has helped companies already active in defence markets, although many of those businesses fall outside our investment remit, as we have a screening policy that precludes investment in companies that derive more than 10% of revenues or profits from weapons or weapons-based systems.

However, we do invest in certain companies which have a limited exposure to defence-related industries, i.e. the revenues and profits they derive from these activities do not exceed our 10% materiality threshold. These businesses tend to supply customers such as the Ministry of Defence or the US equivalent with standard products and services, such as software and testing.

Recently, some companies, especially those focused on technology, have seen a slowdown in the sales and profits they make from their traditional customers and markets. As these business areas have gone quiet, the exposure of some companies to defence-related activities has risen as a proportion of total revenues, even before the extra revenues that can now be generated from defence.

Also, demand from the defence industry rose just as other markets stalled. As investors, we cannot blame company management teams for trying to diversify, replacing lost sales in one area with higher sales in another.

An added difficulty lies in the often-heightened level of confidentiality attached to all government contracts but especially defence contracts. This lack of information makes it impossible for us to know anything more than the most basic details of a contract, meaning that we can't accurately calculate the level of exposure a company has to the defence industry and often even what the company is supplying to the customer. In these situations, we will always err on the side of caution.

Castlefield maintains its strict screening policy and will always take a precautionary approach where limited disclosure makes it difficult to determine a company's true level of exposure to defence-related activities.



Incorporating stewardship and investment decision-making: two contrasting companies

Example Company 1

One company we own in our Castlefield Thoughtful UK Smaller Companies Fund operates in technology hardware and services and has had some exposure to government and defence markets for several years.

From 2024 onwards, several of its regular, non-defence customers scaled back their activities. This presented the company with a challenge to revenue and profitability. Demand from defence-related customers increased, helping to offset some of the weakness in its traditional markets.

The company went through a tough period a couple of years ago, as its historically core markets tightened capital expenditure in response to input cost inflation and product price deflation. The industry now appears to be through the worst of these difficulties, although the recovery has been slow.

We regularly engaged with the senior management team on this matter to gain a greater understanding of the situation and to set out our position. We are sympathetic to the circumstances the company is in and understand why there has been a shift in its revenue mix. At the same time, we remain cognisant of our materiality thresholds and our commitment to clients regarding investment in defence.

Importantly, the company's products are communications testing and measurement equipment rather than weapons or weapons systems, therefore the company does not breach the screening policy. Management has also confirmed that the equipment supplied to defence-related customers is largely generic and is not specifically designed or modified for military use. Rather, the products are developed primarily for commercial applications and can be used across a range of end markets, including government and defence.

Outcome: Enhanced monitoring.

We remain invested in the company because we believe the current change in revenue mix may moderate over time, particularly if its traditional markets recover and other areas of the business continue to grow. We will continue to monitor the proportion of revenue derived specifically from defence customers, as well as the nature of the products supplied and whether they remain standard, non-bespoke products.

Example Company 2

Separately, we looked at a potential new investment for our Castlefield Thoughtful UK Smaller Companies Fund which demonstrates most of the characteristics we like in a company; good management, technical leadership, exposure to attractive sectors such as safety and healthcare as well as profitable growth.

We were aware of the exposure the company has to defence-related applications but wanted to investigate it further. Unfortunately, the company's exposure to defence does indeed exceed our parameters.

Outcome: Did not invest.

Despite liking the business, we did not invest due to the percentage of revenues and profits derived from defence-related industries.

HOW WE IDENTIFY AND PRIORITISE THEMES

Environmental, social, transparency and governance (E.S.T.) issues encompass a wide range of issues. Although any of these issues could influence company performance and long-term outcomes for our clients, it is not possible for us to engage on every topic. We therefore use a range of inputs to identify and prioritise the stewardship themes that are most relevant to our holdings and our clients.

When considering environmental, social and transparency and governance issues, we aim to engage companies on:

- Significant E.S.T. issues arising from the research that the investment team carries out on all prospective investee companies.
- Issues arising from our voting activity, particularly where we intend to vote against the board.
- Complex thematic issues, such as climate change, cyber security, human rights and water scarcity, that may pose medium- to long-term risks to our investments.
- In response to negative media coverage or alerts from our research providers on an investee company.
- On topics identified by our clients and our external advisory committee.

In the following text, we set out three key mechanisms that we have used during the reporting period to identify key themes for our stewardship programme.

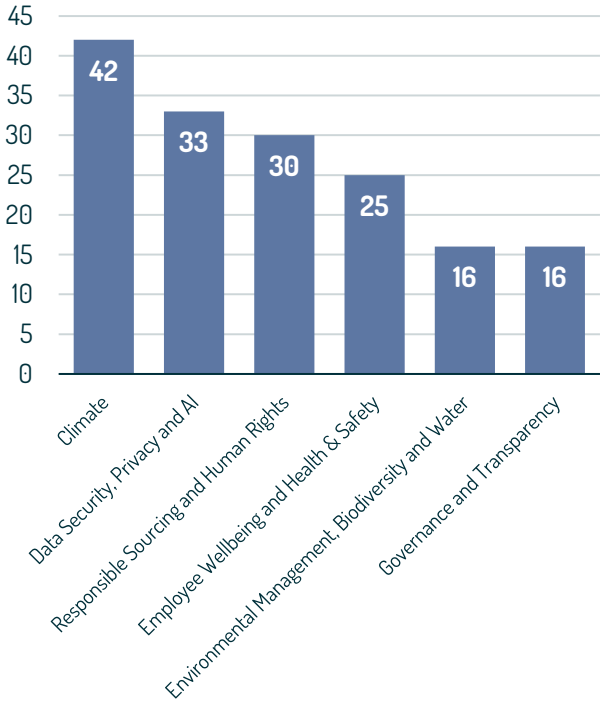
1. Stock Directory

During 2025, we created a Stock Directory containing information on the companies held within our portfolios.

We analysed the most frequently recurring E.S.T. themes in the directory to help prioritise our stewardship activities during the year.

The Stock Directory analysis identified Climate, Data Security, Privacy and AI and Responsible Sourcing as the most frequently recurring stewardship themes across our holdings. These themes subsequently became a focus of our stewardship activities during the reporting period.

Figure 1. Top themes and the number of times mentioned in the stock directory in the year 2025

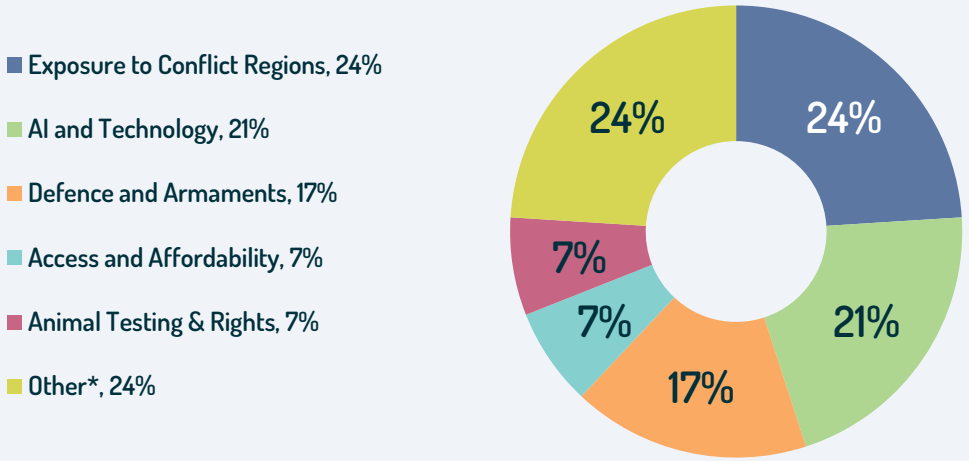


2. Client Interest and Feedback

Our clients are particularly interested in E.S.T. issues and regularly raise questions relating to the companies or sectors we are invested in. We welcome these insights and they help to inform our stewardship priorities. It also ensures that our stewardship activities remain aligned with the interests and values of our clients while addressing issues that are relevant to our holdings.

During 2025, we improved our processes to capture more systematically the E.S.T. comments raised by clients during meetings. Feedback is submitted to a central hub and notifies the Investment Management Team, which reviews submissions and responds where appropriate. Client feedback is also discussed as a standing item at Investment Management Team Committee meetings, ensuring that views raised by clients are regularly considered. In some cases, the queries and comments raised by clients directly inform our stewardship work.

Figure 2. Pie chart showing the range of themes raised by clients in our client feedback form over the reporting period.



*Includes client concerns relating to biodiversity and nature, market and geopolitical exposure, and pollution and waste.

3. Company performance on E.S.T. metrics

As part of our investment framework, we benchmark company performance versus their peer group on 14 Environmental, Social and Transparency & governance (E.S.T.) metrics. Where companies fall below our expectations on particular E.S.T. metrics, we engage with them to better understand their approach and encourage improvements. We have committed to certain minimum E.S.T. standards within our funds (see page 6 for further details).

During 2025, we met with a number of investee companies that fell below the minimum achievement threshold of 50% on one or more metrics. These engagements formed part of our approach to integrating stewardship and investment and aimed to encourage improvements in areas where companies were underperforming. Some examples of this work include:

Company:	**Volex** Held in our Thoughtful UK Smaller Companies Fund	**Diaceutics** Held in our Thoughtful UK Smaller Companies Fund
E.S.T. Issue Identified:	Health & safety, emissions and waste metrics.	Board independence fell below the benchmark.
What We Learned:	Acquisitions had temporarily affected performance metrics; company outlined remediation actions and confirmed Science Based Targets initiative (SBTi) target validation.	Company intends to appoint an additional independent non-executive director (NED) and outlined the desired skills, expertise and timeline.
Outcome:	Improved understanding of the drivers behind reported performance and increased confidence in the company's commitment to improving E.S.T. performance.	We gained greater confidence in the company's governance direction and will monitor progress against the stated recruitment plans.
Impact on Investment:	Continued to hold the position following a commitment to improvement.	Continued to hold the position following a commitment to improvement.

PRINCIPLE 2: Responding to market-wide and systemic risks to promote well-functioning financial markets

Q: WHAT ARE SYSTEMIC RISKS?

A: Some risks are specific to a single company or specific sector. Systemic or market-wide risks have the potential to impact multiple parts of the economy. Examples include climate change, water scarcity and cyber attacks. From an investor perspective, systemic risks could impair portfolio returns.

HOW DOES CASTLEFIELD ADDRESS SYSTEMIC RISKS AND OPPORTUNITIES?

By their very nature, systemic risks are complex and cannot be solved by any single actor alone. However, we play our part in pressing for progressive action to address these risks by engaging with companies and policymakers. Systemic risks also present opportunities to invest in companies developing solutions to issues such as water scarcity, resource efficiency and climate change.

Below we set some examples of our stewardship activity in this area:



Engagement:

Engagement with companies on systemic issues such as climate change.



Collective action:

Collective action through a number of institutional, investor-action groups, alongside engagement with our third-party fund managers.



Collaboration:

Collaboration via industry initiatives with other investors on systemic issues.



Investment:

Investment in companies providing proven technologies that will play a part in alleviating systemic risks, for example, the renewable energy sector.

We prioritise action on systemic risks based on our holdings' exposure to those risks, as well as the extent to which a company's operations contribute to or exacerbate them.

MANAGING SYSTEMIC RISKS

Systemic Risk	Income inequality	Climate change	AI
Why it matters	Organisations including the World Economic Forum[1] and International Monetary Fund (IMF)[2] identify inequality as a systemic risk that can contribute to social unrest and political instability.	Climate change can create severe, long-term risks to society and the economy through impacts including extreme weather, water scarcity and biodiversity loss.	The Organisation for Economic Co-operation and Development (OECD) highlights risks from misuse of AI including cyber-attacks, misinformation and disruption to critical infrastructure.[3]
Actions taken during the 2025/2026 reporting period	▪ Voted against excessive executive pay where it breached our guidelines.	▪ Joined other investors in calling on FTSE 100 companies to disclose climate risks and resilience strategies and put transition plans to a shareholder vote. ▪ Contributed to the SBTi consultation on its revised Corporate Net-Zero Standard, including supporting more tailored requirements for companies. ▪ Engaged with UniCredit on fossil-fuel lending and Foresight on Scope 3 emissions. ▪ Escalated our UniCredit engagement by abstaining on its 2025 annual report and accounts. ▪ Invested in companies providing climate solutions, including wind turbines and highly energy-efficient homes.	▪ Joined the AI Corporate Disclosure Initiative to encourage better disclosure of AI governance. ▪ Supported relevant shareholder resolutions at Microsoft and Alphabet.

1. Global: WEF Global Risks Report identifies inequality as the most interconnected global risk over the next decade - Business and Human Rights Centre
2. Income Inequality
3. Assessing potential future artificial intelligence risks, benefits and policy imperatives - OECD.AI

See page 33 for further details.
See page 27 for further details.
See page 17 for further details.

PRINCIPLE 3: Engaging to maintain or enhance the value of assets

PURPOSE OF ENGAGEMENT

Through engagement, we seek to better understand company risks and opportunities, encourage positive change where improvements are needed, recognise good practice, and support stronger long-term outcomes for our clients. In some cases, engagement also informs our investment decision-making and voting activities.

During the reporting period, our key stewardship themes were Climate, Workforce and Human Rights, and Governance. Please see page 11 for further details on how we identify and prioritise engagement themes and select companies for engagement.

Q: HOW DO WE ENGAGE?

A: Our engagement activities may include written correspondence, video calls, in-person meetings, collaborative investor initiatives, shareholder resolutions, engagement with policymakers and voting activities.

TYPES OF ENGAGEMENT

Direct engagement with investees	We engage regularly with current and potential investee companies, and issuers of other non-equity securities. This is a top priority, as our clients' capital is invested with these firms and we want to ensure that they act on E.S.T. risks before they materialise as financial risks. Further information on our engagement priorities is available on page 15.
Collaborative engagement	Collaborative engagement brings together investors to work on issues of mutual interest. We are strongly supportive of these initiatives; by working together with peers, we can increase our influence and speak on behalf of a much larger asset base. A full list of the collaborative initiatives that we're active participants of can be found on pages 17-18.
Policy engagement	Any policy engagement we carry out tends to focus on responding to industry consultations, working with our trade association, UKSIF and signing letters to policymakers. Where we participate in any form of political engagement, it will be conducted in line with our wider stewardship and engagement strategy. Wherever possible, we will disclose our involvement publicly. We publish our full response to policy consultations on our website in the interests of transparency. See page 29 for an example of policy engagement.
Third-party fund engagement	For certain geographies and asset classes, we opt to use funds run by external specialist managers. We engage with these managers to understand their willingness and ability to address E.S.T. issues. To assess their investment processes in greater detail, we have developed a comprehensive questionnaire for external fund managers to complete. The questionnaire includes a list of questions about the stewardship activities we would expect managers to carry out on our behalf, such as engagement and voting. Read more about our approach to engagement with third-party managers in the Principle 5 section (pgs. 43-45).

INDUSTRY COLLABORATION

Initiative/ Investor Group	Description	Why we participate	Our Role	Examples included in this report
Interfaith Center on Corporate Responsibility (ICCR)[1]	US investor coalition coordinating company and thematic engagements.	Enables collaborative engagement with larger US companies and access to specialist expertise.	Active participant in multiple collaborative engagements, including acting as lead investor on selected company engagements.	Leading engagement with Microsoft on its Human Rights processes and procedures.
Thomson Reuters Foundation -Workforce Disclosure Initiative (WDI)[2]	Investor-led initiative encouraging companies to disclose comparable workforce data on topics such as health and safety, diversity, pay and human rights.	Seeks to drive change in workforce reporting and facilitate more meaningful dialogue between investors and investee companies on workforce-related issues.	Signatory to the Workforce Disclosure Initiative and participant in annual investor outreach to encourage companies to complete the WDI survey and improve workforce disclosure.	Engaged with three companies as part of our 2025 outreach.
Thomson Reuters Foundation – AI Company Data Initiative[3]	The initiative surveys how businesses deploy AI across their workforce, customer interactions, and society - covering oversight, algorithmic fairness, workforce impact, data use, privacy, risks of discrimination, and considerations around data rights and intellectual property.	We recognise the E.S.T. risks associated with emerging technologies, specifically AI, and we note that the full extent of these impacts remain uncertain.	As one of the early signatories, we are helping shape this initiative's development and encouraging companies to adopt responsible AI practices.	The initiative was being established during the reporting period and, as such, there were no opportunities for company engagement.

1. About ICCR - Interfaith Center on Corporate Responsibility
2. Homepage - Workforce Disclosure Initiative
3. AI Company Data Initiative | Transparency in corporate AI

Initiative/ Investor Group	Description	Why we participate	Our Role	Examples included in this report
As You Sow Activate Network[4]	US- based shareholder advocacy group focusing on filing shareholder resolutions.	Shareholder resolutions are one of the main ways to engage with large US companies. Being part of the Activate Network means we get access to the list of resolutions As You Sow plan to file. This enables us to support the resolutions ahead of the AGM, from support letters to co-filing ourselves.	Supported collaborative engagements by providing investor support for a shareholder resolution at Lowe's and encouraging dialogue between Merck & Co and As You Sow following the omission of a shareholder proposal.	Signed a Letter of Support for a resolution focusing on plastic packaging at Lowe's.
Carbon Disclosure Project (CDP)[5]	Global not-for-profit charity that operates a disclosure system for organisations to report and track progress on their environmental activities.	Climate change, water security and deforestation present material risks to companies, and are priority areas for both us and our clients.	Signatory to CDP and participant in annual investor outreach, writing to companies to encourage participation in CDP's climate and environmental disclosure questionnaires.	We continue to support CDP but due to fund changes, we did not participate in active engagement during the reporting period.
Access to Medicines Foundation[6]	Independent non-profit organisation that evaluates how pharmaceutical companies improve access to medicines in low- and middle-income countries through the Access to Medicines Index.	Provides a robust evidence base for engaging pharmaceutical companies on access, affordability and health equity, helping us identify leaders and areas for improvement.	Engage pharmaceutical companies on their performance in the Access to Medicines Index, using benchmark findings to support dialogue on access and affordability.	We continue to support the Access to Medicines Foundation but due to fund changes, we did not participate in active engagement during the reporting period.

4. As You Sow - Nation's Non-Profit Leader in Shareholder Advocacy — As You Sow
5. CDP: Turning Transparency to Action
6. Access to medicine transforms lives.</br>Join us on a mission to reach 8 billion. | Access to Medicine

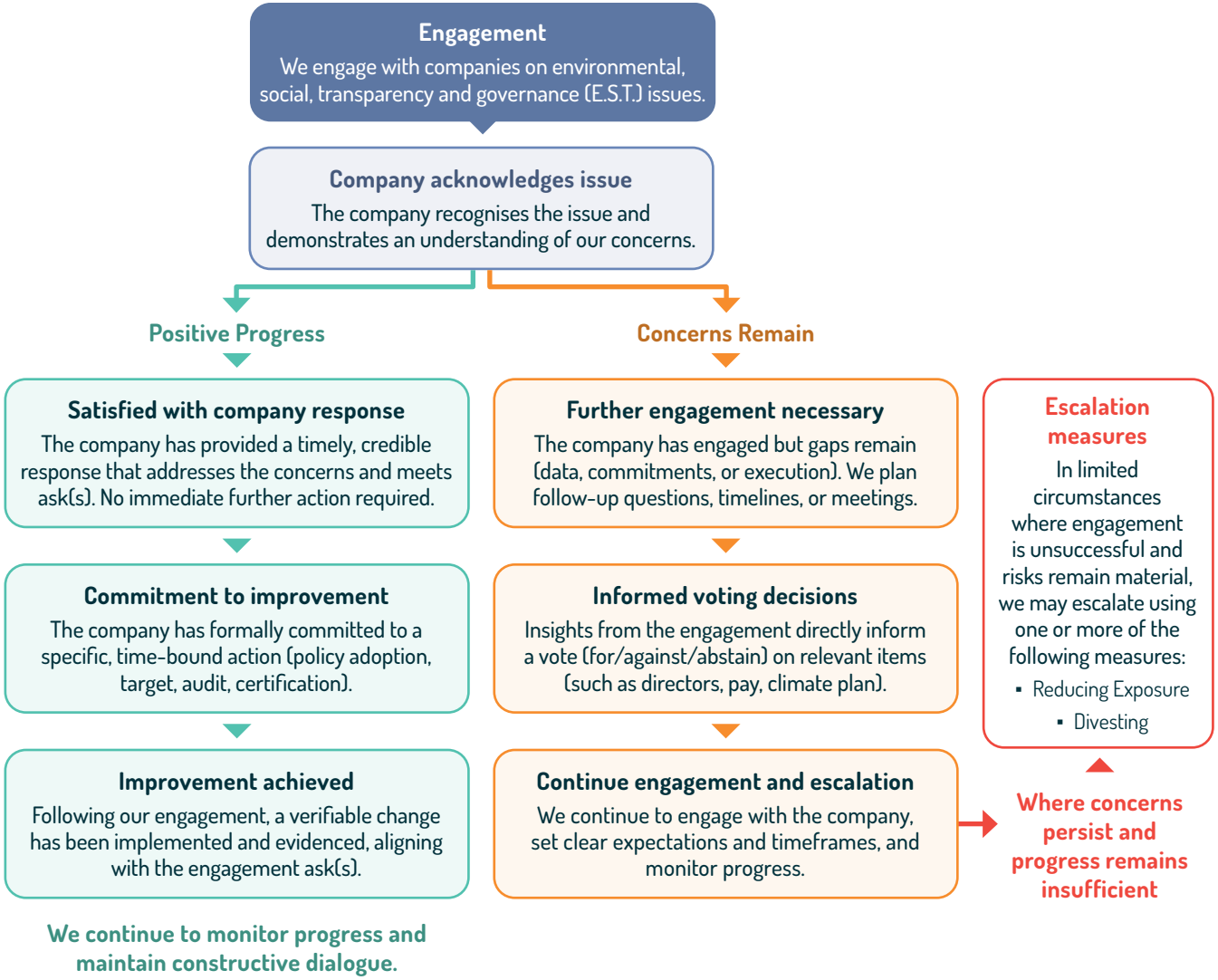
ASSESSING ENGAGEMENT OUTCOMES

We measure the impact of our engagement by assessing a company's willingness to discuss and take on board the issues that we have raised. Our aim is to build long-term, constructive relationships with the companies that we invest in, where we can ask for updates on E.S.T. issues on a regular basis.

However, not all engagement will generate immediate or direct improvements: we do not regard this as a failed engagement but a reason to continue to press the company to take our concerns onboard.

We do not select engagements on the likelihood of achieving an immediate, positive outcome but on the materiality to the company. There may be many reasons why a company is unwilling or unable to take action in the short term, hence the importance of sustained pressure over time from investors and other stakeholders.

The objective of each engagement will vary depending on the issue being addressed. Outcomes may include improved disclosures, commitments to change, measurable improvements in company practices, informed voting decisions and, where concerns remain unresolved, investment actions such as reducing or exiting a position.



ENGAGEMENT AT A GLANCE

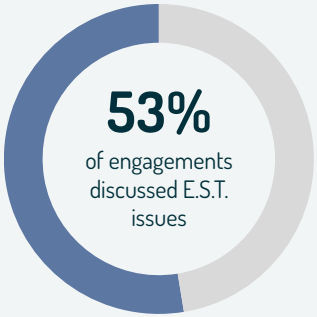
483
Total Engagements

10
Collaborative Engagements

2
Policy Engagements

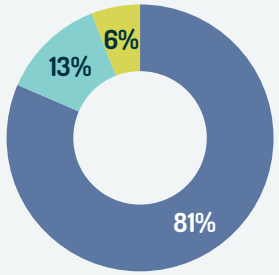
168
Companies Engaged With

E.S.T. Coverage



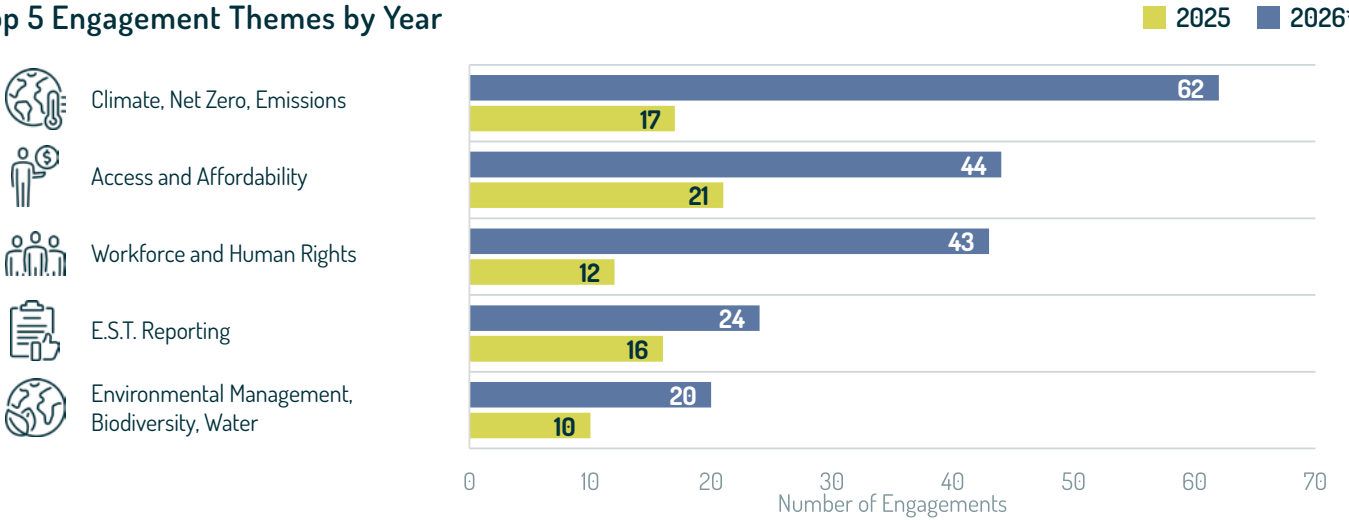
- **Any E.S.T. discussed**
  254 Engagements (53%)
- **No E.S.T. discussed**
  229 Engagements (47%)

Depth in Which E.S.T. Discussed



- **Minor**
  207 Engagements (81%)
- **Specific**
  32 Engagements (13%)
- **Moderate**
  15 Engagements (6%)

Top 5 Engagement Themes by Year



*Period from 1 January 2026 to 30 June 2026

Answered by
Ffion Spencer


ENGAGEMENT THEME: WORKFORCE, RESPONSIBLE SOURCING AND HUMAN RIGHTS

Engaging Microsoft on Human Rights – a Q&A with Ffion Spencer

Summary: In this Q&A, Stewardship Assistant Ffion Spencer explains why Castlefield recently engaged Microsoft on human rights, what was discussed, and what we hope to achieve through ongoing dialogue with the company.



Q. Why was Castlefield engaging Microsoft on human rights?

A. Technology companies can have significant impacts on human rights through their products, services and supply chains. As investors, we believe it's important that companies demonstrate strong oversight of these risks and are transparent about how they manage them. Microsoft's performance in the World Benchmarking Alliance's Corporate Human Rights Benchmark highlighted several areas where improvements could be made, creating an opportunity for constructive engagement.

Microsoft is one of four companies we're engaging as part of this initiative. We are the lead investor for Microsoft and are supported by Sycamore Asset Management and the Germany-based Working Group of Church Investors.

Q. Who did Castlefield meet with?

A. The call included several Microsoft representatives from both the Human Rights and Investor Relations teams. Investor feedback is incorporated into a quarterly board paper, providing a route for our human rights concerns to reach the company's highest decision-making body.

Q. Which areas for improvement were identified during the engagement?

A. Our first meeting focused on the theme 'Embedding Human Rights into Company Culture', which was Microsoft's lowest scoring area of the benchmark. We concentrated on two key areas where we believe the company could improve its future benchmark performance:

- Supply chain transparency
- Responsible purchasing practices

Q. What actions did Castlefield encourage Microsoft to take?

A. We encouraged Microsoft to:

1. Improve supply chain disclosure:
   - Reinstate publication of its major suppliers
   - Explain how these suppliers are identified as 'most significant', (e.g. by spend, revenue generation, or other criteria), as requested by the benchmark.

2. Provide greater detail on purchasing practices:
   - Expand disclosure on training related to responsible purchasing
   - Explain how the training addresses purchasing practices (e.g. last-minute changes, tight deadlines) that contribute to human rights risks

THEMES: Workforce | Responsible Sourcing | Human Rights

Answered by
Ffion Spencer



Q: Did Microsoft comment on any recent controversies?

A: Yes. We asked Microsoft about recent concern surrounding the misuse of its products by the Israeli military for mass surveillance purposes. The company representative talked through the company's stance on the issue, stating that surveillance is prohibited under Microsoft's terms of use. He went on the explain that Microsoft has revoked the military's access to the cloud services, conducted an internal investigation and published the findings. The company was also able to point to examples of contracts that they had turned down due to concerns around legality.

Q: What message did Castlefield communicate to Microsoft?

A: We stressed that, against a backdrop of criticism from the press and other stakeholders for inadvertently facilitating human rights abuses, Microsoft should look to tools like the Corporate Human Rights Benchmark as an independent validation of the company's commitment to tackling human rights abuses throughout its business.

Q: What were the outcomes of the engagement and what are the next steps?

A: Stewardship is rarely about achieving immediate change after a single meeting. While Microsoft did not commit to implementing our recommendations, the discussion helped clarify areas where relatively minor disclosure enhancements could improve alignment with the benchmark. Following the meeting, we set out our recommendations again and provided examples of how Microsoft's peers have met these elements. We intend to contact Microsoft again later in the year to highlight the benchmark's second assessment theme and continue advocating for the aforementioned recommendations.

Assessment: This engagement with Microsoft demonstrates how even relatively small investors can use their influence collectively to encourage greater transparency and stronger management of human rights risks with some of the largest global businesses. While change is rarely immediate, constructive dialogue and ongoing engagement play an important role in holding companies to account and driving long-term improvements.



More details on this engagement can be found on page 6 of our Q2 2026 Stewardship Report.

View by clicking the button or scanning the QR code below.

READ THE REPORT

THEMES: Workforce | Responsible Sourcing | Human Rights



Answered by
Ita McMahon

UNILEVER AND HUMAN RIGHTS ISSUES IN SUGAR SOURCING

Q&A with Ita McMahon

Q. Why did investors engage with Unilever on this issue?

A. Investors met with Unilever as part of a collaborative engagement facilitated by the Interfaith Center on Corporate Responsibility (ICCR), a US-based investor coalition. The engagement followed a New York Times investigation into alleged labour rights abuses in sugar-cane fields in Maharashtra, India, including reports that female workers were being pressured into undergoing hysterectomies.

Q. How significant is Maharashtra to Unilever's sugar supply chain?

A. Unilever explained that only around 0.2% of its sugar sourcing comes from Maharashtra, meaning the company has relatively limited direct influence in the region. Despite this, the company has taken steps to investigate the allegations and address the issues raised.

Q. What actions has Unilever taken in response to the allegations?

A. Unilever has stopped sourcing sugar from local mills in the region and completed an investigation into the allegations. The company intends to share its findings with a regional committee of major sugar buyers, which has indicated a willingness to act, although no detailed plan or timeline has yet been established.

Q. How is Unilever seeking to influence broader industry action?

A. Local Unilever representatives have asked to join the committee's steering group. Their objective is to share the findings of the company's investigation and advocate for remedial action by the wider industry.

Q. What did investors learn about Unilever's wider human rights efforts?

A. Investors also met with members of Unilever's procurement team responsible for supplier due diligence and human rights. The team outlined a supplier development programme involving 75 suppliers, designed to educate workers about their employment rights and demonstrate to employers the business benefits of treating workers fairly.

Assessment: Although Unilever's supply chain exposure to the region is limited, the company has taken steps to investigate the issue and end sourcing from the suppliers involved. Continued investor oversight will be important to ensure that commitments translate into tangible improvements for affected workers.



THEMES: Workforce | Responsible Sourcing | Human Rights

OUR RESPONSE TO THE BACKLASH ON DIVERSITY, EQUITY AND INCLUSION

We believe diverse and inclusive workplaces can support better decision-making, stronger employee engagement and improved long-term business performance. As Diversity, Equity and Inclusion (DEI) initiatives have been increasingly scrutinised, particularly in the US, we have participated in a number of collaborative investor initiatives encouraging companies to maintain their commitment to DEI.

1. Investor statement in support of DEI

In response to increasing political and legal challenges to DEI initiatives, we signed a collaborative investor statement coordinated by ShareAction's Good Work coalition. The statement reaffirmed investor support for diversity, equity and inclusion and highlighted the importance of fair and inclusive workplaces. The coalition represented investors with £7.2 trillion in assets under management.[1]

2. Workforce Disclosure Initiative

Castlefield has supported the Workforce Disclosure Initiative (WDI) since 2018, encouraging companies to disclose standardised workforce data. Historically, our engagement delivered results on a regular basis, with several holdings completing the WDI survey in prior years.

Due to fund changes, we now hold fewer targeted companies, and despite approaching three firms this time - including some previous participants- none agreed to complete the survey. Two of the companies we contacted are held in the Thoughtful World Equity Fund, while the third is held in the Thoughtful UK Smaller Companies Fund. WDI's own figures show retention fell to 73% in 2025, the lowest ever recorded, despite 142 global responses. We believe this trend mirrors a wider move away from social issues in the current political climate. For Castlefield, it reinforces why continued support matters: workforce data on safety, diversity, fair pay, and human rights is critical for assessing long-term resilience.

By backing WDI, we help drive transparency and accountability, enabling informed investment decisions and promoting responsible business practices.

Outcome: Despite none of the companies we engaged agreeing to take part this year, we believe continued engagement and public investor support for social reporting remains critical to ensure that factors -such as safety, diversity, and fair pay- are not overlooked in corporate reporting, even amid shifting political climates.



1. 060625-Investor-Statement-on-DEI-backlash-FINAL.pdf

THEMES: Workforce | Responsible Sourcing | Human Rights

ENGAGEMENT THEME 2: CLIMATE IN DEPTH:

Foresight Group

Summary: We recently engaged with two of the sustainability specialists from leading infrastructure and private assets manager Foresight Group, to better understand its Scope 3 emissions. We wanted to understand why its reported Scope 3 emissions appeared significantly higher than those of its peers, which in turn was skewing the Scope 3 emissions for our UK Smaller Companies fund.

Scope 3 emissions: Relates to indirect emissions from sources not owned or controlled by the emitter, but which indirectly impact the emitter's supply chain, such as emissions from a company's employees commuting to work.

1. Further information on the engagement is available on our website

1. Before engagement	2. First engagement (2025)[1]	3. Follow up engagement (2026)
Concern identified	**Further engagement necessary**	**Commitment to improvement**
Scope 3 emissions significantly higher than peers, as identified through Impact Cubed analysis.	Met with two sustainability specialists to discuss the sources of the company's elevated Scope 3 emissions. The reason for high emissions was identified but further clarity was required regarding long-term decarbonisation plans and the future of gas assets held.	Company provided a clearer explanation for reducing exposure to high-emitting assets.

▪ Limited visibility over the main drivers of emissions and the company's plans for reducing them.
▪ Sought to understand whether higher emissions reflected more comprehensive reporting than its competitors or genuine exposure to emissions-intensive assets.
	▪ Identified two key contributors within an infrastructure fund:
	  ▪ Australian gas generation assets
	  ▪ Energy-from-waste assets.
	▪ Gas assets represented less than 10% of assets under management but accounted for around two-thirds of Scope 3 emissions. Combined with energy-from-waste, these assets generated 89% of infrastructure emissions.
	▪ Company explained that gas exposure was inherited through a recent Australian acquisition and argued that gas is widely viewed as a lower-carbon alternative to coal in that market.
		▪ They confirmed that Australian gas assets expected to be largely exited within the next two to three years.
		▪ Climate Alignment Plan launched to support portfolio decarbonisation.
		▪ Specialist carbon forecasting capability introduced to improve emissions analysis and target-setting.
		▪ Commitment made to continue providing updates on progress.
		Outcome: We are satisfied that our concerns are being addressed, although we will continue to engage on timing of disposals and encourage future targets.

THEMES: Climate

CLIMATE ENGAGEMENT SNAP SHOT

Company:	**Zotefoams**[1] Held in our Thoughtful UK Smaller Companies Fund	**Unilever**[2] Held in our Thoughtful World Equity Fund (formerly held in our Thoughtful UK Opportunities Fund)
Concern identified:	Exposure to plastics was identified as a topic of interest to our clients.	Media reports suggested that Unilever's updated sustainability strategy reduced the ambition of some environmental targets.
Engagement activity and what we learned:	We engaged with the company to better understand its approach to managing the environmental impacts of its products, including emissions and product life-cycle considerations. The company had begun calculating emissions across all sites and was working towards aligning its targets with the Science Based Targets initiative (SBTi) framework and Greenhouse Gas Protocol. Management also outlined its growing use of product carbon footprints to improve understanding of product-level emissions.	Management explained that some original targets had proved difficult to achieve in practice, citing limitations in plastic recycling infrastructure and challenges associated with implementing living wage commitments globally. The company argued that the revised strategy focuses on the issues most material to stakeholders and noted that some targets, including certain Scope 3 emissions goals, had become more ambitious.
Outcome:	The engagement confirmed our view that the company takes its environmental responsibilities seriously. Since engagement, we have noticed improved disclosure of environmental metrics, progress towards SBTi-aligned emissions targets and greater transparency around the measurement and management of Scope 3 emissions.	While we acknowledge that Unilever remains a sustainability leader within the consumer goods sector, we concluded that the revised strategy represents a reduction in overall ambition and scope compared with the original Sustainable Living Plan.

1. castlefield-stewardship-report-q2-2025.pdf, page 7
2. castlefield-stewardship-report-q2-2025.pdf, page 5

COLLABORATIVE AND POLICY CLIMATE ENGAGEMENTS

1. Say on Climate

We supported investor letters sent to all FTSE100 companies in both 2025 and 2026, encouraging them to disclose their climate risk and resilience strategies.

This initiative, co-ordinated by the Local Authority Pension Fund Forum (LAPFF) and the investment firm CCLA, seeks to encourage greater transparency on climate transition planning. By publishing more detailed information, investors can better understand how effectively companies are identifying and managing climate-related risks and hold companies accountable on targets.

The letters also call for companies to submit their climate plans for shareholder approval. This provides investors with an opportunity to assess the credibility and ambition of the plans. All of this helps to embed and normalise carbon considerations into corporate decision-making and governance processes, supporting the transition to a lower-carbon economy.

2. Lowes Plastics resolution

Lowes is held in the Thoughtful World Equity Fund. The resolution was filed by the US campaigning organisation, As You Sow and asked for the company to set targets to reduce plastics use.

The letter enabled us to demonstrate support for the proposal before the AGM process began, going beyond our usual practice of voting on shareholder resolutions. The proposal subsequently received 17.8% support at the 2026 AGM, allowing it to be refiled next year.

Please see page 37 for information on the content of the resolution.

3. Science Based Targets initiative (SBTi) Consultation

The SBTi[1] is a globally recognised framework for setting and validating corporate climate targets in line with the latest climate science. We consider SBTi validation to be the 'gold standard', and we actively encourage our portfolio companies to pursue this level of ambition and transparency.

This is the first major revision of the Corporate Net-Zero standard.[2] The consultation, which ran from March to June 2025, received input from more than 855 stakeholders across business, academia, civil society, and other stakeholder groups.

A major proposed change in Version 2 is the introduction of new, tailored requirements for companies based on size and geography. This addresses a barrier we commonly hear from smaller companies, who often find the SBTi process resource intensive. By introducing differentiated requirements, the SBTi aims to make target-setting more accessible and proportionate, encouraging broader participation across company types. For us, this change is particularly welcome, as it means we can more confidently encourage our smaller investee companies to engage with SBTi, knowing that the process will be better tailored to their capacities.

The draft also introduces more ambitious requirements for near- and long-term targets, clarifies the scope (including all material Scope 1, 2, and 3 emissions), and tightens its perspective on the role of offsetting. We were supportive of these clarifications.

Outcome: Following the consultation, the final Corporate Net-Zero Standard introduced differentiated requirements for smaller companies and companies in lower-income markets, strengthened transparency and progress-reporting expectations, and maintained a strong focus on science-based emissions reductions. These changes align with many of the themes we highlighted during the consultation and should make the framework both more practical and more effective for a broader range of companies.

1. Ambitious corporate climate action - Science Based Targets Initiative
2. The Corporate Net-Zero Standard Development - Science Based Targets Initiative

ENGAGEMENT THEME 3: GOVERNANCE SPOTLIGHT: MANAGING GEOPOLITICAL RISK AND COUNTERFEIT GOODS

Summary: We contacted XP Power following allegations in The Telegraph that components made by the company had been found in detonated missiles in Ukraine. XP Power's swift and comprehensive response reassured us that the microchips were, in fact, counterfeit.

Effective governance is not limited to board structures and executive pay. It also encompasses how companies identify, investigate and respond to emerging risks. Our engagement with XP Power demonstrates how strong governance processes can help companies respond quickly to serious allegations and provide investors with confidence that appropriate controls are in place.

Further governance engagements are covered under principle 4 (pgs. 31-42).

Background: XP Power is a developer and manufacturer of critical power control solutions, supplying technology that converts and manages electricity for use in devices across sectors such as healthcare, semiconductor manufacturing, and industrial technology.

In February 2026, The Telegraph published an article alleging that an XP Power microchip had been found in North Korean missiles used by the Russian army in its war against Ukraine. The article suggested that the components had travelled a circuitous route, most likely via Hong Kong. The journalist also acknowledged that the company was probably unaware of the journey its products had taken.

Engagement: We contacted the company to express our concerns and received a comprehensive response from a member of the executive team within the hour. They clarified that the component cited is a very basic power converter, sold in millions globally across thousands of legitimate applications; these are standard, low-value parts, not specialised military technology. Most importantly, they also stated they were confident that the products were counterfeit (which is apparently quite common with their simpler products) and provided extensive evidence to back up their assertion. They also pointed out that a number of Western components were found as part of the same investigation.

- They outlined a set of extensive measures that the company has put in place in recent years to prevent the onward sale of its products to third parties with known links to Russia. These include:
  - requesting customers, particularly customers in countries with known links to China, provide statements setting out the intended use of the end product.
  - sales contracts contain specific clauses preventing onward sale to Russia
  - distributors are required to disclose the names of companies purchasing XP Power products.

The company has also stopped working with certain distributors to minimise risk further. These steps demonstrate a proactive and structured approach to managing geopolitical risk across its global supply chain.

Outcome: As a result of the engagement, we were confident that genuine XP Power components were not contained in the missiles and, further, we were reassured that the company is taking extensive measures to prevent its products being sold onto third parties that trade with Russia.

THEMES: Governance

ESCALATING OUR ENGAGEMENTS

Where engagement does not achieve the desired outcome, we may escalate our activities through collaborative investor action, direct engagement with company leadership or voting against, or abstaining on, management proposals.

We seek to apply escalation proportionately. Where companies engage constructively and provide the information or commitments requested, additional escalation may not be necessary. Equally, the escalation tools available may vary depending on a company's governance structure and shareholder rights framework.

Examples of escalated engagements

Company and Fund:	**Alphabet** Held in our Thoughtful World Equity Fund	**Anpario**[1] Held in our Thoughtful UK Smaller Companies Fund	**Multiple European Companies with Staggered Boards**[2] Held in our Thoughtful World Equity Fund
Topic and why we engaged:	Exposure to Conflict Affected and High Risk Areas (CAHRAs)	Concerns regarding the composition of the board and the lack of performance conditions attached to the variable remuneration.	Use of staggered boards among European companies and the impact on shareholder rights and board accountability.
Initial engagement:	Signed a collaborative letter, totalling $2.2 billion in Alphabet's shares, requesting a meeting to discuss the human rights and reputational risks associated with exposure to these regions.	Raised concerns directly with the company ahead of the AGM.	As part of a collaboration with other investors, we contacted a number of companies to discuss their governance arrangements and encourage the adoption of annual director elections.
Escalation:	Following the company's decision not to engage with investors on the issue, the lead investor escalated concerns by filing a shareholder resolution. Castlefield supported the resolution at the AGM. The proposal received 6.03% support of votes cast. Due to Alphabet's dual class share structure, voting power is concentrated among founders and insiders. As a result, support among independent shareholders may have been higher than the headline figure suggests.	In recognition of the company's willingness to engage, we abstained on the Report & Accounts resolution at the AGM. We subsequently met with the Chair to discuss executive pay and board composition, reserving stronger voting action should our concerns not be addressed in future.	Companies generally responded that their governance arrangements complied with local legal and regulatory requirements. As engagement at the company level was unlikely to deliver the change we were seeking, we escalated the issue to policymakers and standard setters. The investor coalition has since secured a meeting with the OECD to discuss the topic and explore potential policy solutions.

1. cip_stewardshipreport_q42025.pdf, page 6
2. cip_stewardshipreport_q32026.pdf, page 4

THEMES: Governance

SPOTLIGHT: RESPONDING TO CLIENT CONCERNS

We frequently hear from clients about their concerns regarding animal welfare. While we exclude companies that use animal testing for cosmetic purposes, we retain some exposure to pharmaceutical companies where animal testing remains part of the research and development process.

Animal testing and animal rights concerns were among the top five themes raised by clients through our Client Feedback Form during the reporting period. These queries, together with feedback from our External Advisory Committee regarding greater animal testing across the pharmaceutical sector, directly informed our engagement with Sanofi and Merck & Co, as outlined to the right.

Company:	**Sanofi**[1] Held in our Thoughtful World Equity Fund (formerly held in our European fund)	**Merck & Co**[2] Held in our Thoughtful World Equity Fund
Engagement activity and what we learned:	We met with the company to discuss a number of topics: one of which was animal testing and the use of animal-derived ingredients. The company explained that some animal derived inputs remain necessary within its portfolio, largely due to regulatory requirements and the absence of viable synthetic alternatives. The company shared that while it has been able to replace some products, pig derived ingredients remain the greatest challenge, as no practical substitutes currently exist. In vaccines, Sanofi shared that it has received similar queries in the past relating to allergies. While certain jurisdictions have begun loosening requirements around animal testing, much of this progress has occurred in the cosmetics sector rather than pharmaceuticals, where safety and efficacy standards remain more stringent.	Merck explained that it makes extensive use of non-animal research methods, including in vitro techniques, computer modelling and advanced imaging, prior to or instead of animal studies. Merck confirmed that it maintains detailed records on animal use across species, purpose and site, including research carried out by third party organisations on Merck's behalf. We have encouraged greater transparency through public disclosure. On animal-derived ingredients, Merck highlighted the use of specialised tools to identify potential non-animal alternatives, indicating consideration of reduction and substitution where scientifically feasible.
Outcome:	We found confidence in the fact that Sanofi had already considered the concerns associated with using animal-derived ingredients in its products and has been working to identify solutions. We are also pleased with Sanofi's transparency on the topic, as it is the only pharmaceutical holding of ours which published data on the number of animals used for animal testing. However, we understand that progress in this area will depend heavily on regulatory alignment, which will ultimately determine the pace at which companies can transition to non-animal substitutes.	While this response suggests a baseline level of governance and oversight, we believe there is scope for further progress. We have followed up and are awaiting further written response. We note that some peers, including Sanofi, publish the total number of animals used for scientific research on an annual basis. As Merck has confirmed that it maintains this data internally, we have encouraged greater transparency through public disclosure.

1. cip_stewardshipreport_q42025.pdf, page 5
2. castlefield-stewardship-report-q1-2026.pdf, page 6

PRINCIPLE 4: Exercising our rights and responsibilities (Voting)

VOTING SUMMARY

As investors, we believe that we have a responsibility to our clients, as well as the companies that we own, to vote on issues such as executive pay, director nominations and political donations. In our view, it is an essential part of fund governance.

We aim to vote on all the companies we invest in. However, during the reporting period there were two investments held within our Thoughtful World Equity Fund, B3 and HDFC, where this was not possible. This is because they are held as American Depositary Receipts (ADRs) rather than ordinary shares.[1]

We consider each resolution carefully and often engage with companies where we disagree with their stance. We have an in-house set of voting guidelines which we review annually. During the reporting period, we updated several elements of our voting guidelines to better reflect corporate governance norms in the new markets we are exposed to, particularly the US (see pgs. 40-42). These voting guidelines ensure that we vote consistently across all our fund holdings; they are published on our website[2], as is our full voting history.[3]

1. Remuneration	We vote against excessive pay awards and awards that are not attached to sufficiently stretching performance targets.
2. Director Independence & Effectiveness	Non-Executive Directors (NEDs) who sit on the boards of listed companies should be independent in order to be effective. In the UK, the UK Corporate Governance Code sets limits on tenure which we apply as a factor to determine independence. In the US, where tenure limits are not common practice, we look to ensure that the majority of the board is independent. We have also long taken the view that directors should not hold a large number of external positions. This is because, at a time of crisis, we expect directors to have enough additional time to dedicate to the company and the issues that it is facing.
3. Shareholder Rights	This topic includes votes on issues such as share placings that a company might undertake to raise capital, as well as requests a company might make to repurchase its own shares. These requests have the potential to be detrimental to existing shareholders. One topic which falls under this heading, which we will always vote against, is the request to hold meetings with just 14 days' notice, as we do not believe this is sufficient time for shareholders to prepare to exercise their voting rights.
4. Political Donations	We do not think it is appropriate for companies to make political donations and consequently will always vote against a resolution seeking permission to do so.
5. The Audit Process	Auditor independence may be compromised if the auditor has been in place for a long time and no tendering process has been undertaken, or if fees paid are for services other than their primary audit function. In the US, we look for regular rotation of the lead audit partner.
6. Routine/ Business	Items in this category include resolutions that are often uncontentious, such as accepting a company's Financial Report & Accounts for the previous year. It also includes resolutions to approve dividends.
7. Other	This category may include certain resolutions proposed by shareholders and votes on topics such as Environmental, Social or Transparency & Governance (E.S.T.) issues and reporting.

1. ADRs are a type of security that allow investors to access overseas companies through a US-listed instrument. In these arrangements, the underlying shares are held by a depositary bank on behalf of investors. As a result, voting rights are not always passed through to the end investor, meaning we were unable to submit votes at these companies' meetings.
2. corporate-governance-voting-guidelines.pdf
3. Document Library

VOTING STATISTICS

Highlights

2025 (01/01/2025 to 31/12/2025)

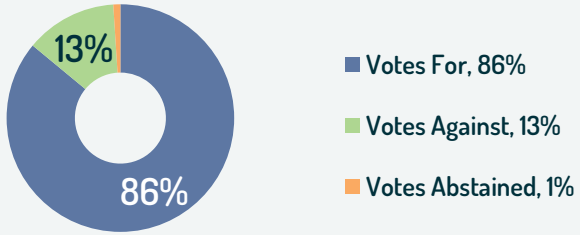
- **126** Total Meetings
- **1,770** Total Resolutions
- **410** Significant Votes

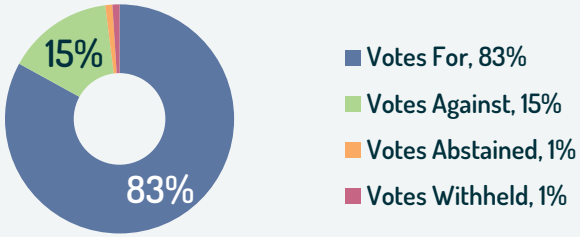
2026 YTD (01/01/2026 to 30/06/2026)

- **81** Total Meetings
- **1,127** Total Resolutions
- **198** Significant Votes

Voting Outcomes

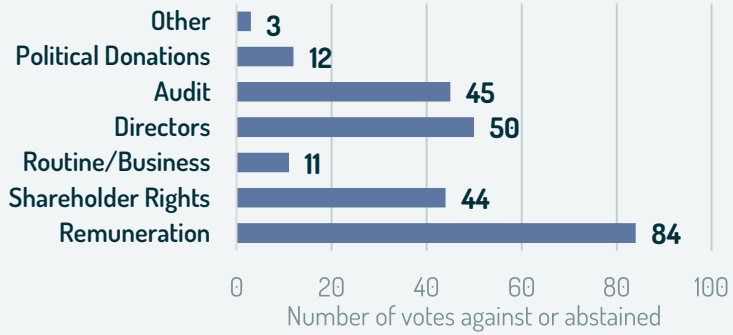
How we voted over the period as a percentage of total votes.

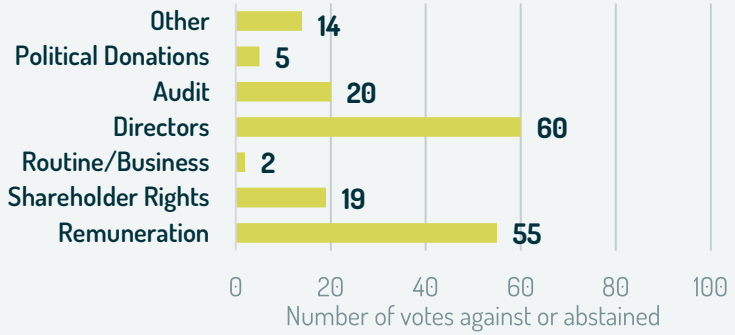




Opposed Votes by Voting Category

The number of votes over the period where we voted against or abstained from voting, assigned into voting categories.





Written by
Ffion Spencer



VOTING COMMENTARY

Summary: Our voting activity demonstrates our continued commitment to active ownership, providing an important way for us to hold companies to account and represent our clients' interests.

During 2025, we voted on 1,770 resolutions across 126 meetings, followed by a further 1,127 resolutions across 81 meetings in the first half of 2026. The first half of 2026 was particularly active for voting, reflecting the concentration of the Annual General Meeting (AGM) season in the spring. Many companies with December year-ends hold their shareholder meetings during this period.

Across the reporting period, we supported the majority of resolutions put to a vote, supporting 86% of resolutions in 2025 and 83% in the first half of 2026. Support for proposals put forward by management was 85% across the full reporting period, reflecting our view that most proposals were in shareholders' interests.

Our voting was also aligned with ISS recommendations in 87% of cases. While ISS research informs our voting decisions, we apply our own voting guidelines and judgement, with input from our fund managers. Where appropriate, we also engage with companies to better understand individual resolutions, which can result in us taking a different position to ISS.

Remuneration, director elections and audit-related matters were among the areas where we most frequently opposed resolutions. Effective oversight in these areas can help protect shareholder interests by promoting appropriate executive pay, accountable and independent boards, and reliable financial reporting.

> **Remuneration, director elections and audit-related matters were among the areas where we most frequently opposed resolutions.**

Votes against resolutions categorised under Shareholder Rights can reflect our efforts to protect those rights. For example, we always oppose requests to call general meetings with just 14 days' notice, which we do not believe provides shareholders with sufficient time to prepare and exercise their voting rights.

Similarly, we consistently oppose resolutions seeking approval for political donations, reflecting our view that the funding of political parties is not an appropriate use of company resources.

Additionally, during Q2 2026, we withheld votes on 11 resolutions across two companies held within the Thoughtful World Equity Fund. While we do not typically take this approach, Mercado Libre and T-Mobile US do not allow shareholders to vote against or abstain on director re-elections. We had concerns regarding the independence of the directors in question and did not feel comfortable supporting their re-election. We therefore withheld our votes for eight directors at T-Mobile US and three at Mercado Libre.

During the reporting period, 608 votes met our definition of a significant vote. We classify all shareholder resolutions as significant, regardless of how we vote, and these form an increasingly important part of our voting activity as our exposure to US companies has grown.

SIGNIFICANT VOTES

We have a clear framework in place for defining votes which we consider to be significant, considering the following factors:

- Votes against or abstentions for resolutions proposed by management
- The content of the resolution or the voting rationale is related to a Castlefield priority engagement topic (e.g. climate change) or a theme that's prominent in our voting guidelines (e.g. diversity)
- Shareholder resolutions

During the reporting period, **there were a total of 608 significant votes**. Most of these were votes against or abstentions and as the chart on page 32 highlights, this was most frequently for director-related resolutions.

Shareholder resolutions were also classified as significant votes and represented a substantial proportion of our voting activity during the period.

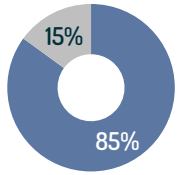
ALIGNMENT WITH ISS:

We use the Institutional Shareholder Services (ISS) platform to implement votes for our fund range. We have access to their research and recommendations, but our own policy takes precedence. We voted in line with ISS recommendations 87% of the time and disagreed with ISS recommendations on 13% of resolutions, as illustrated in the chart shown to the right.

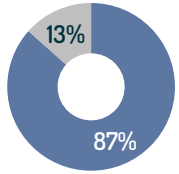
ALIGNMENT WITH MANAGEMENT:

The votes cast on Castlefield Investment Partners ballots during the reporting period are aligned with management recommendations in 85% of cases. Management typically recommends how shareholders should vote on resolutions put forward at company meetings. Votes against management therefore represent instances where we disagreed with the board's recommendation and believed that doing so was in the best interests of our clients.

Alignment with management over reporting period	
With management	85%
Against management	15%



Alignment with ISS over reporting period		
With ISS	2508	87%
Against ISS	389	13%



Written by
Barney Timson



DESCRIBE THE RATIONALE FOR SELECTED VOTING DECISIONS

Our full voting history including the rationales for our voting decisions can be accessed on our website.

Supporting equal voting rights at Lennar

Summary: We supported a shareholder resolution at Lennar, the US housebuilder, requesting all stock to have one vote per share.

At the AGM for Lennar, the US housebuilder, we supported a shareholder resolution requesting all stock to have one vote per share. Lennar has two types of voting stock, Class A and Class B, with holders entitled to one vote per share and 10 votes per share respectively. Castlefield holds Class A shares. While Class B shares can be purchased by retail and institutional investors, there are a limited number of these shares in issue, resulting in lower liquidity. Those that are in issue are also relatively concentrated among executives and insiders.

Class B holders control approximately 59% of the total voting power while owning only 13% of the total outstanding shares.

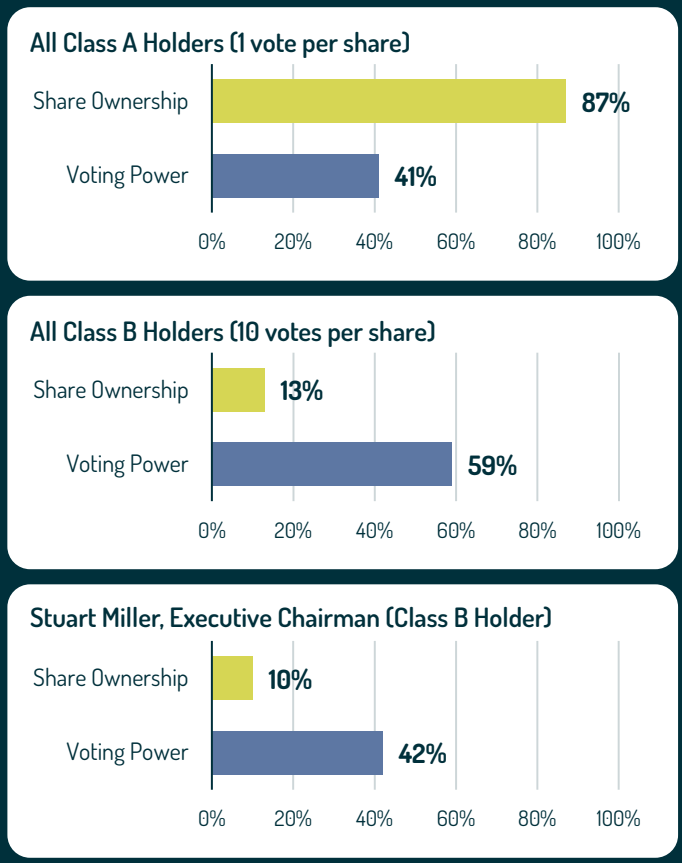
Stuart Miller, the Executive Chairman and a Class B shareholder, holds approximately 10% of the company's shares in aggregate, but has 42% of the company's total voting power. This allows him to wield outsized influence relative to his economic position in the company. As a holder of Class A shares, Castlefield has significantly less voting power per share than Class B shareholders. We therefore supported the resolution as we believe equal voting rights would give shareholders voting power that is more proportionate to their economic ownership.

Similar dual class share structures are utilised at some of the large tech firms like Meta and SpaceX. We do not agree with this approach because it reduces the accountability of the insiders that control the voting power, entrenches management and reduces minority shareholder rights.

Outcome: The resolution received 36.7% support. This resolution has appeared on the ballot multiple times over the years and this result meets the required 25% support for long-standing resolutions to reappear on a future ballot.

Comparison of the voting powers of the two share classes

The Class B shareholders have disproportionate voting powers to their economic stake in the business.



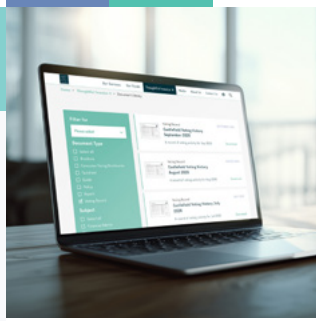
Voting against payment to departing executive at Tristel

Summary: We voted against the Report and Accounts at AIM-listed Tristel due to the limited disclosure surrounding payments made to a departing executive.

During the period, we engaged with Tristel, the AIM-quoted provider of high-level medical disinfection products, because the company did not give sufficient explanation for payments made to the departing CEO. In addition, the company did not provide a separate remuneration resolution, denying shareholders the right to vote on executive pay awards.

We spoke with the remuneration committee chairperson, who provided further context on the situation. While this additional information helped clarify the quantum of the payments, the rationale and disclosure were not fully compelling. Given the lack of a separate remuneration vote, Castlefield expressed its concerns by voting against the Report & Accounts resolution.

Outcome: The Report & Accounts resolution received 41% votes against. A vote of this magnitude against the Report and Accounts is extremely rare. Tristel has subsequently confirmed that it will introduce a separate remuneration resolution in the future.



Our full voting history, including the rationales for our voting decisions, is linked here.

Alternatively, scan the QR code (right).

Written by
Barney Timson


VOTING AS AN ESCALATION

Lowe's Shareholder Resolution on Plastic Packaging

Summary: We signed a letter of support for a shareholder resolution filed by the non-profit organisation, As You Sow, at Lowe's, a US home improvement retailer. It requested greater transparency and action on plastic packaging.

Ahead of the AGM, we signed a letter of support for a shareholder resolution filed by As You Sow at Lowe's, the US home improvement retailer. As You Sow is a US-based campaigning organisation. To date, Castlefield has primarily supported shareholder resolutions by voting in favour at the AGM. This engagement reflects a different approach: by signing a supporter letter, Castlefield was able to formally demonstrate support for the resolution without taking on the formal responsibilities associated with the filing, which we were unable to do as relatively new shareholders.

Providing support at this stage signals investor backing for the resolution and a desire to see it proceed to a shareholder vote. This is particularly important given increasing scrutiny around the eligibility of shareholder resolutions to appear on company ballots.

The resolution was filed by As You Sow. They aim to advance corporate social responsibility through shareholder engagement and the filing of shareholder resolutions. Due to the regulatory complexity of filing resolutions, many investors work with As You Sow to support this process.

The resolution calls for greater transparency and action on plastic packaging. It requests disclosure of the company's plastic packaging footprint and the setting of overall plastic packaging reduction targets.

Lowe's has taken some initial steps to address plastic pollution, including a commitment to make its private brand plastic packaging recyclable, reusable, or compostable by 2030. However, it has not disclosed its total plastic packaging footprint or set an overall plastic reduction goal, in contrast to several of its peers.

Outcome: The resolution received 17.8% support. This was the first instance this resolution had appeared on the ballot and comfortably exceeded the required 5% support to reappear on a future ballot.



Written by
Barney Timson



Climate-related voting escalation at UniCredit

Summary: We have engaged with UniCredit, an Italian-listed bank, for three years on its role in financing new fossil fuel projects. In 2026, for the first time, UniCredit was able to confirm that it hadn't provided any funding for such projects in the past twelve months. As a result, we voted for the Annual Report and Accounts at the AGM, having previously abstained in 2025.

We decided three years ago to use our shareholder voting rights to express our dissatisfaction at financial services companies that continue to offer lending and insurance to new fossil fuel projects. We only hold a few such companies in our funds and one of these is UniCredit.

We have engaged annually with the company for the past three years in the run up to the company's Annual General Meeting (AGM). The UniCredit team is always willing to engage with us and we're appreciative of that. The company has improved its climate reporting over the engagement period and has set sector-level decarbonisation targets for high emitting sectors in its lending portfolio. It now reports annually on its progress towards those targets and we welcome this level of accountability. In our recent meeting, UniCredit was able to confirm that the business had not provided finance to any new fossil fuel projects in the past 12 months.

However, the company stressed that due to the current geopolitical situation, the bank may need to consider financing such projects in the future, particularly gas which is seen as a transition fuel (i.e. a greener alternative to coal) within the EU. Although this is not ideal from our perspective as ethical investors, we do at least support this level of openness and transparency. It is some consolation to us that UniCredit operates a tiering system for its client base, offering more financial services to corporate clients that are committed to transitioning to a low carbon economy.

Outcome: As a result of our engagement with UniCredit, we were able to vote for the Annual Report and Accounts at the company's AGM this year, having abstained or voted against this resolution for the previous three years. Given that its fossil fuel financing may increase in future years, we will continue to engage on this topic.



Written by
Barney Timson



Escalating concerns over The Renewables Infrastructure Group (TRIG) proposed fee structure

Summary: Last year, the board of TRIG – an investment vehicle focused on European renewable energy infrastructure – announced a proposed revision to the fee structure that the trust operates. We immediately sought to engage with the Group, as we felt that the proposed arrangements were not in the interests of shareholders.

Recent history has seen the London-listed alternative investment company sector fall out of favour with many classes of investor, for various reasons. This has manifested as steep discounts (the difference between the market price and the Net Asset Value (NAV) – the value the company themselves assert the assets are worth) emerging. To be clear, we continue to see a valuable place for these assets in client portfolios and are happy to take advantage of these discounts.

To combat these discounts and to demonstrate alignment with investors, the managers of these trusts have taken to revising their fee structures. One common alteration has been to charge a management fee based on a combination of both market price and NAV. In effect, this delivers a pay cut to the underlying manager so long as these discounts persist. As a business, we support this change of direction.

However, the proposed revisions also included a transaction fee payable to the manager for acquiring, disposing of, and refinancing assets within the portfolio. This was the more opaque part of the proposal and, having reviewed the details, we saw the arrangements as a poor incentive structure for the manager.

Outcome: We immediately sought to engage with the board to better understand why they had proposed the structure they had and to share our thoughts on what we felt was in the best interests of Castlefield clients. Ultimately, we were pleased to see the changes to the calculation basis of the investment manager's fee stand, while the more challenging, transaction-related fees were removed from the final agreement.

VOTING - RELATED CONFLICTS OF INTEREST

No conflicts of interest were identified during the reporting period. All voting decisions are peer reviewed by at least the relevant Fund Manager, with more complex or contentious votes discussed more widely across the team to ensure that voting decisions are considered appropriately and independently.



For more information on conflicts of interest within Stewardship, please see page 13 of our Policy & Context Report, by clicking the button or scanning the QR code below.

VIEW THE REPORT



Answered by
Ffion Spencer

VOTING GUIDELINES UPDATE Q&A WITH FFION SPENCER, STEWARDSHIP ASSISTANT

Summary: In early 2026, we looked to update our voting guidelines to better reflect corporate governance practices in markets other than the UK and Europe. As part of this process, we consulted our External Advisory Committee, ISS local market experts and North American based firms like us.

Q. What prompted the update to the voting guidelines?

A. With the launch of our Thoughtful World Equity fund last year, we gained exposure to markets we had not previously invested in directly. While our existing voting guidelines worked well for UK and European companies, they did not always reflect governance norms in some of these new markets, specifically the US. We therefore trialled applying our existing approach to North American companies for several months and found that we were voting against a significant proportion of resolutions.

This highlighted the challenges of applying UK governance standards to North American companies, particularly in areas where market practices differ, such as executive pay, director tenure and auditor tenure.

Q. What is wrong with a large number of votes against?

A. Our voting goes hand-in hand with engagement. Voting against management is an important tool for signalling concerns, but its effectiveness can be diluted if we oppose a large number of resolutions. If we consistently vote against management due to differences in market norms rather than genuine governance concerns, it becomes more difficult to clearly signal when we have significant issue with a company or specific proposal. Aligning our guidelines with local governance practices helps ensure that votes against remain meaningful and targeted, while still holding companies to account where needed.

Q. Do the changes apply to all markets?

A. No. The updates to the voting guidelines only apply to North American listed companies. The previous guidelines, which reflect corporate governance best practice in the UK and Europe, remain in place for these markets.

Voting Guidelines

View the updated Voting Guidelines by clicking the button or scanning the QR code below.



VIEW HERE

What are the key updates?

The key updates are summarised in the table below:

Topic	Previous policy	How this differs in North America	Underlying principle	Update
Director tenure	Vote against directors with tenures of longer than 9 years.	The North American market often focuses on director age rather than tenure.	Independent directors are important to challenge management.	Support directors where the board is at least 50% independent.
Auditor tenure	Rotate audit firm every 10 years.	Long auditor relationships are common and changing auditor can be viewed negatively.	A company's finances should be reviewed periodically by auditors that are less familiar with the company and can bring fresh perspective and challenge.	Focus on audit partner rotation rather than firm rotation.
Non-audit fees	Vote against non-audit fees in excess on £10,000 without compelling reason.	Large companies frequently exceed this threshold as their audit fees tend to be higher.	Ensure auditor independence and reduce conflicts of interest.	Support non-audit fees that are less than 10% of total audit fees.
Executive chairperson	CEO and Chairperson roles should be separate	Executive chair roles are more common	Separation of these roles prevents conflicts of interest and ensures effective oversight	Support an Executive Chairperson if the board as a whole is at least 50% independent.

What is the new approach to voting on executive pay in North America?

Executive pay levels in the US are much higher than in the UK. We explored many options for remuneration, as we acknowledge the impacts that high executive pay can have on workforces and wider society.

Rather than applying a single limit to all companies, we take company performance into account. Companies that have not outperformed their sector over the previous three years are subject to a $15 million remuneration cap, while stronger-performing companies are assessed against a higher threshold based on US median income and our CEO pay ratio methodology. We will vote against pay packages that exceed the relevant threshold.

However, remuneration levels are only one factor in our assessment. We continue to consider the other elements of our voting guidelines, meaning E.S.T. factors also inform our voting decisions.

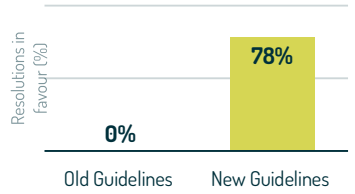
We recognise that these figures will still seem extremely high, but given prevailing US compensation structures, they represent a meaningful limit in a context where pay awards in excess of $30 million are not uncommon. As the charts to the right show, even with this new approach in place, we are typically only supporting a third of US executive pay packages.

What impacts have the changes to the voting guidelines had so far?

Since implementing the updated voting guidelines in March, we have voted at 18 separate North American meetings. In order to assess the effectiveness of these new guidelines, we ran a test applying both our old and new voting guidelines to the same set of resolutions, with the levels of support shown below.

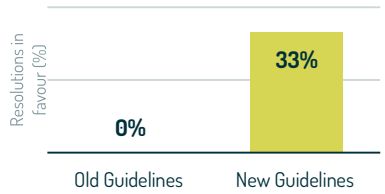
Audit

This topic covers items such as auditor tenure, and non-audit fees.



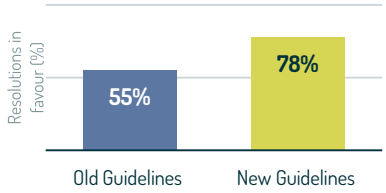
Remuneration

This topic covers executive pay levels and structures.



Directors

This topic covers items such as director tenure and director independence.



PRINCIPLE 5: Integrating stewardship considerations into the selection and oversight of external managers

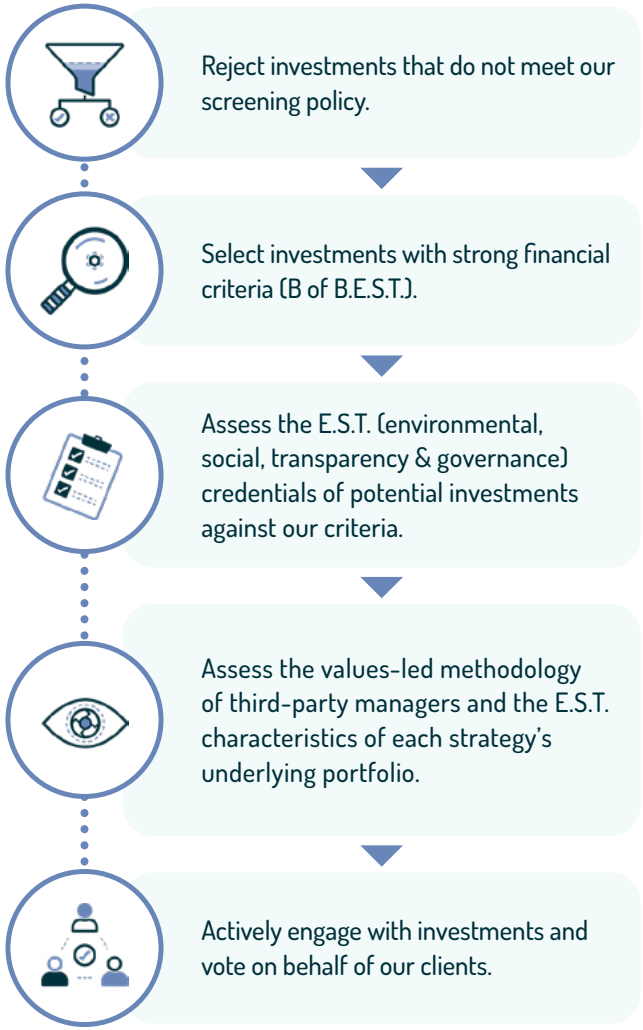
HOW STEWARDSHIP CONSIDERATIONS HAVE BEEN INCORPORATED THE SELECTION PROCESS

Our portfolio funds and multi-asset portfolios invest across a range of asset classes:

- Equities i.e. Growth assets
- Fixed income and cash i.e. Defensive assets
- Real assets and alternatives i.e. Diversifying assets.

We manage the equity component in-house but use external fund managers for the defensive and diversifying aspects of the portfolios. A key development for us over the past year is that we now manage our global equity exposure in-house. Previously we had outsourced this to third-party managers. A key advantage of managing this asset class internally is that we now have greater control over which global companies our client portfolios are invested in.

For the external funds that we use, our manager selection uses the same Thoughtful Investor framework that we apply to the companies we hold directly.



A prospective fund is first tested against our exclusionary screening policy. Only strategies that pass proceed to a full assessment, which scores the fund on environmental, social, transparency and governance dimensions, screening-policy comprehensiveness and tolerances, product-involvement checks and quantitative externality or governance-focused data.

Our governance analysis includes a full review of a fund manager's approach to stewardship. To reach the upper bands, a manager must evidence:

- transparency on portfolio holdings
- transparency of voting policy and record
- a clear, well-articulated engagement and escalation policy, disclosed alongside actual engagement activity;
- a track record of collaborative engagement and voting;
- participation in reputable external validation such as the UN PRI, with published outcomes.

A strategy that screens well financially but is weak on voting transparency, engagement or escalation will score poorly on transparency and governance and is unlikely to be selected. In this way, stewardship capability is reviewed at the outset rather than assessed after the fact.

Case study: Changes to the BNY Strategic Bond Fund

Earlier this year we introduced the BNY Strategic Bond Fund, managed by their Insight Investment franchise, into client portfolios. This was a defensive allocation to complement the Wellington Global Impact Bond fund, which is our core fixed income allocation.

Partway through our preliminary research, the manager made a material change. The fund left Insight's Responsible Horizons range, removed its net-zero targets and was renamed the BNY Strategic Bond Fund. The repositioning was designed to broaden the fund's marketability.

While disappointing, we treated it as neither a simple rebrand nor an automatic disqualification and instead assessed what had actually changed and what had not. The explicit net-zero targets and the Responsible Horizons label had gone. However, the investment objective, risk profile and fee were unchanged. More importantly, on our assessment, the core process underpinning our thesis remained intact. This includes exclusions, a proprietary ESG-ratings architecture, a minimum allocation to impact bonds, and an engagement model under which a deterioration in an issuer's ESG rating prompts engagement and, absent a satisfactory response, divestment within twelve months.

Outcome: Following our review and engagement with the manager, we concluded that the removal of the Responsible Horizons label and explicit net-zero targets had not materially changed the fund's underlying investment process, exclusions, impact allocation or stewardship approach. We therefore proceeded with the investment but will continue to monitor the strategy for any substantive weakening of its E.S.T. characteristics or engagement and escalation practices.



"The fund left Insight's Responsible Horizons range, removed its net-zero targets and was renamed the BNY Strategic Bond Fund."

MONITORING AND ENGAGEMENT WITH EXTERNAL FUND MANAGERS

Appointed managers are kept under ongoing review using our B.E.S.T framework. We watch for:

- Drift in the underlying portfolio against our screening policy and tolerances
- Deterioration in engagement
- Voting transparency or escalation practice
- E.S.T. controversies
- Changes in the manager's own responsible-investment resourcing or external validation (for example, a lapse in UN Principles for Responsible Investment (PRI) participation).

Oversight draws on manager voting records and engagement reporting, third-party ESG and controversy data, and periodic manager meetings and updates.

In addition, we meet each manager multiple times a year. The meetings cover fund a range of topics such as fund performance and positioning as well as any changes to the philosophy, people or investment process. We also ask fund managers about stewardship and engagement in these meetings.

Case study: The Net Zero Asset Managers initiative (NZAM)

NZAM, to which several of our managers belong, suspended its activities in early 2025 amid intense legal and political pressure on climate alliances in the United States. It relaunched in early 2026 with looser requirements that no longer mandate alignment with net zero by 2050. Through this period, Wellington – which we access through its Global Impact Bond strategy – confined its NZAM participation to its European and UK entities, leaving its US business outside the initiative.

Our oversight focused on the question that matters most to clients: whether the substance of the manager's stewardship had changed, or only its external affiliation. We were satisfied it was the latter. There was no change to the investment team or to the strategy's process; Wellington continued to apply its own proxy-voting and engagement policies as an independent fiduciary, and its European and UK entities retained a near-term climate commitment.

A change in the scope of an industry-body membership – shaped by the regulatory and political environment in one jurisdiction – was not a change in the approach for which we had selected the strategy.

This is deliberate: we monitor external managers by looking through changes in labelling and affiliation to the durability of the process beneath, and we act only where the substance, rather than the signage, has moved. While the political zeitgeist moving away from climate concerns is disheartening, we're comforted that the substance of our managers' commitment remains unchanged.

ESCALATION WITH EXTERNAL MANAGERS

Where a manager falls short — through portfolio drift, weakening stewardship practice or an unresolved controversy — our escalation path runs in three stages:

1. Raising the issue directly with the manager and seeking remediation;
2. A formal re-rating under B.E.S.T and heightened monitoring;
3. Reallocation away from, or replacement of, the fund if our concerns are not addressed.

We largely hold pooled funds, so replacement is our ultimate sanction: for most external strategies, the decision to withdraw capital is our clearest and most powerful form of escalation. That said, it is something that we rarely need to undertake.

PRINCIPLE 6: Monitoring and holding stewardship service providers to account

We use a number of service providers to support our voting and engagement as well as to help us incorporate E.S.T. factors into our investment decision-making. To the right, we set out the main providers and how we have monitored and evaluated their services during the reporting period.

Provider:	Institutional Shareholder Services (ISS)	Impact Cubed
Used for:	Voting research and voting platform	E.S.T. metrics that are used in our investment process
Monitoring:	Peer review undertaken in 2026 to compare quality of service and value for money. We also provided feedback on our dissatisfaction with ISS' decision to downgrade gender diversity considerations in its analysis of US companies.	We undertook a market review of data providers in 2025/6. We also undertake an annual review of the data provided by Impact Cubed. We assess the data set for outliers and raise queries with Impact Cubed where particular data points look unusual or where estimated data has been used instead of the figures published.
Outcome:	Largely satisfied that ISS continues to meet our needs at present, particularly on UK smaller companies where the quality of research can vary greatly among providers.	Satisfied that Impact Cubed continues to meet our needs at present.

MEET THE TEAM



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