Stewardship Report

Sands Capital Management, LLC
2022

SANDS CAPITAL

Contents

Navigating Change Through Stewardship

At Sands Capital, we believe the world's transition to an economy based on digital innovation provides substantial wealth creation opportunities for investors. We also recognize that periods of accelerated change generate novel and complex risks. Successfully identifying and assessing the opportunities and risks associated with rapid innovation requires understanding its profound effect on societies, businesses, and the environment. Our approach to stewardship reflects our deep appreciation for the uncertainties our portfolio businesses may face in navigating an ever-changing world.

Historically, society has looked to regulators to deal with negative externalities generated through economic activity. However, the speed and complexity of the transformations occurring today make it difficult for regulators to keep pace with the social and economic dislocations amplified by innovation. This in turn imposes responsibilities on companies and investors, who must consider a variety of stakeholders in their business conduct, to address negative externalities before regulatory interventions are necessary.

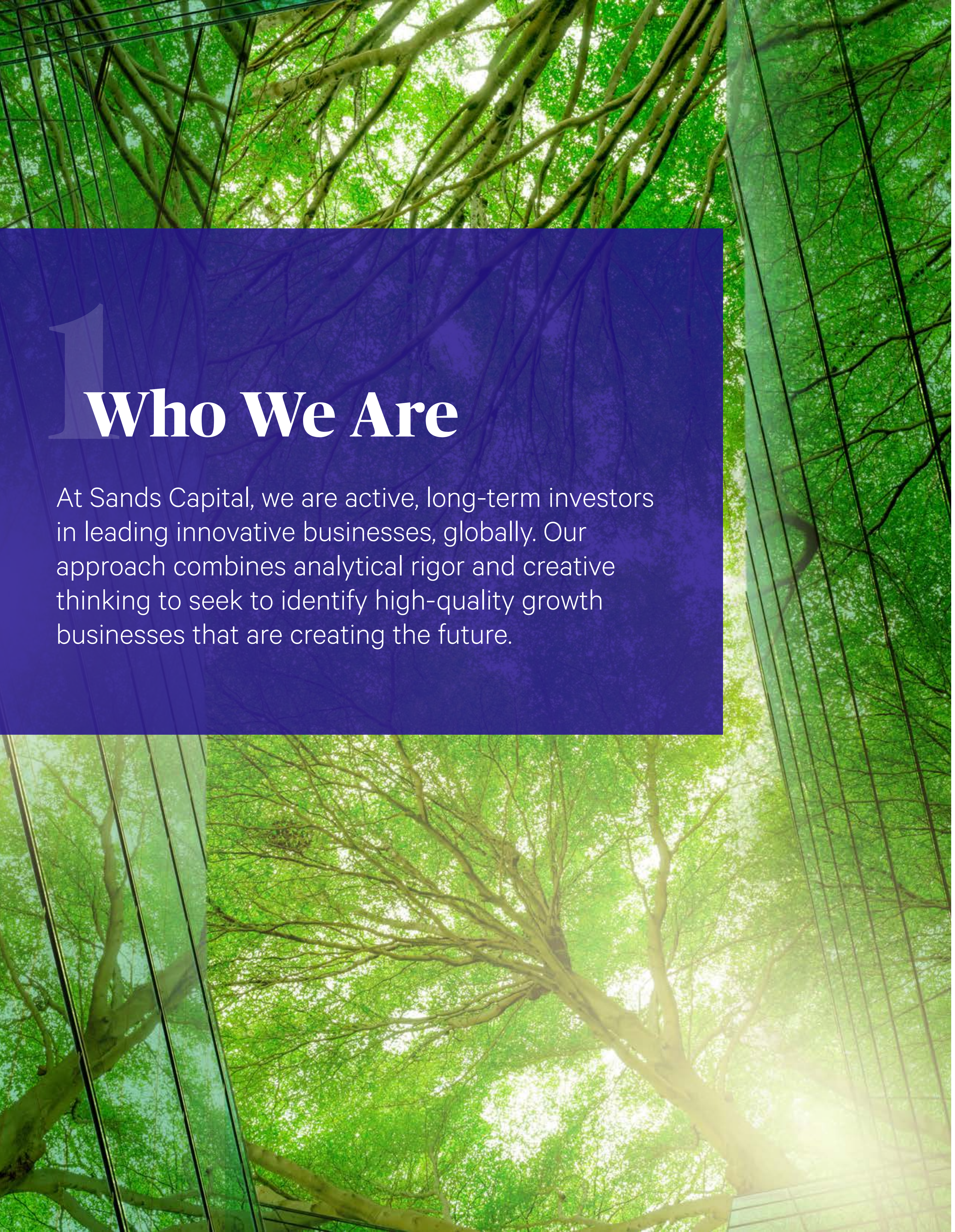
Stewardship can benefit society if it promotes sustainable innovation that improves lives and mitigates negative outcomes. As high-conviction investors with a long investment horizon, we have the opportunity not only to help our companies grow but also to assist them in developing environmental, social, and governance (ESG) practices that can enhance value and help mitigate emerging risks. We have invested heavily in building a stewardship capability that is tightly integrated with our global research team. This investment supports robust ESG research integration and active ownership that is well geared to address challenges and opportunities faced by businesses competing in an increasingly digital economy.

We believe the importance of this investment in our own business and the value of active stewardship to our clients has never been greater. As investors in many businesses and industries that are transforming the way we live and work, we have a responsibility to engage with our companies to understand and influence the impacts of their operations. Our stewardship activities are driven by the belief that investors and companies that allocate capital and act responsibly are best positioned to achieve results for all stakeholders. In this stewardship report, we describe how our long-term investment horizon and the work we have done internally support our efforts to guide our businesses toward achieving positive outcomes for shareowners, society, and the planet.

Sincerely,

Frank M. Sands, CFA
Chief Investment Officer
Chief Executive Officer

Karin Riechenberg
Director of Stewardship



1 Who We Are

At Sands Capital, we are active, long-term investors in leading innovative businesses, globally. Our approach combines analytical rigor and creative thinking to seek to identify high-quality growth businesses that are creating the future.

Our Mission and Purpose

Sands Capital was established as an independent investment management firm in 1992 with a clear and simple mission: We exist to add value and enhance the wealth of our clients, with prudence, over time. Thirty years later, we remain steadfastly committed to this founding mission.

We strive to fulfill our mission with a greater purpose by seeking to achieve positive outcomes for a broad set of stakeholders. We help enable clients to fulfill their objectives, which can include providing sustainable and better retirements, improved healthcare, innovative research, and charitable works to help create a better world. For society, we perform an important function of selectively allocating capital to many businesses that innovate and solve problems. These businesses can improve billions of peoples' lives by offering essential products and services to the global economy, creating jobs, increasing tax revenue, and supporting institutions that enhance civil society. For our staff, we focus on creating a dynamic work environment that challenges them to bring forth their best creative talents, experience fulfillment, and grow in a supportive culture.

Culture and Values

What we believe and what we value as an investment organization matters greatly to our clients and other stakeholders. We are an all-in culture in which every staff member is responsible for living the Sands Capital values and fulfilling our mission. We believe three core values are especially critical for high-performing teams that add value over the long term:

- **Integrity and trust:** Do what is right, not what is popular. Deliver on commitments.
- **Client-centered:** Always act in the best interest of our clients.
- **Commitment to excellence:** Strive to learn and improve. Implement best practices.

In addition, we believe that it is important to focus on what matters most, maintain a long-term perspective, and work collaboratively as we gather facts and build conviction.

We also strive to work with a positive attitude, with grace and kindness, and to achieve a healthy work-life balance. Ultimately, we let meritocracy be our guide, understanding that talent and achievement drive success at Sands Capital.

Business Model and Strategy

Sands Capital is a specialist investment manager that focuses exclusively on active, long-term growth investing. We employ deep, fundamental, business-focused research to seek to identify high-quality, leading growth franchises, featuring sustainable business models and typically operating in attractive areas of innovation. Through a range of investment strategies distinguished by geographical focus, we primarily serve institutional asset owners through separate-account and pooled-fund portfolios designed to concentrate investment in a relatively small, select group of businesses in which we have a high level of conviction.

As an independent, private partnership that is wholly owned and managed by the partners of the firm, we are fortunate to control our own destiny. We are consistent in our focus on long-term investment and business outcomes, and we seek to avoid the distractions of outside, short-term interests. This has enabled us to effectively perpetuate the mission and a culture that bonds our staff. Consequently, we enjoy strong internal alignment as evidenced by staff engagement survey results. That alignment transfers to an exceptionally strong calibration with our clients' interests. Hence, we believe we are well suited to be active, long-term stewards of their capital.

Our foremost business priority is to serve current clients well and fulfill our mission. We endeavor to do this by creating a high-quality, differentiated client experience. We seek to deliver strong absolute and relative investment results, efficient and effective administration, and value-added service and support. To be successful, we aim to create and nourish a positive culture based on our values, while ensuring all staff members have the resources and support they need to execute with excellence. Recruiting, identifying, supporting, and developing top talent and future leaders is also of primary importance. Internally, we look for opportunities to optimize our processes and systems by innovating and challenging the status quo to build a successful, sustainable, and profitable business.

We have no business development targets, which we believe could lead to misalignment with the interests of prospective clients. Instead, we take a thoughtful and measured approach to identify prospective clients with whom our mission, investment philosophy, and approach are a strong fit. We seek long-term partnerships that we believe are truly additive to our current client base and enhance the sustainability of our firm.

Investment Philosophy and Approach

We maintain a single philosophy that is applied across all investment strategies. Our philosophy is rooted in the belief that, over time, stock price appreciation follows the earnings power and potential growth of the underlying business. To act on this belief, we seek to identify exceptional businesses with the capacity to generate sustainable, above-average growth over time; construct concentrated and conviction-weighted portfolios of these special growth businesses; and maintain a long-term investment horizon, accepting short-term market volatility in exchange for long-term growth potential.

The cornerstone of our investment strategy is our proprietary global research. The differentiated insights we generate tend to guide our predictions for the magnitude and/or duration of growth of businesses relative to market expectations. In our experience, markets often underappreciate the compounded impact of nonlinear, exponential rates of growth and the durability of growth that select, leading businesses are capable of producing.

We invest for the long term because we believe the compounding of growth over time is the most powerful driver of wealth creation. As a steward of long-term client capital, we have a fiduciary responsibility to consider the full range of risks and opportunities that have the potential to influence investment outcomes. We believe ESG practices may play a material role in shaping a company's growth trajectory, among other factors. Therefore, we seek to own exceptional businesses that recognize and thoughtfully manage ESG impacts with an aim to maximize shareholder value creation over the long term.

We strive to make our investment process transparent and accountable in an effort to keep stakeholders informed about how ESG business practices inform our capital allocation decisions.

Enabling Effective Stewardship

Sands Capital's commitment to stewardship is rooted in our culture, philosophy, and approach to managing concentrated, conviction-weighted portfolios of leading growth businesses. Our conviction comes from developing an intimate knowledge of a small number of companies—28 to 40—in a typical client portfolio, which we believe is far more valuable in identifying opportunities and mitigating risks than superficial knowledge of a broader group of companies.

We act on our commitment by focusing on what matters most—the building of our cumulative knowledge about each business' ESG practices that we believe have the greatest potential to affect long-term shareowner value. We embrace active ownership, seeking to use our knowledge and credibility with company management teams to positively influence the long-term trajectory of our businesses through focused, robust engagement and voting. Finally, we strive to make our investment process transparent and accountable in an effort to keep stakeholders informed about how ESG business practices inform our capital allocation decisions.

ESG research integration and active ownership are horizontally integrated at our firm, meaning every investment professional plays a role in our stewardship program. This approach is consistent with our intent to operate as one team with one mission and philosophy. We do not operate in silos. To enable such an integrated approach, we have invested substantially in the requisite people, processes, data and tools, and training. Our Internal Stewardship Consulting Team, comprising four ESG specialists, collaborates with our investment professionals to help ensure our research analysts address the full scope of relevant opportunities and risks. Through our Stewardship Analyst Council, we share best practices, case studies, and views on how to continuously improve our program.

How Our Beliefs Have Guided Stewardship Decision Making

Our approach to investment management may best be described as bringing a private business owner's mindset to public equity investing. As long-term investors, we seek to buy leading growth businesses and do not trade stocks. It is this ownership mindset—thinking like long-term business owners—that guides how we practice stewardship across our investment strategies.

As of the end of 2022, we allocated the approximately $42 billion in client capital under our management to a select group of only 119 listed companies. We believe these businesses represent the very best long-term growth opportunities available. Our decision to invest in them reflects their strong fits with our investment criteria, our assessment of their current ESG practices and opportunities for progress. Of at least equal importance are our decisions where not to invest, which may reflect our view of untenable risks attributed to subpar governance practices, among other sustainability concerns.

With many portfolio businesses, our engagements began in the course of our early diligence, well before our initial investment. Such engagements enable us to evaluate the management team's quality and vision. They also provide us with a view into management's intentionality in addressing environmental externalities, human and social capital, and governance matters. Intentionality matters a great deal to us as we attempt to build conviction in the capacity of the business to be exponentially larger five years forward and to be supportive partners to management along the path.

More than half of our client capital is invested in companies we have owned for five years or more; more than one-third in companies held for more than seven years. Our alignment with long-term shareowner interests is critical to establishing credibility and trust with management teams and other stakeholders, in our experience. As long-term partners, we seek to help businesses not only to grow and mature but also to evolve their ESG practices to navigate emerging economic and societal complexities. Through constructive relationships with management teams, we are able to help influence the journey of these companies, which we believe can contribute to positive long-term outcomes for their shareowners and society.

One example is our ownership experience with Britannia, a food packaging company domiciled in India specializing in the manufacturing and distribution of baked goods.[1] We have been investors in the company for seven years (since 2016) and have advocated for positive change in its governance practices and nutritional content.[2] Management has been receptive to our engagement and demonstrated meaningful progress by expanding board independence and offering healthier products.

As stated previously, our objective is to identify exceptional businesses with the capacity to generate sustainable, above-average growth over time, and we concentrate our client ownership in these businesses over a long investment time horizon. We believe that a company's growth sustainability may be impaired when it fails to meet society's expectations for responsible business practices. Such failures have been proven to adversely affect brand equity and consumer trust, which are inextricably linked to a company's ability to create long-term shareowner value. For this reason, authentic and active stewardship of client capital will remain central to all we do.

1. Britannia was selected based on the length of our holding and the quality of our experience engaging with company management.
2. A full list of public portfolio holdings, including their purchase dates, is available here.

Assessing Our Efficacy in Serving Clients' Best Interests

We exist to add value and enhance the wealth of our clients with prudence over time. In 2022 we were challenged to fulfill this mission for our clients as the market drawdown disproportionately affected the stock prices of the leading growth franchises we prefer to own. Investors dramatically and indiscriminately discounting the valuations of these long-duration equity assets weighed heavily on our short-term investment results in 2022. Despite this, we remain steadfastly committed to our philosophy and approach, our dedication to stewardship, and our focus on long-term outcomes.

During our 30-year history, we have experienced numerous challenging market environments during which our investment strategy fell temporarily out of favor. We have learned the most important action we can take is to adhere to the mandate for which our clients hired us. As their growth manager, we will not stray from our stated strategy in an attempt to reap short-term profits at the expense of potential long-term value creation. Our clients are mostly sophisticated institutional investors who are well aligned with our long investment time horizon. Therefore, they are typically patient in accepting short-term market dislocation in exchange for the long-term wealth creation potential. We believe such patience will be rewarded.

Our absolute and relative investment results remain strong over long periods, despite the short-term pressure on stocks of growth businesses. In our experience, such acute periods of market dislocation typically set the stage for us to generate substantial added value in following years. Many of our portfolio companies are growing in line with our expectations and remain well positioned for potential future growth. If our estimates for the businesses are directionally correct, we expect our client portfolios should have an attractive five-year outcome. Furthermore, we believe our continuing focus on evaluating the ESG business practices and influencing positive change through active ownership will add value for our clients.

While delivering strong investment results is an important part of serving clients' best interests, the quality of service we provide to clients is an essential part of their experience with our firm. It is often in substantially challenging market environments when service quality makes a real difference for clients who may seek context and perspective that they can share with their stakeholders.

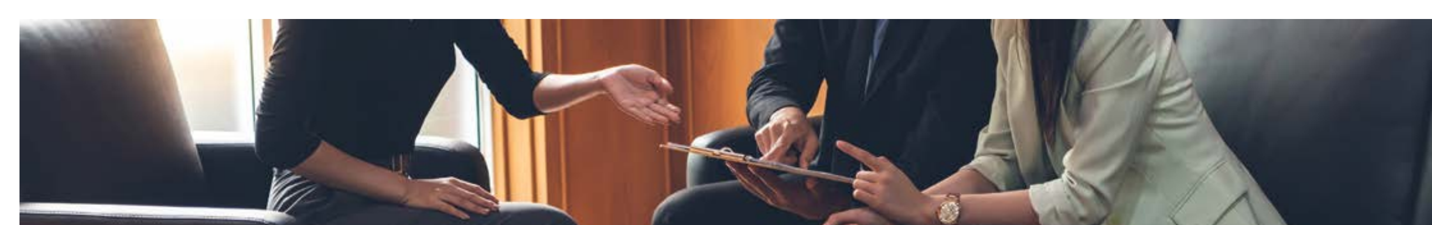
As a reflection of our commitment to serving clients, Coalition Greenwich named us a *2022 Greenwich Quality Leader in Institutional Investment Management Service in the United States.*[3] In its February 2023 announcement of the four firms that had earned this distinction, Coalition Greenwich noted: "These asset managers have distinguished themselves from competitors by delivering superior levels of client service that help institutional investors achieve their investment goals and objectives."

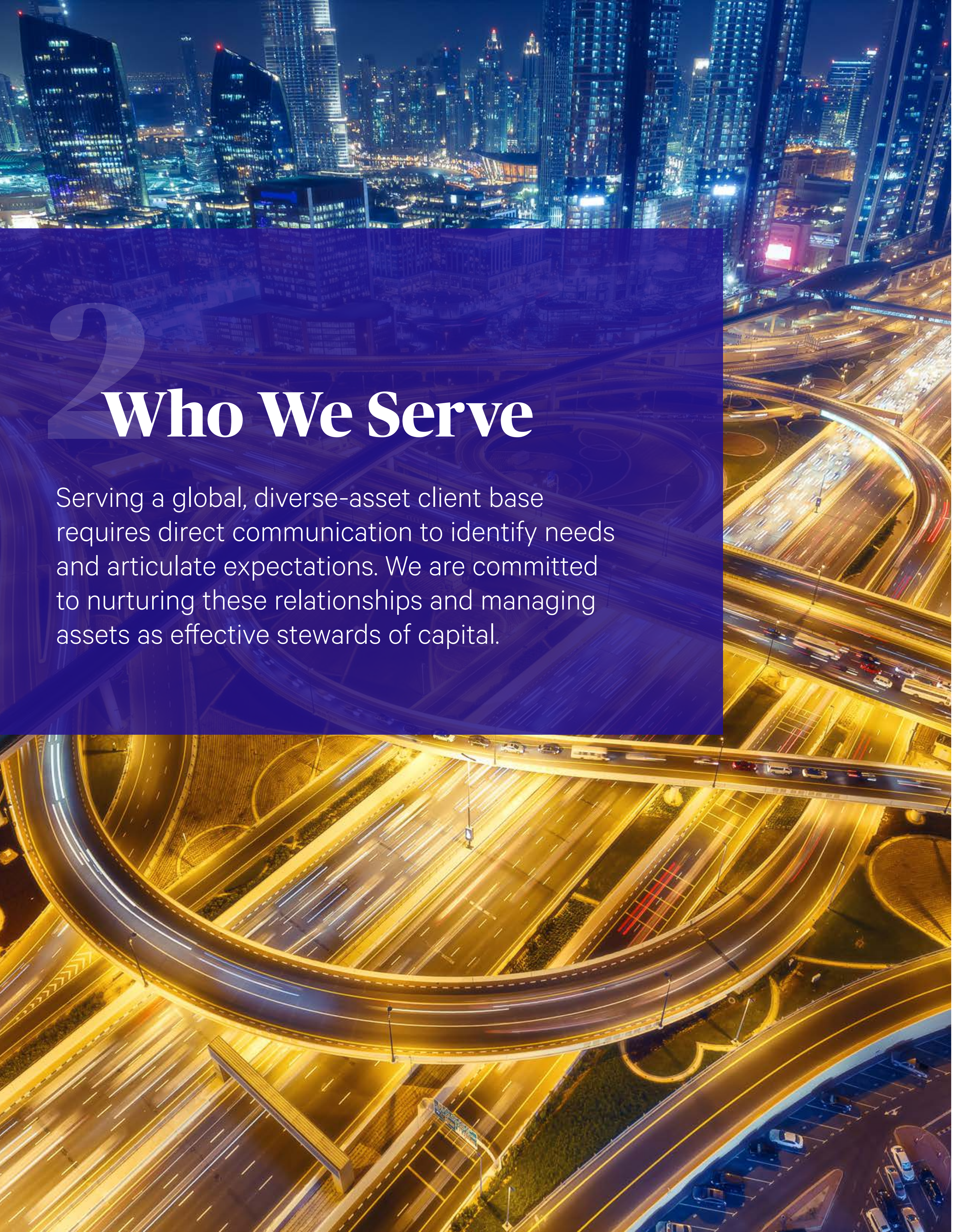
The Greenwich Quality Leader distinction was awarded on the basis of interviews with 727 institutional investors from 590 of the largest tax-exempt funds in the United States in terms of assets under management. The study was conducted between February and November of 2022. These investors manage corporate, public, union, and endowment and foundation funds that have either pension or investment pool assets valued at more than $150 million.

We believe the recognition is a testament to the great work of our team and its commitment to serving clients' best interests. It reflects the effort our entire staff makes to fulfill our firm's mission and greater purpose.

3. The Greenwich Quality Leader distinction was awarded on the basis of interviews with 727 institutional investors from 590 of the largest tax-exempt funds in the United States in terms of assets under management. The study was conducted between February and November of 2022. These investors manage corporate, public, union, and endowment and foundation funds that have either pension or investment pool assets valued at more than $150 million.

   Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics, and insights to the financial services industry. While Sands Capital did not pay for this recognition, it has a contractual relationship with S&P, pertaining specifically to index and data licensing. The endorsement provided may not be representative of the experience of other clients and is not a guarantee of future performance or success.





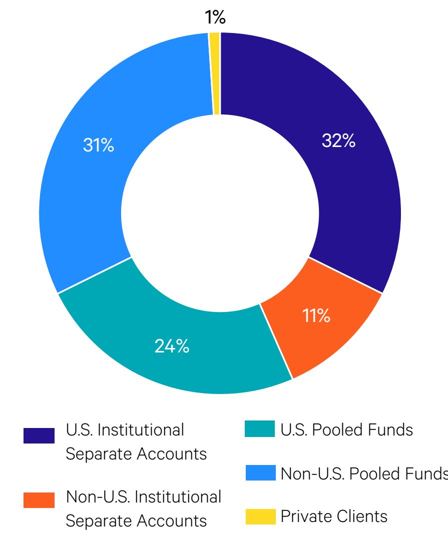
2 Who We Serve

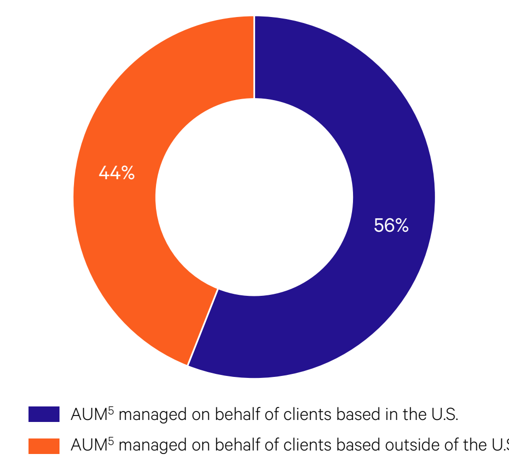
Serving a global, diverse-asset client base requires direct communication to identify needs and articulate expectations. We are committed to nurturing these relationships and managing assets as effective stewards of capital.

99%

AUM managed on behalf of institutional clients

ASSETS BY TYPE





Helping Institutional Investors Achieve Their Long-term Objectives

Sands Capital primarily serves institutional investors comprising corporations, public funds, foundations, endowments, sovereign institutions, and fund sponsors in more than 40 countries. Institutions represent the vast majority (99 percent) of client assets under management; private clients represent a small portion (1 percent). U.S. clients represent approximately 56 percent of assets under management, and clients outside the United States represent 44 percent. As of December 31, 2022, we managed $41.9 billion in assets.[4, 5]

Our investment strategies seek to outperform their applicable passive market benchmarks over rolling three- and five-year periods, or what is generally considered to be a “full market cycle.” Therefore, our approach is best suited for clients who seek long-term capital growth with an investment time horizon of five years or more and who do not anticipate short-term liquidity needs. Such a longtime horizon is highly consistent with expectations of our institutional clients who are responsible for pension and other long-term funding goals.

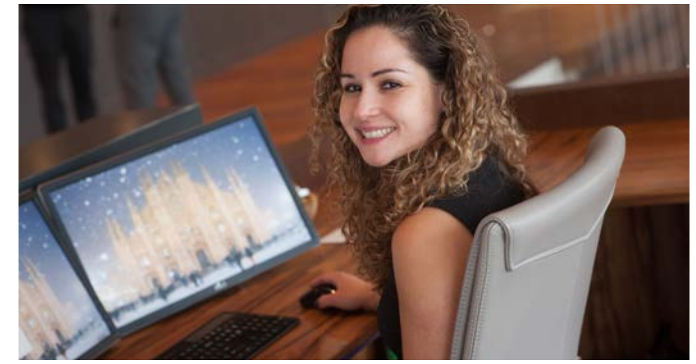
Client assets are invested exclusively in long-only portfolios of public growth equities that are fully invested at all times and may include a residual cash position, generally of 5 percent or less. These portfolios are differentiated by geography and the growth rate of the underlying portfolio businesses. In aggregate, our geographic exposure was 51 percent U.S. equities, 19 percent developed markets ex.-U.S., and 26 percent emerging markets.

A substantial portion of client assets is managed in separate accounts. We enable clients to customize separate account mandates to their investment policies and objectives, provided that we can successfully execute the strategy. One of the most common forms of customization is the exclusion from the portfolio of securities tied to certain industries or business involvement such as tobacco, which is the most common exclusion implemented by clients.

4. Sands Capital Management, LLC.
5. AUM includes the discretionary and non-discretionary assets of Sands Capital Management, LLC as of December 31, 2022.

In the United States, we manage pooled fund assets primarily through subadvisory relationships with independent fund sponsors and wealth managers. As our clients, these fund sponsors conduct due diligence on us like many other institutional clients. As the fund underwriter and distributor, they are responsible for preparing the fund offering documents that set forth the investment objective and strategy and managing all communications with their clients, fund shareholders. We support fund sponsors by providing our analysis of investment strategy results and offering our perspectives on the opportunities and risks attributed to the portfolio businesses.

Outside the United States, in addition to funds managed through conventional subadvisory relationships, we make our investment strategies available through pooled funds to qualified investors in collaboration with a contracted underwriter and distributor. These pooled funds primarily serve the needs of institutional investors for whom establishing a separate account with us is not feasible. Domiciled in Ireland as undertakings for collective investment in transferable securities (UCITS), most of these open-end investment funds are classified under Article 8 of the Sustainable Finance Disclosure Regulation. The following binding elements of the funds' investment strategy are used to select the investments to attain each of the environmental or social characteristics promoted by the funds: a maximum relative carbon intensity commitment; ESG engagement; and investment exclusions pertaining to revenue derived from certain business involvement, human rights, controversial weapons, and tobacco. We believe these binding elements are well aligned with the interests of fund investors.



Nurturing a Strong, Direct Relationship With Our Clients

We focus on building long-term relationships with clients and feel that individual attention is appropriate for our relatively small and focused institutional client base. Nurturing a strong, direct relationship with our clients is central to how we manage assets and act as effective stewards of capital.

As mentioned in the previous section, the quality of service that Sands Capital delivers to clients has received industrywide recognition. In February 2023, Coalition Greenwich named Sands Capital a 2022 Greenwich Quality Leader in Institutional Management Service in the United States.

More important than industry recognition is the actual experience with our clients. We believe the strength of client partnerships is well reflected in our three-year average rolling retention rate of 97 percent as of September 30, 2022.

More than 65 percent of our current clients have entrusted us with their investment capital for 10 years or longer, as of December 31, 2022.

Commitment to Transparency

We are committed to providing transparency into our ESG integration and other stewardship initiatives and how we think certain factors may relate to the long-term growth prospects of the companies we own. Our commitment to transparency is reflected in our client reporting and our public disclosures.

Client Reporting

For current clients, we publish quarterly strategy reports incorporating stewardship-related content that includes:

- Portfolio carbon metrics according to the Task Force on Climate-Related Financial Disclosures (TCFD) reporting recommendations.
- A summary of engagement activity for the trailing 12 months.
- An engagement case study from the most recent quarter.
- A summary of voting activity for the trailing 12 months.
- An impact profile of a portfolio business.

This information is also incorporated into quarterly review books produced for client meetings.

Public Disclosures

- In addition to our stewardship policy statements, our publicly available annual stewardship report provides details on the overall engagement strategy, the number of engagements by type and topic, examples of engagement cases, and outcomes.
- We disclose our voting record for all strategies for the trailing 12 months as of the most recent month-end on our public website.
- Additionally, we publish a stewardship page on our public website on which we feature thought leadership articles on stewardship topics, pertinent policy statements, and more.

Seeking Client Views and Assessing the Effectiveness of Client Communication

Our communications and stewardship practices exist to add value to our clients. Our client relations team serves as a conduit between our clients and our Stewardship Team and Executive Management Team. In addition, members of the Stewardship Team meet with clients to receive their thoughts and feedback on our approach. We continually solicit clients' feedback regarding the evolving landscape in which we invest and welcome their questions about the extent to which we have incorporated our understanding of relevant ESG factors into each investment case.

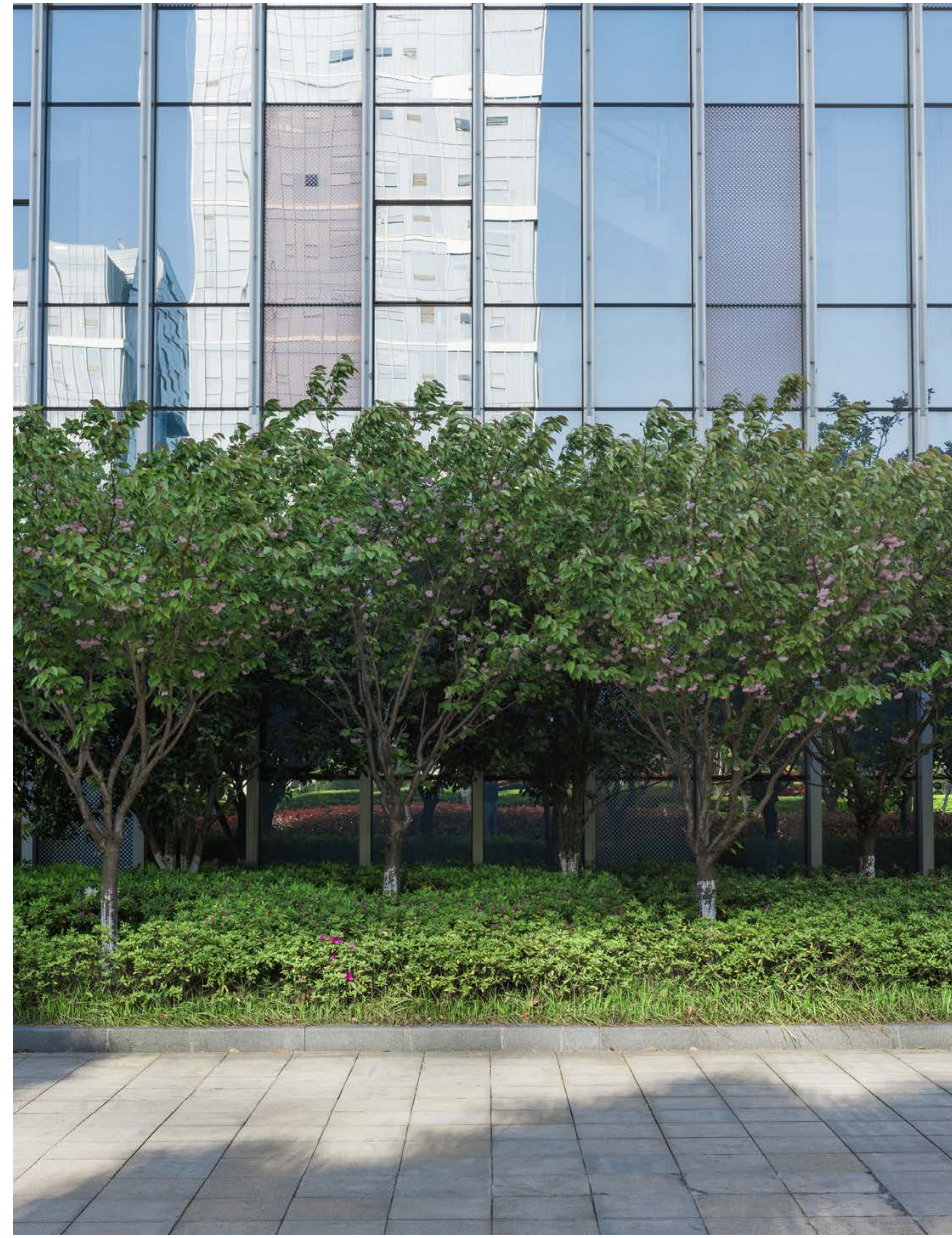
Our institutional clients, which comprise the majority of our client base, expect to meet with us directly at regular intervals, often quarterly or semiannually. We report on the progress of our investment strategies and seek to learn about our clients' views through these engagements. Many clients are represented by investment consultants who frequently conduct diligence on our investment strategies. During these discussions, we share details on our philosophy, approach, and the execution of our strategies, and we solicit perspectives on industry standards.

Looking ahead, we plan to develop a research platform that measures our performance on various dimensions of client experience. By collecting impressions of our program and identifying client priorities, the survey may help inform our agenda and enable us to identify opportunities for potential collaboration on shared priorities. We will continue to focus on authentic and transparent reporting on our stewardship practices, which are evolving during this time of enormous change that is reshaping business, society, and the planet.

Responding to Clients' Needs

Because clients say they want to learn more about our engagement efforts, we focus on storytelling and continue to evolve our tools to more effectively share information with clients. In addition, our recently improved internal engagement tracking dashboard allows us to provide information about ongoing engagements upon request and via our quarterly strategy reports. In 2022, as an evolution of our investment in stewardship, we published our inaugural annual Stewardship Report, aggregating and annualizing reporting across our strategies.

We regularly receive and incorporate feedback from clients into our communications. For example, during a consultation meeting, a client suggested we disclose our voting decisions monthly instead of quarterly. In response to this feedback, we started monthly disclosures of a breakdown of voting records by main strategies and at the firm level. These disclosures appear on our website within the first 10 days following month-end.



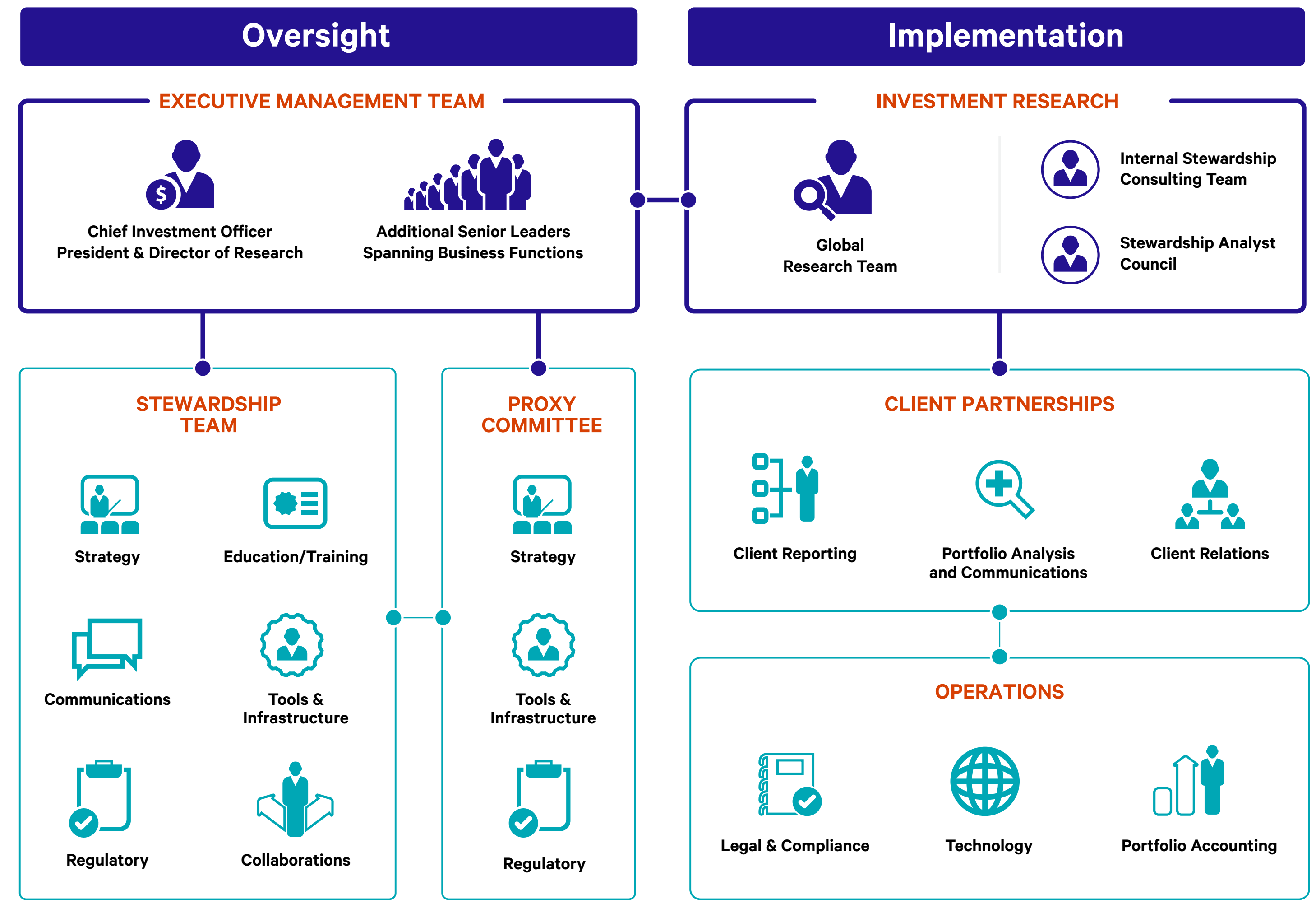
3 Oversight

Our governance framework is intentionally designed to leverage our cultural strengths and provide our staff with the resources and incentives necessary to enable effective stewardship of client capital.

Governance

We believe robust oversight of stewardship policies, processes, and practices is essential to executing a highly effective stewardship program. We have made significant progress on governance structures that support the integration of ESG research analysis and active ownership into our investment process, ensuring long-term benefits to clients.

GOVERNANCE STRUCTURE



Stewardship Team

Our cross-functional Stewardship Team comprises staff with diverse functional knowledge who are committed to implementing our stewardship program, which encompasses ESG research integration, active ownership, and stakeholder communications. The team meets on a monthly basis to discuss progress in areas such as:

- Policy and strategy formulation.
- Education and training.
- Tools and infrastructure development.
- Legal and regulatory compliance.
- Collaboration with external partners.

A subset of the Stewardship Team meets regularly to establish priorities, assess resource requirements, and prepare recommendations for meetings of the larger team. This steering group drives process improvements related to the sourcing and integration of data into our investment research and client reporting systems.

Within the Stewardship Team, we also form project-specific temporary subteams on an as-needed basis.

The Director of Stewardship leads the Stewardship Team and reports to our Executive Management Team, which consists of the Chief Investment Officer and Chief Executive, President and Director of Research, and additional senior leaders who represent our primary business areas. This reporting relationship helps to support organizational alignment around our stewardship policies and processes and keeps senior leaders apprised of our program developments.

Equipping Our Analysts With an Internal Stewardship Consulting Team

ESG research and active ownership responsibilities are horizontally integrated across our global research team. We believe that keeping ESG research, engagement, and proxy voting in the hands of the research analysts aligns with our deep understanding of our portfolio companies and yields positive outcomes.

The Internal Stewardship Consulting Team and the Stewardship Analyst Council support the global research team on ESG research and active ownership. We have moved toward an internal consultant model and invested heavily in building a well-versed team with deep industry knowledge.

- Our Internal Stewardship Consulting Team comprises four dedicated ESG specialists whose primary function is to support the implementation of ESG integration, engagement, and proxy voting on a day-to-day basis. The Internal Stewardship Consulting team supports our research analysts by contributing domain knowledge on specific ESG topics. The group also helps structure strategic engagements with target companies and ensures that we effectively fulfill our proxy voting obligations.
- In 2021, we established a Stewardship Analyst Council as a platform for our research professionals to share best practices and identify opportunities for improvement. This platform has proven to be a powerful way to elevate the knowledge level of our professionals and seek consistency in our research approach.

Training

At Sands Capital, we embrace a culture of continuous learning and development, understanding that there are always ways we can improve. Our commitment to ongoing learning enables us to stay current with industry developments and encourage creative thinking and problem-solving.

New hires at Sands Capital undergo a series of orientations from human resources, compliance, and other teams to help integrate them efficiently into the firm. After integration, staff members undergo various trainings throughout their tenure, from new policies being implemented by the U.S. Securities and Exchange Commission (SEC) to how to maintain Equal Employment Opportunity compliance and uphold a respectful workplace for all. Aside from the training held at Sands Capital, staff members also have access to a wide variety of training and development opportunities, which are discussed during frequent and ongoing personal development conversations between them and management. Staff is encouraged to pursue certifications or ongoing education in their field as well as to attend conferences, seminars, or professional coaching.

Management also recently underwent “Genius Audit” and “Stay Interviews” training to better understand the strengths and interests of staff, assess how an employee’s experience has been to date, and identify where systems within the firm can be improved.

Several teams conduct annual off-site events to build professional relationships among the team. We host a variety of speakers throughout the year, sometimes for the firm and sometimes for specific teams. Training is focused not only on developing hard and soft skills but also on our staff members’ well-being. For example, we completed a series of seminars on resilience to provide staff members with tools for managing during difficult times, such as the COVID-19 pandemic.

Training and Ongoing Education Events from the Past Year Include:

International Corporate Governance Network (ICGN) Governance & Sustainability Course (Feb 2022).

Participants: Ashley Patton, Chris Jenkins, Dylan Mibu,
and some Stewardship Analyst Council members.

Tech addiction roundtable organized by Sands Capital (Feb 2022).

Participants: Internal Stewardship Consulting Team and a subset of analysts and portfolio managers.

Governance training on dual-class shares with Mike Lubrano of Valoris Stewardship Catalysts and Carol Nolan Drake from ICGN (Feb 2022).

Participants: Subset of the investment team and Internal Stewardship Consulting Team.

CFA Institute Certificate of ESG Investing.

Certificants: Karin Riechenberg (May 2022), Dylan Mibu (July 2022), and Ashley Patton (September 2022).

Climate change training/presentations by Karin Riechenberg and Dylan Mibu at the Monday Morning Meeting and smaller strategy-level meetings. (Ongoing in 2022)

Participants: Entire firm.

Modern slavery training with Slave Free Alliance (December 2022)

Participants: Entire firm.

UNIVERSITY of VIRGINIA | DARDEN SCHOOL of BUSINESS

Sustainable Investment Symposium in Collaboration With UVA Darden

October 18 & 19, 2022

Sands Capital hosted its first Sustainable Investment Symposium with University of Virginia's Darden School of Business in October 2022. The event brought together leaders in asset management to discuss authentic transparency in climate disclosures, supply chains, digital ethics, and fund labeling.

Panels

Opening Keynote

- Pedro Matos, Academic Director of the Richard A. Mayo Center for Asset Management.

Trust and Valuation

- Lex Suvanto, CEO, Edelman Smithfield.

Portfolio Practices: The Asset Owner Perspective

- Glenn Davis, Deputy Director, Council of Institutional Investors.
- Kristina Alimard, COO and Head of the Advisory Council for Investor Responsibility, UVIMCO.
- Joel Niamien, Investment Director and Advisor at a family office, former World Bank and Capital One.

Deconstructing Net Zero Resilience

- Mike Lenox, Tayloe Murphy Professor of Business Administration, Senior Associate Dean, and Chief Strategy Officer, The Darden School of Business.
- Samantha Ross, Founder, AssuranceMark.
- Lindsay Ross, Director, Client Services, Moody's ESG Solutions.
- Eugene Montoya, Board of Trustees, Waterfront Alliance.

Sustainable Governance and Board Impact

- John W. Rogers, Jr., Chair, Co-CEO & Chief Investment Officer, Ariel Investments.

The Next Big Challenge: Data Governance and Digital Ethics

- Vikram Bhargava, Assistant Professor of Strategic Management & Public Policy, George Washington University School of Business.
- Di Rifai, Founder, ISDE & Creating FutureUS.
- Eli Chen, CTO and Co-Founder, Credo AI.
- Edua Dickerson, VP, ESG & Finance Strategy, ServiceNow.

Sustainable Supply Chains: Tools and Practices for Managing Hidden Risks

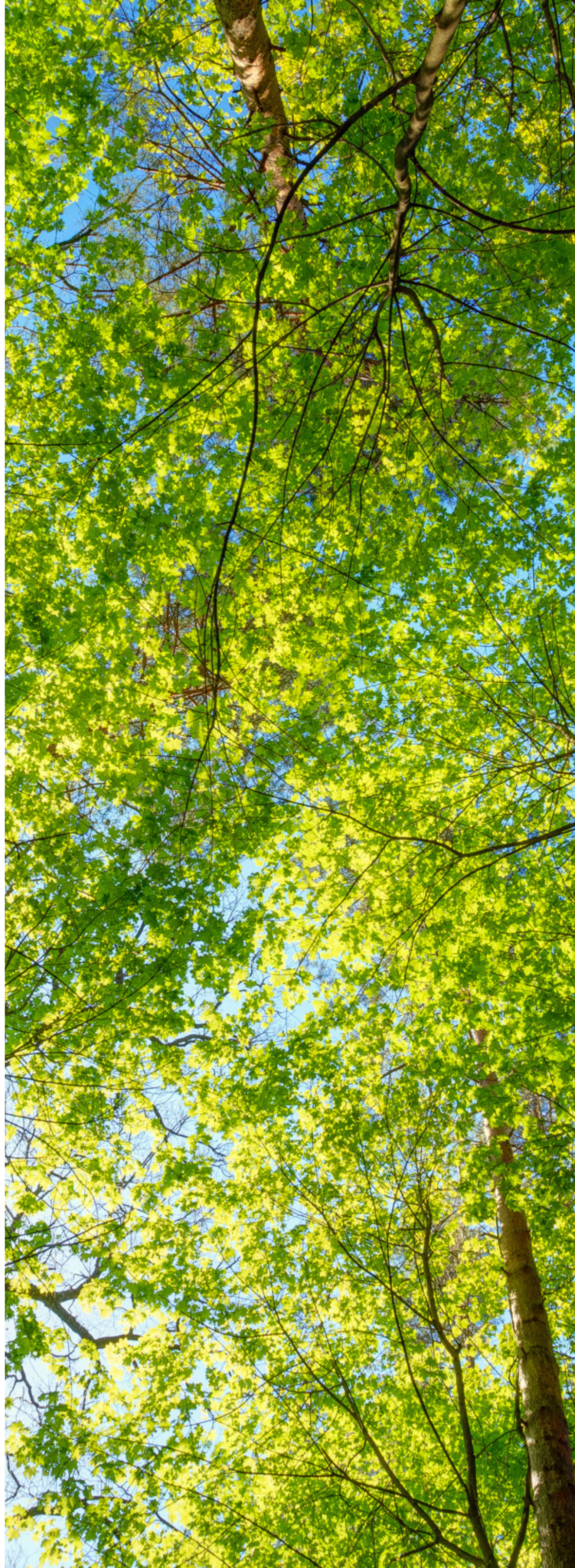
- Rachel Hartley, Director of Consultancy Services, Slave-Free Alliance.
- Noel Kinder, Chief Sustainability Officer, Nike.
- Bill Seymour, Vice President Investor Relations, Treasury and Corporate Communications, Entegris.

ESG In Private Equity

- Mark Barnhill, Platinum Equity.

Encouraging Effective Stewardship Through Incentives

Our investment staff is incented to positively influence the trajectory of our portfolio businesses by engaging with management teams on issues that we believe are material to the investment case and by voting against management recommendations that do not serve the best interests of long-term investors including our clients. We explicitly include a focus on stewardship, including ESG integration, in analyst and portfolio manager compensation, by evaluating the effectiveness of each investment professional's stewardship efforts on an annual basis.



Approach to ESG Integration

In the course of their fundamental research process, our analysts assess material ESG practices of our businesses, which we believe are integral to our analysis of a company's long-term risks and opportunities.

By leveraging their deep domain experience, we believe these analysts are best able to understand the context of these ESG practices at the various stages of a company's growth curve.

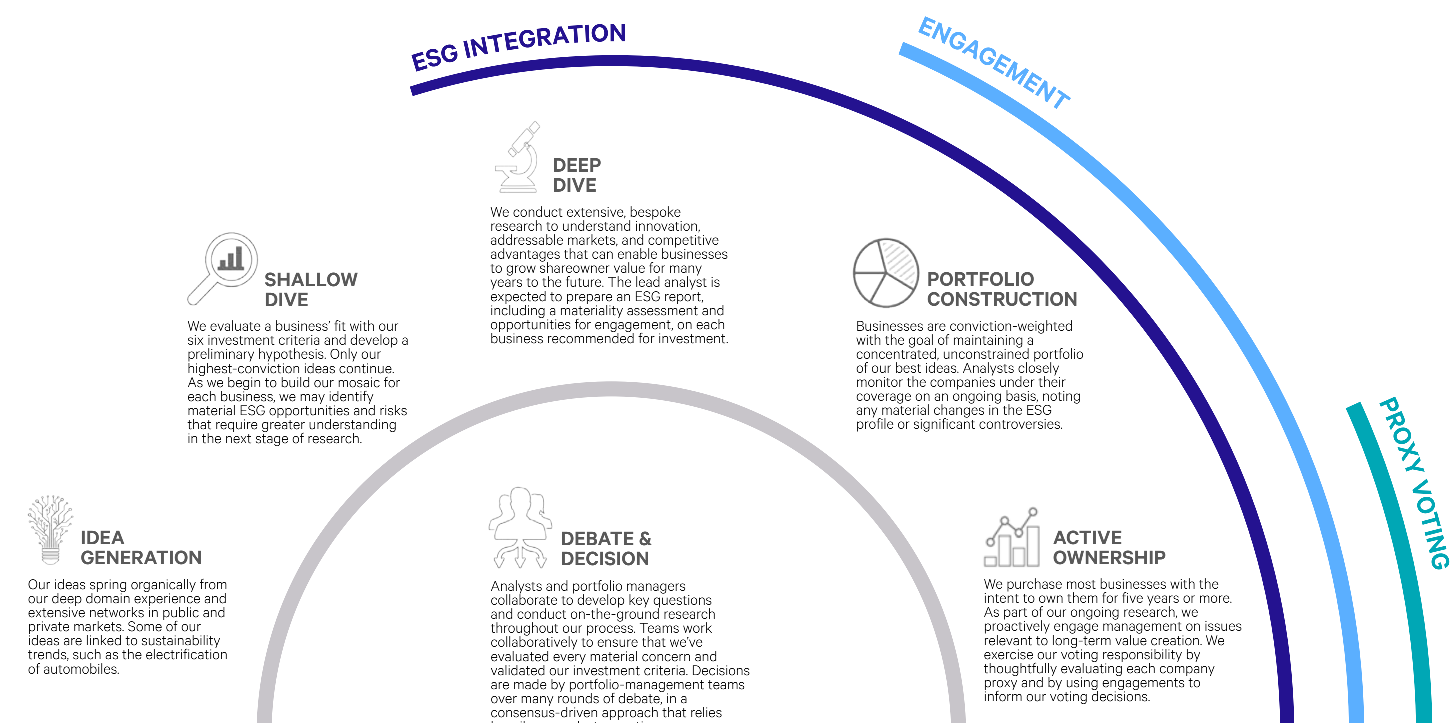
As active, long-term growth investors, we focus primarily on the sustainability of growth over time. Therefore, it's only logical that we consider ESG business practices both as matters of risk that could impair growth and opportunities that could enhance growth. We believe this balanced perspective enables us to make investment decisions that both align with our investment beliefs and provide greater value to our clients and other stakeholders.

To gain a thorough and comprehensive understanding of a company's risks and opportunities, we believe it is essential to integrate our analysis of ESG practices directly into the fundamental research process rather than conduct the analysis in a separate, parallel process. Leveraging their deep domain knowledge, our research analysts are best able to put into context the ESG risks and opportunities that are materially relevant to our portfolio companies. We find this context-setting especially important when looking at innovative growth companies which, in their early stages, may present different investment considerations compared to mature businesses.

At Sands Capital, we approach ESG analysis with three primary objectives. We expect ESG analysis to:

- **Enhance our investment cases,** enabling us to build conviction in businesses and add value for our clients.
- **Inform our clients,** enabling them to understand how ESG factors fit into the broader context of our capital allocation decisions.
- **Inform our portfolio businesses,** enabling management teams to benefit from our long-term shareowner perspective through active engagement.

THE INTEGRATION OF ESG IN OUR RESEARCH



Incorporating Material ESG Issues Into Investment Analysis

The potential of material ESG factors to affect the sustainability of a company's value-creating capacity is considered during the investment decision-making process. Sands Capital uses a systematic, teamwide approach to analyze ESG issues in investments. Our approach stands in stark contrast to the more formulaic system of box-checking used in much of the industry. That approach is often backward-looking and does not factor in the nuances associated with individual company circumstances.. While we use third-party research to flag areas of concern, we believe third-party research often lacks context and is constructed to measure a set of standardized attributes. We think our analysts are best able to judge how we should evaluate our portfolio businesses in the present and as they evolve during what is often our long-term partnership. We believe it is far more important to understand the intentions behind practices and actions. And, these intentions can only be measured by fundamental research and actual engagement, not simply metrics.

We believe that ESG factors are implicit in many of the investment criteria we use to select businesses. Our research analysts prepare proprietary ESG reports on the relevant factors affecting the businesses they cover. Based on the materiality assessment, they identify opportunity and risk topics that will be addressed during our engagements with management teams. Research analysts are expected to update these reports regularly or in response to a significant controversy or ESG-related impairment to the business.

In 2021, we launched multiple projects to better integrate various data streams and sources into centralized stewardship dashboards, and in 2022, we continued to develop these sources. Our engagement dashboards, proxy dashboards, and ESG dashboards support our analysts and portfolio management teams and enable better client reporting.

The Six Investment Criteria

We use a fundamental, bottom-up, business-focused research process that relies on our six investment criteria to identify businesses for investment:

1 Sustainable above-average earnings growth

2 Leadership position in a promising business space

3 Significant competitive advantages/unique business franchise

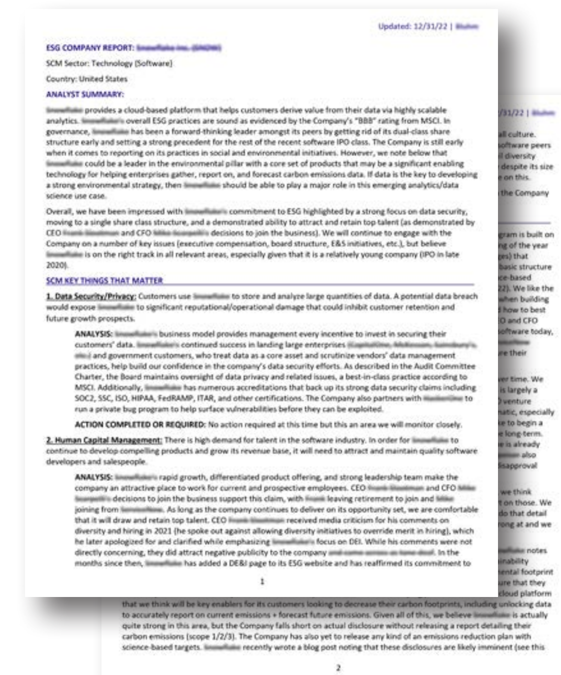
4 Clear mission and value-added focus

5 Financial strength

6 Rational valuation relative to the market and business prospects

Research Implementation

ESG research responsibility is horizontally integrated across our analyst team. Each analyst prepares a formal ESG report on the relevant factors affecting businesses under their coverage and updates it regularly. Analysts may leverage the expertise of our internal ESG consulting group in this process.[6]



Updated: 12/31/22 | [redacted]

ESG COMPANY REPORT: [redacted]

SCM Sector: Technology (Software)

Country: United States

ANALYST SUMMARY:

[redacted] provides a cloud-based platform that helps customers derive value from their data via highly scalable analytics. [redacted] overall ESG practices are sound as evidenced by the Company's "BBB" rating from MSCI. In governance, [redacted] has been a forward-thinking leader amongst its peers by getting rid of its dual-class share structure early and setting a strong precedent for the rest of the recent software IPO class. The Company is still early when it comes to reporting on its practices in social and environmental initiatives. However, we note below that [redacted] could be a leader in the environmental pillar with a core set of products that may be a significant enabling technology for helping enterprises gather, report on, and forecast carbon emissions data. If data is the key to developing a strong environmental strategy, then [redacted] should be able to play a major role in this emerging analytics/data science use case.

Overall, we have been impressed with [redacted] commitment to ESG highlighted by a strong focus on data security, moving to a single share class structure, and a demonstrated ability to attract and retain top talent (as demonstrated by CEO [redacted] and CFO [redacted] decisions to join the business). We will continue to engage with the Company on a number of key issues (executive compensation, board structure, E&S initiatives, etc.), but believe [redacted] is on the right track in all relevant areas, especially given that it is a relatively young company (IPO in late 2020).

SCM KEY THINGS THAT MATTER

1. Data Security/Privacy: Customers use [redacted] to store and analyze large quantities of data. A potential data breach would expose [redacted] to significant reputational/operational damage that could inhibit customer retention and future growth prospects.

ANALYSIS: [redacted] business model provides management every incentive to invest in securing their customers' data. [redacted] continued success in landing large enterprises [redacted] and government customers, who treat data as a core asset and scrutinize vendors' data management practices, help build our confidence in the company's data security efforts. As described in the Audit Committee Charter, the Board maintains oversight of data privacy and related issues, a best-in-class practice according to MSCI. Additionally, [redacted] has numerous accreditations that back up its strong data security claims including SOC2, SSC, ISO, HIPAA, FedRAMP, ITAR, and other certifications. The Company also partners with [redacted] to run a private bug program to help surface vulnerabilities before they can be exploited.

ACTION COMPLETED OR REQUIRED: No action required at this time but this an area we will monitor closely.

2. Human Capital Management: There is high demand for talent in the software industry. In order for [redacted] to continue to develop compelling products and grow its revenue base, it will need to attract and maintain quality software developers and salespeople.

ANALYSIS: [redacted] rapid growth, differentiated product offering, and strong leadership team make the company an attractive place to work for current and prospective employees. CEO [redacted] and CFO [redacted] decisions to join the business support this claim, with [redacted] leaving retirement to join and [redacted] joining from [redacted]. As long as the company continues to deliver on its opportunity set, we are comfortable that it will draw and retain top talent. CEO [redacted] received media criticism for his comments on diversity and hiring in 2021 (he spoke out against allowing diversity initiatives to override merit in hiring), which he later apologized for and clarified while emphasizing [redacted] focus on DEI. While his comments were not directly concerning, they did attract negative publicity to the company [redacted]. In the months since then, [redacted] has added a DE&I page to its ESG website and has reaffirmed its commitment to

1

that we think will be key enablers for its customers looking to decrease their carbon footprints, including unlocking d
to accurately report on current emissions + forecast future emissions. Given all of this, we believe [redacted] is actua
quite strong in this area, but the Company falls short on actual disclosure without releasing a report detailing their
carbon emissions (scope 1/2/3). The Company has also yet to release any kind of an emissions reduction plan with
science-based targets. [redacted] recently wrote a blog post noting that these disclosures are likely imminent (see thi

2

6. The company depicted in this report example represents one holding in one or more portfolios and was selected to solely provide an example of the type of research illustrated on this page.

7. The views expressed are the opinion of Sands Capital and are not intended as a forecast, a guarantee of future results, investment recommendations, or an offer to buy or sell any securities. The views expressed were current as of the date indicated and are subject to change. You should not assume that any investment is or will be profitable. Past performance is not indicative of future results.

Our Proprietary Analyst ESG Reports for Portfolio Businesses Address:

Analyst Summary

Company and Board Data

Key Things That Matter to Us

Engagement Opportunities

MSCI Key Risk Responses

Proxy Voting History

Case Study:[7]

In the case of a fast-growing business that provides a cloud-based platform that helps customers derive value from their data through highly scalable analytics, our assessment includes:

Key Things That Matter to Us

- Data security and privacy.
- Human capital management.

Engagement Opportunities

- Executive compensation structure and disclosures.
- Board structure and composition.
- Human capital development disclosures.
- Environmental initiatives disclosures and reporting.

5 Active Ownership

Through engagement and the development of direct relationships with management and directors, we seek to help our businesses navigate challenges and opportunities and ensure they remain on the right side of changes affecting their industries.

Engagement

Engaging With Our Portfolio for Effective Risk Management and Value Creation

Engagement is an integral component of our stewardship program. Our investment strategies are designed to concentrate investments in exceptional growth businesses. This means we are frequently among companies' largest shareholders across all our investment strategies. As of December 31, 2022, we were a top-20 shareholder in 63 public companies. This level of ownership affords us access to management teams and directors, which enables us to engage constructively on ESG and other issues that can affect a company's long-term strategy and stakeholder stewardship.[8] Given our long-term orientation, we are typically aligned with companies on fostering strategic opportunities. Because our portfolio businesses recognize our long-term investment orientation and focus on value creation, they tend to welcome our engagement.

We primarily engage with the management teams and board members of portfolio companies through one-on-one meetings. When merited, we proactively express our views regarding business strategy, governance, financial reporting, executive compensation, ESG, and other considerations that are relevant to our investment case. If management is unable or unwilling to address our concerns, it could reduce our conviction in the company's fit with our investment criteria. In such cases, we reserve the option to reduce our position or sell our shares.

Methods and Prioritization of Engagement

We approach active ownership of our portfolio businesses with a partnership mindset. We strive to support our businesses and develop constructive, trusted relationships with their management teams. Business knowledge and context are critical to earning trust, in our experience. An advantage of our concentrated, high-conviction approach is that our investment professionals focus on a select handful of businesses, enabling them to get to know each one intimately and build context around its unique ESG circumstances.

We conduct each company engagement with a clear purpose. The lead research analyst has primary responsibility for setting the agenda and will commonly involve relevant portfolio managers and internal ESG specialists. The discussion topics are typically identified and prioritized based on our materiality assessment tied to the investment case or our thematic focus areas. We do not apply an engagement template across our portfolio businesses.

8. Sands Capital regularly engages with the management teams and, if appropriate, board members of portfolio businesses to better understand each business's long-term strategic vision and management of risks and opportunities, including those pertaining to ESG matters. More information is available in the Sands Capital Engagement Policy at https://sandscapital.com/media/Sands-Capital-Engagement-Policy-Statement.pdf.

We Engage With a Company With One or More of the Following Objectives:

1 Inform our investment cases, enabling us to help build conviction in great businesses and add value for our clients

2 Exchange perspectives on matters that are relevant to the interests of long-term shareholders

3 Advocate for corporate change when we believe it is in the best interest of our clients

4 Discuss ballot proposals and inform our voting decisions

Tailored Engagement Approach to Reflect Market Conditions

We adjust our approach as appropriate for each individual company's circumstances. In our experience, ESG factors vary in importance and are highly dependent on local factors, such as region, country, industry, and company. Therefore, we endeavor to understand the context of each portfolio business when determining the issues that matter to our long-term investment case.

For example, in a knowledge economy, attracting and retaining talent and having a diverse workforce may be critical determinants of the long-term success of a business offering software-as-a-service solutions. In such a business case, we might identify human capital management as a priority issue, define specific objectives, and design a pathway to address these objectives with the management team.

Our primary strategies are organized across different geographies facing diverse risks and opportunities. Engagement in the Select Growth strategy, which focuses primarily on U.S. domiciled growth businesses, may look different than engagement in the Emerging Markets Growth strategy, due to the disparate environments in which these businesses operate.

In our experience, in certain countries management teams may be less inclined to engage with investment managers. We seek to recognize and regional cultural norms, adjust our approach accordingly, and factor these norms into our thinking about influencing progress over time.

Illustrative examples of these engagements are presented as case studies at the end of this section.

Tracking Engagement Progress

The investment team uses its own internal system to record engagements, monitor progress, and inform future engagements. Our system allows members of the investment team to record and track the qualitative details of individual engagements. This includes the topic of engagement, any requested change, the corporate response, dates for follow-up, and outcomes. We have developed an engagement dashboard that not only allows easy tracking and display of metrics for our investment team but also can be used by our client and broader teams for overall engagement tracking and reporting.

Engagement Statistics[9]

365
engagements conducted

106
companies engaged

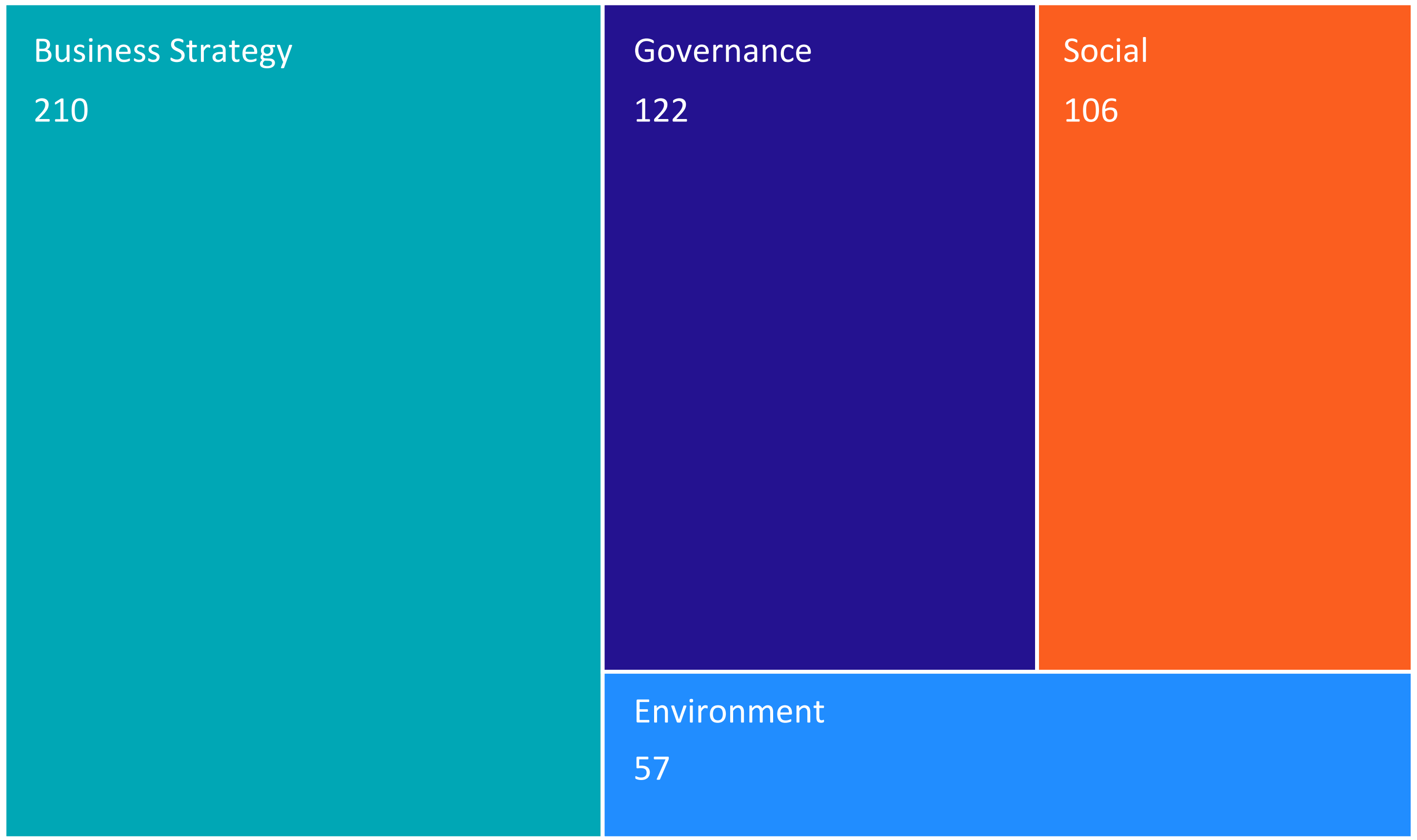
21
countries covered in engagements

154
ESG-related engagements conducted

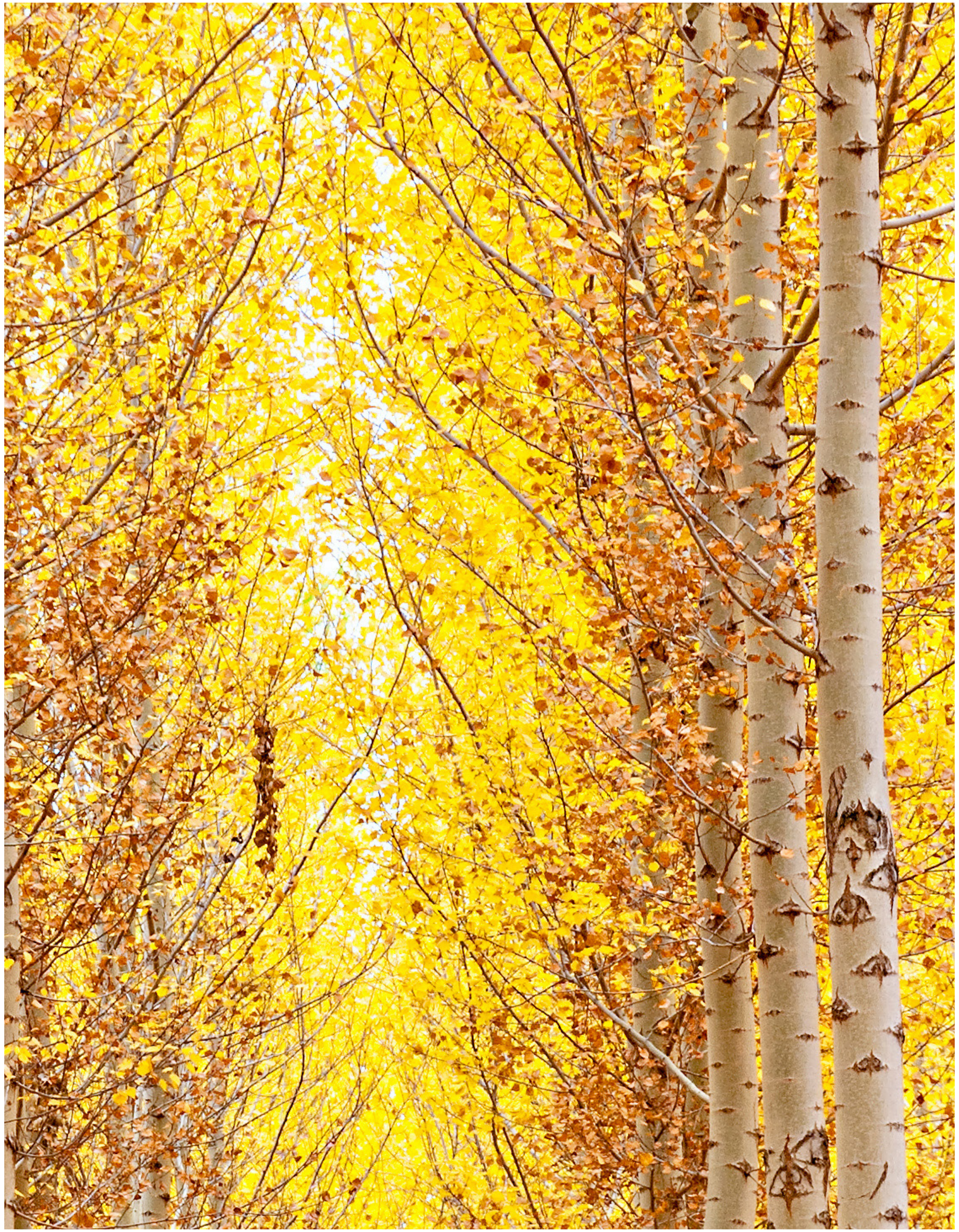
9. Information contained in this document has been compiled from multiple internal sources. The information is current as of the date of this document or an earlier specified date, or as the context may require. It may be subject to updating, completion, revision, and amendment. There will be no obligation to update any of the information or correct any inaccuracies contained in this document. These figures, and those represented in the two exhibits in this section, include engagements made in our Select Growth, Global Growth, Emerging Markets Growth, International Growth, Global Leaders, Global Shariah, Technology Innovators, Global Focus and Focus strategies.

During engagements with our businesses, we endeavor to integrate discussion of ESG issues into the conversation when relevant. In 2022, we engaged with 106 companies domiciled in 21 countries. In the following exhibits, we detail the range of topics covered in our discussions.

ENGAGEMENTS BY CATEGORY



Category	Topic	Engagements in Period	Percentage of Engagements	Percentage of Topics	Number of Businesses	Percentage of Businesses
Business Strategy	Business Strategy	210	57.5%	57.3%	75	58.1%
Social	Human capital management	64	17.5%	5.5%	33	25.6%
Governance	Board structure or composition	47	12.9%	3.7%	37	28.7%
Governance	Capital structure	45	12.3%	4.5%	18	14.0%
Environment	Environmental policy and strategy	42	11.5%	2.4%	31	24.0%
Governance	Executive compensation	41	11.2%	3.2%	35	27.1%
Governance	ESG strategy and oversight	35	9.6%	1.6%	27	20.9%
Environment	GHG emissions or climate change strategy	33	9.0%	1.6%	28	21.7%
Governance	Increasing in transparency and disclosure	29	8.0%	2.6%	23	17.8%
Social	Regulation	27	7.4%	1.8%	13	10.1%
Social	Diversity and inclusion	26	7.1%	1.6%	20	15.5%
Governance	Management accountability	25	6.9%	1.2%	16	12.4%
Governance	Other governance	23	6.3%	1.2%	17	13.2%
Environment	Energy use and efficiency	22	6.0%	1.0%	20	15.5%
Governance	Regulation	22	6.0%	1.8%	14	10.9%
Social	Human rights	19	5.2%	1.8%	14	10.9%
Governance	Shareholder protection and rights	18	5.0%	1.0%	13	10.1%
Environment	Materials use and sourcing	17	4.7%	0.7%	14	10.9%
Social	Other social	17	4.7%	0.9%	15	11.6%
Social	Product safety and impact	16	4.4%	0.7%	13	10.1%
Social	Health and safety	13	3.6%	0.6%	13	10.1%
Environment	Other environmental	13	3.6%	0.4%	9	7.0%
Environment	Water use and efficiency	13	3.6%	0.6%	11	8.5%
Environment	Pollution and waste management	12	3.3%	0.4%	11	8.5%
Social	Labor rights	10	2.7%	0.6%	8	6.2%
Environment	Regulation	7	1.9%	0.2%	7	5.4%
Social	Data security and privacy	5	1.4%	0.7%	5	3.9%
Governance	Audit and accounting	3	0.8%	0.4%	3	2.3%
Governance	Related party transactions	3	0.8%	0.2%	2	1.6%
Total		**365**	**100.0%**	**100.0%**	**106**	**82.8%**



Engagement Case Studies

The engagement case studies in the following pages demonstrate our approach to building constructive relationships with management teams, through both exchanging information and perspectives and influencing positive change in their businesses.

WuXi Biologics
Global Solution Provider

Business
Wuxi Biologics (Wuxi) is China's largest contract service provider for protein-based biologic drugs, based on market share.

Key Issue
Board structure or composition; environmental policy and strategy; greenhouse gas emissions or climate change strategy.

Strategy
Emerging Markets Growth

Background

As China's scale leader and a disruptor among biologic drug contract service providers, Wuxi Biologics is leveraging its advantages in technology and human capital to enable and accelerate innovation in the global biopharmaceutical industry. Adhering to its core values of "Integrity and Dedication," "Working Together and Sharing Success," and "Doing the Right Thing and Doing it Right," Wuxi has continued its follow-the-molecule strategy while sticking to the principles of putting the customer first and protecting intellectual property to the highest standard. MSCI rated Wuxi an A for its overall ESG program, which is a relatively high rating among China-based companies.[10] We engaged with Wuxi before its annual proxy vote. Ahead of this engagement, we noted some concerns regarding board independence, staggered board, and gender diversity that could result in potential accountability challenges—either perceived or real. We were pleased with the opportunity to discuss these topics with the board secretary, three ESG committee members, and the head of ESG, who led the company's answers on the call.

Activity and Outcome

Board Independence

In general, we believe Wuxi is on par with its global peers in corporate governance practices. For instance, the company has adopted the "one share, one vote" policy, which aligns shareholder voting power with economic exposure. However, the company lacks a majority independent board, which we believe may hinder independent management oversight. We are comfortable with the Wuxi board's skill set, especially given its position in an emerging market where top-notch scientific talent is difficult to recruit. The board is composed of high-quality members who come from a mix of scientific and business backgrounds. Nevertheless, we would like to see Wuxi make progress toward a majority independent board as the company expands its global reach and holds itself to global governance standards.

We requested to engage specifically with the board to better understand how the board functions and whether there are intentions to bring on outside independent directors and/or female directors. In sharing these concerns with the company, we learned that a board nomination committee meeting this past March focused on introducing more independence to the board. The board currently consists of two executive directors (CEO and chief technology officer), four non-executive directors, and three independent directors. Wuxi recently instituted independent committee chairs for both its audit and remuneration committees to strengthen their independence. Additionally, all members of the audit committee are independent. We believe exhibiting best practices on board independence means that a significant majority of the board and all members of the audit, nominating/governance, and compensation committees should be fully independent members. Wuxi believes it has made gradual progress to meet international standards in this area, having strengthened the independence of these committees since the company was listed in 2017, but we will continue to monitor this and push for what we view as best practice in terms of board independence.

Board Diversity

The nominating committee also discussed new director candidates, and this conversation included a greater focus on reviewing more diverse candidates. Wuxi introduced its first female board member, Dr. Ning Zhao, in 2021, and has been vetting additional female candidates, which it noted was largely in response to concerns and suggestions raised by shareholders (including Sands Capital) and ESG rating agencies. This is an improvement from no female candidates the previous year and should also be viewed in the context of Wuxi's position in an emerging market, which typically has less female board representation than in a developed market. We commend this progress as we believe diversity along multiple dimensions, including diversity of thought, is critical to a high-functioning board. We believe candidates should be drawn from a rigorously diverse pool. We plan to continue to engage with Wuxi on considering additional female candidates as the company progresses toward international standards.

Climate Change

As part of a broader engagement, we engaged with various members of Wuxi's board on its climate strategy. The company achieved an 8 percent annual reduction in greenhouse gas (GHG) emission intensity in 2021 and has set a larger goal of achieving a 50 percent reduction in GHG emissions by 2030 and an 18 percent reduction in water consumption by 2025. The company is relying on the following six pillars of its roadmap to achieve this 2030 target: 1) green electricity, 2) energy efficiency, 3) Scope 1 and Scope 2 goals, 4) steam cleaning infrastructure, 5) new site infrastructure planning, and 6) manufacturing innovation. For its carbon emissions, Wuxi shared that it undertook its first third-party carbon accounting analysis in 2021 to better understand its Scope 1 and 2 emissions, as well as the major contributors to these emissions. However, it is still in the initial stages of better understanding its Scope 3 emissions. Importantly, Wuxi also noted its commitment to having an approved target with the Science Based Targets initiative by the end of 2023. We view reporting key performance metrics against science-based targets as a best practice for setting climate-related goals and benchmarking progress, and we look forward to following Wuxi's evolution on this front.

We believe this was our most meaningful ESG engagement with Wuxi to date, providing more insight into processes surrounding board composition and other wide-ranging ESG-related topics. While we believe Wuxi has historically been very transparent with its public ESG disclosures, and it often highlights ESG performance and metrics in its quarterly reports, we plan to conduct similar engagements in the future to keep track of the company's progress on its ESG goals.

10. To arrive at a final ESG rating, MSCI calculates the weighted average of the 35 "Key Issue" scores which are aggregated. Companies are ranked from best (AAA) to worst (CCC) among their respective universes. Key Issues are weighted according to the expected impact and time horizon of the risk or opportunity. As of 8/29/22, 83 companies were rated in the company's universe and 16 percent had a final rating of A.

Business
DoorDash is the leading food-delivery platform in the United States, based on market share.

Key Issues
Executive compensation; carbon emissions and strategy; ESG strategy and oversight.

Strategy
Global Growth, Select Growth, Technology Innovators, and Global Shariah

Background

DoorDash is a relatively new public company, having held its initial public offering in December 2020. The founder-led business is in the process of formalizing its ESG practices. Our most recent engagement sought to discuss with management how DoorDash could incorporate best practices into its operations and why ESG measurement and ratings matter for investors.

Activity and Outcome

Executive Compensation

We see appropriate CEO compensation as a core principle of good corporate governance. We believe that compensation plans should match the time horizon of the objectives that they are tied to and should be aligned with minority shareholder interests. In our view, best practices include long-term vesting schedules and awards based on a combination of appropriate and credible key performance indicators (KPIs) and relative shareholder returns. DoorDash's CEO's compensation package is tied to the latter—share price returns—so we recommended revising the package to include at least one KPI tied to business results. The board had previously considered this but concluded that fundamental performance was an implicit part of the compensation structure, given that shares had to sustain a given price level for 180 days. We recommended that DoorDash include KPIs such as gross order volume and/or revenue growth, which we believe are appropriate, given DoorDash's growth profile. Longer-term metrics tied to EBIT or EBITDA (earnings before interest, taxes, depreciation, and amortization) could be more appropriate.

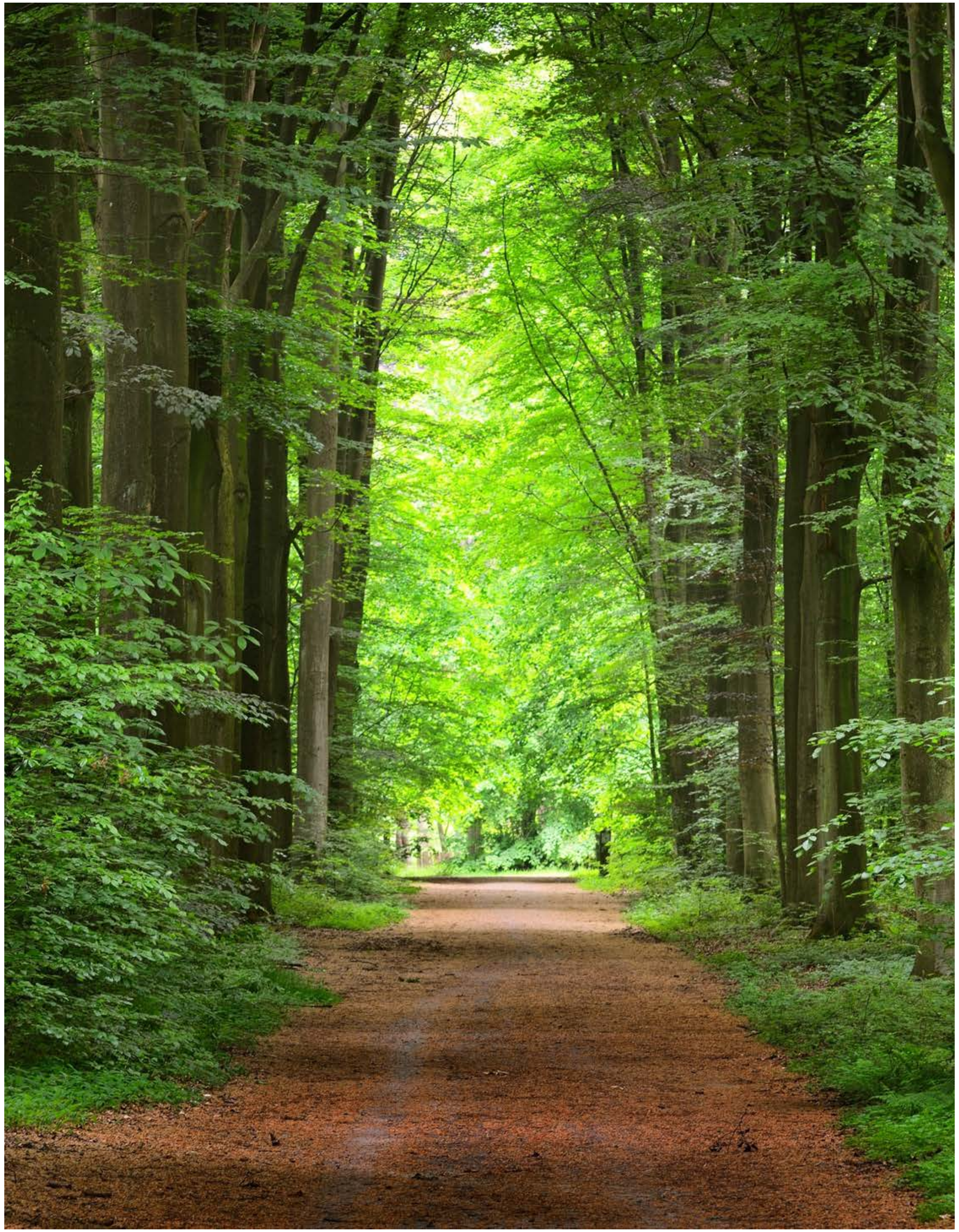
DOORDASH

Carbon Emissions and Strategy

While DoorDash is not a large carbon emitter relative to food producers, we also discussed its carbon emissions more generally. We encouraged the company to give interested consumers the option to select more green options, such as selecting delivery via electric vehicle, or paying a small amount extra for sustainable packaging. These are a few tangible ways that DoorDash could reduce emissions along the production chain. In our view, limiting direct emissions is not enough; businesses also should consider environmental risks arising from externalities. Failure to do so can risk consumer perception or, in more severe cases, financial and/or reputational damage. DoorDash does not currently have emissions reduction targets, but it has partnered with a carbon accounting platform to measure its full carbon footprint, and it plans to include emissions data in its forthcoming ESG report.

ESG Strategy and Oversight

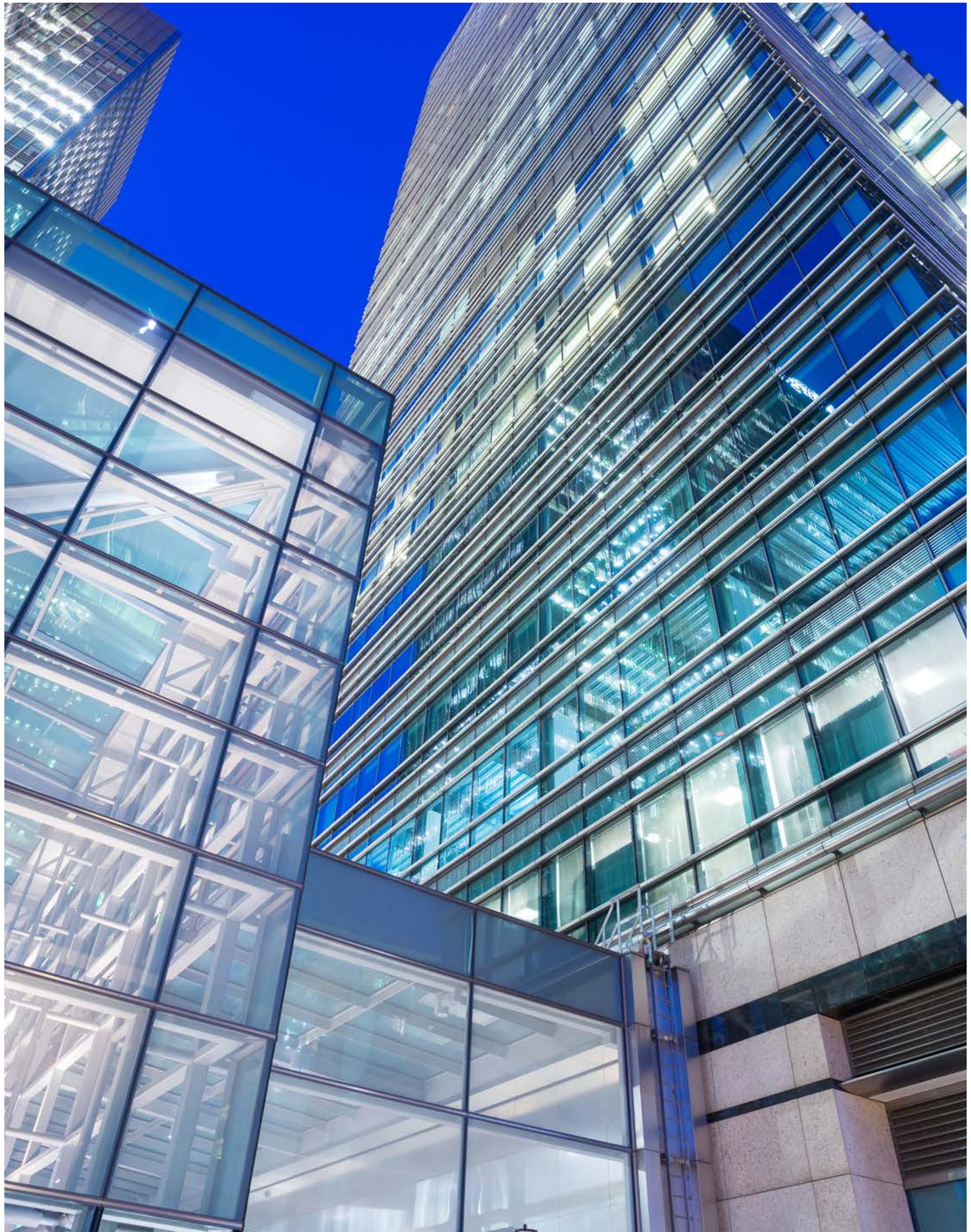
Finally, we discussed the increasing importance of ESG ratings for global investors. Companies with lower ESG ratings are becoming harder for investment managers to own, given rising client scrutiny and concern. We also impressed upon management the importance of transparency to the rating agencies, as lack of disclosure is a common way that companies may get penalized in their ratings. Looking ahead, DoorDash is working on its first ESG and diversity and inclusion reports in an effort to formalize its sustainability efforts. We also offered to introduce management to the head of sustainability at another consumer-facing business we invest in, so they can discuss some of the enhancements they have made to their business practices. Finally, we will look to engage DoorDash further on governance, particularly on the classified board structure and concentration of voting rights among the co-founders. We viewed our engagement as a positive early step with a newly public business. We will continue to share guidance and best practices as the business develops.



Escalation

In the event a company is unwilling to engage in discussions, we may escalate the issues through any one of the following channels:

- Letter writing to the board of directors.
- Voting on the issue.
- Voting against the relevant board members.
- Potentially selling the business if we feel it has impaired its fit with our investment criteria.



Escalation Case Study

amazon

Business
Amazon is one of the largest internet-based retailers and cloud infrastructure providers globally.

Key Issues
Board structure or composition; executive compensation; management accountability; increasing transparency and disclosure; ESG strategy and oversight.

Strategy
Select Growth, Global Growth, Technology Innovators, and Global Shariah

11. https://comptroller.nyc.gov/deliver-accountability/. Reference: https://comptroller.nyc.gov/newsroom/new-york-city-and-state-pension-funds-launch-vote-no-campaign-against-against-the-reelection-of-two-amazon-board-directors-responsible-for-oversight-of-human-capital-management/; https://comptroller.nyc.gov/deliver-accountability/; https://www.sec.gov/Archives/edgar/data/0001018724/000121465922005572/e420220px14a6g.htm

Background

In a letter to shareholders filed with the SEC, all five New York City Retirement Systems launched a "Vote No" campaign advocating for voting against two of Amazon's three independent directors responsible for human capital management. The letter cited Amazon's high injury rate relative to peers, unsustainable turnover, and labor rights violations as evidence of the Leadership Development and Compensation Committees' misplaced priorities.

Amazon's three-member Leadership Development and Compensation Committee is an independent committee that oversees executive compensation and human capital management. The committee comprises of three members: Judith McGrath (since 2014 and committee chair), Daniel Huttenlocher (since 2016), and Edith Cooper (since 2021). The five retirement systems urged shareholders to vote against the reelection of Daniel Huttenlocher and Judith McGrath—the committee's two longest-serving members.

Labor management is one of the most material ESG issues at Amazon, in our view. Amazon's workforce of 1.6 million makes it the second-largest employer in the United States. If it becomes harder for Amazon to hire, or if Amazon unionization gains steam, we believe these may become permanent headwinds to Amazon's reputation, cost structure, and potentially its ability to execute within ecommerce.

Recent indications suggest Amazon is prioritizing improving its human capital management practices. Amazon's head of ESG was available to our team to discuss the "Vote No" letter and our concerns and has held 70 external meetings over the past two months. Additionally, Amazon's former CEO, Jeff Bezos, stated a desire for Amazon to be "Earth's safest place to work," and current CEO, Andy Jassy, discussed injury rates in detail in his first shareholder letter. Amazon has invested $300 million in safety projects and technology that reduce accidents, now employs over 8,000 employees dedicated to safety, and released its first safety report card.

amazon

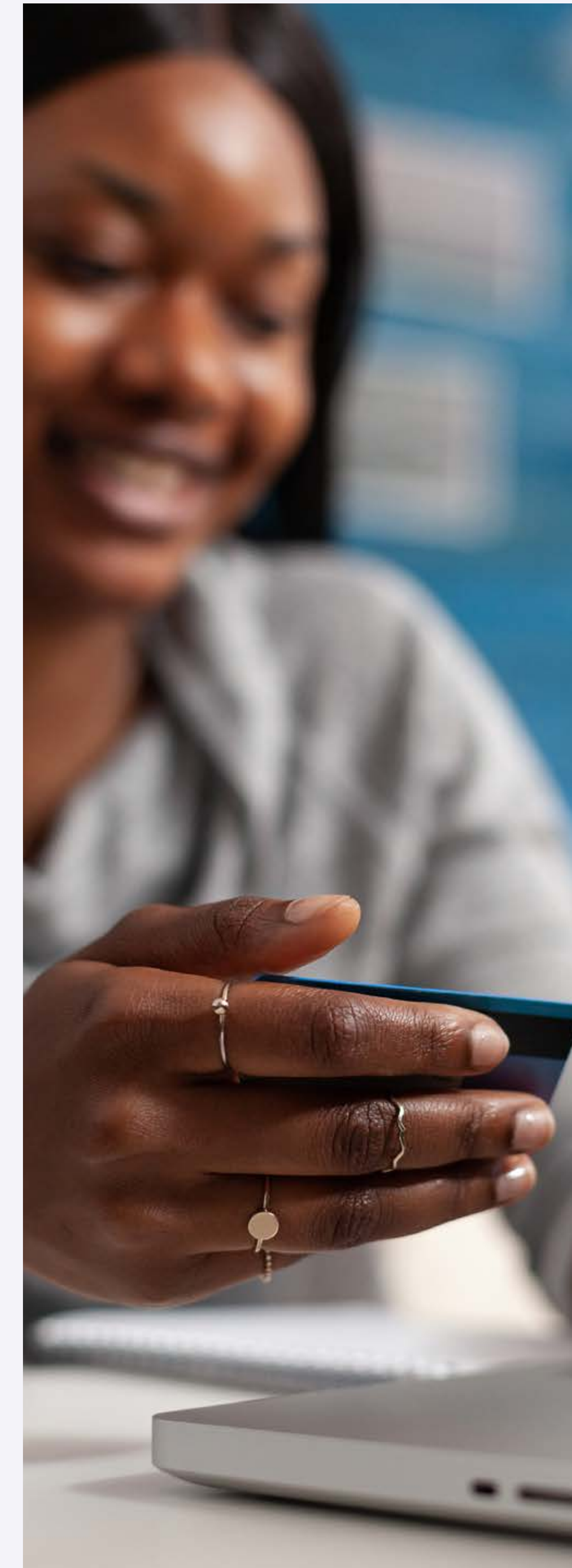
Compensation and benefits are inseparable from the discussion on human capital management, and Amazon is a clear leader in this regard. In the United States, Amazon has an average starting wage of over $18 per hour, in contrast to Walmart's $14.61 average hourly wage. In addition, Amazon offers full medical/dental/vision coverage, 401(k) plans with matching, and 20 weeks of maternity leave, and it fully funds college tuition and materials.

Activity and Outcome

We share the concerns expressed in the "Vote No" letter while recognizing the complexity of assessing workplace safety and labor rights issues. In extensively considering our vote, we sought to balance two things: first, material complaints outlined in the shareholder letter; and second, Amazon's growing commitment to addressing the issues under scrutiny and attractive compensation and benefits offerings. Additionally, we took steps to benchmark the business' incident rates, which we determined to be slightly higher than warehouse peers and modestly lower compared to courier and delivery peers.

Ultimately, we voted with management on all board proposals to maintain the existing committee structure, but we emphasize that a binary vote should not be mistaken for a clean report card. To signal that we want continued progress on these issues, we supported two shareholder proposals that further increase transparency. This is our first time supporting Amazon shareholder proposals and voting against the management recommendation.

We will pursue more frequent engagements with Amazon on ESG and the importance of labor management oversight. Depending on further progress, we may discuss board refreshment with management, but we have decided the fact pattern does not strongly support voting against these directors today.



Proxy Voting

We consider the proxy to be an asset of the client, which must be treated with the same care, diligence, and loyalty as any asset belonging to the client.

Leveraging Domain Expertise to Make Informed Voting Decisions

We are among the largest institutional shareowners of many of our portfolio companies. The management teams of many of these companies will often consult us on their proposals before their general meetings. We use these engagements, along with others that we initiate, to gain context and understand the intentionality of management's recommendations. When we disagree with a proposal, we may offer constructive suggestions that we believe are better aligned with long-term shareholder interests.

Voting decisions are typically directed by the lead research analyst and often informed by supporting members of our investment research team and internal ESG specialists. We believe our lead analysts are the most knowledgeable about the company and hence best suited to evaluate each proposal in the context of our long-term investment case. They carefully consider the short- and long-term implications of each proposal and seek to vote shares in the best interest of our clients and other long-term shareowners.

To form our voting decisions, we typically consider company proxy documents, our proprietary research on the business, recent discussions with management, and third-party analysis. We receive reports from several independent proxy advisors, including Institutional Shareholder Services (ISS), Glass Lewis (GL), and Stakeholder Empowerment Services (SES), that may help us summarize information from the companies' proxy documents. While we do consider proxy advisors' guidance, we do not delegate our voting or default to their recommendations in our voting decisions. Instead, we make decisions based on our research and according to our proxy voting policy.

We also develop internal reports to assist in prioritizing proxy topics. We begin each year by collating the significant and contentious proposals of the previous year using previous records and shareholder advocacy information. This report is shared with analysts covering their respective companies and with portfolio managers to review on a strategic level. These issues are cross-referenced with information from the Council of Institutional Investors (CII) to flag potential contentious proposals. This is aimed at informing analysts and portfolio managers of potential overlap with upcoming proxy votes, allowing us time to assess every situation. We are aware of our position as a top shareholder in many of our businesses, which could potentially make our votes pivotal on any matter.

We publish our voting policy on our website at sandscapital.com/stewardship. The policy is applied uniformly across all our investment strategies, vehicles, account types, and geographies. A proxy committee exists to oversee the proxy voting process and is responsible for maintaining our voting guidelines. It reviews and updates our voting policy annually.

As active, fundamental research-driven, business-focused investors, we strongly prefer to assume direct responsibility for voting on our clients' behalf. By aggregating such responsibility, we seek to be more effective at influencing positive outcomes for the companies owned across our client portfolios. We also retain the voting authority for all the pooled funds we manage. However, segregated account clients who maintain their own general or specific proxy voting and governance policies may choose to assume voting rights and have their proxies voted by an independent third party or another named fiduciary or agent. These accounts comprise around 18.5 percent of our client base. Such cases are increasingly uncommon, and 81.5 percent[12] of our clients follow our house voting policy.

We generally vote all shares electronically, except for rare instances where ballots have time constraints or there is a lack of custodian functionality with the ISS voting platform. In these cases, the paper ballot will need to be filled out by hand and faxed over to the custodian to be processed. In the past, we had one account that needed this treatment due to functionality issues with the custodian for international meetings. However, at the beginning of 2021, the custodian functionality was corrected, and we are now able to vote 100 percent of our ballots electronically. Under rare circumstances, we may attend the annual shareholders' meeting. The reasons for this could be as simple as being invited and relatively close to the venue where the meeting is being held or it being a contentious proxy contest where we hold a substantial percentage and want to attend to hear the board responses to other shareholders' dissent on the floor.

Share Blocking

We strive to vote every company ballot in every geography. While share blocking has become less common, there may be cases where share blocking occurs. In such cases, shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depositary. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the client's custodian banks. Absent compelling reasons to the contrary, we believe that the benefit to the client of exercising the vote is outweighed by the cost of voting (i.e., not being able to sell the shares during this period). Accordingly, if share blocking is required, we will typically elect not to vote for those shares. The Investment Team in conjunction with the proxy committee retains the final authority to determine whether to block the shares in the client's portfolio or to pass on voting the meeting.

Securities Lending

If a client participates in a securities lending program, we will not be able to vote the proxy of the shares out on loan. We generally do not seek to recall securities in order to vote the client shares on loan. However, under rare circumstances, for voting issues that may have a particularly significant impact on the investment, we may request a client to recall securities that are on loan if we determine that the benefit of voting outweighs the costs and lost revenue to the client and the administrative burden of retrieving the securities. The investment research team member who is responsible for voting the proxy will notify the proxy committee in the event they believe a recall of loaned securities is necessary.

81.5%

of our clients follow our house voting policy[12]

Voting Statistics

We voted on 99.7 percent of all eligible items during the reference period.[12] Out of all the proposals we voted on, we cast 95 percent in line with management recommendations and about 5 percent in opposition to management's recommendations. We voted in line with ISS recommendations 88 percent of the time and against ISS 12 percent of the time.

All our proxy voting activity for the trailing 12 months is updated and published monthly on our website at sandscapital.com/stewardship. Our voting decisions are reported for our aggregate universe of companies owned as well as for each of our flagship investment strategies. In addition, we publish a summary of proxy voting key indicators in our quarterly investment strategy reports, which are emailed directly to clients and their consultants and are available to other stakeholders via our public website or upon request.

12. Sands Capital may process certain proxies without voting them or may systematically vote with management. Examples include, without limitation, proxies issued by companies Sands Capital has decided to sell, proxies issued for securities that Sands Capital did not select for a client portfolio, such as securities that were selected by a previous adviser, unsupervised or non-managed securities held in a client's account (such as ETFs), money market securities, or other securities selected by clients or their representatives other than Sands Capital.

Votes Against Management

One of our investment criteria is clear mission and value-added focus, which includes our assessment of the overall quality of the management team. Because of our extensive research and diligence before investing in a business, we have a high degree of trust in the management of the companies we own. When voting proxies, we therefore place a lot of emphasis on management recommendations and tend to vote in line with the company. We prefer to use votes against management as a last resort or escalatory measure and will always seek to engage a company first.

Our votes against management during the reporting period most frequently pertained to proposals on electing directors, compensation, capitalization, and other business "blank check" items, as well as shareholder proposals. The table below provides a full category breakdown of our votes against management.

VOTES AGAINST MANAGEMENT BY TOPIC

Proposal Type	No. of Proposals	%
Compensation	25	19%
Capital issuance	22	16%
Director election	20	15%
Article amendments	15	11%
Shareholder	14	10%
Routine business	8	6%
Board related	7	5%
Director related	7	5%
Strategic transactions	6	4%
Statutory auditor	3	2%
Capital structure	2	1%
Committee election	2	1%
Related-party transactions	2	1%
Debt related	1	1%
Total	134	100%

Votes in Favor of Shareholder Proposals

Shareholder proposals that we voted in favor of include the following:

- Approve recapitalization plan for dual-class share structure.
- Reduce the supermajority vote requirement.
- Amend articles/bylaws/charter to call special meetings.
- Disclose political lobbying and contributions.
- Require an independent board chair.
- Report on online child sexual exploitation.
- Third-party report assessing human rights due diligence process.
- Third-party audit on working conditions.
- Appoint alternate internal statutory auditor(s) and approve auditor's/auditors' remuneration.
- Submit severance agreement (change-in-control) to shareholder vote.
- Report on managing risks related to data collection, privacy and security.

Votes Against the Board

We may vote against directors for a variety of reasons, which may include:

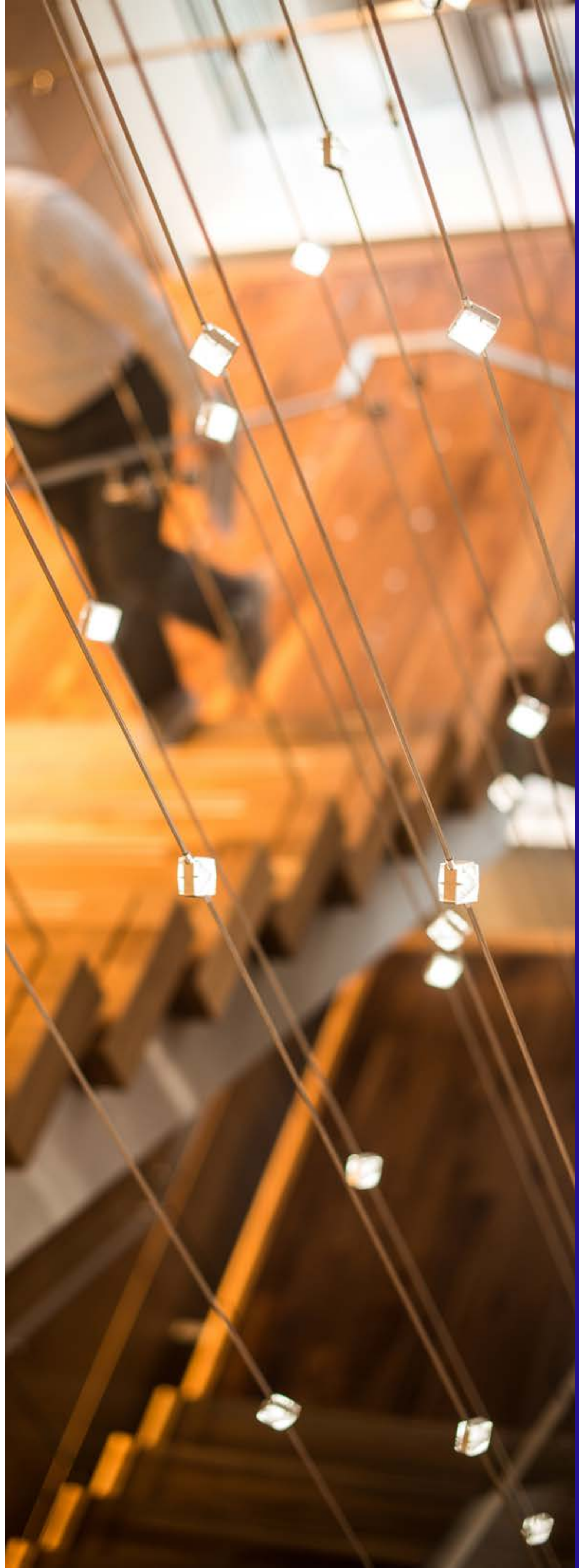
- Their qualifications are insufficient and not aligned with the industry or strategy of the firm.
- The board is not majority independent.
- Attendance issues.
- Over-boarding.
- The company lacks formal and/or independent audit, compensation, or nominating committees.
- The director is the chair of a committee, e.g., compensation, and we want to voice dissatisfaction with the committee's work.

We typically avoid voting against all nominees unless the circumstances are extreme, and we need to escalate an issue.

Dual-class Share Structures

We understand and acknowledge the value that dual-class structures may provide newly public companies as a means of protecting against short-termism and adversarial initiatives by acquirers or speculators. However, such structures also have the potential to introduce certain risks and can create misalignment if used inappropriately. These potential risks include a culture of entrenchment that diminishes the company's ability to adapt to changing market environments. For that reason, we believe there should be a thoughtful mechanism for the expiration of super-voting rights (so-called sunset provisions) at a specified point in the future or upon a triggering event (e.g., founder no longer involved in the day-to-day of the business or their economic stake falls below a certain threshold, etc.) that makes the most sense for the longevity of the business.

We also support proposals that seek recapitalization to one vote per share, and we are equally supportive of management where sunset provisions are in place. Over the past three years, we have voted 100 percent in favor of shareholder proposals with recapitalization plans seeking to eliminate dual-class voting structures at companies such as Alphabet, Block, and Meta Platform.



Proxy Voting Case Study

shopify

Business
Shopify is the leading global ecommerce platform enabling the next generation of retail.

Key Issues
Capital structure; executive compensation; management accountability; shareholder protection and rights; board structure or composition; increasing transparency and disclosure; ESG strategy and oversight; other governance.

Strategy
Select Growth, Global Growth, Global Leaders, Technology Innovators, International Growth, International Leaders, and Select Leaders

Background

Before casting our proxy vote at Shopify's 2022 annual meeting in early June, we engaged with the company about a founder-related corporate governance proposal. We ultimately voted against management's recommendation.

In April, Shopify announced a proposal that would alter the governance structure of the company by creating a new "founder" share class that would be granted to the company's founder, Tobias Lütke. We engaged with the company and its board to understand the motivations and impacts of this decision on the company, our investors, and other stakeholders.

One of our investment criteria is clear mission and value-added focus, which includes our assessment of the overall quality of the management team. It wanted to restrict the ability to transfer shares to family members or affiliates. The result was a proposal that 1) established ownership requirements for Lütke to maintain founder shares, with a liquidity-based sunset provision; 2) introduced service-based requirements for Lütke to maintain these founder shares; and 3) prevented Lütke from transferring these shares without retaining voting control.

Investigating the proposal further, two issues gave us pause. Namely, 1) the too-low liquidity-based sunset provision and 2) the definition of the service-based requirements in the proposal.

Importantly, in combination, these issues could potentially allow Lütke to sell nearly 70 percent of his shares without altering his voting rights, allowing him to hold 40 percent of the voting rights of the company while maintaining an economic stake in the company roughly equivalent to only 1.5 percent. Furthermore, based on the terms of the service agreement, Lütke could potentially remain on the board and hold effective control while no longer playing a significant role in Shopify's future growth. This creates an opportunity for Lütke to move on to another role as an entrepreneur or act in an executive capacity elsewhere while still maintaining a significant influence over Shopify. In our view, this created a potential for a widening of the gap between Lütke's economic and operational interests versus those of minority shareholders.

shopify

Activity and Outcome

We engaged with Shopify on this proposal to reflect our position and recommended that the company: 1) remove the liquidity-based sunset provision and 2) create more clearly defined conditions of Lütke's service-based requirements to maintain these new shares that ensure alignment of Lütke's interests with minority shareholders.

Shopify explained that it had done extensive research on dual-class share companies and concluded that several companies had sunset provisions in place with a combination of ownership, time-based, and dilution-based triggers. Additionally, the board emphasized that it wanted to promote long-term thinking without voting regularly on the issue because it believed that regular voting would hinder Lütke's ability to lead. Lastly, Shopify emphasized that as this proposal aimed to keep Lütke involved with the company for as long as possible, it had purposely kept the conditions of Lütke's service-based requirements vague. It highlighted that in his current role as chief executive, Lütke is more of a strategic thinker than merely an administrator.

We acknowledge the vital role founders play in the success of a business. We have great respect for what Lütke has built and believe that he should be fairly rewarded for his work. However, we think a fair reward should not equate to a reason to cede our governance rights in perpetuity, for all practical purposes. We believe that the company asked too much in exchange for little return to shareholders. Ultimately, we decided to vote against this proposal.

While the proposal passed in a 72 percent to 28 percent vote, digging deeper reveals that this was not a clear-cut issue. Excluding votes cast by Lütke and his affiliates, the proposal passed with 54 percent in favor and 43 percent against, signaling to us that many shareholders took issue with this proposal.

Shopify has an AA ESG rating from MSCI,[13] but still has room to make governance improvements, in our view. Looking ahead, we will continue to engage with Shopify on a range of issues, including board composition, potential shareholder dilution, and long-term compensation to ensure proper stewardship of our portfolio businesses and our clients' capital. Similarly, we will continue to carefully consider the short- and long-term implications of each proposal and seek to vote shares in the best interest of our clients.

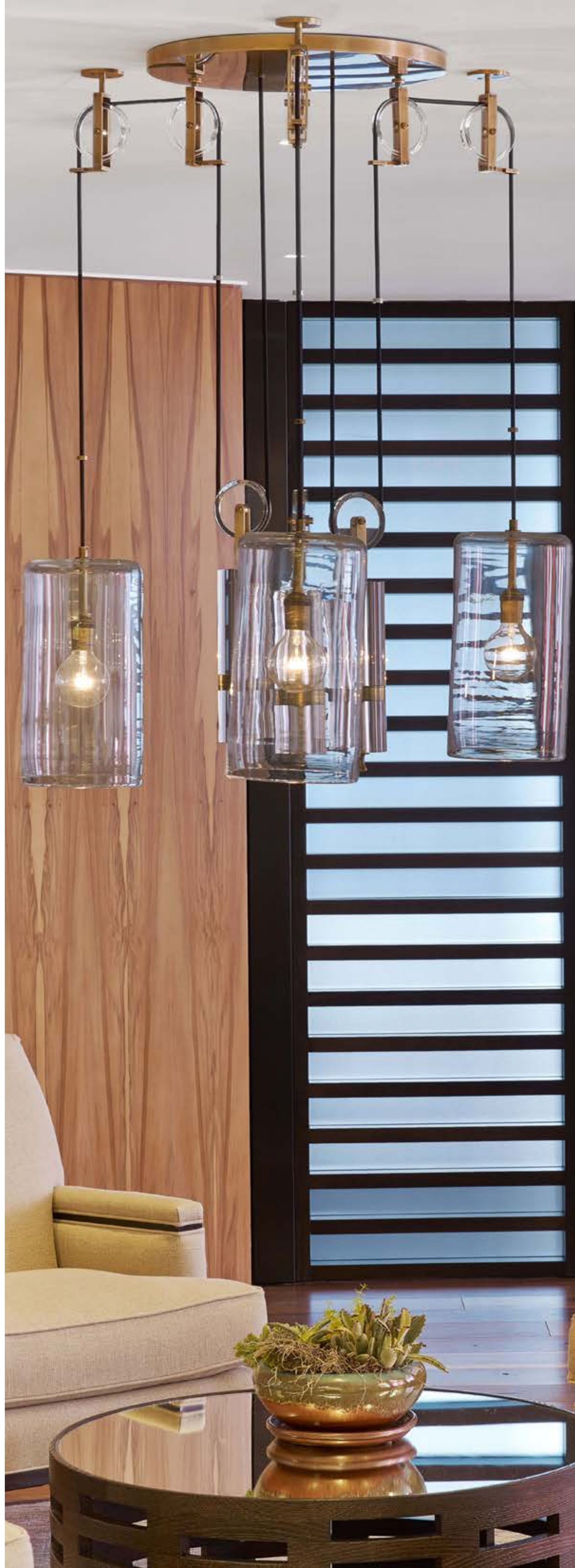
13. To arrive at a final ESG rating, MSCI calculates the weighted average of the 35 "Key Issue" scores which are aggregated. Companies are ranked from best (AAA) to worst (CCC) among their respective universes. Key Issues are weighted according to the expected impact and time horizon of the risk or opportunity.

Executive Compensation

A well-structured compensation plan should align the interests of management with those of the company and its shareholders. It should consider a company's unique strategy, competitive position, industry, geography, and stage of growth. We may vote against a company's compensation plan if it does not foster a long-term focus among its executive officers and if the compensation package seems excessive, opaque, or inconsistent with the stated trajectory of the business. We vote against management say-on-pay proposals due to several factors, including a lack of performance targets for new hires and promotions or an excessive amount of restricted stock units compared to peers, to name a few.

Say-on-pay proposals are less common in markets outside the United States. In these cases, we rely on engagement with companies to seek to ensure compensation structures are properly aligned with shareholder interests.

The figures and examples represented in the proxy section only include meetings of portfolio companies covered by our analysts.



Executive Compensation Case Study

NETFLIX

Business
Netflix is a leading media entertainment company that offers a streaming video service available in almost every country worldwide.

Key Issue
Executive compensation.

Strategy
Select Growth, Global Growth, and Technology Innovators

Background

Since its founding in 1997, Netflix has evolved from a DVD distributor to become the preeminent video streaming service in the world, as measured by the number of subscribers. The company has over 230 million paid members in over 190 countries, all of whom have access to Netflix's library of original and third-party content licensed from other distributors. Due largely to historical governance concerns, the company has a BB MSCI rating. However, following recent engagements with the company, we are encouraged by the changes it has made to executive compensation.

At Sands Capital, we believe that well-designed executive compensation plans should align the interests of management and shareholders. We voted against Netflix's proposal to ratify its named executive officers' compensation in 2022.

Historically we have voted in favor of Netflix's executive compensation plan. It provided personal freedom around structuring compensation and immediately vested options. We understood the plan to be a core component of Netflix's culture.

However, in 2022 we felt it was appropriate for Netflix to improve the structure of the compensation plan. Executive compensation had risen significantly and was not commensurate with the performance of the company in our view. Subscriber and revenue growth slowed, and management appeared to be lagging in its efforts to fix growth. Therefore, we advocated for Netflix to incorporate performance-based components within its executive compensation plan. The supermajority of shareholders agreed with our assessment as it voted against Netflix's proposal which failed to pass.

NETFLIX

Activity and Outcome

Following this decision, in December 2022 the company introduced a performance-based component to compensation for its co-CEOs and executive chairperson to better align management with shareholders' interests. The new plan incorporates a performance bonus driven by revenue and operating margin metrics. It also provides for a 50 percent minimum apportionment of their allocatable compensation to stock options with a one-year vesting period.

Our view is this revised plan aligns management's incentives with profitability metrics for the firm. We believe the new performance-based compensation plan will make the company's management more accountable for the consequences of its decisions and the effectiveness of the work it delivers.

We are encouraged by the outcome of this engagement. It signals a commitment by Netflix's board to both addressing the governance concerns of shareowners and engaging with long-term shareowners such as Sands Capital on such matters. We look forward to collaborating with the company on additional opportunities for progress.

6 Promoting Well-functioning Markets

As an active manager in innovative growth companies, we believe our long-term investment strategy and constructive partnership approach enable us to mitigate risks and promote well-functioning markets. We participate in thematic engagements and several industry initiatives to promote market stability and advance our stewardship objectives.

Supporting Market Stability Through a Long-term Approach

In our experience, attempting to time investment actions typically does not add value to our investment process. As business enterprise investors—as opposed to stock traders—we focus on understanding the strength and duration of the long-term growth drivers for each business. We are willing to accept short-term stock price volatility in exchange for the potential to generate significant wealth over the long term.

Over our long-term investment horizon, it is inevitable that we will face some macroeconomic challenges. We always aim to identify the businesses that have the financial strength not only to survive these periods but also to thrive and become stronger by expanding their addressable markets and taking market share from their competitors. Our goal is to add value by generating excess returns over rolling three-and five-year periods. To do so, we believe we must own companies with durable, above-average earnings growth. While price-to-earnings multiples can help or hurt in any given year or environment, over the long run, fundamentals tend to drive the bulk of our results.

To support the promotion of well-functioning financial markets, we also take part in various industry initiatives. Through our involvement and contribution to these collaborative initiatives, we aim to improve market resiliency over the long term.

Identifying and Addressing Marketwide Risks

Post-pandemic Inflation, Rising Interest Rates, Valuations, and Company Resilience

Concerns about recession, rising interest rates, and post-pandemic inflation have collided to spark one of the worst selloffs in high-growth equities in decades. The mix of rising rates and inflationary pressures has led to severe valuation compression for the highest-growth companies, particularly those that invested heavily in their expansion at the expense of near-term profitability.

The market selloff has been fast and severe, and we do not know if a recovery will be as forceful. We believe, however, that over our time horizon, business fundamentals will matter most for our results. We have been aggressively revisiting, challenging, and building fresh and renewed conviction in all our investment cases. In some cases, this reassessment has led us to replace certain portfolio holdings with new opportunities. In others, it has led us to add to existing businesses in which current prices have diverged from our assessment of long-term value.

Nothing that we have learned derails our belief that business model strength is paramount to generating excess returns. Businesses that can absorb margin compression, exert pricing power, invest in future growth, and do not rely on capital markets for funding tend to fare better in periods of uncertainty. Typically, these are businesses led by management with track records of resiliency and adaptability amid volatility and unforeseen changes. We believe that all these factors matter in a downturn and can enable a company not only to endure a difficult period but also to grow stronger through it. We believe select businesses that are creating or benefiting from technological advances that enable better, faster, and less expensive access to commerce, financial services, healthcare, and off-premises work remain attractive.

China Reform

Sands Capital has also been assessing geopolitical risks alongside the economic growth risks faced during and after the pandemic.

In China, we have observed increasing domestic regulatory-driven, volatility impacting a variety of different areas, including education, internet platforms, and the real estate industry. While we think domestic regulation is likely to stabilize going forward, we maintain an underweight position in China (relative to the MSCI Emerging Markets Index[14]) in our Emerging Markets Growth strategy for several reasons that are largely macroeconomic and geopolitical. In our Global Growth strategy, however, we have completely exited our China positions.

One of the biggest risks we have identified stems from increasing geopolitical-driven headwinds emanating primarily from the deterioration of the relationship between China and the United States, as well as other Western countries. Examples of how this is manifesting itself are the United States' decision to place new restrictions on China's access to advanced semiconductors and the equipment used to make them, as well as a burgeoning effort by the United States to decouple the U.S. biotechnology supply chain from China. Flare-ups over Taiwan would likely only exacerbate this issue. We view a steady increase in tensions between China and the United States as our base-case scenario over time.

Those two issues, coupled with an aging demographic, the "law of large numbers," and increasing levels of leverage, also mean that China's structural GDP growth will be materially slower over the next decade versus the prior decade. In the short term, however, we expect GDP growth to reaccelerate during China's reopening after the pandemic-induced lockdowns.

In sum, selectivity will be increasingly key to investing in China and, all else equal, the cost of capital for allocating capital to China is structurally higher, in our view. That said, because we believe there are still attractive opportunities, we have maintained a large exposure to the country in our Emerging Markets Growth strategy on an absolute basis despite being meaningfully underweight compared with the benchmark.

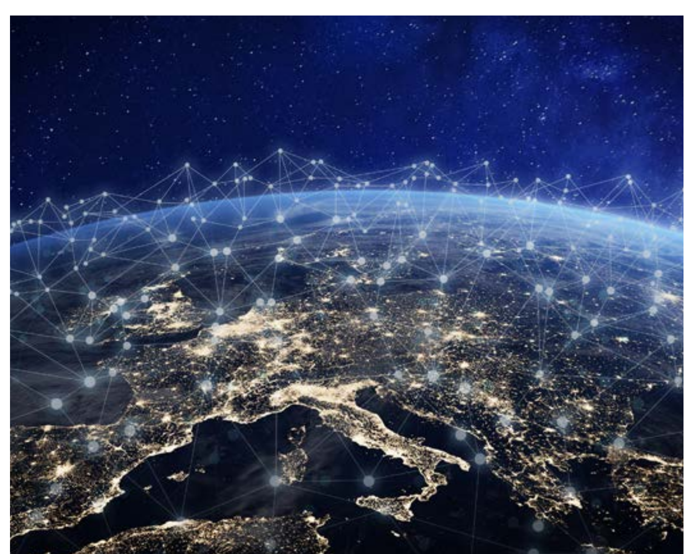
14. The MSCI Emerging Markets Index captures large and mid-cap representation across 24 emerging markets (EM) countries. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates

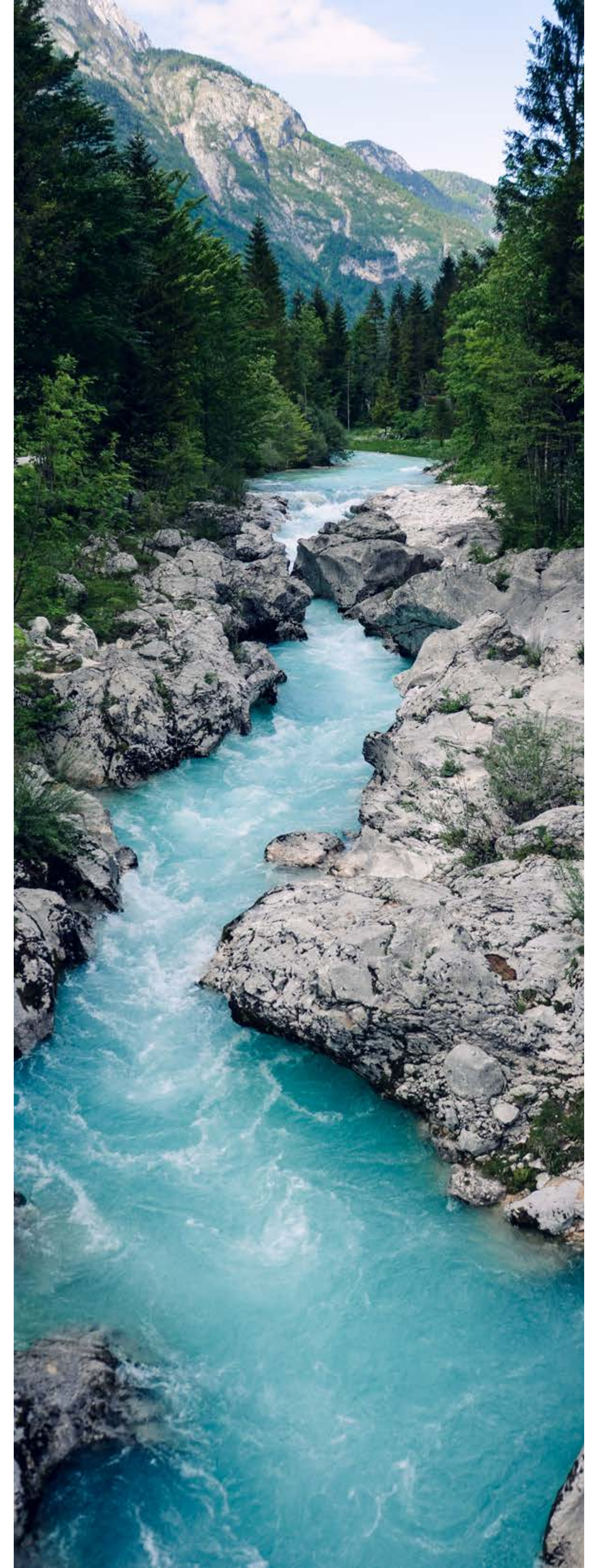
Russian Invasion of Ukraine

Russia's 2022 invasion of Ukraine sparked a flurry of Western sanctions and global condemnation of Vladimir Putin and his government. The United States and its allies moved quickly and dramatically to isolate Russia from the international financial system to force an end to this crisis, which is still ongoing.

We began critically assessing Russia's geopolitical stability as tensions escalated with Ukraine in 2021. We began reducing our positions in our Emerging Markets Growth strategy in January 2022, as the developing conflict challenged our thesis on Russia's macroeconomic stability and the ability of our portfolio businesses to add value over our investment time horizon of five years or more. As of February 25, 2022, we had completely sold the remaining shares of our Russian holdings in our Emerging Markets Growth strategy, bringing our direct exposure to Russia and Ukraine to zero and our indirect exposure to less than 1 percent.

We believe that the macroeconomic concerns outweigh the fundamental strengths of these businesses. In the meantime, we have reallocated resources to higher-conviction portfolio businesses in regions that are not subject to the geopolitical and macroeconomic pressures created by the Ukrainian crisis. We expect geopolitical and macroeconomic concerns to continue to drive stock price volatility as the crisis unfolds. To consider re-entering select Russian businesses, we would need a credible, long-term security agreement that satisfied the interests of the Ukrainian, leading Western, and Russian governments. We see that as highly unlikely in the near term, particularly under the current Russian regime. As a result, we don't believe Russia will be a viable investment destination for the foreseeable future.





Identifying and Addressing Systemic Risks

Climate Change

Climate change has the potential to destroy coastlines, eradicate plant and animal species, wreak havoc on public health, and lead to devastating heat waves. Although its effects will vary by region and industry, we believe that climate change presents direct and indirect risks to a substantial number of publicly traded businesses when the time horizon is extended long enough. These risks can be physical, taking the form of changing weather patterns and rising sea levels, or transitional, resulting from changes in regulations and advances in technology.

As stewards of long-term capital, we believe it is critical that businesses and investors factor climate change into their long-term strategies and be cognizant of climate-related risks and opportunities. During the reporting period, we increased our efforts to learn more about climate change, train our employees, and more explicitly incorporate climate change analyses into our investment process.

Events, Training, and Research

- Sands Capital attended several events around the annual **U.N. Climate Change Conference (COP27)** in Sharm El-Sheikh and engaged with peer practitioners in these events relevant to asset owners and managers.
- Our Director of Stewardship attended **Climate Week** in New York City in September.
- Members of Sands Capital's public and private investment teams attended the **Piper Sandler Energy Transition Leaders' Summit** in Aspen, Colorado, in August, and the **MIT Technology Review's ClimateTech Conference** in Boston, Massachusetts, in October 2022.
- We conducted **training sessions** and distributed **educational materials** to ensure our team stays updated on evolving trends related to climate change.
- We submitted a **comment letter to the SEC** on its proposed rule to enhance and standardize climate-related disclosures for investors.

Tools, Metrics, and Assessments

Portfolio Mapping

We mapped our four flagship strategies' climate targets against three categories: science-based target (SBT), non-SBT, and no target. Categorizing portfolio companies based on their emissions targets helps our analysts prioritize engagement with companies.

Climate Value-at-Risk (CVaR) Tool

The MSCI CVaR tool measures climate-related risks and opportunities based on the TCFD recommendations. The MSCI ESG Research assesses a company's Scopes 1, 2, and 3 emissions data as well as physical risks and opportunities and overlays it with climate policy outlooks and future emission reduction price estimates to create a financial impact model. The Stewardship Team leverages CVaR modeling to flag portfolio companies for engagement and better understand a sector's climate-related challenges as a whole.

Carbon Footprint Metrics Tool

This MSCI tool provides a score for companies based on their carbon emissions, carbon intensity, and weighted average carbon intensity. The Stewardship Team uses these carbon intensities to distinguish which companies to target for engagement and advocacy.

Qualitative Company-level Analysis

In 2021, we made our company-level climate analysis more explicit by incorporating a dedicated climate change section into our internal company ESG reports. The section is modeled on the TCFD framework and includes an analysis of both climate risks and opportunities, as well as company strategy and target setting. We continued this model for 2022, which can be seen in Exhibit A on page 70.

Engagement

Using both company-level qualitative analysis and quantitative portfolio-level data on carbon and targets, we identify each strategy's companies that are most exposed to climate risks and seek to engage with them. Through these engagements, we aim to understand management's intentions about how it will approach decarbonization, how reduction targets are set and measured, or why the business has yet to establish credible targets and what management can commit to.

Gauging the Potential Climate-related Financial Impacts on Our Portfolio

Exhibit A on page 70 showcases how our analysts have assigned portfolio companies within the flagship strategies a low, medium, or high assessment across a set of predefined categories of climate-related risks and opportunities. The categories are formulated based on the TCFD recommendations. This overall representation allows the Stewardship Team to gauge the potential financial impacts of climate change on our portfolio for that year and compare them with impacts over the previous years.

Transition Risk

As asset managers and owners, we understand the risk associated with transitioning to a lower-carbon economy. To manage these risks, our Stewardship Team tracks our portfolio's carbon metrics so that we can better equip companies to adapt and mitigate. Our investment approach tends to lead us to own companies that are comparatively asset-light and by extension, have lower carbon emissions. The weighted-average carbon intensity (WACI) of our strategies is substantially lower than the benchmark,[15] as seen in Exhibit B on page 70. Our strategies are at low risk of value loss due to stranded assets.[16] Despite low carbon intensities within our portfolio, we do have outliers, which are highlighted in Exhibit D on page 71. We continue to seek an understanding of the nature of these outlier businesses and engage with management to lower emissions and adapt to climate change.

Another important aspect of climate metrics is the scopes on which they are based. The most reliable emissions data currently covers Scopes 1 and 2. However, given the nature of the industries in which we invest, the largest part of our companies' GHG emissions will likely be in Scope 3.[17] We continue to source our Scope 3 emissions from third parties and are engaging with companies to work with their suppliers and involve more stakeholders for a better representation of their emissions.

While we value tools and data for gauging the impacts of climate change on our portfolio and vice versa, we also recognize that metrics alone cannot explain the full effect that one business may have overall. Even the most carbon-intensive companies may be a part of the decarbonization solution by virtue of their products, research, and market position. For example, Taiwan Semiconductor, one of our most carbon-intensive businesses, offers products that support the transition to a lower-carbon economy by enabling other actors to lower their carbon footprint through digitalization and electrification. We believe Sika, a Swiss industrial company with a robust carbon mitigation strategy and ambitious carbon reduction targets, can help convert construction and urbanization into a more ESG-friendly undertaking. Another example is Reliance Industries, a multinational conglomerate company with businesses in the energy sector, which has set ambitious goals to achieve net zero carbon by 2035. This is why we believe that a holistic approach to evaluating climate risks and opportunities in a portfolio goes beyond simply aggregating carbon metrics.

15. MSCI ACWI Index is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets. As of May 2022, it covers more than 2,933 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. Source: https://www.msci.com/our-solutions/indexes/acwi
16. Stranded Assets: The potential to experience "stranding" of physical or natural assets due to regulatory, market, or technological forces, arising from low-carbon transition. Examples include coal mining and coal-based power generation and oil sands exploration or production. Source: MSCI.
17. Scope 1 level emissions are direct emissions from owned or controlled sources. Scope 2 level emissions are indirect emissions from the generation of purchased energy. Scope 3 level emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (as defined by the Greenhouse Gas Protocol Corporate Standard). https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

Transition Risk Case Study

Reliance
Industries Limited

Business
Reliance Industries is a leading enabler of digitalization in India.

Key Issue
GHG emissions.

Strategy
Emerging Markets Growth and Global Shariah

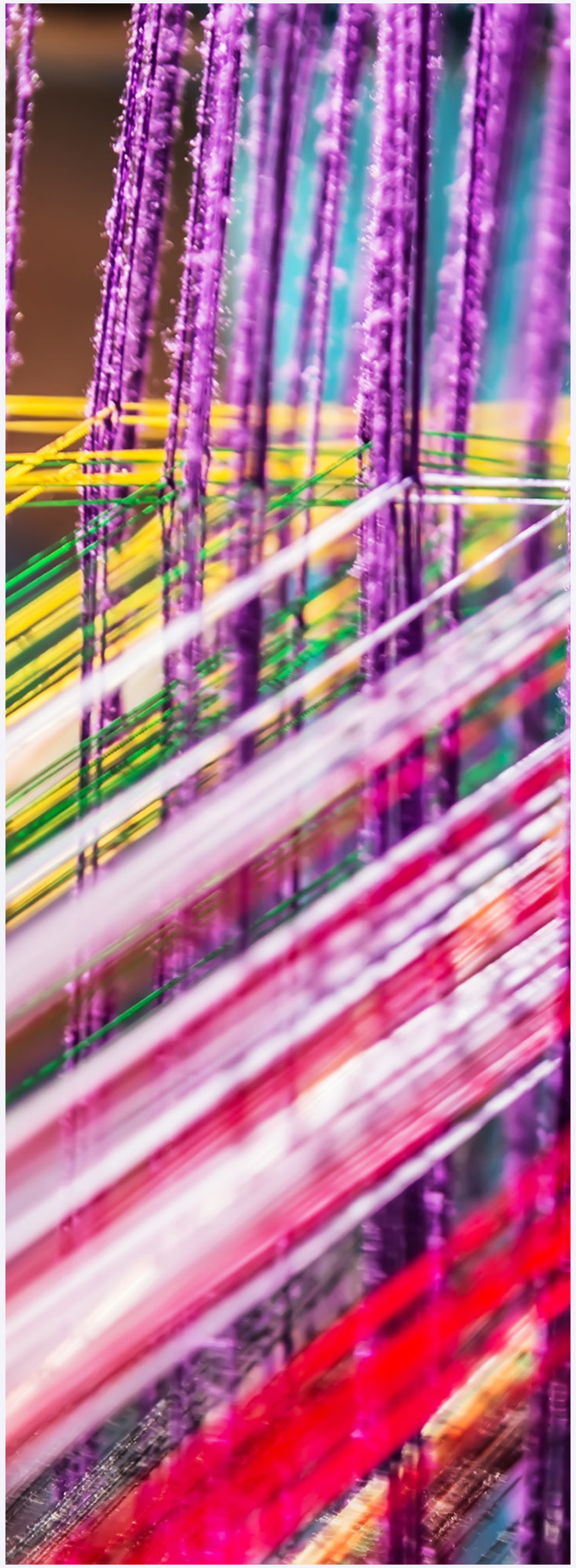
Reliance is an Indian multinational conglomerate with businesses across multiple industries. Our investment case centered around the company's telecommunication services and retail businesses. We believed these subsidiaries were creating a positive impact on Indian consumers by democratizing access to telecommunications and delivering affordable goods. However, a majority of Reliance's sales historically have come from its legacy oil, gas, and chemical businesses. We wanted to build conviction in management's ability to grow the company's consumer-facing businesses into India's internet and ecommerce leaders, which would lead to a decline in its reliance on the oil, gas, and chemical businesses. We engaged with Reliance to understand the environmental profile of its enterprise and to assess whether the company was on a credible decarbonization path.

Our analysts conducted calls with members of Reliance's investor relations and management team in 2020 and 2021. We were unsure of the company's capacity to transition from its legacy operations to consumer-facing businesses in order to reduce its emissions. The company responded in 2021 by announcing its efforts to incorporate environmental stewardship throughout its operations. Reliance committed to a 2035 net zero plan and dedicated $10 billion to investments in renewable energy. This included the implementation of energy efficiency measures, waste management and reduction strategies, and the deployment of innovative technologies aimed at conserving natural resources.

Reliance
Industries Limited

Simultaneously, the company explained it was moving toward a lower carbon footprint through changes in its infrastructure and technology. Its legacy businesses in refining and petrochemicals were combined into one segment, with a focus on reduction in upstream operations. Additionally, the company used a majority of the capital expenditure it allocated for renewable energy on four gigafactories. Reliance announced plans to manufacture solar panels, fuel cells, and grid-scale batteries at these locations. We believe it can create these products at a globally competitive scale. This displayed environmental considerations Reliance was taking into account as it reorganized and oriented its businesses to produce sustainable solutions. We were pleased with management's flexible approach to building capabilities in clean energy, while also creating a competitive advantage in our view. We came away from our engagements comfortable with Reliance's ability to mitigate environmental risks to its business.

Sands Capital's long-term vision gave our firm a unique perspective regarding Reliance's net zero goal. Our investment approach, which is active and long-term oriented, positioned us to have insight into this investment opportunity. We see a business case for Reliance to develop renewable energy technology and manufacturing capabilities. We believe Reliance could have a positive impact on India's environmental and energy transition. We initiated a position in Reliance in 2022 because of our conviction in the success of its growing consumer-facing businesses and its prudent and thoughtful approach to investments towards a green transition.



Physical Risk

The physical risks associated with climate change can have financial effects from damage to assets or supply chain disruptions. Our portfolio as a whole has overall low physical risks, as noted in Exhibit A on page 70, with only one company in our Emerging Markets Growth strategy at high risk: CP All.[18] Across our portfolios, the most pertinent physical climate risk areas to our companies are extreme heat, coastal flooding, and river flooding. Where appropriate, we encourage our companies to take stock of the potential physical climate risks to their operations and to devise risk mitigation strategies.

Initiatives and Commitments

Sands Capital remains a public supporter of the TCFD. We believe that the TCFD guidelines provide investors with clear, comparable, and consistent information about the risks and opportunities presented by climate change. By providing Exhibits A-F on pages 70-72, we aim to be fully transparent about how our four flagship portfolios' carbon metrics change yearly. As shown in Exhibit E on page 71, we believe it's important to highlight a weighted carbon intensity as well as financed emissions, especially as environmental regulations and technological advancements continue to change. We encourage our highest emitting companies to set targets when they have none as well as make progress towards targets that they do have.

Exhibit F on page 72 shows how we track our flagship strategy companies based on their climate targets. Setting science-based targets is important because it provides a scientifically grounded framework for companies to work towards reducing their emissions.

Looking Forward

We recognize the importance of addressing the impacts of climate change and are committed to continually assessing the data, tools, and methods we have applied to integrate physical and transition analyses into our investment decision-making and stewardship processes.

Climate Disclosures

In June 2022, Sands Capital submitted a PRI form letter to the SEC supporting its proposed rule, The Enhancement and Standardization of Climate-Related Disclosures for Investors. We see GHG externalities as possibly the largest market failure of the modern industrialized era—a huge risk for investors given the current state of disclosure (non-aligned, non-comparable, non-reliable, voluntary). We believe a common disclosure rule around climate-related risks and metrics would improve transparency, comparability, and quality of disclosures. We have considered various arguments against the rule, but we believe that the consequences of not adopting this rule outweigh the potential consequences of adoption, and thus decided to share our support of this proposed rule with the SEC.

18. MSCI's CVaR analysis identifies direct physical risks for each portfolio company across multiple scenarios and has associated CP All with high acute physical risk.

EXHIBIT A:
2022 TCFD MAPPING FOR SANDS CAPITAL FLAGSHIP STRATEGIES

		Percentage of High	Percentage of Medium	Percentage of Low
Transition Risks	**Policy & Legal**	2%	32%	67%
	Technology	3%	6%	91%
	Reputation	2%	20%	78%
	Market	4%	17%	79%
Physical Risks	**Acute**	3%	30%	68%
	Chronic	1%	34%	65%
Climate Opportunities	**Resource Efficiency**	5%	61%	34%
	Energy Source	4%	57%	40%
	Products and Services	17%	39%	44%
	New Markets	3%	15%	82%
	Resilience (Adapting)	8%	54%	38%

EXHIBIT B:
SANDS CAPITAL FLAGSHIP STRATEGIES AGGREGATE CARBON METRICS [19, 20]

Weighted-average Carbon Intensity	Portfolio	MSCI ACWI
WACI 2022	23.7	162.4
WACI 2021	20.6	151.2
WACI 2020	23.3	156.2
Carbon Intensity	**Portfolio**	**MSCI ACWI**
Carbon Intensity 2022	28.3	184.7
Carbon Intensity 2021	27.3	203.0
Carbon Intensity 2020	29.3	209.4
REMIND | 2°C | NGFS | DISORDERLY	**Portfolio**	**MSCI ACWI**
Policy Climate Value-at-Risk	-3.8%	-24.5%
Technology Opportunities Climate Value-at-Risk	0.4%	7.0%
Physical Climate Value-at-Risk—Average	-3.8%	-9.2%
Aggregated Climate Value-at-Risk	**-7.2%**	**-26.7%**
REMIND | 2°C | NGFS | ORDERLY	**Portfolio**	**MSCI ACWI**
Policy Climate Value-at-Risk	-0.2%	-2.13%
Technology Opportunities Climate Value-at-Risk	0.0%	0.9%
Physical Climate Value-at-Risk—Average	-3.8%	-9.2%
Aggregated Climate Value-at-Risk	**-4.0%**	**-10.5%**
REMIND | 3°C | NGFS | NDC	**Portfolio**	**MSCI ACWI**
Policy Climate Value-at-Risk	-0.0%	-0.7%
Technology Opportunities Climate Value-at-Risk	0.0%	0.2%
Physical Climate Value-at-Risk—Average	-3.8%	-9.2%
Aggregated Climate Value-at-Risk	**-3.8%**	**-9.7%**

19. Portfolio carbon emissions are calculated as Scope 1 and Scope 2 carbon emissions per $1 million invested. Portfolio carbon intensity measures the carbon efficiency of a portfolio and is defined as the portfolio carbon emissions per $1 million of portfolio sales; At a business level, carbon intensity is calculated as carbon emissions per unit of sales (tons/$ 1 million sales) while financed emissions are defined as carbon emissions per dollar of enterprise value (tons/$M EV incl. cash). Aggregated Climate VaR measures the financial impacts of warming using Aggregated Climate VaR measures the financial impacts of warming using the Asia-Pacific Integrated Assessment Model/Computable General Equilibrium model, which assumes that emissions peak in 2020 and are reduced by 90 percent by 2090 but never reach net-zero. This results in a warming of 1.62 degrees Celsius in 2100. Weighted averages are computed as the sum product of the portfolio companies' respective carbon values and portfolio weights. Source: MSCI, FactSet.

20. As of December 31, 2022. Businesses held in the four flagship strategies: Select Growth, Global Growth, Global Leaders, and Emerging Markets Growth. Collectively these strategies made up 92 percent of public equity assets

EXHIBIT C:
TOP 10 MOST CARBON-INTENSIVE HOLDINGS ACROSS FOUR FLAGSHIP STRATEGIES [19, 20]

Company	Aggregate Portfolio Weight (%)	Carbon Intensity	Contribution to Weighted-average Carbon Intensity (%)
Reliance Industries	0.7	488.7	3.5
Lonza	0.3	270.2	0.7
Taiwan Semiconductor	1.2	197.8	2.4
Haidilao	0.4	145.0	0.6
Texas Instruments	0.3	113.6	0.4
CP All	1.0	102.7	1.1
Wuxi Biologics	0.4	89.3	0.4
Foshan Haitian Flavouring	0.6	84.5	0.6
Jubilant Foodworks	0.5	66.2	0.3
Britannia	0.9	65.6	0.6

EXHIBIT D:
TOP 10 CONTRIBUTORS TO WEIGHTED-AVERAGE CARBON INTENSITY ACROSS FOUR FLAGSHIP STRATEGIES [19, 20]

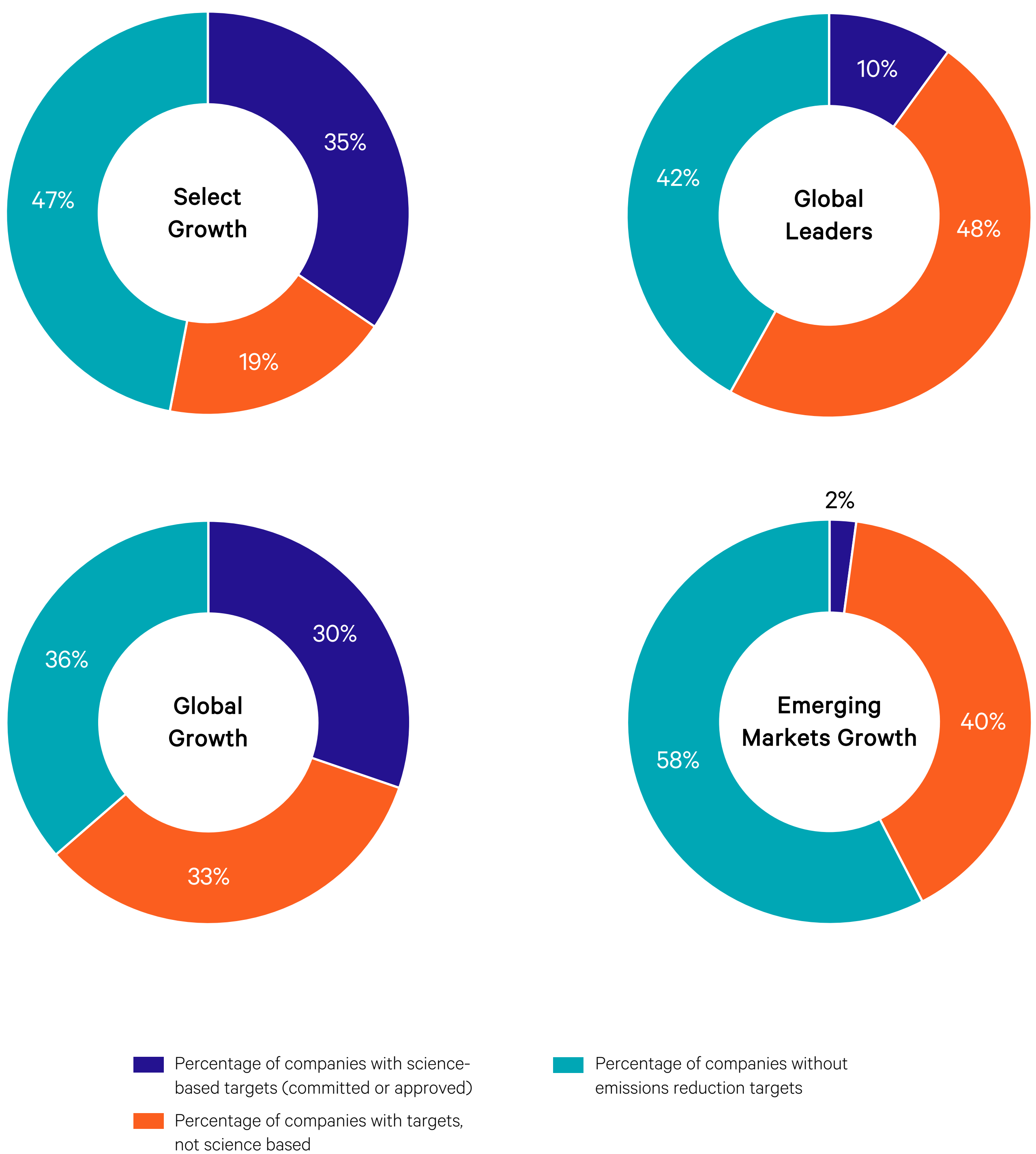
Company	Aggregate Portfolio Weight (%)	Carbon Intensity	Contribution to Weighted-average Carbon Intensity (%)
Reliance Industries	0.7	488.7	3.5
Taiwan Semiconductor	1.2	197.8	2.4
MercadoLibre	3.0	50.7	1.6
Amazon	3.3	34.4	1.2
CP All	1.0	102.7	1.1
DexCom	4.4	17.6	0.8
Lonza	0.3	270.2	0.7
Britannia	0.9	65.6	0.6
Haidilao	0.4	145.0	0.6
Cloudflare	1.8	32.4	0.6

EXHIBIT E:
SANDS CAPITAL FLAGSHIP STRATEGIES CARBON METRICS [19,21]

	Carbon Emissions	Carbon Intensity	Weighted-average Carbon Intensity	Data Availability
Select Growth	3.03	16.95	12.68	96.60%
Russell 1000 Growth index	7	49.6	30.1	96%
Global Growth	4.2	18.4	13.8	98%
Global Leaders	5.6	19.2	26.5	98.90%
MSCI All Country World Index	101.1	184.7	162.4	99.80%
Emerging Markets Growth	15.6	59.3	54.7	90.90%
MSCI Emerging Markets Index	285	380.5	321.3	100%
	tCO2e/$1M invested	tCO2e/$1M Sales	tCO2e/$1M Sales	Market Value

21. As of December 31, 2022. The four flagship strategies—Select Growth, Global Growth, Global Leaders, and Emerging Markets Growth—collectively made up 92% of public equity assets under management.

EXHIBIT F:
PORTFOLIO LEVEL CLIMATE TARGETS[22]



22. Source: Data from MSCI and Sands Capital research. Rounding may cause figures to vary from 100.0%.

>49M

people are subject to these extreme violations of human rights

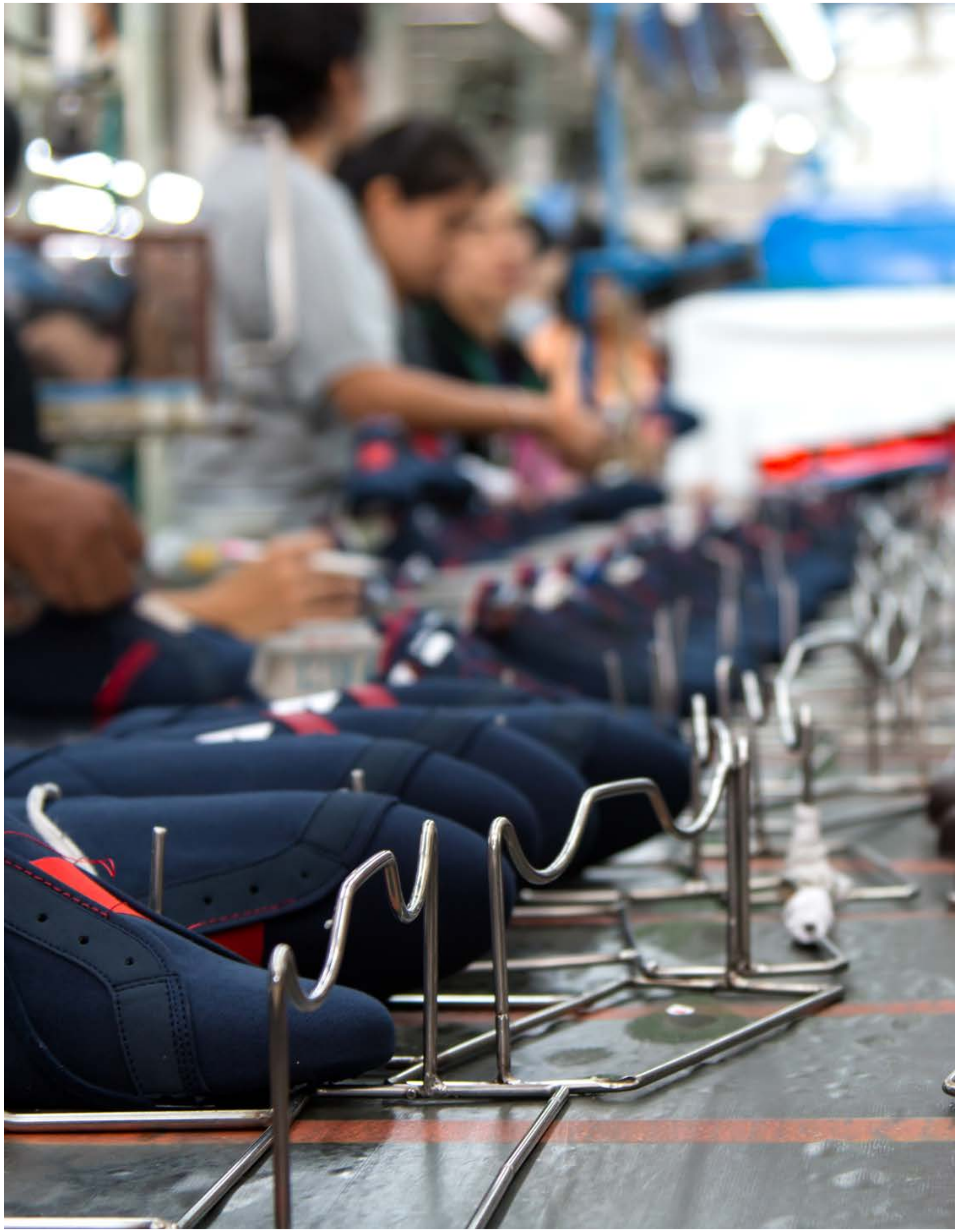
Modern Slavery

For the purposes of global estimates, forced labor and forced marriage are the components that constitute modern slavery. More than 49 million people are subject to these extreme violations of human rights, including almost 28 million in forced labor.[23] Modern slavery presents not only ethical challenges, but also operational, reputational, legal, and regulatory risks to companies. Whether hidden in supply chains, in financial transactions, or on internet platforms, modern slavery can be found across a variety of industries ranging from apparel to financial technology.

According to the International Labour Organization (ILO), forced labor of adults and children occurs in all parts of the private economy, including manufacturing, construction, agriculture, services, and domestic work. However, many companies may be unaware of the forced labor in their supply chains. Another hidden aspect of modern slavery includes the use of internet-based sexual exploitation and indirect financial transactions. Companies that advertise on or provide financial services for legal adult content sites may also be unknowingly contributing to the nearly $150 billion per year criminal industry.[24]

In 2021, we began the Modern Slavery Mitigation Project to prepare and implement policies, practices, and staff training.

23. https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm
24. https://www.state.gov/reports/2022-trafficking-in-persons-report/



Modern Slavery Case Study

Business
Anta Sports Products is the largest domestic sportswear company in China by market share.

Key Issues
Human rights; labor rights; ESG strategy and oversight; GHG emissions or climate change strategy.

Strategy
Emerging Markets Growth, International Growth, and Global Shariah

Background

Supply chain management has been one of our top ongoing engagement topics with Anta. As one of China's largest apparel companies, Anta sources large amounts of material and requires a significant amount of labor. We view Anta's exposure to potential production disruptions and brand damage tied to alleged violations of labor or safety standards as moderate, with Anta's greatest risk being brand and reputational loss from bad press.

In the first half of 2021, we had several engagements on supply chain management with Anta's CFO and investor relations team after Anta withdrew from the Better Cotton Initiative (BCI). In 2020, BCI started to suspend licensing activities in Xinjiang, China, citing human rights and forced labor concerns. Some BCI members (including multiple international retailers) responded to the claims by issuing statements on stopping the usage of cotton sourced from Xinjiang. The issue became politicized when Chinese citizens claimed that the accusations were simply an attempt by foreign actors to smear China and harm a significant economic driver within the region.

Throughout our engagements, Anta reaffirmed its intent to continue using what it considers to be high-quality Xinjiang cotton that is produced in compliance with local regulations and Anta's own supply chain standards. Ultimately, the company relayed that it withdrew from BCI to disassociate itself from a quickly evolving political issue. We believe that the company's intentions behind joining the BCI in 2019 were sound—as it was looking to raise environmental sustainability awareness and demonstrate its commitment to ESG issues. We also understand the reasoning behind its withdrawal. While we believe participation in various ESG industry initiatives can add value, we are ultimately looking for prudent and diligent ESG practices at the company level.

Activity and Outcome

Since our early 2021 engagements with Anta related to the BCI incident, we have been following up with management on ESG developments at every engagement, at least semiannually. Over the past 18 months, we believe Anta has been making steady progress on supply chain management and around its ESG framework and disclosure. This included the launch of an ESG committee in 2021—dedicated to addressing ESG matters on a full-time basis—at the board level that is led by the CFO and management's incorporation of ESG key performance indicators at each level of the business unit and staff.

Furthermore, the company has taken steps to improve its supply chain management capabilities through initiatives including adopting a supplier code of conduct, conducting a comprehensive audit on new suppliers with distinct ESG considerations, prioritizing child and forced labor as its top "zero tolerance items" that result in contract termination, encouraging suppliers to reach various certified quality and environmental management standards, and promoting a whistleblowing policy that allows informers to raise issues and concerns anonymously. Anta has also joined the Sustainable Apparel Coalition, an independent organization of 280 entities across the global supply chain that seeks to lead the industry toward a shared vision of sustainability based on a joint multistakeholder approach.

While Anta has conducted infrequent third-party supply chain inspections in the past, we continue to recommend that the company adopt global best practices by running regular independent audits for all its supply chain partners. The CFO has expressed concerns about the robustness of those service providers, saying that, after going through a few external audits, he believes in-house supply chain inspection is more stringent. However, he now appears more receptive to the idea, having seen persistent demand from us and a few other international investors.

We have viewed Anta's ESG progress as genuine but assess its progress continuously. For instance, in April 2022, we reached out to another Anta investor, a large investment management fund based in Norway, after the firm decided to sell another large Chinese sportswear brand from its portfolio citing human rights risk while keeping its ownership in Anta. We discussed the firm's due diligence process around these investments, and this enhanced our conviction in Anta's supply chain processes and ESG systems relative to similar companies. This engagement also led us to connect with the Investor Alliance for Human Rights to discuss human rights issues within our investments more generally.

At our first-ever meeting with the Anta founder and chair during our most recent engagement, we were encouraged to hear about his serious commitment to achieving ESG excellence. We believe the management team overall is committed to better ESG practices. Going forward, we plan to continue the conversation regarding Anta's supply chain management and advocate for routine third-party supply chain audits. We also hope to visit Anta's factories the next time we travel to China.

Risk Assessment, Management, and Training

With a global portfolio, Sands Capital recognizes the importance of managing modern slavery risks through each tier of the supply chain. To address these risks in our portfolios, we undertook several initiatives, including internal training, engagement with companies on material human rights risks, and partnership with third-party organizations focused on modern slavery for independent expertise and support.

In 2022, Sands Capital established a partnership with an outside organization, Slave-Free Alliance (SFA), which specializes in anti-trafficking and the elimination of modern slavery, to further our work to better understand and mitigate modern slavery risks at both the portfolio and operational levels at Sands Capital.

We have also held discussions with another local anti-human trafficking organization to potentially establish a partnership that identifies and prioritizes engagement on modern slavery risks with our fintech companies and on anti-modern slavery policy with our technology companies.

In December 2022, SFA and Sands Capital provided high-level modern slavery and human trafficking training to employees firmwide. The aim of this modern slavery and labor exploitation training was to raise general awareness of the issue and to understand how it can affect our work. We have planned a more targeted training session for the investment team in 2023, focusing on more hands-on work surrounding due diligence on investments. We are exploring conducting additional targeted trainings for our investment team, staff members involved in managing vendor relationships, and other constituencies within Sands Capital where additional guidance may prove helpful.

Conflict Minerals

Collaborative Thematic Engagement

In late 2021, we signed onto an investor letter through the Principles for Responsible Investment (PRI) Collaborative Engagement Platform that seeks to address the issue of conflict mineral content in the semiconductor supply chain. The letter—which was shared with multiple semiconductor companies—requests leadership in developing supply chains free of conflict minerals through the following actions:

- Develop and invest in technological solutions to improve traceability.
- Increase transparency and reporting on minerals from mine to product.
- Encourage and participate in industrywide collaboration to improve industry practices.
- Impose and enforce harsher sanctions on noncompliance.
- Reduce demand for new materials by improving recycling initiatives.

We have begun engaging with semiconductor companies in our own portfolios on this matter as a follow-up to and in support of this collaboration.

SLAVE-FREE ALLIANCE
Working Towards a Slave-free Supply Chain

SFA is an international social enterprise, wholly owned by the global anti-slavery charity Hope for Justice. The alliance helps organizations protect their operations, supply chains, and people from modern slavery and labor exploitation. SFA partners with organizations to provide gap analyses, modern slavery site assessments, crisis response formulations, proactive investigations, and training. The team at SFA has played pivotal roles in Operation Fort and the Kozee Sleep case, two of the biggest modern slavery prosecutions in U.K. history. The successful outcomes of these cases brought lasting improvements to police and commercial responses to modern slavery.

Sands Capital became an SFA member in 2022. In the early stages of our partnership, we commissioned a gap analysis of our operations and investment practices. This gap analysis is an independent review of our organization's understanding and response to our modern slavery and labor exploitation risks, conducted in view of relevant legislation and industry best practices. The key output is a detailed, evidence-based report that details identified risks and best practices and provides a set of clear, defined, and actionable recommendations. Started and completed over a period of several months in 2022, the gap analysis yielded a bespoke action plan that prioritizes the recommendations based on risk and leverage, including six key risk areas for Sands Capital to address in the years ahead.

The five stages of this gap analysis were:

1. **Document review of relevant policies, processes, and reports.**
2. **Stakeholder discussions with individuals across the firm.**
3. **Report and recommendations creation.**
4. **Stakeholder presentation on findings.**
5. **Delivery of a tailored action plan and implementation support.**

Risk Assessment and Management Case Study

VISA

Business
Visa operates the world's largest retail electronic-payment network, processing more than 50 percent of all credit and debit transactions globally.

Key Issues
Human rights; product safety and impact; health and safety.

Strategy
Select Growth, Global Leaders, Global Growth, Select Leaders, and Technology Innovators

Background

In late July, several headlines broke the news that Visa was named in ongoing litigation over child pornography charges involving MindGeek, the parent company of adult-video site Pornhub. Given the very serious nature of these allegations, we wanted to immediately understand the context of the issue and the potential culpability of Visa. We reached out to Visa's investor relations to request a meeting with the company, and the company made the chief financial officer and head of investor relations available for a videoconference on August 3.

As we gathered more background on the case, we learned that a California woman filed a lawsuit in June 2021 against MindGeek and Visa over a sexually explicit video her boyfriend filmed of her when she was 13 years old that was published to MindGeek's user-generated content site in 2014. The lawsuit claimed Visa helped facilitate child pornography on MindGeek websites because Visa cards were used to pay for advertising on the sites. Subsequently, in a pretrial decision on July 29, a U.S. District Court in California denied a motion from Visa to be dismissed as a defendant in the lawsuit, determining that Visa recognized MindGeek as an authorized merchant even though Visa was aware of the presence of child pornography on MindGeek's sites. In December 2020, Visa had suspended the use of Visa payment services on user-generated content sites and only allowed these services to be used at MindGeek studio sites that feature adult professional actors in legal adult entertainment. Visa's CFO said that it is Visa's policy to follow the laws of every country in which it does business. Visa does not make moral judgments on legal purchases made by consumers. Rather, it respects the rightful role of lawmakers to make decisions about what is legal and what is not.

VISA

The CFO also said that Visa is the third line of defense in preventing its network from being used for illegal activity. The first two lines are the merchant (who should not violate laws) and the merchant acquirer (who should underwrite merchants and ensure they are complying with laws). The third line is the network—Visa—which maintains high-level oversight and sets rules. Visa has even more stringent rules and standards for merchants it determines to be in riskier categories—such as drugs, gambling, and adult entertainment—and has clearly spelled out that merchants should not engage in child pornography.

On August 4, Visa CEO and Chair Al Kelly said in a statement that he strongly disagrees with the court, and he echoed many of the sentiments expressed by the CFO. Kelly said, "at this early stage in the case, courts must accept as true all allegations made in a lawsuit—even if they are not accurate or proven. In our view, our company's role, policies, and practices have been mischaracterized. The allegations in this lawsuit are repugnant and stand in direct contradiction to Visa's values and purpose. Visa condemns sex trafficking, sexual exploitation, and child sexual abuse. It is illegal, and Visa does not permit the use of their network for illegal activity." The company also announced it was suspending Visa card payments for all advertising on MindGeek-affiliated sites, as the case progresses.

Activity and Outcome

From our conversation with the company and additional research into the matter, we expect the pending lawsuit to have a minimal direct business impact on Visa. In our view, Visa's role in the matter is likely misunderstood, and it is appropriate for Visa to follow local regulations to determine which businesses it allows to use its network. We believe an approach in which Visa would serve as the arbiter of which merchants use its platform would introduce undue complexity and scrutiny.

While we agree with Visa's approach to this current lawsuit, we would like to see additional measures taken to help ensure that this does not happen again. We would like Visa to improve its merchant underwriting rules to make it more difficult for something like this to happen in the first place.

Looking Forward

Over the next year, we will continue our progress on the priority items from the SFA Gap Analysis, which largely fall into the following buckets:

- Enhancing our Modern Slavery Statement.
- Operational due diligence, including reviewing and updating policies as appropriate, updating due diligence processes around relationships with service providers, and adding modern slavery and labor exploitation to the types of reports that can be made within our internal ethics reporting system.
- Consideration of more formal escalation processes and crisis communication plans.
- Investment due diligence enhancements.
- Firmwide and function-specific training.
- Broader strategic focus, including around Sands Capital's focus on the "S" of ESG.

Responsible Technology Innovation and Implementation

Digital ethics refers to the ethical principles and values that guide the design, development, and use of digital technology. As technology continues to permeate all aspects of society, it is important to consider the impact it has on individuals, organizations, and the world at large. This is particularly relevant for investment management. The use of algorithms, big data, and artificial intelligence is becoming more common in all sectors of the economy. These tools can provide significant benefits like individualized healthcare, greater financial inclusion, increased access to information, and environmental solutions. Digitalization also has the capability for great risks, such as algorithmic bias, unethical use of artificial intelligence, technology addiction, violations of data privacy, and job displacement.

As forward-looking investors in leading innovative global growth businesses, we recognize the opportunity to influence corporations to set clear guidelines for appropriate data and technology use. Organizations can demonstrate their impact on digital ethics through education, engagement, and collaboration.

Collective Research on Digital Ethics Best Practices

In 2022, with other forward-thinking asset managers, we launched Investors for a Sustainable Digital Economy (ISDE), a network of institutional investment managers and asset owners seeking to pool resources to generate research on digital governance best practices for investor audiences. The group released its inaugural report, "Considerations of Data Use for Global Investors in a Digital Age," which extensively reviews research across data use, as well as emerging best practices within this critical area. It also underscores material investment-related issues, offering strategies that can improve corporate data use practices. Later that year, the group released "Addiction by Design: A New Frontier of Social Risk in Tech," a white paper offering an analysis of the material impacts of tech addiction within six sectors and key areas for investor engagement. Aside from collaborating with our peers on white papers in digital ethics, we have engaged in multiple speaking engagements on the subject, which are highlighted on page 92.

Addiction by Design: A New Frontier of Social Risk in Tech

Executive Summary

As digital technologies become ubiquitous in business and consumer life, concerns are rising that the overuse of online services such as gaming, online gambling, and social media can cause a range of harms, from anxiety and depression to political polarization. In this context, investors must deepen their understanding of tech addiction and its impacts, to ward off rising social risk in the tech sector. This report offers an in-depth analysis of the material impacts of tech addiction across areas and details key areas for investor engagement.

Material Risks Across Key Sectors

To carve out a more nuanced understanding of the trends and implications underpinning tech addiction in multiple contexts, the report dives deep into the following six sectors: online gambling, online gaming, social media and advertising, online pornography, online trading, gamification, and the metaverse.

The Findings

The findings highlight key harms that arise from tech addiction and overuse on an individual, societal, and economic level, including psychological and emotional harms; cognitive impairments; physical harms; financial harms; impact on business productivity; and impacts on democracy.

Such risks are particularly relevant to more vulnerable groups including children and adolescents, as well as the 10 percent to 15 percent of the adult population that is unable to self-regulate.

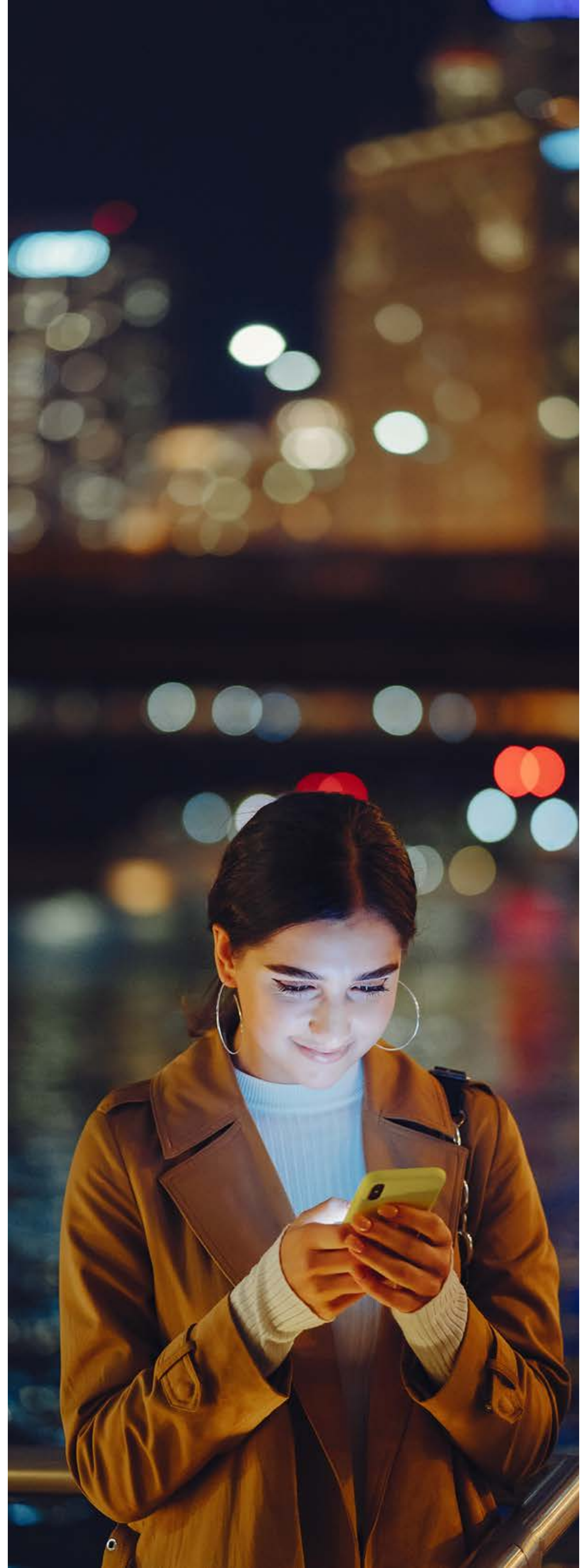
The report also highlights the blend of responsibility among stakeholders including regulators, companies, consumers, civil society, and investors, and the collaboration required to create accountability mechanisms for industry players to limit the impacts and risks of tech addiction.

Conclusion

Though still underresearched, the diverse and widespread harms associated with modern-day technology use are emerging as risks to tech companies. With many ESG funds heavily exposed to the sector, responsible investors need to be prepared to engage on tech addiction in the coming years as the issue rises in importance on public and regulatory agendas.

Looking Forward

As our collaborative work with ISDE continues through 2023, we aim to continue our research, publications, and speaking engagements to share digital governance best practices. We further aim to develop an investor due-diligence questionnaire on digital ethics and technology addiction for ourselves and other forward-looking investment management firms to use in this ever-evolving space.



We view these partnerships as an indispensable way to share best practices and gain insights on effectively managing ever-changing externalities.

Industry Partnerships, Affiliations, and Memberships

Building Partnerships That Foster Innovation

Sands Capital builds relationships with select organizations that enable us to understand stakeholder perspectives on sustainability issues, apply learnings to our research analysis and engagements with portfolio businesses, and collaborate with stakeholders to enhance corporate disclosure practices. Because we work with such dynamic companies in evolving industries, we view these partnerships as an indispensable way to share best practices and gain insights on effectively managing ever-changing externalities.

Sands Capital participates in several ongoing industry alliances. Our partnerships focus on areas most relevant to our portfolios, such as institutional investing, climate reporting, digital ethics, corporate governance, and industry best practices. As concentrated, high-conviction investors with a long investment horizon, we are in a strong position to work with others to influence and support the journeys of many companies, which we believe can achieve positive long-term outcomes for their shareowners and society.

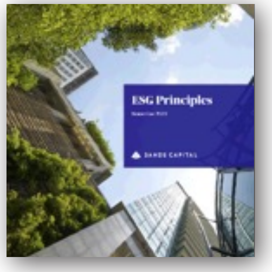
This list of partnerships is not exhaustive, and we will continue to find and pursue options to collaborate to achieve positive long-term outcomes for our clients and society.

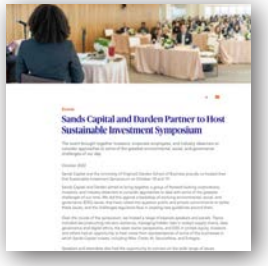
Organizations We Partner and Collaborate With

	Organization	Involvement and Leadership
CDP	The Carbon Disclosure Project (CDP) is a not-for-profit that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.	As an investor signatory, Sands Capital joins nearly 600 institutional investors globally to require environmental information from companies, in line with the TCFD recommendations, to create the most consistent, comprehensive, and measurable global environmental dataset for investors. We also participate in relevant CDP events, such as attending CDP's flagship U.S. Workshop in May 2022, to learn from and engage with other CDP signatories.
Council of Institutional Investors	Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of U.S. public, corporate, and employee benefit plans; state and local entities charged with investing public assets; and foundations and endowments with combined assets under management of approximately $4 trillion. CII is a leading voice for effective corporate governance, strong shareowner rights, and sensible financial regulations that foster fair, vibrant capital markets.	Sands Capital has contributed domain knowledge to CII's conference programming by hosting breakout education sessions on topics including corporate governance in emerging markets and executive compensation. Recognizing Sands Capital as a value-add partner, we were invited to speak on our first plenary panel at the CII 2022 Fall Conference.
ICGN	The International Corporate Governance Network (ICGN) promotes effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide. Its policy positions are guided by the ICGN Global Governance Principles and Global Stewardship Principles.	Sands Capital has previously served as a primary sponsor of the Governance of Big Tech virtual summit hosted by ICGN and NASDAQ. Additionally, in January 2022, several members of the investment team participated in ICGN's intimate and interactive Governance, Stewardship, and Sustainability Course.
ISDE Investors for a Sustainable Digital Economy	Investors for a Sustainable Digital Economy (ISDE) is a network of forward-thinking investment managers and asset owners seeking to engage with, and steward companies through digital governance best practices. Sands Capital is a founding member of this organization, which was formally launched in February 2022. The forum harnesses deep expertise across the digital economy, developing research and stewardship tools focused on understanding and addressing the impacts of areas such as data use, machine learning algorithms, robotics, future of work, and bioethics.	Sands Capital is a founding member of this organization, which was formally launched in February 2022. We have participated in several small roundtables and the development of reports focused on data use and tech addiction.
PRI Principles for Responsible Investment	Principles for Responsible Investment (PRI) promotes sustainable investment through the incorporation of ESG issues into investment decision-making. In implementing six aspirational principles, signatories contribute to the development of a more sustainable global financial system.	Sands Capital became a signatory in 2017. Our partnership with PRI has served as a useful blueprint for us in building our stewardship program and in understanding how our program compares with those of our peers and has provided a forum in which to exchange best practices around stewardship efforts. We have also participated in PRI-led collaborative thematic engagements. In 2022, we participated in a PRI member consultation on the future of the organization.
IFRS Sustainability Alliance	The IFRS Sustainability Alliance combines the SASB Alliance and Integrated Reporting Business Network into a global network that explores and develops best practices related to sustainability standards and integrated reporting.	Having joined the SASB Alliance in 2017, Sands Capital continues to support the industry-based standards-setting process through the consolidated alliance. We also hold a seat on the SASB Standards Advisory Group, specifically focusing on the consumer goods sector. Through this role, Sands Capital regularly engages with IFRS to offer guidance on a variety of topics. These have included consultations on topics such as greenhouse gas emissions, stock-based compensation, board of director governance, and supply chain best practices. Conversely, Sands Capital leans on IFRS to ensure its own portfolio companies are in sync with the most up-to-date best ESG practices.
TCFD Task Force on Climate-Related Financial Disclosures	The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.	Sands Capital became a public supporter of the TCFD in 2020. We incorporate the TCFD's disclosure recommendations into our own reporting, including that of weighted-average carbon intensity. We also model our company-level climate analysis in our internal company ESG reports on the TCFD framework. In our engagements with companies that are beginning to measure and disclose emissions, we recommend they use the TCFD framework as a base.
UKSIF UK Sustainable Investment and Finance Association	The UK Sustainable Investment and Finance Association (UKSIF) brings together the UK's sustainable finance and investment community and supports its members to promote a sustainable financial system that works for the benefit of people and drives positive change.	Sands Capital joined UKSIF in June 2022, and we are looking forward to both contributing to the organization, including through participating in member sessions and learning from the collective knowledge of like-minded investors. We attended the UKSIF's Autumn Conference 2022 and participated in a panel around our work with ISDE. As we learn more about this association and its future initiatives, we will look to engage further in those areas we find appropriate to our investment process and portfolio companies.

Thought Leadership

Throughout the year, we convened and participated in a number of events and conferences to drive the ESG agenda forward. We have also published articles on a range of ESG issues on our website www.sandscapital.com.





Convenings and Public Speaking Engagements

- Feb 20, 2022: ISDE Virtual Media Roundtable
- Feb 23, 2022: ISDE Announcement "Sharing a More Ethical Future for a Digital World"
- Feb 25, 2022: Tech Addiction Roundtable
- March 8, 2022: CII: Spring 2022 Conference (DC) Panel: "Advancing Responsible Data Governance in the Digital Age"
- April 1, 2022: Mercer: Europe Global Investment Forum 2022. Panel: "When digitalization and society collide—why should investors care?"
- April 21, 2022: CFA DC ESG Summit. Asset manager panel: "Asset Managers: Integrating ESG into Wealth Management"
- May 18, 2022: Investor Tech Ethics Interview
- Sept 18, 2022: Mercer Global Investment Forum. Learn, Share and Connect (LSC) session: "When digitalization and society collide—why should investors care?"
- Sept 29, 2022: Building Resilience to Modern Slavery and Labour Exploitation, Together. Fireside chat with Rachel Hartley: "Next Level Engagement, The S in ESG"
- Sept 23, 2022: CII: Fall 2022 Conference (Boston). Panel: International Governance Committee—Emerging Markets: Investment & Governance
- Oct 18-19, 2022: Sustainable Investment Symposium co-hosted with University of Virginia's Darden School of Business

Assessing Our Effectiveness in Addressing Risks

Managing concentrated portfolios of high-conviction businesses is not only a matter of where you choose to allocate capital to but also what you choose to avoid. By focusing on high-growth equities, we avoid the risks associated with excessive diversification, and with not having a thorough understanding of the businesses we are invested in and how they may respond to marketwide and systemic risks. Understanding how systemic risks like climate change could affect businesses is essential to acquiring the conviction necessary to allocate capital in highly concentrated portfolios. We believe the methods and processes we have established for assessing risk and obtaining the conviction required for our investment strategies are critical to our success as responsible stewards of capital.

7 Accountability

We are taking measures to monitor and strengthen policies, processes, and practices that enable effective stewardship on an ongoing basis.

Continually Reviewing Our Policies and Procedures

At Sands Capital, we have numerous policies that govern our responsible investment and stewardship activities. Policy review is critical to ensuring that we are fully aligned with our values and that our policies enable active stewardship. To evaluate their effectiveness, we use:

- Internal reviews conducted by our own investment team, compliance team, and relevant internal stakeholders. All changes and the creation of new policies are approved by the relevant oversight body within Sands Capital.
- Reviews by third-party consultants, such as Slave Free Alliance.

Our policies are reviewed regularly and the methods we employ for review vary depending on the policy. The following table outlines the key policies related to our ESG integration and active ownership activities and lays out the respective review processes.

Fair, Balanced, and Understandable Stewardship Reporting

In addition to our commitments laid out in our various policies, we work to provide fair, balanced, and understandable reporting on stewardship matters on a regular basis. Our stewardship reporting is subject to the same standards as all other public communications according to the U.S. SEC regulations. All our disclosures and marketing materials are reviewed internally by our compliance team. Additionally, we engage third-party consultants to review and provide feedback on specific disclosures.

- Our first annual Stewardship Report was designed to be transparent, publicly accessible, and relevant. We have made a concerted effort to provide context and real-world examples that provide our stakeholders with the complete story. The report went through various levels of approval by the Director of Stewardship, head of marketing and communications, and the CEO.
- We provide our clients with in-depth quarterly reports—which include performance, ongoing stewardship efforts, and engagement case studies—for the six primary investment strategies comprising 94 percent of client capital under management.

Our stewardship reporting continues to evolve in response to client feedback.

Modern Slavery Example of Improving Stewardship Through Regular Review

Our stewardship reviews have allowed us to continually improve our process, for example: As a U.S.-domiciled investment management firm doing business in the United Kingdom (U.K.) and Australia, we are legally required to comply with the U.K. Modern Slavery Act 2015 and the Australian Modern Slavery Act of 2018, so we publish a Modern Slavery Act Annual Transparency Statement, which has led us to further develop the modern slavery risk management process associated with our investments and corporate operations.

This policy is reviewed on an annual basis and has enabled us to better manage modern slavery risks on a portfolio and operational level, considering the ethical concerns, increasing regulations, and reporting requirements surrounding modern slavery. Additionally, we developed an internal policy regarding modern slavery and added modern slavery as an explicit topic that can be raised through our anonymous grievance/whistleblower hotline, should any of our staff learn of potential misconduct. We also collaborated with the Slave Free Alliance, which provided a thorough gap analysis of our understanding and response to modern slavery and labor exploitation risks. We then received a report that details risks and best practices and a set of clear, actionable recommendations.

We believe this represents a continuous improvement in our stewardship processes.

THE FOLLOWING TABLE OUTLINES THE KEY POLICIES THAT RELATE TO OUR ESG INTEGRATION AND ACTIVE OWNERSHIP ACTIVITIES AND LAYS OUT THE RESPECTIVE REVIEW PROCESSES

Policy Description	Review Process
ESG Policy Statement The overarching policy that details our ESG integration process and the guiding principles behind it.	**Stewardship Team** This policy is overseen and administered by the Stewardship Team, a cross-functional group of professionals who are responsible for guiding our stewardship program execution. The Stewardship Team sets goals and objectives, monitors and reports progress, and identifies continuing education opportunities for staff.
Proxy Voting Policy & Procedures The policy specifies internal processes for our proxy voting activities. Additionally, all voted shareholder meetings are recorded and publicly shared on our website under our stewardship documents.	**Proxy Voting Committee and Stewardship Team** This policy is overseen by our proxy committee, which consists of five permanent members: the chief administrative officer (CAO), the chief compliance officer, a director of client relations, the director of stewardship, and a member of the directing research team. The proxy committee meets at least annually, and as necessary to fulfill its responsibilities. A majority of the members of the proxy committee must be present for the transaction of business. The CAO or designee acts as secretary of the proxy committee and maintains a record of proxy committee meetings and actions. We hire an external party who audits and tests our proxy voting to verify that our voting is aligned with our policy on an annual basis.
Engagement Policy The policy details our approach to engagement.	**Stewardship Team** The policy is administered by the Stewardship Team, which is a cross-functional group of professionals who are responsible for guiding the execution of our stewardship program, including engagement activities.
Modern Slavery Act Annual Transparency Statement This statement introduces us, our business, and our efforts to address modern slavery through our business operations, investment activities, and training.	**Stewardship Team** The policy was internally approved by the CEO and CIO of Sands Capital on June 15, 2022. This statement is reviewed annually.
Service Provider Due Diligence Policy The policy outlines our approach to conducting due diligence on unaffiliated service providers and vendors.	**Chief Administrative Officer** The CAO reviews the policy on an as-needed basis. The most recent review was conducted in June 2022. The head of each functional team is responsible for the implementation and monitoring of this policy and its embedded procedures for service providers engaged by the functional team. The teams are aided in implementing this policy and the procedures by a third-party risk management firm (TPRM) and software application. The head of each team is responsible for ensuring that all applicable service providers are evaluated for risk and, if necessary, using the TPRM to conduct and review assessments.
Vendor Code of Conduct We maintain a vendor code of conduct embedded within our service provider due diligence policy. This code sets forth our expectations for current and future vendors.	**Chief Administrative Officer** This code is reviewed on an as-needed basis for any needed updates or changes, as part of the service provider due diligence policy review, with the most recent revisions to the code occurring with its creation in June 2021.

Conflicts of Interest Management

Sands Capital believes effective conflicts of interest management—a key aspect of global and regulatory risk management—is critical for ensuring good client outcomes. As a fiduciary and an investment advisor to a variety of clients, we are cognizant of actual or potential conflicts of interest that are inherent to our activities.

Policies and Processes Concerning Potential Conflicts of Interest

To address conflicts of interest, Sands Capital has established a conflicts of interest board, made up of senior executives and led by the general counsel and chief compliance officer. The board assesses and makes recommendations with respect to conflicts of interest and related policies and procedures with the best interests of clients and beneficiaries in mind.

Sands Capital also maintains numerous policies that address potential conflicts of interest in the investment process including:

- Code of Ethics that sets forth standards of conduct including compliance with federal securities laws, reporting of personal securities transactions, and prompt reporting of violations of this code.
- Research, Portfolio Management, and Portfolio Implementation Policy that addresses manipulative trading practices.
- Trading Policy and Procedures that sets forth Sands Capital's policy for placing client trades and disclosing its procedures for seeking to obtain the best execution on client trades.

1. Insider Trading Policy that implements reasonable procedures, considering the nature of Sands Capital's business, designed to prevent the actual or apparent misuse of material non-public information (MNPI) by Sands Capital's staff members
2. Sands Proxy Voting Policy and Procedures that lays out procedures for identification and voting of proxies, as well as procedures for resolving material conflicts of interest before voting client proxies.

As set forth in Sands Capital's conflicts of interest and other related policies, it is the responsibility of each staff member to identify potential conflicts. To ensure that the policies are implemented at the core of our practices and adhered to, all our employees are required to confirm the review of the Code of Ethics on an annual basis. All employees also receive training on an ad hoc basis when a policy is updated. These trainings are designed to:

- Provide employees with an awareness and understanding of potential conflicts of interests.
- Provide employees with an understanding of their responsibilities, and
- Drive continuous improvement in the management of any conflicts.

Sands Capital requires all staff members to disclose potential conflicts of interest in regular quarterly and annual compliance attestations. We provide supplementary training to all investment staff, equipping them to effectively address risks specific to corporate engagements and related stewardship activities. This includes training around situations in which staff may come in possession of actual or apparent misuse of MNPI.

Potential Conflicts of Interest Scenarios

While it is rare for conflicts of interest to arise, we remain highly committed to identifying any potential conflicts that might occur in the course of investment management. Specific to active ownership activities, we have identified a few potential conflict scenarios that are addressed by our policies and processes. These potential conflicts of interest scenarios include:

Scenarios	Management and Actions
Scenario 1 Sands Capital votes on behalf of a segregated client that is affiliated (parent or subsidiary) with a listed company that is owned in the client's account(s).	In a case where we have full voting discretion for the client, we would vote in line with our proxy voting policy in accordance with the client's investment management agreement. As conflicts of interest that may impair our ability to vote proxies in an objective manner are identified, staff are required to escalate to the chief administrative officer (CAO) and/or chief compliance officer (CCO) per the proxy voting policy. Upon notification, the CAO and/or CCO will notify the proxy committee which will determine whether the conflict is material. If determined to be a material conflict with the proxy proposal, we will vote on the proposal in accordance with the determination of the proxy committee. Guidance from independent third parties may be used for recommendations on how to vote on the proposal.
Scenario 2 Sands Capital votes on behalf of a client that owns a listed company in its account and that is affiliated with the investment adviser of a fund vehicle that is subadvised by Sands Capital.	In a case where Sands Capital is a subadvisor of a fund where a company is held that is owned by our client, we would vote in line with our proxy voting policy in accordance with the client investment management agreement. As conflicts of interest that may impair our ability to vote proxies in an objective manner are identified, staff are required to escalate to the CAO and/or CCO per the proxy voting policy. Upon notification, the CAO and/or CCO will notify the proxy committee which will determine whether the conflict is material. If determined to be a material conflict with the proxy proposal, we will vote on the proposal in accordance with the determination of the proxy committee. Guidance from independent third parties may be used for recommendations on how to vote on the proposal.
Scenario 3 Sands Capital votes on behalf of a client who is an officer or director of a listed company that is owned in the client's account.	In a case where a client is also an officer or director of a company owned in their portfolio, we would vote in line with our proxy voting policy in accordance with the client investment management agreement. As conflicts of interest that may impair our ability to vote proxies in an objective manner are identified, staff are required to escalate to the CAO and/or CCO according to the proxy voting policy. Upon notification, the CAO and/or CCO will notify the proxy committee, which will determine whether the conflict is material. If determined to be a material conflict with the proxy proposal, we will vote on the proposal in accordance with the determination of the proxy committee. Guidance from independent third parties may be used for recommendations on how to vote on the proposal.
Scenario 4 Sands Capital votes on behalf of a segregated client on a proposal that has been put forth by the client.	In a case where a client has submitted a proposal to a company we hold in any strategy, we would vote in line with our proxy voting policy in accordance with the client investment management agreement. As conflicts of interest that may impair our ability to vote proxies in an objective manner are identified, staff are required to escalate to the CAO and/or CCO per the proxy voting policy. Upon notification, the CAO and/or CCO will notify the proxy committee, which will determine whether the conflict is material. If determined to be a material conflict with the proxy proposal, we will vote on the proposal in accordance with the determination of the proxy committee. Guidance from independent third parties may be used for recommendations on how to vote on the proposal.
Scenario 5 Sands Capital votes on behalf of clients in a listed company with which a Sands Capital staff member who has influence over the voting decisions, presumably the lead research and/or a portfolio manager, has an affiliation.	In a case where a Sands Capital staff member is affiliated with a company and has influence over voting decisions, we would vote in line with our proxy voting policy in accordance with the client investment management agreement. We also implement a two-person policy (e.g., peer review) to ensure proper voting decisions. In addition to peer review, we must attest on a quarterly basis about any directorships or influential roles with public and private companies to avoid this situation. As conflicts of interest that may impair our ability to vote proxies in an objective manner are identified, staff are required to escalate to the CAO and/or CCO, according to the proxy voting policy. Upon notification, the CAO and/or CCO will notify the proxy committee, which will determine whether the conflict is material. If determined to be a material conflict with the proxy proposal, we will vote on the proposal in accordance with the determination of the proxy committee. Guidance from independent third parties may be used for recommendations on how to vote on the proposal.

8 Tools and Service Providers

Tools and service providers enable us to better fulfill our client and stakeholder needs. We believe responsible use and management of our tools and service providers is integral to ensuring thoughtful stewardship.

Complementing Domain Knowledge With Appropriate Tools and Service Providers

Executing a successful stewardship program is resource intensive in our experience. Therefore, we strive to be thoughtful stewards of our resources, which includes the responsible use and management of our tools and service providers. Broadly, they provide us with access to aggregated datasets, tools, frameworks, and more that, in many cases, would be difficult for us to create on our own. Managed well, these providers enable us to accomplish more for our clients and other stakeholders. Our tool stack provides an extensive list of the service providers we use in our stewardship program.

This includes independent third-party research providers that assist our analysts' voting decisions. The reports generated by these providers often include helpful assessments of our portfolio companies' performance and governance practices. However, we do not rely solely on third-party proxy reports and sometimes vote against their recommendations, which we highlight in the case studies below.

To support the development of our program, we also engage with third-party consultants and specialists that offer us objective assessments of our stewardship practices, in-depth research that complements our domain expertise, and tools such as carbon accounting software.

Sands Capital's policy is to conduct diligence on its service providers using a risk-based approach. Our business managers are responsible for assessing the suitability, performance, and commercial value of the service provider to the firm and our clients Our legal, operations, and technical professionals contribute to conducting ongoing due diligence as we deem appropriate based on our risk assessments. Furthermore, service providers that deliver mission-critical services, as determined by risk assessments, are an important component of our business continuity plan, considering a disruption in service could affect the firm's operations and ultimately our clients.

We use a third-party risk management (TPRM) specialist to administer our vendor due diligence process under the direction of the office of our Chief Administrative Officer. The TPRM contacts new and existing vendors (when applicable) on our behalf to complete due diligence questionnaires and obtain system and organizational control audits, assessments, policies and procedures, and other required documentation based on the risk profile of the service provider. Furthermore, it reviews all materials submitted by the service provider and flags areas of concern to the business relationship owner at Sands Capital. While the TPRM conducts the due diligence on our service providers, the business relationship owner focuses on assessing the performance and commercial value of the service provider to the firm and our clients.

Our due diligence questionnaire seeks to evaluate the service provider's internal controls, its audit report (if applicable), information security policy and/or privacy policy, data breaches, business continuity plan, conflicts of interest, significant personnel changes, pending litigation, and any material changes to its business, operations, and financial stability among other factors. Our vendor risk assessment addresses the potential for an adverse event that is attributed to a service provider to affect our firm, and the mitigating factors in terms of our controls and processes.

In the case of an unsatisfactory due diligence review, risk assessment, or performance not meeting our expectations, we may choose to engage with the service provider at our discretion in an effort to resolve our concerns. If we determine the service provider is unable to effectively address our concerns, we will terminate our contract with the provider. We have not terminated any service providers that support our stewardship program in 2022.

Generally, the service providers supporting our stewardship program meet our performance expectations. With regard to ESG data research providers, we believe in supporting active feedback loops in an effort to increase data quality. When we find an inaccuracy in data or incomplete information on a business under our research coverage, we may flag the concern to the service provider and may also inform company management of our finding. Because missing data can have an adverse impact on a company's ESG rating, on occasion we work with portfolio businesses to help ensure they effectively disclose the data sought by the research providers. In our experience, emerging markets companies are more prone to subpar ESG ratings that can be attributed to incomplete data disclosure. In some cases, these companies need guidance on the most effective formats and channels to convey information to the ESG research providers.

OUR TOOL STACK

ESG Research	MSCI ESG Research	MSCI Carbon Metrics/ Climate Value at-Risk	Sustainalytics
Proxy Voting Research	Institutional Shareholder Services (Research and proxy voting platform)	Glass Lewis (U.S. and Non-U.S. Research)	Stakeholders Empowerment Services (Corporate governance research and advisory firm)
Business Involvement Screening	MSCI ESG Research	Sustainalytics	
Standards and Frameworks	IFRS Sustainability Alliance	Task Force on Climate-related Financial Disclosures	U.N. Global Compact
Associations	Council of Institutional Investors	International Corporate Governance Network	
Technology Platforms	FactSet	Power BI	

Sustainalytics, a Morningstar company, is a company that rates the sustainability of listed companies based on their environmental, social, and corporate governance performance. Institutional Shareholder Services group of companies empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight. SASB Alliance Standards guide the disclosure of financially material sustainability information by companies to their investors. The U.N. Global Compact is a nonbinding U.N. pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. FactSet Research Systems Inc., trading as FactSet, is an U.S. financial data and software company. None of these companies is a Sands Capital holding.

Tools and Service Providers Case Studies

iRHYTHM

Business
iRhythm Technologies, based in California, is a pioneer in atrial fibrillation (irregular heartbeat) detection.

Key Issues
Management accountability; board structure or composition.

Strategy
Global Growth

Outcome
After constructive engagement with the company Sands voted in support of directors for which ISS and Glass Lewis issued adverse voting recommendations, noting iRhythm's improved financial control and management of material weaknesses in accounting controls and procedures.

Background

iRhythm has built a reputation as a disruptive innovator that is advancing the field of cardiac monitoring. We believe this innovation goes hand in hand with good ESG practices, as iRhythm has demonstrated a firm commitment to the quality of its products and the safety of its patients' data. However, we believe there is still room for the company to strengthen its ESG practices and policies, as is typical for young companies.

Ahead of the iRhythm proxy vote, we had a productive conversation on several topics with iRhythm's chair, chief risk officer, general counsel, and investor relations executive vice president. iRhythm is an early-stage company that is working hard to evolve ESG practices to be on par with industry leaders. As a part of this multiyear evolution, the board has hired more experienced leadership, including a new chief executive officer in September 2021 and a new chief financial officer (CFO) in June 2020. It also created the role of chief risk officer in May 2022 to oversee its application of ESG principles. We believe this strengthened management team is focused on improving areas we would prioritize, and it has been very receptive to feedback.

One area we have focused on in our engagement, both prior to and after our investment in the company in the third quarter of 2020, revolves around management accountability, especially related to financial controls.

In 2021, we withheld our vote for Mark J. Rubash, director since 2016 and the chair of the audit committee, whom we viewed as responsible for material weaknesses in the company's accounting controls and procedures. These deficiencies resulted in a delayed quarterly filing in 2019.

Additional company engagement and research improved our view of Rubash's contributions since that vote. iRhythm's operations have scaled quickly, and it features a complex financial model. We've learned that Rubash played a large role in helping improve financial controls since he joined, including identifying a new CFO in June 2020 and developing a remediation plan, and we feel he has taken a very hands-on role in professionalizing the company.

iRHYTHM

Activity and Outcome

In 2022's annual shareholder meeting, given what we perceived as progress in management of material weaknesses and financial control, we supported all directors nominated, including Rubash. Despite this progress, both Glass Lewis and ISS recommended voting against the directors who are members of the audit committee during this proxy season. However, we believe this recommendation failed to acknowledge the improvements iRhythm has made, including the remediation of two material weaknesses identified in 2019 (relating to the financial statement closing process and revenue and related accounts receivable accounting).

We believe Rubash has been instrumental in improving iRhythm's financial controls, as he brings valuable experience as a former partner at a large accounting and consulting firm and as the current chair of the audit committee of Intuitive Surgical.[25] We believe ISS and Glass Lewis are penalizing Rubash and the committee for an issue that arose from the prior CFO's mistakes and the complexity of the accounting. The audit committee has worked hard to fix this, including hiring their current CFO, whom we think is strong, and a financial team that is working to simplify the complexity and bolster controls.

The company has taken several measures to improve financial controls and is working diligently to remove the third and final material weakness. We continue to engage with management about further simplifying the business model to improve control, visibility, and oversight. We believe the company is aligned and working on improving down this path. Improving financial controls will require renegotiating contracts with clients, which may take many years, particularly with large government bodies like the Centers for Medicare & Medicaid Services, but we believe the company has significantly reduced its financial control risk.

We ultimately voted for the audit committee members, though we will monitor for progress, hoping to see the third material weakness lifted within the next year. We are confident that iRhythm's ESG practices will continue to improve and evolve as the company matures, ultimately helping it better serve patients.

We believe this is an example of how active and continued engagement can help investors better understand the goings-on at the firm. In this instance, we believe that blindly accepting the proxy recommendations would have removed a value-adding director and done more harm than good, which would have been detrimental to shareholders.

25. Intuitive Surgical is not a Sands Capital holding

Our Hong Kong Holdings

Key Issues
Voting approach for share issuance requests without preemptive rights in the Hong Kong market.

Outcome
Sands Capital adjusted its voting approach for Hong Kong share issuance requests without preemptive rights to consider additional factors in lieu of following the dilution threshold-based voting approach used by our proxy research provider.

Recently, our analysts have been receiving more proposals on share issuance requests without preemptive rights for our Hong Kong holdings. Our proxy research providers have guidelines outlining their general voting approach for European and Asian markets asking shareholders to grant the board of directors a "general mandate to issue shares" without preemptive rights. In Hong Kong, the local authority sets a 20 percent issuance limit, but our research provider argues that it should be 10 percent. Our analyst engaged with the holdings in Hong Kong and received pushback on the reason for limiting such requests to 10 percent. After researching the issue in more detail, we decided to reach out to our proxy research provider for background information into their thinking. The public analysis provided by the proxy research provider points to lower support for these proposals in Hong Kong compared to other markets. When we asked to provide further insight into the low support level for these proposals, they noted that their policies are formulated taking into consideration local listing rules, regulations, other market practices, market maturity, and a host of other factors. While this may be suitable for a blanket voting approach in Hong Kong, they provide no context as to why proposals are not supported or what industry, company size, ownership structure, etc. leads to the overall low support. Considering these factors, our analyst decided to vote in favor of this proposal because the research provider's rationale didn't appear compelling, nor did a reasonable justification or empirical evidence show that support of these proposals would be detrimental to shareholders, especially when the largest shareholder is management. In addition, Sands Capital adjusted its future voting approach for these types of proposals in the Hong Kong market to accept requests for share issuances without preemptive rights, taking into consideration dilution, discount limit, ownership structure, and past controversies with respect to share issuance, to name a few.

Appendix

UK Stewardship Code Principles Content Map

Section	UK Stewardship Principle
Who We Are	**Principle 1:** Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
Who We Serve	**Principle 6:** Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
Oversight	**Principle 2:** Signatories' governance, resources, and incentives support stewardship.
Approach to ESG Integration	**Principle 7:** Signatories systematically integrate stewardship and investment, including material ESG issues, and climate change, to fulfill their responsibilities.
Active Ownership	**Principle 9:** Signatories engage with issuers to maintain or enhance the value of assets. **Principle 11:** Signatories, where necessary, escalate stewardship activities to influence issuers. **Principle 12:** Signatories actively exercise their rights and responsibilities.
Promoting Well-functioning Markets	**Principle 4:** Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system. **Principle 10:** Signatories, where necessary, participate in collaborative engagement to influence issuers
Accountability	**Principle 3:** Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first. **Principle 5:** Signatories review their policies, assure their processes and assess the effectiveness of their activities.
Tools and Service Providers	**Principle 8:** Signatories monitor and hold to account managers and/or service providers.

Policies

ESG Policy Statement

Proxy Voting Policy and Procedures

Engagement Policy

Modern Slavery Act Annual Transparency Statement

Vendor Code of Conduct

ESG Principles

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As of December 31, 2022, Alphabet was held in Global Growth, Technology Innovators, and Global Shariah. Amazon was held in Select Growth, Global Growth, Technology Innovators, and Global Shariah. Anta Sports Products was held in Emerging Markets Growth, International Growth, and Global Shariah. Block was held in Select Growth, Global Growth, Technology Innovators, and Global Shariah. Britannia was held in Emerging Markets Growth. Cloudflare was held in Select Growth, Global Growth, Global Leaders, Technology Innovators, Select Leaders, and Global Shariah. CP All was held in Global Growth and Emerging Markets Growth. Dexcom was held in Select Growth, Global Growth, and Global Shariah. DoorDash was held in Select Growth, Global Growth, Technology Innovators, and Global Shariah. Foshan Haitian Flavoring was held in Emerging Markets Growth. Haidilao was held in Emerging Markets Growth. iRhythm Technologies was held in Global Growth. Jubilant Foodworks was held in Emerging Markets Growth. Lonza was held in Global Leaders, International Growth, International Leaders, and Global Shariah. MercadoLibre was held in Global Growth, Emerging Markets Growth, Technology Innovators, and International Growth. Netflix was held in Select Growth, Global Growth, and Technology Innovators. Reliance was held in Emerging Markets Growth and Global Shariah. Shopify was held in Select Growth, Global Growth, Global Leaders, Technology Innovators, International Growth, International Leaders, and Select Leaders. Sika was held in Global Growth, Global Leaders, International Growth, and International Leaders. Texas Instruments was held in Global Leaders, Technology Innovators, and Select Leaders. Taiwan Semiconductor was held in Emerging Markets Growth, Technology Innovators, International Growth, and Global Shariah. Visa was held in Select Growth, Global Growth, Global Leaders, Technology Innovators, Select Leaders, and Global Shariah. Wuxi Biologics was held in Emerging Markets Growth. As of December 31, 2022, Sands Capital had closed all positions in Meta Platforms.

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