RIVER AND MERCANTILE

River and Mercantile Asset Management LLP

UK Financial Reporting Council

2020 Stewardship Code: Report for 2022

FCA Firm Reference Number: 453087

April 2023

Contents

Introduction

As providers of equity and debt to companies or advice to asset owners, all financial institutions play a vital role in:

- Net **E**nvironmental gain, appreciating or aiming to improve the state of the planet that we have inherited against that which we bequeath to future generations
- Achieving positive **S**ocietal outcomes across labour & human rights, and community impacts
- Ensuring companies we invest in are well **G**overned, from audit and accounts to directorships and board accountability

River and Mercantile Asset Management LLP ("RAMAM") is committed to creating value for investors. A sustainable and socially responsible approach to investment underpins our responsibility to both protect and enhance the long-term value of assets. Core to this is empowering our investee companies to bring about positive change themselves with our support – the very definition of stewardship that we use.

RAMAM was delighted to be accepted as a signatory to the FRC Stewardship Code 2020 in 2021 given the high standard and recognition the Code sets. We are now pleased to share our annual submission to the FRC of our engagement activities throughout 2022, together with progress and outcomes towards the twelve Principles of the Code.

In this report, you will read qualitative and quantitative detail about the approach to ESG governance that River and Mercantile has put in place, the importance of understanding and then actually delivering upon clients' required outcomes as well as some real engagement, collaboration and voting examples.

Alex Hoctor-Duncan, CEO

April 2023

Approval by Governing Body

RAMAM's Stewardship Code Report 2022 for the reporting period 1 January to 31 December 2022 has been reviewed and approved by its duly constituted governing body, the RAMAM Executive Committee, on 26 April 2023. The report is signed below by Alex Hoctor-Duncan, Chair of RAMAM and Chief Executive Officer of the River and Mercantile group of companies ("River and Mercantile Group"), on behalf of the RAMAM Executive Committee. A copy of this report will be published on the River and Mercantile website.

Alex Hoctor-Duncan

Chief Executive Officer

River and Mercantile Group

Corporate Activity

River and Mercantile Group was involved in significant corporate activity during 2022. Following the sale of its Solutions business (River and Mercantile Investments Limited), River and Mercantile Group was acquired by AssetCo plc ("AssetCo") on 14 June 2022. Its US solutions business (River and Mercantile LLC) was subsequently sold to management in August 2022.

This corporate activity has not affected RAMAM's signatory status to the FRC's Stewardship Code. This report is accurate for the period covered namely the whole of 2022. Under AssetCo's ownership River and Mercantile has strengthened its governance and approach to ESG as detailed in this document.

PURPOSE AND GOVERNANCE

Principle 1 – Purpose, Strategy and Culture

Who we are

RAMAM is a long-only equities manager based in London and works closely with institutional and wholesale clients in the UK, Europe and USA. RAMAM has just over £2bn of assets under management (31 December 2022) across a differentiated portfolio of high conviction products, from a principles-driven, high performing team.

Within our group of companies are long-only equities and infrastructure investment capabilities. This submission to the FRC focuses on RAMAM. We indicate throughout where specific content relates to RAMAM or the wider AssetCo group of companies ("Group") as applicable.

River and Mercantile is signatory to the net zero asset managers initiative meaning we are committed to support the goal of net zero greenhouse gas ('GHG') emissions by 2050, in line with global efforts to limit warming to 1.5°C ('net zero emissions by 2050 or sooner'). We also commit to support investing aligned with net zero emissions by 2050 or sooner. In 2022, River and Mercantile announced our initial interim target of 50% reduction in weighted average carbon intensity by 2030 vs 2019 baseline for portfolio scope 1 and 2 emissions, with 19% of total AUM initially committed to be managed in line with net zero. More information on our initial commitment is included in Principle 7.

Group and RAMAM Commitment to Responsible Investment and Stewardship

In 2018, the River and Mercantile Group became a signatory to the UN Principles of Responsible Investment. As a signatory, we commit to uphold the six key principles, including engagement and reporting. We were pleased to be awarded 4 stars (67%) for our Investment & Stewardship Policy, 4 stars (78%) for Direct – Listed equity – Active fundamental – incorporation and 4 stars (72%) for Direct – Listed equity – Active fundamental – voting. RAMAM was a signatory to the former UK Stewardship Code 2012, and was delighted to be accepted by the UK Financial Reporting Council as a signatory to the 2020 Code in September 2021.

RAMAM is committed to quality engagement to empower our investee companies to achieve positive change themselves. This annual submission to the FRC for 2022 demonstrates how we turn this commitment and responsibilities as signatories into action. We have several other memberships to further support this commitment to engagement. Effective from 2021, this includes the CDP (the Carbon Disclosure Project) and the UN Global Compact.

Corporate Governance

River and Mercantile recognises the value of good corporate governance in ensuring the long-term sustainable success of a company, generating value for shareholders and contributing to wider society. In 2022 up until the date of its acquisition by AssetCo on 14 June the River and Mercantile Group's board comprised three independent Non-Executive Directors, the Chair who was independent on appointment, a Deputy Chair and three Executive Directors. Thereafter it comprised Executive Directors. AssetCo is an AIM-listed company with a board comprising six Non-Executive Directors and two Executive Directors.

Good corporate governance is critical to the successful management of a sustainable business. Accordingly, we are committed to the principles of corporate governance contained in the UK Corporate Governance Code 2018. We report on our compliance annually in the Corporate Governance Section of AssetCo plc's Annual Report and Consolidated Financial Statements www.assetco.com.

Governance for ESG specifically is provided via AssetCo's quarterly Sustainability and Stewardship Committee and RAMAM's ESG Policies (for ESG, Climate and Exclusions, and investment-team specific for ESG integration and Voting & Engagement). These Policies are made publicly available: www.riverandmercantile.com/about/corporate-sustainability. As of April 2023, AssetCo and RAMAM are in the process of reviewing and updating the existing ESG Policies which will be disclosed on the website when finalised. More information on this process and any updates will be available in next year's Stewardship Report.

Group Culture

Following significant corporate change during 2021-2022, we re-engaged with colleagues on our purpose, strategy and values in 2022. In collaboration with colleagues, a new purpose was defined – 'Invest to make a difference', and together we created our refreshed values – Trust, Empowerment, Collaboration and Excellence. We continue to work closely with colleagues to develop the behaviours that underpin these values with workshops scheduled throughout 2023. Trust and integrity are fundamental to our conduct-led culture and the Directors lead by example, setting high standards to promote transparency across the Group. The Group board will continue to assess and monitor culture regularly through engagement and sentiment surveys using a new colleague platform to be delivered in Q2 2023. Our values are embedded in our annual performance review process. We ask colleagues and their leaders to set goals aligned to our values and evaluate their performance against these using examples of the work they have undertaken over the year.

By continuing to embed our values across all that we do, we will deliver even better colleague and client outcomes. We strive to have a purpose-led organisation, where we create the best conditions to do fulfilling work with talented people – so that we make a difference for our clients, colleagues and communities – and believe this to be fundamental to our stewardship activities – ranging from our investment process to our approach to voting and engagement.

Our Approach to Sustainability and Stewardship

River and Mercantile is a responsible steward of capital with a culture of longevity. We take this role very seriously and strive for sustainability through the pillars of Responsible Stewardship, People, Community, Environment and Innovation, leading to positive long-term outcomes for all. These sustainability pillars provide guidance on application and integration into investment processes. We further recognise that our strength as an asset management group can lie in our differences, and we value diversity of thought.

The FRC's definition of stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients, leading to sustainable benefits for the economy, the environment and society" remains consistent with our clients' evolving investment needs and expectations. Therefore, stewardship continues to play an expanding role in RAMAM's focus on delivering investment solutions to meet those needs and we continue to enhance the ways in which we consider ESG factors in our portfolios. In 2022, this included developments to elements of our investment process, analysis, monitoring and governance to support the mid-year launch of new SFDR Article 8 and Article 9 compliant funds. Also during the year, the River and Mercantile ESG and Stewardship Committee was reconstituted and its remit expanded under the new name AssetCo Sustainability and Stewardship Committee. The appointment of an experienced independent Chair and increased coverage of the committee has further strengthened the management and oversight framework supporting RAMAM's delivery of sustainable investing and its approach to stewardship. Further details are provided below.

1. Responsible Stewardship
A commitment that our corporate culture, strategy and investment beliefs lead to responsible stewardship. This includes integrating responsible investment issues into our decision-making for the benefit of our clients together with the aim of sustainable benefits for the economy, the environment and society.

2. People
We aim to create value for all stakeholders through having high levels of trust and cooperation between employees, customers and the stakeholders we serve. This includes best practice governance, adhering to regulation, treating people equally, respecting human rights and promoting diversity.

3. Community
As a responsible corporate we aim to foster a sense of social responsibility within our organisation and, in turn, making a positive impact within the communities we operate. This includes supporting our corporate and employee initiatives in endeavours to give back.

4. Environment
We aim to create value for all stakeholders without causing undue harm to the environment, nor compromising the ability of future generations to do so. This includes acting in an environmentally responsible manner, to deliver an effective strategy with proper consideration for our natural surroundings.

5. Innovation
As a sustainable business, we require constant innovation to respond to changes in market fundamentals, the environment and society. This is imperative for long-term value, for the benefit of all stakeholders. We take a broad view of innovation, which we believe encapsulates changes in strategy, process and the products we develop. Innovation is also fostered through diverse perspectives.

RAMAM Investment Strategy and Sustainable-PVT

Investment beliefs, cases and theses centre around our Potential, Value Timing (PVT) philosophy. For ESG specifically, factors we consider most important in our unique investment approach are enablers and improvers (more information in Principle 6), accompanied by solid engagement.

- Our PVT philosophy identifies the three factors that drive share prices higher over the medium term (Potential, Valuation and Timing)
- We believe that companies have lifecycles; times of success, times of failure and then change. As a result, we categorise the potential investment universe into growth, quality, recovery and asset-backed opportunities
- Our proprietary screening tool (MoneyPenny) systematically scores and ranks all companies on PVT within each of the four categories

With investors requiring evidence of ESG integration in making responsible investment decisions, the articulation of our approach is now more important than ever to achieve the best outcomes for clients. We have identified several important tenets that impact a company regardless of its industry, business model or stage in its lifecycle. This evolved into our "Sustainable PVT" framework – centred around the pillars of People, Innovation and the Environment – which articulates our approach to responsible investment within our existing PVT process.

Assessment: How effective have we been in serving the best interests of our clients?

Acting in our clients' best interests is at the heart of what we do and as an imperative is engrained in our people, culture and processes. Attainment is monitored and governed internally though our three lines of defence model and externally by fund management and other oversight bodies. Our clients expect that our stewardship of their assets includes investment performance and integrates material environmental, social and governance risks and opportunities within the investment process. Funds and mandates for which specific sustainability characteristics have been described to investors have demonstrably exhibited those characteristics and during 2022 we have enhanced our reporting in this respect, as described (with examples) in this document. Through our investment processes, voting and engagement, we believe we have been effective in serving the best interests of our clients in accordance with their mandates, but we still consistently challenge ourselves to improve.

Principle 2 - Governance, Resources and Incentives

Governance: Group (ESG)

In 2022, the AssetCo Sustainability and Stewardship Committee was formed. The Committee evolved and expanded from the former River and Mercantile ESG and Stewardship Committee. The Committee is made up of an experienced independent Chair, senior representatives from across the business and other subject matter experts. Its purpose is to oversee and manage the activities of AssetCo and its regulated subsidiaries in relation to all aspects of Sustainability (including Environmental, Social and Governance issues) and Stewardship, as an investor, a business and in the case of AssetCo itself, as a publicly listed company. This includes oversight and coordination of relevant strategy, legal and regulatory obligations, policies and reporting across the Group.

The objectives and responsibilities of the Committee include (among others) the following:

- Provide strategic direction on and oversee the development and implementation of Sustainability policies (including ESG) and Stewardship initiatives (including engagement)
- Agree an implementation plan, within each business unit, based on the underlying investment strategy for that business unit including development of investment products, exercise of shareholder rights in line with current regulation and client engagement and reporting
- Oversee compliance with all relevant legislation and regulation relating to Sustainability (including ESG) and Stewardship (including engagement) in respect of classification, disclosure and reporting
- Work with appropriate external bodies and to monitor wider developments across the industry

Governance: RAMAM (Stewardship)

Governance of voting activities is formalised in the RAMAM Voting and Engagement Policy, with the Proxy Voting Working Group and Sustainability and Stewardship Committee providing oversight. This oversight ensures the Policy is followed, and that stewardship is closely monitored (for example actions agreed with investee companies are delivered).

Governance of wider stewardship is achieved via discussion of themes, progress, issues and prioritisations at investment team meetings and at the Sustainability and Stewardship Committee which reports to the RAMAM Executive Committee. Please see Principle 12 for further information on the voting process.

Groupwide Training

This year we have delivered inclusive leadership training for managers and continue to provide study support via both time and financial assistance to employees undertaking professional qualifications. We remain fully supportive of apprenticeships and as an apprenticeship levy paying organisation, we have access to levy funds which are being utilised to support management development programmes at Levels 3 and 5, business administration and finance qualifications.

The CFA ESG and Certificate in Climate and Investing qualifications are included in our study policy. These are available to relevant employees and an employee wishing to undertake would engage with their line manager and HR to obtain approval. In 2022, three members of the investment team undertook a course by Edinburgh University Business School in Climate Change Risk in Finance.

Employees are actively encouraged to attend ESG and sustainability industry events.

Groupwide Resourcing for ESG

Our people are essential to the success of our Group. We are committed to continuously developing our teams through training and development, both formal and informal.

RAMAM utilises a team-based approach to oversee ESG and stewardship issues. ESG analysis is conducted by our internal team of equity analysts, as it forms part of our fundamental research process, and is frequently debated by the fund managers and analysts. Our S-PVT framework means we can ensure we have a clearly-thought-out view of sustainability when considering a stock for inclusion in a portfolio. Analysts are responsible for monitoring a company’s performance against ESG factors, with the fund manager ultimately responsible for monitoring and managing risks in their portfolio.

In addition to ESG being embedded across many colleagues' roles (in particular fund managers, analysts, distribution and product), we have continued to evolve our approach to ESG in 2022, by closely working with the AssetCo Sustainability and Stewardship Committee. RAMAM's Director of ESG, also a Global Equity Analyst, co-ordinates ESG delivery within the investment team and has over 30 years of experience. An ESG & Stewardship Analyst provides support on direction, governance, data, engagement, performance, reporting and industry participation as well as supporting the Sustainability and Stewardship Committee. Engagement is undertaken by the whole investment team. Most engagements are through one-to-one engagement meetings, either in the setting of regular company meetings with the portfolio managers and analysts' existing interactions, or through specific sustainability meetings typically held by the Director of ESG and the ESG & Stewardship Analyst. Other engagement methods employed include letters and collaborative engagements.

We believe this resourcing model, together with wider investment team involvement in ESG, is appropriate to our size (assets under management), complexity of asset classes and range of funds.

RAMAM ESG Investment Processes

The day-to-day analysis of ESG risks and opportunities rests with the portfolio managers and analysts, including the Director of ESG. ESG related issues will be discussed with investee companies at meetings with CEOs and at separate meetings with non-executive board members, which both the Director of ESG and an analyst or portfolio manager will attend. The AssetCo Sustainability and Stewardship Committee also provides inputs as required to the investment team, particularly in terms of sharing best practice.

Groupwide Diversity

We believe that diversity of perspectives and thought, when part of an inclusive culture, results in better client outcomes. We will have a renewed focus on diversity and inclusion in 2023.

The River and Mercantile Group has a Diversity Policy and a Diversity Strategy that sets out what has been done to date across the group, our diversity and inclusion priorities and considers the actions that could be undertaken to support our diversity and inclusion priorities. The River and Mercantile Group Diversity policy is available on our website: www.riverandmercantile.com/about/corporate-sustainability.

During 2021-22 we delivered inclusive leadership training to all managers and unconscious bias training to all colleagues. Our senior management are committed to a path of improvement and development, recognising the benefits of a diverse and inclusive organisation and we recognise there is more work to be done in this area. This will remain a key focus for Executive Directors within their annual performance objectives.

Investment in Systems, Processes, Research and Analysis – RAMAM

RAMAM's fund managers and analysts maintain regular dialogue with companies. This allows us to monitor the development of companies' businesses, including areas such as overall strategy, business planning, delivery of objectives, capital structure, proposed acquisitions or disposals, corporate responsibility and corporate governance. In addition, we engage with other stakeholders to enhance our own views on company performance. All dialogues are linked, where possible, to one or more of the UN Sustainable Development Goals.

Whilst we may attend company general meetings and contribute to collaborations of multiple investors, our preference is for engaging with companies directly. During 2022, we held 195 engagements with 145 companies on stewardship related issues. In analysing companies, apart from gaining an understanding of the business and financial management, we believe that through fundamental research and meetings with management it is important to identify potential material ESG and non-financial risks and opportunities, including with regard to a company's stakeholders such as customers, employees, suppliers and the environment.

Research – RAMAM

RAMAM's multi-factor PVT (Potential, Valuation and Timing) investment philosophy is bottom-up and based on company fundamentals. Analysis of financially-material ESG factors forms a core part of our research process, as it is inextricably linked to a company's sustainable earnings power.

Identifying and measuring material sustainability factors is a non-trivial task, as the materiality of each factor varies across industries and companies. We take a flexible approach to incorporating ESG into our fundamental analysis to ensure we have appropriately assessed the relevant risks and opportunities on a company-specific basis. Our approach is informed by the SASB (Sustainability Accounting Standards Board) Materiality Map, which highlights material sustainability factors on a sectoral basis and is validated by academic research, and the Taskforce on Climate-Related Financial Disclosures' Transition and Physical risks framework for climate-related risks are acute.

We are monitoring development of the regulatory landscape, to ensure we are in line and integrate into our research in future as appropriate. In 2022, we launched SFDR Article 8 and 9 strategies and have devloped our reporting framework accordingly ahead of publishing the first periodic reports as at end 2022, in line with the regulation.

Third-party ESG research is helpful to understand how a stock compares against its peers on sustainability issues and to highlight potential risks as a prompt for more detailed analyst work. We sometimes use the scores in conjunction with our own bottom-up sustainability analysis. Additionally, we utilise company meetings to verify sustainability-related risks and opportunities and engage with companies on material factors. Third-party ESG research is also helpful to understand key material sustainability topics and how they are relevant to our investee companies. More information is to be found in the Service Providers section below.

ESG issues are also considered within portfolio construction and monitoring. As we conduct detailed sustainability analysis where risks have been highlighted, we do not exclude potential investments based on sector or third-party ESG ratings. Third-party ESG ratings form part of a useful toolkit to assess risk at the portfolio level, supplementing the fundamental research work undertaken by analysts.

Sustainability factors are one factor amongst many that we consider in an investment decision. By remaining true to our investment process, we believe we can ensure sustainability risks and opportunities are reflected in portfolios.

We believe the relevant sustainability factors impacting a company's long-term value creation potential differ by company and by sector. As a result, we prefer a flexible approach when reflecting the explicative effect of our sustainability analysis. Sustainability issues may impact a company's future earnings potential by affecting the appropriate growth rate of earnings, the sustainability of cash flow modelled or the stock-specific fade rate.

Where ESG issues are present, for example, a higher risk of stranded assets, this can be reflected in the discount rate, whilst understanding a company's absolute and relative sustainability credentials can help to inform the multiple at which we are willing to value its future earnings or cash flow.

Service Providers – RAMAM

RAMAM uses a third-party proxy voting service (Institutional Shareholder Services) to vote all client securities, overriding their recommended action when it differs from RAMAM's General Principles on standards for good corporate governance and management of environmental and social issues. Proxy voting is administered by RAMAM's Operations team, who refer to the Director of ESG and/or ESG analyst before confirming voting intentions. They will consult the appropriate portfolio manager where required (material and/or significant item) before confirming voting intentions to RAMAM's Operations team. More information about this process is covered in Principle 12 - Exercising Rights and Responsibilities.

ESG data predominantly from Bloomberg, MSCI and Sustainalytics complements our own research as we are cognisant of the shortcomings and limitations of basic scores for ESG from third-party data providers, where opinions and ratings can differ materially on the same company. We also use MSCI's quantitative and qualitative research to support our ESG research and exclusion list monitoring.

We utilise a meeting results service to enable understanding of how our votes and beliefs are reflected in actual outcomes.

Groupwide Incentives

The Group's remuneration policies and practices take account of applicable law, regulations, and corporate governance standards. Appropriate variable remuneration deferrals are in place for material risk takers involved in the investment management of our funds across the Group. The Group Remuneration Committee has the ability to reduce or cancel share awards granted in certain malus scenarios.

We recognise that the investments we make for our clients, as stewards of their capital, are long term investments and our approach to the remuneration reflects our focus on the creation of long-term value for our clients. Our approach to deferred remuneration, malus and clawback and the oversight of our Group Remuneration Committee supports that focus.

We acknowledge that the direct link between remuneration outcomes and stewardship can be further strengthened and enhanced. We address this by linking the achievement of specific stewardship related performance objectives with variable remuneration outcomes: specific stewardship related performance objectives for dedicated ESG roles, while for portfolio managers and analysts, objectives include considering ESG in company research and portfolio construction. By its nature, this will need to be addressed through engagement with line managers and employees during the performance objective setting period and will therefore take longer to achieve. We further plan to link this into senior management objectives and will address this through the Group Remuneration Committee in relation to our Executive Directors.

Principle 3 – Conflicts of Interest

RAMAM has implemented a Conflicts of Interest Policy which applies to all staff and partners.

The Conflicts of Interest Policy was approved through the River and Mercantile Group's policy approval framework, by its board and by RAMAM's Executive Committee.

The policy sets out how we seek to identify and to prevent or to manage all material conflicts of interest and all members of staff and partners are required to read and comply with it. RAMAM's Executive Committee and the AssetCo board are ultimately accountable for the management of risk within RAMAM and reviewing the effectiveness of internal systems and controls. Non-compliance with the conflicts of interest policy may result in disciplinary outcomes, depending on the nature of non-compliance and actions taken to address this. The policy is reviewed annually and on an ad hoc basis and training on conflicts of interest is also provided to all staff members and partners annually. An AssetCo groupwide Conflicts of Interest policy will be rolled out during 2023, the provisions of which will not differ materially from those set out in the current policy.

An essential part of RAMAM's business involves RAMAM acting as agent for clients when advising on or making decisions in financial markets on behalf of them. Confidence in RAMAM's integrity in acting on their behalf is at the heart of the relationship of trust between RAMAM and its clients. This means that when making investment decisions, or providing products or services to clients, RAMAM must always act in the clients' best interests and put those interests ahead of its own. RAMAM also has an obligation to treat all clients fairly, which may give rise to the need to manage conflicts of interest between different groups of clients for whom we act as agent. Certain conflicts of interest may be inherent in an agent and principal relationship. Where RAMAM acts as agent it is possible that conflicts of interest may arise with clients or between the competing interests of different clients.

A key principle of our Conflicts of Interest Policy is the prevention or management of any conflicts of interest linked to stewardship. Disclosure of conflicts is treated as a measure of last resort.

Our conflicts of interest policy provides detailed circumstances that could give rise to a conflict of interest and guidance on how we manage such conflicts that might arise in relation to the order and execution of trades, investments by clients in our own funds, cross trading, giving and receiving gifts or dealing personal securities which are held or advised on by RAMAM. Our policy is to take all reasonable actions to properly identify and manage conflicts of interest and always to act in the best interest of our clients, so that transactions are effected on terms which are not materially less favourable to the client than if the conflict had not existed. Such actions may include putting in place controls between the opposing sides of the conflict which may control or prevent the exchange of information and/or involve appropriate management of staff and partner activities and segregation of duties.

Where such controls are insufficient to ensure with reasonable confidence that risks of damage to the interests of a client can be prevented, RAMAM discloses the general nature and/or the source of the conflict of interest to the client and the steps taken to mitigate those risks prior to undertaking the relevant business. RAMAM maintains a Conflicts Register of its actual or potential conflicts.

The Conflicts of Interest Policy is provided to all our clients and is publicly available at www.riverandmercantile.com/about.

Treating customers fairly - A potential conflict may arise whereby RAMAM may obtain price sensitive, confidential or business sensitive information as part of the investment management process. This information may arise from corporate transactions by listed companies and as a result the PVT team would be considered in possession of inside information and restricted from trading in the relevant issuers securities until public disclosure/cleansing.

Principle 4 – Promoting well-functioning Markets

We recognise that as stewards of our clients' assets and as a participant in the financial markets, we have a responsibility to identify and address market-wide and systemic risks that affect the financial markets and our clients' portfolios as well as a duty to promote a well-functioning financial system. In 2022, this was addressed in two ways. First, in how we managed risks that might affect us and our ability to manage our clients' assets. Second, in how we addressed market wide and systemic risks.

Group Approach to Risk Management

RAMAM risk management oversight is undertaken centrally by the Group. The Group's overall risk objective is to manage its business and associated risks in a manner that balances maintaining the safety and soundness of the Group with limiting the risk of not delivering expected outcomes to clients. The Group considers this objective to be strongly aligned to the outcomes expected by stakeholders: shareholders, employees, regulators and the broader market and community.

We take a cautious and proactive approach to risk management, recognising the importance of understanding risks to the business, and managing them effectively. We have a formal structure for managing risks across the Group comprising independent governance and oversight by a newly appointed Chief Risk Officer. RAMAM's risk reporting includes a risk appetite statement approved by the board alongside a detailed risk management framework (including policies and supporting documentation) and a formalised process for providing risk reporting to the Group board through the Group's Operating Forum. We continue to invest in our risk management approach and resources.

The Group board has overall responsibility for risk management and was accountable for oversight of the risk management processes for the period of this report. On an annual basis, the Group board reviews the principal risks facing the Group and each of its regulated subsidiaries including RAMAM. Where appropriate, the Group uses quantitative assessment techniques such as stress testing to understand the level of exposure.

Governance Process for Risk

A structured approach to risk governance was established, covering both Group and RAMAM. This ensures an effective level of alignment between oversight and management responsibility for risk.

The approach includes policies and standards, and executive-level risk oversight. The risk governance structure includes clearly defined roles and responsibilities for board and executive committees, control functions and the accountable executives.

Operational risks are identified and initially assessed within the Group's Operating and Risk Forum, comprising senior individuals from each business and client support area. Identified risks are reported to the Chief Risk Officer and RAMAM's Executive Committee, which is overseen by the Group board. Prior to AssetCo's acquisition of River and Mercantile Group, the roles and responsibilities of the Operating and Risk Forum were undertaken by separate RAMAM and River and Mercantile Group committees.

Risk Management Framework

The risk management framework sets out the approach we take to identify, assess, manage, monitor and report risks. It is designed to enable the board to receive assurance that risks are being appropriately identified and managed in line with the Group's risk appetite:

Our risk assessment processes enable us to identify and assess the most significant risks that we face. These processes are the foundation of our risk management framework.

We conducted stress testing and scenario analysis, covering a broad range of scenarios including market shocks and idiosyncratic risk events, to understand the Group's resilience

Risk management framework

to internal and external shocks, and to model quantitatively the risk to the Group's capital requirements and profitability.

We conducted these assessments across the Group and involved department heads, senior managers, executives and the board. The assessments allowed executive management to make informed risk-based decisions and to plan appropriately for the ongoing running of the Group.

As the Group includes authorised and regulated subsidiaries, the Group and relevant subsidiaries were required to hold appropriate levels of capital and liquidity to ensure their sustainability. Systems and controls and the process for assessing the adequacy of financial resources and associated risks are documented in the Group's ICARA, which examines downside events including revenue declines and the costs of an orderly cessation of the Group; and if appropriate the Group will hold additional capital following these tests.

The remit of the Sustainability and Stewardship Committee includes identifying and managing ESG risks across all parts of the Group.

Risk Identification

The Group board conducted a twice-yearly assessment of the principal risks, including current and emerging, facing the Group. Among the specific market-wide and systemic risks identified in the reporting period were.

- Sustained market decline (risk of a severe economic downturn and related sustained decline in asset prices)
- Counterparty and credit risk (risk that clients or counterparties fail to fulfil their contractual obligations)
- Failure of a critical outsourced service provider (risk that an outsourced provider fails to provide the service required either through their own organisational failure, or through substandard performance)
- Cyber threat (risk that a successful cyberattack could result in the loss of Group or client assets or data or cause significant disruption to key systems)
- Failure to perform in line with a contractual or regulatory requirement (risk that we unintentionally or negligently fail to meet a professional obligation to specific clients (including ESG and suitability related requirements))

Further explanation of the principal risks identified at a Group level and the responses to mitigate these are set out in the 2022 Annual Report and Accounts available at www.assetco.com.

Climate Risk in Detail

Climate risk applies to River and Mercantile as a corporate entity, and to companies that we invest in. For the former, in 2021 a new climate risk assessment was introduced for River and Mercantile Group. This identified the transition and physical climate risks that we are exposed to (short, medium and long term), with actions to mitigate. Further details are included in the Sustainability Report available on our website at:

www.riverandmercantile.com/about/corporate-sustainability

When considering the climate related risks of an investee company, we use external inputs to identify risks associated with carbon emissions and other environmental factors. Where these risks apply, we undertake further research as part of our company research process. We believe companies should be making disclosures in line with TCFD (and potentially the related Taskforce on Nature-related Financial Disclosures in future) and that engagement is the best approach to achieve this.

Example – Further research into climate risk (Engagement) – **UPM**

Background

Following SBTi's recent publication of a new draft methodology to cover forest, land and agricultural (FLAG) emissions, we reached out to UPM to understand how this will affect UPM's progress in measuring and disclosing emissions as well as setting emissions targets.

Main Points Discussed

UPM already have an approved short-term SBTi target in place, but not a long-term net zero target approved by SBTi which they are currently developing.

UPM confirmed the new SBTi methodology will affect UPM but not immediately.

UPM are developing ways to measure climate impacts and will naturally align with GHG guidance by being one of the piloting companies – their way of calculating soil and tree data is robust but still in the piloting stage. Once guidance is ready, they can take their new calculation methodology including removals to complement existing short term SBTi target.

In our engagement meeting with UPM (2022 Q3) we discussed that their emissions in 2021 largely increased due to a change in calculation methodology and were now using the GHG protocol to calculate emissions data properly. The draft GHG protocol Land Sector and Removals guidance (published September 2022) is not yet mature enough to support re-calculation of UPM's 2021 emissions, but they hope to have a more stable basis for these calculations at least in 2023 if not before.

Outcome

The conversation with UPM helped to clarify the impact of the recent SBTi FLAG guidance on longer term targets. R&M look forward to seeing UPM's progress in the coming years as the guidance is finalised and are pleased to see UPM pioneering in this space.

Understanding the exposure of our equity portfolios to economic activities affected by the transition to a low carbon economy is important. Tools we use included the PRI 2 Degrees Investing Initiative climate change scenario analysis tool (to assess the impact of climate on our portfolios and for evaluating risks), the Transitions Pathway Initiative (for management quality and carbon performance), and CDP (for climate disclosure data).

The transition risks and physical risks of climate change are considered in our investment process. Assessing climate change risks is part of our fundamental research. For example, in the Energy sector, the impact of regulation, which is likely to increase, and innovation, which will start to reduce the demand for fossil fuels, are key areas for us to monitor. Regarding climate change return seeking opportunities, we look for improvers and enablers (as introduced in Principle 1), for example within our portfolios we have exposure to wind farms, wind turbine manufactures, semiconductor capital equipment, solar panels, smart meters and enablers of green steel, cement, and hydrogen.

One of the primary objectives for RAMAM funds over time is the reduction of GHG emissions – our guiding philosophy is one of change: the observation being that merely investing in low carbon businesses does not actively facilitate a reduction of global warming. These investments are encompassed in our "improvers and enablers" philosophy. More information and examples of these are included in Principle 6.

Fossil fuels to energy transition timing

There are signs that the narrative on the time scale for reducing fossil fuel (oil & gas) production are slipping due to energy security requirements and the cost- of-living crisis. We have always believed oil & gas demand would remain important to assist the energy transition to renewable energy, using the cash flows from oil & gas to invest in alternative energies.

We believe climate change is a serious threat and GHG emissions need to significantly decline to meet the Paris Alignment objectives. Whether companies' net zero initiatives will deliver the required reductions by 2050 only time will tell, but it is important that we as investors keep companies focussed on meeting this objective. Over the next three years we would like companies to set out their roadmap to achieving net zero and whether they expect a linear, accelerated on delayed progression.

To make a significant impact in reducing GHG emissions the biggest polluters must cut back. Additionally, those companies already with and/or developing technologies/products to 'enable' GHG reduction require capital for investment. These 'enabler' companies will benefit significantly from the energy transition, and we seek to invest in these companies.

As we all consume steel and cement, for example, and will continue to do so, we must invest and support companies striving to change those industries for the better, or we cannot hit climate goals. Avoiding the issue is not going to decarbonise our economies.

Biodiversity and nature-loss

Biodiversity loss is expected to double by 2025 and triple by 2030. In December 2022 the State of Finance for nature report by the United Nations Environment Programme and the Economics of Land Degradation estimates that current finance flows to Nature-based Solutions (NbS) of $154bn a year need to double to $384bn by 2025 and triple to $484bn by 2030 to limit climate change to below 1.5°C, halt biodiversity loss, and achieve land degradation neutrality.

The introduction of Taskforce on Nature-related Financial Disclosures (TNFD) aims to build on the work from the Task Force on Climate-Related Financial Disclosures (TCFD). It has adopted a structure for guidance that is broken-down by sector (priority sectors), nature-related issue (relevant to an organisation or sector) or nature realm (ocean, freshwater, land, and atmosphere) specific. This is a structure we intend to follow as we evolve our biodiversity framework for analysing companies, i.e., identifying where biodiversity material risks or opportunities are for a company.

Identifying systemic risk

From a macro perspective, and to identify market-wide and systemic risks, the investment team has a systematic approach through quarterly stock market and global country cycle meetings. In the stock market cycle, the investment team scores the below key indicators to evaluate whether we are at the bottom, mid or top of the cycle through debate to produce an overall score summarising the current economic environment.

Interest Rates - Yield Curve
Econ - GDP vs Trend
Econ - Surveys
Econ - Asset Inflation (Equity / Real Estate)
Profits - prospective ROE
Profits - Upgrade Cycle
Risk Appetite: Credit spreads
Risk Appetite: VIX
Capital - credit creation
Capital - M&A / IPO activity
Factors: value spread
Categories: spread of trend PERs
Timing Technicals: Market
Timing Technicals: MidSmall vs market
Timing: Direction of Econ Surveys
Timing: Direction of Risk Appetite
Timing: Direction of Profit Revisions
Smaller Company (Trend valuation / absolute & relative)
Long Term - Trend GDP vs history / KWave

Source: River and Mercantile

In the global country cycle we have adapted our concept of the stock market cycle to global portfolios by developing a quantitative method that helps us determine where each of the main investable regions/countries are in the investment cycle, to take more risk at the bottom of the cycle when opportunities are greatest and dampen down portfolios at the top of the cycle, when opportunities are fewer and risks are higher.

Under AssetCo, the various investment teams meet on a regular basis to discuss topical ESG risks and opportunities, sharing best practice on identifying, addressing and capturing these. In this manner, systemic ESG risks are discussed within the group.

Working with Others

We participated in industry initiatives as we recognise the value of working with others to promote the continued improvement and function of the markets. We are active in a number of collaborative engagement initiatives including ShareAction, Climate Action 100+, FAIRR and other collaborative engagements (more detail in Principle 10), typically at company level for industry wide themes.

We note the risk of partnering with other investors and the need to manage conflicts of interest, avoid acting in concert and maintain appropriate confidentiality.

We took on board feedback from the FRC for our 2021 reports in terms of collaborating with other stakeholders to promote continued improvement of the functioning of financial markets. We recognise that more work is required in this area but given our now smaller and more focused company in 2022 compared to 2021, did not make as much progress in this area as was intended previously. This is a focus area for us in 2023 where we have already taken steps to be more involved in this area particularly on consultations on upcoming ESG legislation. We look forward to reporting our progress in next year's report.

Conduct

In addition to an effective risk management framework, good conduct, and clarity on the expectations around it is critical to effective management of risk. As an FCA regulated firm and subject to the FCA's Conduct Rules, partners and employees have a duty to observe proper standards of market conduct.

We consider ourselves to be a business focused on client outcomes, with conduct a core value to our thinking. We place significant focus on the integrity and good conduct of employees, with our appraisal process including an assessment of displayed behaviours. Conduct as a broader theme has received a great deal of attention and active support from the board and executive management and has informed the review of policies during the reporting period.

Principle 5 – Review and Assurance

We recognise the need to regularly review all policies and processes, including those for ESG and stewardship, to assess their effectiveness and ensure that these remain appropriate as our operating environment continues to evolve.

As mentioned within Principle 2, approval of all policies is undertaken through our policy approval process. Relevant policies such as Conflicts of Interest, Personal Account Dealing, Best Execution or Voting and Engagement policies are maintained and reviewed regularly and benefit from being subject to the same level of internal compliance monitoring and attestation that is applied to any policy implemented within the Group.

Depending on the subject matter, policies are developed within the business by internal owners of each policy or by a subject matter expert in our Legal, Compliance or Risk team. The draft policy is then circulated internally for peer review and challenge. Following this, the review process varies depending on the substance of each policy, on whether the matter of the policy is one reserved for a particular committee based on that committee's terms of reference, or whether the policy is owned by the management body of RAMAM. The determination of whether the policy then needs to be reviewed and approved by the Group board is made by the Chief Risk Officer and the Group General Counsel and Head of Compliance.

OUTCOME: Changes made following a review

The Group's ESG policies were reviewed in Q4 2022. A revised ESG Policy Architecture has now been agreed including a group wide ESG policy as well as Exclusions and Voting & Engagement at investment-team (including RAMAM) levels. As of April 2023, new or amended policies are in the process of being drafted and will be available on our website when finalised.

The RAMAM Voting & Engagement Policy specifically was developed to support the oversight and implementation of our stewardship responsibilities and the furtherance of our ESG initiatives. This Policy is reviewed and updated annually (current review ongoing) and circulated to the Sustainability and Stewardship Committee for review and formal approval. We will publish the updated version once finalised and highlight any changes in next year's stewardship report.

Our Conflicts of Interest Policy represents a different example of our policy approval framework. The policy owner of the Conflicts of Interest Policy is Compliance, and the review and amendment of the policy is undertaken by AssetCo's legal and compliance team. The policy is currently being revised and it will have groupwide AssetCo applicability and although the initial step of the review process is the same as with all our policies, the policy is then circulated to the relevant Group management bodies for approval.

Internal Assurance

Internal assurance of stewardship is provided by a combination of senior staff and the RAMAM Executive Committee.

This submission to the FRC has been prepared by a working group with input from subject matter experts across RAMAM and the broader Group. It has been reviewed and challenged by members of the Sustainability and Stewardship Committee and RAMAM Executive Committee, with feedback provided to the relevant working group members. These individuals are senior managers and intimately understand the operation of their respective business areas.

External Assurance

RSM Risk Assurance Services is retained to provide independent internal audit. As relevant and necessary, RSM's work includes a review of policies and procedures applicable to areas subject to audit and RSM provides feedback on the effectiveness of such policies and procedures to ensure that they are compliant with the applicable legal and regulatory requirements and best practice.

RAMAM INVESTMENT APPROACH

Principle 6 – Client and Beneficiary Needs

A core investment philosophy is investing in enablers and improvers. There are two types of improvers:

1. Companies that currently have poor sustainability credentials. Either

   A) we identify potential for improvement - these are typically rated 'S3' on our internal scoring system (see Principle 7) and are candidates for engagement to support this journey; or

   B) often operating in challenging social and environmental settings, e.g., carbon-intensive sectors, but they have a clear strategy and trajectory in place to improve and mitigate adverse impact.

2. Companies that are rated poorly by third-party ESG rating agencies (which we assume are proxy for the market's view of their sustainability credentials) or where market perception of sustainability credentials is poor. But through our fundamental research we conclude that the sustainability credentials are strong resulting in a "sustainability rating arbitrage." We may choose to engage with the goal to improve sustainability disclosure.

Enablers are companies that through the company's activities and products/services enable other companies, or entire sectors, to improve their own sustainability credentials (such as decarbonisation goals).

RAMAM has a presence in the private investor / wealth market due to long-standing relationships with private client stockbrokers, discretionary wealth managers and other areas of the wholesale market. RAMAM also serves institutional clients.

Example – Improver – Harley Davidson

S-PVT – S3

We rate Harley Davidson as an S3 within our S-PVT ratings meaning we identify that sustainability improvement is required, but there is evidence this has started and/or engagement potential.

We rated Harley Davidson as S3 as:

- It is an industry leader on product quality assurance and exhibits strong customer loyalty.
- Its governance structures are strong.
- The spin-off of the electric bike division into the Livewire business to form a public entity (Harley holds 74% interest) should allow enhanced product development (Innovation).
- Motorcycle manufacturers have lower exposure than carmakers to risks related to regulatory pressure to reduce tailpipe GHG emissions.
- Whilst the company has laid out its own net zero strategy, we identify areas for improvement including having validated SBTi targets.

Through our continued engagement with the company, we have set clear expectations regarding the timeline to deliver improvements particularly to their climate action plan and have been pleased to see steps to improve the company's sustainability credentials. In our most recent engagement, we set the company to engagement milestone 2 (engagement milestones discussed in Principle 9 – Engagement in more detail) as the CEO signed an official commitment for SBTi targets as of late 2022. Following this, the company plans to have both its mid-term and net zero by 2050 target validated by SBTi in 2023. Once SBTi targets are in place we anticipate upgrading the S-PVT rating.

Example – Enabler - UPM

S-PVT – S1

UPM are producing recyclable products that are made of responsibly-sourced, renewable raw materials – through their innovative solutions they are enabling their customers to select more sustainable materials in their businesses. Examples of the solutions they are providing include:

1/ Plastics from wood – plastic waste is a massive pain point for food and beverage companies which are prolific users of plastic packaging. UPM's solutions of plastics from wood reduces the fossil fuel input required in traditional plastics.

2/ Lignin – lignin is a 100% bio-based substance, found particularly in the cells of trees. This a key biochemical which can be used to replace many petro-based products such as resins, adhesives, bioplastics and polyurethanes due to its water repellent and durability properties.

3/ Lignocellulosic-based aviation fuel - sustainable aviation fuel is critical to helping decarbonise the aviation sector, however significant innovation is required to move this area forward. UPM is developing lignocellulosic-based aviation fuel, a promising alternative derived from forest products, to help build capacity and supply this to the market.

Additionally, UPM are taking steps to ensure they are protecting the biodiversity of the areas they are operating in by targeting climate-positive land use, 100% certified fibre by 2030 and a positive impact on biodiversity. In our recent engagement with the company, we learnt about the innovative process UPM are going through to improve measurement of carbon impact of forests and soils, and to calculate emissions data more accurately.

OUTCOME: Understanding and acting on client needs

For both types of clients, there are processes in place for getting and understanding their needs and requirements for ESG. This centres around sales teams sharing feedback on expectations today via the Sustainability and Stewardship Committee and investment team meetings, as well as the Sustainability and Stewardship Committee scanning for likely requirements tomorrow. Actions to meet the associated clients' needs then follow.

Examples of actual outcomes in 2022 included development of our first annual impact report (target publish date Q2 2023) to demonstrate the implementation of our sustainability philosophy and process in practice as well as highlighting how our SFDR Article 8 and 9 strategies are having an impact on the environment and society. As this feedback is direct from clients and is considered by all relevant functions for implementing, we judge it to be comprehensive, fair, and balanced.

Seeking Client feedback

As mentioned above, in 2022 we have been enhancing our ESG reporting capabilities and are working on our first impact report. To understand how we can improve our reporting capabilities, we met with a number of key clients to understand the information they regularly require from us and how they would like to see us report on our sustainability philosophy and process, highlighting the real-world impact of our strategies.

Additionally, we responded to several key clients' stances on sustainability with the goal of working together to address ESG risks and opportunities. Consequently, we are supportive of our clients' strategies and believe we are aligned in our beliefs, particularly in terms of good stewardship with a mindset for the long term. Should our clients lead on collaborative engagements, RAMAM have offered support and would be pleased to participate in these.

Assets under management

As of 31 December 2022, assets under management (AUM) were £2.0bn as split out below by client type and fund/ strategy.

Client Type	AUM (£m)
Institutional	582
Wholesale	1,437
Total	**2,019**

RAMAM Fund / Strategy (£m)	AUM (£m)
European	111
European Change for the Better	134
Global Alpha	153
Global Recovery	549
Global Sustainable Opportunities	133
UK Dynamic	42
UK Alpha	179
UK Equity Income	42
UK Equity Smaller Companies	391
UK Micro Cap Investment Company Limited	62
UK Recovery	223
Total	**2,019**

As an equities manager RAMAM believes we are not only stewards of the assets entrusted to us by our clients, but that we also have a fiduciary responsibility to achieve net environmental gain, positive societal outcomes and improve the management of companies for all stakeholders. We see stewardship as empowering our investee companies to bring about positive change themselves.

This is done without compromising our objective of achieving strong financial returns. Our investment time horizon for holdings in portfolios is around 3-5 years. Many of our clients' underlying beneficiaries are individuals with retirement savings, and hence the importance of a long-term perspective to investing with a philosophy and process that supports this objective.

We aim to vote on all resolutions where possible on behalf of our clients, both for UK companies and those stocks held in our global equity portfolios. Voting is a core part of engagement and is a key way we act as an active owner. As required by the EU Shareholder Rights Directive (SRD II), we publish an annual voting and engagement report on our website, in addition to quarterly reports. These reports, and details of our General Principles in respect of corporate governance are in our Corporate Governance Voting and Engagement Policy, are here: http://www.riverandmercantile.com/what-we-do/sustainable-investing/stewardship

In combination with our fiduciary duty as owners, we believe it is important to include ESG factors in our company research process to mitigate risk and identify opportunities in stock selection. RAMAM's multi-factor PVT investment philosophy is bottom-up and based on company fundamentals. Analysis of financially material ESG factors forms a core part of our research process, as it is inextricably linked to a company's sustainable earnings power.

We believe the best process to assess and align the attitudes of management with our own is through engagement and voting, rather than solely excluding a company. We believe it is important for shareholders to assert pressure on companies to operate in the most responsible manner within the limitations of an industry. When a company is not addressing such issues, or management is resistant to change, we would sell a holding or not invest.

Proxy votes can result in us voting against management on sustainability-related issues. Success of engagement is measured by monitoring management's future actions to address those issues.

Client Reporting and ESG Factor Analysis

We report on our voting and engagement activity quarterly. This includes a summary of voting activity including votes against management recommendations and differences to ISS recommendation at both the team and strategy level. We show our voting activity by region and break down by different resolution categories.

We also detail the companies we have engaged with in that quarter and show a breakdown of engagements by issue discussed. We map our engagements to the UN SDGs as well.

On client request, we provide detailed engagement summaries on a quarterly basis laying out the background, topics discussed and outcome of each engagement. We report to clients on our engagement objectives and priorities for each quarter and the progress we are making.

We also publish an annual voting and engagement report on our website which provides more detail about our voting and engagement activity in the year and includes more detail about significant votes in the year and case studies of engagement.

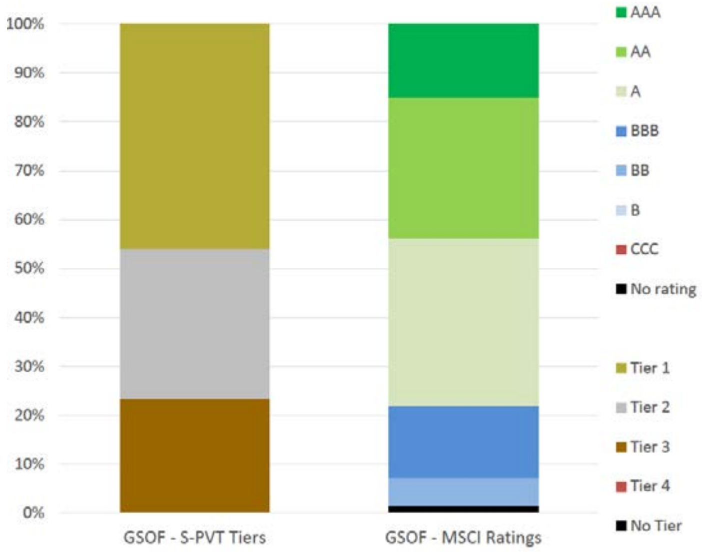
In quarterly fund reports, we show a breakdown of the MSCI ratings compared to our S-PVT scores. Whilst we recognise there are discrepancies between different ESG data providers, such lack of consistency and comparability across providers, we report MSCI Ratings to clients as MSCI is a widely used ESG rating system. On client request, we also show our portfolio broken down by Carbon Disclosure Project and Transition Pathway Initiative ratings.

After the launch of our SFDR Article 8 and 9 funds in 2022, we have started producing quarterly Sustainability Reports for each fund. These contain all the metrics discussed above in full.

Examples of the variation between S-PVT and MSCI scores and our discussion of the major discrepancies can be seen for one portfolio as of the end of 2022 below.

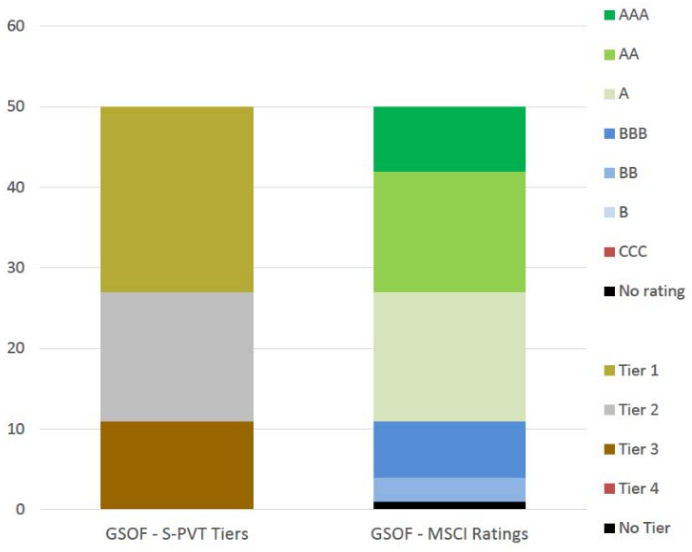
Stock weight by MSCI Rating and S-PVT Tier

Figure 1 – Global Sustainable Opportunities Fund (GSOF) Stock Weight by MSCI Rating & S-PVT Tier



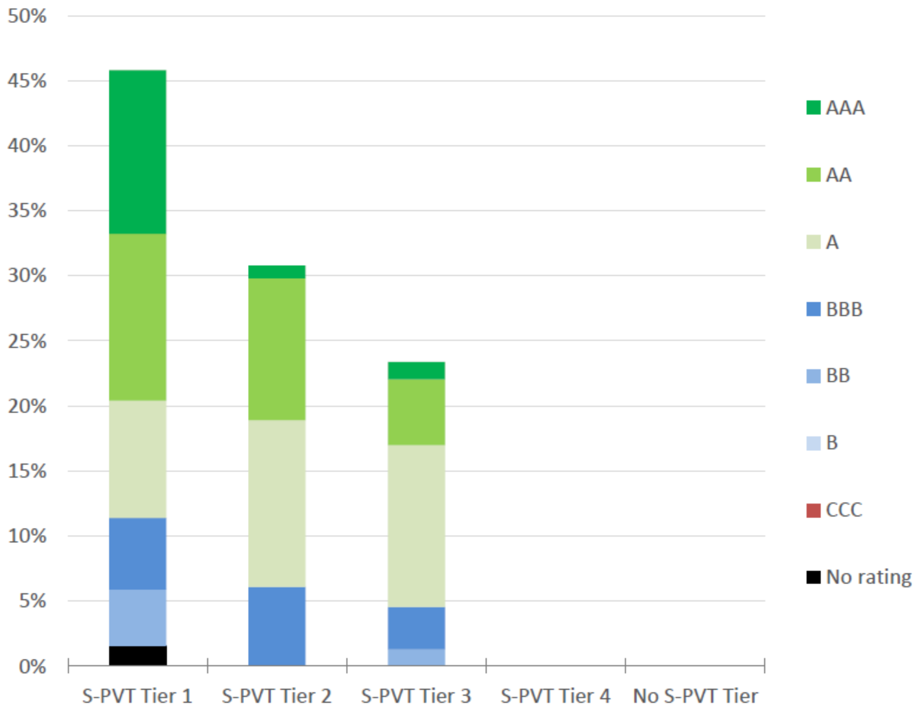
Source: River and Mercantile Asset Management LLP, MSCI. As of 31 December 2022.

Figure 2 - GSOF Stock Count by MSCI Rating & S-PVT Tier



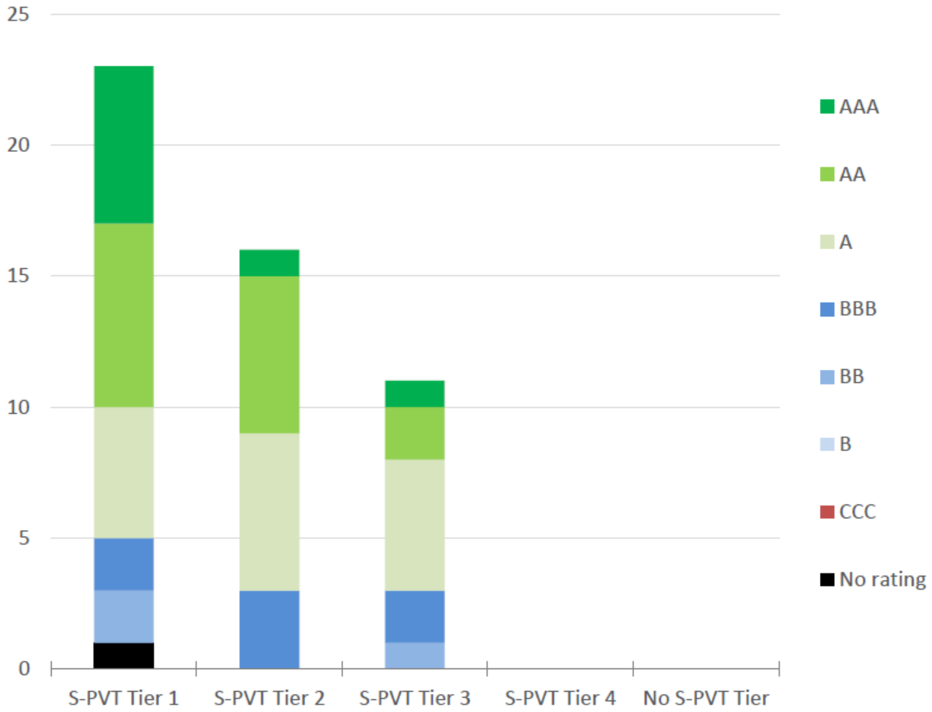
Source: River and Mercantile Asset Management LLP, MSCI. As of 31 December 2022.

Figure 3 - GSOF Stock Weight - S-PVT Tier vs MSCI Rating



Source: River and Mercantile Asset Management LLP, MSCI. As of 31 December 2022.

Figure 4 - GSOF Stock Count - S-PVT Tier vs MSCI Rating



Source: River and Mercantile Asset Management LLP, MSCI. As of 31 December 2022.

Variations between MSCI and S-PVT ratings

Major variations between MSCI and S-PVT ratings are categorised as either:

A) MSCI rated BB, B or CCC stocks that are S-PVT rated S1

or

B) MSCI rated AAA, AA or A stocks that are S-PVT rated S3 or S4

Table 1 - MSCI Rating and S-PVT Rating major variations

Count: 10, Weight: 23.23%

Security Name	Portfolio Weight	ESG Rating	S-PVT Tier
Henry Schein Inc.	3.64%	A	3
Baker Hughes Co	2.89%	AA	3
Citigroup Inc.	2.83%	A	3
Booking Holdings Inc	2.76%	A	3
Danieli & Co	2.42%	BB	1
Shell Plc	2.15%	AA	3
McKesson Corp.	2.07%	A	3
Verallia Sa	1.96%	BB	1
Harley-Davidson Inc	1.36%	AAA	3
TopBuild Corp	1.15%	A	3

Source: River and Mercantile Asset Management LLP, MSCI

Baker Hughes

MSCI scores AA and we see clear alignment to leadership or improvement within material sustainability factors relating to the model (ref SASB), but we rank S3 (S-PVT Tier 3). RAMAM recognises that Baker Hughes has a critical role to play enabling energy transition and security of supply – TPS division has unassailable leadership in LNG, which we expect to be a critical 'transition fossil fuel' over the next decade being 60% lower carbon emissions than coal – but that it is still relatively early in the journey of redeploying capital from high cash flow hydrocarbon activities towards long-term growth in new energy sources.

Booking Holdings

Booking launched their Climate Action Plan in Q1 2022 which lays out their roadmap and key milestones to achieve 95% scope 1 and 2 reduction, and 50% scope 3 reduction by 2030 alongside their 2040 net zero goal. We continue to engage with management to build conviction around Booking's ability to deliver on their plan and therefore remain rating Booking an S3 with clear scope to upgrade as we are looking for the company to set SBTi targets.

Citigroup

A number of ongoing controversies, around consumer financial protection and corporate behaviour, are flagged by third party rating agencies (although some are resolved). No specific disclosure around non-financial KPIs used within the executive remuneration scorecards especially where majority are discretionary, and targets are undisclosed. RAMAM would expect the percentage of non-financial KPIs to become higher weight and with clearly communicated, measurable targets linked to aspects of sustainability identified as material. There is a clear path for resolution of issues and Citi has leadership in areas such as green finance (part of Environment & Innovation KPIs) and leadership diversity (part of a People KPI). More detail on KPIs is provided in the next section.

Danieli

Essential role in decarbonising the steel industry, which represents ~8% of global emissions (Environment). It is a critical enabler of green steel via its technology leadership in the DRI-EAS steelmaking process, earned via investment in Innovation over many years, Danieli plays a key role in the fight against climate change. Strong health & safety performance, supply chain certification, and support to communities (People).

Harley Davidson

MSCI, upgraded Harley-Davidson to A from BBB in September 2021, recognising reduction in recalls and warranty expenses as well as improvements in R&D spend, and subsequently to AAA in August 2022. Potential for ongoing improvement under a CEO (joined 2020) driving a culture of sustainability within the firm. The business is following a 'shrink to improve' restructuring strategy, which resulted in the layoff of ~11% of global workforce, so Harley Davidson must focus on employee welfare. The spin off its electric bike division will enable additional Innovation. We continue to engage with the company for evidence of progress in increased board attendance and more transparency around the CEO bonus structure, as well as setting SBTi targets in 2023, with a clear scope to upgrade as we build more confidence in these areas.

Henry Schein

Issues identified that justify S3 include restructuring of sales team presents risk to culture and motivation; environment - CDP rated D since 2019; and governance – combined CEO/Chair role. Some positive signals of improving direction of travel including improving ESG disclosure around material topics, carbon neutral target in supply chain by 2050 and net zero by 2050, exploring setting SBTi, independent lead directors. Engagement has highlighted progress towards these goals.

McKesson

MSCI upgraded McKesson from BBB to A in December 2022 having revised their evaluation of the exposure to product safety and quality risks, although still flag at least 12 product recalls from January 2020 to November 2022. McKesson is rated S3 as it is still emerging from a material controversy regarding its role in the US opioid epidemic. Our engagement has supported much improved governance structures and we believe that financial material sustainability risks are consequently reduced but restoring full confidence will take time. In addition, McKesson have an ambitious strategy in place to reduce and avoid emissions in their operations and supply chain including optimising their fleet, improving building efficiency and increase renewable energy procurement. In 2022, the company committed to setting SBTi targets expected to be announced in 2023.

Shell

MSCI rank Shell's overall ESG characteristics AA recognising sector leadership covering, amongst other things, setting Net Zero targets covering full GHG footprint and strong risk management. We recognise Shell is improving sustainability characteristics, and notably it has a differentiated and we believe lower risk (lower capital intensity) strategy to deliver energy transition. However, it is still relatively early in the journey of redeploying capital from high cash flow hydrocarbon activities towards long-term growth in new energy sources.

TopBuild

TopBuild was downgraded from S2 to S3. Despite the obvious sustainability benefit of TopBuild's energy efficient insulation products, the lack of disclosure of material sustainability issues prevents an S2 rating. We have engaged with IR and management to discuss our expectations and see a clear scope for upward re-rating to S2 as disclosure improves, which we expect to start happening in the next sustainability report due Q2 2023.

Verallia

Strong environmental credentials with a demand tailwind from the circular economy and a credible carbon transition in place including SBTi validated CO2 reduction targets which has not yet been reflected in the MSCI rating.

People, Innovation & Environment Key Performance Indicators (PIE KPIs)

In 2021, we increased the volume of data received from ESG third party data sources, and therefore now report upon client request quantitative metrics around our S-PVT pillars People, Innovation and Environment, as well as all the KPIs required under SFDR legislation. In 2022, we expanded on the metrics we were able to regularly report to clients, including our full PIE KPIs in each of the fund Sustainability Reports we produce. For example, the below is taken from the River and Mercantile Global Sustainable Opportunities Sustainability Report – Q4 2022:

Category	KPI Name	Portfolio			MSCI ACWI		
		Portfolio Metric (Portfolio Weighted Average)	Weighted Coverage % (Of the Equity Portfolio)	% Estimates Included (If any)	Portfolio Metric (Portfolio Weighted Average)	Weighted Coverage % (Of the Equity Portfolio)	% Estimates Included (If any)
People	Anti-Bribery Ethics Policies	91.97%	94.5%	0.0%	98.18%	99.4%	0.0%
	Employee Turnover	5.77%	42.7%	0.0%	6.33%	44.6%	0.0%
	Gender Pay Gap	9.43%	24.2%	0.0%	21.14%	31.7%	0.0%
	Independent Board Members	72.53%	94.5%	0.0%	76.17%	99.0%	0.0%
	Lost Time Injured Rate - Employees Only	0.20	44.0%	0.0%	0.14	41.2%	0.0%
	Lost Time Injured Rate - Workforce	0.05	12.8%	0.0%	0.04	14.4%	0.0%
	Whistle-Blower Policies	94.49%	94.5%	0.0%	98.52%	99.4%	0.0%
	Women Board	29.13%	93.7%	0.0%	30.44%	99.5%	0.0%
	Women Employees	31.08%	82.6%	0.0%	35.25%	91.6%	0.0%
	Women Senior Management	20.63%	70.8%	0.0%	21.09%	70.3%	0.0%
Innovation	Average Training Hours Per Employee	19.89	53.9%	0.0%	47.19	49.6%	0.0%
	R&D % on Sales 3-Year Average	3.15	58.2%	0.0%	5.87	58.4%	0.0%
	Sales Growth on Other SGA Expenses 5-Year average	0.88	77.2%	0.0%	1.95	77.0%	0.0%
	Sales to Capitalised R&D 3-Year average	19.44	65.6%	0.0%	20.56	60.6%	0.0%
Environment	Biodiversity Areas	7.69%	96.5%	0.0%	10.30%	99.7%	0.0%
	Carbon Footprint 1 2 and 3	716.12	82.9%	19.2%	493.18	86.9%	7.6%
	Carbon Footprint 1 and 2	82.44	82.9%	4.3%	59.76	86.9%	2.8%
	Climate Change Management Policies	91.42%	94.5%	0.0%	91.01%	99.4%	0.0%
	Companies active in fossil fuels	23.92%	23.9%	0.0%	28.21%	28.2%	0.0%

	Emissions Reduction Target Set	80.53%	87.9%	0.0%	85.36%	88.4%	0.0%
	Emissions to Water	1.31	82.9%	27.4%	5.42	86.9%	16.0%
	Energy on Sales	486.80	84.4%	0.0%	578.48	89.0%	0.0%
	GHG emissions Scope 1	2,090,261	96.5%	5.7%	4,693,865	99.8%	6.8%
	GHG Emissions Scope 2	608,282	96.5%	5.7%	1,370,051	99.8%	6.9%
	GHG Emissions Scope 3	51,935,023	96.5%	19.4%	46,072,403	99.6%	15.6%
	GHG Emissions Scope 1 and 2	2,698,542	96.5%	5.7%	6,063,916	99.8%	7.1%
	GHG Emissions Scope 1 2 and 3	54,633,565	98.0%	20.7%	52,136,319	99.8%	16.6%
	Hazardous Waste	1.84	44.3%	0.0%	9.76	50.7%	0.0%
	Lack of Water Management Policies	5.35%	91.3%	0.0%	11.52%	94.8%	0.0%
	Net Zero Target Set	69.40%	94.5%	0.0%	65.12%	99.5%	0.0%
	Oil & Gas Tie	6.44%	6.4%	0.0%	13.03%	13.0%	0.0%
	Pct Conventional Oil & Gas Revenue	1.37%	4.9%	0.0%	1.08%	5.5%	0.0%
	Pct Non-Renewable Energy Consumption	54.09%	77.7%	0.0%	50.63%	78.6%	0.6%
	Pct Non-Renewable Energy Production	4.41%	18.9%	1.3%	6.23%	26.7%	4.8%
	Pct Thermal Coal Revenue	0.02%	1.3%	0.0%	0.08%	1.3%	0.0%
	Pct Unconventional Oil & Gas Revenue	0.02%	2.1%	0.0%	0.76%	4.2%	0.0%
	SBTi Target Set	45.80%	45.8%	0.0%	49.98%	50.0%	0.0%
	Shale Gas Revenue	0.01%	2.1%	0.0%	0.14%	3.8%	0.0%
	Shale Oil Revenue	0.00%	2.1%	0.0%	0.50%	3.3%	0.0%
	Supply Chain Management Policies	84.60%	94.5%	0.0%	90.24%	99.4%	0.0%
	Thermal Coal Tie	1.31%	1.3%	0.0%	4.43%	4.4%	0.0%
	WACI 1 and 2	123.15	96.5%	5.7%	161.94	99.8%	7.1%
	WACI 1 2 and 3	966.19	98.0%	20.7%	1,314.77	99.8%	16.6%
	Waste on Sales	8,499.0	74.2%	0.0%	316,080.0	69.8%	0.0%
	Water on Sales	2,415.9	96.5%	30.2%	18,357.0	99.7%	26.1%
Other	Lack of Compliance UNGC/OECD Monitoring	64.31%	87.6%	0.0%	72.88%	98.1%	0.0%
	UNGC - Fail	0.00%	96.5%	0.0%	1.77%	99.7%	0.0%
	UNGC - Watchlist	9.01%	96.5%	0.0%	8.59%	99.7%	0.0%
	UNGC Signatory	44.46%	94.5%	0.0%	40.57%	99.4%	0.0%

Source: Bloomberg, Sustainalytics, MSCI

Descriptors for each of the KPIs are provided in the tables below.

Category	KPI Name	KPI Description
People	Anti-Bribery Ethics Policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	Employee Turnover	Number of employees that left the company within the past year expressed as a percentage of the average total number of employees.
	Gender Pay Gap	Percentage gender pay gap for total employees including management for the company.
	Independent Board Members	Independent directors as a percentage of total board membership.
	Lost Time Injured Rate - Employees Only	Number of incidents resulting in lost time from work (LTIR) for employees only.
	Lost Time Injured Rate - Workforce	Number of incidents resulting in lost time from work (LTIR) for the whole workforce including contractors.
	Whistle-Blower Policies	Share of investments in entities without policies on the protection of whistle-blowers
	Women Board	Percentage of female board members.
	Women Employees	Number of women employed at the company expressed as a percentage of the total number of company employees.
	Women Senior Management	Percentage of women employed in senior management positions at the company.
Innovation	Average Training Hours Per Employee	Average employee training hours.
	R&D % on Sales 3-Year Average	Average research and development (R&D) expenses as a percentage of sales over 3-year period.
	Sales Growth on Other SGA Expenses 5-Year average	Sales growth over other selling, general and administrative (SGA) expenses which measures core growth of company compared to secondary innovation input (over 5-year period), used as a proxy for R&D expenses.
	Sales to Capitalised R&D 3-Year average	Sales over capitalised research and development (R&D) expenses over 3-year average.
Environment	Biodiversity Areas	Activities negatively affecting biodiversity areas.
	Carbon Footprint 1 2 and 3	Carbon Footprint - Scope 1 2 and 3. Emissions based on how much investor owns of the company, normalised by current value of all investments.
	Carbon Footprint 1 and 2	Carbon Footprint - Scope 1 and 2. Emissions based on how much investor owns of the company, normalised by current value of all investments.
	Climate Change Management Policies	Indicates whether the company has outlined its intention to help reduce global emissions of the Greenhouse Gases that cause climate change through its ongoing operations and/or the use of its products and services. Examples might include efforts to reduce Greenhouse Gas (GHG) emissions, efforts to improve energy efficiency, efforts to derive energy from cleaner fuel sources, investment in product development to reduce emissions generated or energy consumed in the use of the company's products etc. "N" indicates that the company has not explicitly disclosed any such efforts in its most recent Annual or Company Responsibility reports.
	Companies active in fossil fuels	'Companies active in the fossil fuel sector' means (i) companies that derive any revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; (ii) companies that derive any revenues from the exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) companies that derive any revenues from exploring and extracting fossil gaseous fuels or from their dedicated distribution (including transportation, storage and trade).
	Emissions Reduction Target Set	Companies that have set an emissions reduction target.
	Emissions to Water	Tonnes of emissions to water generated by investee companies per million invested, expressed as a weighted average
	Energy on Sales	Energy intensity calculated as megawatt hours of energy consumed per million of sales revenue.
	GHG emissions Scope 1	Absolute GHG emissions - Scope 1. Portfolio weighted average of absolute emissions. KPI a measure of portfolio construction as affected by portfolio weighting to high emitters.

	GHG Emissions Scope 2	Absolute GHG emissions - Scope 2. Portfolio weighted average of absolute emissions. KPI a measure of portfolio construction as affected by portfolio weighting to high emitters.
	GHG Emissions Scope 3	Absolute GHG emissions - Scope 3. Portfolio weighted average of absolute emissions. KPI a measure of portfolio construction as affected by portfolio weighting to high emitters.
	GHG Emissions Scope 1 and 2	Total (absolute) GHG emissions - Scope 1 and 2. Portfolio weighted average of absolute emissions. KPI a measure of portfolio construction as affected by portfolio weighting to high emitters.
	GHG Emissions Scope 1 2 and 3	Total (absolute) GHG emissions - Scope 1 2 and 3. Portfolio weighted average of absolute emissions. KPI a measure of portfolio construction as affected by portfolio weighting to high emitters.
	Hazardous Waste	Tonnes of hazardous waste generated by investee companies generated by investee companies per million invested, expressed as a weighted average.
	Lack of Water Management Policies	Companies that have not water management policies.
	Net Zero Target Set	Companies that have set a Net Zero target.
	Oil & Gas Tie	Companies with an industry tie to oil and gas, in particular reserve ownership, oil and gas related revenues and power generation. It does not flag companies generating revenues from biofuels.
	Pct Conventional Oil & Gas Revenue	Companies with revenue linked to conventional oil and gas as percentage of total revenue. It includes all types of conventional oil and gas production including Arctic onshore/offshore, deep-water, shallow water and other onshore/offshore.
	Pct Non-Renewable Energy Consumption	Non-renewable energy consumption of companies from non-renewable energy sources compared to renewable energy sources as a percentage.
	Pct Non-Renewable Energy Production	Non-renewable energy production of companies from non-renewable energy sources compared to renewable energy sources as a percentage.
	Pct Thermal Coal Revenue	Companies with revenue linked to thermal coal, (including lignite, bituminous, anthracite and steam coal) and its sale to external parties, as percentage of total revenue. It excludes revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading.
	Pct Unconventional Oil & Gas Revenue	Companies with revenue linked to unconventional oil and gas as percentage of total revenue. It includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane.
	SBTi Target Set	Companies that have set a SBTi target, either short term or long term.
	Shale Gas Revenue	Companies with revenue linked to shale gas as percentage of total revenue. This factor does not capture revenue from non-extraction activities (e.g., exploration, surveying, processing, refining); ownership of shale gas reserves with no associated extraction revenues; revenue from intra-company sales.
	Shale Oil Revenue	Companies with revenue linked to shale oil as percentage of total revenue. This factor does not capture revenue from non-extraction activities (e.g., exploration, surveying, processing, refining); ownership of shale gas reserves with no associated extraction revenues; revenue from intra-company sales.
	Supply Chain Management Policies	Indicates whether the company has implemented any initiatives to reduce the environmental footprint of its supply chain. Environmental footprint reductions could be achieved by reducing waste, by reducing resource use, by reducing environmental emissions, by insisting on the introduction of environmental management systems etc. in the supply chain.
	Thermal Coal Tie	Companies with an industry tie to thermal coal, in particular reserve ownership, production, and power generation.
	WACI 1 and 2	Weighted Average Capital Intensity (WACI) - Scope 1 and 2. Emissions intensity metrics, on sales.
	WACI 1 2 and 3	Weighted Average Capital Intensity (WACI) - Scope 1 2 and 3. Emissions intensity metrics, on sales.
	Waste on Sales	Waste generated per sales calculated as metric tonnes of waste, both hazardous and non-hazardous, per million of sales revenue.

	Water on Sales	Water intensity calculated as cubic meters of water consumed per million of sales revenue in the company's reporting currency. To compare companies globally, this ratio should be converted to a common currency. Ratio is calculated based on items disclosed in company filings.
Other	Lack of Compliance UNGC/OECD Monitoring	Companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.
	UNGC - Fail	Companies violating the UN Global Compact principles and related international norms which include the International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).
	UNGC - Watchlist	Companies at risk of violating the UN Global Compact principles and related international norms which include the International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).
	UNGC Signatory	Companies that are signatory to the UNGC.

Client Interaction Instances

We believe that as well as generating attractive risk adjusted returns for our clients, our investments should have a longer-term positive impact on the environment and society. As such we are always evolving our policies to ensure we work to improve investor outcomes.

This evolution of our approach led to the successful launch and marketing of our SFDR Article 8 and Article 9 funds in 2022. Throughout the year we have progressed the distribution of these funds, bringing them to a wider market through several fund platforms.

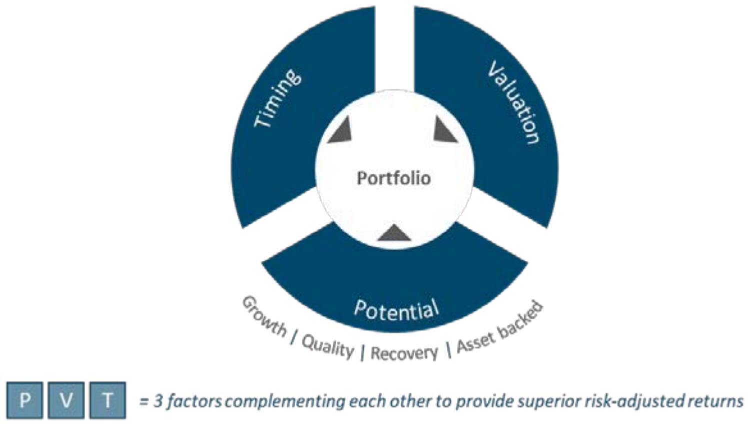
Clients have responded positively to these funds, and to our approach to sustainability analysis, which is focused on material sustainability issues that have a pathway to becoming financially material to companies. In this way, we seek to benefit society and our shareholders.

As we moved into late 2022 and 2023, we are seeing a dramatic increase of client focus on these ESG factors. This is coming through in due diligence and RFP requests from both wholesale and institutional investors. As we seek to understand and answer these probing questions, we continue to improve what we do, how we report on it and consider new perspectives.

Principle 7 – Stewardship, Investment and ESG Integration

Introduction

As introduced above, RAMAM's investment philosophy is PVT (Potential, Valuation and Timing). We target these three factors when assessing a stock's potential to generate absolute and relative returns.



The **Potential** of a company represents its ability to create economic value for shareholders. Over the years we have found that the companies that can deliver above average potential divide into four categories; these relate to where a company is in its lifecycle:

- Growth – the delivery of strong revenue and profits growth
- Quality – a business franchise that delivers a superior return on investment
- Recovery – the process whereby a company produces a recovery in profits to normal levels following decline
- Asset-backed – the delivery of asset-backed growth to a long-term investor

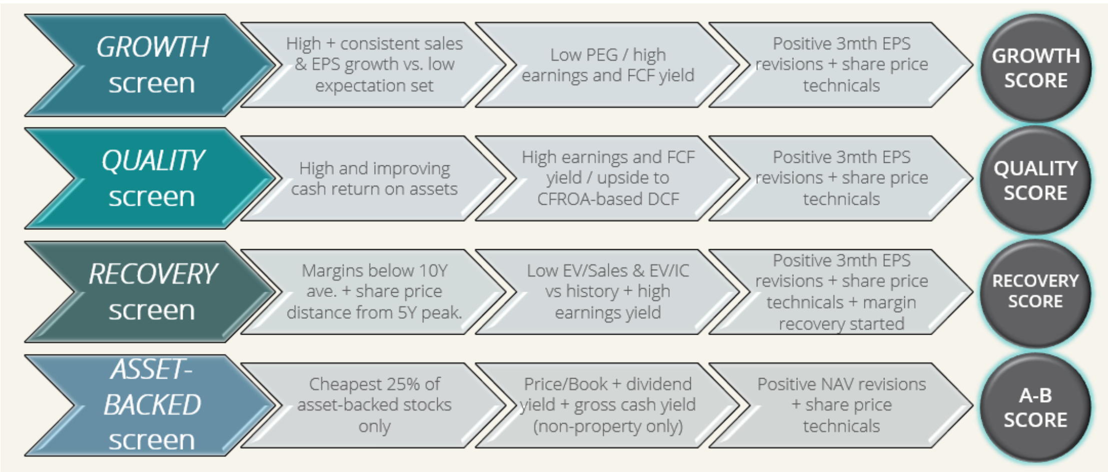
The **Valuation** factor seeks to establish the pricing anomaly, the gap between the stock market's valuation of the company and its underlying economic worth.

Finally, **Timing** addresses the issue of when is the right time to buy and sell, thus reducing the risk of being too early into an investment.

Our research process is focused on identifying compelling PVT ideas. We use a combination of quantitative and qualitative analysis to help identify such opportunities.

PVT

The first stage of our investment process is our proprietary stock screen, MoneyPenny. We developed this system at the launch of RAMAM in 2006 and it is an integral part of our process, acting as an efficient, consistent and practical means of generating investment ideas. MoneyPenny ranks stocks in each universe on Potential, Valuation and Timing (PVT) using PVT factors appropriate to the four life-cycle categories of Growth, Quality, Recovery and Asset-backed.



MoneyPenny represents our primary source of investment ideas, and high scoring stocks are then subject to verification, and it is at this stage in the process that our fundamental research efforts are applied most intensively when we analyse the validity of the initial PVT thesis on a stock.

Fundamental research is a very important part of our process, but it is not the source of our ideas, rather a verification of the existence of the key factors that enable a stock to drive superior stock returns. Therefore, we undertake fundamental research on ideas generated by MoneyPenny, together with any additional ideas generated by the fund managers given their ongoing participation/involvement in the market.

Such fundamental analysis seeks to "get behind the PVT score" by analysing and understanding the key drivers of a company's Potential, test the Valuation case and look for catalysts or other indicators that show Timing is optimal. We focus our analysis on:

- Business model and margin sustainability or recovery potential
- Cash flow analysis to assess a company's financial model, capital cycles and the conversion of profits into cash
- Financial strength
- Materiality of sustainability factors – people, innovation, and environment
- Multiple valuation analysis
- Risks to the PVT case

Systematic Integration of Responsible Investing: Sustainable PVT (S-PVT)

Definitions:

"A sustainable business compounds value for all stakeholders over the long term. It is a responsible steward of capital with a culture of longevity.

We evaluate sustainability through the pillars of People, Innovation, and the Environment, including companies undergoing change leading to positive long-term outcomes."

We believe analysis of a company's sustainability attributes is a critical component of any approach that seeks to deliver attractive risk-adjusted returns. Our Sustainable PVT (S-PVT) framework, centred around the pillars of People, Innovation, and the Environment, is utilised at the company research stage of our investment process. Our analysis is focused on material sustainability issues, which vary by industry, business model and stage in a company's lifecycle.

OUTCOME: ESG categorisation to drive investment and engagement

Once we have assessed a potential (or current) investee using our S-PVT framework we allocate a company into one of four tiers which are defined as such:

- S1. A sustainable leader in its field and / or clear beneficiary of sustainability trends
- S2. Solid S-PVT considerations and no clear impediment to value creation or share price performance.
- S3. ESG improvement needed but evidence of improvement and / or engagement potential
- S4. ESG a barrier to value creation, no evidence of improvement and / or low likelihood of engagement success

We assess these tiers based on both analysis of quantitative metrics (with reference to SASB) and qualitative judgements. MSCI ESG scores are also included in our verification reports. While we see the benefits and attractions of a 'big data' approach to sustainable investing, we do not believe the quality of the data available today merits a purely quantitative approach.

S4 stocks are typically candidates for divestment (or to avoid purchasing at all), even if the financial aspects look attractive. S3 companies need to be monitored to see that they are continuing to improve; this can be the source of a mispricing and creates opportunities to unlock value that would be missed by exclusionary investors. We will also seek to selectively engage with S3s; our tiering system allows us to be more targeted with our efforts.

Sustainability factors are amongst many that we consider in an investment decision. Through analysis of the key company-specific and sector-related People, Innovation and Environment issues that impact a company's long-term value creation potential, we believe we can ensure sustainability risks and opportunities are reflected in portfolios for the creation of long-term value.

Ultimately our goal is to encourage companies and society to become better corporate citizens, working together to address the challenges currently facing the world, which is why sensible capital allocation, improving the environment and society are all equally important and part of sustainable investing for all stakeholders. This goal applies to all geographies. As part of our analysis, we will compare a company to its peer group and monitor relative progress, and then, where possible, address 'weak' areas directly with management or by supporting shareholder proposals at AGMs.

Companies have responded positively to our engagement and made improvements (see Principle 9).

Incorporating ESG into the Investment Process

Our investment team consider ESG issues when researching a stock idea / monitoring a stock in our portfolios. A Senior Global Analyst and Director of ESG leads on ESG considerations within the investment team and is supported by a dedicated ESG analyst within the investment team. We integrate ESG data providers into our stock analysis to complement our own researching of a stock, giving insight into how a stock compares against its peers regarding responsible investment considerations.

We recognise that ESG issues can have a significant impact on the economic value of a company. Depending on the company and industry, certain factors will be more or less important. We use the SASB materiality map to understand identify the areas are most significant for the company and industry we are analysing- the aim being to identify not only which companies are 'best in-class' but also ones that are improving.

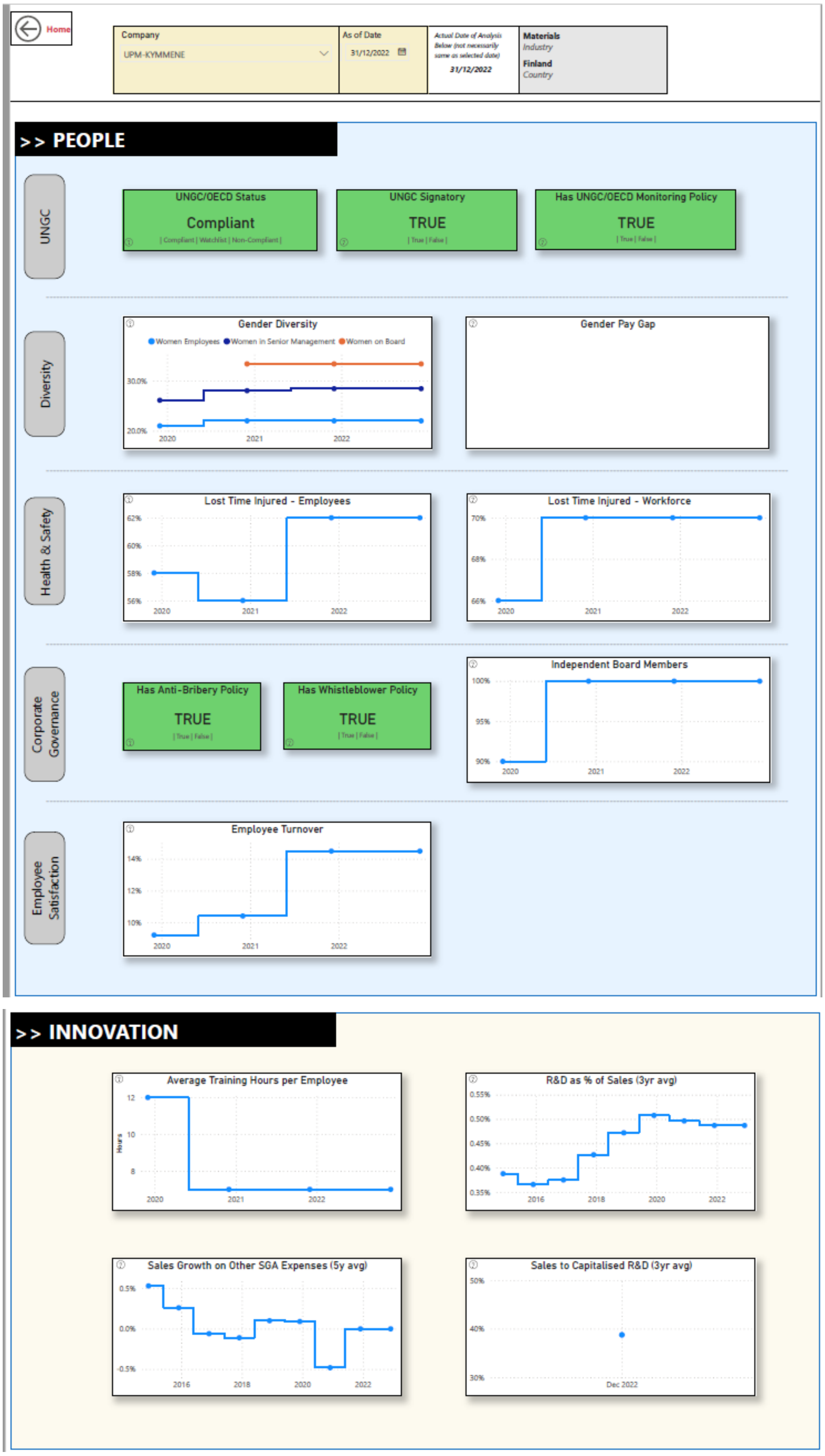
In addition to our S-PVT process, we use a number of third-party data sources to enhance our ESG investing capabilities. Whilst we rely predominantly on our S-PVT tiering system for rating a company's sustainability credentials, we also look to other third-party rating agencies for additional information including MSCI ESG, CDP and TPI ratings.

In addition to company reports and regulatory filings, we are using Bloomberg, MSCI and Sustainalytics ESG data to measure People, Innovation and Environment KPIs. We encourage greater disclosure of People, Innovation and Environment KPIs to enable better benchmarking of peers and enhance our bottom-up stock picking process. This is supplemented by sell-side research vendors who are increasingly engaging with sustainability issues, alongside their existing research offering, with a noticeable improvement in the quality of the research output. This information is also used to complete reporting requirements, including SFDR and EU taxonomy requirements. To monitor companies' efforts and targets to reduce Greenhouse gas emissions we utilise data (in addition to Bloomberg, MSCI and Sustainalytics) from the Climate Action 100+, Transition Pathway Initiative and Science Based Targets Initiative. We utilise the Paris Agreement Capital Transition Assessment (PACTA) to conduct scenario analysis on our portfolios.

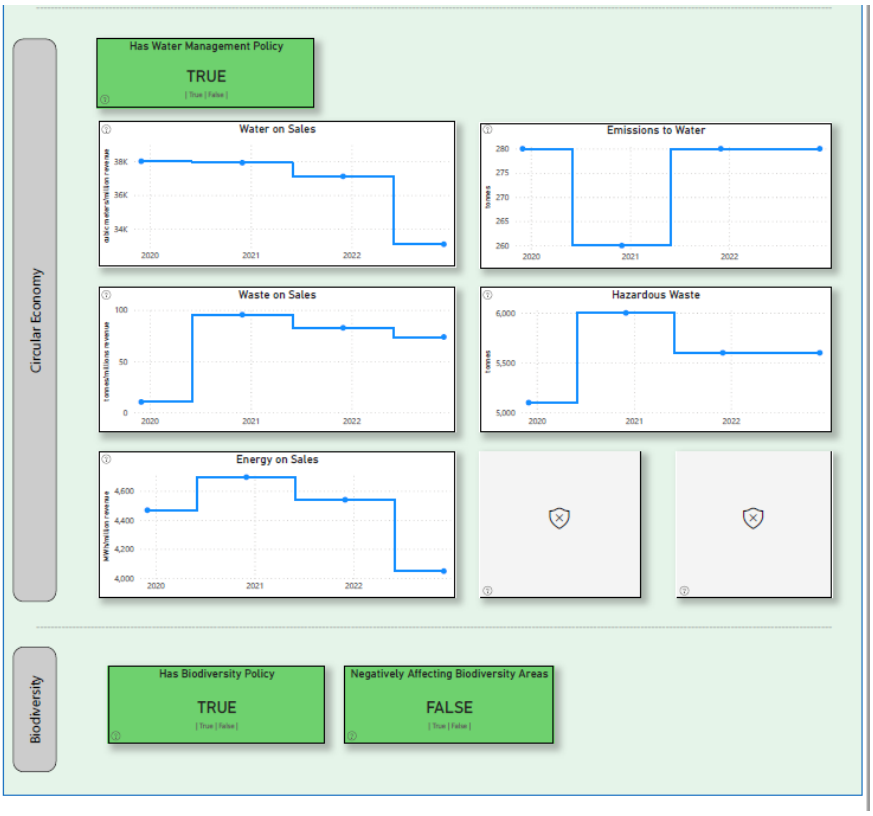
OUTCOME: S-PVT PowerBi Dashboard

To collate our third party ESG data, particularly the key metrics we have identified under people, innovation, and environment, alongside our own data (which includes S-PVT Tier Scores, Net Zero Traffic Light Categorisation, Engagement and Voting data) into one usable and comparable format, we have been working on building a dashboard. In the dashboard, the investment team can view data at the issuer level, compare against other companies and see how key metrics have changed over time. The investment team can also view this data at the portfolio level to support analysis of the social and environmental impact of the product. Screenshots of our tool can be seen below.

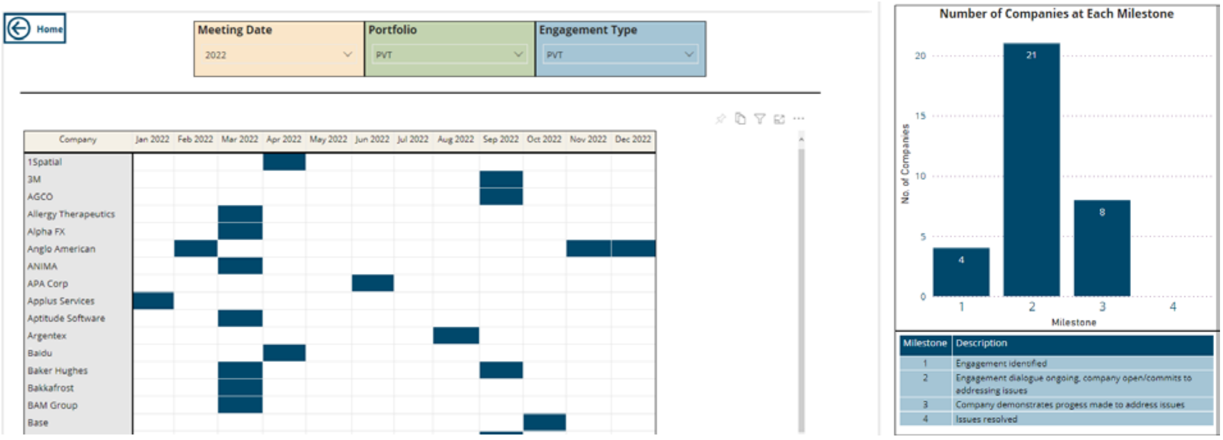
S-PVT investment tool, PIE KPIs company level:




>> ENVIRONMENT
Climate Change
Conventional Oil & Gas Revenue %
(Blank)
Unconventional Oil & Gas Revenue %
(Blank)
Shale Oil Revenue %
(Blank)
Shale Gas Revenue %
(Blank)
WACI
Carbon Footprint 1 & 2
Carbon Footprint 1 & 2 & 3
Active in Fossil Fuels
TRUE
Emissions Reduction Target Set
TRUE
SBTi Target Set
TRUE
Net Zero Target Set
TRUE
Has Decarbonisation Strategy
FALSE
Has Supply Chain Management Policy
TRUE
Has Climate Change Management Policy
TRUE
Aggregated GHG Scopes
1 & 2 (tonnes CO2)
1 & 2 & 3 (tonnes CO2)
GHG Scope 1 & 2
GHG Scope 1 & 2 & 3
GHG Scope 1
GHG Scope 2
GHG Scope 3


Circular Economy
Has Water Management Policy
TRUE
Water on Sales
Emissions to Water
Waste on Sales
Hazardous Waste
Energy on Sales
Biodiversity
Has Biodiversity Policy
TRUE
Negatively Affecting Biodiversity Areas
FALSE

Stewardship dashboard:



Although the Director of ESG oversees our approach to ESG, the day-to-day analysis of ESG risks and opportunities rest with the portfolio managers and analysts, of which the Director of ESG is one. ESG related issues will be discussed at meetings with CEOs and at separate meetings with non-executive board members, when either the Director of ESG, ESG analyst or analyst / portfolio manager will attend.

Example: **Integration of ESG factors in stock selection, Metso Outotec**

Metso Outotec produces equipment for mining companies. It is lowly rated by the stock market and is not perceived as an ESG 'winner.' This is a perception we think will change, with clearly positive investment implications.

Metso's equipment is used towards the end of the mining process, for example in crushing and moving the ore which is often the most energy intensive aspect of operating a mine. Mining is responsible for 4% of global emissions yet is self-evidently a critical activity to produce the commodities needed to electrify the world, most obviously in the mining of copper but also other battery materials which are expected to grow at 26% compound rate over this decade. In fact, our analysis suggests copper demand will grow more quickly than history and there simply won't be enough copper to meet our decarbonisation goals without significant expansion of the quantity of ore mined, leading to an aforementioned 'green demand shock' for Metso – given much of their revenues are associated with copper mining specifically, as well as lithium, cobalt, and nickel.

After years of R&D, and 8,200 patents, Metso now has a pathway to enable miners to move towards a fully net-zero mine in a cost-effective manner, through producing electrified and lower energy consumption crushers, grinders and other equipment – their so called "Planet Positive portfolio". We expect a boom in this product set, greater than market expectations. Through this, Metso is enabling the decarbonisation of a necessary and desirable economic activity – one which represents 4% of global emissions. Given Metso is a leading business in the most energy intensive areas of a mine, we estimate their products will mitigate 0.5%-1% of total global emissions, which is a huge contribution for one company to make.

Although this company's main contribution will be to enable others to reduce emissions, they are pleasingly doing their own homework on their footprint. The target is to reduce CO_2 emissions to reach net zero as early as 2030. They are also aiming to reduce CO_2 emissions by 20% in logistics by 2025, and that 30% of their suppliers by 2025 have set a science-based Paris aligned emission target. In addition, the aim is for 100% of R&D spend to be on initiatives that have a sustainability target related to energy, emissions, water, circularity, or safety. Providing capital to this company is a material and positive contribution, as well as offering a financially material opportunity as the company's growth accelerates and market perception adjusts accordingly.

Example: **Systematic Integration of ESG Factors: T Hasegawa**

T Hasegawa is a top ten global flavour and fragrance (F&F) manufacturer. Management is focused on increasing profitability in the mature Japanese market and building overseas revenue in China, Southeast Asia, and the US. It has recently opened a new site in the US which doubles production capacity, is expanding capacity in Malaysia and investing Y2bn in R&D within China. This should deliver double-digit operating profit CAGR. Combining >40% gross margin with improving working capital efficiency implies strong free cash flow generation and value creation. On top of this, the balance sheet is inefficient – over 20% of the market cap in net cash plus 10% in long-term investments – which is recognised by the management, who have begun to sell down cross-shareholdings (and have set explicit targets on this).

In our first meeting (and follow-up exchanges) in 2022 Q4 we identified a handful of areas in which improvement would help broad stakeholder value creation, build a more robust business and support a higher valuation for the shares. The company recognises the need for greater independence and diversity (gender and nationality) within the board. RAMAM has voted against a non-independent director but has had supportive commentary that progress will be made on this point in the near term.

T Hasegawa has a 2030 emissions reduction target, but we have recommended that it should publish a clear timeline for setting a net zero target (preferably incorporating Scope 3 emissions), and seek a third-party approval backing these targets, such as the Science Based Targets Initiative (SBTi). Alongside this, we have encouraged a shift in executive remuneration structure to align with a broader set of both financial and non-financial KPIs than the current (just consolidated ordinary income).

Finally, T Hasegawa is in the enviable position of holding ~25% of its market cap in net cash and a further 10% in investments (primarily equities of other Japanese companies) and we made clear our support for the current strategy of reducing the cross-shareholdings, and encouraged that this could be accelerated from the current ¥1-2 billon per year earmarked. We expect that the company is in a position to materially increase shareholder remuneration by some combination of special dividends and share buybacks.

Climate Change and Net Zero

At RAMAM we are strong believers in the goals of the Paris Agreement. We continue to engage to encourage the transition to a net-zero carbon environment and promote greater company disclosure. One of the key aspects of aligning with Paris is the requirement for companies to consider their impact on systems and value chains across their activities, which can be facilitated by greater disclosure of Scope 1, 2 & 3 emissions. As signatory to the Net Zero Asset Managers initiative (NZAM), we are committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5 °C (i.e., net zero emissions by 2050 or sooner) and to support investing aligned with net zero emissions by 2050 or sooner.

OUTCOME: Net Zero Asset Management (NZAM) initiative - initial target disclosure

In November 2022, we published our initial target disclosure under the initiative with an interim target of 50% reduction in weighted average carbon intensity (WACI) by 2030 vs 2019 baseline for portfolio scope 1 and 2 emissions. As part of this initial commitment, 19% of River and Mercantile AUM will be managed in line with this target.

We have developed our strategy to achieving this target, including setting a traffic light classification system which reflects different stages of a company's net zero journey:

- **Green** - Companies that are already committed to Net Zero by 2050 or sooner. This can be demonstrated in several ways including companies that are Paris Aligned or have set Net Zero targets to be met by 2050 or sooner (this includes but is not limited to targets that have been verified by SBTi or other bodies). Green companies also include those that we have identified through our analysis as significant enablers – companies that have the potential to contribute to the reduction of GHG emissions through their decarbonisation of high-risk sectors2.
- **Amber** - Companies that are in the process of committing to Net Zero. Through publications from the company and through our engagement, the company demonstrates that it is working towards Net Zero commitments. This may include setting a timeline to publish Net Zero targets, setting non-Net Zero emission reduction targets, or demonstrating their research to make Net Zero commitments/devise a decarbonisation strategy. This category will also include companies that have set Net Zero targets but are not moving in line with their Net Zero strategies to achieve these.
- **Red** - Companies that are not committed to Net Zero. Companies that have not responded to Net Zero and, through our research and engagement, we find no evidence that they are working towards a Net Zero goal.

More information available on the NZAM's website - River and Mercantile – The Net Zero Asset Managers initiative

We also use publicly available tools through the PRI which has been partnering with several think tanks and academic institutions to help develop and popularise climate tools. Notably:

- The Paris Agreement Capital Transition Assessment (PACTA) tool, which provides portfolio-level analysis of transition risk in public equities.
- The Transition Pathway Initiative (TPI) – sector-level analysis of companies' management of carbon emissions and alignment with the Paris Agreement. TPI uses company-disclosed data.

In conducting our due-diligence, we typically consider information provided by the company in its annual report; sell-side and other third party research, such as professional industry bodies; public data resources such as Glassdoor or Trustpilot; sustainability issues highlighted by the media, among many other sources. We encourage greater disclosure of People, Innovation and Environment KPIs to enable better benchmarking of peers.

On a more granular level, we have been encouraging companies to set emission reduction targets in line with the Science Based Targets initiative (SBTi) through our targeted stewardship efforts. For example, we have been engaging with Booking Holdings over a number of years to set and disclose emission reduction targets. In June 2021, we engaged with the company after they first disclosed their emissions in 2020 and were operating as carbon neutral. In this engagement we expressed support for disclosing a carbon reduction plan and set emission reduction targets which Booking stated they were targeting in the next 12 months. We also fed back that we would be supportive of setting targets in line with SBTi.

At the June 2022 AGM we voted in support of the Annual Investor Advisory Vote on Climate Action in line with our feedback. We met the company again in March 2022 in which they confirmed that they would shortly be releasing their 2021 sustainability report which would include scope 1, 2 and 3 emission reduction targets which had been worked on with SBTi. We were pleased with the progress and stated that we would review post release and discuss if needed to set up a meeting to discuss. In their 2021 sustainability report, the company announced they were target 95% reduction in scope 1 and 2 emissions from 2019 to 2030 and a 50% reduction in scope 3 emissions from 2019 to 2030 which is defined by SBTi as being in line with the 1.5°C scenario and due for approval in 2022 by SBTi.

This was an important milestone in our engagement with Booking. In the June 2022 AGM, we voted in support of reporting on climate change performance metrics into executive compensation program which was key to ensure executive management are aligned to delivery of the climate action plan. In December 2022, we met the company again to seek more detail on their climate action plan where we delved into their scope 3 target and requesting further quantitative detail around the phasing of scope 3 reductions and the waiting of various components (such as data centres versus other 'purchased goods & services') within this. The company is currently set to engagement milestone three pending SBTi approval of emission reduction targets and has been well communicated to the company.

Voting and Engagement

We believe executive management should be incentivised to manage companies to create value for all stakeholders and be rewarded accordingly. Through our voting & engagement we aim to encourage companies globally to adopt an approach in line with section 172 of the UK Companies Act 2006, which requires directors of companies to think about the impact of their decisions on all stakeholders

Since RAMAM was formed in 2006 we or our proxy voting service provider have voted on behalf of our clients, and we regard voting as an important aspect of active ownership – engaging with companies to encourage better corporate standards. As laid out in the Tier 3 RAMAM Voting and Engagement policy, we apply several voting principles to our voting decisions. We believe management should be incentivised to consider the impact of environmental factors on their business, for example, greater alignment of management to achieving climate-related objectives.

Engagement plays a key role in our 'comply or explain' approach. Management teams need investors with medium-to-long-term investment horizons to support and fund transformational strategies, where working cultures emphasise success on achieving financial as well as non-financial goals and where investors hold management to account for the delivery of these goals through engagement.

Through the collective power of our assets under management, we can have a significant impact in driving companies to manage their sustainability risks and opportunities and in being responsible corporate citizens. As a boutique, we can have an outsized impact on companies with comparatively smaller market capitalisations or where we own a larger stake. As such, we prioritise our engagement activities on this basis with the aim of maximum impact from limited resources. In addition to our own direct engagement with companies, we also collaborate with other parties to address systemic risks (see Principle 10).

Summary of Stewardship, Investment and ESG Integration

Our investment process is bottom-up based on company fundamentals. Through analysis of the key company-specific and sector-related People, Innovation and Environment issues that impact a company's long-term value creation potential, we can ensure we have a clearly-thought-out view of sustainability when considering a stock for inclusion in a portfolio. As a result, we do not exclude potential investments based on sector, business activity or third-party ESG rating.

The data, tools, company tiering and process incorporation we have outlined for this Principle demonstrates the link between ESG and investment & engagement decisions.

Sustainability factors are one factor amongst many that we consider in an investment decision. By remaining true to our investment process, we believe we can ensure sustainability risks and opportunities are reflected in portfolios.

Principle 8 – Monitoring Service Providers

Research Providers

Research costs are paid entirely from the RAMAM's own resources. We monitor the quality and consumption of our third-party investment research as part of our Markets in Financial Instruments Directive II (MiFID II) commitments. This is done through a systematic and transparent semi-annual research provider review process managed by the Director of Research.

Portfolio Managers and Analysts complete a standardised research quality assessment where they score each provider for the quality of the services received. They also add comments on each provider justifying their scoring. Consumption is assessed by analysing the number of research reports and analyst interactions by provider using tools from research aggregators Bloomberg and FactSet. The Director of Research collates and reviews the quality, consumption, and cost data by provider to ensure that the research budget is deployed efficiently and fairly, based on the level and quality of service received. Where costs are mis-aligned with quality and/or consumption, contract re-negotiations or terminations are sought, subject to internal approvals.

We currently have 47 research providers. Following our year-end 2021 research provider review, one provider was terminated. We continue to monitor potential new research providers and engage in research trials to assess whether they add value to our investment process.

A significant amount of ESG data is ingested into the investment team's processes. These include

- Bloomberg's company-reported ESG data utilised within the quantitative assessment of ESG KPIs under the S-PVT pillars.
- Sustainalytics' Global Standards Screening which identifies companies that are in breach or at risk of breaching the UN Global Compact and other conventions/behavioural norms.
- Sustainalytics' Global Standards Engagement which aids our engagement through collaboration with other investors to resolve issues related to the Standards Assessment.
- Sustainalytics' EU and SFDR reporting packages assist with sustainability reporting and other regulatory disclosures.
- MSCI's ESG Ratings provide an independent metric to gauge our own S-PVT scores allowing us to review and challenge internally where unaligned.
- MSCI's climate change module which assesses companies' exposure to fossil fuels.
- MSCI's Business Involvement Screens inform potential exclusions.
- Carbon Disclosure Project (CDP) that provides analysis on corporate leadership related to environmental performance in addition to data on climate, deforestation, and water security.
- Transition Pathway Initiative (TPI) which assesses management quality and carbon performance
- Science Based Targets Initiative (SBTi) monitoring companies' commitment and progress towards their targets to reduce GHG emissions.
- Climate Action 100 (CA100) assesses companies on their progress to Net Zero emissions

Trading Counterparties, Transaction Costs and Best Execution

RAMAM principally trades equity and foreign exchange transaction orders through brokers, which are carefully selected based on their ability to transact and deliver best execution. The Dealing team maintains an up-to-date record of broker KYC details, financials, ratings and Terms of Business, with the assistance of the Operational Compliance team. The process for onboarding new broker counterparties involves obtaining all regulatory KYC details, assessing the counterparty's creditworthiness, and then submitting a proposal to Compliance and RAMAM's Operations Director for approval.

The Dealing team, then applies one of three RAMAM Tiers to the counterparty based on their risk level.

- Tier 1 Brokers with either no risk or facilitation up to £250k
- Tier 2 Principal broker with discretionary risk capabilities over £250k

Tiers applied to brokers are documented as part of the RAMAM Approved Broker List by the Operational Compliance team. This gives an internal indication / guide of broker type and their capability, to inform how we use them.

The FCA's Conduct of Business (COBS) Best Execution Rules are always observed, and the Dealing team executes trades in line with the Rules' guidelines, taking all steps available to obtain the best possible price for clients. Trading prices achieved are compared to market transaction cost benchmarks at the time, and broker performance (both trading and settlement) is reviewed constantly. The Dealing team closely monitors both implicit and explicit transaction costs using an independent Transaction Cost Analysis (TCA) tool from ITG Virtu which provides regular monitoring of execution quality against several industry benchmark estimates and assists with highlighting outlier trades from an implementation cost perspective, which in turn is assessed and challenged by the Operational Compliance on a weekly basis. The quality of broker and venue performance is assessed on an ongoing basis.

RAMAM conducts quarterly Best Execution Committee meetings, which are chaired by the Operations Director and representatives of the Compliance, Operational Compliance, Investment Risk, Investment, Dealing and Operations teams. The Committee discusses matters such as trading performance, credit risk on brokers used, operational trading and settlement issues, as well as ongoing governance and controls. On a monthly and quarterly basis, the Operational Compliance team reviews the ongoing quantitative assessment with respect to TCA, 'request for quote' process and other price checks. In addition, a qualitative evaluation of the technical capabilities for each broker are considered by the Dealing and Operations teams. The output of these checks is escalated to the Best Execution Committee as part of the management information submitted in advance of the quarterly committee.

Dealing Compliance

During the reporting period, RAMAM used Linedata Compliance ('LDC') to manage and monitor the adherence of various regulatory and investment strategy restrictions relating to its pooled mutual funds and segregated accounts. LDC manages real time pre-trade compliance by verifying the suitability and compliance against investment restrictions of all orders that are generated by the Fund Managers before they can be sent to the Dealer's trade blotter. LDC is integrated within Linedata's order management system: Longview Trading System ('LVTS'). LDC also checks post trade compliance daily to ensure there have been no market movements or corporate actions since the previous day which would trigger an investment restriction breach. All regulatory and investment restriction LDC rules are coded to flag as hard errors in LVTS, which in turn prevents the Fund Manager from initiating a trade.

The LDC system enables the Operations team to create standardised "Regulatory Rule Sets" with predefined investment and borrowing power rules that can be applied universally to relevant pooled mutual funds and segregated accounts. Rule sets can also be tailored to the adhere to any idiosyncratic investment restrictions which are required by a particular client. Within each rule set, the parameters of the individual rules can be changed to reflect the exact investment restrictions requirements and exclusions of the various investment strategies. The Operations team with oversight from the Operational Compliance team also monitors borrowing powers outside of LDC.

Orders are initiated by the fund managers in LVTS and then the orders are automatically subjected to a pre-trade compliance check by LDC containing the funds rules and investment restrictions. Once the automated compliance checks have been completed the trades are electronically routed directly to the Dealing team 'trade blotter.' At the beginning of every business day the LDC system automatically runs a post-trade compliance check to ensure that portfolios are constructed in accordance with any investment restrictions and guidelines.

Once the post-trade compliance checks have been completed, LDC automatically generates an e-mail per fund which is dispatched to the Operations team, Operational Compliance team and the relevant Fund Managers confirming that the post-trade compliance check has been run, as well as notifying of any warnings or breaches.

Data & Service Providers

1. ESG

A comprehensive set of ESG data is used in the investment process from suppliers such as Bloomberg, Sustainalytics and MSCI. This is further enhanced with highly focused sector and company-level ESG data, such as CDP, TPI, SBTi, CA100 or non-profits (e.g., FAIRR, As You Sow).

Annual reviews of our providers are performed not only to scrutinise the service and data quality received but to provide suppliers feedback on clear and actionable criteria needed to support our stewardship program.

Regular updates and presentations from both incumbent and other providers are held to keep abreast of the latest developments and initiatives such as AI scanning for controversies to alert investors more quickly. When a contract is due for renewal, the continuous engagement above along with a service and data quality assessment help to inform our decision on supplier moving forward.

The ESG Ratings data from MSCI complements the investment team's own research and provides an independent view given the subjective nature and diverse range of scoring that can be seen across providers.

When issues arise (such as missing columns in a file received), these are immediately identified by either RAMAM or the provider and acted upon to resolve.

The data received from Sustainalytics, Bloomberg and MSCI support our S-PVT analysis of companies and help to fulfil reporting requirements, and we confirm this meets our needs.

2. Proxy Voting Service Providers

RAMAM uses a third-party proxy voting service (Institutional Shareholder Services) to vote all client securities overriding their recommended action when it differs from RAMAM's General Principles on standards for good corporate governance and management of environmental and social issues.

When considering whether to retain or continue retaining a proxy advisory firm, to provide research or voting recommendations as an input to RAMAM's voting decisions, RAMAM will consider, among other things, whether the proxy advisory firm has the capacity and competency to adequately analyse the matters for which RAMAM is responsible for voting, including the adequacy and quality of the proxy advisory firm's staffing, personnel, and/or technology. RAMAM will, on a regular basis, monitor the third-party proxy voting service guidelines and procedures to ensure the firm and the third-party service both remain appropriate.

A Proxy Voting Working Group meets quarterly to review voting, reasons for any non-votes by company and by client, list of clients, voting conflicts of interest and rationale for votes against RAMAM Policy. This Committee and the Operations team are responsible for monitoring ISS.

3. Others

Providers used for broader research, including ESG, are Bloomberg, FactSet, HOLT and other 'Sell Side' Research. Style Analytics further provides characteristics analysis of our portfolios. Providers include MSCI (Index services, ESG scores, Fossil Fuels, GICs), Bloomberg (ESG company reported current and historical data), Sustainalytics (Global Standard Screening, Global Standard Engagement, EU Taxonomy and SFDR, UN SDG's, UN Global Compact), London Stock Exchange (Sedol, Compliance announcements), WM/Refinitv (Daily Spot rates), Numis (benchmark data), iSTOXX (benchmark data).

Other service providers included:

- Technology – Financial Express (Data services, Analytics, ratings, and Regulatory filing), Advanced 365 (IT), Salesforce (CRM system), Refinitiv (FX ALL – FX trading), eVestment Omni (database for asset managers)

- Services –Bank of New York Mellon (Middle Office services, GRS, ITG Virtu (3rd party TCA), UnaVista (transaction reporting), ACA (GIPs compliance auditing), DTCC (trade depositary), ISS (Proxy Voting), BATS (Trade Reporting)

RAMAM ENGAGEMENT

Principle 9 – Engagement

As mentioned above, RAMAM believes we are not only stewards of the assets entrusted to us by our clients, but that we also have a fiduciary responsibility to improve the management of companies for all stakeholders whilst not compromising our objective of achieving strong financial returns.

We ensure our investment beliefs, strategy and culture enable effective stewardship. In Principle 1 we recognise that our responsibilities as an asset manager extend to having a clear commitment to engagement and long-term active ownership and to developing the requisite understanding and experience necessary to achieve that.

Engagement with Companies

We define an engagement as a two-way conversation addressing a sustainability, environmental, social, governance (ESG), or innovation topic. The purpose of engagement is to incentivise management to change behaviour and deliver sustainability. Where we have identified actual or potential issues in a company we own, which could pose a risk to investors' long-term interests but in circumstances where we also believe there is the potential for improvement or remedy, we believe that engagement is the most effective method to drive change in management attitudes and ensure positive outcomes. We think this is more beneficial than any form of screening or exclusion.

Additionally, we seek four specific outcomes from engagement with companies:

1. Disclosure by the company of ESG metrics
2. Inclusion of ESG KPIs in executive remuneration
3. Companies to set Net Zero targets
4. Increase female representation in senior management.

Where we identify that companies are laggards in these areas, we encourage and provide guidance on how to improve these four outcomes as part of our engagement.

We have three types of engagement:

1. **PVT Portfolio Manager (PM)/Analyst Engagements** - Most of our engagements are through one-to-one engagement meetings. These can either be
    a. Soft engagements, which are informative by nature and are typically in the setting of regular company meetings with the PMs and analysts' existing interactions.
    b. Targeted engagements, which have specific agenda items and are outcome focused. These can take the form of PM/analyst meetings and other engagement methods, or specific sustainability meetings.
2. **Bulk Campaigns** – These are typically themed engagements where we address a common issue across several companies. For example, sending letters asking our portfolio companies that currently do not publicly disclose scope 1 and 2 emissions, to commence to do so.
3. **Collaborative engagements** – We participate in several collaborative engagement initiatives (see next section for further details).

We aim to engage with companies we deem a priority at least every 12-18 months to monitor sustainability progress. Engagements are conducted by the investment team.

Engagement prioritisation

In 2021, we introduced a quarterly engagement prioritisation process to review and manage our engagement schedules. Based on data from providers, our own investment analysis and investees' sectors, companies are categorised as below. A clear engagement plan follows, including owner, method, target, and post-meeting notes and actions. This also enables differentiating between monitoring and engagement.

In these meetings, we:

1. monitor ongoing engagements and identify if re-engagement is required based on our engagement milestones (discussed below) and any companies identified to follow up on e.g., through previous engagement and/or escalation process

And

2. Identify new companies for engagement guided by our priority list in the table below. This list identifies high-risk companies, and we evaluate whether engagement is necessary if not already ongoing:

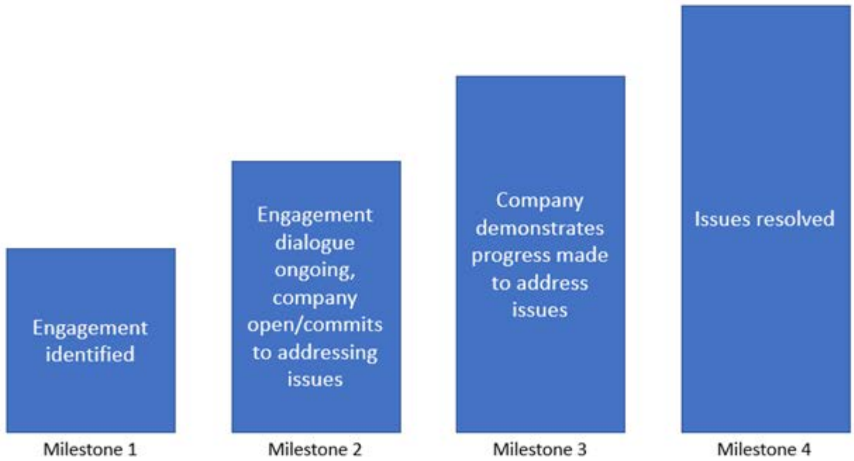
Priority	Criteria
1	Sustainalytics UNGC (UN Global Compact) Controversies – Non-Compliant
2	S-PVT Tier 3 & High-Risk Sectors
3	Sustainalytics UNGC Controversies – Watchlist
4	S-PVT Tier 3 (not in a High-Risk Sector)
5	Above portfolio average for emissions intensity
6	Above portfolio average for energy, water, or waste emissions

Companies where we identify controversies or other time-sensitive issues will be engaged with in a timely manner when those issues are identified.

Measuring Engagement Success

Engagement success is reflected through our S-PVT ratings which encapsulate the sustainability risk and opportunities of a company. When a company demonstrates it is making progress and/or addressing issues raised through engagements, then this is typically reflected in an upgrade in the S-PVT score to S2 or S1.

We monitor the progress of targeted engagements in a more granular manner by tracking engagement milestones as set out below. The introduction of engagement milestones to track targeted engagements is a new process we introduced in 2022.



Source – River and Mercantile

As an example of how engagement success feeds into our S-PVT scores, **Capital** was rated S3 which are typically a focus area for engagement, we have engaged with Capital several times and in an attempt to improve disclosure around greenhouse gas ("GHG") emissions and the board composition. The company announced the appointment of a new non-executive director who is heading up the newly formed sustainability committee. The recent annual report includes, for the first time, GHG emissions disclosure and the company has committed to announce an emissions reduction target this year. Given the progress evidenced against our prior concerns, we upgraded the rating to S2.

Escalation

We recognised that a company may not achieve these milestones in a linear pattern or, in some scenarios, regress; we may not always be satisfied with a company's response to engagements. In these instances, we may try alternative methods of engagement and/or follow our escalation policy (see principle 13).

Summary of Engagement Activity in 2022

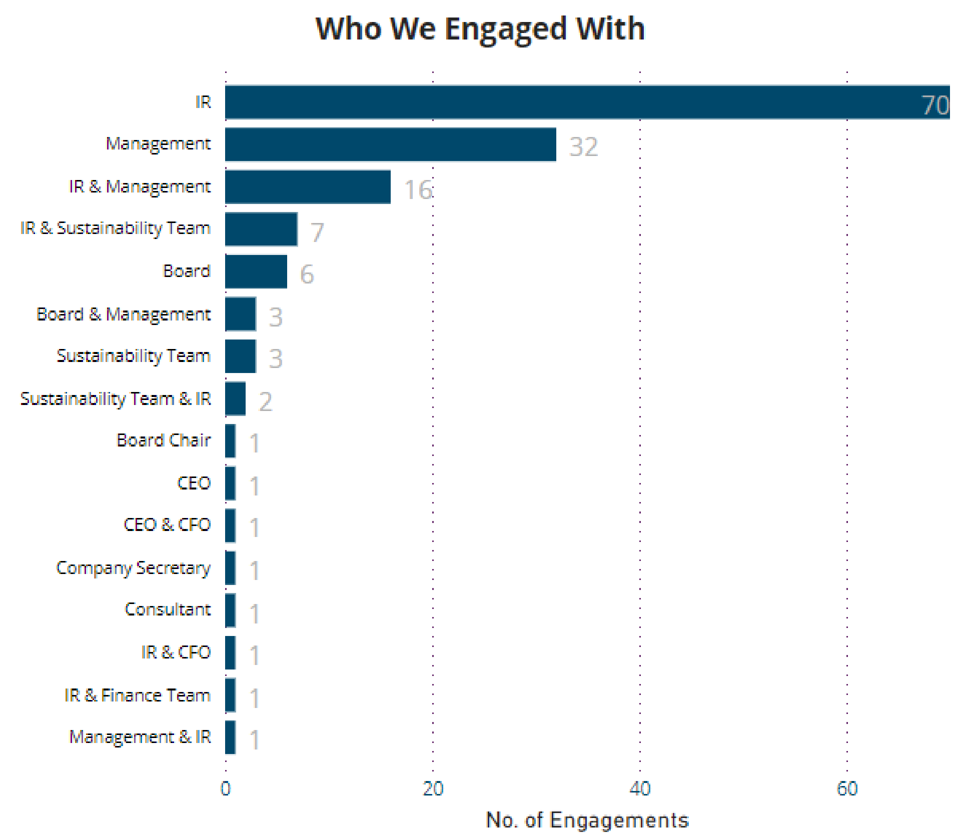
During 2022, we held 195 engagements with 145 companies on stewardship related issues. As mentioned above, we categorise our engagements into 1. bulk campaigns, 2. collaborative engagements and 3. PVT PM/analyst meetings A breakdown of the 195 engagements by these three categories can be seen in the table below.

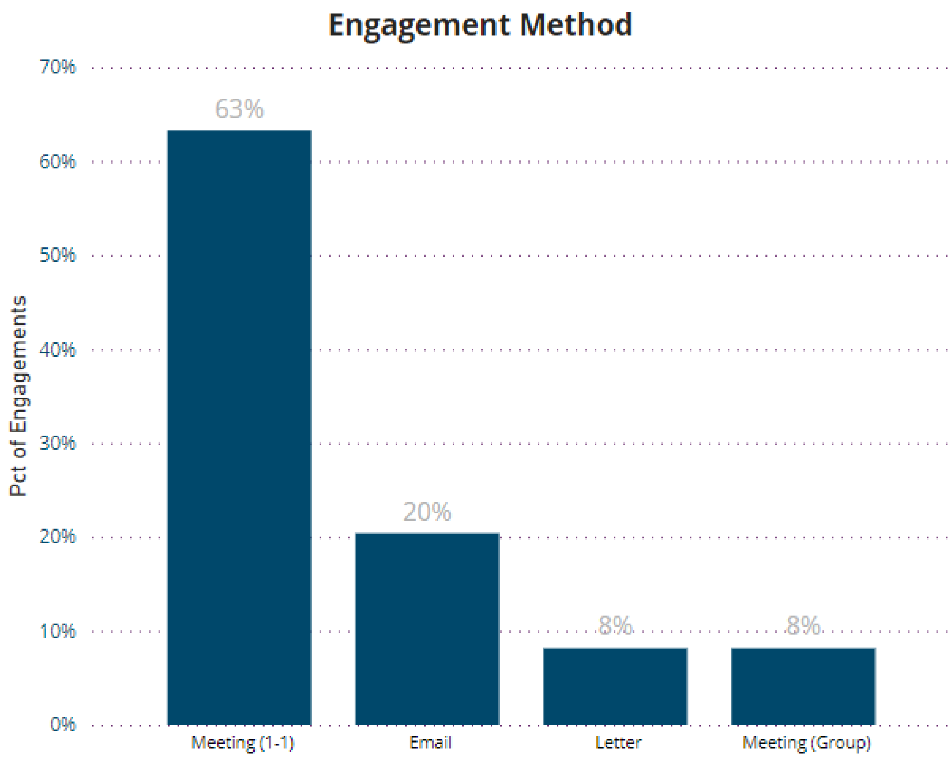
Engagement Type	Number of Engagements	Number of Companies
Bulk	26	26
Collaborative	22	18
PVT	147	111

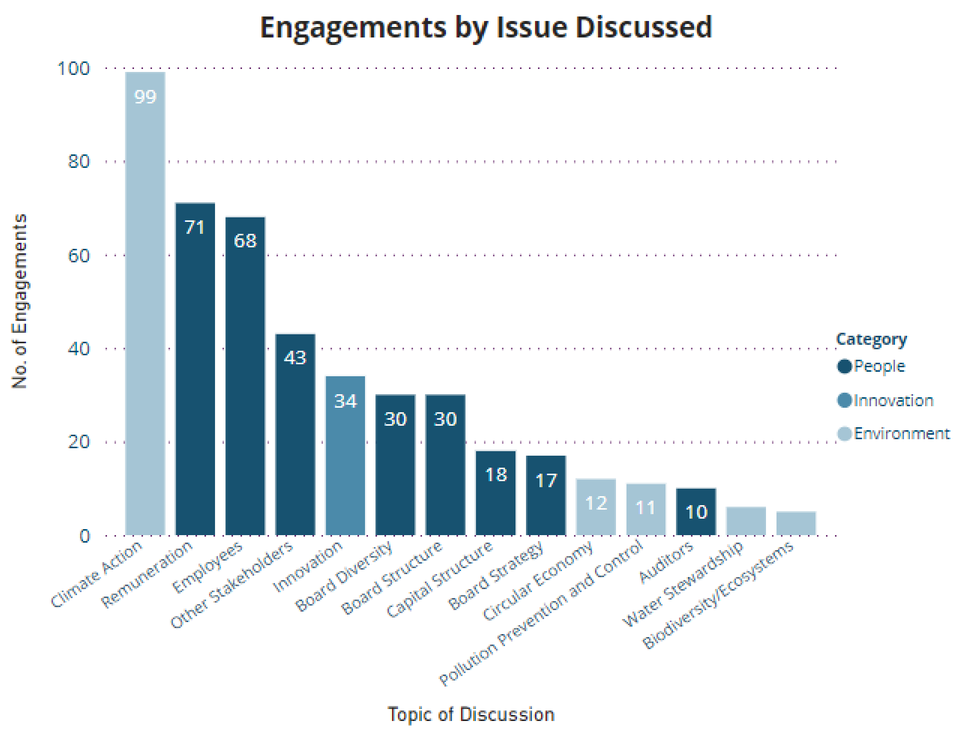
PVT Engagements

Of the 147 PVT engagements conducted in 2022, 46 were held in 2022 Q1 before we brought in the targeted and soft categorisation. Since the start of 2022 Q2 we have conducted 55 targeted engagements and 46 soft engagements.

A summary of the 147 PVT engagements held in 2022 can be seen in the charts below. *Note more than one issue may have been discussed in one engagement.*




Engagement Method
Pct of Engagements
70%
60%
50%
40%
30%
20%
10%
0%
63%
20%
8%
8%
Meeting (1-1)
Email
Letter
Meeting (Group)


Engagements by Issue Discussed
No. of Engagements
100
80
60
40
20
0
99
71
68
43
34
30
30
18
17
12
11
10
Climate Action
Remuneration
Employees
Other Stakeholders
Innovation
Board Diversity
Board Structure
Capital Structure
Board Strategy
Circular Economy
Pollution Prevention and Control
Auditors
Water Stewardship
Biodiversity/Ecosystems
Topic of Discussion
Category
People
Innovation
Environment

Source: River and Mercantile

Bulk Campaigns

In 2022 we conducted four bulk campaigns, a summary of which is below.

1. **Move to Hong Kong Listing.** Additionally, we have started a PVT bulk engagement to propose voluntarily converting secondary issue listing on the Hong Kong Exchange to a primary listing in place of the US listed ADR's current primary status believing this will enhance liquidity in the Hong Kong line of stock, including becoming eligible for Stock Connect, and provide better protection for equity holders from US regulatory risks. In Q2 we sent the first letter to Alibaba Group (Chinese tech company) who responded that the company is exploring options and will revert back then they have more updates. In Q3 we continued this engagement by sending two more letters to Autohome and GDS, both of whom are considering moving their primary listing to Hong Kong.

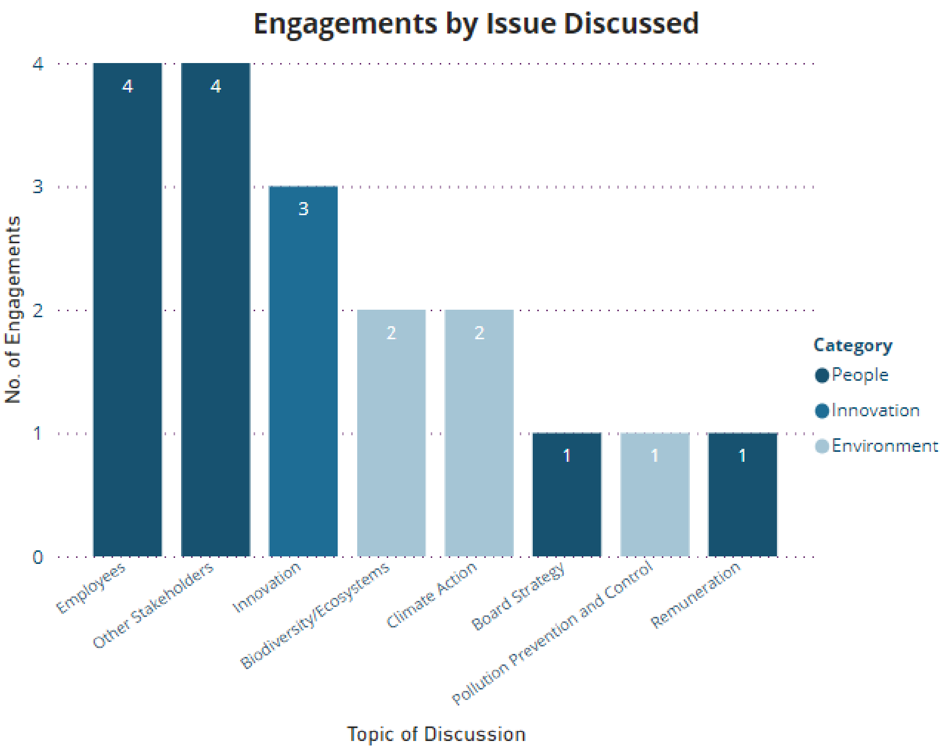
2. **S3 rated companies with a lack of sustainability information.** We also commenced engagement with companies we had recently rated S-PVT tier 3 (S3) through our own proprietary ratings that we felt had a lack of sustainability disclosure on material sustainability risks and opportunities including policies, processes and targets about the company's sustainability credentials and the impact on society and environment. Whilst we do make use of third-party ESG rating agencies and data providers, such as Sustainalytics and MSCI, we prefer to base our analysis on companies' own sustainability publications. In these letters, we linked several resources that corporates can use to support transparent disclosure. We sent 11 letters to companies we invest in – two of which confirmed they were reviewing their sustainability reporting and aware that they need to make improvements, another two we have had follow up engagement meetings to discuss what best practice sustainability reporting looks like and understand the companies' journey to improve such disclosures.

3. **Sexual Harassment in Mining Companies.** Following the final 'Enough is Enough' report of Western Australia's inquiry into sexual harassment of women in the mining industry, we wrote to Anglo American (S2), Rio Tinto (S3) and South32 (S3), to understand the actions taken across their global operations to address these issues. We probed into the individual companies' practices and the KPIs the companies are using to monitor progress. Additionally, we suggested that these three companies undertake an annual survey to obtain details of the percentage of women employees affected by these issues and the percentage of women who reported sexual harassment incidents. We were pleased that all three companies were taking continued action to mitigate sexual harassment and take on our feedback. We will continue to monitor progress of these companies through our engagement programs.

4. **Enablers lacking emission reduction targets.** Through our ongoing analysis, we flagged several of our enablers that had not set emission reduction targets for their own scope 1 and 2 GHG emissions or who were only targeting carbon neutral. Given the nature of these businesses and their own minimal scope 1 and 2 emissions, it is not a significant risk to the sustainability credentials of the business. However, it is still important that these companies manage down the emissions they produce. Consequently, we wrote to Ebusco (S1), Fluidra (S2), Industrie de Nora (S1), Meyer Burger Tech (S2) and Sensirion (S1) to understand the timeline for setting such targets. We were pleased that four out of the five companies confirmed that such targets will be disclosed in 2023. Ebusco is currently working on their first sustainability report for 2022 which will include information on both scope 1 and 2 emissions. Information on scope 3 emissions and emission reduction targets are being worked on but will be disclosed in the second sustainability report at the latest. Consequently, we moved all five companies' traffic lights to amber and we will evaluate the credibility of the targets and strategies once disclosed.

<u>Collaborative Engagements</u>

We conducted engagements with As You Sow, CA100+, FAIRR, ShareAction and Sustainalytics. The below charts summarise the activity. *Note more than one issue may have been discussed in one engagement.*



Source: River and Mercantile

Source: River and Mercantile, UN SDGs

In addition to these collaborative engagements, in 2022 Q2 we participated in Carbon Disclosure Project (CDP) annual disclosure campaign. As part of this River and Mercantile co-signed CDP's letters with other investors to request companies to provide a response to the CDP Climate Change Questionnaire. We believe CDP's reporting platform provides a good framework, aligned to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in a consistent and comparable format allowing asset managers and asset owners to effectively assess their portfolios from an environmental stance. River and Mercantile co-signed 159 letters to companies held in PVT funds.

More information about our collaborative engagements can be found in Principle 10 – Collaborations.

<u>Engagement Examples</u>

Engagement Example #1 – ongoing engagement program (Engagement milestone 2)
Anglo American (Mining Company)

Background

As part of an update meeting with investor relations, the following sustainability topics were discussed.

Main Points Discussed

Challenging jurisdictions – government & local community relations

Peru has been a 'noisy' political climate for decades. However, in Anglo's view the institutions work (treasury, ministries, Congress) and this has been proven out in the recent unrest – "comforting that the institutions stood firm on Castillo." This is ultimately what gives confidence to make long-term investments in the country.

Still operating 24:7 so not had any operational disruptions so far. Most disruption has been in the centre and north of the country (more remote, keen for Lima to listen so have turned to strikes, roadblocks, etc). Southern Copper, which operates here, did not put in the same efforts into community relations as Anglo has – highlights the value of Anglo's strategy.

Emissions

Confident in delivering -50% in Scope 1 & 2 before 2030.

60% renewable energy provision by the end of 2024, the only countries not there are Botswana & Namibia.

Announced a JV with EDF building out solar in South Africa: 600MW in the next 18 months ramping to 4GW by end 2029.

A large part of the scope 1 is diesel use in the pits, now moving to the second phase of the hydrogen-truck testing which will be done by 2024 and then can start rolling out internationally. 400 trucks across the group and will change 50 every 6 months.

Water usage

Signed an off-take agreement at Los Bronces which will supply more than 45% of water requirements from 2025. Aguas Pacificos is building the de-salination plant, Anglo is one of the end users. NB some part of this agreement may show up as net debt through a lease.

Offtake agreement is 20 years and includes the supply of water to 20,000 local households. Anglo still working on a second phase which would secure the Los Bronces requirements but also enable Anglo to take dirty water from the local community for use in the mine in exchange for additional de-salinated water supply. This would be a significant change, impacting a much greater number of households than current 20k.

The first phase covers one-third of Anglo's group water reduction target, phase 2 would represent 50%.

Outcome

Anglo American continues to demonstrate leading sustainability strategic commitment and delivery within the mining sector. We believe responsible miners have enhanced value due to their role enabling the materials-intensive energy transition.

Set to engagement milestone two as looking for disclosure of suitable KPIs to monitor progress around harassment in the mining industry (more information on this engagement point in our bulk engagement section on sexual harassment in the mining industry).

Engagement Example #2 – Board Composition (independence and diversity)

Nikon (Optics and Imaging Products)

Engagement meeting in Q1

Background

As part of an investor relations call, RAMAM took the opportunity to raise one of our four main goals of engagement as well as to highlight a concern around capital allocation (governance).

Main Points Discussed

- RAMAM pressed on plans to incorporate sustainability into director remuneration as there are currently no ESG metrics which feed into director pay. Active ongoing discussions at Nikon about the best way to reflect sustainability in director remuneration.
- RAMAM highlighted that the high cash balance (80% of market cap) was creating inefficiency and capital could be better allocated to buying back shares at today's low valuation, while still allowing for ongoing investment in Innovation. Nikon acknowledged RAMAM's position.

Outcome/Benefits

Positive outcome – ensure that RAMAM takes opportunities within existing PM and analyst conversations to raise concerns and increase pressure around our four main goals of engagement including objective 2 - inclusion of ESG KPIs in executive remuneration. Monitor that these 'active discussions' lead to action. At investor day in April, Nikon announced a buyback of up to 10% of the shares in issue alongside medium-term growth plans and the share price has responded positively.

Engagement letter in Q2

Background

Letter to inform the company about our voting intentions at AGM.

Main Points Discussed

Items RAMAM will be voting against management at the forthcoming AGM, and to provide our rationale.

- Item 2: Amend Articles to Disclose Shareholder Meeting Materials on Internet – Allow Virtual Only Shareholder Meetings – Amend Provisions on Director Titles

This proposal would authorise the company to hold virtual only meetings permanently, without further need to consult shareholders, and the proposed language fails to specify situations under which virtual meetings will be held.

- Item 4.1: Elect Director and Audit Committee Member Tsurumi, Atsushi

We believe that the audit committee should contain 100% independent directors and the Board also does not have at least 25% female representation.

- Item 6: Approve Restricted Stock Plan (RSP) and Performance Share Plan (PSP)

Although there is disclosure around the PSP, we are unable to find any similar disclosure around the conditions attached to the RSP.

RAMAM voting policy is to vote against ALL non-independent directors when the board is comprised of less than 50% independent members. Major strides that have been made in recent years to increase the percentage of independent board members which now sits at slightly below 50% of the Board. We are highly supportive of the strategy recently outlined at the capital markets day and re-iterated to us in our recent meeting.

RAMAM therefore recognises the positive direction of travel and does not wish to disrupt the current board structure for the sake of a 'box ticking' exercise. All that said, we do strongly believe that (1) audit committees should be comprised 100% of independent directors, and (2) boards globally should better reflect societal diversity and you should therefore expect that we would vote against a board member until such a time as female representation on the board is above 25%. We are conscious that this is likely to take longer than a year.

Likewise, we are incredibly supportive of the changes made to the PSP – above all, the addition of return on equity and sustainability / ESG components. If this were a standalone item, we would have voted in favour. However, the lack of disclosure around the terms of the RSP is below best practice and we are therefore compelled to vote against the combined item.

In the letter RAMAM also attached an example of the level of disclosure transparency expected around an RSP.

Outcome

Nikon acknowledged the importance of board independence and diversity to ensure better governance and will continue to work on enhancing effectiveness of Board of Directors. RAMAM will continue to encourage ongoing development but recognise progress made in recent years.

Engagement Example #3 – Improvements on corporate governance (Engagement milestone 3)

Talgo (Train Manufacturer)

Engagement meeting Q2

Background

Engagement meeting to discuss a number of governance issues flagged by MSCI.

Main Points Discussed

MSCI research

MSCI flag 2 over boarded board members – Talgo's stance that other board positions enable directors to carry knowledge from other Boards. CEO – in short term not going to leave any of the other seats. John Pope – remains on the Board as a particularly important board member (CV public), particularly regarding current dispute with US client over contract cancellation.

(Not in MSCI report) Notification of problem contract – not something aware of beforehand, client communications did not flag so did not provision. Similar event occurred in 2009 (new trains for west Constance, prior to delivery the client told them that there was a change of governor in the state and said they did not want the trains anymore but returned them and still paid). They then sold the trains to another client.

Remuneration

From a legal standpoint, Talgo interpreted that if it doesn't approve remuneration policy the existing policy prevails i.e., the last remuneration policy (of 3 years) will stand. However, this issue has been discussed with other shareholders because legally must approve a new one every year – Talgo had misunderstood this point and they will do this from next year.

In the last few years, Talgo has been increasing transparency of remuneration – will continue to do so. This year conversation they have had a number of conversations with proxy's and shareholders re the rem of CEO in 2021. CEO's remuneration was high because of hiring costs, going forward rem will not be as high and will move in line with normal remuneration levels. CEO stock award – shares given on day 1 regardless of performance of the company, 2-year black out period or fired because of bad performance. RAMAM fed back that these stock awards are generous as not linked to performance.

In 2021, all of Board reduced their bonus by 50%.

Health & safety policies

Do apply to contractors, contrary to MSCI report. Also have policies in place for suppliers and as part of all supplier selection processes, they must meet many criteria's including health and safety standards.

Environment

Environmental impact assessments are audited for every location, as is the non-financial report.

Emission reduction targets – do not have corporate targets at the moment. This is a priority for the business to work on in the near future.

Gender diversity

Targets at the board level, at mgmt. level internally promote career based on diversity. Factory based work is male dominated, but it is active policy to promote diversity and increase diversity in mgmt. RAMAM fed back that Talgo should benchmark diversity stats with peers.

The last appointments have been female. COO replaced in 2021 is female, new director of supplies is female. Internal audit and HR leaders are female. It has increased recently but still a priority to improve.

(Not in MSCI report) Given the current situation, not suffering financial stress from suppliers – seen delays but not with financial constraints, i.e., not missing suppliers.

Outcome

RAMAM gave a number of feedback points so will be monitoring if progress is made on any of those. Indication of improving direction of travel but still rated S3 as at the beginning of their sustainability journey.

Engagement Q4

Background

Progress update on engagement objectives laid out in our Q2 meeting and subsequent correspondence.

Main Points Discussed

Third-party ratings agencies

Had contact with Sustainalytics and ISS but not yet MSCI (no response to Talgo's communications). Talgo has distributed its 2022 ESG report to ensure that all parties have this.

This should close some of the key misrepresentations in the reports, e.g., health & safety is a central priority for the company, and it has all certifications up to date for all operations; within supplier policies they incorporate ESG considerations (were historically orientated towards bribery, health & safety, and treatment of employees).

Talgo has created an ESG team within the company – used to outsource the reporting but this new team is promoting both the importance of ESG considerations internally but also improving external communication.

Board structure

In 2022 reduced the board size using recommendations from an external consultant.

Added a female board member but still only at 10% representation (1 out of 10). Priority to improve this over the medium-term, expect further changes on a 1–2-year view.

Over-boarded members: US-based board member John Pope was not considered a candidate to exit the board due to his specific expertise.

Remuneration policy

Issues flagged mainly relate to the CEO's remuneration:

- It will be much clearer in 2023 that his remuneration structure is closely linked to market standards
- Variable comp to fixed comp ratios aligned – max 100% of fixed as a bonus plus 3-year LTIP

Expect remuneration KPIs and targets to have sustainability linkage – it is on the table for inclusion in 2022 but not certain, nonetheless will be forthcoming on 1–2-year view.

Emissions reduction targets

Working on these today and they will be incorporated at the top level corporate strategic goals with board level ownership.

Emissions intensity has been included in client pitches for years and is one of the clear competitive advantages of the Talgo offering.

US problem contract

Sued client following termination (do not agree with the premise for breach of contract), legal process has started. Talgo is open to a settlement which covers the costs incurred, if they are unable to agree out-of-court then the process could take several years.

Outcome

Set to engagement milestone three as looking for Board composition to improve.

Engagement Example #4 – Board Diversity, Health & Safety, Capital Allocation (Engagement Milestone 2)

T Hasegawa (Flavour and Fragrance Manufacturer)

Background

As part of our first meeting with the company management and IR, and during ensuing correspondence, we committed a significant portion to understanding and engaging on key aspects of the People, Innovation and Environment pillars of sustainability, including setting out areas in which we expect improvement.

Main Points Discussed

Innovation

GPM / bargaining power with customers because tailor-made product, not easily switched out.

Every year 10% of business is innovative new product, balance is subject to negotiation.

Dependent on end market growth to large extent, health & wellness the strongest growth area including new players (includes medical & food for senior citizens).

Combined with exposure to faster growing health & wellness explains +1ppt vs domestic Japanese market.

Capacity expansion in the USA is in order to increase sales from existing customers especially in health & wellness category.

China R&D facility investment is to enhance collaboration w/ customers and improves efficiency of spend.

Plant-based foods: T Hasegawa was invited to form a Japanese consortium and acquired a portion of Japanese plant-based meat producer DAIZ's stock in August 2021. DAIZ will start production and marketing activities in Japan and the US and T Hasegawa will support them with its flavours (making products taste more like natural meat). Investment is around $1m.

Background: DAIZ started incubation activities and one of the main supporters was major Japanese food producer Ajinomoto. The president of Ajinomoto at that time talked to the president of DAIZ and recommended T Hasegawa to be part of the consortium. Companies like Impossible Foods and Beyond Meat use flavours from European flavour companies, but DAIZ wanted to bring in a Japanese company. Several major trading companies and ingredient companies have joined the incubation.

Balance sheet and shareholder returns: reducing cross-shareholdings / investment securities, high level of gross cash on the balance sheet

Target ~Y1-2bn sales of securities p.a.

Capital allocation: see M&A "effective way to improve growth" – targeting M&A in US only (Y10-20bn scale depending on opportunity) local companies have a list of targets (30 candidates / 2-3 responses to their initial approaches to engage).

Dividend grown plus share buyback last year.

RAMAM feedback that incremental shareholder returns from securities sell-down alongside M&A appropriate. Management states it will limit M&A investment amount to less than 20% of net worth per acquisition in order to avoid excess exposure to risks relating to M&A. Past acquisition amounts were RM 92 million in 2014 in Malaysia, USD 55 million in 2017 in the US, and USD 127 million in the U.S.

Board structure: independence and diversity (gender & nationality)

The company recognise the need for greater diversity on the Board of Directors

Currently 1 female director (appointed on 2021), 2 male outside directors, 4 male insider executives + 3 outside auditor committee o/w 1 female.

Hiring additional external directors, have made approaches but nomination was not ready for the 2022 AGM.

International balance to board: for first time has added a non-Japanese business head via President of US business who sits on executive board.

In December, RAMAM subsequently voted against a non-independent male director. Our standard policy is to vote against ALL non-independent directors when the Board is comprised of less than 50% independent members, however based on our meeting and correspondence with the company, we understand that additional progress is likely to be made and we are supportive of President Umino-San and his overall strategy. Consequently, we recognise the positive direction of travel and do not wish to disrupt the current Board structure for the sake of a 'box ticking' exercise. If progress is not made on these points in the future, we will consider voting against all the non-independent directors.

Health & safety: update on accident leading to death of employee / 2 further in intensive care

Police & labour safety dept making investigation will publish findings.

Company independently established committee to determine cause of accident – included external lawyer for transparency. (Final report of in-house investigations have been published and following a series of meetings with the Labour Standards Inspection Office and disclosed a summary of the accident investigation report to the Tokyo Stock Exchange on 11th November.)

Have changed some production processes as a fail-safe; production relocated to another plant, so volumes / operations not affected.

T Hasegawa operations are well-regarded for safety within the industry, have received awards from safety commissions.

Have assigned doctors & nurses paid by the company for the 2 employees remaining in intensive care.

Emissions / net zero target commitments

https://www.t-hasegawa.co.jp/index.php/en/sustainability/report

The Environmental Safety Committee set Scope 1 & 2 CO2 emissions reduction targets to reduce CO2 emissions to 46% of the FY2013 levels by FY2030.

In FY2021, the company was able to reduce energy consumption significantly by engaging in efficient production activities (Scope 1 and 2 emissions -4% compared YoY). Currently -21% versus FY2013 levels (18,814t).

In 2020, then Prime Minister declared Japan's goal to reduce greenhouse gas emissions by 46% from the 2013 level by 2030 and to achieve net zero emissions by 2050. T Hasegawa envisions a similar goal.

RAMAM has recommended that the Environment Safety Committee should publish a clear timeline for setting a net zero target preferably incorporating Scope 3 emissions, and seek a third-party approval backing these targets, such as the Science Based Targets Initiative (SBTi). We have offered to discuss this with the company's board and / or to provide examples of companies within the peer group which have already followed this path.

Executive remuneration

Remuneration for internal directors consists of "base remuneration (fixed remuneration)", "bonuses (performance-linked remuneration)", and "remuneration-type stock options (non-monetary remuneration)".

The amount of remuneration, etc. for each individual director is decided by the Board of Directors within the maximum amount of remuneration approved by a resolution of the General Meeting of Shareholders after deliberations by the Compensation Committee.

Bonus (performance-linked compensation) uses consolidated ordinary income as a performance indicator.

RAMAM has recommended that performance-linked compensation structure for Directors should consider a broader measure of performance than consolidated ordinary income. We favour a balance of measures, including some mix of return on capital, cash generation, total shareholder returns and sustainability related KPIs across annual bonus and long-term incentive (LTIP) payments. Sustainability-related KPIs could be related to, for example: greenhouse gas emission reductions, health & safety, employee satisfaction, customer satisfaction. We have offered to discuss this with the company's board and / or to provide examples of companies within the peer group which have already followed this path.

Outcome

We are encouraged that the company has taken time to listen and respond to our initial engagement points and now look for progress and further dialogue on these issues in 2023.

T Hasegawa has been set to engagement milestone two as RAMAM is monitoring for improvements in Board diversity, health & safety and capital allocation as discussed above.

Principle 10 – Collaboration

We strongly believe the best process to improve management attitudes is through engagement and peer group pressure. Where we are amongst the largest shareholders in a company, we can exert more influence, otherwise voting at annual (and extraordinary) general meetings is our most effective way of encouraging change. In certain circumstances, collaborating with other shareholders to impact change is an effective way to use our resources. This included being a signatory to letters, voting in line with the collaboration and engaging on the issues when we meet executive management and Board directors. Where we are now a smaller company than last year, we have concentrated our collaborative engagements to focus on environmental issues and potential UN Global Compact Breaches. In 2022, this included participating in the following initiatives: As You Sow, CA100+, FAIRR, ShareAction and Sustainalytics. Examples and outcomes include the below.

Climate Action 100+ Of the 166 heavy polluters identified by the network partners for this major collaboration, we are actively involved as a support investor. Active here means more than just listening in to the calls. It means contributing to agenda and meeting preparation, sharing knowledge and best practices with the company, and ensuring agreement and progress of next steps & actions.

Below are examples from 2022:

Danone (Food and Beverages)

Collaborative Initiative

Climate Action 100+

Background

As part of the ongoing climate action initiative the following points were raised.

Main Points Discussed

Science Based Targets initiative sector methodology. Waiting for release of the Science Based Targets initiative FLAG methodology. If this continues to be delayed, they will set their own targets and then align to the Science Based Targets initiative pathway when this is finalised. Company have said this for some time (as early as spring 2021).

Capital expenditure. Need to align this to a 1.5C pathway.

Including climate-related metrics in executive remuneration. Currently linked to climate Carbon Disclosure Project (CDP), which is not overly ambitious (Danone has been performing well on this benchmark for many years). Want to encourage the company to incentive the directors otherwise. Company said they would be looking at this this year.

Company had nothing to present at time of meeting due to reformulation process following change of management, but agreed to meet later this year to discuss new targets that will have been set.

Outcome

RAMAM continues to support the Climate Action 100+ initiative and encourage companies in scope to make improvements raised by the group.

Walmart (Retail)

Collaborative Initiative

Climate Action 100+

Background

To discuss progress on Walmart's climate transition plan and public policy engagement with a focus on scope 3 emissions mapping, target setting, and action plan. Also, to get an update on Walmart (WMT)'s supply chain deforestation program. Multiple investor cohorts have been participating and are represented here, including CA100+ and Ceres Food Emissions 50 Campaign.

Main Points Discussed

Operational Emissions

- Updated Climate Change webpage and Carbon Disclosure Project (CDP) (CDP) climate survey with 2021 emissions data. SEC proposed climate disclosure rule will accelerate this process.
- WMT aims to galvanize collective action across the retail and consumer goods sector through advocacy, supplier engagement, philanthropy, and innovation in product supply chain practices.
- Scope 1 emissions have been the most difficult to address due to investment (refrigeration) and new technology limitations (heavy truck transport). Actions on refrigeration includes upgrading maintenance staff, leak detection & repair, replacing old equipment with lower GWP alternatives. New stores have CO2 refrigeration units. They are looking at converting technology for minimal disruption to stores.

Climate Advocacy

- WMT publicly supported the BBB climate provisions but disagreed with the tax increases. They supported the IRA because the revenue provisions were more acceptable (see RILA's statement on minimum corporate tax rate).
- At CA100+ urging, they provided examples of direct lobbying for robust climate policy on their website. They also provide examples where they tried to influence their main trade associations.

Scope 3 mapping

- Scope 3 reporting is extremely difficult for a broad-based grocery and consumer goods retailer like WMT. The World Resource Institute (WRI) Board who are working to improve the GHG Protocol for better scope 3 measurement. Land use emissions are the most difficult to measure. Whereas WMT uses a 3rd party to verify scope 1 & 2 reporting, this is not yet possible for scope 3. WRI is working on a basic data set around land use to connect products to farm or mill.
- They are working with other groups including Global Forest Watch and Global Fisheries Watch.
- The company cannot commit to NZ for scope 3 given their lack of measurement and control. "Any company who does so is misleading their stakeholders. No company has done more to catalyse scope 3 emissions reduction than WMT."
- Investors noted that it is difficult to understand how WMT's climate initiatives are integrated into a comprehensive climate action plan. WMT will continue to report progress on Gigaton. It is not clear if they will be setting a more comprehensive scope 3 target, but they will try to connect their initiatives in a more coherent narrative.

FLAG guidance

- WMT's regeneration and biodiversity objectives and action plan is fully aligned and integrated with its climate action plan. Land use is a key GHG contributor, so this is high on both agendas.

Outcome

RAMAM continues to support the Climate Action 100+ initiative and encourage companies in scope to make improvements raised by the group.

Sustainalytics Global Standards Engagement

The prioritisation process explained in Principe 9 determines our high-quality, focused in-depth engagements. Where an investee company is non-compliant or watchlist for behavioural norms (defined as the UN Global Compact and other conventions, such as the UN Universal Declaration on Human Rights, the ILO Convention concerning Forced or Compulsory Labour or the UN Convention against Corruption), engagement is absolutely required.

Here we recognised the value of engaging with other investors, and also capacity constraints as a boutique firm. As the provider of norms data, Sustainalytics also provide a follow-on collaborative engagement service to resolve the issue.

One example from 2022 is Baidu (Software company). Sustainalytics has placed Baidu on its non-compliant list for the UN Global Compact and considers Baidu to be at risk of violating Principle 2 of the UN Global Compact and Chapter IV of the OECD Guidelines for Multinational Enterprises. Sustainalytics flag this risk for Baidu's alleged engagement in widespread censorship and surveillance of platform users without adequate management systems and disclosure to ensure the right to freedom of expression and privacy. In 2022 Q4 Baidu responded to Sustainalytics questions on governance and management of ESG & human rights risks including governance structures in place, approach to human rights policy, approach to freedom of expression and regulatory environment. Progress – Standard, Performance – Medium, Engagement Milestone – 1 (Sustainalytics definition).

FAIRR

In 2022, we worked closely with FAIRR to engage with Cranswick (Meat Supplier) on a range of material topics. We contributed to the agenda of a group investor call to further understand the company's labour management policies and practices particularly on grievance mechanisms, sick pay and economic incentives, distribution of workers across employment contracts, oversight of governance structure, worker representation, and the engagement of workers on industry trends (automation and climate change). RAMAM was also signatory to a group investor letter as part of FAIRR's Biodiversity Loss from Waste & Pollution, around how the company assesses biodiversity associated with the entire lifecycle of manure in addition to climate, and whether the company has strategies in place or being considered to manage these risks include notions of circularity. A group investor call is scheduled for 2023Q1 to discuss the company's response to these topics, for which RAMAM has contributed to the agenda and will be participating in the call.

Other Collaborations

In addition to our involvement with CA100+, Sustainalytics and FAIRR, we also participated in collaborations with As You Sow which is focused on reducing plastics waste for example. We actively participated in an investor call with Nestle to understand the progress they are making towards meeting its goals on plastic reduction. We also co-signed a number of letters with ShareAction typically on governance and climate topics, for example to Credit Suisse expressing support for a resolution filed at AGM by Ethos Foundation and ShareAction on amending articles re climate change strategy and disclosures.

As mentioned under Principle 9, we also participated in Carbon Disclosure Project (CDP) annual disclosure campaign. As part of this River and Mercantile co-signed CDP's letters with other investors to request companies to provide a response to the CDP Climate Change Questionnaire. We believe CDP's reporting platform provides a good framework, aligned to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in a consistent and comparable format allowing asset managers and asset owners to effectively assess their portfolios from an environmental stance. River and Mercantile co-signed 159 letters to companies held in PVT funds.

Principle 11 – Escalation

We agree with the FRC's expectation of continuous improvement around stewardship. One area to demonstrate this is the formalisation of RAMAM's process for escalating an engagement is now in our Voting and Engagement Policy.

At times, we may determine that an engagement has not proceeded as expected and escalation is required. This can be based on the judgment of the investment team, or in response to a clear trigger / event occurring and we consider the potential significance of the issue for our clients. A sequential process is then followed (described below), separate to regular engagement, with progress closely tracked. While this applies to all funds, sectors and geographies, as with any dialogue local culture and context is also considered.

1. Contact company and / or letter to company. This shall consider circumstances in which the issue has arisen, relevant best practice standards / guidelines, any explanations provided by the company. The timing for how long to wait shall be decided on a case-by-case basis based on our knowledge of both the company and the issue. *0-3 months*

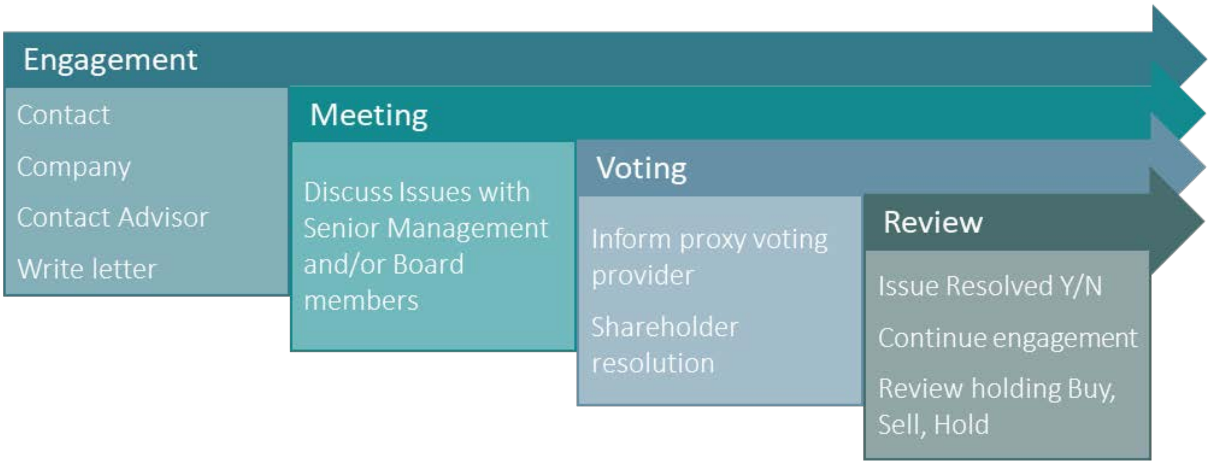
2. Engagement meeting with senior management and / or Board. The option to utilise voting and support shareholder resolutions is considered now (also available at stage three). *3-12 months*

3. Look for progress in annual report, or other relevant sources, and any patterns over time in the company's behaviour. *12-18 months*

4. Formally voting against management / non-exec directors, supporting shareholder resolutions and collaboration with third parties where relevant, or otherwise utilising AGMs (circulate a statement of issues or requisitioning resolutions or an EGM). In general, we do not advocate going public with the issue.

5. Issue resolved or review holding.

6. Monitor and report. This includes reporting in the FRC Stewardship report, and we note that our process broadly follows the FRC flow:



We have commenced a number of bulk campaigns in 2022. In 2023, we will be monitoring whether companies have responded and made improvements based on our letters. If this is not satisfactory, we will then reach out to directly engage and set up a meeting with the company in line with our escalation process (step 1 and 2).

In 2022 we saw a number of companies respond on the stewardship topics we had communicated and making improvements particularly around disclosure, increased diversity, and climate targets. Consequently, in 2022 compares to 2021, we saw more positive action from our portfolio companies. An example of where we escalated in 2022, is **Vicat.**

Example – Vicat

Background

Escalation RAMAM has engaged with Vicat over the last three years, in which RAMAM has raised several corporate governance issues with expected timelines to see these resolved. Alongside this, RAMAM has consistently voted to reinforce the message of improving corporate governance. In April 2022, RAMAM wrote to Vicat ahead of voting at the AGM to note that the only material change was the addition of an independent Board member and, whilst recognising that not all corporate changes can come to fruition in a one-to-two-year time period, RAMAM was expecting more material change. Therefore, in line with RAMAM's escalation policy, if material progress is not made ahead of the next AGM, disinvestment would be considered.

Main Points Discussed

As part of a management meeting, RAMAM raised the outstanding corporate governance issues:

1. Buyback out of takeover period: *CFO & IR continue to push family on this. Recognise RAMAM's position that there is no need to have it in there given there is no poison pill requirement. No issue around it impacting the liquidity contract either.*
2. Lack of nomination Committee: *Vicat understand they need to have separate nomination and remuneration committees. RAMAM sent MSCI report which is now marking them down for this (flag under new methodology).*
3. Lack of variable compensation transparency: *Vicat acknowledge still not enough detail though made some progress last year, will address to the remuneration committee and pushing the importance to the Legal department. RAMAM sent example of best-in-class remuneration disclosure from the sector.*

Vicat flagged that the independent Board members are pushing hard on these points and overall RAMAM's support and engagement on these points has been well received by the Board.

Separate to the corporate governance issues, management also highlighted Vicat's commitment to €80m per annum on decarbonisation capex (cutting other expansionary projects) and prioritising energy from waste project in Turkey.

Outcome

RAMAM is pleased that progress is being made on corporate governance issues and continue a collaborative approach to engagement. Vicat remains at engagement milestone two dependant on issues raised being resolved.

Principle 12 – Exercising Rights and Responsibilities

Voting Policy

RAMAM has its own Voting Policy incorporating our General Principles on standards for good corporate governance and management of environmental and social issues. The Institutional Shareholder Services (ISS) voting platform is used to implement our Voting Policy.

Details of our General Principles in respect of corporate governance are included in our Corporate Governance Voting and Engagement Policy and information on voting and engagement can be found in our quarterly Voting & Engagement Reports, which are available on our website:

www.riverandmercantile.com/what-we-do/sustainable-investing/stewardship

The Voting & Engagement Policy sets out our beliefs on best practice for companies globally. For UK companies it incorporates the standards set by the UK Corporate Governance Code and intends to deal with issues that are either not covered, require greater emphasis, or are specifically left open for shareholders to resolve with company boards. This also applies to companies listed outside the UK, as we believe this Code has taken a lead in encouraging companies to set higher standards of corporate governance in promoting transparency, integrity and to adopt a medium to long-term view in decision making for the benefit of all stakeholders. Implementation of our Policy is by voting, with engagement as appropriate.

RAMAM discourages passive box ticking and aims to take an informed and pragmatic approach to voting. RAMAM will give consideration to the specific circumstances and facts available to each investor before voting. For UK companies RAMAM supports a "comply or explain" approach to corporate governance and endorses the Code. We expect UK companies to explain and justify any reasons for non-compliance, and to outline their plans for compliance in future. In the case of non-compliance, we reserve the right to accept or reject the explanation. For non-UK companies, we are supportive of similar Codes.

The overriding objective of a company should be to optimise over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the company should endeavour to ensure the long-term viability of its business, and to effectively manage its relationships with stakeholders.

When considering whether to retain or continue retaining a proxy advisory firm, to provide research or voting recommendations as an input to RAMAM's voting decisions, RAMAM shall consider, among other things, whether the proxy advisory firm has the capacity and competency to adequately analyse the matters for which RAMAM is responsible for voting; including the adequacy and quality of the proxy advisory firm's staffing, personnel and technology. RAMAM will, on a regular basis, monitor the third-party proxy voting service guidelines and procedures (see Principle 8).

As part of our on-boarding process for a new client we set up an account with ISS and make sure the link-up between the custodian and ISS is in place immediately. This means ISS are aware of the holdings and can notify RAMAM of all upcoming meetings.

Proxy Voting Process

We use ISS to implement our voting policy, overriding their recommended action when it differs from our General Principles on standards for good corporate governance and management of environmental and social issues, or as otherwise required.

A voting instruction form for individual meetings is sent to the investment team (Director of ESG and ESG & Stewardship Analyst). If Management Recommendation, ISS Recommendation and RAMAM Policy are FOR all items in the meeting and RAMAM owns (controls) less than 3% of the shares outstanding, then Operations process the voting decisions for the meeting according to RAMAM voting policy.

All other meetings are sent to the Director of ESG and ESG & Stewardship Analyst, or, in absence, the relevant portfolio managers (PM). The Director of ESG or ESG & Stewardship Analyst reviews meetings referred by Operations and discusses specific items with the team as required (PMs and/or analysts). The decision to vote against policy is therefore made on a collaborative and inclusive basis. This includes reviewing various guidance on Climate Transition Plans that companies are producing and whose resolutions will be voted on at AGMs as well as various guidance on other environmental and social shareholder resolutions. The Director of ESG or ESG & Stewardship Analyst records any "Votes Against Policy." Votes against Policy are discussed at quarterly Proxy Voting Working Group meetings (which include Operational Compliance, Director of ESG and ESG & Stewardship Analyst) to ensure that material information was considered, and rationales are appropriately documented.

For some of our clients a third parties' voting policy is followed. In which case they send the vote recommendation, RAMAM reviews the recommendation. In case the recommendation disagrees with the RAMAM vote, RAMAM override the votes with a rationale inputted in the ISS Portal. RAMAM has the voting authority for these accounts.

If a share-blocking meeting, Operations put a block on trading up to date after the meeting, if the Director of ESG decides to vote. If a Power of Attorney is required and the client has not signed it, the vote is rejected. If the proxy vote is not supported, RAMAM advises the company directly of its decision to allow for greater engagement and to provide further detail on the reason for the decision.

Clients may request RAMAM to vote in a specific manner in an upcoming meeting and a process has been set up to monitor these requests. If the intentions are different to how we have elected to vote for our other clients, we send our rationale to the client and await confirmation of their instructions. A vote confirmation report is generated and sent to the Director of ESG and ESG & Stewardship Analyst for final approval and then an email is sent to the client. Clients in our pooled funds have not requested us to direct voting and at this stage this is not a facility we have offered.

Governance of these voting activities is formalised in the RAMAM Voting and Engagement Policy, with the Proxy Voting Working Group and Sustainability and Stewardship Committee, to provide oversight. This oversight ensures the Policy is followed, and that stewardship is closely monitored (for example action agreed with investees companies are delivered).

Governance of wider stewardship is achieved via discussion of themes, progress, issues, and prioritisations at investment team meetings and at the Sustainability and Stewardship Committee.

Proxy Voting Oversight

Oversight procedures are applied to the voting of proxies solicited for securities in all accounts of RAMAM's, including segregated mandates and collective investment trusts and funds where RAMAM exercises voting authority. This ensures we monitor our voting rights. For accounts where RAMAM does not have voting authority, e.g., because the client has retained the authority or delegated the authority to a third-party fiduciary, the procedures do not apply.

Accordingly, the oversight procedures are designed to ensure that client interests are promoted and protected, and legal and regulatory requirements met when RAMAM exercises its proxy voting discretion on behalf of clients. The specific obligations in respect of voting depend upon the scope of voting authority assumed by RAMAM in its Investment Management Agreement with its client.

When the RAMAM Operations team open a new account, they notify the Proxy Supervisor (as further described below), who will identify the new account as an account over which RAMAM have authority to make voting decisions (Voting Authority Account) or not on the basis of the account documents and other information presented.

RAMAM's Proxy Voting Working Group, which includes the Head of Investment Operations & Outsourcing, Operations Compliance, the Director of ESG and ESG & Stewardship Analyst, provides oversight to the voting process. When a conflict of interest is identified in a voting context, the following process is followed:

Conflict-of-interests fall into two categories:

1. Where R&M employees have directorships or involvement in public listed companies

2. R&M US clients (in line with SEC regulation).

The following process is followed for voting with conflict-of-interest companies:

Step 1 – HR keep a list of conflict-of-interest companies

Step 2 – Conflict-of-interests flagged by Operations team to investment team & Operational Compliance

- *Through our voting proxy service, ISS, the Operations team flag that the meeting is for a conflict-of-interest company. Operations will notify Operational Compliance of conflict-of-interest meeting.*

Step 3 – Investment team follow agreed process to mitigate conflict-of-interest when sending vote instructions-

- *We vote in line with R&M voting Policy*
- *Where there is a 'refer' and we decide to vote differently to ISS, providing the vote is 'away from' management this is deemed not to be a conflict*
- *If a 'refer' and we decide to vote differently to ISS and 'in favour' of management, we refer to clients (US clients only)*

Step 4 – Conflict of interest meetings are checked at the quarterly Proxy Voting Working Group

- *At the quarterly proxy voting working group meetings, Operational compliance ensure that meetings are action as per the process outlined in step 3.*

As an FCA authorised and regulated firm RAMAM is required to prevent and/or manage conflicts of interest so as to ensure that there is no resulting detriment to clients; this is reflected in the policy on conflicts of interest to which RAMAM is subject. In situations where a conflict of interest has been identified, consultation with RAMAM's Compliance department occurs before a proxy vote can be placed. Any conflicts are resolved as described above to ensure that RAMAM discharges its obligation to both to vote and to vote in the client's best interest.

Example – Conflict of Interest voting – Glencore

The Chairman of AssetCo is Martin Gilbert who also sits on the Board of one of our portfolio companies, Glencore. In April 2022, Glencore held their AGM, which was immediately flagged to the (Operational) Compliance department. As such, the investment team agreed to vote in line with policy.

The Proxy Supervisor reviews and approves on a regular basis (at least quarterly) all RAMAM Voting Decisions.

Each client of RAMAM, at the time any account is opened, is provided notification as to the firm's policies and procedures for voting proxies.

In addition, each of the firm's clients with a Voting Authority Account are informed upon request as to the voting decision taken on any proxy solicited. This information is included in other information being sent to the client by the firm or the account custodian.

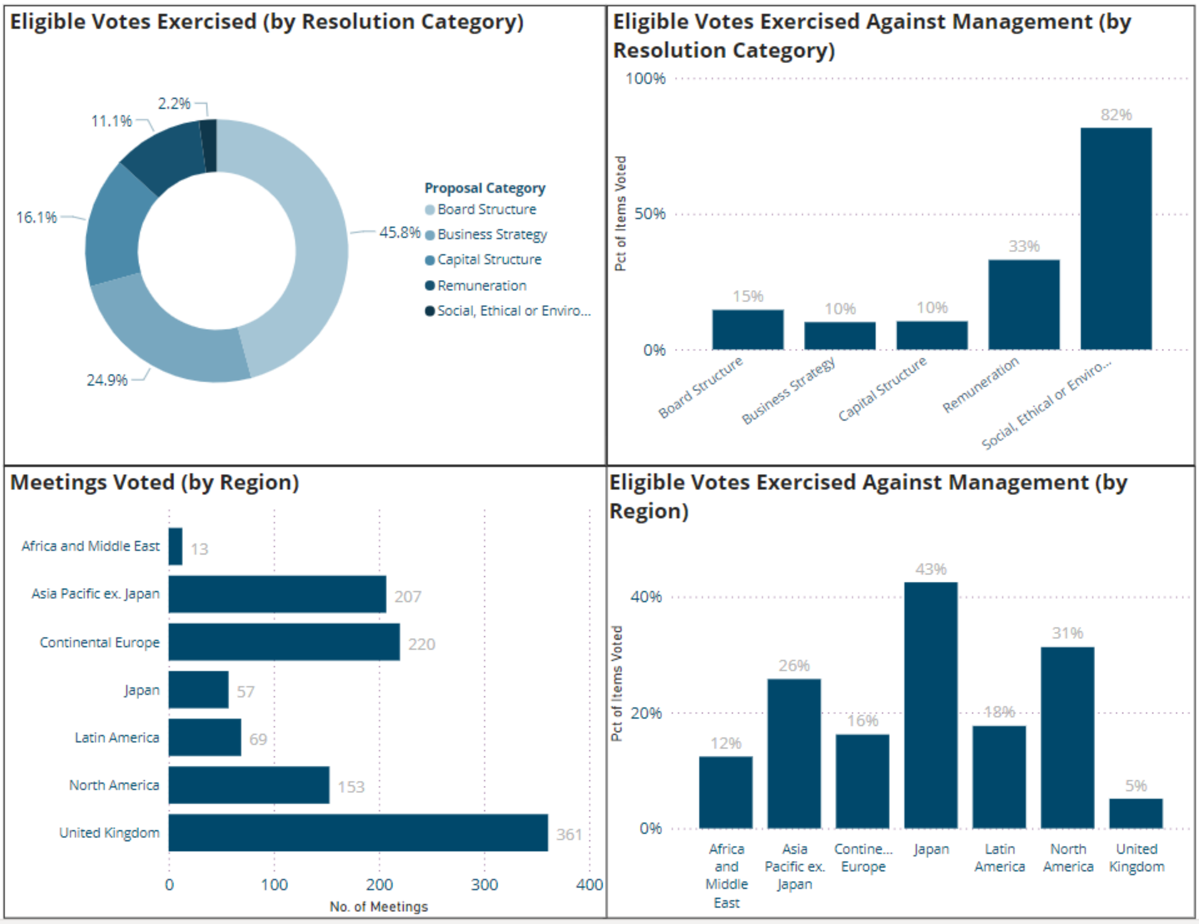
Stock Lending

RAMAM only does stock-lending for clients who request it. Operations check upcoming meetings against portfolios practising stock-lending and initiate recall of stock for companies with votes coming up.

Voting in Action

Voting is linked to stewardship and integration as it is an important form of engagement. RAMAM will engage with companies in which we invest on behalf of our clients on occasions when we think it is in investors' long–term interests and will endeavour to identify problems at an early stage to minimise any loss of shareholder value. Engagement may take the form of voting against management or establishing a dialogue directly with management. This approach will be adopted irrespective of whether the company is held in an underweight or overweight position within portfolios.

In 2022 we voted at 1080 company general meetings, voting against management recommendations on 16% of the resolutions, with at least one vote not supporting management recommendations at 69% of the meetings. We voted on 338 shareholder resolutions, 61% of votes were against management recommendations. The graphs below illustrate where such votes were exercised by region and resolution category, as well as details of votes against management recommendations by our fund managers.



11% of our votes were cast differently to ISS recommendations.

RAMAM vote at all meetings for all clients unless a client does not have a Power of Attorney (POA) in place in certain countries where required.

Information on voting and engagement, including our voting records, can be found in our quarterly Voting & Engagement Reports, which are available on our website:

www.riverandmercantile.com/what-we-do/sustainable-investing/stewardship

We consider the merits of shareholder and special resolutions, including climate related proposals, on a case-by-case basis. Shareholder and Special resolutions are referred to the Director of ESG before deciding how to vote. If appropriate we will engage with the company, particularly where RAMAM is a large shareholder, to clarify any issues surrounding the resolution. In these circumstances, where we have engaged, once we have decided how to vote we will notify the company of the rationale behind our decision.

Climate and Voting

Since 2020 we have incorporated climate change into our voting policy, which will allow an assessment of the majority of our holdings on the company's overall disclosure (governance, strategy, risk management, metrics & targets) and performance factors (norms, GHG emissions, performance rating). Depending on the assessment of how a company is evaluating risks associated with climate change and action being taken we will vote accordingly, with the merits of shareholder resolutions considered on a case-by-case basis.

We considered guidance from ISS, CDP, Climate Action 100+ and other sources on companies' climate transition plans that are to be voted on. We note that these are likely to be the first-ever versions and will tie the company to a climate strategy for potentially 3-5 years, with differing levels of ambition and credibility that should determine how shareholders should vote. As such we pay close attention to these to reach an infirmed view on whether to support or not, and potentially provide feedback to companies on their plans through our involved engagement programs.

Examples of Significant Votes

RAMAM defines significant votes against management where they fulfil one or more of the following criteria:

- *Potential material impact*
- *We are large shareholders (5+%) in a company*
- *Significant holding in a fund*

#1 Booking

Bookings Holdings (Date: 9th June 2022)

Shareholder Resolution: Report on Climate Change Performance Metrics into Executive Compensation Program

Vote Instruction: FOR

Rationale: RAMAM is supportive of ESG KPIs in executive remuneration and is one of our four main goals of engagement.

Outcome: 14.61% FOR

Implications: RAMAM engaged with Bookings in March 2022 requesting incentivisation to be linked to sustainability KPIs as, whilst some are currently broadly included in the scorecard, RAMAM joins other investors in suggesting more explicit targets and linkage. We should expect these to be a part of the 2023 remuneration and therefore RAMAM will be looking for these at the next AGM.

#2 Nikon

Nikon (Date: 29th June 2022)

Management Resolutions: Elect Director Ushida**,** Kazuo, Elect Director Umatate, Toshikazu, Elect Director Odajima, Takumi, Elect Director Tokunari, Muneaki, Elect Director and Audit Committee Member Hiruta, Shiro

Vote Instruction: FOR

Rationale: Our standard policy is to vote against ALL non-independent directors when the board is comprised of less than 50% independent members. However, in this case we recognise the major strides that have been made in the past year to increase the number of independent board members from 2 to 5, now only slightly below 50%, and the equally significant strides made in improving the profitability and operational robustness of the company.

Outcome: *Meeting results currently unavailable on ISS*

Implications: We are highly supportive of the strategy recently outlined at the capital markets day and re-iterated in our recent meeting. RAMAM therefore recognises the positive direction of travel and does not wish to disrupt the current board structure for the sake of a 'box ticking' exercise. All that said, we do strongly believe that (1) audit committees should be comprised 100% of independent directors, and (2) boards globally should better reflect societal diversity and you should therefore expect that we would vote against a board member until such a time as female representation on the board is above 25%. We are conscious that this is likely to take longer than a year. Therefore, we voted AGAINST Elect Director and Audit Committee Member Tsurumi, Atsushi to highlight that we expect more progress to be made in the coming years and will continue to monitor through our continued engagement. RAMAM sent a letter to Nikon explaining the rationale for voting at this AGM.

#3 T Hasegawa

T. Hasegawa (Date: 22nd December 2022)

Management Resolution: Elect Director Nakamura, Tetsuya

Vote Instruction: AGAINST

Rationale: The Board is not composed of at least 25% female directors & the Board is less than 50% independent, therefore voting policy would be to vote against several directors. Having engaged with the company, we are supportive of the overall chairman's strategy and therefore want to signal our expectations without undermining our overall support, so we supported election of all other directors except Nakamura, Tetsuya.

Outcome: 99% FOR

Implication: Board diversity and independence remains a key topic in our engagement with the company.

#4 KLA Corporation

KLA Corporation (Date: 2nd November 2022)

Shareholder Resolution: Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal

Vote Instruction: FOR

Rationale: As You Sow has filed a proposal requesting KLA report on its GHG emissions targets aligned with the Paris Agreement 1.5-degree goal. Whilst the company is making steps to address its transition and will address its scope 3 emissions, RAMAM will support the resolution in favour of suggestions & to signal that we are supportive of such actions taking place.

Outcome: 25.5% FOR

Implication: RAMAM will continue to evaluate the progress KLA Corporation are making around disclosure and targets of reducing GHG emissions, and support resolutions where deemed appropriate.

#5 Microsoft

Microsoft (Date: 13 December 2022)

Shareholder Resolution: Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk

Vote instruction: FOR

Rationale: Supporting shareholder resolutions linked to climate and human rights. This was proposed by As You Sow and co-filers requesting the Board to provide a report assessing how the Company's 401(k) retirement funds manage the growing systemic risk to the economy created by investing retirement plan funds in companies contributing significantly to climate change. A scorecard produced by As You Sow shows that the Microsoft default option has significant investments in "fossil fuel companies and companies that create deforestation risk."

Outcome: 11.2% FOR

Implication: RAMAM will continue to be supportive of such resolutions, particularly in collaboration with As You Sow.

#6 Boohoo

Boohoo (Date: 17th June 2022)

Management Resolution: Approve Long-Term Incentive Plan

Vote instruction: AGAINST

Rationale: A vote AGAINST the proposed LTIP is warranted because: - The individual award limit is being increased to 200% of salary for all Executive Directors, which is competitively positioned for a company of this size. - The performance period of these LTIP awards overlaps with those of in-flight awards. Notwithstanding the implausibility of the latter's vesting, this risks substantial dual rewards to Executive Directors.

Outcome: 25.4% AGAINST

Implication: RAMAM will not support where LTIP in increased at a time where share price is also very depressed.