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LOMBARD ODIER
INVESTMENT MANAGERS

Stewardship Report
2023

The Stewardship Report is a corporate document. This document also contains elements having a marketing communication nature related to Lombard Odier Investment Managers' Sustainable Private Credit Fund, as well as Lombard Odier Funds and its Sub-Funds: Planetary Transition, Circular Economy, New Food Systems, and TargetNetZero Global Equity (each Sub-Fund being referred as the "Fund"). The document is addressed to professional investors only as per the Directive 2014/65/EU on markets in financial instruments ("MiFID") in the EU/EEA countries, where the funds are registered for distribution: AT, FI, DE, IT, LIE, LU, NL, NO, ES, SE, UK, CH. In BE: not intended for Belgian retail investors unless the investment subscription is more than 250,000 EUR - Not intended for any US person. Investors must read the prospectus and the KIIDs of the UCITS before making any final investment decisions.

LOIM Stewardship Report 2023

Introduction

This report is prepared by Lombard Odier Asset Management (Europe) Limited (LOAME), the UK arm of Lombard Odier Investment Managers (LOIM). In turn, LOIM is the institutional asset management division of the Lombard Odier Group, a global private banking and asset-management business founded in Geneva in 1796. Co-issued by LOAME and Lombard Odier Funds (Europe) S.A., this report reflects processes, policies and operations at LOAME and, where relevant, LOIM. The Lombard Odier Group has always been wholly owned and managed by its partners. This independence allows LOIM to focus 100% on client outcomes and respond with agility to market events.

LOIM's clients are primarily institutional investors, third-party distributors and financial intermediaries. With more than 200 investment professionals and 13 offices across Europe, Asia and North America, we are a global business with assets under management of CHF 62 billion / EUR 67 billion / USD 74 billion at 31 December 2023. We aim to be rethinkers with one goal in mind: creating innovative investment solutions that generate sustainable value for clients. We value the firm's human capital and promote a dynamic, performance-driven culture. Our working culture is driven by our values: Excellence, Innovation, Respect, Integrity and One Team.

Stewardship in 2023

This report describes our stewardship work during 2023. It has been prepared in adherence and compliance with the Principles of the UK, Swiss and Japanese Stewardship Codes. A complete mapping of each chapter against the Principles of each Code is available in Annex 1. Figure 1 highlights the outcomes achieved in 2023.

The core of our stewardship activity – engagement and proxy voting, escalation and navigating conflicts of interest – is supported and shaped by the fundamental characteristics of our business: striving to meet clients' objectives and report to them, and our culture, governance, risk management and approach to sustainable investment. For this report, we have chosen to emphasise the narrative and outcomes of our stewardship activity. Therefore, we provide leaner disclosures on the background information and context that support stewardship, always making links available for further documentation and explanations as to why the wider background is important to stewardship.

We have categorised this throughout this report with these two icons:

In depth: Hyperlinked documents for further reading

Stewardship link: Importance of the issue to stewardship

We have also included case studies across as many chapters as possible, to illustrate this interconnectedness of stewardship actions, and this is captured in the outcomes table as well. Through this structure, we seek a greater focus on documenting the outcomes of our stewardship activity and helping our clients and stakeholders understand how we seek to construct value through stewardship.

Fig 1. 2023 Stewardship outcomes and achievements

Stewardship chapter	Outcomes
Sustainability approach	› Codification of our systems change framework: our view of the transformations that will define the economic and investment landscapes in the coming decades, and which will be a key driver for our stewardship activity going forward › Creation of holistiQ, a dedicated investment platform focusing exclusively on investing in the sustainability transition
Addressing systemic risks Stewardship case studies 1, 2, 3, 4	› Our research and proprietary tools enable us to analyse salient factors in the systemic risks we have identified, such as climate change and nature loss › Updates to climate and nature proprietary tools › LOIM's sustainable investment strategies aim to help mitigate these risks › Stewardship plays an important role in addressing such systemic risks. Our efforts in 2023 focused mainly on engagements (direct and collaborative) with companies, industry associations and policy makers › Finance Sector Deforestation Action (FSDA) disclosures › Creation of a deforestation-specific engagement framework › Assessment of how the Taskforce on Nature-related Financial Disclosures (TNFD) can impact stewardship
Investment and sustainability integration across asset classes; data providers and monitoring	› Roadmap, fundamental, systematic and alignment research teams working closer together to define sustainability convictions › Seven LOIM funds have received the Towards Sustainability label, which aims to promote socially responsible, sustainable investments and build trust among retail and institutional investors › Enhanced supervision of controversy flagged by external data providers › Enhanced supervision of custom vote guidelines application
Stewardship framework	› Successful implementation of the LOIM stewardship framework › Updating stewardship documents to reflect the evolution of LOIM's systems change framework – emphasis on Proxy Voting Guidelines › Signatories of the Japanese Stewardship Code › Alignment with the Swiss Stewardship Code
Engagement Stewardship case studies 5, 6, 7, 8, 9	› Introduction of Request for Information documents in our methodology › Introduction of Milestones in engagements › Introduction of a formalised process to join a collaborative engagement › Joined Nature Action 100, the Investor Alliance for Human Rights, PRI's Advance and Net Zero Engagement Initiative (NZEI) › 155 engagements carried out in 2023 with 145 companies, of which 116 were individual and 39 collaborative. › For 79% of all engagements, objectives were fully or partially achieved
Proxy voting Stewardship case studies 10, 11, 12, 13, 14, 15 , 17	› A thorough application of our Corporate Governance Principles and Proxy Voting Guidelines (the Guidelines) has led to increased oversight, particularly via the leadership pillar (addressing board-related resolutions) › In 2023, we instructed votes on 100% of our votable universe. This involved reviewing, analysing and instructing votes at 2,414 shareholder meetings, including more than 32,013 voting items across 53 markets
Escalation Stewardship case studies 2, 16	› Escalation actions are tailored on a case-by-case basis › Patient escalation horizons are needed, and decisions to escalate are made in a measured way
Conflicts of interest Stewardship case studies 18A, 18B	› Limited number of conflicts of interest, illustrating the continued strength of LOIM's policy and approach as well as the close cooperation between the Compliance and Stewardship teams › We have spent a significant amount of time on the topic of pass-through voting, as described last year. We have analysed clients' voting guidelines and the gap analysis concludes that there is a very strong alignment, and the scope in 2023 for potential dissenting votes was negligible. In most cases, our guidelines were more demanding than those of clients › We continue to note that there is a debate in the market regarding shareholder democracy vs dilution of voting impact and that both approaches can be both problematic and positive
Governance, oversight and risk management	› In 2023 LOIM Internal Audit reviewed the Sustainability Framework and related governance, processes, and recommendations were provided to strengthen such processes even more › Our governance structures continue to provide effective guidance and oversight of our sustainable-investment and stewardship functions
Client needs and reporting Stewardship case studies 19, 20	› Each month, we provide in-depth sustainability reporting through a dedicated portal on the LOIM website. Accessible for clients, our fund-specific, monthly reports show metrics including: integration methodologies, controversies, portfolio restrictions and exclusions, implied temperature rise and carbon footprint, ESG materiality, SDG alignment, engagement and proxy voting data › Our regular interactions with LOIM Sales, RFP and Investment teams allow us to understand – and incorporate into our stewardship approach – clients' expectations and requests. › Certain clients place great value on collaborative engagements and have encouraged us to do more. We agree and have better formalised our process for collaboration

Sustainability approach

The Lombard Odier Group has a long heritage of sustainable investing. The need for companies to adapt to long-term structural trends is not new and we have recognised this fundamental principle for over 220 years. We aspire to be a recognised leader in the transition to a more sustainable economic model in the finance industry. The Group has held B Corp certification since March 2019. Our latest Group Corporate Sustainability report is available here. Our conviction on the nature of the sustainability transition and the investable opportunities it is creating compelled us to launch holistiQ Investment Partners in June 2023. holistiQ is a dedicated asset-management platform within LOIM that focuses exclusively on investing in the sustainability transition across different asset classes, from equities to direct investments in nature-based solutions and real assets.

We recognise the need to protect capital, rethink our approach to investing and embed sustainability at the heart of our investment philosophy. We believe the world's current extractive, linear and wasteful economy is transitioning towards a CLIC® model that is Circular, Lean, Inclusive and Clean. This transition is fundamentally reshaping risk and return dynamics across all sectors and asset classes, influencing 95% of our investment universe. It is unfolding through three system changes that are disrupting sectors, resulting in profit pools shifting within and between industries.

In depth: LOIM's sustainability approach

This represents, in our view, the most profound economic transformation since the industrial revolution. At LOIM, sustainable investing therefore means:

- Managing dedicated sustainability strategies, where the CLIC® transition is the main driver of alpha
- Embedding sustainability integration, where our in-house tools and frameworks align portfolios to the transition, thereby mitigating environmental and social risks

In depth: LOIM's sustainable investment framework

Stewardship link

When determining if an investment is sustainable or not, we focus on two dimensions: financial exposure and alignment to the transition. With this second category, we look at contributing activities, a Do No Significant Harm assessment and governance. Our stewardship activities are aimed at improving and promoting company alignment and sustainable value.

Addressing systemic risk

We recognise the interconnected character of climate change with other environmental issues – such as land use, pollution, freshwater consumption and biodiversity loss. As such, we aim to harness growth opportunities as sustainable solutions develop commercial scale and align portfolios with companies that are adapting their business models to the transition. This is central to our approach to addressing systemic risks and promoting a well-functioning financial system.

Stewardship link

We outline our comprehensive approach to addressing climate and nature risks, and zoom into tangible stewardship actions. This matters from a stewardship perspective because we see it as our fiduciary duty to identify risks and to assist company directors in tackling systemic challenges – always from the perspective of delivering enhanced shareholder returns.

Systemic risks: breached planetary boundaries

Systemic risks arising from breached planetary boundaries are often underestimated by the market. To grasp the magnitude and pace of the CLIC® transition, we have devised a framework that draws on the Planetary Boundaries approach. This framework allows us to analyse the impact of system changes driving the CLIC® transition, both individually and in relation to one another. By doing so, we can mitigate systemic risks and identify investment prospects. This approach guides our CLIC® equity strategies and ensures sustainability alignment across our other portfolios.

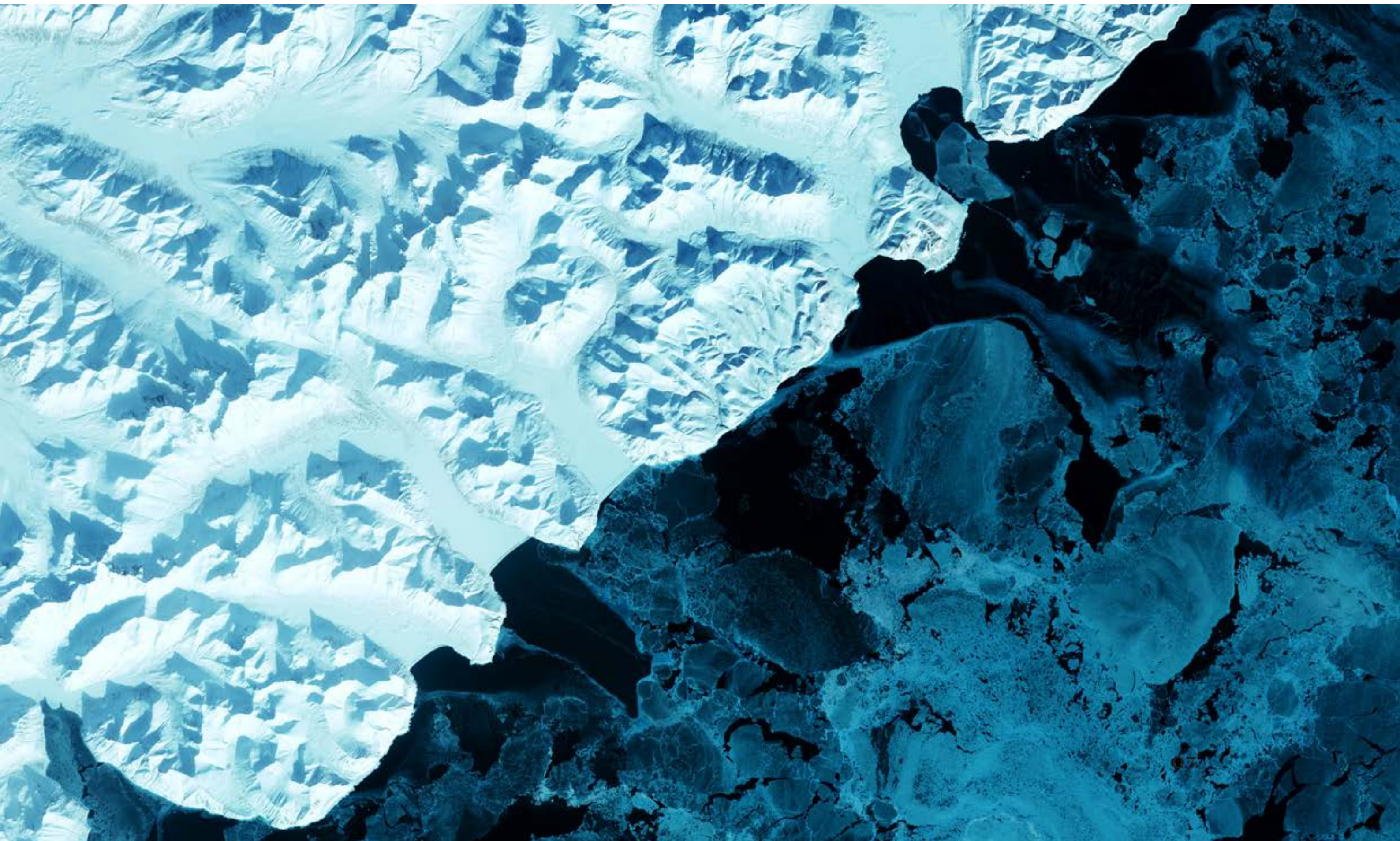
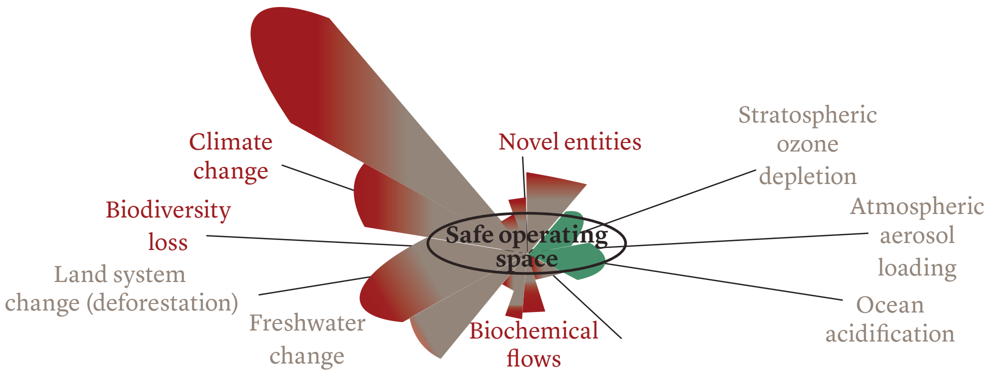


Fig 2. The global economy is breaching Planetary Boundaries



Source: LOIM. For illustrative purposes only.

Stewardship link

In this section we discuss the two main systemic risks we have identified, climate and nature, and the stewardship actions undertaken.

Climate change risks

We focus on three dimensions in mitigating climate change risk: transition, physical and liability.

› **Transition risk.** Companies that successfully transition to low-carbon business models are likely to adapt well to shifts in demand driven by new regulations and climate-aware consumers

› **Physical risk.** Forward-thinking businesses must plan for the inevitable increase in the frequency and severity of extreme weather events

› **Liability risk.** Given the scientific consensus on the cause of climate change and its damaging, far-reaching consequences, accountability for emissions is a pressing issue

Finding ice cubes, avoiding burning logs – a tool to assess climate risk

We believe it is vital to quantify the temperature trajectory of individual companies within our investment universes. This means assessing the degree of alignment of companies to the decarbonisation pathways implied by the goals of the Paris Agreement. We believe we must allocate capital not only to low-carbon solution providers but also towards carbon-intensive, hard-to-abate industries, which are fundamental to the economy but where there is an urgent need to transition to a more sustainable model. We divide companies into ice cubes (they contribute to the cooling of the economy) and burning logs (high-emitting companies showing no evidence or plans to decarbonise). To identify ice cubes, we apply our proprietary implied temperature rise (ITR) tool, Lombard Odier Portfolio Temperature Alignment (LOPTA).[1] ITR considers whether the projected emissions of a company are increasing, flat or decreasing and, if so, whether they are falling quickly enough. We translate this into a temperature-alignment score. With this metric, our goal

[1] The Portfolio Alignment Team, which is aligned with the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), issued a report featuring LOPTA as a robust and sophisticated tool.

is simple: to design net zero-focused strategies in different asset classes that maximise opportunities and reduce climate risk in a decarbonising global economy. In 2023, LOPTA updates included enhancements to aluminium companies (using a business as usual scenario without target temperature) and the introduction of a faster code that makes comparisons easier.

In depth: An introduction to LOIM's implied temperature rise tool, LOPTA. Measuring climate alignment, one temperature at a time | Lombard Odier

Stewardship link

Rather than excluding companies outright because they are high emitters, our approach seeks to identify fast-transitioning companies in vital economic sectors with credible plans to decarbonise. As such, we use LOPTA to prioritise climate-related stewardship activities.

Stewardship link

The case studies on engagement and proxy voting below provide examples and outcomes showing how we have addressed climate as a systemic risk through stewardship in 2023.

> "Key themes from 2023 – and rolling into 2024 - include a retreat from oil and gas, and a parallel transformation of the energy system and clean tech. They also include a spotlight on food systems and nature-positive investments. Stewardship plays a vital role in supporting these transitions"

Rebeca Coriat, Head of Stewardship.

Stewardship case study 1 - Engagement

Headline	Decarbonisation at a US power/technology company
Asset class	Equities
Specific themes	Scope 3 carbon emissions
Region	North America

Engagement background

LOIM had initially engaged with this company – a leading US manufacturer of diesel – in 2020. However, in view of its LOPTA temperature score, we were keen to re-engage the firm on its net-zero strategy. With scope 3 downstream emissions accounting for 99% of emissions, we sought to understand its mitigation plans. Being a heavy emitter, it has a carbon intensity of 19,179t CO_2e / MUSD invested, compared to 612t CO_2e / MUSD invested for the MSCI World index and 4,352t CO_2e / MUSD invested for the Machinery GICS sector. By decarbonising, it could have a greater impact on the net-zero transition than many other businesses. Having reached out to the company in 2022 yet received no reply, we seized the opportunity to join an ongoing collaborative engagement through Climate Action 100+ (CA100+).

What did we discuss and ask for?

The engagement agenda focused on the company's strategy for reducing scope 3 emissions (and enhancing related disclosures). We also sought an update on its energy efficiency efforts and participation in the Inflation Reduction Act (IRA). Over the course of the engagement in 2023, the company updated the group about its ongoing efforts. In the discussion, we focused on three areas:

1. Facilitating decarbonisation and the acceleration or expansion of climate-transition business lines, including capex allocations
2. Disclosure on climate risk, especially physical risk
3. Alignment or misalignment of lobbying and trade associations, and potential legislative risk

The company was actively involved in influencing the IRA and was pleased with the outcome, as the funding will help to advance zero-emission solutions. In the long term, this is what will enable the development of the necessary infrastructure.

What was the outcome?

The company was very receptive to the CA100+ engagement. It requested feedback from investors about its scope 3 emissions-reduction plan, enquired about best-practice net-zero strategies, asked how to clarify disclosures and what actions it needs to take to perform better on the CA100+ scorecard indicators. One remaining challenge is providing emissions data in more granularity, which takes time. The CA100+ group is encouraged by the company's responsiveness and willingness to improve. It will pursue further dialogue to accompany the firm in its efforts to enhance the clarity of its communications and accelerate scope 3 emission reductions.

Stewardship case study 2 – Proxy voting

Fig 3. LOIM's targeted proxy voting towards selected Climate Action 100+ companies

This table shows how we have used our proxy voting to hold some of the world's largest emitters to account for lack of adequate progress on climate strategy during the year (Climate Action 100+ companies)

Company name[2]	Resolutions	%FOR	LOIM
PACCAR	Report on lobbying in line with Paris Agreement Goals	47.4	FOR
ENGIE	Changes to Articles of Association (climate strategy)	24	FOR
MARATHON PETROLEUM	Report on assets retirement	22.8	FOR
	Report on Just Transition	16.4	FOR
LOCKHEED MARTIN CORP	Report on Efforts to Reduce Full Value Chain GHG Emissions aligned with Paris Agreement	35.4	FOR
BERKSHIRE HATHAWAY	Report on audit committee's oversight on climate risks and disclosures	18	FOR
	Report on physical and transitional climate-related risks and opportunities	26.8	FOR
SUNCOR ENERGY	Report on alignment of CapEx plans with 2030 emissions reductions target and 2050 Net Zero Pledge	17.7	FOR
VALERO	Report on climate transition plan and GHG emissions reduction targets	33.07	FOR
SHELL	Request to align existing 2030 reduction target covering GHG emissions of the use of its energy products (Scope 3) with the Paris Climate Agreement goal	20.19	FOR
THE SOUTHERN COMPANY	Adopt Scope 3 GHG	19.8	FOR
GLENCORE	Report on greater insights into the plan to align thermal coal production with emissions reductions commitments	29.2	FOR
TOTAL ENERGIES	Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement	30	FOR
EXXON	Report on impact of energy transition on assets retirement obligations	16.0	AGAINST
	Report on methane emission measurement	36.4	FOR
	Report on climate–related just transition plan - social impact on workers and communities from closure or energy transition of the company's facilities	16.6	FOR

Nature loss

Nature is central to our systems-change framework. It is vital for sustaining life on Earth and human society, with natural capital[3] underpinning more than 50% of our economy. Yet it is also being depleted, destroyed and often improperly harnessed due to inefficient and unsustainable use.

[2] Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities discussed in this document.

[3] Natural capital includes all the renewable and non-renewable resources in our biosphere, including clean air and water, fertile soils and sediments, ecosystems with their biodiversity, and finite mineral resources. It also captures the enabling and protective eco-services (like pollination and air filtration) that support value-creating economic processes, and prevent disruption from climate change, storms, erosion and disease.

Increasingly, the future success of a business will be directly linked to its ability to restore and harness the regenerative power of nature, which brings opportunities in the form of new businesses and regenerative solutions, as well as overarching economic and social models.

In depth: LOIM's approach to nature

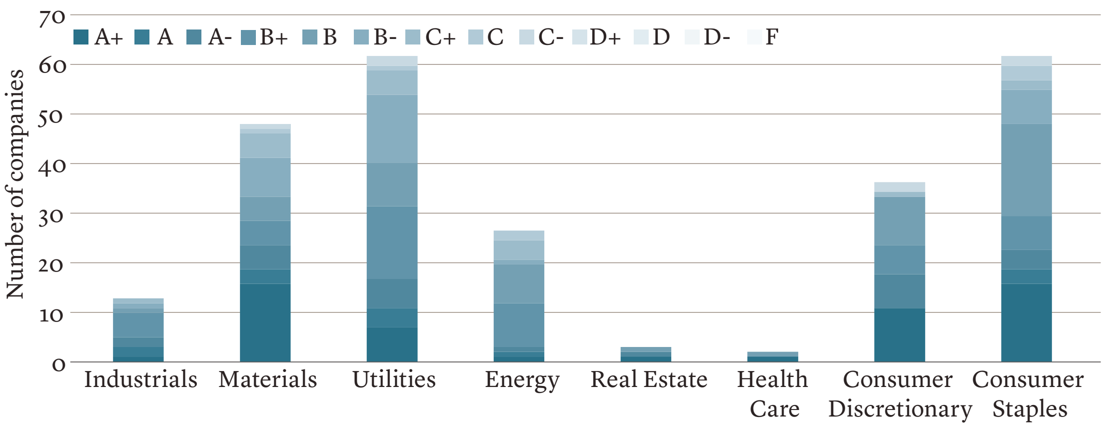
Stewardship link

Within nature, forest loss is a systemic risk (forests are storehouses of biodiversity, sustaining 80% of the world's known terrestrial species. They are also irreplaceable carbon sinks, capturing and storing 7.6 billion net metric tons of carbon), which we address directly through stewardship activity and forest-management analysis in our investment decisions. Building on the achievements of the Global Biodiversity Framework (GBF), 2023 saw a significant increase in the launch of voluntary global industry initiatives related to nature, as well as the development of supporting regulations. In September 2023, The Taskforce on Nature-related Financial Disclosures (TNFD) was launched. Additionally, the Science-based Targets Initiative (SBTi) introduced the world's first science-based guidance on setting targets for nature.

Tool to address deforestation risks

Lombard Odier's Deforestation Risk Management Tool evaluates two dimensions of deforestation risk at the company and fund levels: exposure to deforestation risks and management of deforestation risks. Before 2022, we used two policy components to assess the credibility of deforestation targets: policy scope and content. In 2023, given improvement in companies' disclosures and the introduction of the EU Deforestation Law, we updated our credibility indicator to include cut-off and target dates[4] accordingly.

Fig 4. LOIM holdings exposed to deforestation



Source: LOIM as at 31 October 2023.

4 According to the Accountability Framework, the cut-off date 'specifies the permissibility of deforestation or conversion based on the timing of such events on the ground'. For the EU Deforestation Law, this is any date earlier to 31st December 2020. The target date otherwise indicates 'the date by which a given company (or other commitment- or policy-setting entity) intends to have fully achieved or adhered to its commitment'.

Stewardship in action

Over the past few years, we have leveraged our stewardship capabilities to actively engage and exercise proxy voting to manage deforestation and biodiversity-loss risks. We have developed a time-based framework in line with our FSDA commitments.

In 2023, LOIM continued efforts to engage and disclose nature-related risks. These efforts included participating in collaborative engagements with Nature Action 100 and following up on commitments made through the FSDA initiative. In September, we published a statement regarding the elimination of deforestation risks in portfolios in accordance with the FSDA[5] Deforestation Commitment. Additionally, we published a disclosure at the LOIM level, highlighting the progress we have made in assessing and engagement with regards to deforestation risk.[6]

Fig 5. Engaging on deforestation

	1 Basic requirements	2 Specific commitment	3 Disclosure of key KPIs	4 Continuous improvement
Target Date	**2021-2022**	**2023-2025**	**2025**	**2025 onwards**
Deforestation risks	• Minimum **supply chain knowledge** • Size and origin of indirect suppliers	• Commitment in line with strongest product regulations • Commitment to **zero gross deforestation**, where applicable, as mandated in EU regulation	• **Publicly available disclosure,** in line with established frameworks • Examples: CDP Forests, TNFD • Inclusion of **traceability** and specific KPIs	• Follow up for further risk reduction • Promote decreased use of commodities, excluded suppliers, best-in-class supply chain management, etc. • Promote **improved efficiency** in processes, etc.
Biodiversity risks	• Commitment to **Environmental Impact Assessments** • Commitment to free, prior and **informed consent** of local communities • Dialogue on any operations in **areas with land conflicts**	• Commitment in line with **no net loss** biodiversity objectives • Commitment to ensure any new operations established **outside of protected areas**		

Source: LOIM. For illustrative purposes only.

In depth: Viewing the TNFD through a stewardship lens

[5] Statement in relation to the Financial Sector Deforestation Action (FSDA) initiative
[6] Deforestation Disclosures

Stewardship case study 3 - Engagement

Fig 6. Direct and lead investor engagements on deforestation and biodiversity-loss risks

Company[7]	Since	Engagement objectives	Outcome
Alcoa	2021	To assess and strengthen the company's decarbonisation strategy, as well as to ensure that any controversies linked to the environmental impact of the company's mining activities are actively addressed.	Engagement on-going: neutral outlook[8]
L'Occitane	2021	To ensure that the company follows best-in-class business practices to mitigate deforestation risk, as well as to monitor its progress on circularity and natural capital preservation.	Engagement on-going: neutral outlook
Norsk Hydro	2021	To assess and strengthen the company's decarbonisation strategy, as well as to ensure that the company has net biodiversity loss targets and programmes in its mining operations.	Engagement on-going: positive outlook
Aryzta	2022	To assess and strengthen the company's supply chain decarbonisation strategy, as well as to request improvements to its deforestation risk-related disclosure.	Engagement on-going: neutral outlook
Bayer	2022	To mitigate concerns regarding the company's management of a controversy linked to one of its crop science branch product main ingredients (Glyphosate). To assess the impact and management of the company's products on biodiversity issues.	Engagement on-going: neutral outlook
Drax	2022	To mitigate our concerns regarding the environmental impact of biomass sourcing, as well as to better understand the related company procurement strategy.	Closed engagement: objectives achieved
Maple Leaf Foods	2022	To assess the company's management practices with the aim of reducing pollution caused by manure.	Engagement on-going: neutral outlook
P&G	2022	To assess the company's management on deforestation risk ahead of the AGM.	Closed engagement: objectives achieved
Sensient Technologies Corp	2022	To improve the company's knowledge of sustainability risks materiality, as well as to ensure no deforestation risk related to natural product sourcing.	Engagement on-going: positive outlook
Syngenta	2022	To request and strengthen the company products' transparency on biodiversity and social impact, as well as to request a reduction in the production of highly hazardous pesticides.	Engagement on-going: negative outlook

> "Businesses must proactively address the calls to reduce harm to nature, while also preparing for stricter regulations that demand transparent reporting on nature-related activities and risk"

Anouchka Miquel, Stewardship Analyst.

[7] Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities discussed in this document.
[8] An outlook is provided for ongoing engagements to assess the progress of the dialogue against the engagement objectives. The outlook can be either positive, neutral or negative.

Stewardship case study 4 -Proxy voting

We vote in alignment with actions supporting the end of deforestation, since forest loss exacerbates nature and climate risks. During 2023, we cast votes on one deforestation-related resolution and used one vote against directors to express our discontent towards such practices. We also provide 2022 deforestation-related voting information.

Fig 7. Capitalise Proxy vote decisions

Company[9]	Year	Resolution	Voting instruction & rationale
Icade	2023	Management: Approve Company's Climate and Biodiversity Transition Plan	For: the company presented a strong decarbonisation plan with SBTi-approved targets. They have also confirmed its commitment to an advisory vote on this matter on a yearly basis
P&G	2023	Management: Re-election of director	Following previous year's highly supported shareholder resolution requesting a report describing efforts to eliminate deforestation, in 2023 we voted against the chair of the committee in charge of sustainability for lack of deforestation commitment, for falling behind peers in its efforts to mitigate deforestation and forest degradation in its supply chain
The Home Depot	2022	Shareholder: Vote to support deforestation reporting	For: shareholders would benefit from additional information on the company's strategy to manage its supply chain's impact on deforestation
Metro	2022	Shareholder: Vote to support amendments in the Suppliers' Code of Conduct (commitments on the preservation of biodiversity)	Against: We estimate that the company has already sufficiently specified the requirements it wants to see from its suppliers in order to preserve biodiversity through its Code of Conduct, as well as other frameworks and policies

[9] Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities discussed in this document.

Investment and integration across asset classes; data providers and monitoring

Investment integration

At LOIM, we define sustainability integration as the explicit inclusion of qualitative and quantitative assessments of environmental, social and governance risks, and opportunities into traditional financial analysis and investment process and decisions. We have been integrating this data for more than 20 years. In 2022 we took a step further by welcoming trained, in-house financial analysts into the sustainability research team. By doing so, we have fully incorporated sustainability integration into financial analysis, and given practical recognition to our deeply held belief that sustainability will drive returns. In 2023, we continued to strengthen this approach with the creation of holistiQ.

LOIM's four sustainability teams (roadmap, fundamental, alignment and systematic) operate within holistiQ and work together to define sustainability convictions that can be translated into actionable and profitable investment decisions.

Fig 8. The four sustainability teams in holistiQ

Team	Research aim
Roadmap	Understand the inflection points, identify shifting profit pools, identify opportunities for disruptive growth
Fundamental	Identification of companies with exposure to relevant activities. Assessment of ability to harness growth
Alignment	Verification of alignment to the transition
Systematic	Development of systematic models to evaluate sustainability positioning of companies

Stewardship link

Stewardship uses their research to inform stewardship activity prioritisation; equally, stewardship activity supports some of the work of these teams by carrying out engagements when necessary.

Data, IT systems, and monitoring data providers

Our proprietary database technology platform is a core element of our sustainability and integration infrastructure. It aggregates sustainability information from third-party providers, codes ESG models to create proprietary ESG scores, and aggregates scores and metrics at securities and portfolio levels.

Stewardship link

Reliable, timely and consistent data are essential for carrying out stewardship activity (i.e., controversy rating, proxy research analysis.) A list of providers is included in Annex 3.

We monitor current service providers and maintain an ongoing dialogue with competing ones. For example, during 2023, we spoke with different providers of engagement tracking, and concluded that, for the time being, our internal solution delivers more powerful and granular reporting. We have also spoken with proxy research providers to understand different proxy research, execution and reporting levels.

Regarding monitoring, we ensure that each provider we use has been audited and compared with peers on two key aspects: their raw data quality and their ability to enrich our in-house methodology. Our IT team regularly verifies the quality of the regular and scheduled data delivery.

When the quality of conventional data is deemed insufficient, we use alternative data sources from our own internal research to supplement and enhance our opinion.

Stewardship link

Sustainability experts challenge the available data by diversifying information sources (e.g., company websites and media releases). At this level, the benefits of active ownership and open dialogue are key.

In addition, our in-house research includes using advanced/alternative technological methodologies to collect and aggregate data from a wide range of sources, including: geospatial data, governmental and nongovernmental organisations, international organisations, data aggregation platforms and the media.

Stewardship link

Nevertheless, we still occasionally point out shortcomings to our data suppliers, with regards to several scenarios. Each of them could potentially affect the way we vote and whether we decide to launch an engagement.

- Information that is not updated in a satisfactory way, including sometimes excessive delays between the publication of a company's new CSR, ESG or sustainability report and its inclusion in the rating. Sometimes new data from updated company reports are only integrated several months after publication

- Data not correctly representing and assessing events that could lead/have led to a new controversy or a higher controversy level
- Our custom vote guidelines not being correctly applied
- Environmental data points, such as carbon emissions and water use, are sometimes substantially different given the data provider or are inconsistent (indicating questionable proxy or aggregation methodologies)
- Errors in data-feed deliveries, such as missing data, false identifiers, and large and unexplainable variations in scores

When these situations arise, we contact the technical and research teams of our providers directly to alert them and ask them to implement the necessary changes to improve the quality of the data provided.

Stewardship framework

Stewardship continues to be placed at the heart of our sustainability vision and ambition. Through stewardship, we seek to move companies at scale and depth towards sustainable business models. Our stewardship approach is designed to focus on addressing sustainability-related challenges and risks, as well as those that are most financially material on a sector and industry basis. The stewardship framework has allowed us to discharge our responsibilities by providing specific scope on vision, priorities and objectives in a CLIC®-aligned manner. In carrying out stewardship during 2023, we were guided by our two objectives:

1. Promote alignment with the sustainability transition; in other words, is a company accelerating or slowing down the transition?
2. Promote sustainable returns; in other words, is a company financially exposed to the transition?

Changes in 2023

As part of the annual policy update, we introduced the concept of scopes in our stewardship to engage the whole ecosystem around companies that are key for the transition. We also made drastic changes in the format of our Proxy Voting Corporate Guidelines to better understand how our expectations transform into voting. To align with regulation and improve engagement progress tracking, we added milestones in our engagement process. While we have made adjustments to enhance our stewardship framework, the overall structure and approach have remained unchanged. These modifications have been made to refine and strengthen our processes in line with evolving industry standards and best practice.

To reflect these updates, we have provided updated links to the online documents. It is important to note that these revised versions supersede the previous ones, ensuring that stakeholders have access to the most current and accurate information.

Fig 9. Annual stewardship policy updates: an overview

Document	Description	Changes
Stewardship Statement	Sets our overall rationale for carrying out stewardship, our stewardship objectives, and our stewardship implementation framework	No material changes in 2023
Engagement Policy	Sets out our approach to engagement activity, linked to our priorities	We implemented a milestone-based approach to enhance the tracking of our engagements. The following milestones guide our progress: › Milestone 1: Entity acknowledgement of our request › Milestone 2: Release of action plan by the entity › Milestone 3: Action plan implementation and monitoring › Milestone 4: Measurable results In order to optimise our efforts, we initiated a tender process to delegate some engagements related to insufficient ESG disclosure and data. We believe that a collaborative approach will yield stronger results compared to handling these engagements solely on our part. Starting in 2024, we will report on and integrate the outcomes of these engagements. We introduced the concept of the value chain disruption to look at sustainability solutions in depth to avoid negative externalities (including for social factors). For more detailed information on our engagement priorities, which undergo annual revisions, please refer to the Engagement chapter.
Proxy Voting Policy	Defines the scope and process for proxy-voting activity	No material changes in 2023
Corporate Governance Principles and Proxy Voting Guidelines	Defines our corporate governance and sustainability expectations and how we are likely to vote when they are not met	We added a new section called “Material sustainability risks and opportunities”, which regroups elements that were dispersed throughout the document. We added new voting guidance on the Shareholder Resolutions section in relation to three specific topics: climate lobbying, preservation of nature and its ecosystems, and human rights and labour. We created a new section focused on “shareholder rights” that regrouped content already in the Guidelines across different sections.

Stewardship team

The core stewardship team is structured following a double layer: i) an engagement or proxy voting dedicated specialisation (which also includes appropriate cross-overs) as well as (particularly within engagements) ii) dedicated theme specialisation alongside our sustainability research convictions and teams, as described in the Integration section.

Rebeca Coriat – London

Head of Stewardship – Stewardship architecture, policy development and implementation, engagement framework and delivery, proxy voting. Focus areas: climate and social.

Anouchka Miquel – Geneva

Stewardship Analyst – Engagement lead. Focus pillars: Engagement, data infrastructure, engagement framework and reporting. Focus areas: nature and biodiversity.

Natalia Galvan Dorado – Geneva

Stewardship Analyst – Proxy Voting lead. Focus pillars: proxy voting and reporting. Focus areas: corporate governance and climate.

Our stewardship activities operate in close proximity to the research generated by our roadmap, which encompasses systematic, alignment, and fundamental approaches. This integration ensures that our engagement efforts are well-informed and aligned with our overall investment strategies.

Fig 10. Stewardship case studies

Case study	Company	Stewardship objectives	Main issue	Specific themes	Region	Asset classes
1 (Engagement)	US power/ technology company	Promote alignment with the sustainability transition	Net zero	Scope 3 carbon emissions	North America	Equities
2 (Voting)	Several companies	Promote alignment with the sustainability transition	Net zero	Climate Action 100+ flagged resolutions	North America, Europe	Equities
3 (Engagement)	Several companies	Promote alignment with the sustainability transition	Nature	Deforestation and biodiversity loss	North America, Europe	Equities
4 (Voting)	Several companies	Promote alignment with the sustainability transition	Nature	Deforestation -linked votes	North America, Europe	Equities
5 (Engagement)	US utilities company	Promote alignment with the sustainability transition	Net zero	Fossil fuel, phasing out coal, decarbonisation	North America	Equities
6 (Engagement)	Swiss-based fertiliser & agricultural chemicals company	Promoting sustainable returns	Natural capital	Biodiversity loss, pesticides, human health	Europe	Fixed Income

Source: LOIM. For illustrative purposes only. The stewardship is subject to change without prior notice.

Case study	Company	Stewardship objectives	Main issue	Specific themes	Region	Asset classes
7 (Engagement)	US Renewable Energy Operator	Promoting sustainable returns	Net zero	Social inclusion, avoided emissions	North America	Alternatives
8 (Engagement)	Swiss financial services company	Promote alignment with the sustainability transition	ESG/TCFD disclosure	ESG strategy & integration, reporting	Europe	Fixed Income
9 (Engagement)	Japanese automobile company	Promote alignment with the sustainability transition	Controversy	Human rights, supply chain, social	Asia	Fixed Income, Equities
10 (Voting)	Indian oil & gas company	Promote alignment with the sustainability transition	Net zero	Governance of net zero – board responsibility	Asia	Equities
11 (Voting)	US consumer discretionary automobiles	Promote alignment with the sustainability transition	Nature	Deforestation (shareholder resolution)	North America	Equities
12 (Voting)	US consumer staples distribution	Promote alignment with the sustainability transition	Climate/ environmental impact	Plastic (shareholder resolution)	North America	Equities
13 (Voting)	US airline	Promote alignment with the sustainability transition	Climate/ environmental impact	Freedom of association (shareholder resolution)	North America	Equities
14 (Voting)	Dutch automobile company	Promote alignment with the sustainability transition	Human rights	Remuneration	Europe	Equities
15 (Voting)	German pharma company	Promote alignment with the sustainability transition	Corporate governance	Remuneration	Europe	Equities
16 (Voting)	Swiss insurance company	Promote alignment with the sustainability transition	Corporate governance	Corporate governance, board composition, gender diversity	Europe	Equities
17 (Voting)	French materials, containers & packaging	Promote alignment with the sustainability transition	Corporate governance	Board composition	Europe	Equities
18A (Voting)	Italian consumer goods company	Promote alignment with the sustainability transition	Corporate governance	Remuneration	Europe	Equities
18B (Voting)	Several companies	Promote alignment with the sustainability transition	Corporate governance	Governance of sustainability	Europe	Equities
19 (Engagement)	Singaporean airline company	Promote alignment with the sustainability transition	Climate, nature	Decarbonisation, carbon offset, Sustainable Aviation Fuel	Asia	Equities, convertibles, fixed income
20 (Voting)	Italian commercial service and supply company	Promote alignment with the sustainability transition	Net Zero Corporate governance	Remuneration	Europe	Equities

Engagements

There are many ways to describe, consider and count engagements. At LOIM, we define an engagement as the sum of all interactions during a specified reporting period on one issue and with one issuer with defined objectives and one or more desired final outcomes.

As an active asset manager, opening and maintaining continuous and constructive dialogue with an issuer throughout the investment lifecycle and across different asset classes is fundamental. Our scope of engagement includes corporates, sovereigns, policy makers and industry associations. The outcomes of our engagements influence our investment views, thereby ensuring a circular and integrated approach. We discharge our engagement work under the direction of the LOIM Engagement Policy.

Our driving principle is to use engagement to move companies at scale and depth towards sustainable business models. We approach engagement using science-based analysis and on a company-by-company basis. Engagement enables us to help companies adapt their business models to the transition, recognising that each company needs a tailored engagement programme to encourage progress along its individual pathway.

In 2023, we introduced Request for Information or ('RFI'), a new formal definition in our methodology to differentiate engagements from dialogues with companies that inform our assessment but where we have no aim to drive changes. We conducted 21 RFIs in 2023.

Process for individual engagements

Individual engagements remain key to addressing specific concerns raised by investment teams and reaching our sustainability commitments.

Four levels of our individual engagement process

Level 1: Company and issue identification

The process to select candidates with whom LOIM will engage on an individual basis is an internally collaborative process involving: portfolio management, sustainability and stewardship teams.

To prioritise engagement candidates, LOIM uses

1. LOIM sustainability commitments (e.g.Net Zero Managers Initiative[10], FSDA)
2. Tools, metrics and guidance developed by our Fundamental, Roadmap, Alignment and Systematic research teams (as described in the integration section)
3. External indicators derived from regulatory frameworks (i.e., Principal Adverse Impact indicators derived from the SFDR legislation) and controversy events
4. AGM and proxy voting research, and
5. Specific needs of investment teams

Priorities are reviewed on an annual basis and are key to ensuring the targeted outcomes of stewardship activities.

› Thematic engagements: decarbonisation, natural capital, fossil fuel and roadmap engagements on system changes (energy, land & oceans, materials and carbon)
› Cross-cutting: Improving disclosures/ESG ratings, harmful companies, controversy management, governance and thematic campaigns

Level 2: company and issue analysis

Based on the findings in the previous level, the stewardship team prepares a stewardship memo that includes measurable, outcomes-based engagement objectives that are trackable over time. The stewardship memo includes our analysis and expectations prior to an engagement interaction taking place.

Level 3. company interaction(s)

Correspondence is launched leading to interactions with companies identified in the previous steps, which may cover pre- and post-investment companies. Dialogue takes place in an integrated manner, and it can assume a variety of forms: conversations with companies' Board members or ESG and Sustainability Officers, periodic investor calls and meetings, written dialogue or dialogues held during pre-offering capital markets roadshows.

Our dialogues with companies include, inter alia:

› Setting strategic objectives that build long-term sustainable business models
› Promoting good corporate governance, including strong corporate cultures and effective and appropriate remuneration and incentives, which should be aligned with the long-term strategic objectives

[10] The Net Zero Asset Managers Initiative – An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions.

- Ensuring that companies have understood and incorporated into their business strategies
- Implementing high-quality business practices, particularly in supply chains
- Communicating transparently and producing high-quality disclosures and reporting
- Managing risk effectively, as seen from the perspective of multiple stakeholders
- Developing and maintaining strong stakeholder relationships
- Managing an appropriate capital structure, through a process of sound capital allocation

Following each interaction, we produce a stewardship note, which sets out our engagement outlook after an interaction takes place. The engagement outlook (which can be positive, negative or neutral) is reached in an integrated manner by Stewardship, Investment and Sustainability Research teams. The outlook is the basis for Level 4.

Level 4. Follow-ups, escalation and closure
We believe that constructive, private, non-confrontational dialogue tends to be more effective than divesting. We will generally give a company no less than 18-24 months to make progress before, if necessary, we escalate our approach. We describe our escalation approach in the Escalation chapter. An engagement is closed when the objectives set out in Level 1 have been achieved, when the objectives have not been achieved or if there is a sustained lack of response from the company. LOIM implements a watchlist process for the latter, in case the engagement needs to be re-launched.

Process for collaborative engagements

LOIM participates in several collaborative initiatives at the issuer and policy levels. Through collaborative engagements, we address material issues and systemic risks, and leverage the power of joint investor action.

Level 1. Collaboration identification
Our collaborative engagement selection process emphasises the selection of the collaborative entity as a first step. The campaigns we participate in are carefully selected based on the following criteria:

- Alignment with LOIM stewardship priorities and sustainability vision
- Companies' exposure to LOIM's assets under management
- LOIM's expertise and added value in theme or industry addressed
- Existing relationships with companies targeted
- Role available (lead, co-lead, endorser, signatory) and time commitments required

Level 2. Organisation membership
If level 1 is met, LOIM proceeds to become a member of the collaborative entity, which then triggers the engagement collaboration.

Level 3. Company interaction/engagement collaboration
LOIM will take a lead or supporting investor role in the collaborative engagement, based on materiality, exposure, theme, status and availability of the engagement role. The collaborative nature of the action drives the interactions, and any potential escalation.

Level 4. Follow-ups, escalation and closure
As agreed by the investor group and described in the individual engagements process.

Fig 11. Summary of collaborative engagements supported in 2023

Initiative/lead organisation	Description of campaign	LOIM role	Stewardship priority addressed
Storebrand and ChemScore / Aviva	The initiative is asking the world's 50 largest chemical companies to phase out and substitute persistent chemicals and disclose the volume of all hazardous chemicals they produce	We supported the campaign and co-signed letters to manufacturers of hazardous chemicals	› Natural capital
CDP: non-disclosure campaign	This campaign sought to drive further corporate transparency around climate change, deforestation and water security by encouraging companies to respond to CDP's disclosure request	Through the campaign, we actively engaged with four companies in our portfolios. It is requested that they disclose: Carbon data and strategy, deforestation related data and water consumption data. We select the surveys to complete depending on the company's sector materiality	› Decarbonisation › Natural capital › Improving disclosures/ESG ratings
CDP: science-based targets campaign	The goal of this campaign is to drive the world's highest-impact companies to set science-based targets in line with the Paris Agreement target of capping the global temperature rise at 1.5°C	By supporting the campaign in signing letters to companies, LOIM sought to align its investment portfolios with the Paris Agreement and strived to increase the number of companies in our portfolios with credible net-zero targets	› Decarbonisation
Climate Action 100+	The initiative aims to ensure the world's largest corporate GHG emitters take necessary action on climate change	LOIM has been a member since 2020. We are co-lead of one engagement group and a supporting investor in three groups	› Decarbonisation
FAIRR: Protein diversification campaign	We became members in January 2022 and joined an engagement stream focused on sustainable proteins, which in 2023 evolved into protein diversification	We led one engagement for a French multinational food-products corporation. In addition, we use the engagement research associated with the project more broadly, because protein diversification is closely aligned with our proprietary roadmap on new food systems, within the land & oceans system changes	› Roadmap engagements on system change
FAIRR: Waste & Pollution –manure mismanagement	Engagement focused on addressing the biodiversity risk driven by nutrient pollution from animal waste. The aim of the engagement is to drive pork and poultry producers to conduct meaningful risk assessments around their management of manure and animal waste and to put in place action plans that reduce their impact on biodiversity	We are part of the engagement on one Canadian multinational consumer-packaged meats and food production company. We have signed for the second phase of the initiative in 2023	› Natural capital
IIGCC	Global investor membership body focusing on climate change	We joined the Net Zero Engagement Initiative, complementing CA100+. Companies are selected by asset managers/owners. We signed letters addressed to 19 companies and actively participated in five engagements	› Decarbonisation
Nature Action 100	A global investor engagement initiative aiming to drive greater corporate action on restoring nature and biodiversity	We joined at the launch of the initiative in 2023. We are actively participating in three engagements	› Natural capital
UN PRI Advance	A PRI-led collaborative initiative where institutional investors seek to advance human rights and positive outcomes for people through investor stewardship	We joined the initiative as Endorser in 2023 to acknowledge the importance of human rights in investment	› Thematic campaigns (social)
Investor Alliance for Human Rights	Collective action platform for responsible investment that is grounded in respect for people's fundamental rights	We joined a collaborative initiative with institutional investors requesting companies in the automotive sector to address the matter of forced labour by Uyghur in their supply chains. We are co-leads with one company and supporting investors with another three	› Roadmap engagements on system changes (energy)

Engagement tracking

LOIM's stewardship IT infrastructure has been designed and built precisely to capture the impact that stewardship helps us create in our investments and sustainability transition convictions. Our system comprises two main tools, 1) stewardship notes and 2) an engagement tracker. Both are proprietary systems, built in-house and customised to support our engagement needs and ambitions. During 2023, the notes and the tracker were updated to improve automation within Bloomberg, our sustainability online reporting tool, and client teams' materials.

The stewardship note is created jointly by stewardship, sustainability and investment teams after each engagement interaction. The most important sections of the note are the 'outcomes' and the 'engagement outlook'. These assessments tell us whether the engagement objectives have been achieved. Notes are published on our Bloomberg internal interface; all research notes are available and shared among investment teams across across all asset classes.

The engagement tracker monitors unique identifiers for engaged companies, exposure across our funds, engagement objectives, engagement outcomes, and engagement outlook on an interaction-by- interaction basis. It also allows us to ensure timely follow up and serves as a database for future reporting. Data fields in our engagement tracker are directly fed and updated by each stewardship note that is uploaded onto Bloomberg.

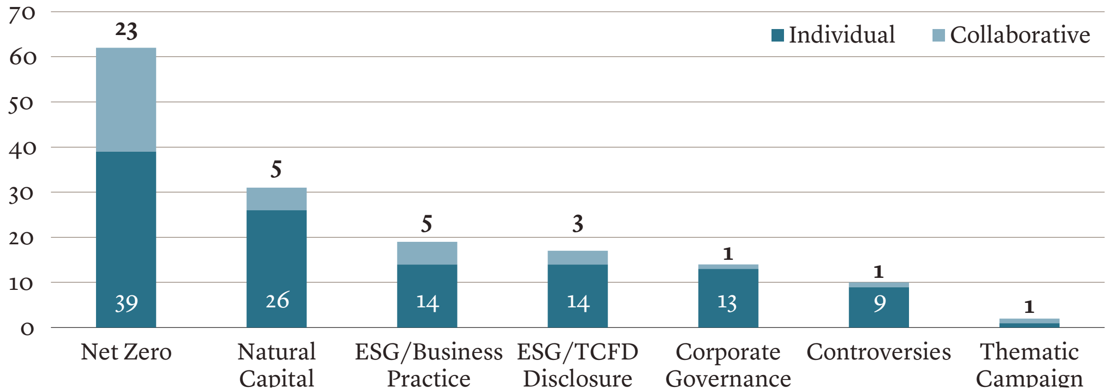
We seek to keep regular contact with companies so that we can track long-term progress with defined goals over a multi-year framework. The tracking of engagement objectives also allows us to modify and update these depending on the company's reaction and progress. We acknowledge the pace of change is dependent on many factors, such as the magnitude of the request, the timeline for the change, regulatory developments or the company's willingness and readiness to implement change.

2023 Engagements

While decarbonisation remains a key focus, there has also been a significant rise in nature and biodiversity engagement, driven by the introduction of global initiatives like the Taskforce on Nature-related Financial Disclosures (TNFD) and a collaborative effort known as Nature Action 100. Investors and non-governmental organisations (NGOs) have taken a proactive approach by exploring sustainability products throughout the value chain, placing greater emphasis on ensuring environmental and social factors are upheld at every stage. In 2023 we carried out 155 engagements with 145 companies.[11]

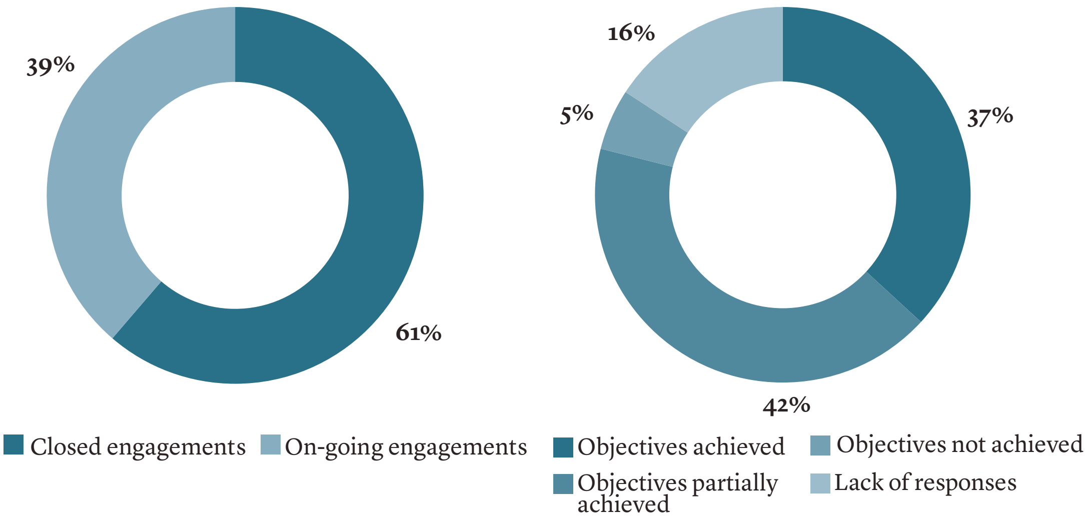
[11] A company can be involved in multiple topics or sustainability areas of interest, which can lead to multiple engagements.

Fig 12. Engagements by primary issue, 2023



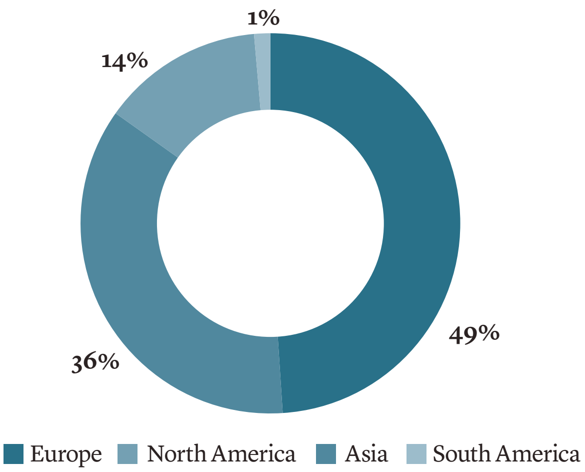
Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 13. Engagements: status and outcomes, 2023



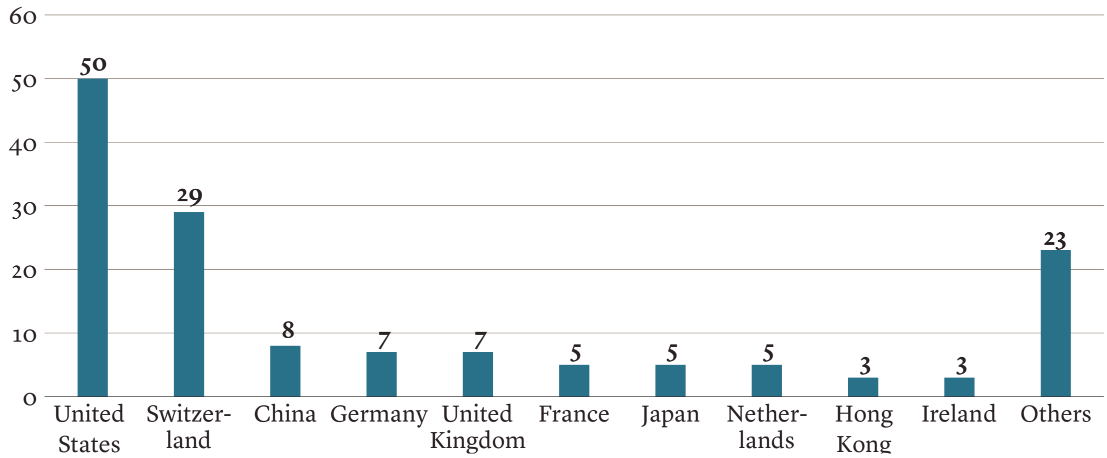
Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 14 A. Engagement by region, 2023



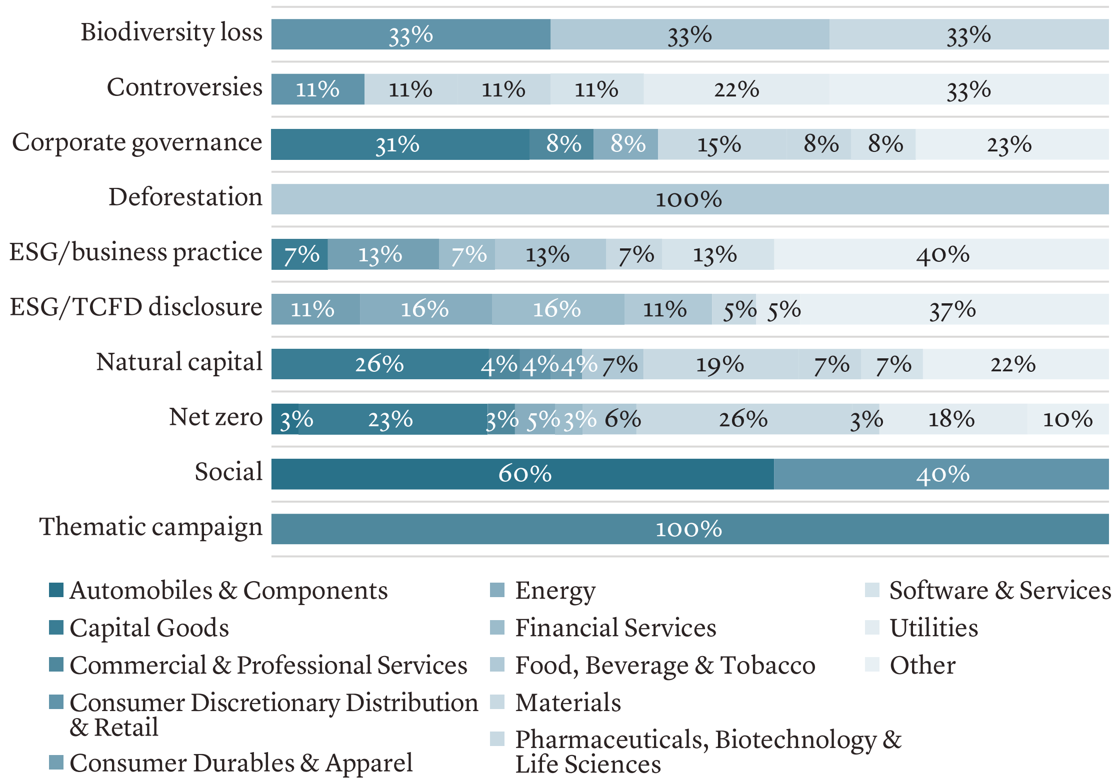
Source: LOIM. Data as at 31 December 2023.

Fig 14 B. Engagement by country, 2023



Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 15. Engagement breakdown by theme and sector



Source: LOIM as at 31 December 2023.

Case studies and achievements

Thematic engagements

LOIM priorities	Outcome	End Goal
Decarbonisation	Continuous progress with CA 100+	World's heaviest emitters to align to 1.5C
Natural capital	We joined Nature Action 100 and are members of three working groups	Contributing to defining best practice for nature-related disclosures/target setting
Fossil fuels	One engagement escalated through Climate Action 100, which delivered positive results	Engage companies with coal expansion plans (five identified)
Roadmap engagements on system changes (energy, land & oceans, materials and carbon)	Three companies (representing more than half of worldwide pesticide sales in 2022) were engaged in 2023. We requested that they disclose annual sales volumes of hazardous pesticides, to build on from their current targets to protect biodiversity	Reduce the use of highly hazardous pesticides in the crop protection industry

Cross-cutting engagements

LOIM priorities	Outcome	End Goal
Improving disclosures/ESG ratings	Closed 14 engagements: three with significant progress; eight with partial progress; two were unresponsive	Addressing lack of disclosures
Harmful companies	Three engagements; two upgraded from red to grey	Improving companies' alignment with sustainability framework
Controversy management	Positive acknowledgement of the matter with three (of four) companies	Uphold human rights in supply chain
Governance	We engaged 11 companies. Except for one company, the outcomes of the engagement were in general very positive. We remained engaged at the end of the year with only 3 companies	Improving corporate governance
Thematic campaigns	In-depth engagement with three companies with red flags in our cyber screening tools. Ratings for all improved after engagement	Improved cybersecurity

Stewardship case study 5 - Engagement

Headline	American utilities company – phasing out coal
Asset class	Equities
Specific themes	fossil fuels, phasing out coal, decarbonisation
Region	North America

Engagement background

The Global Coal Exit List identified the company as having significant exposure to coal power generation. Despite initial attempts to reach out to the company for information on their coal divestment plans, no response was received. As a result, LOIM joined the CA100+ collaborative engagement initiative.

What did we discuss and ask for?

During the engagement, our primary objectives were to encourage the company to enhance disclosure of decarbonisation plans, gain insights into its approach to a just transition, understand the alignment of its capital with its net-zero commitment and inquire about its climate lobbying practices.

What was the outcome?

The engagement maintained a constructive tone, emphasising the need for ongoing dialogue with the company regarding its evolving decarbonisation strategy and coal divestment plans. While specific details about their remaining coal assets will be revealed as contracts are signed, the company acknowledges that this phase-out is a necessary step in the transition and is actively considering the future of the infrastructure. It has set a target of achieving an 80:20% renewables to gas ratio by 2027, and is exploring the viability of green hydrogen as an alternative option for customers.

However, the company faces challenges regarding disclosures on scope 3 emissions and is actively working to expand the categories for which it provides disclosures. It expressed interest in receiving examples of best practices related to capital alignment disclosures and effective communication regarding just transition processes and considerations. Uncertainty surrounding SEC regulations has hindered the company's ability to fully execute its decarbonisation strategy and climate reporting. It is cautious about getting ahead of regulatory requirements and subsequently having to provide assurances about its projections. We will continue engaging in dialogue with the company to monitor the progress of its decarbonisation strategy and coal divestment plans. Sharing best practices on capital alignment disclosures and just transition communication can assist the company in enhancing its reporting and implementation efforts.

Stewardship case study 6 -Engagement

Headline	Swiss fertilisers and agricultural chemicals company
Asset class	fixed income
Specific themes	biodiversity loss, pesticides, human health
Region	Europe

Engagement background

We recognise the significance of the crop protection industry in transitioning towards new food systems. Our engagement focuses on ensuring that the Swiss-based company operating in crop protection adopts new solutions to mitigate its detrimental impact on biodiversity. We advocate for the implementation of bio-based agricultural inputs and precision farming techniques to achieve this goal.

The company faces a level 4 social controversy due to its involvement in manufacturing the highly toxic and controversial pesticide, Paraquat. Paraquat has been outlawed in Europe due to its significant health risks. The company has faced numerous lawsuits, with approximately 1200 individual cases filed between 2016 and 2022, linking the herbicide to Parkinson's disease. While the company's sales of Paraquat represent less than 2% of overall profit and are declining, they have not announced any plans to phase out its production. It is important to note that Paraquat is no longer registered for sale in 72 countries.

What did we discuss and ask for?

We set the following objectives for the engagement:

› Reduce the usage of highly hazardous pesticides (HHP) by 20% by 2026 to reach The Farm to Fork and Biodiversity Strategies' aim of reducing by 50% the use of more hazardous pesticides by 2030 (baseline: May 2020)
› Cease the sale of EU-banned pesticides outside Europe
› Achieve disclosure of annual sales volumes of highly hazardous pesticides by the end of 2024

The company provided a comprehensive response that deepened our understanding of its operations and future plans. We discussed various topics. According to the company's recent portfolio analysis, only six active ingredients meet the criteria of being an HHP, accounting for a small percentage (2.7%) of overall sales in 2021. As a result, the company has committed to phasing out the sales of four of these ingredients and has implemented robust governance and stewardship processes for the remaining two to ensure safe usage.

Apart from addressing pesticide concerns, the company is investing USD 2 billion in sustainability initiatives through the Good Growth Plan. This investment encompasses infrastructure, personnel, products and services. Additionally, we explored various technologies during the discussion, such as bio-pesticides and precision agriculture, which hold potential for reducing environmental impacts.

We also raised concerns regarding the use of Paraquat. Paraquat has been found to cause fatalities in mammals and other animal species, with severe health implications if used improperly. Over 50 countries have banned Paraquat due to acute toxicity findings. While the company acknowledges the complexity of identifying incidents related to their product due to their small market share compared to generic products, they assert their support for stewardship activities and training.

What was the outcome?

Regarding the objective of reducing HHP, the company has made partial progress by setting targets to protect biodiversity. However, these targets are not ambitious enough, and we will continue our efforts in this area. Unfortunately, the company intends to continue selling EU-banned pesticides outside of Europe. It argues that export restrictions are ineffective in ensuring the availability of necessary pesticides where they are required. The company states that some pesticides are not authorised in the EU because they have no or limited use there. However, they acknowledge that products produced in the EU can have specific and urgent uses outside of the EU, as was the case during the swarms of locusts devastating harvests across East Africa in the summer of 2020.

We will continue our engagement as the objectives have not been fully achieved, and push for complete transparency regarding highly hazardous pesticides.

Stewardship case study 7- Engagement

Headline	US renewable energy operator – decarbonisation
Asset class	Alternatives
Specific themes	Social inclusion, avoided emissions
Region	North America

Engagement background

The company is a developer, co-owner and operator of virtual power plants (VPP) across multi-family residential locations that provide residents with access to resilient low-carbon power.

The company has a dual mission of accelerating and democratising access to clean energy, given its specific focus on low-to-moderate income energy consumers and it is also committed to increasing energy equality at multi-family communities through onsite community solar and storage. Besides providing a source of clean energy, VPPs have been recognised as a strong catalyser to increase energy resiliency in the United States. Specifically, its energy storage component can help provide communities energy during blackout periods in regions that may be affected by climate events or energy demand peaks.

What did we discuss and ask for?

Building on our 2022 engagement with the company (focused on improving the company's reporting of key sustainability metrics), during 2023 we worked with management to focus the engagement on supporting the implementation of the company's strategy for achieving lower electricity bills, avoided emissions and promotion of diversity.

What was the outcome?

In 2023, the company's community solar work enabled an average 10% reduction in electricity bills for 4,434 households. Going forward, it aims to expand services to benefit over 35,000 households in the next five years. Our investment enabled the production of 319,589.7 MWh in 2023 and avoided 226,488 metric tons of CO_2 emissions – equivalent to adding 270,090 acres of mature forest in the USA. Furthermore, co-founded by an Ecuadorian immigrant to America, the company is dedicated to fostering a highly diverse, equitable and inclusive team. As an example of its commitment to creating a supportive and inclusive work environment, the company is a sponsor of Women of Renewable Industries and Sustainable Energy (WRISE).

Stewardship case study 8- Engagement

Headline	Swiss financial services company – ESG/TCFD disclosure
Asset class	Fixed Income
Specific themes	ESG strategy and integration, reporting
Region	Europe

Engagement background

Initially, this Swiss regional financial services company faced a challenging ESG rating due to insufficient disclosures and limited coverage from ESG data providers. While the company included some non-financial data in its annual report, it lacked standardisation, making it difficult to capture and evaluate effectively. In addition, the company lacked a clear decarbonisation commitment and strategy.

What did we discuss and ask for?

During our first call in 2021, the company had no integrated sustainability strategy and its dedicated resources very limited (one person dedicated to the integration of ESG in its investment recommendations and a cross-department sustainability committee). Even if it already started some initiatives, the firm hasn't set any strong targets or commitments and doesn't have KPIs to assess progress.

The company lagged in terms of carbon data measurement and is currently only working on calculating scope 1 & 2 emissions (knowing that scope 3 is highly material for its industry). The business has realised its weaknesses in terms of ESG while filling its second UN PRI report (publicly available in the near future): weak SRI policy and no engagement programme. We also discussed changes in implementation; it fears that some clients might not like any abrupt changes in terms of sustainability engagement. We explained that we believe the finance industry must drive changes towards a more sustainable society.

We held our last call in 2023 and noticed considerable changes, which are described below.

What was the outcome?

Since the appointment of a new Non-Financial Risk Manager, who also oversees CSR disclosure, the company has experienced a significant shift in its ESG strategy. The Non-Financial Risk Manager has expressed a commitment to prioritise transparency and ESG disclosure in the coming years, while also acknowledging the company's conservative approach to change. The Responsible Investment Specialist has introduced the implementation of the SFDR Article 6 initially on Luxembourg funds, subsequently extending it to other funds, and established the company's first responsible investment policy. The company has also a) expanded its offerings of sustainable thematic funds b) implemented a Climate Plan with the goal of achieving carbon neutrality by 2023, currently covering scope 1 and 2 emissions, and with plans to measure and address scope 3 emissions.

Stewardship case study 9- Engagement

Headline	Japanese automobile company – human rights within the supply chain
Asset class	fixed income, equities
Specific themes	human rights, supply chain, social
Region	Asia

Engagement background

LOIM participated in a collective engagement organised by the Investor Alliance for Human Rights, focusing on the issue of Uyghur forced labor in the automotive industry. The objective was to gain insights into the Japanese automobile company's efforts to address forced labor risks throughout its value chain, particularly in relation to the Uyghur region of Xinjiang. We aimed to understand the company's approach, including identifying business relationships connected to the region and their strategies for addressing these concerns.

What did we discuss and ask for?

During the engagement, we discovered that the company has established a robust governance structure for supply chain matters. Their sustainability committee comprises executive officers from various departments, including environmental affairs, procurement, PR, HR, legal, and accounting and finance. This collective effort demonstrates its commitment to enhancing supply chain transparency. Additionally, it adheres to the UN Guiding Principles and follows the Ministry of Trade guidelines in Japan.

In 2021, the company developed a Human Rights policy and shared it with relevant entities, urging them to uphold supplier sustainability guidelines. It also revised the human rights section of the supplier guidelines, requesting suppliers acknowledge and comply with the updated guidelines. The company plans to extend this requirement to overseas suppliers starting next year. They have formed a task force within the Supply Chain Management team to establish targets, develop KPIs, and implement corrective measures to ensure respect for human rights. For overseas suppliers, the company intends to customise policies based on the local context, incorporating specific characteristics provided by regional procurement teams into its due diligence framework.

The company aspires to map its entire supply chain, having already achieved close to 100% coverage in Japan and North America. It plans to expand this mapping to other locations in the coming years.

However, it faces challenges due to suppliers reporting on a voluntary basis, which sometimes leads to omitted information due to competitive pressures. The mapping process is resource-intensive, requiring significant time and expertise to examine and verify the information provided by suppliers. The task force is currently working on setting a timeframe for completion in each region.

What was the outcome?

Initially, the company representative provided high-level responses, but eventually, they shared detailed information about the company's efforts and progress. They acknowledged the complexity of the issue and the challenges encountered while expressing commitments to transparency and addressing the problem. It is crucial to continue engaging with the company, including subject matter experts. We have requested a follow-up call to delve deeper into topics such as supplier ranking processes, audit procedures, the existence of a grievance mechanism, and plans to adapt the due diligence framework to China. The company appears open to discussing this delicate issue, and there is still much work to be done. Therefore, we will continue supporting and advising the firm, offering recommendations and sharing examples from other original equipment manufacturers that have made significant progress in mapping and reporting on their supply chains.

Sovereign and policy maker engagements

Engaging with policy makers is crucial to creating regulatory frameworks that will benefit companies engaged in the sustainability transition. The Group is lobbying and engaging with decision makers across policy, finance and industry to promote a productive evolution of sustainable finance in Switzerland. We are actively participating in regulation-related discussions through Swiss Banking (Swiss Bankers Association) and other industry collectives, as well as working groups established by government institutions.

In 2023, we continued to contribute to the ongoing update and improvement of the Swiss Climate Scores (SCS), Version 2. In more detail, LOIM provided its technical opinion on the additions suggested by the State Secretariat for International Finance as well as the feasibility of measuring a certain indicator. The first version of the SCS has been noted for leaving perhaps too much room for interpretation of certain indicators (therefore reducing the comparability between actors). The second version addressed this by, for example, explaining clearly how GHG should be calculated.

In 2023, we continued our efforts to sponsor and participate in leading events such as Building Bridges or the World Economic Forum to offer a platform where investors and sovereigns can have discussions. We recently held some events dedicated to nature with the World Economic Forum.

In 2023, we undertook some preliminary work to establish the feasibility of engaging sovereigns as well. Portfolios will typically not include sovereigns subject to sanctions and, going forward, any future sovereign engagement work will seek to engage on the thematics contained in our Stewardship priorities and where we can have additionality.

In 2023, we:

› Assessed joining the PRI-led investor initiative “Collaborative Sovereign Engagement on Climate Change” if they continue their programme after the pilot phase. We answered a survey to shape the second phase of the initiative so it can better answer our needs.

Industry associations and initiatives

We remain keen to leverage our expertise in various sustainability-led initiatives. We believe this is key for our sustainability research team to remain close to industry associations to understand companies’ needs and challenges.

Fig 16. Sustainability initiatives joined in 2023

Initiative	LOIM role
PRI's Circular Economy Reference Group	In 2023 we joined the PRI's Circular Economy Reference Group and provided inputs to their Compact Finance Position Paper on plastic pollution
Science Based Target Initiative Technical Advisory	LOIM team dedicated to nature contributed to SBTi’s technical advisory group members in two working groups: a) beyond value chain mitigation and b) scope 3 updates
Tropical Forest Integrity Guidelines Carbon Credits	The LOIM team dedicated to nature contributed to a policy document providing advice on how to engage on carbon markets for nature purposes

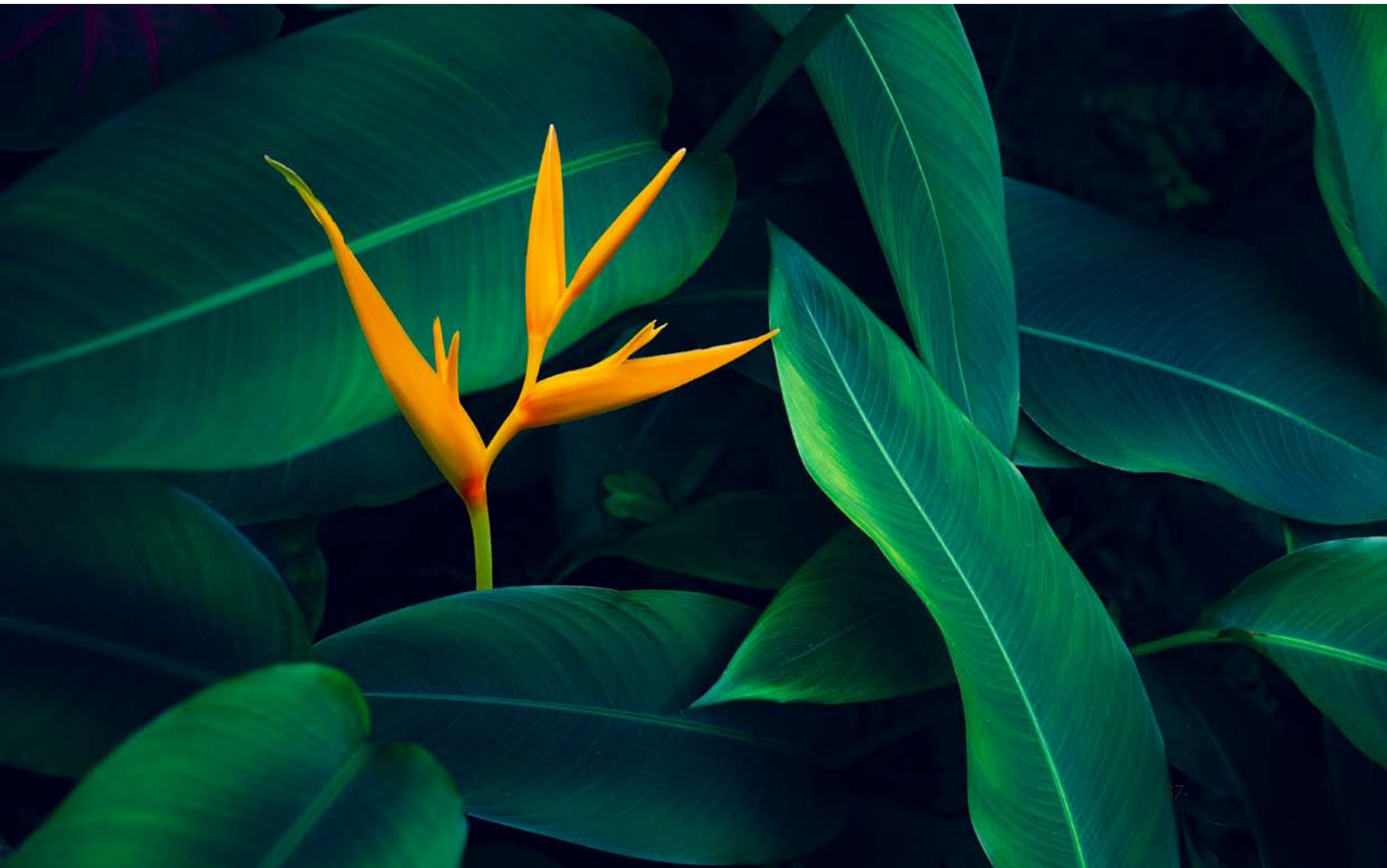
Proxy voting

Exercising voting rights is a fundamental responsibility as active stewards of our clients' economic interests. Voting appears as a key theme throughout this report, and we see it as the common thread that triggers and cements integration and stewardship.

We discharged our proxy voting activity in 2023 by implementing our Corporate Governance Principles and Proxy Voting Guidelines. These principles state our corporate governance and sustainability expectations for the companies we invest in. They are articulated to pursue the two key objectives listed in the 2023 stewardship statement, linked to our sustainability vision. Each of these corporate governance and sustainability principles is tied with a corresponding proxy voting guiding principle. The Guidelines focus our efforts on the following major areas of corporate governance: leadership, transparency, remuneration, share capital and shareholder proposals.

This approach allows us to use proxy voting to support a sustainable transition. Our final votes take into account prior and current engagement and company responsiveness but will always rely on the initial corporate governance principles. We continue to take into account different regional best practices as we accept the varying approaches to optimal and unique corporate governance structures, which can be context-dependent.

We use Institutional Shareholders Services (Europe) S.A. (ISS) to provide operational, record-keeping, research and reporting services. We receive two vote recommendations for each meeting, a parent policy one and a customised one, based on our vote guidelines.



Clients may request to override in-house guidelines. A client may propose to vote differently from ISS and our own custom recommendations on any topic as long as the vote is well-considered and justified. Once we are satisfied that the proposed vote is free from conflicts of interest and the rationale is sound, we seek to instruct it on behalf of clients. When voting mandates are required by our clients, we implement our Proxy Policy, exercised through our Proxy Voting Guidelines.

Our voting records are publicly available. They are updated on a quarterly, retrospective basis, as well as on our dedicated sustainability reporting tool, available on the LOIM website.

LOIM's securities-lending activity had been suspended since March 2020 for the majority of our long-only internally managed funds. For the few funds where stock lending is still active, an operational process is in place so shares can be recalled if needed.

We aim to cast votes on all the meetings where our holding exceeds a threshold (USD 100,000), our votable universe, or where issues of particular importance arise. We instruct votes on 100% of our votable universe. We also cast votes outside our votable universe on certain M&A or sustainability-related general meetings that we identify as important.

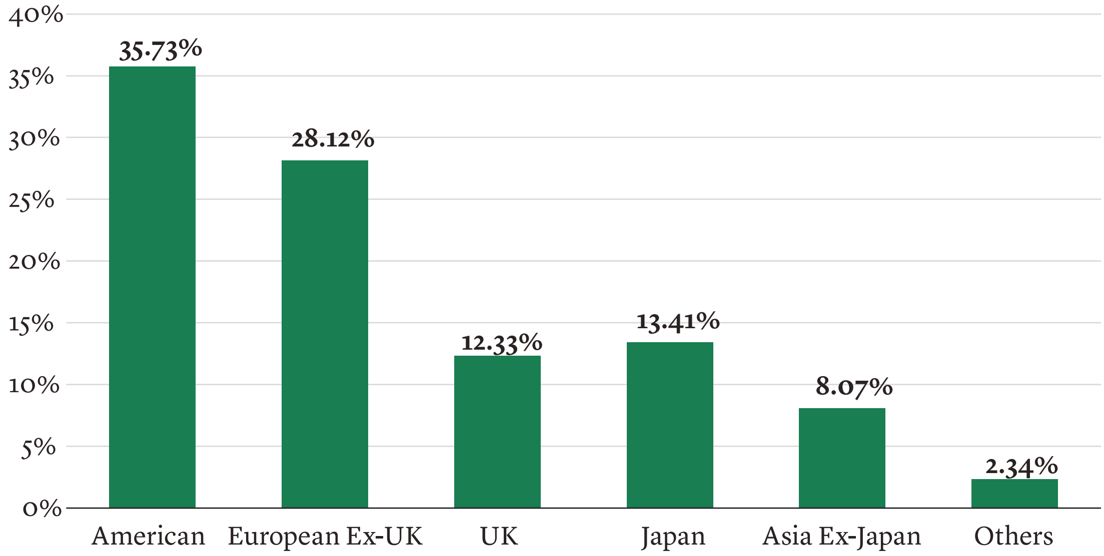
2023 Proxy voting

During the 2023 calendar year, LOIM reviewed, analysed and instructed votes at 2,414 shareholder meetings, including more than 32,013 voting items across 53 different markets.[12] We voted against management on at least one resolution at 63.6% of all meetings voted. On a per resolution basis, we voted against management at 15.08% of all resolutions.

We observed during the 2023 Annual General Meeting (AGM) season that an increasingly more complex and nuanced voting landscape has taken centre stage in voting activities. Voting behaviour has become more difficult to understand, in alignment with the ever-growing sophistication of sustainability demands. One key trend is that whilst the number of shareholder proposals has increased compared to the previous year (2022), overall support has decreased. Why? Because proposals have become more prescriptive, narrower, even seeking strategy change, coupled with more intense engagement. A second important trend is that board members continue to be held directly responsible for corporate governance weaknesses, and also for sustainability-related strategy and risks.

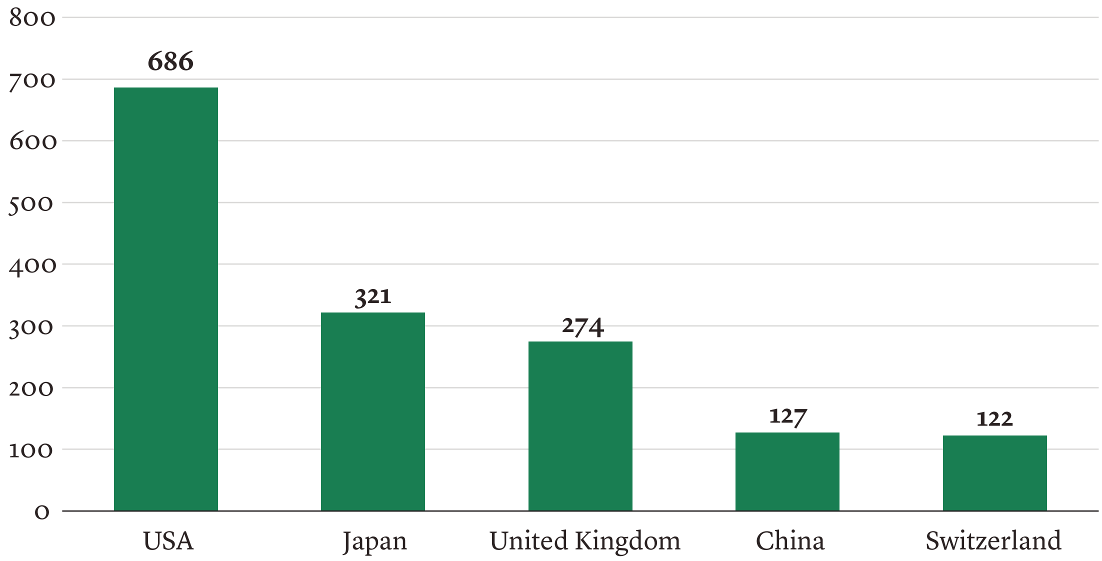
[12] In total, 99% of all votes cast were successfully processed, forwarded and received by issuers. Although we voted at all meetings in a timely manner, at 21 meetings (1% of meetings) a range of operational issues meant that the issuer did not successfully receive our votes. Reasons for the unsuccessful forwarding on of the votes include Power of Attorney, share blocking, sub-custodian issues, no holding at custody date and other technical matters. As has been the case in previous years, an audit of these unvoted meetings has been provided to us by our service provider, including an explanation for each missed meeting, together with remedial action. In addition, in relation to fixed income assets: we do not seek to change the terms of a company's contracts with third parties; As part of a financial review of a company's balance sheet, we can ask for additional information relating to a trust (assuming it is of significant size on the company's balance sheet); As debt holders, we expect to enquire about a substantial reduction in the recoverable amount of a fixed asset; Long-term assets (often the biggest amount on a company's balance sheet) are particularly at risk of impairment. This would result in the impairment of the issuer's capital; As debt holders, we are duty-bound to review the prospectus outlining the terms of the credit instrument.

Fig 17. Meetings voted by region, 2023



Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 18. Number of meetings voted by market (top 5), 2023

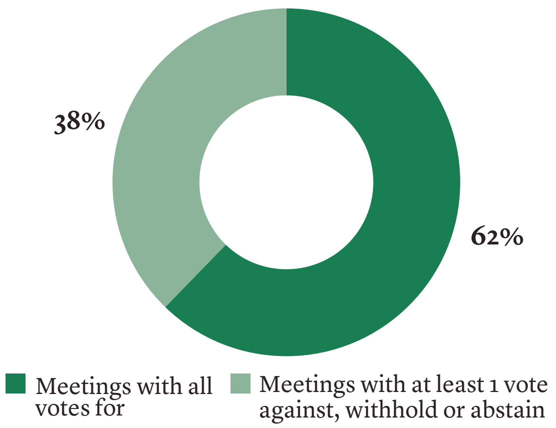


Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

> "A more complex and nuanced voting landscape emerged in our activities during 2023, reflecting the ever-growing sophistication of sustainability demands and voting policies"

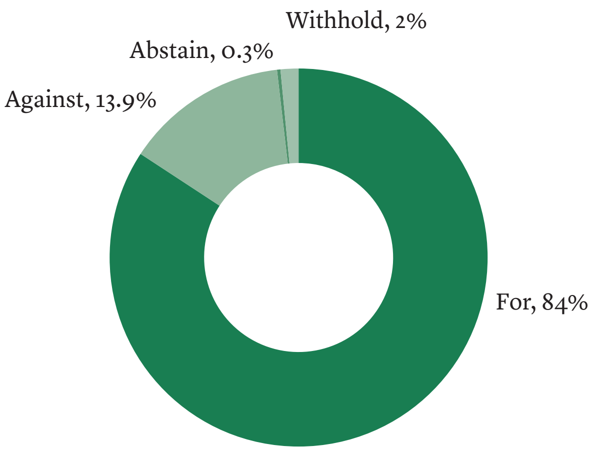
Natalia Galvan Dorado, Stewardship Analyst.

Fig 19. Vote breakdown on a per meeting basis, 2023



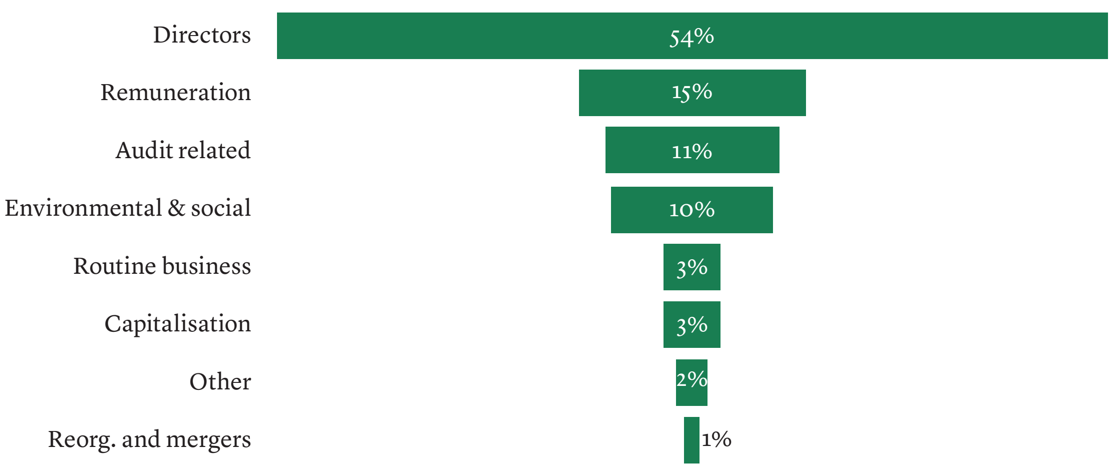
Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 20. Vote breakdown on a per resolution basis, 2023



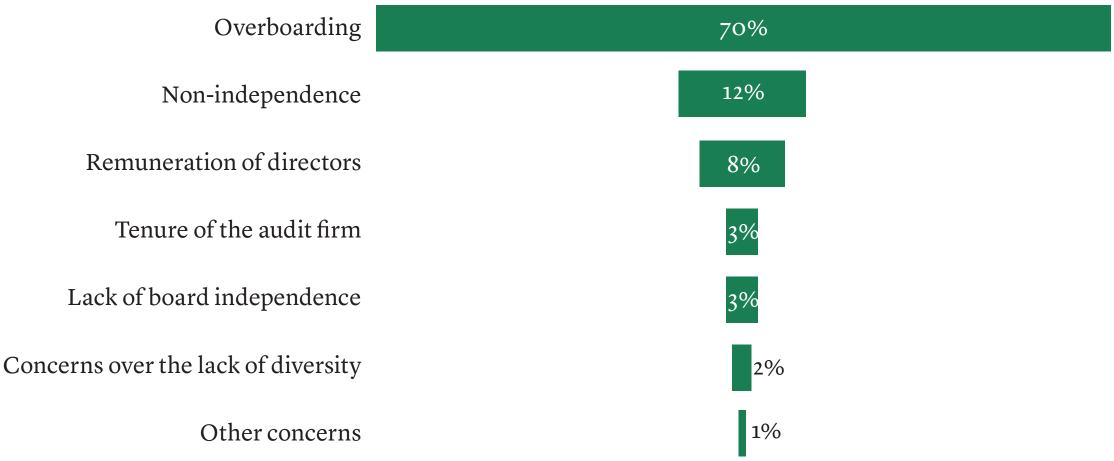
Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 21. Votes against by category, 2023



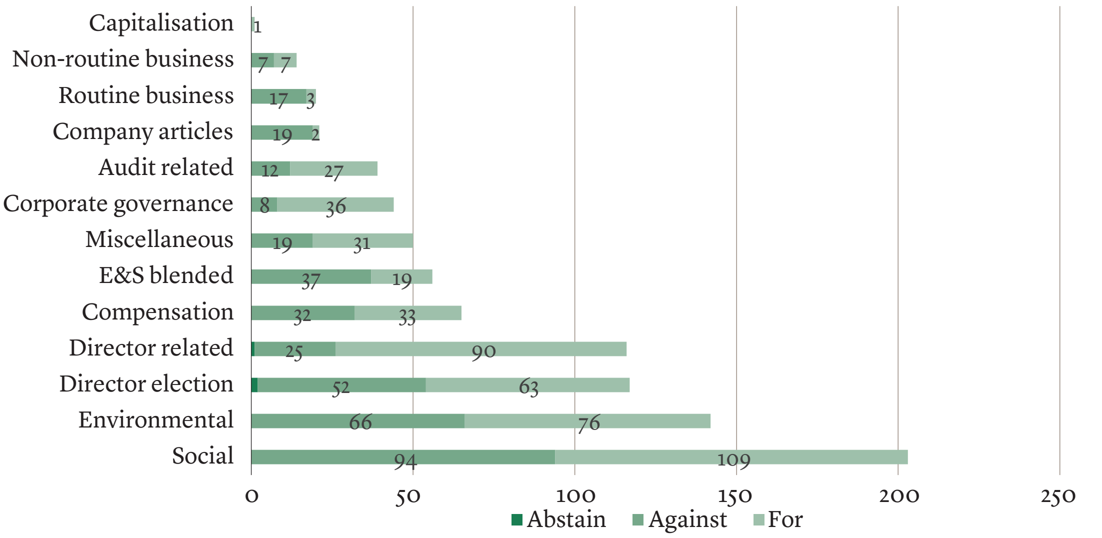
Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 22. Breakdown of votes against directors, 2023



Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Fig 23. Breakdown of shareholder resolution by category, 2023



Source: LOIM. For illustrative purposes only. Data as at 31 December 2023.

Case studies & achievements

Below we provide the rationale for some of our voting decisions across the ESG and sustainability spectrum during 2023, our assessment of how our voting may have impacted a company's strategies, and how our approach to stakeholder engagement helped raise the profile of these issues.

Material sustainability risks and opportunities

Stewardship case study 10 - Proxy voting

Company	Indian oil and gas
Topic	Vote against routine matter/directors for lack of sustainability leadership
Resolution	re-election of director
LOIM vote	Against
Result	Pass (1.9% votes Against)

Context and discussion: This company has been identified as one of the world's largest greenhouse gas emitters. Our sustainability research concluded that the company is not taking the necessary steps to understand, assess and mitigate risks related to climate change because even if the company has announced its ambition to be net zero by 2030 it has not provided medium-term targets for 2025 or 2030. To complement this analysis, we used the Climate Action 100+ assessment framework: it evaluates the adequacy of a company's disclosures in relation to the key actions it can take to align its business with the CA100+ and Paris Agreement goals based on 10 specific metrics. For this company, nine out of ten criteria were not met.

Results: There was no climate-related resolution on the agenda. As such, and not being able to vote our concerns on such a resolution, we decided to vote Against the non-executive director responsible for climate oversight for failing to reach expectations on net zero by 2050 targets and commitments.

Although the director didn't receive a majority of votes Against, we continue to increasingly use votes against directors as a way to make them responsible for the lack of oversight of sustainability-related risks. We believe this approach places the governance of sustainability at the heart of proxy voting and supports the view that the board of directors is responsible for setting climate strategy.

Shareholder resolutions

Stewardship case study 11 - Proxy voting

Company	US consumer discretional automobiles
Topic	deforestation-related, environmental impact
Resolution	setting sustainable sourcing targets
LOIM vote	For
Result	Fail (14.1% votes For)

Context and discussion: A US automobile company received a shareholder resolution at its 2023 AGM requesting that it develop a plan to establish targets in terms of the procurement of sustainable materials within its supply chain and disclose progress towards them annually. The company is a member of the Global Platform for Sustainable Natural Rubber and a member of the First Movers Coalition, but it has still not publicly disclosed applicable information about its tyre or leather deforestation risks or approaches to mitigate them, nor has it set related procurement targets. The resolution also encouraged the company to join global value chain emission reduction initiatives such as Responsible Steel, Steel Zero, and the Aluminium Stewardship Initiative.

Results: We supported this resolution (first time submitted to the company) because we agreed that the proposed disclosures on the company's supply chain and, particularly on certain materials such as steel, aluminium, leather, and rubber, would allow investors to better assess the company's exposure to GHG emissions and how the company is managing the associated deforestation risks. In reaching this decision, we took into account the company's improved disclosures (calendar year 2021 vs calendar year 2022), and the efforts it undertakes under CDP questionnaires, as well as with holding its suppliers accountable. In our view, whilst effective governance and control seem to be in place, the company needs to further the granularity of its supply chain in order to manage the deforestation risks that the materials it uses are creating. At the time of writing, the company has not yet published its 2023 review. We will continue to hold the company accountable for any lack of progress, including further escalation votes, if necessary.

Stewardship case study 12 -Proxy voting

Company	US consumer staples distribution
Topic	pollution-related, environmental impact
Resolution	reduction of plastic use
LOIM vote	For
Result	Fail (31.8% votes For)

Context and discussion: A group of shareholders submitted a resolution at a US food and drug retail company's 2023 AGM requesting the company prepare a report that would describe how it could reduce its plastics use to decrease its contribution to ocean plastics pollution. The resolution asked the company to include in the report: i) an assessment of the reputational, financial and operational risks associated with continuing to use substantial amounts of single-use plastic packaging, ii) an evaluation of dramatically reducing the amount of plastic used in its packaging through transitioning to reusables; and iii) a description of how the company can further reduce single-use packaging, including any planned reduction strategies or goals, materials redesign, substitution or reductions in the use of virgin plastic.

Results: We supported the resolution because we considered the current plastic pollution crisis could expose the company to financial, regulatory and reputational risks, some of them linked to the development of policies that are being adopted in different countries that ask corporations to pay for the cost of plastic waste. In making our decision, we considered the company's progress in the last four years, as described in the respective ESG reports. Although there has been some degree of improvement in the company's approach to plastic use, in our view the rate of adoption of change strategies is too slow.

The resolution had strong support with 31.8% votes For. At the time of writing, the company has not yet published its 2023 review. We will continue to hold the company accountable for any lack of progress, including further escalation votes, if necessary.

Stewardship case study 13 -Proxy voting

Company	US airline
Topic	human rights, social impact
Resolution	Adopt freedom of association and collective bargaining policy
LOIM vote	For
Result	Fail (32.4% votes For)

Context and discussion: A group of shareholders submitted a proposal requesting the company adopt and disclose a policy with a commitment to respect the rights of freedom of association and collective bargaining in its operations as described in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The report also had to include any processes to identify, prevent and remedy practices that violate the policy. At present the company does not have a specific policy clearly stating the right of employees to freely associate.

Results: We supported the resolution because we believe that freedom of association and collective bargaining are both fundamental human rights, and that not complying with such basic rights might cause operational, reputational and regulatory risk, and finally negatively impact long-term value. The publication of a specific policy with commitments from the company to respect freedom of association will allow us to better assess the efforts the company is making to improve its social impact. The resolution had strong support with 32.4% votes For. At the time of writing, the company has not yet published its 2023 review. We will continue to hold the company accountable for any lack of progress, including further escalation votes, if necessary.

Case studies 14 and 15 discuss proxy voting across several AGMs, investor dissent, investor engagement and company changes sprawling beyond one single AGM.

Stewardship case study 14 - Proxy voting

Company	Dutch automobile company
Topic	Remuneration
Resolution	Approve remuneration report
LOIM vote	Split by resolution: A) Pass (standard), 19.6% Against; B) Pass (legacy), 48.1% Against
Result	Both passed 19.6% Against (standard) and 48.1% Against (legacy)

Remuneration report	2021	2022	2023
LOIM Votes	Against	Against	Split: For (standard) Against (legacy)
Result	Pass	Fail	Split: Pass (standard) Pass (legacy)
Final Votes	44.2% Against	52.1% Against	19.6% Against (standard) 48.1% Against (legacy)

Results: post 2023 AGM and in the run-up to the 2024 AGM we are focusing on improvements we believe the company should implement to better align pay for performance: not granting exceptional bonuses and improving disclosure of performance against the targets that determine Long Term Incentive Plan vesting. Whilst shortcomings in 2023 may not have justified a vote Against, given the two-year window the Remuneration Committee has now had, we expect closer alignment with these universal pay for performance principles.

Stewardship case study 15 - Proxy voting

Company	German pharmaceutical company
Topic	remuneration
Resolution	Approve remuneration report
LOIM vote	Against
Result	Failed: 75.9% votes Against

Remuneration report	2021	2022	2023
LOIM Votes	For	Against	Against
Result	Pass	Fail	Pass
Final Votes	97.8% For	75.9% Against	With 47.7% Against

Results: Following the failed resolution in 2022, the company made a significant investor outreach. We welcomed the responsiveness of the company and the several commitments it took. Inter alia, they were: improve disclosures and transparency, expansion of the Human Resources Committee to also deal with compensation matters, improve overlap and membership amongst other board committees, and establish a new process for target setting and target attainment.

The breadth and depth of changes introduced following engagement after the failed resolution highly exemplify the impact that votes Against had on the company, compelling it to undertake a dialogue and implement significant changes. However, insufficient action was taken on this matter and during 2023 we continued to hold the company accountable for lack of alignment on pay and performance. As sales and earnings declined for the company in the 2023 fiscal year, we will closely monitor during the 2024 remuneration resolution, including alignment of pension contributions with the wider workforce and market practice, as well as not accepting vesting of incentive awards happening at below median performance.

Escalation

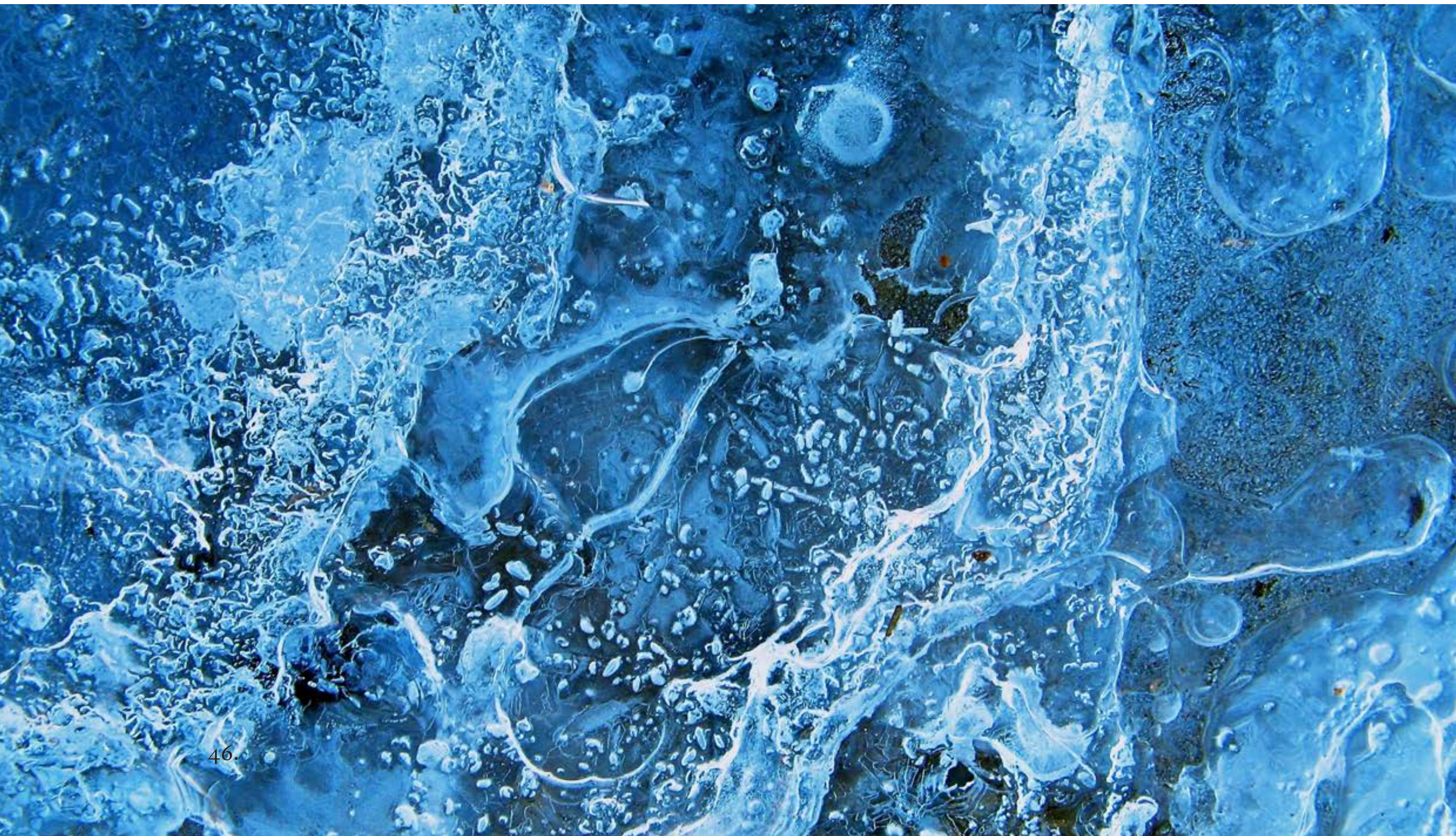
LOIM Engagement Policy includes a specific section on our escalation approach. Our guiding principle is that constructive, private dialogue is more effective and adds more value in the long term than a reactive decision to divest, although we are prepared to exit holdings and/or exclude companies from our universe under some circumstances.

Stewardship is implemented through a range of tools, and our framework and disclosures emphasise how we conceive of and use engagement and voting as sliding levers in a circular continuum. We believe that stewardship is a better approach to ultimately being able to influence companies' behaviours. Divesting can have unintended consequences, whereas remaining invested allows us to be agents for change. When we divest, there is the potential risk of transferring the sustainability issue to another investor who may be less inclined to effectively address it. Our framework and approach to stewardship escalation, including the eventual divestment as a final step, also take into account the contrasting viewpoints in the exclusion debate regarding the impact on the real economy and our investment portfolio. We believe that both need to happen as much in tandem as possible.

Escalation levers

Our escalation approach features three levers. They are to:

1. Increase engagement intensity (individual, followed up by collaborative engagements)
2. Appropriately use our vote to: hold boards accountable for lack of action, both by voting against the most relevant management resolutions and by supporting shareholder proposals seeking to address the issue and/or through filing or co-filing shareholder proposals



3. Expressing concerns through the company's advisors, making a public statement in advance of a shareholder meeting, speaking at a shareholder meeting, and requesting a general meeting.

Escalating an engagement is done on a case-by-case basis, and any decision will depend on the severity of the issue and the engagement history (i.e., whether the company has been responding well to our concerns, or if previous voting and immediate controversies are affecting the stock). Any decision to use tactical voting, co-file a shareholder proposal or divest will require input from the Portfolio Manager, CIO, Stewardship team, Stewardship Committee, and the Legal and Compliance function. The Stewardship Committee is the final decision maker for escalation matters.

We apply the same policy and approach across all geographies and asset classes in which we invest. All investment teams share the understanding and knowledge that stewardship is a toolbox we use to protect and enhance the long-term value of assets and that includes different escalation mechanisms. However, we are mindful that in some geographies there are limitations to the rights available to us as investors, the willingness of board members to speak directly with investors, language barriers or obstacles to submitting shareholder proposals. In these cases, we may pursue a collaborative route or fast-track escalation steps (for example, by proceeding directly to a decision to vote Against).

As described in the Sustainability section, we believe that the sustainability transition has become one of the most important drivers of investment risk and return, and our escalation approach reflects this. In practice, this means our escalation approach may organically be more focused on specific strategies, such as the ones integrating sustainability in their investment objectives (i.e., funds classified as Articles 8 and/or 9 under SFDR).

Voting as an escalation mechanism

Voting continues to be, in our view, the most widely used and practical escalation mechanism currently available to investors. The degree to which the voting process gives voice to investors' concerns on ESG and sustainability factors helps shape not only companies' business practices and business models, but also the resilience of the stock market. Public disclosures of voting records are a phenomenal mechanism showing the power and ability of votes to engender change. We also note that a significant vote against management leads to an engagement outreach exercise by the company to address the reasons for the resolution failing or gaining low support. Equally, a significant vote against (or 'for' a shareholder resolution) that is not adequately addressed by the company tends to re-occur at the following AGM and may solicit stronger opposition.

Case studies 16 and 17 provide two examples of LOIM's escalation strategy in action. Following engagement, the first led to changes in the issuer, after which we were able to vote For; the second example did not yield the expected result and we voted Against.

Stewardship case study 16 - Proxy voting

Company	Swiss Insurer
Topic	Gender diversity
Resolution	Election of directors
LOIM vote	For
Result	Pass (79.5% votes For)

Context and discussion: At the 2022 AGM of a Swiss insurance company, we had concerns in relation to the board's overall gender diversity. We engaged with the company to let them know our expectations on the matter and why we were supportive of stronger (gender) diversity. Ultimately, the company committed to reaching a level of at least one-third gender diversity on its board the following year.

Results: During the AGM in 2023, the board composition slated for shareholder election included a 33% women ratio, in line with the minimum required by our guidelines (and generally speaking, by market expectations). As such, we were able to support the election of the board chair. Votes on the chair reflected this improvement as in 2022 he received support with 79.5% of votes while in 2023 he received 87.4% supporting votes, reflecting investors' satisfaction with improvements and alignment of a leading insurance company with best practice.

Stewardship case study 17 - Proxy voting

Company	French materials, containers & packaging
Topic	Board independence
Resolutions	Re-election of directors / Chair
LOIM vote	Against
Result	Pass (5.2% votes Against)
Results, caveat	The company has two core shareholders, who also hold different voting rights (35.75% economic interest and 40% voting rights). When excluding their votes from the quorum and the vote results, that is, looking at vote results from a purely free float perspective, the vote jumped to 15.2% of votes Against the election of the Chair.

Context and discussion: During 2022 we were concerned about several items in relation to board independence, including: the overall lack of independence on the board (62% of the directors were not independent), the dual CEO/Chair role, and the lack of full independence of the remuneration and audit committees. All these elements combined raised doubts regarding the ability of the board to ensure independent oversight and the promotion of minority shareholders' interests, particularly as the company is a controlled company. Therefore, we cast votes against the chair and all non-independent directors.

Results: During the 2023 AGM the company proposed some changes to the structure of the board and separated the roles of CEO and Chair, a step we deemed to be positive. However, the CEO/Chair was appointed as board Chair, which, from our point of view, only partially improved the situation, given that the Chair was thus not independent on appointment. Therefore, we voted against the Chair again as the changes were not up to our expectations. In addition, we didn't support the re-election of three non-independent directors who were up for re-election as members of the key committees.

On this occasion, the vote result did not reflect our thinking and expectations. Whilst a small opposition, we remain committed to flagging areas of poor alignment with best practice, a key tenet of our Proxy Guidelines, particularly when considering controlled companies, where minority shareholders' rights may be overlooked.

Collective engagement and proxy voting as an escalation mechanism

In 2023, we continued to use proxy voting as an escalation mechanism with several companies under collective engagement through the work of Climate Action 100+. Each investor-led engagement group has the option of flagging proposals to vote at each AGM (without providing a voting recommendation or intention, thereby removing any concerns about acting in concert). This purely informational tool links voting proposals to the themes of Climate Action 100+ whilst at the same time allowing complete vote decision making in the hands of each shareholder.

At companies that were in scope for us, we voted For 15 of the 16 flagged shareholder resolutions. We did not support one of the resolutions because we did not think that the requested report on the impact of the energy transition on assets retirement obligations was aligned with industry practice. This resolution obtained 16% of votes in support. Overall, resolutions obtained lower levels of support this year than in previous years (we discuss this new voting landscape in the proxy voting chapter). Although none of the resolutions passed (with support levels ranging from 16% to 48%), we believe they played an important role in continuing to flag key disclosure and implementation weaknesses in target companies.

Stewardship link

Engagement, collaboration, sustainability approach, addressing systemic risks, integration: how they meet and cross over through stewardship

Escalating through collaboration deeply reflects our belief in the effects of tipping points (such conditions arise that new technologies can outcompete incumbents). When a tipping point is crossed, incentives are realigned in support of the new solution or alternative. By working with these companies, large customers of high-emitting sectors, we aim to not only strengthen companies' net-zero strategies, but also raise awareness of the interconnection of high-emitting sectors, which do not exist in isolation; as such, zero-emission solutions may influence transitions in several sectors at the same time.

In 2023, the IIGCC launched the Net Zero Engagement Initiative (NZEI) which seeks to 'broaden the scope for investor engagement beyond the CA 100+ company list, focusing primarily on European companies, and including more companies that are heavy users of fossil fuels, which contributes to increased demand. After careful consideration, we joined the initiative, co-signed 19 letters and took a co-lead role with five specific company engagements. We became supporters of this initiative as a means to escalate our concerns in relation to moving the demand side of the economy to set the earliest possible net zero date.

Also in 2023, Nature Action 100 was launched, seeking to "drive greater corporate ambition and action on tackling nature loss and biodiversity decline". It focuses on 100 companies (deemed to be systematically important in reversing nature loss) in eight key sectors. Again, after careful analysis, we joined the initiative and selected three companies for our engagement activity. We specifically chose a company in the agribusiness sector to escalate two types of concerns, a systemic one and a company specific one. Regarding the former, Nature Action 100 is aligned with our view on identifying nature concerns, which includes deforestation risks. We believe this to be essential as such concerns are widespread, particularly across key economic systems such as the food system, the materials system, and otherwise. Rather than avoiding these sectors, we seek to accelerate the transition within sectors, through targeted engagements. Regarding the latter, we were concerned about the company's lack of action on deforestation and conversion commitments undertaken in 2021. Based on our analysis, the commitments the company took in 2021 regarding soya bean production have not fully and explicitly materialised because they lack short-term deadlines, territory and area-based metrics (as well as a commitment to deforestation on other commodities).

Conflicts of interest

LOIM is committed to the highest degree of professionalism and integrity in doing business. We have an over-arching Group policy addressing conflicts of interest, and sections dedicated to Conflict of Interest in our Engagement Policy and Proxy Voting Policy.

LOIMs Conflicts of Interest Policy specifies that "regulated entities and employees within the Firm are required to take all appropriate steps to identify and to prevent or manage conflicts of interest between them and their clients, or between one client of the Firm and another." The Policy also lists the types of conflicts identified by the Firm (Firm/employees versus Clients, Client versus Clients) and discusses how it manages conflicts of interest

A key element in Lombard Odier's approach to identifying, managing and mitigating real or perceived conflicts of interest is the governance structure that has been built for its management:

- Key business decisions are taken by the Board or the LOIM Management Committee, and are recorded
- A Remuneration Policy has been established to ensure that there is no unnecessary risk taking and to encourage responsible business conflicts

The Risk and Compliance Committee, periodically and at least annually, provides a written report to the Board and the Risk and Compliance Committee. Our ownership and governance structures further support our architecture for managing conflicts of interest. Lombard Odier is an independent family business owned by six managing partners who represent the seventh generation of bankers managing the firm. The managing partners solely own Compagnie Lombard Odier SCmA, therefore no further economic or voting interests are held by external individuals or entities.

Stewardship and conflicts of interest

At LOIM, our independent structure helps us mitigate conflicts of interest commonly faced by publicly held financial institutions. However, we acknowledge that conflicts of interest can arise when fulfilling our stewardship responsibilities, especially when voting and engaging on behalf of our clients' shares.

Our primary objective is to act in the interest of all our clients during engagement and voting processes. To address conflicts of interest, we have established specific policies in our engagement and proxy voting framework. These policies publicly demonstrate our commitment to acting as fiduciaries for our clients and prioritising their interests. We actively identify, manage and mitigate any potential conflicts of interest ensuring they do not influence our decision-making processes.

Our conflicts of interest in the stewardship process operate through a three-step escalation mechanism:

1. **Identification of a conflict:** We identify conflicts during stock selection, voting analysis and discussion, and instructing final votes, throughout the engagement process.
2. **Assessment of a conflict:** We evaluate the materiality of conflicts to determine if escalation is necessary.
3. **Escalation of a conflict:** If needed, conflicts are escalated to the respective Portfolio Manager and then to the respective CIO and finally to the Stewardship Committee. In case of disagreement or lack of consensus, the Group Head of Corporate Social Responsibility acts as final arbiter.

In voting, we implemented an override process that provides a notice to the Stewardship team about any conflicts of interest related to exercising our voting rights. Since 2021, we have maintained a Conflicts of Interest registry, jointly developed and updated by the Compliance and Stewardship teams. The registry categorises conflicts in six distinct scenarios linked to an avoid, control, or disclose rule. It also includes a requirement for controls on the exception list to be documented.

For engagement, we ensure fairness by incorporating structures that prevent any favouritism towards an investee company in our standard, policy-led engagement identification and rollout process. We have procedures highlighting the most appropriate interlocutors for certain topics during engagement. For example, we avoid discussing a remuneration policy with beneficiaries and do not allow company advisors to attend an engagement call.

Conflicts of interest may arise in the following situations:

- When a portfolio investment is also a client
- Where the interests of two or more of our clients are in conflict
- When an LOIM employee serves as director of an investment
- When a LOIM employee carrying out stewardship activity has a personal or social link with an engaged or voted entity
- When investment teams from different asset classes have different views in relation to strategy, capital allocation or distributions

Case studies & achievements

A key outcome of our approach to managing conflicts of interest in stewardship during 2023 revealed recurring conflicts that are more indicative of market or structural issues rather than specific to us as an asset management firm. Where we can add value and have impact is on how we manage them, with the underlying objective of the long-term interest of all our clients.

During 2023, we monitored the conflict identification phase to prevent the emergence of real or perceived conflicts. This has allowed us to address conflicts before they materialise and escalate when necessary.

Addressing differences in vote recommendations

Stewardship case study 18A – Proxy voting

With the desired voting instructions of a client being different to those recommended by our Proxy Voting Guidelines, we engaged with the party to better understand their views and ensure we were not facing a conflict of interest. Their recommendations were based on their own engagement with the issuer and on the basis of the rationale provided, we instructed votes that reflected this specific client's views, as we were satisfied that they promoted the long-term interest of all our clients.

Stewardship case study 18B – Proxy voting

A client request was received to advise them of our voting intention as well as take into account their views and preferences on how to vote at a specific shareholder resolutions. The particular view was in each case driven by their own strategic priorities. This asked for vote intention rationale as well as blending their views into the final vote instructions, wherever possible. Our final votes took into account the long-term interest of all our clients, our own stewardship priorities and the engagement activity that mitigated initial concerns.

Case studies 18A and 18B have continued to prompt us to explore the necessary nature and benefits of, from a best-practice and fiduciary perspective, introducing expressions of wish and pass through voting within our proxy voting activities. We have reviewed existing providers and levels of servicing and, more importantly, we have also carried out a gap analysis of our proxy voting guidelines with clients' ones. The conclusion is that there is a very strong alignment and the scope in 2023 for potential dissenting votes was negligible. In most cases, our guidelines were more demanding than clients' ones. As we discuss in the last chapter, we have worked very closely with a new client in order to introduce a proxy voting format that, for a focus list, allows them to access our vote recommendations, engage in a discussion with us, and if necessary, over-ride our vote recommendation, as per their specific focus and priorities. We welcome this development, as it fosters engagement between the asset manager and the asset owner, and hopefully provides channels for close vote alignment.

Conflicted interlocutors. During some corporate governance engagements we occasionally have beneficiaries of a remuneration policy being part of the engagement, which can raise concerns. In continuing the engagement, we do not discuss it with the direct beneficiary.

Governance, oversight and risk management

The LOIM Stewardship and Sustainability Committees provide guidance and ensure the appropriate integration of sustainability and stewardship in our investment approach. They are staffed by senior representatives of relevant functions to the discussions (from the Sustainability, CIOs from asset classes, Risk, Legal, Compliance and Stewardship teams). Beyond these formal Committees, supported by LOIM's Corporate Secretariat team, we have several, more informal panels that ensure continuous communication and debate between teams.

Risk management

We have built accountability into our risk management infrastructure and implemented it throughout LOIM entities. We base our operational risk framework on the 'three lines of defence' model. 1st line of defence: business, operations, IT. 2nd line of defence: risk, compliance and legal. 3rd line of defence: internal audit.

Employees are educated in managing risk and must complete regular training programmes, including Anti-Money Laundering, Code of Conduct, Conflicts of Interest Management, Information Security and Data Protection training. Depending on an employee's role, they may also be required to complete specialised training. **The Compliance team** ensures that we conduct our business diligently and fairly. It also ensures that our Group's activities comply with current regulatory and legal requirements, as well as our in-house regulatory codes, such as our Code of Conduct. **The Risk teams** consist of experienced professionals who are wholly independent of the business lines, covering financial, counterparty credit and operational risks. **The Internal Audit team** considers sustainability factors in investment teams' audits. This includes evaluating the integration of ESG factors, implementation of investment restrictions and engagement activities recognising their strategic significance for LOIM.

In 2023, LOIM's Internal Audit team reviewed the Sustainability Framework and related governance, processes, risks and controls of relevant investment and support function teams with a dedicated focus on the practical integration of sustainability in the investment processes. It identified opportunities for the Sustainability, Investment and Stewardship teams to further enhance their processes and controls. Management responded positively to the audit and action plans are being put in place to address the audit's findings.

Policy review process

The policy review process involves regular and ad hoc updates to our sustainability and stewardship policies. These reviews occur at least once a year, with additional updates triggered by legal requirements, new regulations or internal policy changes. Several departments play a role in this process. Specifically, for our stewardship and sustainability framework, the following steps are followed:

- Our sustainability experts review the policies to ensure alignment with investment beliefs
- The CIOs of investment teams assess the potential impact of proposed changes on strategies
- Investment teams provide comments on the practical application of the proposed changes
- The Legal team reviews the updated policies from a regulatory perspective
- The Compliance team reviews the updated policies from a compliance perspective
- The Stewardship Committee approves and validates the new policies
- The Policy & Documentation Committee formally approves the policies
- The Board of directors grants the final approval to the policies

Please refer to Annex 4 for policy information.

Clients' needs

As described in the Introduction, our independence allows us to focus 100% on client outcomes. Our client service model ensures close engagement and a comprehensive understanding of our clients' requirements. We maintain regular dialogue, including producing reports, hosting events, participating in conferences and publishing sustainability insights on our website and social media. We actively seek and value feedback from clients (below we provide a snapshot of feedback). We confirm that there are no cases where assets have not been managed in a way that aligns with clients' investment and stewardship policies, as this would be contrary to LOIM's principles and approach.

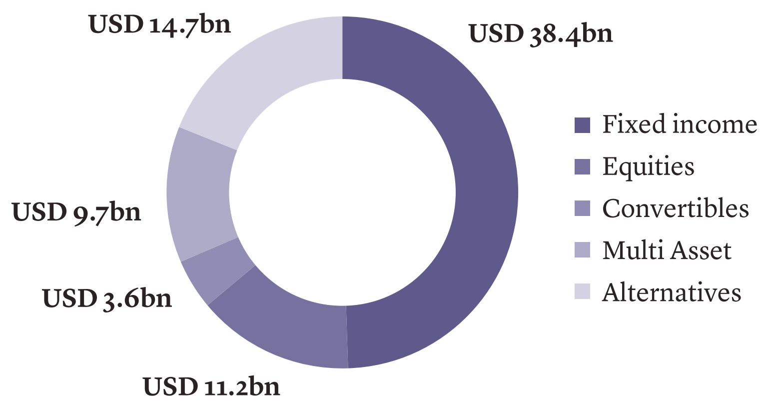
Investment horizons

Our overarching goal is to provide clients with investment solutions that meet their long-term needs.

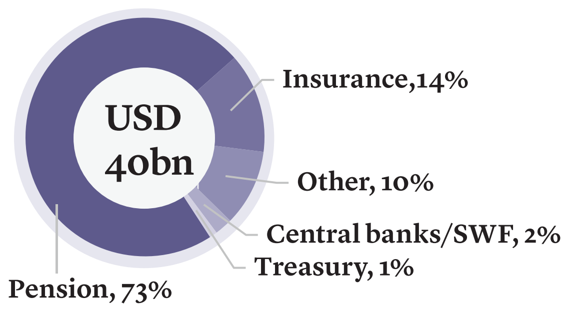
Sustainability is first and foremost an investment conviction for us, one that underpins a dedicated investment solutions offering ranging from public equities all the way to private assets. Furthermore, we strive to integrate ESG KPIs across our entire investment solutions offering. These approaches yield a range of investment horizons, with an emphasis on the long-term. In addition, across all our strategies, we strive to distinguish structural investment convictions (which are long-term, and in the case of our sustainability investment offering, span at least a decade) from cyclical factors, driven by the micro environment, interest rates and geopolitics, and thus involving a shorter time horizon. Finally, asset classes also play a role in the investment horizons we propose: for example, for our convertible bonds portfolios, due to the nature of the instrument(s), the investment horizon will span from short to medium. This is typically between zero-five years.

LOIM's investment proposition

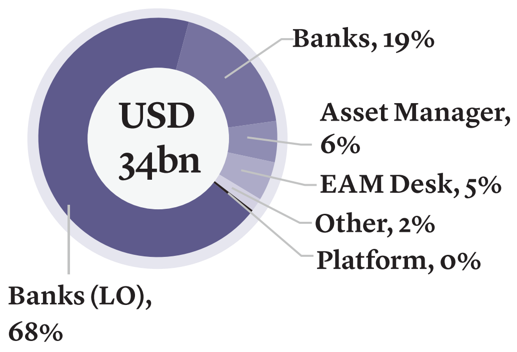
AuM by asset class



Institutional



Wholesale



AuM by Region (USD)

Reporting

The monthly sustainability reporting for our funds in scope is publicly available on the LOIM website, giving investors access to all the sustainability metrics that are most relevant for each fund or strategy.

Moreover, we provide annual sustainability reports for our high conviction equity funds that seek to deliver performance from specific sustainability linked system changes, thematic and TargetNetZero Strategies to investors. The reports contain research and highlights on the sustainable opportunities within the strategies, also underlining our stewardship interactions. We aim to go beyond traditional ESG metrics and put great emphasis on assessing the positive impact our strategies could have on topics such as carbon avoidance, waste and sustainable products.

Other reporting commitments:

Initiative name	Signatory since	Commitments	Reporting link
Principles for Responsible Investment (PRI)	2007	Develop business in line with its six key principles.	LOIM-PRI
United Nations Principles for Responsible Banking (UN PRB)	2020	Align our Group and portfolios with the Paris agreement by 2050.	LOIM-PRB
Net Zero Asset Managers initiative (NZAMi)	2021	Support the goal of net zero by 2050 & support investing aligned with net zero emissions by 2050 or sooner.	LOIM-NZAM

Client feedback

Stewardship link

What are our clients thinking about and requiring from our stewardship activity?

Most stewardship-related questions received were linked to the LOIM framework with a minority targeting specific products, mostly on high conviction equities strategies. The most detailed and sophisticated questions came from asset managers and investment consultants, as a sub-client category. Clients often ask whether a specific team is dedicated to stewardship. We have also been asked whether we undertake our stewardship activities ourselves or whether these are handled by a third party.

Clients typically request to see our voting, engagement and stewardship policies:

- Voting activities, with specific emphasis on rationale for any unvoted meetings, votes on shareholder resolutions and support/opposition to management resolutions. Increasingly, there are more disclosure requests in relation to climate and nature-aligned votes.
- Overall engagement activity figures, but the key ask continues to be specific examples of engagement activities with investee companies.

Certain clients place great value on collaborative engagements and encourage us to do more.

We perceive our methods to understand the needs of our clients as effective. We incorporate clients' views and needs into our offering.

Stewardship link

For example, as described above, certain clients place great value on collaborative engagements and encourage us to do more. Consequently, and as we agree with the value of collective efforts, we have sought additional opportunities to participate in collaborative initiatives, as show in case study 19. Our final case study illustrates how we have taken clients' views and needs into account when voting.

Stewardship case study 19- Engagement

Headline	Singaporean airline company – Setting and reaching decarbonisation targets
Asset class	Equities, convertibles, fixed income
Specific themes	Decarbonisation carbon offset, Sustainable Aviation Fuel (SAF)
Region	Asia

Engagement background

Building on last year's engagement request from a client, a French public pension fund, we continued to engage an Asian airliner, one of the highest emitters in their portfolio, as one of their asset managers. This was driven by the company not having yet developed a net-zero strategy in line with the Paris Agreement 1.5°C trajectory, including no GHG emissions reduction targets.

What did we discuss and ask for?

We continued to discuss the company's slow progress against its declared net-zero ambition during the year. We articulated the actions we believe the company should adopt in order to implement a net-zero strategy: (i) set short, medium and long-term GHG emissions reduction targets, aligned with a 1.5°C trajectory; (ii) set intermediate and long-term carbon intensity targets; (iii) SBTi. Validation of these targets (iv) set targets for the adoption of SAF, with an intermediate target for 2030 and a clear plan to achieve these; (v) Communicate information on SAF investments, describing how capital is allocated for SAF development; (vi) Offtake agreement: consider how to improve disclosures, despite sensitivities, in order to be aligned with other airlines; (vii) clarification on the proportion of emissions reductions that will result from offsets; (viii) Climate lobbying: we requested comprehensive disclosures on the company's positions on all relevant climate policies, a list of trade association members and their alignment with the company's (as well as actions taken in the event of misalignment) and a description of how climate lobbying activities are governed.

Engagement outcome

Although the company continues to be open to engaging with its investors, few specific and measurable steps have been taken by the company in the last twelve months, while we see progress among other airlines. We highlight that the company has announced an intermediate objective of 5% adoption of SAF in 2030 for all of the Group's airlines. In 2024, phase 1 of the CORSIA standard comes into force and airlines should have the obligation to offset their carbon emissions from January 26 (at the earliest). Additionally, they emphasise that they continue to engage industry stakeholders in developing credible transition pathways, although several of them (including SBTi) remain very difficult to implement. We will continue to engage during 2024.

Stewardship case study 20 – Proxy voting

Headline	Italian commercial service and supply company– Improving corporate governance practices
Asset class	Equities
Specific themes:	Remuneration
Region	Europe

Engagement background

Analysis of the company's remuneration policy prior to the 2023 AGM, which included a voting item on said policy. This analysis initially pointed us to vote against the resolution.

What did we discuss and ask for?

In parallel to our analysis, we received a notification from a client regarding a specific vote intention they hoped we could instruct on their behalf. The client had carried out its own, separate and in-depth engagement with the Chairman of the Remuneration Committee. From said engagement, a vote 'for' the resolution appeared to be in fact more balanced, taking account of, inter alia, the introduction of ESG and strategic KPIs (including CO_2 emissions and 20% reduction of water withdrawals by 2027) under the short-term annual incentive plan, as well as the introduction of qualitative targets based on matters such reduction of energy consumption, installation of photovoltaic plant, enlarging safety and environmental certifications, adoption and implementation of proper diversity policies in the recruiting of new personnel in the long-term incentive plan.

Engagement outcome

Following further engagement with the client to discuss these findings, we were able to use this information to inform the voting, and support the resolution. The resolution was approved by 86% of the voting shares, which shows a certain degree of shareholder disagreement with the proposals.

Annexes

This Stewardship Report has been reviewed and approved by the CEO of LOIM and reviewed by our external auditor, PwC.
To get in touch with the Stewardship Team, please email us here, LOIMStewardship@lombardodier.com

Annex 1. Mapping of LOIM Chapters with the UK, Swiss and Japanese Stewardship Codes

LOIM Chapters	UK Code	Swiss Code	Japanese Code
Sustainability approach	1, 2, 4, 8, 9, 10, 11, 12	1	1, 7
Addressing systemic risks	4, 8, 9, 12	1	1, 7
Stewardship framework	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 12	1, 2, 3, 4, 5, 6, 7, 8, 9	1, 3
Engagement	3, 4, 6, 9, 10, 11, 12	3, 2, 4, 5, 6, 9	2, 4
Proxy voting	1, 2, 3, 4, 7, 8, 9, 10, 11	3, 2, 4, 5, 6, 9	2, 5
Escalation	2, 3, 4, 5, 7, 8, 9, 10, 11, 12	5, 4, 3, 2, 8, 6	2, 5, 6, 4
CoI	3, 8, 11, 12	8, 5, 3, 4, 2, 6	2, 3, 4, 5
Governance, oversight and risk management	2, 4	1, 7	7
Investment and Integration across asset classes; data providers and monitoring	7, 8	9	3, 7
Client Needs & Reporting	3, 6, 9, 10, 11, 12	9	1, 6

Annex 2. Partnerships and Associations

Partnerships, Initiatives, Associations	Theme
Alliance to End Plastic Waste	Circularity
B Corporation	Corporate Sustainability
Bruegel	Policy
Business Coalition for Plastic Treaty	Circularity
CDP - Climate Change, Forests and Water	Cross-cutting
The Circular Bioeconomy Alliance	Nature
Climate Action 100+	Cross-Cutting
Deep Transitions Lab	Cross -Cutting
E4S	Academic
Economic Dividends for Gender Equality	HR
Energy Transitions Commission	Energy
European Forest Institute	Nature
FAIRR	Food
Forest Investor Club	Nature
Glasgow Financial Alliance for Net Zero	Cross-cutting
Green Bond Principles, Social Bond Principles and Sustainable Bond Principles	Fixed Income
Impact Investing Institute	Cross -Cutting
Institutional Investors Group on Climate Change	Cross-cutting
Nature Action 100	Nature
Net Zero Asset Managers Initiative	Climate
University of Oxford	Academic
Regenerative Society Foundation	Nature
Sustainable Markets Initiative - Circularity Taskforce	Circularity
Sustainable Markets Initiative - Natural Capital Investment Alliance	Nature
Sustainable Markets Initiative- Sustainable Markets Initiative overall – and related Terra Carta	Cross-Cutting
Building Bridges	Cross-Cutting

Partnerships, Initiatives, Associations	Theme
Swiss Sustainable Finance	Cross-Cutting
Task Force on Climate-Related Financial Disclosure*	Climate
UK Stewardship Code	Policy
Japanese Stewardship Code	Policy
UN Global Compact	Cross-cutting
UN PRI Advance	Cross-cutting
UNEP Principles for Responsible Banking	Cross-cutting
United Nations Principles for Responsible Investment (UN PRI)	Cross-cutting
World Economic Forum	Cross-cutting
Swiss Secretariat for International Finance (Climate Scoring Initiative)	Policy
Members of TNFD Forum	Nature
Investor Alliance for Human Rights	Cross-cutting
Finance for Biodiversity Pledge	Nature

* Concurrent with the release of its 2023 status report on October 12, 2023, the TCFD has fulfilled its remit and disbanded. The FSB has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate-related disclosures

Annex 3 List of service/data providers

Provider	Focus
ISS	Proxy voting research and execution; corporate governance research
Insightia	Shareholder voting intelligence
Sustainalytics	Primary ESG provider; Global Platform & Alert
Trucost	Carbon and water data; SFDR
Equileap	Gender equality
InRate Swiss Universe	Environmental data and metrics for Swiss companies
Trucost	Carbon/Water & Sector Revenue Breakdown and Climate Change Metrics
Factset	GeoRev & RBICS and supply chains
Reprisk	ESG and business conduct risks
CDP	Collective CDP database
Exiobase	Global Environmentally Extended Supply and Use/Input database
Kynd	Cybersecurity risk management
IPCC	Academic research
Climate Works Center	Academic research/policy advisor
NGFS	Academic research
Various Climate Initiatives	Companies' decarbonisation targets
LuxSE	LGX Reference Data
BBG	European Taxonomy
IBAT	Biodiversity

Annex 4 Link to policies

Our stewardship framework I Lombard Odier

Annex 5 Fund overview

LO Funds – Circular Economy

Investment Objective and Policy

- The Sub-Fund invests in equity and equity related securities issued by companies worldwide (including Emerging Markets) whose growth will benefit from regulations, innovations, services or products favouring the transition to a more circular economy and to an economy that values natural capital. The Sub-Fund seeks to invest in high quality companies with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long-term structural trends using LOIM proprietary ESG and Sustainability Profiling tools and methodologies.

  The Fund is not a guaranteed product. There is no guarantee that the investment objective will be reached or that investors will reach a return on capital. Investors may risk losing part or all of their initial investment (risk of capital loss).

- **Benchmark:** The Sub-Fund is actively managed. The **MSCI World SMID Cap TR ND** index is used for performance comparison as well as internal risk monitoring purposes. Securities targeted by the Sub-Fund can be similar to those of the index to an extent that varies over time but their weighting is expected to materially differ.
- **Recommended holding period:** 5 years.
- **Sub-fund launch date:** 17 November 2020.
- **Sub-fund reference currency:** USD.

  When a sub-fund or class is denominated in another currency than the one of your country, or when costs are partially or fully paid in another currency than yours, then costs and performances may increase or decrease as a result of currency and exchange rate fluctuations.

- **Countries of registration of Sub-Fund:** AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG

Risk Factors

Risk and Reward Profile

1 2 3 **4** 5 6 7

Lower risk ⟵⟶ Higher risk

- **The summary risk indicator:** 4 (medium risk class). The risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. The lowest risk category does not mean "risk free". The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss: Concentration risk, Emerging market risk and Active management risk.
- **Main risks (non-exhaustive list):** Equities, Small and medium sized capitalisations, Currencies, Emerging markets, Regional or sectorial concentration and Derivatives (hedging / efficient portfolio management).

Main Costs (not an exhaustive list, as per the KID dated 6 February 2024):

- **(Illustrative share class PA (EUR):** ISIN LU2548914287 – countries of registration: AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG.
- **Management fees and other administrative or operating costs:** 1.85% of the value of your investment per year. This is an estimate of all the management and operational costs (other than transaction costs).
- **Performance fee:** none.

This is not an exhaustive list of the risks and costs. Other risks and several other costs apply, differ per share class and are subject to change. All the risks and costs are detailed in the Prospectus and Key Information Document (KID) available on the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1795/18347.html

SFDR

- **SFDR classification:** Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services industry. This sub-fund promotes environmental or social characteristics while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments.

Binding elements of the selection process:

- Exclusion of Controversial Weapons.
- The Sub-Fund will exclude direct exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective

1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list. In addition, depleted uranium and white phosphorus are excluded.

- Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material Breaches of the UN Global Compact Principles. The Sub-Fund will exclude: Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services. Thermal Coal: Mining - companies deriving more than 10% of their revenues from thermal coal extraction. Power Generation - companies deriving more than 10% of their revenues from coal power generation. Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration. Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies"). The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.
- Minimum % of Green Star companies.
- The Investment Manager will invest at least 50% of the Sub-Fund's assets in sustainable investments (those described as 'green star' according to the LOIM Classification Framework).
- Maximum exposure to Red Star companies.
- The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red star' according to the LOIM Classification Framework by 50% compared to its benchmark.
- **Methodological limits:** Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Before making any investment decision, please read the Key Information Document (KID), the Prospectus, its SFDR Appendix and the SFDR website product disclosure to consider all characteristics, objectives, binding elements of the selection process and methodological limits. A summary of the SFDR website product disclosure is available in English at the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1795/18347.html

LO Funds – New Food Systems

Investment objective and policy

- The Sub-Fund invests primarily in equity and equity related securities of companies worldwide (including Emerging Markets) whose growth will benefit from regulations, innovations, services or products related to more environmental-friendly agricultural and food production, distribution and diets aligned with the transition to a more circular, leaner, more inclusive and cleaner world. The Sub-Fund seeks to invest in high quality companies with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long-term structural trends using LOIM proprietary ESG and Sustainability Profiling tools and methodologies.

  The Fund is not a guaranteed product. There is no guarantee that the investment objective will be reached or that investors will reach a return on capital. Investors may risk losing part or all of their initial investment (risk of capital loss).
- Benchmark The Sub-Fund is actively managed. The **MSCI ACWI TR ND** index is used for performance comparison as well as internal risk monitoring purposes. The Sub-Fund's positioning will deviate substantially, and therefore the performance of the Sub-Fund may materially differ from that of the above-mentioned index.
- **Minimum recommended holding period:** 5 years.
- **Sub-fund launch date:** 7 July 2022.
- **Sub-fund reference currency:** USD.
- When a sub-fund or class is denominated in another currency than the one of your country, or when costs are partially or fully paid in another currency than yours, then costs and performances may increase or decrease as a result of currency and exchange rate fluctuations.
- **Countries of registration of the Sub-Fund:** AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE.

Risk factors

Risk and reward profile

1 2 **4** 3 5 6 7

Lower risk — Higher risk

- **The summary risk indicator:** 4 (medium risk class). The risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. The lowest risk category does not mean “risk free”. The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss: Concentration risk, Emerging market risk and Active management risk.
- **Main risks (non-exhaustive list):** Equities, Small and medium sized capitalisations, Currencies, Emerging markets, Regional or sectorial concentration, Derivatives (Hedging / Efficient Portfolio Management).

Main costs (not an exhaustive list, as per the KID dated 6 February 2024):

- (Illustrative share class PA (USD): ISIN LU2491941154 – countries of registration AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE.
- Management fees and other administrative or operating costs: 1.85% of the value of your investment per year. This is an estimate of all the management and operational costs (other than transaction costs).
- **Performance fee:** none.

This is not an exhaustive list of the risks and costs. Other risks and several other costs apply, differ per share class and are subject to change. All the risks and costs are detailed in the Prospectus and Key Information Document (KID) available on the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1945/19455.html

SFDR

- **SFDR classification:** Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services industry. This sub-fund promotes environmental or social characteristics while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments.

Binding elements of the selection process:

- Exclusion of Controversial Weapons

  The Sub-Fund will exclude direct exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list. In addition, depleted uranium and white phosphorus are excluded.

- Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material Breaches of the UN Global Compact Principles

  The Sub-Fund will exclude: Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services. Thermal Coal: Mining - companies deriving more than 10% of their revenues from thermal coal extraction. Power Generation - companies deriving more than 10% of their revenues from coal power generation. Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration. Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles (“Level 5 Controversies”). The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager’s exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

- Minimum % of Green Star companies

  The Investment Manager will invest at least 50% of the Sub-Fund’s assets in sustainable investments (those described as ‘green star’ according to the LOIM Classification Framework).

- Maximum exposure to Red Star companies

  The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red star' according to the LOIM Classification Framework by 50% compared to its benchmark.

- **Methodological limits:** Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Before making any investment decision, please read the Key Information Document (KID), the Prospectus, its SFDR Appendix and the SFDR website product disclosure to consider all characteristics, objectives, binding elements of the selection process and methodological limits. A summary of the SFDR website product disclosure is available in English at the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1945/19455.html

LO Funds – Planetary Transition

Investment objective and policy

- The Sub-Fund invests in equity and equity related securities issued by companies world-wide (including Emerging Markets) whose growth will benefit from regulations, innovations, services or products related to the global fight against or adaptation to climate change. The Sub-Fund seeks to invest in high quality companies with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long-term structural trends using its proprietary environmental, social and governance factors.

  The Fund is not a guaranteed product. There is no guarantee that the investment objective will be reached or that investors will reach a return on capital. Investors may risk losing part or all of their initial investment (risk of capital loss).

- **Benchmark:** The Sub-Fund is actively managed. The **MSCI World TR ND** index is used for performance comparison as well as internal risk monitoring purposes. The Sub-Fund's positioning will deviate substantially, and therefore the performance of the Sub-Fund may materially differ from that of the above-mentioned index.
- **Minimum recommended holding period:** 5 years.
- **Sub-fund launch date:** 17 March 2020.
- **Sub-fund reference currency:** USD.

  When a sub-fund or class is denominated in another currency than the one of your country, or when costs are partially or fully paid in another currency than yours, then costs and performances may increase or decrease as a result of currency and exchange rate fluctuations.

- **Countries of registration of the Sub-Fund:** AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG.

Risk factors

Risk and reward profile

1 2 3 **4** 5 6 7

Lower risk → Higher risk

- **The summary risk indicator:** 4 (medium risk class). The risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. The lowest risk category does not mean "risk free". The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss: **Concentration risk, Emerging market risk and Active management risk**.
- **Main risks (non-exhaustive list):** Equities, Small and medium sized capitalisations, Currencies, Emerging markets, Regional or sectorial concentration, Derivatives (Hedging / Efficient Portfolio Management).

Main costs (not an exhaustive list, as per the KID dated 6 February 2024):

- (Illustrative share class PA (USD): ISIN LU2107587557 – countries of registration: AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG
- Management fees and other administrative or operating costs: 1.86% of the value of your investment per year. This is an estimate of all the management and operational costs (other than transaction costs).
- **Performance fee:** none

This is not an exhaustive list of the risks and costs. Other risks and several other costs apply, differ per share class and are subject to change. All the risks and costs are detailed in the Prospectus and Key Information Document (KID) available on the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1736/17365.html

SFDR

- **SFDR classification:** Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services industry. This sub-fund promotes environmental or social characteristics while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments.

Binding elements of the selection process:

- Exclusion of Controversial Weapons

  The Sub-Fund will exclude direct exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list. In addition, depleted uranium and white phosphorus are excluded.

- Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material Breaches of the UN Global Compact Principles

  The Sub-Fund will exclude: Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services. Thermal Coal: Mining - companies deriving more than 10% of their revenues from thermal coal extraction. Power Generation - companies deriving more than 10% of their revenues from coal power generation. Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration. Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies"). The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

- Minimum % of Green Star companies

  The Investment Manager will invest at least 50% of the Sub-Fund's assets in sustainable investments (those described as 'green star' according to the LOIM Classification Framework).

- Maximum exposure to Red Star companies

  The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red star' according to the LOIM Classification Framework by 50% compared to its benchmark.

- **Methodological limits:** Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Before making any investment decision, please read the Key Information Document (KID), the Prospectus, its SFDR Appendix and the SFDR website product disclosure to consider all characteristics, objectives, binding elements of the selection process and methodological limits. A summary of the SFDR website product disclosure is available in English at the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1736/17365.html

LO Funds – TargetNetZero Global Equity

Investment objective and policy

- The Sub-Fund invests mainly in equity securities issued by companies selected based on proprietary responsible criteria which includes social, environmental, ethical and/or corporate governance factors. In addition, the fund manager applies a proprietary risk-based methodology which determines and adjusts the weighting of each security, sector and country.
- The Fund is not a guaranteed product. There is no guarantee that the investment objective will be reached or that investors will reach a return on capital. Investors may risk losing part or all of their initial investment (risk of capital loss).
- **Benchmark:** The Sub-Fund is actively managed. The MSCI World TR ND index is used for performance comparison as well as internal risk monitoring purposes. The Sub-Fund's securities will generally be similar to those of the above-mentioned index but the security weightings are expected to differ to a limited extent.
- **Minimum recommended holding period:** 5 years.
- **Sub-fund launch date:** 22 March 2017.
- **Sub-fund reference currency:** USD.

When a sub-fund or class is denominated in another currency than the one of your country, or when costs are partially or fully paid in another currency than yours, then costs and performances may increase or decrease as a result of currency and exchange rate fluctuations.

- **Countries of registration of the Sub-Fund:** AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG.

Risk factors

Risk and reward profile

- **The summary risk indicator:** 4 (medium risk class). The risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. The lowest risk category does not mean "risk free". The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss: **Operational risk and risks related to asset safekeeping, model risk and financial, economic, regulatory and political risks**.
- **Main risks (non-exhaustive list):** Equities, Small and medium sized capitalisations, Currencies, Emerging markets, Regional or sectorial concentration, Derivatives (Hedging / Efficient Portfolio Management), Derivatives (Investment strategy).

Main costs (not an exhaustive list, as per the KID dated 6 February 2024):

- (Illustrative share class PA (USD): ISIN LU1490632186 – countries of registration: AT, BE, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG.
- Management fees and other administrative or operating costs: 0.91% of the value of your investment per year. This is an estimate of all the management and operational costs (other than transaction costs).
- **Performance fee:** none

This is not an exhaustive list of the risks and costs. Other risks and several other costs apply, differ per share class and are subject to change. All the risks and costs are detailed in the Prospectus and Key Information Document (KID) available on the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1419/14195.html

SFDR

- **SFDR classification:** Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services industry. This sub-fund promotes environmental or social characteristics while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments.

Binding elements of the selection process:

- Exclusion of Controversial Weapons

  The Sub-Fund will exclude direct exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list. In addition, depleted uranium and white phosphorus are excluded.

- Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material Breaches of the UN Global Compact Principles

  The Sub-Fund will exclude: Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services. Thermal Coal: Mining - companies deriving more than 10% of their revenues from thermal coal extraction. Power Generation - companies deriving more than 10% of their revenues from coal power generation. Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration. Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies"). The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

Before making any investment decision, please read the Key Information Document (KID), the Prospectus, its SFDR Appendix and the SFDR website product disclosure to consider all characteristics, objectives, binding elements of the selection process and methodological limits. A summary of the SFDR website product disclosure is available in English at the following link: https://am.lombardodier.com/lu/en/professional/investment-funds/fund/1419/14195.html

Sustainable Private Credit

Investment objective and policy

- The Sub-Fund seeks to invest in companies of high quality that, by virtue of their business nature, act as generators of impact, tackling the climate transition opportunity. The Fund aims to invest in companies with sustainable financial models and demonstrated resilience and adaptability in their business models and practices, allowing them to capitalize on the climate transition. ***The Fund is not a guaranteed product. There is no guarantee that the investment objective will be reached or that investors will reach a return on capital. Investors may risk losing part or all their initial investment (risk of capital loss).***
  - Benchmark: N/A.
  - Term: five (5) years from the Final Closing Date, subject to up to one (1) year extension.
  - Sub-fund launch date: June 2022.
  - Sub-fund reference currency: USD.

Countries of registration of the Sub-Fund: AT, BE, DE, ES, FI, FR, GB, IE, IT, LI, LU, NL, NO, SE.

Risk factors

- Main risks (non-exhaustive list): credit risk, interest rate risk, liquidity risk, prepayment risk, default risk, regulatory risk, market risk, counterparty risk misrepresentation fraud and misconduct, third-party involvement, cyber security and identity theft.

Main costs

- Management fees: 1% on invested capital.
- Performance fee: 15% above 7% preferred return.

This is not an exhaustive list of the risks and costs. Other risks and several other costs apply, differ per share class and are subject to change. All the risks and costs are detailed in the Prospectus and Key Information Document (KID) available upon request.

SFDR

- SFDR classification: Article 9 of Regulation (EU) 2019/2088. This sub-fund has a sustainable investment objective aimed at promoting the climate transition, and commits to 100% of sustainable investments excluding cash and cash equivalents.

Binding elements of the selection process:

- Exclusion of Controversial Weapons

  The Sub-Fund will exclude direct exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list. In addition, depleted uranium and white phosphorus are excluded.

- Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material Breaches of the UN Global Compact Principles

  The Sub-Fund will exclude: Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services. Thermal Coal: Mining - companies deriving more than 10% of their revenues from thermal coal extraction. Power Generation - companies deriving more than 10% of their revenues from coal power generation. Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration. Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies"). The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

Before making any investment decision, please read the Key Information Document (KID), the Prospectus, its SFDR Appendix and the SFDR website product disclosure to consider all characteristics, objectives, binding elements of the selection process and methodological limits.

IMPORTANT INFORMATION

Lombard Odier Funds (hereinafter the "Fund") is a Luxembourg investment company with variable capital (SICAV). The Fund is authorised and regulated by the Luxembourg Supervisory Authority of the Financial Sector (CSSF) as an Undertaking for Collective Investments in Transferable Securities UCITS under Part I of the Luxembourg law of the 17 December 2010 implementing the European directive 2009/65/EC, as amended ("UCITS Directive"). This marketing document particularly relates to **Circular Economy, Planetary Transition, TargetNetZero Global Equity and New Food Systems,** Sub-Funds of LO-Funds (hereinafter the "Sub-Funds").

This marketing document also relates to Sustainable Private Credit Fund [Sustainable Private Credit GP S.à r.l., a société à responsabilité limité organised and existing under the laws of the Grand Duchy of Luxembourg (the "Company") This document is intended only for Professional Investors in the EU/EEA countries where the Fund is registered for distribution, within the meaning of the Markets in Financial Instruments Directive 2014/65/EU (MiFID) and is not intended for retail investors, nor for U.S. Persons as defined under Regulation S of the United States Securities Act of 1933, as amended.

This document is issued by Lombard Odier Funds (Europe) S.A (hereinafter the "Management Company"). The Management Company is authorised and regulated by the Commission de Surveillance du Secteur (the "CSSF") within the meaning of EU Directive 2009/65/EC and has its registered office at 291, Route d'Arlon, L-1150 Luxembourg. The Management Company is clustered within the Lombard Odier Investment Management Division ("LOIM") of Lombard Odier Group. The LOIM entities support in the preparation of this document and LOIM is a trade name. The Fund is authorized and regulated by the CSSF as a UCITS within the meaning of EU Directive 2009/65/EC, as amended.

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The information and analysis contained herein are based on sources believed to be reliable. While LOIM uses its best efforts to ensure that the content is created in good faith, with greatest care and with accuracy, it does not guarantee the timeliness, validity, reliability or completeness of the information contained in this document, neither does it warrant that the information is free from errors and omission not does it accept any liability for any loss or damage resulting from its use. All information and opinions as well as the prices indicated may change without notice. Particular contents of third parties are marked as such. LOIM assumes no liability for any indirect, incidental or consequential damages that are caused by or in connection with the use of such content.

The Source of the data has been mentioned wherever it was available. Unless otherwise stated, the data is prepared by LOIM.

An investment in the Fund is not suitable for all investors. The ownership of any investment decision(s) shall exclusively vest with the investor. Investment must be done after analysing all possible risk factors and by exercising of independent discretion. The investor must particularly ensure the suitability of an investment as regards with his/her financial situation, risk profile and investment objectives investing. **There can be no assurance that the Fund's investment objective will be achieved or that there will be a return on capital. Past or estimated performance is not necessarily indicative of future results and no assurance can be made that profits will be achieved or that substantial losses will not be incurred.** The investor bears the risk of losses in connection with any investment. The information contained in this document does not constitute any form of advice on any investment or related consequences of making any particular investment decision in any particular investment decision in any Fund. Each investor shall make his/her own appraisal of risk, goals, liquidity, taxes and other financial merit of his/her investment decisions. Views, opinions and estimates may change without notice and are based on a number of assumptions which may or may not eventuate or prove to be accurate. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product.

Where the Fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income. All performance figures reflect the reinvestment of interest and dividends and do not take account the commissions and costs incurred on the issue and redemption of shares/units; performance figures are estimated and unaudited. Net performance shows the performance net of fees and expenses for the relevant fund/share class over the reference period. This document does not contain personalised recommendations or advice and is not intended to substitute any professional advice on investment in financial products. Neither this marketing communication nor this document nor any part of it shall form the basis of, or be relied on in connection with, any contract to purchase or subscription to the Fund. Not all costs are listed in this document and the investor is recommended to refer to the Offering documents for more information.

The articles of association, the prospectus, the Key Information Document ("PRIIPS KIDs), and the subscription form are the only official Offering Documents of the Fund's shares (the "Offering Documents"). No party is authorised to provide information or make assurances that are not contained in the Offering Documents.

Access to documents in EU/EEA countries:

The PRIIPS/KIDs are available in one of the official languages of your country and a Prospectus is available in English. The PRIIPS KIDs and the Prospectus together with the Articles of Incorporation and the last annual and semi-annual financial report are available at http://www.loim.com or can be requested free of charge at the registered office of the Fund or of the Management Company, from the distributors of the Fund or from the local representatives as mentioned below. These Offering Documents are provided for information and illustration and is not a contractually binding document or an information required by any legislative provisions and is not sufficient to take an investment decision.

Please refer to the Prospectus and the PRIIPS/KIDs before making any final investment decisions. Before making an investment in the Fund, an investor should read the entire Offering Documents, and in particular the risk factors pertaining to an investment in the Fund, consider carefully the suitability of such investment to his/her particular circumstances and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences.

LOIM recognises that conflicts of interest may exist as a consequence of the distribution of the Fund issued or managed by entities within the Lombard Odier Group. LOIM has a Conflict of Interests policy to identify and manage such conflicts of interest.

A summary of investor rights relating to an individual or collective action for litigation on a financial product at EU level and in your country of residence, is available in English on https://am.lombardodier.com/home/asset-management-regulatory-disc.html.

Limitation on Sale

The shares issued for this Fund may only be publicly offered or sold in countries in which such a public offer or sale is permitted. Therefore, unless the Management Company or representatives of the Management Company have filed an application with the local supervisory authorities and permission has been granted by the local supervisory authorities, and as long as no such application has been filed or no such permission granted by the supervisory authorities, this Fund does not represent an offer to buy investment shares.

Not for US Person: The Fund has not been registered pursuant to the 1933 United States Securities Act. This document is **not** intended for any "U.S. Person" as defined in Regulation S of the Act, as amended or pursuant to the 1940 United States Investment Company Act as amended and will not be registered pursuant to the 1940 United States Investment Company Act as amended, or pursuant to other US federal laws. Therefore, the shares will not be publicly offered or sold in the United States. Neither this document nor any copy thereof may be sent, taken into, or distributed in the United States of America, any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States Person For this purpose, the term "United States Person" shall mean any citizen, national or resident of the United States of America, partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States or of any state, territory or possession thereof, or any estate or trust that is subject to United States Federal income tax regardless of the source of its income.

The Fund is currently notified for marketing into a number of jurisdictions. The Management Company may decide to terminate the arrangements made for the marketing of the Fund at any time using the process contained in Article 93a of the UCITS Directive.

When Fund is registered in the following jurisdictions and it is represented by the following Representatives:

Austria. Representative: Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Supervisory Authority: Finanzmarktaufsicht (FMA)

Belgium. Financial services Provider: CACEIS Belgium S.A., Avenue du Port 86 C, b 320, 1000 Brussels, Supervisory Authority: Autorité des services et marchés financiers (FSMA)

France. Representative: CACEIS Bank, Rue Gabriel Péri 89-91, 92120 Montrouge, Supervisory Authority: Autorité des marchés financiers (AMF)

Germany. Representative: DekaBank Deutsche Girozentrale, Mainzer Landstraße 16, D-60325 Frankfurt am Main, Supervisory Authority: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)

Ireland. Facilities Agent: CACEIS Ireland, One Custom House Plaza, International Financial Services Centre, Dublin 1, Ireland, Supervisory Authority: Central Bank of Ireland (CBI)

Italy. Paying Agents: Société Générale Securities Services S.p.A., Via Benigno Crespi, 19/A-MAC 2, 20159 Milano, State Street Bank International GmbH – Succursale Italia, Via Ferrante Aporti, 10, 20125 Milano, Banca Sella Holding S.p.A., Piazza Gaudenzio Sella, 1, 13900 Biella, All funds Bank, S.A.U., Milan Branch, Via Bocchetto 6, 20123 Milano, CACEIS Bank S.A., Italy Branch, Piazza Cavour 2, 20121 – Milano, Supervisory Authority: Banca d'Italia (BOI)/ConSob

Liechtenstein. Representative, LGT Bank AG Herrengasse 12, 9490 Vaduz, Supervisory Authority: Finanzmarktaufsicht Liechtenstein ("FMA")

Netherlands. Representative: Lombard Odier Funds (Europe) S.A. – Dutch Branch, Parklaan 26, 3016 BC Rotterdam, Supervisory Authority: Autoriteit Financiële Markten (AFM)

Spain. Representative: All funds Bank, S.A.U. C/de los Padres Dominicos, 7, 28050, Madrid, Supervisory Authority: Comisión Nacional del Mercado de Valores (CNMV)

Sweden. Representative: SKANDINAVISKA ENSKILD ABANKENAB (publ), Kungsträdgårdsgatan, SE-10640 Stockholm, Supervisory Authoriy: Finans Inspektionen (FI)

Glossary:

For more definitions please refer to https://am.lombardodier.com/home/glossary.html