Sustainability & Stewardship

Climate Risk is Financial Risk

REPORT 2024

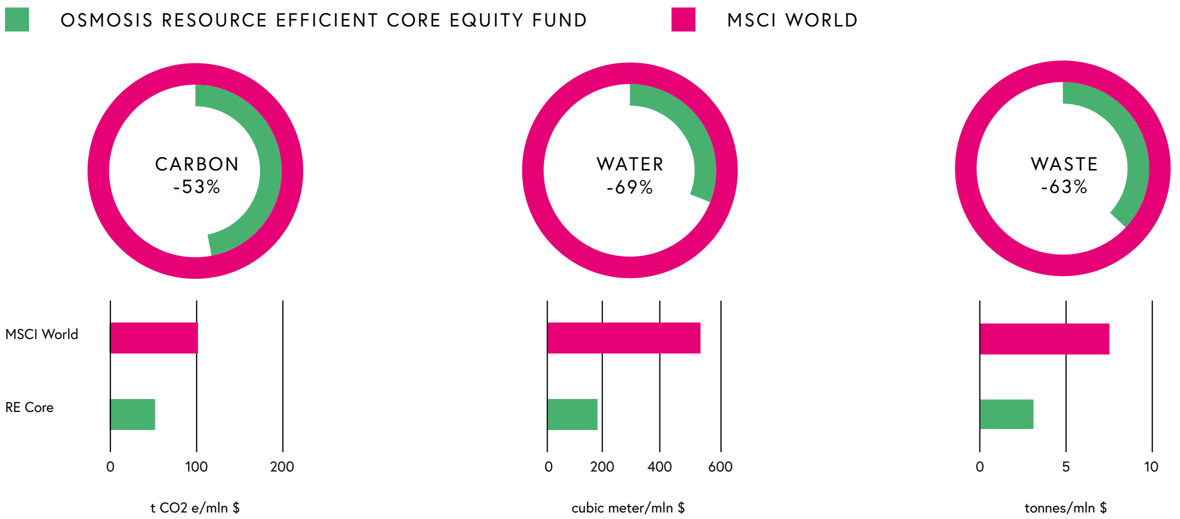
Contents

The Osmosis annual Stewardship Report for the year ended 31 December 2024 was reviewed and approved by the Osmosis ManCo, who consider it to be a complete and accurate report on how we have applied the principles of the Code over the period.

1. Introduction

> Climate-driven disruption poses a growing threat to corporate profitability – manifesting in the form of business interruption, supply chain disruption and lower employee productivity.
>
> ***Business on the Edge: Building Industry Resilience to Climate Hazards, World Economic Forum, 2024***

1.1 2024 in Review



Source: Osmosis IM, Bloomberg, MSCI. Average of quarterly savings from 1 January 2024 to 31 December 2024.

697
SHAREHOLDER MEETINGS

+$750bn
COMBINED ASSETS SUPPORTING OUR NON-DISCLOSURE+ CAMPAIGN

PRI Principles for Responsible Investment
AWARDED TOP SCORES ACROSS EACH CATEGORY*

99.9%
SHARES VOTED

$17bn**
SUSTAINABLE ASSETS UNDER MANAGEMENT

495
COMPANIES DIRECTLY ENGAGED

Environmental Finance Sustainable Investment Awards 2024 Winner
Boutique investment manager of the year – Europe

BOUTIQUE INVESTMENT MANAGER OF THE YEAR

CDP DRIVING SUSTAINABLE ECONOMIES

THE GLOBAL COMPACT

ShareAction»

Climate Action 100+

* https://www.osmosisim.com/osmosis-receives-2024-rating-from-un-pri-assessment/

** As of end December 2024 – Osmosis Investment Management UK ("OIM UK") is an affiliate of Osmosis Investment Management US LLC ("OIM US") and Osmosis Investment Management AUS Pty Ltd ("Osmosis AUS"). Osmosis Investment Management AUM includes discretionary assets under management of OIM US, OIM UK, and OIM AUS and assets invested in model programs provided by OIM US and OIM UK.

Disclaimer: Osmosis received top ratings in the Principles of Responsible Investing (PRI) 2024 Assessment Report given on 25 November 2024 and corresponds to the annual reporting period of 1/1/2023 to 31/12/2023. This assessment is free for all PRI signatory members, however, all signatories are required to pay an annual membership fee. The Boutique Investment Manager of the Year Europe award was given to Osmosis in June 2024, relating to the annual periods May 23 – May 24. Environmental Finance's Sustainable Investment Awards are free to applicants and open to all organisations globally.

1.2 To Our Clients

This year extreme weather events have once again reinforced the urgency of the climate crisis. Devastating wildfires in the US and Greece, widespread flooding in Bangladesh, Brazil and Spain, and another hottest year in the UN's records. Simultaneously, sustainable investing has faced a punishing environment categorised by shifting political priorities and market volatility.

Stewardship has never been more important. Market cycles fluctuate and political priorities shift, but as responsible stewards of capital we must remember that climate change operates on a long-term timescale, and our response must continue to reflect that.

Osmosis was founded on the principle that sustainable investment need not come at the cost of financial returns and that allocators of capital shoulder the responsibility of delivering positive financial, environmental, and social outcomes on behalf of their investors. Active ownership therefore lies at the heart of responsible investment management.

I am delighted to present our fourth annual Stewardship and Sustainability Report, updated with new examples of how we have applied the code through 2024. This report is also a reminder that climate risk is financial risk, each chapter highlighting different economic consequences of climate change.

Our stewardship initiatives continued to grow in both scale and ambition over the year. We launched our first targeted Non-Disclosure+ Campaign, tackling non-disclosure amongst the world's largest corporations to promote corporate transparency. It is supported by like-minded peers and investors with combined assets of over US$750bn (as of end March 2025). We also acted as 'Lead Investors' on both CDP's annual Disclosure Campaign and PRI's nature initiative, Spring.

Over the year, we executed our voting rights across 10,484 issues, at 697 shareholder meetings and engaged with 495 companies from 46 countries to enhance their disclosures and encourage further transparency across their environmental balance sheets, an increase of 45% from 2023.

2024 was also a year of firm expansion. In July, we incorporated Osmosis Investment Management Netherlands BV, a dedicated sustainable fixed income manager. Launching in 2025, the business adds another pillar to our product offering, fulfilling a long-term goal of being able to serve investors seeking sustainable outcomes across multiple asset classes.

In December, we announced an exciting partnership to sub-advise a suite of Resource Efficient ETFs domiciled in the United States (US) – an international developed markets solution and emerging markets offering. The Emerging Markets launch marked an important milestone, reflecting the culmination of our two year effort to reshape perceptions of environmental data in these fast-growing economies. For our investors, the opportunity is twofold: potential for stronger returns and real-world impact. Investors who prioritise sustainability in these regions can drive important, tangible progress while positioning their portfolios for growth in a resource-constrained future.

Since our last report, our strategies were on average 51% more carbon efficient, 62% more water efficient, and 57% more waste efficient than their benchmarks. We have also seen our assets under management increase by $2.1 billion, growing 14% to reach $17.27 billion at the end of December 2024.

Despite turbulent rhetoric surrounding sustainability, I remain thankful to shareholders, service providers, and committed team, who continue to believe in our mission. As long-term investors, we must continue to differentiate between cyclical shifts and structural trends. Politics is transitory, but climate change is not. As a firm we are more determined than ever to drive the change that is required, both from our industry peers and the companies in which we invest, for the transition to a more sustainable world economy.

Please reach out if you'd like further details from this report or to share your thoughts with us more broadly.

Best regards for 2025,

Ben Dear
CEO

1.3 Purpose, Strategy, and Culture

Founded in 2009 privately owned by employees and supported by Oxford Endowment Fund, Capricorn Investment Group and Nikko AM

34 staff in UK and US

Global client base including pension funds, family offices and wealth funds

60-70% reduction in carbon, water and waste, relative to benchmark

All portfolios are ex-tobacco and aligned with UN Global Compact Principles for social and governance safeguarding

$17bn* in total assets under management

* As of December 2024 – Osmosis Investment Management UK Ltd ("OIM UK") is an affiliate of Osmosis Investment Management US LLC ("OIM US") and Osmosis Investment Management AUS Pty Ltd ("Osmosis AUS"). Osmosis Investment Management AUM includes discretionary assets under management of OIM US, OIM UK, and OIM AUS and assets invested in model programs provided by OIM US and OIM UK.

1.31 Our Purpose, Values and Culture

Osmosis was founded in 2009 to change the way capital is utilised as a force for positive environmental change. Our philosophy has always been that for sustainable investment to gain mainstream adoption, positive environmental impact should not come at the cost of portfolio performance.

Focusing on listed equities, our funds and strategies are focused on delivering three core levels of impact:

- Targeting better risk-adjusted returns for our clients
- Delivering an objective and measurable environmental impact through the reduction in ownership of carbon, water & waste relative to respective benchmarks
- Leading an active engagement program to promote the disclosure of environmental data. We believe that a company that discloses its environmental footprint is more likely to manage, measure and reduce its impact

Today, Osmosis is at the forefront of transitioning environmental data into traditional portfolio theory and construction. The firm's successful range of Resource Efficient investment portfolios has attracted a global client roster, including government pension funds, insurance companies, foundations, endowments, family offices and banks.

The firm remains majority-owned by its employees and directors. We believe this unites us in a dynamic culture that embraces progressive thinking and inspires the evolution of new ideas and innovation. We seek to recruit people who share our values so that, independent of compensation, they strive to deliver better returns for all our stakeholders, both financially and environmentally.

Osmosis targets three pillars of impact

Superior risk-adjusted returns
Generated through the identification of Resource Efficient companies

Environmental Impact
All our funds demonstrate tangible reductions in carbon, water, and waste intensity

Active Engagement
We engage with companies to promote transparent disclosure of environmental data

1.3 Purpose, Strategy, and Culture (cont'd)

1.32 Serving our Clients

To serve our clients' best interests, our products target three pillars of impact: superior risk-adjusted returns, environmental footprint reductions and active engagement.

In 2024, we believe Osmosis successfully implemented all three pillars across our client accounts. Our products have developed mature track records and our resource efficient investment approach continues to deliver a significantly reduced environmental footprint relative to the benchmark. On average, our flagship Core Equity Fund emitted 53% less carbon, consumed 69% less water, and generated 63% less waste than the MSCI World benchmark during 2024.

Osmosis provides clients with updates which detail the success and efficacy of all three pillars on a quarterly basis. In this report, our focus will be on our active engagement pillar and the importance of our active ownership programme.

1.33 Investment Philosophy

Being a responsible investor lies at the heart of our investment philosophy.

Climate change and pressure on natural resources, coupled with growing societal awareness, are drivers forcing corporates to implement sustainable production and business processes.

We believe that those companies that are more resource-efficient, having effectively monetised sustainability to the balance sheet, are more likely to outperform their peers over the long term.

Quite simply, doing MoRE with less should be rewarded.

1.34 Resource Efficiency – A Sustainable Factor and Source of Uncorrelated Return

The team identified Resource Efficiency as a predictor of firm value and independent source of alpha through in-depth research and can corroborate our research with robust statistical evidence over time across economic sectors and geographic regions. The independent nature of Resource Efficiency as an investment signal allows us to build investment strategies within a risk-controlled framework accounting for common country, industry, and factor biases.

We firmly believe, as responsible asset managers, that integrating any sustainability metric should not be done in the absence of risk awareness or an ability to enhance portfolio return. When integrated into a portfolio, we can account through detailed performance and risk attribution the impacts of integrating our Resource Efficiency factor into the portfolio. Building on this, our portfolios aim to provide higher risk-adjusted returns while delivering lower environmental footprints relative to the benchmark.

1.35 A Broad Economy Solution

To effectively address the climate crisis and environmental pollution, we believe all industries need to transition to form part of a greener economy. Our strategies target a just transition by taking responsible exposure to all sectors (ex-tobacco) and overweighting those efficient companies at the forefront of this transition while underweighting their inefficient peers. This whole economy approach effectively deals with both supply and demand issues of natural resources in the broader economy. Measuring and managing the non-trivial use of environmental resources are also often proxies for the effective management of other hard financial metrics.

1.36 Significant Reductions in Three Environmental Metrics

Unlike one-dimensional carbon optimised portfolios, our multi environmental factor-based approach results in a significant reduction in environmental intensity. In all our portfolios relative to their benchmarks. Our flagship Core Equity Fund demonstrated a reduction in the ownership of carbon (-53%), water (-69%) and waste (-63%) during the year.*

* as of end December 2024

1.4 Our Approach to Stewardship

We recognise that our duty extends beyond being responsible investors to acting as responsible owners of the companies and assets in which we have invested, and active ownership is fully integrated into our investment process. We believe that, alongside capital allocation, engagement, active ownership, and stewardship are essential tools to help steer and influence the direction of company management. As stewards of our clients' capital, we seek to:

1.41 Promote Improved Disclosure

Our active engagement program seeks to promote greater environmental transparency, through more informed and robust disclosure, and encourages companies and issuers to become more resource-efficient over time. Encouraging companies to develop more granular and robust sustainability reporting has been a long-term focus for Osmosis. Our research demonstrates that a company that discloses its environmental footprint is more likely to manage, measure and reduce its impact.

1.42 Work in Collaboration

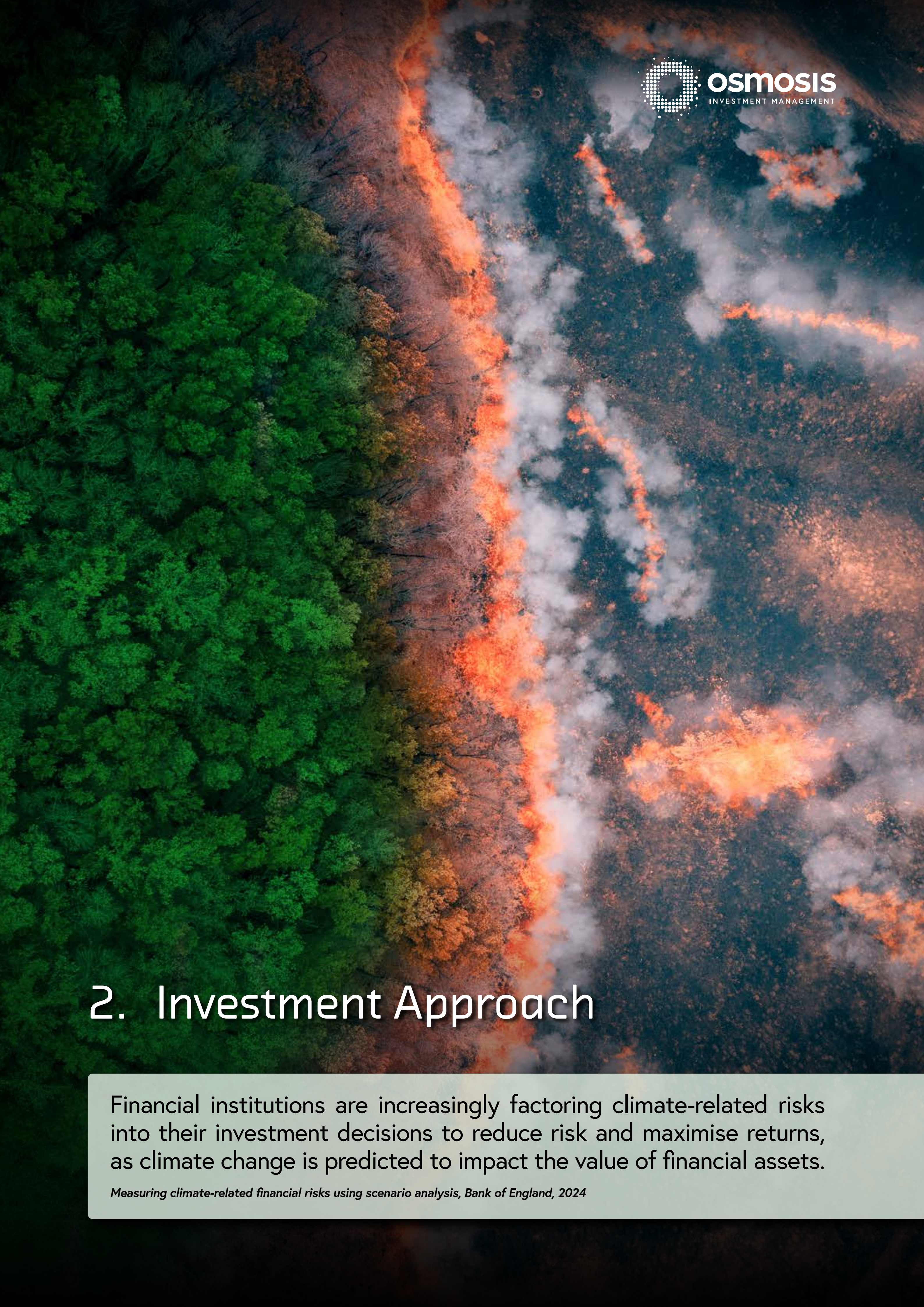
We recognise the benefits of working collaboratively to advocate for change at a broader market level. In 2024, Osmosis launched our own Non-Disclosure+ Campaign, tackling non-disclosure of some of the world's largest corporations to make significant strides in promoting corporate environmental transparency. The campaign is supported by like-minded peers with combined assets of +$750bn, as of March 2025. More information on this campaign is available in section 3.3.

Osmosis also maintains active relations with key organisations in the responsible investment community. This year we acted as lead investors on both CDP's (Carbon Disclosure Project) annual Disclosure Campaign and PRI's nature initiative, Spring. For the third consecutive year, we continued surveying firms in our investment universe to track their decarbonisation progress, in line with the Oxford Martin Principles. We are pleased to have expanded our survey coverage to include emerging economies for the first time for both the CDP campaign and Oxford Martin Principles. Additionally, Osmosis continues to be a signatory of Climate Action 100+. Further descriptions of our collaborative engagement work on these projects are found in section 3.2.

1.43 Be Active Owners

We operate a climate orientated voting policy across all our pooled funds. The policy utilises independent proxy advisory firm Institutional Shareholder Services (ISS) to promote our sustainable climate ambitions and support best practices regarding all environmental, social and governance issues.

ISS' specialty Climate Voting Policy is based on principles consistent with good stewardship that incorporate specific climate change relevant information, flags, and voting recommendations, which institutional investors can use to apply their views on a portfolio company's climate performance and disclosure. In the case of individual mandates, Osmosis works with investors, where desired, to ensure that their proxy voting strategies are enacted. Further details on our voting activities and monitoring of ISS can be found in sections 3.5 and 4.35.



2. Investment Approach

Financial institutions are increasingly factoring climate-related risks into their investment decisions to reduce risk and maximise returns, as climate change is predicted to impact the value of financial assets.

Measuring climate-related financial risks using scenario analysis, Bank of England, 2024

2.1 Client and Beneficiary Needs

Our clients lie at the heart of our business and are central to how we develop our strategies, conduct our business and manage our internal operations. All our strategies are developed to consider our clients' stewardship, investment, and longer-term fiduciary needs. In building our strategies we were conscious of the importance of controlling for the active risk that environmental investing brings into portfolios. To protect the fiduciary duty of our clients and encourage a mainstream take up of sustainable investing, it is fundamental that environmental risk is managed correctly and not left unrewarded. We also wanted to build cost-effective portfolios, believing that to drive change at scale in the industry, we needed to price the products accordingly.

Central to all our products are two objectives – to target better risk-adjusted returns, and to mitigate long-term environmental threats to portfolio performance and the planet. Using key resource efficiency indicators on the use of carbon and water and on the production of waste, all Osmosis strategies demonstrate significant reductions in resource intensity.

From a fiduciary perspective, resource efficiency is a medium to long term signal, and we consider a three to five-year investment horizon appropriate to meet the needs/expectations of our clients.

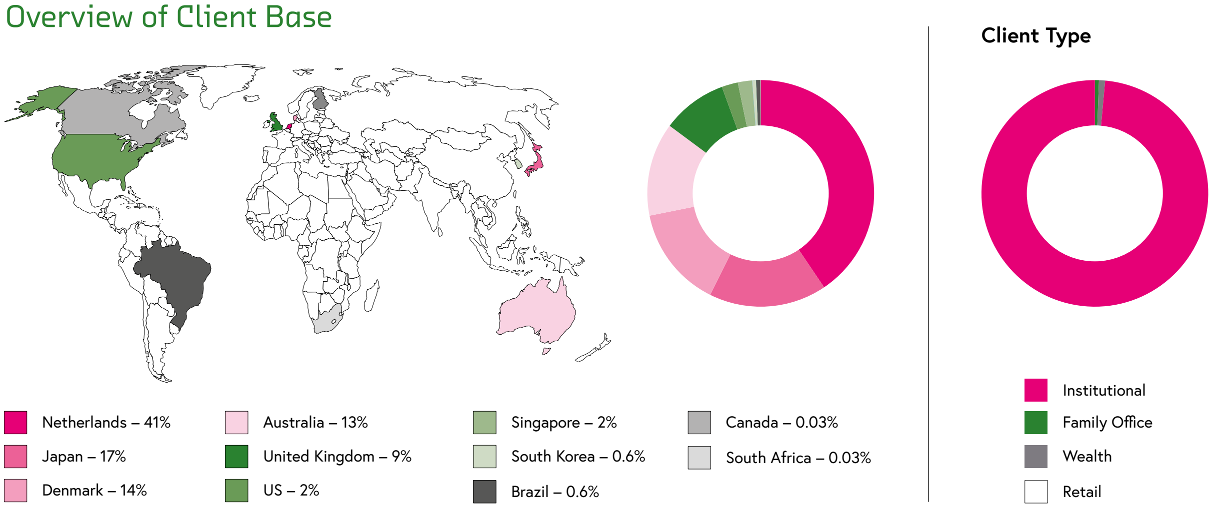
2.11 A Global Client Roster

Osmosis environmental focus has attracted a global client roster that includes pension funds, insurance companies, foundations, family offices and banks. We manage a range of systematic funds and strategies and have considerable experience customising solutions for clients targeting different risk and style exposures.

As of the end of December 2024, Osmosis had over $17 billion* in assets under management. A breakdown is provided below.

* Osmosis Investment Management UK Ltd ("OIM UK") is an affiliate of Osmosis Investment Management US LLC ("OIM US") and Osmosis Investment Management AUS Pty Ltd ("Osmosis AUS"). Osmosis Investment Management AUM includes discretionary assets under management of OIM US, OIM UK, and OIM AUS and assets invested in model programs provided by OIM US and OIM UK.

Overview of Client Base



Source: Osmosis IM, end December 2024.

2.1 Client and Beneficiary Needs (cont'd)

Osmosis sub-advised on the launch of a Resource Efficient Emerging Markets ETF to help satisfy the needs of US investors.

Objective:

- Apply the results of a two-year research project into corporate environmental data in the Emerging Markets (EM)
- Challenge misconceptions of the environmental data quality, quantity and availability in the EM
- Demonstrate the investability of companies leading environmental change in these crucial markets
- To reduce the environmental footprint of the portfolio compared to the MSCI Emerging Markets Index benchmark

Method:

- Manage the active risk through targeting maximum exposure to the Osmosis proprietary Resource Efficiency Factor while replicating the style, industry, currency, and risk exposures of the benchmark
- Align with Osmosis' social and governance screens, including exclusion of tobacco and companies that are in breach of UN Global Compact Principles
- All-economy approach encourages all sectors of the economy to adapt more climate-resilient business models

Outcome:

- Milestone achieved: Launch of first EM product as sub-advisors
- Investment in the ETF from a US State pension fund
- The portfolio closely replicates the risk characteristics of the benchmark whilst delivering significant reductions in ownership of carbon (-74%), water (-88%) and waste (-64%) as of 8 April 2025

2.12 A Focus on ESG integration and Risk

Osmosis believes that the integration of sustainability into portfolio construction requires an in-depth understanding of a client's risk parameters as well as their different values and priorities. Osmosis collaborates with all our clients to integrate sustainability considerations into their portfolios whilst maintaining traditional risk exposures aligned with the underlying client mandate. Examples include customised single stock exclusion, sector exclusion and faith-based exclusions, further detailed in section 3.4. We recently sub-advised on the roll-out of an emerging markets ETF in the US.

In addition, Osmosis can re-optimise customised ESG benchmarks to Resource Efficiency, allowing clients to clearly attribute their ESG benchmark performance relative to the traditional benchmark whilst also attributing the performance of the optimisation towards Resource Efficiency.

2.1 Client and Beneficiary Needs (cont'd)

2.13 Client Reporting

We believe that two-way communication with our clients, both seeking their views and reporting to them, is vital for our stewardship activity.

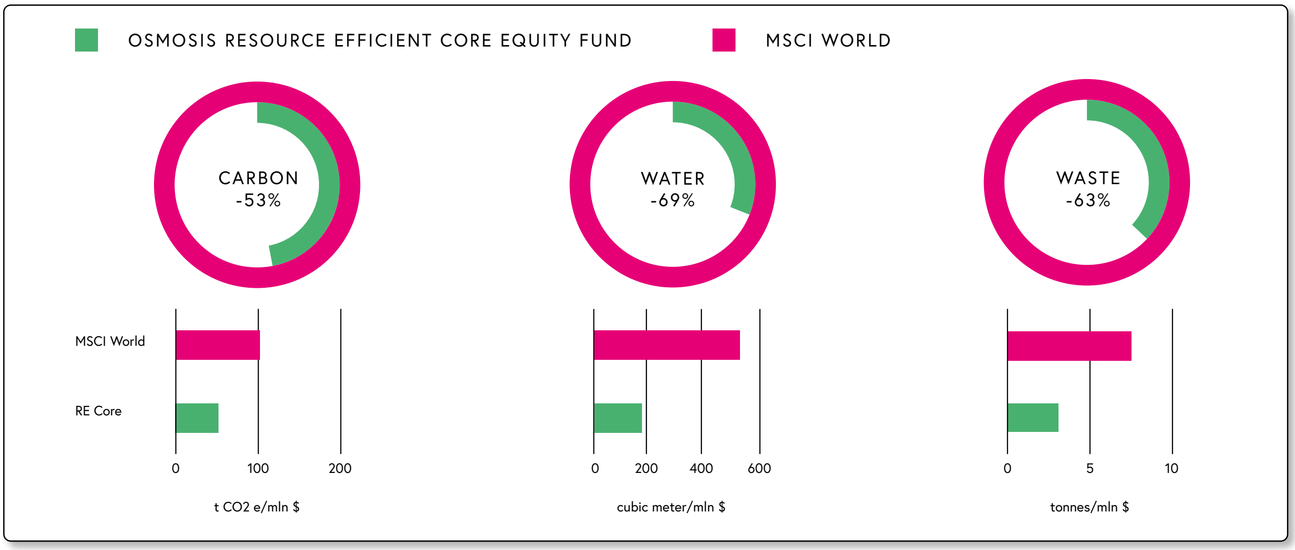
Osmosis collaborates with our clients to deliver bespoke reporting solutions and can incorporate detailed financial, environmental, and ethical considerations. Reporting frameworks, which consider the client's stewardship and investment policies, are agreed upon pre-activation of the mandate and can be further customised at a client's request.

Osmosis' client relationship management team comprises experienced client directors, each with regional expertise. Every client is allocated a dedicated client director who works towards forming a trusted partnership with them, alongside day-to-day handling of enquiries and attending client review meetings with the portfolio managers.

Osmosis provides all clients with monthly and quarterly reports covering the strategies' financial and non-financial performance. We produce detailed quarterly reports that provide comprehensive coverage of our voting and active ownership initiatives. Monthly updates detailing the outcomes of Osmosis' climate-focused voting policy can be found on our website.

2.14 Portfolio Footprinting

The Osmosis environmental database is updated monthly to account for different corporate reporting cycles and allows us to aggregate individual corporate impacts and environmentally footprint all our portfolios. By combining the individual environmental factor scores, balance sheet information, the financial balance sheet and portfolio holdings data, a total portfolio carbon, water and waste footprint can be calculated. Clients are sent this data monthly and can access it on our website.



Source: Osmosis IM, Bloomberg, MSCI. Average of quarterly savings from 1 January 2024 to 31 December 2024.

2.15 Thought Leadership

Osmosis produces frequent thought pieces, case studies and webinars on themes that we have identified as useful and meaningful for our clients. This year, we authored a paper on the relationship between sustainability and earnings surprise, investigating the justification of sustainability as a component in the investment process. Other highlights included a number of articles relating to macroeconomic environmental themes, including carbon pricing, anti-subsidy measures, and the effects of a Trump administration on climate and environmental policy. Elsewhere, our two-year Emerging Markets research project resulted in a dossier of insights, informing investors of the environmental data landscape in these emerging economies. Visit our website to learn more.

2.2 Stewardship, Investment and ESG Integration

2.21 The Environment is Integral to our Investment Approach

The integration of environmental factors into our investment process has been core to our approach since the firm's launch in 2009. As a firm, we are focused on the productive use of natural resources to generate greater economic value. We do not view Resource Efficiency independently of traditional financial criteria, but as a complementary factor which targets maximum returns from the most sustainable companies in all economic sectors.

Osmosis' Model of Resource Efficiency (MoRE) covers the whole economy, both high-intensity and low-intensity sectors. We do not differentiation between regions. We believe this encourages all sectors of the economy to adopt more climate resilient business models. Similarly, our approach to stewardship does not differ across geographies.

2.22 Governance, Resources and Incentives

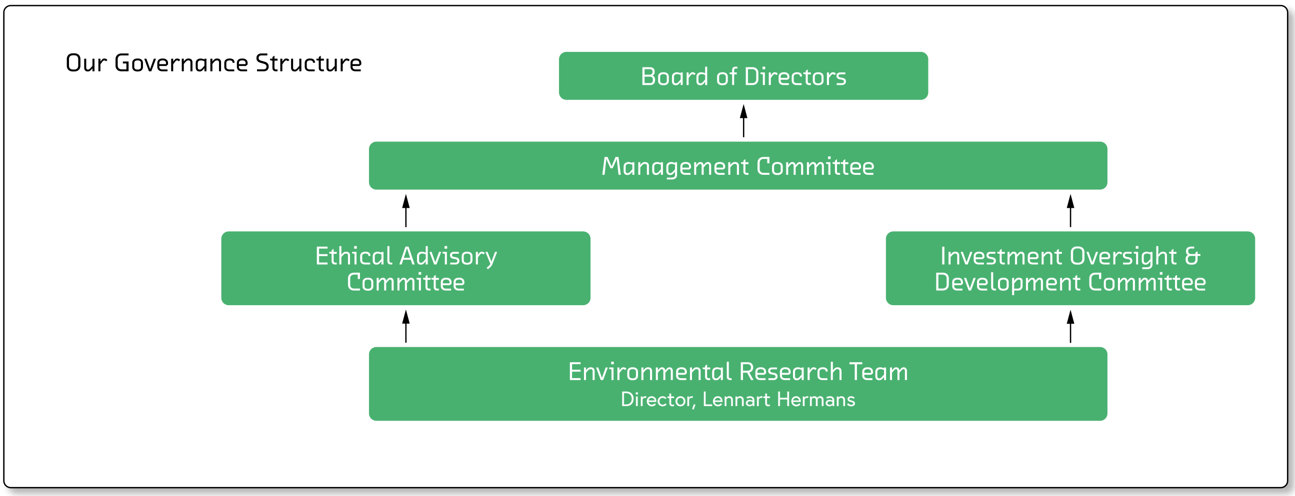
All stewardship activities are conducted by Osmosis' Environmental Research Team.

As a majority employee and director owned firm, we find it a point of pride that a belief in the central importance of environmental stewardship in the investment decision process is a valued element of our hiring process. As a result of this combination, we have a team that, independent of compensation, is always inspired and motivated to deliver better financial and environmental returns for all stakeholders.

Environmental stewardship is embedded in our investment decision-making process through our proprietary quantitative model, MoRE. This model is built, maintained, and utilised by our broader Investment Research team, headed by our CIO. The Environmental Research team, made up of experienced environmental specialists, leads the collection and assessment of the environmental data that feeds MoRE and oversees our active engagement projects and proxy voting.

Given that the integration of environmental data into the investment process is central to Osmosis' investment thesis, our stewardship activities fall under the same governance structure as our investment activities. The activities of the Investment Research Team are supervised by the Investment Oversight & Development Committee which is chaired by the CIO, and the Ethical Committee which is chaired by the Director of Environmental Research. These committees scrutinise and monitor how stewardship is built into our investment decision making.

We believe that this governance model is the most appropriate and effective structure for a firm of our size and focus. Osmosis is a small but growing firm, making improvements in governance a constantly evolving process. Osmosis' Management Committee (ManCo) bears responsibility for the governance structure, overseen by the Board of Directors. It is ManCo's role to oversee where improvements in the governance structure can be made both by mitigating foreseen risks and reacting to identified issues. In 2024, no issues arose regarding our governance structure; we therefore believe our approach is both effective and robust.



2.2 Stewardship, Investment and ESG Integration (cont'd)

2.23 Climate Change

Osmosis' approach focuses on environmental stewardship. Environmental data, namely carbon emissions, water usage and waste generation, form the basis for our measurement of corporate Resource Efficiency and therefore drive the returns of our investment products. Resource Efficiency is directly linked to climate change from both a causal and impact perspective, i.e., Resource Efficient companies have a direct impact on reducing climate change through efficient use of carbon-based fuels, but are also insulated from the effects of climate change by reducing their reliance on scarce natural resources.

2.24 Good Stewardship Informs our Investment Universe

All our strategies exclude tobacco. In addition, we align our portfolios with the UN Global Compact Principles for social and governance safeguards. This means any company in breach of these principles will be automatically excluded from portfolio selection.

To be eligible for investment in our portfolios, companies must disclose at least two of the environmental metrics of carbon, water and waste. We believe that companies that disclose, manage, and reduce their inputs are often better managed. Those that take a proactive economic approach to environmental and social issues tend to generate greater shareholder value.

Our belief in the importance of a firm's environmental footprint to its economic sustainability is also reflected in the proxy voting and engagement we undertake on behalf of our clients. Osmosis' Proxy Voting Policy seeks to actively manage and mitigate exposure to climate-related risks in portfolio companies, accurately reflecting Osmosis' belief in the long-term materiality of climate and environmental issues to shareholder value.

We work with all our clients to ensure their portfolios are run in accordance with their financial and non-financial investment guidelines. In addition to our in-house policies, we recognise the stewardship requirements of our clients are diverse, and that additional screens or exclusions may be required.

A bespoke Resource Efficient Core Equity Strategy was developed in collaboration with an Australian wealth manager

Objective:

- To target better risk-adjusted returns than the MSCI World benchmark
- To significantly reduce the environmental footprint of a global core passive equity exposure which integrates a client specific exclusion policy

Method:

- Manage the active risk through targeting maximum exposure to the Osmosis proprietary Resource Efficiency Factor while replicating the style, industry, currency, and risk exposures of the custom client benchmark
- Add additional social and governance screens to remove companies on our client's exclusion list and to align with Osmosis' in house exclusions, which include tobacco and companies that are in breach of UN Global Compact Principles

Outcome:

- The portfolio closely replicates the risk characteristics of the benchmark while delivering significant reductions in ownership of Carbon (-48%), Water (-67%) and Waste (-59%) as of end December 2024

2.2 Stewardship, Investment and ESG Integration (cont'd)

2.25 Our Investment Thesis

Corporate sustainability performance is neither well understood nor efficiently priced by markets. Our research shows that Resource Efficiency can be used to target excess returns while having a low correlation to other common factors.

Osmosis targets excess returns through the identification of Resource Efficiency in listed companies. We define Resource Efficiency as the carbon emitted, waste generated, and water withdrawn relative to value creation.

Therefore, resource-efficient companies are those that most efficiently use fewer resources than their same sector peers to create economic value. Our long-only strategies overweight efficient and underweight inefficient companies as identified by the model.

2.26 The Model of Resource Efficiency (MoRE)

Osmosis pioneered a unique research process to standardise unstructured corporate environmental data, enabling the construction of our proprietary sustainable investment factor.

Utilising publicly disclosed corporate environmental data from 2005 onwards, our in-house research team standardises carbon, water, and waste data to sector-specific frameworks. Our stock-specific resource efficiency factor score provides context and relative comparability to the environmental balance sheets of companies within 34 sectors. We believe this three-factor model delivers a comprehensive approach to environmental investment.

> "We evaluate a company on its sustainable actions rather than its intentions. We believe that those companies that are more efficient will outperform their sector peers over the long term."

Our environmental database is updated monthly to account for different corporate reporting cycles. This proprietary database allows us to aggregate individual corporate impacts and environmentally footprint of the entire portfolio. By combining the individual environmental factor scores, balance sheet information, the financial balance sheet and portfolio holdings data, a total portfolio carbon, water and waste footprint can be calculated.

2.2 Stewardship, Investment and ESG Integration (cont'd)

2.27 Enhancements to the Model in 2024

Osmosis continues to enhance and improve the efficacy of its proprietary Model of Resource Efficiency (MoRE).

During 2024, our Quantitative Research team implemented a new update which allowed the model to better capture the pricing dynamics of the Resource Efficiency factor across different sectors and time periods. To do so, they developed a methodology using the factor's information coefficient to determine where and when sustainability is rewarded or penalised within specific industries. This enables the model to more consistently predict returns across sectors, with the ultimate goal of improving risk-adjusted performance and overall investment outcomes. Extensive testing evidenced no effect on volatility, tracking error or portfolio standard deviation. The carbon, water and waste footprints relative to benchmark similarly remained unaffected by the update.

Elsewhere, the Environmental Research team continued to monitor and update corporate environmental data for our extensive research project into the Emerging Markets (EM). Data continues to be sourced, scrutinised, and verified from publicly available company reports, with no reliance on third-party or estimated data. This ensures we are confident that the data points are objective and trustworthy. In line with our existing research in the Developed Markets (DM), the team prioritises engagement with corporates to ensure a comprehensive understanding of how environmental data interacts with a particular company's business models.

Based on its findings, Osmosis has been able to prove out a sustainable factor in the EM, just as it did over 10 years ago in the DM space. This is significant in two ways. Firstly, it demonstrates that we can directly transfer our DM expertise to the EM, applying our corporate environmental data research to this new market. Secondly, this positive out of sample test of the Resource Efficiency signal supports the efficacy of our work in the DM.

At the end of 2024 we were pleased to sub-advise on the launch of the EM Strategy in an ETF vehicle domiciled in the US.

2.2 Stewardship, Investment and ESG Integration (cont'd)

Portfolio Construction for Core Equity Strategy

Investment Universe (MSCI World Index)	Environmental Data Collection	Data Standardisation	Calculate Resource Efficiency Score	Portfolio Construction
• Exclude financials, tobacco & companies in breach of UN Global Compact* • Classify companies into one of 34 Osmosis economic sectors ↓ ~1400 Companies	• Identify companies that disclose carbon, water and waste data • Data validation and statistical checks • Engage with companies for further verification ↓ ~1,050 Companies	• Create environmental economic framework across sectors • Analyse, adjust and refine carbon, water and waste data disclosures to extrapolate the productive use of resource within direct control of company management	• Calculate resource intensity for each of the three factors • Combine to form a resource efficiency score for each company • Create resource efficiency dispersions across 34 Osmosis economic sectors	Maximise RE controlling for • Country • Currency • Industry • Style • Size • Stock Cap • Turnover • Total/active risk

→ Portfolio

* for social and governance safeguarding

2.28 Environmental Outcomes

All our portfolios target superior risk-adjusted returns and greater environmental benefit, mitigating long-term threats to portfolio performance and the planet. The Resource Efficiency Signal significantly reduces the resource footprint of all our portfolios relative to their benchmarks. The average savings for our flagship Core Equity Fund during 2024 are shown below.

> "We are confident that through our academic and quantitative approach to sustainable investment, we can offer investors the enhanced financial returns required to meet long term fiduciary responsibility combined with the environmental savings required to positively impact climate change and address the longer-term pressure on natural resources."
>
> **Ben Dear, CEO**

-53% Carbon

C02e emissions per unit of revenue VS MSCI World Index

-69% Water

Water withdrawal per unit of revenue VS MSCI World index

-63% Waste

Waste generated per unit of revenue VS MSCI World index

3. Active Ownership & Stewardship

For the average listed company, climate-driven losses equate to an estimated drop in earnings of 8.1-10.1% per year by 2045.

Business on the Edge: Building Industry Resilience to Climate Hazards, World Economic Forum, 2024

At Osmosis, an important part of our work is fulfilling our stewardship responsibilities by promoting sustainable corporate practices and well-functioning markets through engagement and proxy voting.

Our research teams are equipped with a variety of skills and experience which ensure our stewardship activities are effective. The environmental research team, which carries out the majority of our stewardship activities, has members with a range of educational and professional backgrounds, such as environmental engineering, environmental technology, policy work, climate science, biodiversity, and climate-related disclosure, equipping us to advocate for these issues on a company and case-by-case basis. The environmental team is incentivised to perform our stewardship responsibilities as active ownership is central to our investment model.

3.1 Engagement

At Osmosis, active engagement serves as one of the three core pillars of our investment philosophy. As a sustainable investment manager, we believe we have a duty that extends beyond delivering financial outcomes for our clients. We therefore actively work to promote sustainable corporate practices and well-functioning markets, and engagement is one of the key methods we employ to achieve this goal.

Our engagement aims are largely twofold: firstly, we aim to improve the accuracy and availability of corporate environmental disclosure; secondly, we strive to encourage entities to implement strategies that will help them achieve enhanced resource efficiency and sustainability.

Engagement allows us to:

- Promote improved climate-related disclosure and provide corporations with the tools to measure, manage, and reduce their environmental footprint
- Enhance the efficacy of our internal research and Model of Resource Efficiency (MoRE)
- Foster dialogue and relationships with various stakeholders on key ESG issues
- Promote our clients' and target companies' climate ambitions and support best practices regarding ESG issues

At the heart of Osmosis' investment approach lies the integration of corporate environmental performance indicators – carbon emissions, water withdrawal, and waste generation. The improvement of publicly available environmental data therefore serves as a cornerstone for refining our investment model and in turn enhances the effectiveness of these environmental indicators. During our initial research stages, our team of dedicated and experienced environmental analysts scrutinise reported data and engage with entities on any heterogeneous data points. Any companies that do not fit sector or company trends become a part of active ongoing engagement. To maintain the accuracy and integrity of the firm's investment model, any data points will be excluded from the database if a good explanation is not found during the engagement process.

We find that companies targeted as part of our active engagement efforts are largely receptive to our suggestions on how to improve their environmental disclosure. This is illustrated in some of our case studies below, which highlight how target entities often inform us that they will incorporate our recommendations into future reporting. Once a relationship has been established, we encourage companies to reach out to Osmosis for further guidance.

3.1 Engagement (cont'd)

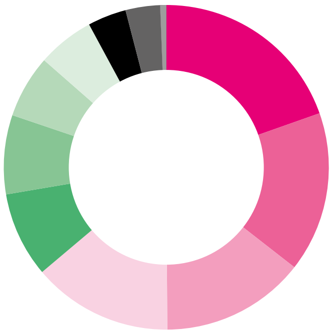
We actively engage with companies within our target group that are not disclosing (sufficient) environmental data. Through ongoing non-disclosure campaigns and targeted outreach initiatives, we emphasise the importance of environmental data and reporting.

We explain the potential consequences of failing to disclose environmental data, underscoring its impact on stakeholders and the broader environment.

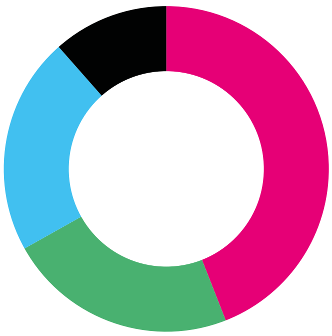
In recent years, we have found that corporate environmental disclosure is rapidly improving in both amount and accuracy, largely due to the increased use of globally recognised frameworks and standards such as the International Sustainability Standards Board (ISSB), Sustainability Accounting Standards Board (SASB), Global Reporting Initiative, and the Task Force on Climate-Related Financial Disclosure (TCFD). When engaging with companies on their environmental disclosure, we encourage the use of these internationally recognised frameworks to ensure accuracy and uniformity.

We believe that a company that discloses its environmental footprint is more likely to measure, manage, and reduce its impact. Whilst environmental disclosure is the primary focus of engagement at Osmosis, we also engage on specific themes to better understand companies' environmental practices and encourage strategies that improve environmental performance and resource efficiency. Examples of engagement on broader environmental performance are illustrated as case studies below. These include but are not limited to, our engagement with forestry and paper companies on biodiversity, real estate and construction & materials companies on their environmental impact, and encouraging oil & gas companies to establish more ambitious pathways to Net Zero.

Sectoral spread of engagement efforts



Primary engagement topics



Sources: Osmosis IM, end December 2024

3.1 Engagement (cont'd)

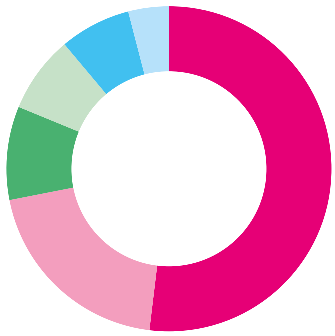
Osmosis is continuously developing its engagement strategy. In 2024, our environmental team engaged with a total of 495 individual companies, an increase of over 150 from 2023. Of this, 180 of our target engagement companies were from the developed markets (DM) and 315 were from the emerging markets (EM).

Our engagement processes encompass all entities in our target universe, meaning we do not run our engagement processes on a fund or product level. Throughout 2024, we initiated dialogue across companies spanning all GICS sectors. The highest number of engagements were with companies in the energy, industrials and consumer discretionary sectors.

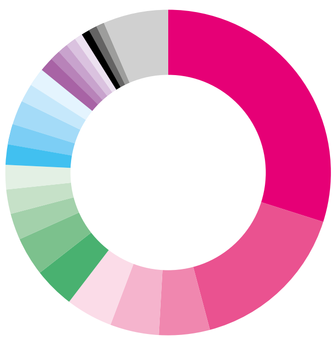
Whilst we engaged on a range of issues, our primary focus in 2024 remained on environmental data clarification and we engaged with 218 companies on this issue.

In 2024 we engaged with entities from 46 countries. China and the US emerged as focal points for our engagement efforts, reflecting their prominence within their respective indices, leading to a focus on APAC and North America regions.

Regional spread of engagement efforts



Geographical spread of engagement efforts



Sources: Osmosis IM, end December 2024

3.1 Engagement (cont'd)

3.11 Developed Markets Engagement

Case Study: Energy Unit Clarification

Issue:

Whilst analysing the latest environmental disclosure from a Japanese industrial engineering company, we noted that they published different units of measurement for constituent inputs of energy. We reached out to the company to provide us with either a standard unit or the conversion factors required under their framework.

Outcomes and next steps:

The company provided the appropriate unit and subsequently we were able to include these metrics in our database. They additionally informed us that they intend to disclose this metric on a standardised basis in future.

Case Study: Reporting Boundaries

Issue:

We suspected that a global tech software and advisory service firm only disclosed its 2023 water usage and waste generated for its US businesses. We only include environmental data that covers high proportions of operational control. We engaged with the company to clarify whether this was the case and to request information for the other operations.

Outcomes and next steps:

The investor relations team confirmed that data for non-US facilities is currently not included as the vast majority of operations are based in the US. They shared our request with the corporate responsibility reporting team. Since this does not satisfy our operational boundary criteria we excluded these figures from our database.

Case Study: Water Unit Error

Issue:

In late 2024, Osmosis engaged with a Swiss telecommunications company regarding their water disclosure. When analysing the company's environmental performance, we noted that two units that were not synonymous were used to describe their water withdrawal value. We contacted the company asking for the correct value and unit.

Outcomes and next steps:

The company confirmed the correct unit for their water usage and we added the value to our database.

3.1 Engagement (cont'd)

Case Study: Water Data Errors

Issue:

An electricity company based in New Zealand reported its 2024 water usage which looked excessive compared to peers. We engaged with the company to clarify the accuracy of the datapoint, and how it was broken down by source, so we could analyse it further and decide whether to include it in our models.

Outcomes and next steps:

Unfortunately, we have yet to receive a response, so we cannot include the data in our analysis due to concerns about its accuracy and potential to skew results. We continue to engage with the company and escalate outreach to other teams, aiming to arrange a call to stress the importance of accurate, comprehensive disclosure.

Case Study: Biodiversity in the Forestry & Paper Sector

Issue:

In 2024, Osmosis engaged with companies from the forestry & paper sector due to their significant land use for forest plantations. Disclosure to the Carbon Disclosure Project (CDP) forest questionnaire is becoming a norm in the sector, and ensures we have access to data on land-use.

Outcomes and next steps:

We contacted four companies in the forestry & paper sector, which represents 80% of the Osmosis sector. We received responses from three companies answering our questions on land-use. We also organised a call with one of these companies. These engagements have helped advise us on land-use, and showed us that the total hectares metric is likely not representative of the sector's impact.

Case Study: Real Estate and Construction & Materials Project

Issue:

In 2024, Osmosis started researching the differences in business operations and environmental impact between real estate and construction companies, with the study continuing into 2025.

Outcomes and next steps:

We reached out to 16 real estate and 25 construction & materials companies to learn about their operations. We received responses from five real estate companies and 13 construction & materials companies, either to explain their operations or to schedule calls. We had five calls in December 2024, with companies from both sectors. They were able to detail their operations and the source of their emissions, thereby informing our ongoing project direction.

3.1 Engagement (cont'd)

Case Study: Distribution Companies

Issue:

In 2024 and 2025 Osmosis is researching distribution companies to better understand how they fit with their sectors and whether a new sector should be created to include them.

Outcomes and next steps:

Osmosis identified 15 companies sitting in various sectors that are focused on distribution. These companies' operations revolve around distributing goods and so range from chemicals to industrial parts. Such operations differ to manufacturing and include packaging, logistics and transportation. To better understand the environmental impact of such companies, we contacted 14 companies to discuss their overall emission profile of which 4 gave us a detailed understanding of their resource impact. Such analysis highlights the importance of various Scope 3 categories in truly understanding the overall firm environmental impact.

3.12 Emerging Markets Engagement

Case Study: Carbon Reporting Inaccuracy

Issue:

In mid-2024, we engaged with a Taiwanese technology, hardware & equipment company regarding their carbon disclosure. When reviewing the company's environmental disclosure in its 2023 Annual Report, we noted that the company had two distinct Scope 1 emissions values. We contacted the company asking for clarification on which value was correct.

Outcomes and next steps:

The company explained that there had been a reporting mistake. They provided us with the correct value and confirmed that the issue had been rectified in their report.

Case Study: Water Withdrawal Data Request

Issue:

In October 2024, we reached out to a gas, water & multiutilities firm regarding its water withdrawals values. We engaged with the company as it did not disclose its water withdrawal values by source type in its 2023 ESG Report.

Outcomes and next steps:

The company replied that they had been working to upgrade disclosure transparency, while at the same time ensuring data quality. The company explained that once these objectives are achieved, they will include the water withdrawals by source in their upcoming disclosure.

3.1 Engagement (cont'd)

Case Study: Waste Data Inaccuracy

Issue:

In late 2024, Osmosis engaged with a Taiwanese semiconductor company in the technology, hardware & equipment sector regarding their waste disclosure. When analysing the company's environmental performance, we noted a large decrease in their waste reporting from 2022 to 2023. We contact the company asking for an explanation regarding these reductions.

Outcomes and next steps:

The company responded explaining that the large decrease could be attributed to a mistake in their disclosure. They confirmed that the issue had been corrected in their updated report, which they subsequently provided to us.

Case Study: Waste Unit Error

Issue:

In July 2024, we reached out to an Indian cement company regarding its waste generation. The entity's 2023 value was significantly higher than that shown in the previous year's reporting. Non-hazardous solid waste was reported in thousands of tonnes for the cement segment, yet this value was reported in tonnes in the previous report, causing a substantial difference between the current and previous year's value.

Outcomes and next steps:

The company recognised that there was an error in the unit description. They clarified that the unit should be 'tonnes' instead of 'thousand tonnes'.

Case Study: Reporting Cycle Clarification

Issue:

In late 2024, we reached out to a Chinese general retail company regarding a reporting cycle change. We noted that the most recent report covered data for the period from July 2023 to December 2023 (only six months) while the previous report covered annual data (from July 2022 to June 2023).

Outcomes and next steps:

The company explained that due to the change of financial year end data since January 17, 2024, their last ESG report only covered a period of six months, aligned with their last Annual/Transaction Report's financial data. They also clarified that the company's next ESG Report would cover the period for twelve months (from January 2024 to December 2024), expected to be published in April 2025.

3.2 Collaboration

Osmosis recognises that collaborative engagement with like-minded investors and stakeholders can amplify our voice and increase our impact. In 2024, we therefore worked as part of a coalition of wider stakeholders to engage with various stakeholders and improve industry practices, in line with the UN's Sustainable Development Goals. Similar to our engagement priorities, our collaborative efforts were centred around calls for improved environmental disclosure and performance.

Case Study: Carbon Disclosure Project (CDP's) Annual Non-Disclosure Campaign

Initiative and role:

CDP is a nonprofit charity that runs global disclosure systems to enable stakeholders to manage their environmental impacts. The project focuses on emissions, water, and forestry. In 2024, Osmosis was one of over 700 capital markets signatories, representing USD 142 trillion in assets, which led the non-disclosure campaign. Osmosis engaged with 11 companies as part of the CDP campaign, operating in a range of emerging market sectors. During this process, Osmosis' environmental team emphasised the benefits of disclosing information to CDP, the importance of completing their climate change and water security questionnaires, and the relevance for investors in accessing this data.

Outcomes and next steps:

While Osmosis' success rate with our target companies in 2024 was lower than in 2023, this can largely be attributed to an increased number of target companies. Notably, we achieved a 25% disclosure rate from our targets, which outperforms the overall campaign average of just 17.6% for the same questionnaires.

Case Study: UN PRI Spring Engagement Campaign

Issue:

Deforestation is a key issue for climate change but also biodiversity. Many listed companies contribute to deforestation either directly or indirectly through their supply chains.

Initiative and role:

Osmosis is committed to addressing biodiversity loss. While we currently lack the rigorous metrics needed for direct investments, we engage with companies to hold them accountable for their deforestation impacts. In summer 2024, Osmosis joined the UN PRI Spring Initiative which focuses on engaging key companies on their operations, supply chains, and political activities related to deforestation.

Outcomes and next steps:

Osmosis is now lead investor or part of engagement groups for four companies. As part of these initiatives, we have entered dialogue with companies, and drafted engagement strategies with our investor groups. We also collaborated with Climate Action 100+ and Nature Action 100+ to share our knowledge about companies as well as pressure points we can use to ensure success.

3.2 Collaboration (cont'd)

Case Study: Oxford Martin Principles

Issue:

The Oxford Martin Principles describe a framework for climate-conscious engagement with highly polluting sectors. The principles focus on establishing a commitment to Net Zero emissions, a business plan to move to a profitable Net Zero business model, and quantitative medium term-targets for decarbonisation.

Initiative and role:

In 2022, Osmosis was asked by one of our clients to utilise the principles to guide engagement with firms in our investment universe associated with oil & gas production, transportation, service providers, and marketing. Following rounds of engagement in 2022 and 2023, we continued the format of the survey in 2024 to understand the current state of decarbonisation and how plans had developed. We are no longer required to undertake this engagement but as we continue to find the process immensely informative and in line with our active ownership principles, we have decided to continue. In 2024, we targeted 54 companies for engagement, expanding our coverage to include companies from the emerging markets.

Outcomes and next steps:

We received a 39% response rate to the engagement and held several follow-up calls to gain more information. The inclusion of emerging markets companies broadened our sample and revealed much stronger variability and depth across responses. 81% of respondents discussed their Net Zero targets and transition, with a notable increase in ambition from previous years. Medium-term emissions targets were found to be widespread. Emerging Markets tended to be more aspirational with plans including development of electric vehicle infrastructure, methane flaring reductions, and the expansion of renewable generation and low-carbon fuel production.

3.3 Escalation

Osmosis always aims to engage in an open and constructive dialogue. Through our engagement and in line with our philosophy, we aim to shift corporate behaviours towards greater transparency. This enables us to develop a greater understanding of the actions corporates undertake to manage and reduce their natural resource consumption, without stigmatising individual corporates or business lines. In our outreach, we seek to share best practices with regards to environmental reporting and generally receive productive responses.

However, we still see some laggards resisting these requests for transparency. For those companies from which we have requested environmental data for multiple years but continue to resist, it is necessary to amplify our approach. Osmosis is actively developing and deploying escalation techniques to increase the priority of these requests.

To guide our escalation, we have adapted ShareAction's escalation framework. Whilst this is not intended to be a linear or rigid process, we use this framework to provide a structured guide of potential escalation routes in each of our engagements.

Osmosis IM Escalation Framework

Business as Usual: Dialogue and Monitoring	Routine emails
	Proxy voting
	Calls with target company ESG teams
Stage 1: Targeted Campaigns	Collaborative and targeted email campaigns with clients
	Collaborative private letters to senior management and/or the board
	Collaborative calls/meetings with senior management and/or the board
Stage 2: Intensified Action	Public/press statements
	Targeted proxy voting against Directors/Management
	Questions or statements of intent at annual general meetings (AGM)
Stage 3: Last Resort Levers	Publicly pre-disclose voting intention
	Filing shareholder resolutions
	Incorporating additional forced portfolio constraints

STRENGTH

3.3 Escalation (cont'd)

3.31 Osmosis' Non-Disclosure+ Campaign

In late 2024, Osmosis proudly launched our own Non-Disclosure+ Campaign. The campaign seeks to escalate engagement with the largest non-disclosing companies, where routine dialogue is exhausted.

Publicly disclosed corporate environmental data is explicitly integrated into our investment decision–making process. Companies must disclose at least two out of the three metrics – carbon emissions, water withdrawal, and waste generation – to be awarded a proprietary Resource Efficiency score. Encouraging the disclosure of these metrics and engaging with firms to ensure that such disclosure is trustworthy, accurate, and comparable is, therefore, central to our investment thesis.

Despite the rapid increase of environmental disclosure in the past decade, some large corporations still demonstrate a reluctance to adequately and comprehensively disclose environmental performance figures. This prevents investors from making useful comparisons of these firms against their peers. By joining forces with clients and like-minded institutions and investors, our Non-Disclosure+ Campaign seeks to make significant strides in tackling non-disclosure of environmental data. As of March 2025, the campaign is supported by over US$750 billion combined assets.

We have initiated the first stage of escalation with three target companies. This includes tailored research on their current reporting practices, as well as comparison against peers and industry best practices. We trust such recommendations will help guide the target companies for greater transparency.

3.4 Exclusions

Osmosis works closely with clients to integrate ESG considerations into their portfolio whilst maintaining traditional risk exposures aligned with the underlying client mandate.

3.41 Social Exclusions

It is important to note that whilst Osmosis is an environmentally focused firm, even environmental leaders and resource-efficient firms will face exclusion from our portfolios if they breach certain social or governance minimum safeguards. To assess this, we exclude companies from all products and funds if they breach the United Nations Global Compact (UNGC) Principles, which cover a range of environmental, social, and governance topics. We utilise data from MSCI ESG Manager to monitor for UNGC breaches.

Case Study: United Nations Global Compact Exclusion

Issue:

A Canadian mining company was excluded from Osmosis' portfolios due to its failure to adhere to the UNGC in its alleged involvement, since 2006, with human rights violations at some of its mines.

Outcomes and next steps:

Osmosis consistently screens our investment universe for breaches against the UNGC and excludes any company that does not adhere to the principles from all our portfolios. As a result, this company remains excluded.

3.42 Product-specific Exclusions

Osmosis screens companies on a variety of metrics which determines whether they are eligible for inclusion in our ex-fossil fuel products.

As a starting point, we exclude all companies that have any involvement in oil sands and thermal coal, in particular reserve ownership and production, and in the case of thermal coal also power generation. We then screen our universe for companies that have more than 5% of their revenues derived from fossil fuel-related activities. This includes distribution, retail, equipment and services, extraction and production, pipelines and transportation and refining, but excludes petrochemicals. We believe that the 5% rule and petrochemicals exception allows our products to take a reasonable approach to the central role that fossil fuels play in our lives and economy.

Osmosis' ex-fossil fuel solutions also allow for the re-inclusion of certain utility companies that are in the process of transitioning away from fossil fuels. We recognise that decarbonisation can be a long and difficult process, and want to allow companies that have shown commitment and past action back into the selection universe. If a utility company generates more than 50% of its electricity from renewable energy (including hydropower), and has a positive resource efficiency score it is returned to the selection pool. You can read more on our ex-fossil fuel strategies and approach to divestment on our website.

3.4 Exclusions (cont'd)

Case Study: Re-inclusion of a Company in the Ex-Fossil Fuels Strategy

Issue:

Up until the early 2010s, a US based utilities company was largely reliant on a mix of natural gas, nuclear power and some coal and oil for its electricity generation. Investments primarily focused on grid reliability and efficiency improvements rather than renewable energy expansion. During the mid-2010s that changed as the company increased investment in renewable energy projects, particularly solar and wind, while phasing out coal.

Outcome:

The company still generates revenues from fossil fuel based activities, such as distribution of natural gas to customers, adding up to about 16% of total revenue. Following the standard criteria for our ex fossil fuel strategies, the company would be excluded from our portfolios. However, given that all of its electricity is generated from renewable sources, it is a good example of a company that is committed to, and (importantly) has demonstrated, real progress towards the low carbon transition. By considering the re-inclusion of such transitioning companies, Osmosis aims to support and incentivise positive environmental change while adhering to its investment criteria. In this way our clients don't miss out on the long term growth potential of companies that are leading the transition to a more sustainable economy.

3.43 Client-specific Exclusions

We frequently collaborate with clients who wish to add additional exclusion criteria to their investment universe.

Case Study: Bespoke Resource Efficient Core Equity Strategy

Objective:

A bespoke Resource Efficient Core Equity Strategy was developed in collaboration with an Australian wealth manager to target better risk-adjusted returns than the MSCI World benchmark. It aims to significantly reduce the environmental footprint of a global core passive equity exposure while integrating a client-specific exclusion policy.

Method:

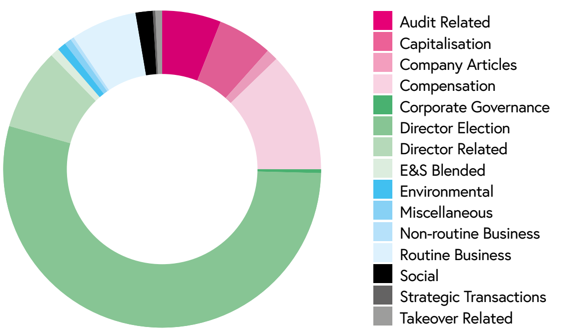
The method involves managing active risk by targeting maximum exposure to the Osmosis proprietary Resource Efficiency Factor, while replicating the style, industry, currency, and risk exposures of the custom client benchmark. In addition, social and governance screens are applied to exclude companies found on the client's exclusion list. This process is also aligned with Osmosis' in-house exclusions, which include companies involved in tobacco production and those in breach of the UN Global Compact Principles.

Outcome:

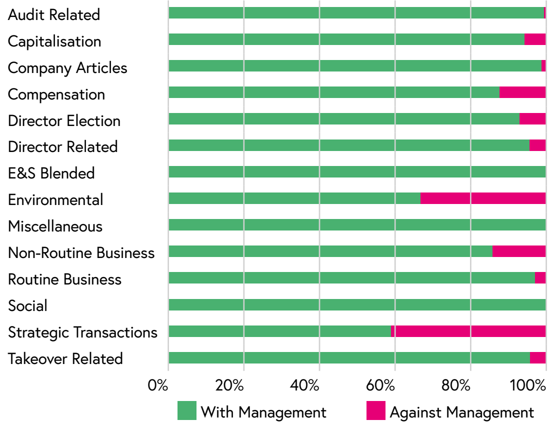
The portfolio closely replicates the risk characteristics of the benchmark while delivering significant reductions in ownership of Carbon (-58%), Water (-67%) and Waste (-63%) since inception to end December 2024.

3.5 Exercising Rights and Responsibilities

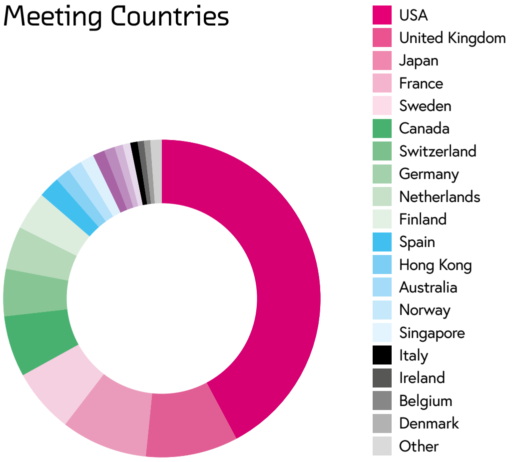
Proposal Categories



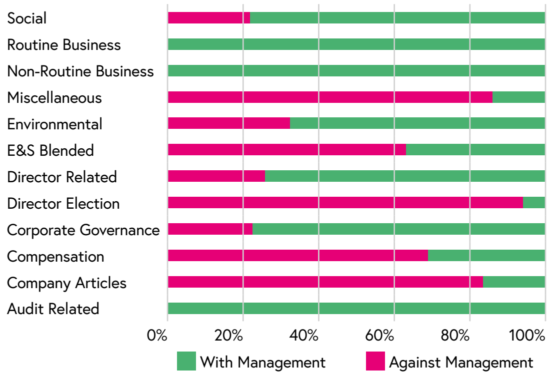
Management Proposals



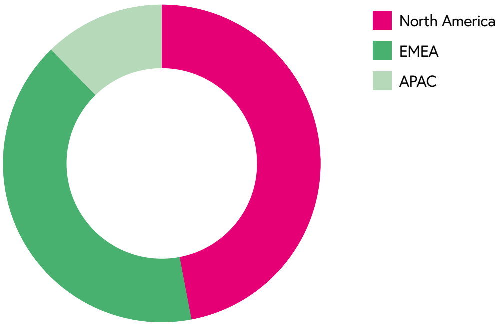
Meeting Countries



Shareholder Proposals



Meeting Regions



Votable Meetings	698
Meetings Voted	697
Meetings with Against Management Votes	348
Proportion of Shared Votes	99.9%

Source: Osmosis IM, end December 2024.

3.5 Exercising Rights and Responsibilities (cont'd)

Osmosis actively collaborates with our clients to provide them with the best possible strategy with regards to proxy voting. For clients with bespoke proxy voting guidelines, we tailor our approach to apply their voting preferences to their specific investments and support clients who prefer to manage proxy voting themselves.

As Osmosis is an environmentally focused sustainable investment management firm, the votes we consider to be 'most significant' are all environmentally focused. These can include a wide range of management and shareholder resolutions from plastic pollution to climate lobbying. Osmosis, however, finds that the most common environmental resolutions relate to low carbon transition topics like transition planning or fossil fuel financing, or carbon emissions, such as the introduction of emission reduction targets or improved carbon emission reporting.

Across all our pooled funds, Osmosis operates a climate orientated voting strategy, using the ISS' climate policy, which recognises the importance of addressing and mitigating ESG issues. We enact this policy as it accurately reflects Osmosis' belief in the long-term materiality of climate and environmental issues to shareholder value and the importance of actively managing and reducing exposure to climate-related risks in portfolio companies. Osmosis maintains records of shares held and voting rights for each company across our portfolio. Instructions are conveyed to custodians or sub-custodians for each fund through our ISS platform, who execute our instructions. The detailed monthly voting summaries are accessible on our website.

The ISS climate policy utilises climate data, alongside exclusive research and expertise in relevant issues and is tailored to uphold principles of responsible stewardship. Research focuses on climate issues such as greenhouse gas emissions, climate risk and strategy, and adherence to frameworks like the Task Force on Climate-related Financial Disclosures (TCFD). These assessments inform climate-based proxy recommendations for subscribing clients, as well as providing additional research, data, and alerts.

We closely monitor the ISS service through our ISS portal and maintain regular communication with our service provider. ISS provides us with tailored alerts which inform us immediately of any changes to voting mechanics and rights, and alerts us to upcoming votes which we consider to be 'significant.' Our environmental team then reviews the voting recommendations on these ballots to ensure that they are aligned with our views, and compares them to research provided by corporate shareholder advocacy groups, such as ShareAction and As You Sow. In 2024 we were not dissatisfied with any of the ISS climate policy recommendations, but should such a case occur we would vote the ballots ourselves and provide clear and actionable instructions for future improvements in vote recommendations to our ISS account manager.

This monitoring allowed us to quickly respond to a policy change by ISS towards the end of the reporting period. In response to a more hostile political landscape in the U.S., ISS announced in early 2025 that it would no longer consider board diversity factors in its U.S. direct election vote recommendations, in both its benchmark and climate policies. While Osmosis is an environmentally focused sustainable investment firm, we remain steadfast in our commitment to best practice Diversity, Equity, and Inclusion (DEI) strategies. To ensure that board diversity continues to be a priority in our vote recommendations, we have developed a specialised voting policy with ISS that will primarily use their climate policy whilst still upholding these critical DEI factors in these board election recommendations.

As part of our voting review processes, members of our environmental team put together an internal report on key themes and significant votes from the 2024 AGM season to keep the broader research teams informed and up to date on our proxy voting practices.

3.5 Exercising Rights and Responsibilities (cont'd)

3.51 Factors Used to Evaluate a Company's Climate Related Performance

Factors used to evaluate a company's climate-related performance fall under five primary categories: climate norms violations; disclosure indicators; current performance indicators including greenhouse gas emissions data; future performance indicators drawing from the Carbon Risk Rating (CRR); and Carbon Risk Classification. These factors are used to assess a company's risks associated with the impacts of climate change, along with its preparedness to face and mitigate those risks in an increasingly carbon-restricted economy. The model's expectations used to assess performance practices are defined by industry groups, based on the specific climate risks identified in industry and multistakeholder initiatives and reflected in authoritative standards such as the Global Reporting Initiative, and the Sustainability Accounting Standards Board.

3.52 Climate Change

2024 was the hottest year on record, surpassing the previous high set just one year earlier. While the environmental consequences are well documented, the knock-on effects, ranging from operational disruptions and financial losses due to extreme weather events, to regulatory shifts driven by the low-carbon transition, pose significant risks to shareholder value. To mitigate these risks, we prioritise voting in favour of proposals that call for greater transparency around companies' climate risk awareness and mitigation strategies. For instance, we consistently support resolutions advocating for reductions in greenhouse gas emissions whenever they arise.

Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Royal Bank of Canada, Bank of Montreal, The Toronto-Dominion Bank and the National Bank of Canada

Some of our most significant climate related votes in 2024 were submitted by MÉDAC, a Canadian shareholder advocacy group, and presented to all of the Big Six Canadian Banks: Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Royal Bank of Canada, Bank of Montreal, The Toronto-Dominion Bank, and the National Bank of Canada. These votes were part of an 'Advisory Vote on Environmental Policy,' with all shareholder proposals requesting additional information on the banks' plans to reduce their greenhouse gas emissions.

These requests underscored that these banks were falling short of their commitments as signatories of the UN's Net Zero Banking Alliance (NZBA). By joining the alliance, member banks pledge to align all investment and lending portfolios with the Paris Climate Agreement emissions pathways and achieve Net Zero emissions by 2050 or sooner. The failure to meet NZBA commitments was a prominent theme in environmental shareholder proposals in both the 2023 and 2024 AGM seasons. While boards of the above mentioned banks recommended votes against these proposals, Osmosis voted in favour of all these proposals due to our commitment to the Net Zero transition.

These proposals are of particular significance because, by February 2025, all of these banks, along with other major U.S. institutions, had withdrawn from the NZBA. While various reasons were cited for their exits, it is widely believed that a hostile regulatory environment was the primary factor behind their decision to leave. Osmosis provided insights into implications of the collapse of NZBA and the current U.S. regulatory environment to our clients and on our website.

3.5 Exercising Rights and Responsibilities (cont'd)

Energias de Portugal, National Grid PLC, SSE Plc

The actions of energy and utility companies, like Energias de Portugal's (EDP), National Grid Plc and SSE Plc, are critical to achieving Net Zero by 2050. Recognising this, Osmosis supported management resolutions from these companies, as their climate transition plans adequately addressed key transition factors.

Osmosis backed Energias de Portugal's (EDP) 2030 Climate Change Plan due to its alignment with TCFD reporting and Science Based Targets initiative (SBTi) approved targets for Scope 1, 2, and 3 emissions. We supported EDP's goal of sourcing 100% of its power from renewables by 2030, backed by progress showing an 86% renewable capacity by the end of 2023. Osmosis also supported National Grid's climate transition plan, which addressed all three emissions scopes, included SBTi-verified targets, and aligned with TCFD recommendations and a 1.5°C warming scenario. At SSE Plc, Osmosis voted in favour of the non-binding Net Zero Transition plan. While its enforceability is limited, the plan set clear emissions reduction targets for all three scopes, aiming for Net Zero by 2050.

Woodside Energy, TotalEnergies

Osmosis did not support all management proposals related to climate transition plans. At Woodside Energy, the Australian petroleum exploration and production company, we voted against the management plan due to its lack of clear, rigorous commitments to achieve Net Zero by 2050 or sooner, as well as its failure to provide concrete plans for reducing Scope 3 emissions. Similarly, Osmosis voted against TotalEnergies' Sustainability and Climate Transition plan for the same reasons. Although the company had set emission reduction targets for Scopes 1, 2, and 3 across various timeframes, the plan lacked the necessary rigour and detailed pathways to effectively achieve these reductions. As a sustainable investor committed to supporting the transition to Net Zero, Osmosis does not back transition plans that lack clear, actionable commitments.

Equinor ASA

Proposals relating to climate change strategy and plans were also presented by shareholders in 2024. At Equinor ASA, the Norwegian Petroleum refining company, a group of shareholders proposed that the Board update its strategy and capital expenditure plan to better align to the Paris Agreement and specify how any plans for new oil and gas reserve development were consistent with the Paris Agreement Goals. Equinor's board recommended shareholders to vote against the proposal, citing its science-based targets as evidence of its ambition to reduce operational emissions. However, Osmosis voted in favour of this proposal as Equinor's current absolute emission reduction targets for Scopes 1 and 2 are not presently aligned with their 50% net reduction by 2030 targets or the Paris Agreement Goals.

3.5 Exercising Rights and Responsibilities (cont'd)

Darden Restaurants

Osmosis supported proposals to hold companies outside the energy sector accountable for their emissions. At Darden Restaurants Inc., the Dominican Sisters of Grand Rapids filed a proposal requesting the company to report on its greenhouse gas reduction plans, aiming to align with the Paris Agreement's 1.5°C goal. The proposal highlighted the significant climate impact of sourcing high-carbon commodities like palm oil and beef which drive deforestation and contribute to high Scope 3 emissions from purchased goods. Despite management's recommendation to vote against it, citing adequate reporting practices, Osmosis voted in favour, as Darden's current transition planning and emission reduction targets were deemed insufficient.

3.53 Climate Lobbying

We support well-functioning and transparent markets. Transparency in lobbying is crucial to safeguard the integrity of public decision-making processes. We consistently support shareholder proposals for reports on lobbying practices, especially regarding climate change as greater information regarding corporate lobbying allows us to better focus our stewardship and engagement processes.

Toyota Motor Corporation

We faced a shareholder proposal relating to greater transparency on companies' climate lobbying practices at Toyota Motor Company. The proposal asked the company to amend its articles to require reporting on corporate climate lobbying activities and whether they align with the goals of the Paris Agreement. The proponent argued that by providing such information the company will restore shareholder trust in light of recent compliance concerns at Toyota group companies and allow shareholders to better understand the company's lobbying risks. As there is evidence that Toyota's disclosure progress is improving at an inadequate pace and given Osmosis' belief in the importance of transparency, we voted in favour of this proposal.

3.54 Waste

Waste poses a significant threat to biodiversity, both on land and in oceans, as well as to human health. Additionally, it contributes substantially to anthropogenic climate change through the release of methane from landfill sites. At Osmosis, we believe that the efficient management of resources and the minimisation of waste are essential for fostering a more sustainable and equitable world and driving long-term shareholder value. In tackling these environmental challenges, we support proposals aimed at curbing corporate and industrial waste and plastic usage.

3.5 Exercising Rights and Responsibilities (cont'd)

Hennes & Mauritz AB

Osmosis voted in favour of a shareholder proposal to implement zero tolerance for clothes as waste by 2025 at H&M Hennes & Mauritz AB. In December 2023, the European Parliament and European Commission introduced a ban on large fashion companies destroying unsold clothing and footwear to reduce waste from such practices. Our support for this proposal aligns with Osmosis' commitment to a circular economy and encourages companies to reduce consumption and use resources more efficiently. Additionally, this proposal will better position H&M to comply with upcoming EU regulations and mitigate regulatory transition risks.

General Mills Inc, Amazon.com Inc, Keurig Dr Pepper Inc

Osmosis consistently advocates for resolutions promoting reductions in plastic usage. We therefore supported shareholder resolutions presented to General Mills Inc, Amazon.com Inc, and Keurig Dr Pepper Inc. Whilst the boards of these companies restated their commitment to mitigating plastic waste, they all argued that they already had robust disclosure on packaging and plastic use. Osmosis supported these proposals due to the belief that the efficient management of resources and the minimisation of waste are essential for fostering a more sustainable and equitable world and driving long-term shareholder value.

3.55 Social

At Osmosis, our primary emphasis lies in the environmental dimension of sustainability. However, we endorse social initiatives that we deem beneficial for enhancing shareholder value in the long-term, as they align the company's interests with those of society broadly. We are particularly supportive of those proposals seeking more information on pertinent topics and those that would encourage adherence to the internationally recognised standards and principles.

DSV

Osmosis voted in favour of a shareholder proposal at DSV, the Danish transport and logistics firm, requesting a report on efforts and risks related to human and labour rights. The proposal, presented by two Danish pension funds, also called for the development of robust due diligence processes in these areas. Both the Board of DSV and Osmosis supported the request, largely due to the benefits of enhanced reporting for shareholders and the importance of aligning efforts with the UN Guiding Principles on Business and Human Rights and anticipating the requirements of the upcoming EU Corporate Sustainability Reporting Directive.

3.5 Exercising Rights and Responsibilities (cont'd)

Amazon.com Inc, FedEx Corporation

With the aim of promoting an equitable transition, Osmosis supported proposals from the International Brotherhood of Teamsters General Fund that requested that Amazon.com and FedEx report on their efforts toward a 'Just Transition'. The report was requested to be consistent with International Labour Organization standards to ensure adequate and sustainable employment and social protection for all parties. The boards of both companies opposed the shareholder proposals. Both boards argued that they already provide sufficient disclosures on their commitments to various stakeholders, including employees and communities. Although Osmosis' investment model primarily focuses on environmental sustainability, we support proposals that prompt firms to appropriately address the social impacts of the low carbon transition. The filer presented the same proposals to both companies in 2023 and Osmosis similarly supported them.

3.56 Board Members

In 2024, we voted against, withheld support, or abstained from voting in over 80 director elections specifically due to their shortcomings in addressing climate and ESG issues. We believe that board members and chairs bear a crucial responsibility for a company's climate and ESG impacts, and it's imperative to hold them accountable. In board elections, we vote for directors who show accountability and responsiveness to shareholders, as well as directors who contribute value to boards and maintain adequate independence from management. Specifically, we prioritise the scrutiny of directorship votes in companies that are major greenhouse gas emitters and those displaying inadequate oversight and management of significant environmental risks.

FirstService Corporation, Enbridge Inc

We withheld our vote for the Chair of FirstService Corporation due to failure of their oversight and management of the risks and opportunities posed by climate change and other environmental issues. Similarly, at Enbridge, we withheld votes against directors due to severe ESG controversies which have been identified at the company. Controversies reflect the failure of the board to properly oversee such issues. We believe these votes, even when against well-established directors that are unlikely to lose, can act as important signals of frustration at environmental policies within investee companies.

3.57 Anti-ESG

As the number of ESG related proposals at AGMs increase, there has also been a rise in so-called 'anti-ESG' proposals, particularly in the U.S. While support for these proposals remains low, Harvard Law School Forum reports a notable surge, with 107 anti-ESG proposals submitted in the U.S. in 2024. These proposals predominantly focus on issues such as climate change, corporate governance, and diversity and inclusion programmes. Many anti-ESG resolutions are presented by a U.S. based, self-described conservative think tank, the National Center for Public Policy Research (NCPPR). Osmosis consistently votes against these proposals, recognising their potential to undermine transition and sustainability efforts.

3.5 Exercising Rights and Responsibilities (cont'd)

Costco Wholesale Corporation, The Kraft Heinz Company

The NCPPR presented a proposal to Costco requesting an audited report on whether the company's Net Zero goal was appropriate, it argued that the company's decarbonisation claims were unreliable. The board opposed the proposal, stating that the company's decarbonisation strategy effectively balances the responsibility to mitigate the harms of global warming with the need to protect the interests of its direct stakeholders. Osmosis voted against the proposal, supporting Costco's efforts toward Net Zero operations, as the company provides disclosure in line with the recommendations of the TCFD.

Similarly, the NCPPR submitted a request for a report on risks arising from voluntary carbon-reduction commitments to The Kraft Heinz Company, arguing that the company's carbon reduction goals put it at risk of being accused of fraudulent activity. Osmosis voted against this resolution, consistent with its position as a sustainable asset manager, and in support of Kraft Heinz's opposing statement that food production is "extremely vulnerable to the threat of unexpected climate variances," and therefore, that "corporations have a significant role to play in curbing global GHG emissions."

Citigroup Inc, Amazon.com Inc

The NCPPR submitted a proposal requesting that Amazon.com Inc. establish a committee on corporate financial sustainability. The proposal highlighted concerns that the company should avoid alienating consumers, decreasing sales, or diminishing shareholder value by taking divisive positions on significant social policy issues, such as supporting organisations it portrays as "combating systemic racism." The board recommended that shareholders vote against the resolution, arguing that it would be redundant and counterproductive.

Similarly, the conservative think tank presented a resolution to Citigroup requesting a report on the risks associated with the company's Diversity, Equity, and Inclusion (DEI) efforts. In its response, the board emphasised that its DEI programmes were lawful and align with the company's commitment to equal employment opportunity principles, fair employment laws, and non-discrimination. Given our support for social issues, diversity, and inclusion, Osmosis voted in favour of both resolutions.

3.6 Promoting Well-functioning Markets

As part of Osmosis' stewardship responsibility, we actively identify and address market-wide and systemic risks to ensure our portfolios are resilient. As a sustainable investment manager, our strategies for responding to market risks are strongly focused on climate change mitigation and this is our most effective contribution to well-functioning markets. In addition, we do ensure our risk and research teams assess and consider more broad categories of market and systemic risks.

3.61 Climate Change and Resource Efficiency

Climate change, resource use, and environmental degradation stand as some of the most urgent challenges of our era, posing threats not only to the planet, but to human life and our economic systems.

At Osmosis, climate risks are integrated into our day-to-day risk management processes, and we are focused on delivering measurable environmental reductions as one of our key levels of impact. Our investment approach is centred on evaluating the resource efficiency of companies within their sectors. The Osmosis Model of Resource Efficiency inherently favours companies that produce more revenue from less resource usage, thus reducing environmental risk in portfolios without taking on extra systematic risk to do so.

Our dedicated environmental and quantitative teams thoroughly analyse the climate and environmental risks associated with the corporations in which we invest, with a focus on carbon emissions, water usage, and waste generation. Osmosis believes that sustainable investment should not compromise financial returns, advocating that sustainability metrics can enhance performance in mainstream portfolios, generating alpha. The past twelve months have continued to demonstrate the benefits of investing in resource-efficient businesses boasting resilient business models and strong environmental credentials.

We use our engagement and collaboration capabilities to promote the management of climate-related risks and opportunities throughout the market. In 2024, this included endorsing climate-related management and shareholder proposals through proxy voting, as outlined in section 3.5. Additionally, we contributed to promoting well-functioning markets through strategic external engagement and collaborative initiatives aimed at increasing awareness among stakeholders and the broader society regarding the environmental risks our economy and planet face, as discussed in sections 3.1-3.3. Our efforts have involved collaborative initiatives with fellow investors, aimed at promoting a responsible corporate approach to addressing the challenges presented by climate change. An example of such collaboration is the launch of our Non-Disclosure+ Campaign.

Additionally, we hope to further raise awareness through our thought leadership. Our research team continued to publish various environmental and economic insights in 2024, ranging from insights on the role of carbon pricing in combating climate change, to environmental anti-subsidy measures, political implications and emerging market insights. These pieces are available to read on Osmosis' website.

3.6 Promoting Well-functioning Markets (cont'd)

3.62 Emerging Markets and the Whole Economy Solution

Our extensive research project into Emerging Markets (EM) continued in 2024, and Osmosis launched its first EM product in late 2024. Previously focusing solely on developed markets in the MSCI World Index, due to sub-optimal EM environmental data, we have recognised a pivotal shift in the EM sustainability data landscape. Our analysts meticulously comb through the environmental data, test its veracity and contextualise it on a sector-by-sector basis. We believe that opening up our portfolios to include emerging markets is paramount in executing our whole economy approach and facilitating the global transition to a low-carbon economy, as well as broadening the scope of our contributions to promoting well-functioning markets.

Osmosis' whole-economy approach aims to promote environmental best practices by rewarding environmental leaders and penalising laggards across broad market sectors. This approach recognises that completely excluding heavy industries, vital to our socioeconomic systems, will not facilitate a smooth transition to a more sustainable economy. By broadening the firm's coverage to include EM, we hope to continue to encourage and reward positive and innovative environmental practices in different regions and sectors.

Developed economies are increasingly outsourcing their emissions to less developed regions, with lower climate ambitions and increasing imports of carbon-intensive products while shifting remaining production to less carbon-intensive goods and services (Nielsen et. Al, 2020). Through our comparison of EM and DM sectors and companies, our analysts have identified patterns in some sectors, like technology, hardware & equipment for example, where DM companies outsource resource-intensive manufacturing and production activities to EM companies.

As Osmosis aims to promote well-functioning markets within the context of climate change, we believe it is crucial to consider the environmental performance of companies in regions now burdened with these emission increases from manufacturing activities. The firm now replicates its developed markets investment model, where we aim to facilitate the flow of capital towards companies with good environmental performance away from their resource inefficient peers, within the emerging markets index. This approach covers both high and low intensity sectors, to aid the global transition to a low carbon economy.

Research into the emerging markets is available on our website and an article on the environmental data availability was featured by Environmental Finance in 2024.

3.6 Promoting Well-functioning Markets (cont'd)

3.63 Social Risks

All our strategies exclude tobacco. In addition, we align our portfolios with the UN Global Compact (UNGC) Principles for social and governance safeguards. The UNGC is one of the world's largest corporate sustainability initiatives and supports companies in both aligning their strategies with 10 principles on human rights, labour, the environment, and anti-corruption, but also provides guidance on actions to advance broader societal goals such as the UN Sustainable Development Goals. Any company in breach of these principles will be automatically excluded from Osmosis' portfolio selection in order to mitigate our exposure to these social risks.

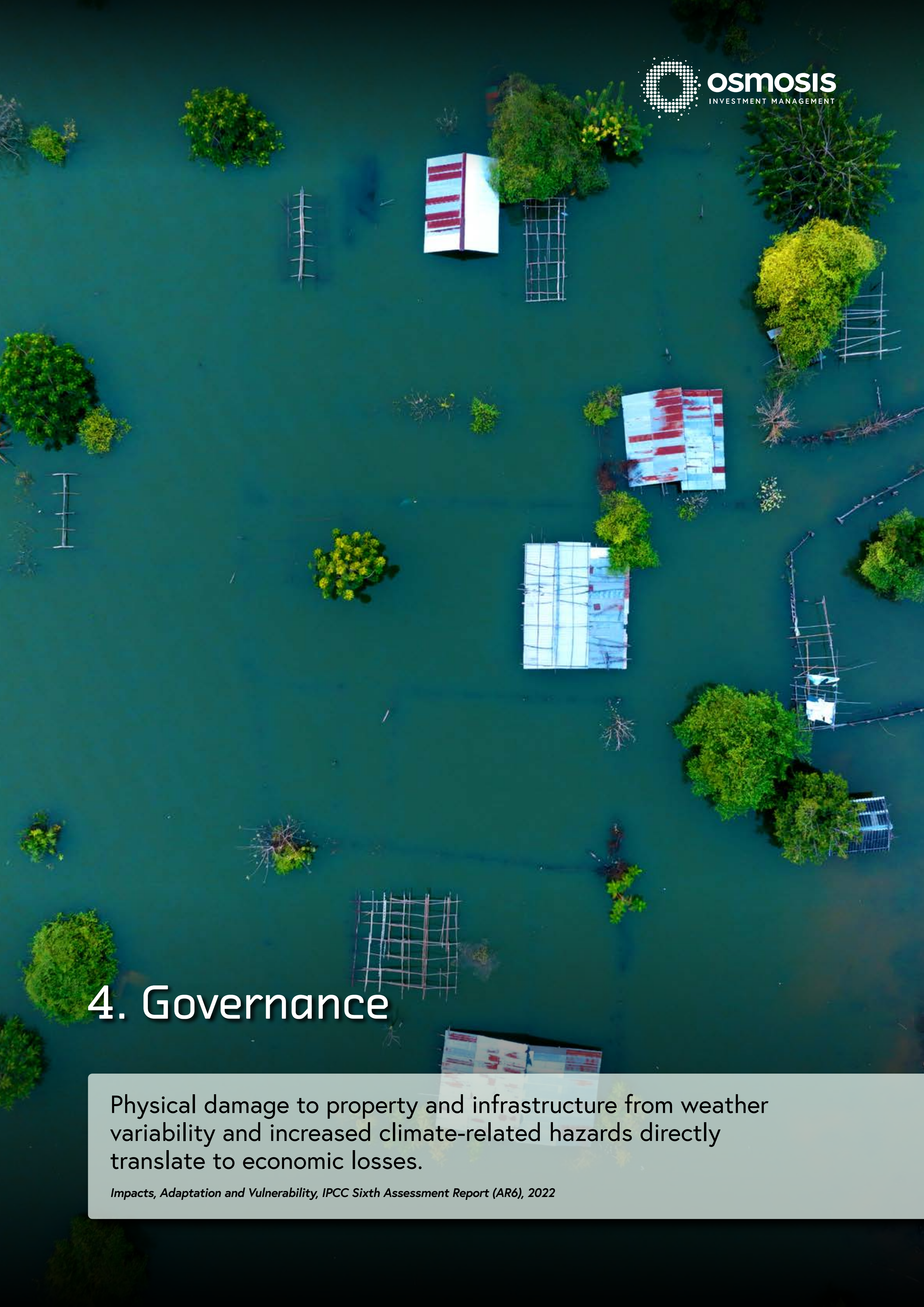
3.64 Geopolitical Risks

We recognise there are substantive geopolitical risks which feed into, and impact, the global economy and financial markets in a variety of ways. Over the last few years, we have seen the ongoing Russian-Ukrainian and Israeli-Gaza conflicts, both of which have differing but wide-ranging effects. These geopolitical situations have adverse consequences on climate co-operation, whether due to the de-prioritisation of climate change on the policy agenda, or the disruption of trade routes which the energy transition relies upon. The ongoing Russia-Ukraine crisis, for example, has encouraged European governments to focus on short term economic health and energy security. This has led to further investment and a prioritisation of fossil fuel assets, as opposed to utilising the higher fossil fuel price to further incentivise both state and private enterprises to invest in renewables, as market forces should dictate. Ongoing conflict in the Middle East, including the wider regional involvement exemplified by the Houthi rebels targeting commercial vessels and resulting in reroutes of shipments, perpetuates disruptions that continue to have wide-reaching consequences.

It is also worth noting the importance of global political cooperation in the energy transition. China, India, and Southeast Asian countries make up around three-quarters of coal consumption worldwide, and the developed world must play its part in aiding the energy transition in developing countries. Unfortunately, COP29 led to a watered-down agreement on the phasing out of fossil fuels, and with the addition of a Trump presidency that promises an era of protectionism and climate rollback, the route to decarbonisation has definitely swerved off its course. By identifying and allocating capital towards those companies that are more resource efficient than their sector peers (and thus better placed for the energy transition), we seek to play a part in this process. It is vital that during geopolitical crises, governments place their citizens first in addressing urgent problems, however these policies must be combined with investment in long-term, sustainable sources of energy, the importance of which far exceeds the near-term lure of fossil fuels.

3.65 Other Systemic Threats

The Osmosis board regularly engages with senior leaders in all departments to ensure that wider systematic and systemic risks are identified and addressed. Senior leaders are responsible for identifying market-related risks and opportunities and reporting them to the board. The board, in collaboration with the Investment Oversight and Development Committee (IODC), then implements the agreed-upon risk management measures. Together, they ensure that adequate resources (such as staff, training, and budget) are available to assess, implement, and monitor market-related risks and opportunities.



4. Governance

Physical damage to property and infrastructure from weather variability and increased climate-related hazards directly translate to economic losses.

Impacts, Adaptation and Vulnerability, IPCC Sixth Assessment Report (AR6), 2022

4.1 Conflicts of Interest

We ensure our clients' interests remain at the heart of our business.

Following Financial Conduct Authority requirements, Osmosis has established, implemented, and maintains an effective conflict of interest policy that is appropriate for our size and organisation.

Our conflicts of interest policy describes how we place our clients' interests ahead of our own and undertake activities and cast proxy votes in a manner consistent with the best interests of all clients. The Engagement policy is freely available on our website.

Due to the nature of our business, the main types of conflict we are likely to encounter are those between the interests of Osmosis or its employees and the interests of clients (firm and client) and conflicts between clients (client and client). For example:

- Price sensitive information/confidential information
- Employee directorships
- Personal Trading
- Voting.

All Osmosis employees are responsible for identifying any actual and potential conflicts and notifying these to the Compliance Department which maintains a log of all conflicts and has procedures in place to manage the conflicts identified.

4.12 Review

We review our Conflicts of Interest Policy annually to ensure it adequately reflects the types of conflicts that may arise so that we can ensure that they are appropriately managed and as far as possible mitigated. There were no conflicts on interest to report during 2024.

4.13 Conflicts of Interest Approach in Practice

Our policy on conflicts may be best understood by considering its impact in practice. The following are examples of how we have approached these issues.

- All personal trading of equities by staff is subject to pre-approval by the Chief Compliance Officer. As a matter of policy, approval will not be given if such stock is in the Osmosis selection pool of companies thereby avoiding any conflict of interest or even the perception of a conflict.
- Employees are required to get approval before taking on any external directorships (such approval will not be given in the event there is any actual or perceived conflict with the Firm or its business).

Disclosure and Monitoring

Upon the start of employment, and on an annual basis thereafter, Supervised Persons are asked to complete a conflicts of interest questionnaire/ certification for review by the CCO.

Directorships

As part of the identification process, employees are required to disclose details of directorships and interests in other companies. The register is provided to the Board for review and challenge.

Trading

Osmosis' Personal Account Trading Policy requires that employees act according to the highest ethical standards and practice, and that they seek to minimise the risk of conflicts of interests with clients, the misuse of privileged or confidential information, or any involvement in insider trading, market abuse or interception of corporate opportunities.

4.1 Conflicts of Interest (cont'd)

Potential conflict of interest management in trading

The Osmosis Personal Account Trading Policy requires all staff to submit a pre-authorisation request for personal investments. All such investments will be implemented, where practical, within 48 hours. Such authorisation will NOT be given if the proposed investment is into a company/stock that Osmosis trades in its funds or for its clients. This approach avoids potential (or perceived) conflicts.

Breaches of the policy would be escalated to the Chief Compliance Officer and, if determined to be material, to the management committee. A material breach would result in disciplinary action, which if serious, could result in summary dismissal (through the company's formal processes).

4.2 Review and Assurance

4.21 Review of ESG Related Investment Policies

Responsible investment is driven from the top of the business and embedded across everything we do. The research team, which oversees ESG implementation, is managed by the Head of Environmental Research who reports to the Investment Oversight and Development Committee (IODC). The two teams work closely together and currently have 19 experienced and dedicated employees. The IODC provides oversight of the research and investment process, and this scrutiny drives the continuous improvement of stewardship policies and processes, under an established change control policy. As an example, following feedback from clients, the research team proposed two additional negative screens across Osmosis' funds and strategies which targeted cluster munition manufacturers and anti-personnel landmines producers. These exclusions were approved and signed off by the IODC and implemented into the investment process.

As part of such processes, the Investment Risk Review Committee (IRRC) is required to sign off on all material changes to investment strategies and investment processes, as well as issues arising in the resource efficiency data collation and analysis. In addition to the foregoing, the IRRC meets monthly to review investment and operational risk issues arising within the funds and SMAs operated by the firm and broader risk and compliance issues. The formal decision-making process lies with the firm's Management Committee, which includes two directors and reports to the Board.

An enterprise risk committee is responsible for maintaining a risk register where material risks to the firm are considered, assessed, monitored, managed and/or mitigated. All significant events are notified to the relevant committee. If an event is material to the firm and requires a board response, it is notified to the board, and the appropriate action is initiated.

The IODC and the IRRC also meet on an ad hoc basis as and when circumstances demand to address urgent issues that might arise between the regular monthly meetings.

4.2 Review and Assurance (cont'd)

Environmental Research Team

- Raw resource data is collected from public reports by internal research analysts
- Raw data is checked for accuracy and correct units and compared to prior. Changes > 10% require investigation. If explained by company reports then page of company report noted on system otherwise brought to manager's attention
- Any discrepancies are raised directly with the reporting company by analyst.

Maker
Research analyst

Checker
Head of Environmental Research

Raw resource data

- Data quality assurance checks are automated within database to highlight > 10% changes from prior data point
- Any highlighted changes are investigated and confirmed
- All new data is signed off by Head of Environmental Research
- > 10% changes are highlighted to the Portfolio Management team when new data is sent via email

Maker
Head of Environmental Research

Checker
Anvil Database

Anvil database

Data quality assurance is conducted across teams with review by heads of both teams

Portfolio Management Team

- Raw data is input into Barra and normalised within Osmosis sector, equal weighted and then re-normalised within Osmosis sector
- The Resource Efficient scores are then compared to prior month's
- Changes >10% are investigated and confirmed with Head of Environmental Research
- New RE score is signed off by Head of Portfolio Execution

Maker
Associate PM

Checker
Head of Portfolio Execution

Creation of RE signal (Barra)

4.2 Review and Assurance (cont'd)

4.22 Model Checks and Balances

Osmosis' data collection is a manual process whereby individual corporate reports are reviewed, and relevant data is extracted. Our data comes directly from corporate reporting, with no third party data sources used. Osmosis' research team has sectoral analysts with expertise in environmental reporting within their respective sectors.

Every month, companies that have produced new environmental data are identified and analysed by the relevant analyst. The research process uses various tools to identify which companies have released new data points, including notifications sent directly by corporate sustainability teams to our research team and specialised CSR (Corporate Sustainability Report) alert tools, as well as insights about when and where companies will release new reports based on their reporting history.

Once new reports are identified, the relevant data is extracted and then standardised to our sector economic frameworks.

Before data is permitted into our database, it must be manually collected, verified, and standardised by a research analyst following strict research guidelines and ensuring the data's origin is fully documented.

Each new data point is subjected to a series of statistical checks, including calculating and flagging any large year-on-year changes in the company's absolute research consumption and any year-on-year changes in its efficiency. Any values that exceed the acceptance threshold are further investigated, and where no explanation can be found, company management is contacted directly to explain and clarify anomalies. Only when a satisfactory resolution can be documented is the value added to our database.

The Director of Environmental Research must approve all data before final submission. Any changes to the database are discussed monthly during the Investment Oversight and Development Committee.

As part of ongoing quality assurance, we continuously liaise and engage with companies regarding their environmental metrics. This is a key step in our monthly data validation process and enables company management to provide clarity or context to disclosures.

4.23 External Benchmarking

Osmosis participates in the external benchmarking and annual assessment process of the PRI (Principles for Responsible Investment). Since our initial membership in 2014, we have consistently been evaluated with above-average scores in the PRI's core modules. We believe that through these external initiatives, we provide the market with a fair, balanced, and understandable report. We complement these reports with stewardship-focused client reporting, where we try to follow UK Stewardship Code Principles ensuring fair and balanced views.

In the PRI's latest assessment, Osmosis was awarded top scores in all sections of the UN-backed Principles for Responsible Investment (PRI) 2024 Assessment Report. This marks the second consecutive year that Osmosis has earned such high recognition, reflecting its continued commitment to responsible investment practices.

Summary

- 5 star rating awarded for Policy Governance and Strategy
- 5 star rating awarded for Direct – Listed Equity – Active Quantitative
- 5 star rating awarded for Direct – Hedge Funds –Long/Short Equity
- 5 star rating awarded for Confidence Building Measures

4.24 Assurance of report

This report has undergone review by Osmosis' Board of Directors and Management Committee (ManCo), and is considered approved.

4.3 Monitoring Managers and Service Providers

As a sustainable boutique investment manager, Osmosis' environmental footprint is low compared to our larger peers; however, we recognise that firms of all sizes and industries will be impacted in the transition to a net-zero economy. Just as climate risk is at the heart of our investment strategies, we also make sure that climate risk is considered in our firm's daily running and future planning.

4.31 Environmental Impact

Our in-house environmental programme focuses on measuring, managing, and reducing our most significant impacts. From an energy perspective, this includes scope one emissions (fuel), scope two emissions (energy for buildings) plus business travel, as well as supplier-related emissions. We aim to reduce carbon intensity from energy use and business travel. Operational waste and water consumption in the office is targeted through enhanced recycling and paper consumption reduction efforts. At the same time, water-based filtration systems have been installed to negate the use of plastic bottled water.

4.32 Responsible Procurement

Our responsible purchasing approach aims to promote environmentally friendly products and services by screening for suppliers that take ESG considerations into their business operations.

4.33 Collaborative Engagements

Osmosis actively participates and collaborates with broad market coalitions to improve investment practices across the industry, in line with the UN's Sustainable Development Goals. We are active partners of the CDP (Carbon Disclosure Project), PRI (Principles for Responsible Investment), GRI (Global Reporting Initiative), and Climate Action 100+, and aim to use our expertise to advance responsible investment.

4.34 Our Communities

Giving back and supporting local charities and community projects are becoming an increasingly important part of our culture. We provide the opportunity for our employees to receive paid time off for skills-based volunteering in the local community. We are also launching a scheme to match employee donations for individual fund-raising initiatives.

4.35 Our Service Providers

Osmosis relies on certain service providers within our investment process, including proxy voting agents, data providers and trading platforms. Osmosis conducts an annual review of all service providers, ensuring their services have been delivered and continue to meet the needs of the business.

From a stewardship perspective, the main service providers are ISS and MSCI ESG, both of which are consistently monitored by the environmental research team. As outlined in section 3.4, MSCI ESG data plays a key role in identifying UNGC breaches and informing the creation of exclusion lists. Osmosis also leverages ISS's climate policy, and, as detailed in section 3.5, we regularly review vote recommendations to ensure they align with the firm's values. Moreover, we retain the flexibility to override these recommendations when necessary. Notably, since the 2024 reporting period, we have updated our policy to reinforce our commitment to Diversity, Equity, and Inclusion (DEI) strategies in our voting practices.

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