



**osmosis**  
INVESTMENT MANAGEMENT

# Sustainability & Stewardship

The Economics of Resilience

REPORT 2025

## Contents

<b>1. Introduction</b>	<b>3</b>
1.1 2025 in Review	4
1.2 To Our Clients	5
1.3 Purpose, Strategy, and Culture	6
<b>2. Investment Approach</b>	<b>8</b>
2.1 Client and Beneficiary Needs	9
2.2 Stewardship, Investment and ESG Integration	11
<b>3. Engagement</b>	<b>17</b>
3.1 Developed Market Engagement	22
3.2 Emerging Market Engagement	24
3.3 Collaboration	27
3.4 Escalation	29
3.5 Other Asset Classes	30
<b>4. Exercising Rights &amp; Responsibilities</b>	<b>31</b>
4.1 Proxy Voting Monitoring	33
4.2 Factors Used to Evaluate a Company's Climate Related Performance	36
4.3 Climate Change	36
4.4 Climate Lobbying	39
4.5 Waste	40
4.6 Broader Environmental Issues	41
4.7 Social	42
4.8 Executive Compensation	43
4.9 Board Members	43
4.10 Anti-ESG	44
<b>5. Promoting Well-Functioning Markets</b>	<b>45</b>
5.1 Climate Change Risk: Climate and Transition	46
5.2 Climate Change Risk: A Whole Economy Solution	46
5.3 Climate Change Risk: Engagement and Stewardship	47
5.4 Geopolitical Risk: Climate Policy Roll Backs	47
5.5 Geopolitical Risk: Energy	48
5.6 Other Systemic Threats	48
<b>6. Governance</b>	<b>49</b>
6.1 Conflicts of Interest	50
6.2 Review and Assurance	51
6.3 Monitoring Managers and Service Providers	52

The Osmosis annual Sustainability and Stewardship Report for the year ended 31 December 2025 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

## 1.1 2025 in Review

Over the past year, stewardship has remained at the centre of how we protect and enhance long-term value for our clients and their beneficiaries. Through active ownership, engagement and collaboration, we have continued to support well-informed investment decisions that consider long-term risks and opportunities across the economy, environment and society. By integrating stewardship into our investment approach, we aim to deliver sustainable returns today while safeguarding the ability to do so in the future. We remain focused on advocating for the best interests of our clients and beneficiaries, ensuring their long-term needs remain central to our engagement and investment activities.

**871** MEETINGS  
VOTED

**99.7%** SHARES  
VOTED

**~\$17bn**  
SUSTAINABLE ASSETS  
UNDER MANAGEMENT<sup>2</sup>

**557**  
COMPANIES  
DIRECTLY ENGAGED

 **LISTED  
EQUITIES  
MANAGER  
OF THE  
YEAR<sup>3</sup>**  
Listed equities manager  
of the year

**+\$750bn**  
COMBINED AUM  
SUPPORTING OUR NON-  
DISCLOSURE+ CAMPAIGN<sup>1</sup>

 **PRI** Principles for  
Responsible  
Investment

**AWARDED STRONG  
SCORES ACROSS  
EACH CATEGORY<sup>4</sup>**

<sup>1</sup> As of 01 August 2024

<sup>2</sup> As of 31 December 2025 – Osmosis Investment Management UK Ltd (“Osmosis UK”) is an affiliate of Osmosis Investment Management US LLC (“Osmosis US”), Osmosis Investment Management NL B.V. (“Osmosis NL”) and Osmosis Investment Management AUS Pty Ltd (“Osmosis AUS”). AUM includes discretionary assets under management of Osmosis US, Osmosis AUS, Osmosis NL and Osmosis UK and assets invested in model programs provided by Osmosis US, Osmosis AUS and Osmosis UK.

<sup>3</sup> The Environmental Finance Sustainable Investment Awards are free to applicants and open to all organisations globally. This award was given on 26 June 2025 and relates to the annual period May 24-25.

<sup>4</sup> The Principles of Responsible Investing (PRI) 2025 Assessment Report was given on 24 November 2025 and corresponds to the annual reporting period of 1/1/2024 to 31/12/2024. This assessment is free for all PRI signatory members, however, all signatories are required to pay an annual membership fee. PRI independently provided Osmosis with a questionnaire to be used in the preparation of the third-party rating or award.

## 1.2 To Our Clients



In 2025, the turbulent and volatile environment for sustainable investing continued, underscoring the importance of stewardship more than ever. Markets fluctuate and political priorities shift, but as responsible stewards of capital we

recognise that climate change operates on a long-term timescale. Our response must reflect that reality.

Osmosis was founded on the principle that sustainable investment need not come at the cost of financial returns, and that allocators of capital carry a responsibility to deliver both positive financial and environmental outcomes for their investors. Active ownership therefore lies at the heart of our approach.

Against that backdrop, I present our fifth Sustainability and Stewardship Report, updated with new examples of how we have applied these principles throughout 2025.

During the year, we voted on 12,483 issues, at 871 shareholder meetings and engaged with 557 companies from 43 countries to encourage greater disclosure and transparency across their environmental balance sheets – a 12.5% increase in company engagement compared with 2024.

Our stewardship initiatives continued to grow in both scale and ambition. Our proprietary Non-Disclosure+ Campaign remained focused on addressing non-disclosure amongst the world's largest corporations, engaging four additional companies and escalating discussions with Amazon.com. The campaign is supported by peers and investors representing over US\$750bn in assets (as at August 2024). Additionally, we served as Lead Investors in CDP's annual Disclosure Campaign and PRI's nature initiative, Spring.

2025 was also a year of acceleration for the firm. As many asset managers step back from sustainability commitments, Osmosis is stepping forward. We are investing in people, innovation, and research to build next-generation sustainable solutions and to strengthen our long-standing commitment to our philosophy.

This year, the Board, with the commitment of our long-term strategic shareholders Oxford Endowment Fund, Amova Asset Management, and Capricorn

Investment Group, approved a significant investment programme to support the next phase of our development.

Other milestones included launching Osmosis NL, our Netherlands-based affiliate, to expand our capabilities into credit. Led by Victor Verberk, former CIO of Robeco, and his team of fifteen former colleagues, we launched our first two sustainable credit strategies this year, seeded by an Australian superannuation fund and a UK wealth manager.

We also added five investment professionals from Legal & General's Index Solutions business, bringing our team to over fifty professionals. This reflects a deliberate commitment to building capabilities whilst many larger peers are retreating from sustainability-focused investing.

Towards the end of the year we launched our Emerging Markets Core Equity Transition UCITS Fund, bringing our Resource Efficiency approach to regions that account for over two-thirds of global CO<sub>2</sub> emissions. The strategy reduces ownership of Carbon, Water, and Waste by ~ 60% while maintaining diversified exposure across the economy.

I would like to thank our shareholders, clients, service providers, and my dedicated team who supported our mission this year. Your trust and long-term commitment allow us to remain focused on building an investment platform designed to deliver both strong financial outcomes and meaningful environmental progress.

Political priorities may evolve and market sentiment fluctuate, but the underlying challenge of climate change does not disappear. We remain determined to drive the changes required to support the transition toward a more sustainable global economy.

Please reach out for further details on this report or to share your thoughts with us more broadly.

Best regards,



**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 Amova Asset Management



**52 staff across Europe and US**



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



**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 31 December 2025 – Osmosis Investment Management UK Ltd ("Osmosis UK") is an affiliate of Osmosis Investment Management US LLC ("Osmosis US"), Osmosis Investment Management NL B.V. ("Osmosis NL") and Osmosis Investment Management AUS Pty Ltd ("Osmosis AUS"). AUM includes discretionary assets under management of Osmosis US, Osmosis AUS, Osmosis NL and Osmosis UK and assets invested in model programs provided by Osmosis US, Osmosis AUS and Osmosis UK.

### 1.31 Our Purpose, Values and Culture

Osmosis was established in 2009 with a clear conviction: sustainability would become a defining driver of long-term economic value. As environmental pressures intensified and global systems came under strain, we recognised a compelling opportunity to reallocate capital towards companies better equipped to thrive in a more resource-constrained and rapidly evolving world.

In 2025, building on our strong foundation in systematic equity, Osmosis became a cross-asset sustainability specialist, extending our offering to fixed income capabilities and strengthening our ability to support clients across different market environments. Our approach combines proprietary research, advanced analytics and, more recently, AI-driven insights, with deep sustainability expertise. Our systematic equity and active fixed income strategies align client portfolios with the global transition while seeking to generate attractive long-term returns.

All our Funds and Strategies embed sustainability risk as a driver of long-term investment returns:

- **Risk:** Recognising that transition risk is financial risk
- **Return:** Embedding transition risk is a driver of returns
- **Sustainability:** Making informed decisions aimed to achieve better long-term risk adjusted returns

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.

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

### 1.32 Investment Philosophy

From the outset, we've maintained that sustainable investing must deliver competitive returns to gain broad adoption. This belief shaped our evidence-based investment frameworks: designed to identify businesses equipped to navigate environmental degradation, geopolitical complexity, and accelerating economic change.

Our approach spans the whole economy. Rather than exclude sectors, we allocate to those we believe are transition leaders, backing firms adapting and penalising those falling behind.

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 sustainable frameworks. Building on this, our portfolios aim to provide higher risk-adjusted returns while aligning with the global transition.

### 1.33 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 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:

- Promote improved disclosure
- Encourage companies to adopt sustainable practices
- Consider ESG factors in proxy voting
- Work in collaboration
- Participate in broader market engagement
- Be active owners

Learn more in [Chapter 3](#)

## 2. Investment Approach

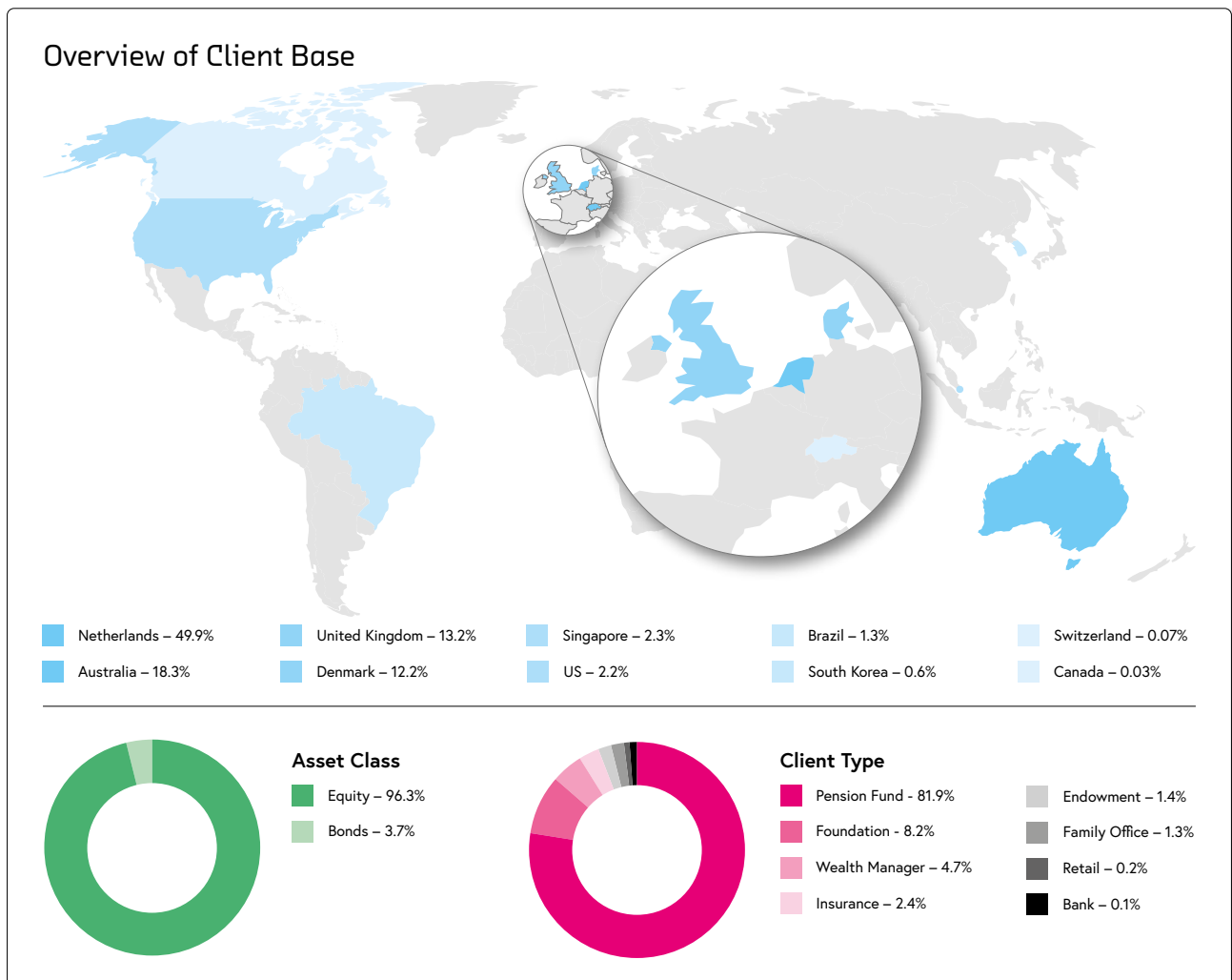
## 2.1 Client and Beneficiary Needs

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 are always conscious of the importance of controlling for the active risk that sustainable 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 risk is managed correctly and not left unrewarded. We are also mindful to build cost-effective portfolios, believing that to drive change at scale in the industry, we needed to price the products accordingly.

### 2.11 A Global Client Roster

Osmosis' sustainable focus has attracted a global client roster that includes pension funds, insurance companies, foundations, family offices and banks. We manage a range of systematic equity funds, and more recently we have introduced actively managed global credit funds, resulting in considerable experience customising solutions for clients targeting different risk and style exposures.

As of the end of December 2025, Osmosis had roughly \$17 billion in assets under management. A breakdown is provided below.



Source: Osmosis IM, end December 2025.

## 2.1 Client and Beneficiary Needs (cont'd)

### 2.12 Client Reporting

We believe that two-way communication with our clients, is vital for the continuous improvement of our stewardship activity.

Osmosis provides all clients with monthly and quarterly reports covering a range of financial and non-financial performance for each strategy. For our equities clients, the quarterly reports provide comprehensive coverage of our voting activity, engagement priorities, outcomes achieved, and escalation actions taken. Monthly updates detailing the outcomes of our climate-focused voting policy can be found on our [website](#).

We actively seek client input on stewardship priorities, including environmental, social, and governance themes, and incorporate this feedback into our engagement strategy and voting decisions, where appropriate. Osmosis collaborates with our clients to deliver bespoke reporting solutions and can incorporate detailed financial, environmental, and ethical considerations. We also welcome clients to become more directly involved in these activities, including as signatories of our [Non-Disclosure + campaign](#). 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 professionals, each with regional expertise. Every client is allocated a dedicated relationship manager 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.

### 2.13 Thought Leadership

Osmosis produces frequent thought pieces, case studies and webinars on themes that we have identified as useful and meaningful for our clients.

Considering the political backdrop in the US, this year we authored a number of educational articles outlining the effects of global policy changes on sustainable investing, including the [SEC Climate Disclosure Rollback, Environmental and Climate Policy under a Trump Administration](#), and commentary on [ESMAs new guidelines](#). Other highlights included research on factor investing through various economic cycles, carbon pricing, and the effect of the EU's carbon border adjustment mechanism on emerging markets.

Additionally, the launch of the fixed income team this year added a wide variety of expertise from economists, academics and sustainability leaders, boosting our ability to inform clients on a wider range of topics. Popular additions to our thought leadership include [Money Matters](#), a recurring series offering concise and accessible commentary on key macro dynamics, and the [Credit Quarterly Outlook](#), a quarterly assessment of the current credit market cycles and their effects on our portfolio selection. Visit our [website](#) to learn more.

## 2.2 Stewardship, Investment and ESG Integration

At Osmosis, every strategy is grounded in rigorous proprietary research and built to align sustainable transition principles with fiduciary responsibility. We view transition risk as financial risk – not a trade-off against performance, but a driver of long-term value creation.

Our quantitative, investment-led approach embeds sustainability directly into core risk and return analysis. Rather than relying on third-party ratings or simple exclusions, we integrate sustainability within the investment lens itself – supporting better-informed decisions, and delivering clients solutions relevant to today's changing world.

### 2.21 The Model of Resource Efficiency – A Sustainable Investment Signal and Source of Uncorrelated Return

In 2009, Osmosis pioneered an innovative research approach which enabled the construction of our proprietary sustainable investment signal, Resource Efficiency. Since then, Resource Efficiency has sat at the centre of all our equity portfolios, and, after over a decade, continues to attract a global client base of sustainably-minded investors.

The Model of Resource Efficiency standardises unstructured corporate environmental data to construct our proprietary Resource Efficiency investment factor. Utilising publicly disclosed data from 2005 onwards, our in-house research team standardises carbon, water and waste metrics to sector specific frameworks, delivering a comprehensive approach to environmental investment.

To be eligible for investment in our Resource Efficient 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. 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.

Our environmental database is updated monthly to account for different corporate reporting cycles. Whilst corporate environmental data disclosure has increased significantly over the last 10 years, our research shows that 17% of the MSCI World (ex-financials and REITS) still do not qualify for a resource efficiency score as of 31 December 2025. Engagement remains a key tool to tackle these persistent data gaps, encouraging transparency and incrementally improving the underlying dataset our Resource Efficient portfolios. Learn more in [Chapter 3](#).

Our proprietary database allows us to aggregate individual corporate impacts and environmentally footprint the entire portfolio. As of 31 December 2025, our Resource Efficient portfolios secured an average reduction of 58% in carbon emissions, 66% in water usage, and 62% in waste generation compared to their benchmarks.

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

### Case Study: Osmosis launched a new Emerging Markets Core Equity Strategy to satisfy investors seeking diversified sustainable exposure

#### Objective:

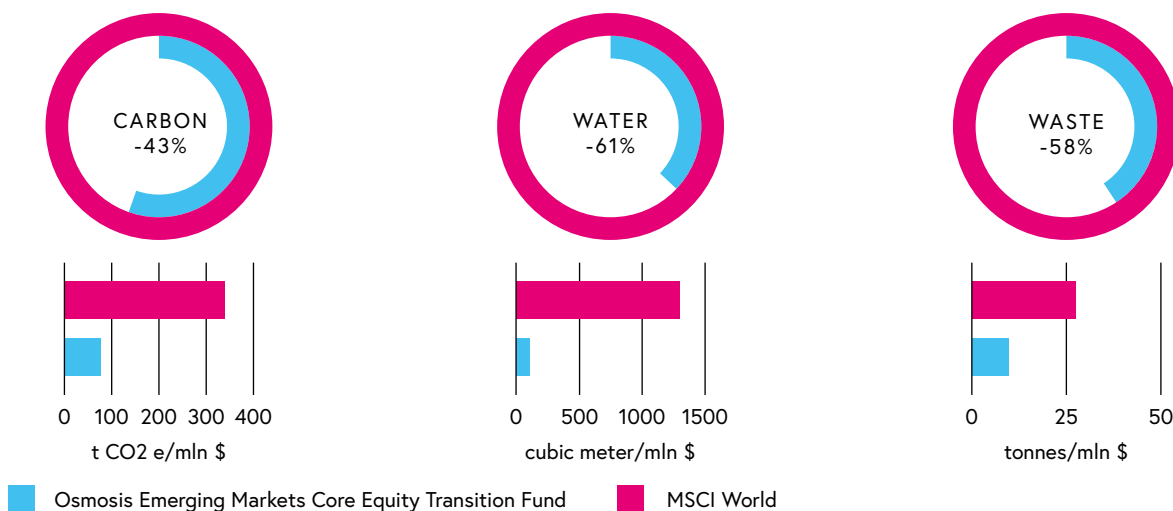
- Apply the results of an [award-winning](#) three-year research project into corporate environmental data in the Emerging Markets (EM)
- Challenge misconceptions of the environmental data quality, quantity and availability in the EM
- Demonstrate the investability of companies leading environmental change in these crucial markets.

#### 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 (UNGC) Principles
- All-economy approach encourages all sectors of the economy to adapt more climate-resilient business models.

#### Outcomes:

- Milestone achieved: Osmosis' first Emerging Markets UCITS Fund launched
- Investment in the Fund by the IMAS Foundation, a purpose-driven foundation that manages long-term financial assets to support charitable activities
- The portfolio closely replicates the risk characteristics of the benchmark whilst delivering significant reductions in ownership of carbon (-43%), water (-61%) and waste (-58%) as of 31 December 2025.



Source: Osmosis IM, Bloomberg, MSCI. Data as at end December 2025.

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

### 2.2.2 Enhancements to the Model of Resource Efficiency in 2025

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

To compare corporate environmental data on a like-for-like basis, MoRE assesses each company's Resource Efficiency score against their peers across 36 Osmosis defined sectors. These proprietary sectors are more granular and considerate than the industry standard GICS sectors. In 2025, our Environmental Research team evaluated the technology hardware & equipment sector, looking to address legacy sector definitions that tend to favour asset-light companies while penalising manufacturers and companies operating fabrication plants. This creates structural biases that can affect portfolio construction. Following the publication of a [whitepaper](#) the team has implemented a change to split the sector, which enables fair comparisons amongst peers by increasing economic comparability. This is a model improvement, which further refines our Osmosis Sectors with the aim of positioning portfolios for more robust returns over future market cycles.

Elsewhere, the Quantitative Research team implemented a further update to include Real Estate Investment Trusts (REITs) in the Model. Up until now, the Model of Resource Efficiency (MoRE) did not include any financial companies because of the lack of data on the carbon, water and waste impact of their funding activities – which is arguably the most resource intensive aspect of their business. However, research in 2025 into REITs proved that their disclosure of portfolio resource efficiency was different from other financial companies. Before including them in the Model, we developed an environmental philosophy for REITs' portfolio resource efficiency and analysed Scope 3 Downstream Leased Assets – outlined in [a research paper](#). This resulted in 38 companies to evaluate, with the number expected to increase as environmental disclosures become more prevalent in this sector. The inclusion of REITs adds to our all-economy approach and is ready for inclusion within MoRE.

### Case Study: After over a decade of proven performance, our innovative Resource Efficiency signal continues to attract large institutional clients from around the globe

#### Objective:

- To target better risk-adjusted returns than the benchmark
- To significantly reduce the environmental footprint of the Resource Efficient strategies in comparison to the benchmark

#### Method:

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

#### Outcomes:

Over the last 2 years,

- A large Australian university endowment fund and Australian wealth manager invested in our Resource Efficient, flagship Core Equity suite.
- UK LGPS assets invested in our Resource Efficient portfolios surpassed £1bn (as of 30 September 2024).
- A purpose-driven Dutch foundation and large US state pension fund supported the Resource Efficient approach in new Emerging Market vehicles.

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

### 2.23 Transition Investment Framework

Our proprietary Transition Investment Framework assesses how companies contribute to sustainable development, and how the transition affects their financial health. Used primarily across our fixed income products, the framework combines both impact materiality (how companies affect society and the environment) and financial materiality (how sustainability affects company performance) in one integrated approach. The framework is built on rigorous academic research and data sourced from trusted documents, it offers clients full transparency and unique insights into both sustainability outcomes and financial implications.

#### Case Study: Osmosis launches first two fixed income Funds utilising our proprietary Transition Investment Framework – Global Credit and High Yield

##### Objective:

- Consistently outperform the benchmark across market cycles
- Identify companies that are better prepared for the future by embedding negative externalities, inevitable policy responses, and corporate strategies.

##### Method:

- Proprietary [Transition Investment Framework](#) allows us to integrate sustainability by evaluating companies across three dimensions:
  - – Current Impact
  - – Future contribution
  - – Financial Health
- Invest a minimum of two-thirds in companies with positive or neutral Current or Future Impact to enhance Transition exposure, aiming to deliver stronger long-term returns alongside positive alpha and impact.

##### Outcomes:

- Proprietary approach secured seed investment in the strategies from Australia's Commonwealth Superannuation Corporation (CSC).
- Since received commitment from Large UK wealth manager.

### 2.24 SDG Scoring Framework

We are currently developing our proprietary Sustainable Development Goal (SDG) framework, initially for our Fixed Income strategies. Our SDG score measures how strongly a company contributes to global sustainability objectives as captured by the United Nations Sustainable Development Goals. Portfolios that utilise our SDG Scores, will only invest in companies with strong, evidence-based contributions to sustainable development. Investment strategies using the SDG score are designed for impact-driven investors with a long-term view, thus fitting 'darker green' client objectives.

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

### 2.25 Client-specific 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 preferences 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.

### 2.26 Exclusions

Osmosis works closely with clients to integrate ESG considerations into their portfolio whilst maintaining traditional risk exposures aligned with the underlying client mandate. Across all our funds, we exclude any company with significant involvement in tobacco products manufacturing, companies involved in the manufacturing of controversial weapons and any company found to be in breach of any of the UN Global Compact principles. Other exclusions vary on strategy-by-strategy basis, and include, but are not limited to, gambling, uncertified palm oil and thermal coal.

### 2.27 Social Exclusions

We exclude companies from all funds if they breach the United Nations Global Compact (UNGC) Principles, which cover a range of ESG topics. Additionally, some of our fixed income portfolios exclude companies with high negative impact on the Sustainable Development Goals (SDGs), many of which address social issues.

### 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 United Nations Global Compact (UNGC) principles, specifically relating to alleged involvement in human rights violations at certain mining operations since 2006. The company is considered to have very severe human rights controversies in some cases and has been a longstanding presence on Osmosis' exclusion list.

#### Outcomes and Next Steps:

Osmosis consistently screens its investment universe for breaches of the UNGC principles and excludes any company that does not adhere to them from all portfolios. This company has remained excluded because of these ongoing human rights concerns. Osmosis initiated engagement with this company on these issues in 2021, encouraging improved practices and alignment with international standards. Until meaningful and verifiable progress is demonstrated, the company will remain excluded from investment.

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

### 2.28 Product-specific Exclusions – Fossil Fuel Divestment

Osmosis screens companies on a variety of metrics which determines whether they are eligible for inclusion in our ex- fossil fuel equities 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 also exclude companies involved in the manufacture and sale of civilian firearms, and those engaged in nuclear 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](#).

#### Case Study: Re-inclusion of Eversource Energy in the Fossil Fuel Divestment Strategy

##### Issue:

Up until the early 2010s, US based utilities company, Eversource Energy, 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 Eversource increased investment in renewable energy projects, particularly solar and wind, while phasing out coal.

##### Outcomes and next steps:

Eversource still generates revenues from fossil fuel-based activities, such as distribution of natural gas to customers, adding up to about ~16% of total revenue (as of 01/03/26). Following the standard criteria for our ex-fossil fuel strategies, it would be excluded from our portfolios. However, given that all 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. You can read more about this case study on our [website](#).

# 3. Engagement

## 3.0 Engagement

At Osmosis, active engagement is a pivotal component of our investment approach. Our in-house team works to promote sustainable corporate practices and well-functioning markets via an extensive outreach programme that covers our entire investment universe. Our Engagement Policy, which forms the basis of these efforts, is available on our [website](#) and outlines the principles guiding our approach.

Through engagement we aim to improve the accuracy and availability of corporate environmental disclosure and encourage entities to adopt better sustainability practices. 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 inform our investment model
- 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' equity approach lies Resource Efficiency, a sustainable investment signal which integrates corporate environmental performance indicators: carbon emissions, water usage, 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.

### 3.01 Our Engagement Approach

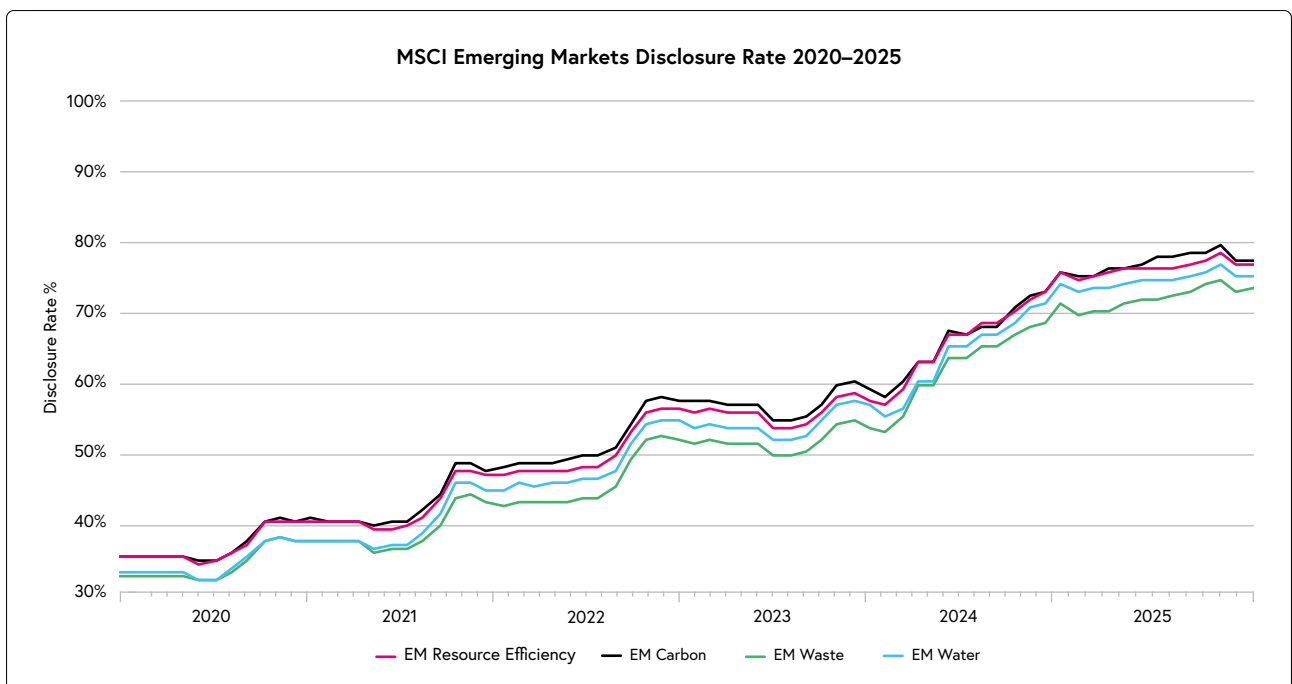
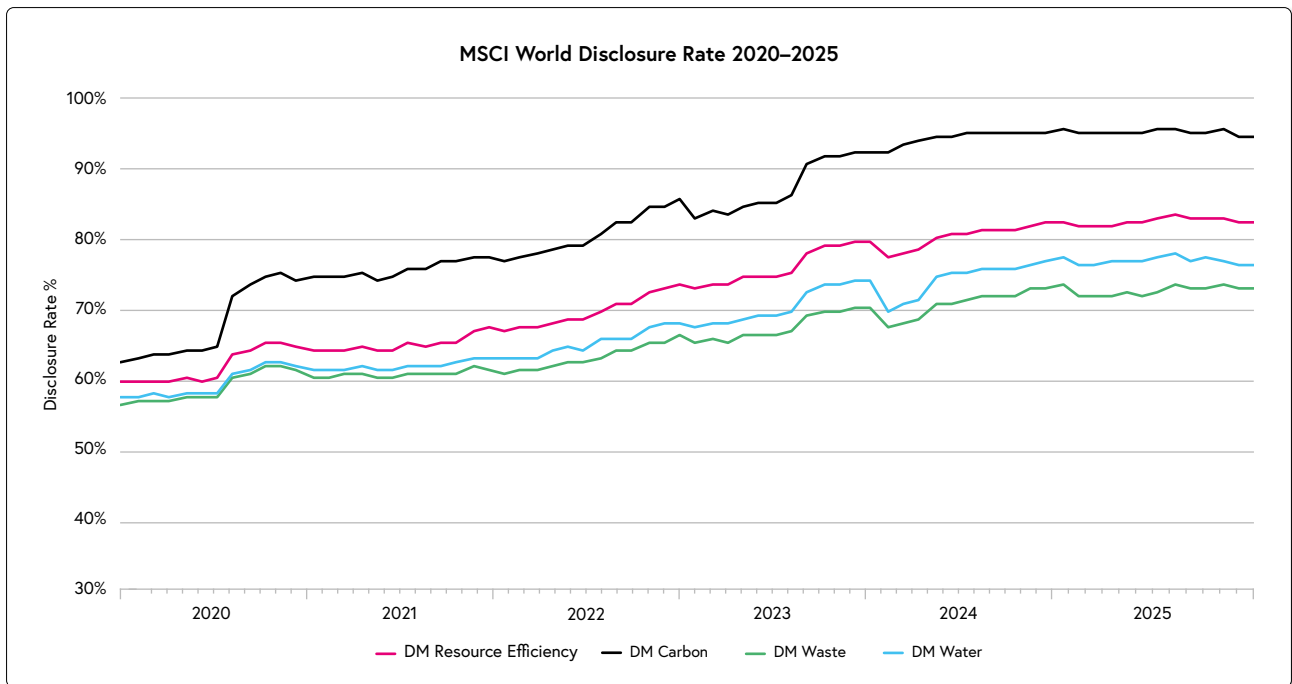
During the research stage, our team of environmental analysts scrutinise reported corporate environmental data and engage with entities on any heterogeneous data points. Companies that report data inconsistent with sector norms or their own year-on-year historical performance are identified for active, ongoing engagement to investigate and clarify these discrepancies. To maintain the accuracy and integrity of the firm's investment model, any data points for which a satisfactory explanation cannot be identified during the engagement process will be excluded from the database.

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

Generally, companies targeted as part of our engagement efforts are receptive to suggestions on how to improve their environmental disclosure. This is illustrated in some of the case studies below, which highlight how target entities incorporate our recommendations into future reporting.

In recent years, we have found that corporate environmental disclosure is rapidly improving in both quantity 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) and the Task Force on Climate-Related Financial Disclosure (TCFD). When engaging with companies on their environmental disclosure, we encourage the use of these frameworks to ensure accuracy and uniformity

### 3.0 Engagement (Cont'd)



Source: Osmosis IM. All data excluding financial and REITS, as at 31 December 2025. As of Feb 2026, RE scores will be assigned to REITS and they will be available to include in portfolio construction.

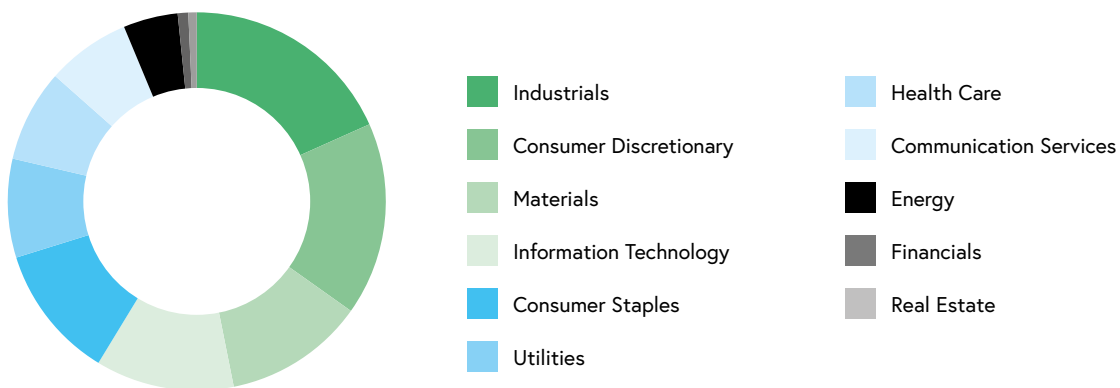
### 3.0 Engagement (Cont'd)

Not only is environmental data crucial to our investment model, we believe that a company which 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 gain a deeper understanding of companies' environmental practices and to encourage strategies that improve environmental performance. Case studies of engagement on broader environmental performance are illustrated below. These include, but are not limited to, engagement with airline companies on Scope 3 emissions, the use of surface water in operations, and waste to power generation.

In 2025, our environmental team engaged with a total of 557 individual companies, an increase of over 60 from 2024. 238 of these companies were from the developed markets (DM) and the remaining 319 were from the emerging markets (EM).

Our engagement processes encompass all entities in our target equities universe, meaning we do not run our engagement processes on a fund or product level. As such, we initiated dialogue across companies spanning all GICS sectors in 2025. The highest number of engagements were with companies in the industrials, consumer discretionary and materials sectors.

#### GICS Sectoral spread of engagement efforts



#### Primary engagement topics



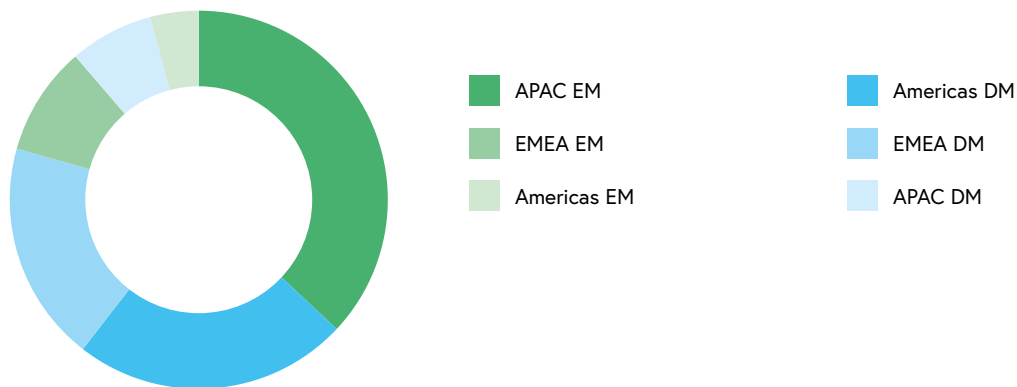
Source: Osmosis IM, as of 31/12/25.

### 3.0 Engagement (Cont'd)

Whilst we engaged on a range of issues, our primary focus in 2025 remained on environmental data clarification, and we engaged with 317 companies on this issue.

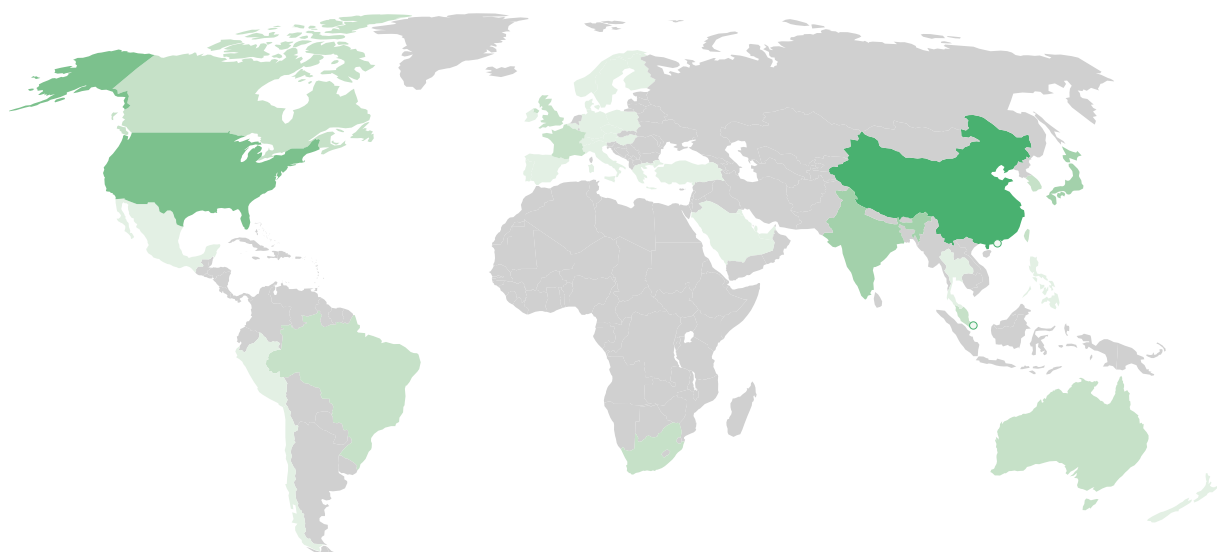
In 2025, we engaged with entities from 43 countries. Similarly to previous years, the United States and China emerged as focal points for our engagement efforts, reflecting their prominence within their respective indices. As such, there was a focus on APAC and North America regions.

#### Regional spread of engagement efforts



Source: Osmosis Investment Management, as of 31/12/25.

#### Geographical spread of engagement efforts



Number of companies engaged with



Source: Osmosis Investment Management, as of 31 December 2025.

## 3.1 Developed Market Engagement

### Case Study: Can we compare airline companies Scope 3 carbon emissions?

**Issue:**

A review of Scope 3 emissions revealed inconsistent treatment of Capacity Purchase Agreements (CPAs), arrangements where one airline provides aircraft capacity to another. Some airlines report emissions from CPA-operated flights as indirect supply-chain emissions under Scope 3 Category 4, while others include them in Scope 1 if the flights are considered part of their operations. This difference in classification can shift emissions between Scope 1 and Scope 3, undermining comparability across the sector.

**Outcomes and next steps:**

To assess common reporting practices, we contacted six airlines; two responded. One does not engage in CPAs, while the other reports CPA-related emissions under Scope 3 Category 4 alongside other activities. Given this inconsistency, we conclude that CPA emissions are not reported uniformly across the sector. We have therefore excluded Scope 3 Category 4 from our database for now and will continue to monitor improvements in disclosure.

### Case Study: Should surface water be included in our model?

**Issue:**

At Osmosis, surface water is currently excluded from MoRE on the basis that it is often used for cooling rather than direct usage. This year we conducted company engagement to understand how surface water is used across sectors and whether exclusion from the model remains appropriate.

**Outcomes and next steps:**

We engaged with approximately 20 companies across multiple GICS sectors, including beverages, electricity, food producers, and mining. Nine companies responded: two from beverages, two from electricity, one from food producers, and four from mining. One mining company provided particularly detailed insights, which led to a follow-up call to explore its surface water use in greater depth.

Responses indicated that surface water is used for a range of purposes. While some companies primarily use it for cooling, others incorporate it directly into products or use it for cleaning and processing activities. Based on these findings, we are now reviewing data availability and materiality to determine whether surface water should be incorporated into our models going forward.

## 3.1 Developed Market Engagement (cont'd)

### Case Study: Missing location data

**Issue:**

An American Airlines company published water usage data which did not account for all their locations. We reached out to the company to disclose this figure for 100% of the locations for which they have operational control.

**Outcomes and next steps:**

The investor relations team replied but could not furnish us with the required data. Since this does not satisfy our criteria, we excluded these figures from our database and will continue to monitor the company in case further information becomes available.

### Case Study: Energy disclosure

**Issue:**

We identified inconsistencies between the energy data we collected, and the figures reported through CDP. These discrepancies indicate that some companies are disclosing different energy figures across reporting platforms, raising concerns about data reliability.

To better understand the root causes of these inconsistencies and understand whether the discrepancies were due to boundary definitions, calculation approaches, or reporting errors, we contacted nine companies whose disclosures showed material differences.

**Outcomes and next steps:**

Three companies responded, revealing different drivers of the discrepancies. One applied inconsistent organisational boundaries, another used more granular conversion factors in its CDP submission than in public reporting, and the third identified a reporting error and committed to restating its figures.

This engagement strengthened our research and improved our database by enabling verification and correction of reported data, while highlighting common sources of inconsistency in energy disclosures.

### Case Study: Year on year waste data changes

**Issue:**

A US based chemicals company reported a significant drop in hazardous waste. We engaged with the company for an explanation.

**Outcomes and next steps:**

A swift response clarified the savings were due to operational production changes and continued reduction and recovery efforts reflecting improvements in efficiency and site-level waste practices. We decided to include this figure in our database.

## 3.2 Emerging Market Engagement

### Case Study: Research on the use of waste in power generation

**Issue:**

Osmosis engaged with a Chinese food producer regarding its waste disposal practices as part of a wider research project. In its 2024 ESG report, the company presented waste-to-energy incineration for power generation as a sustainable waste management solution.

We challenged this approach, as waste reduction at source is generally preferable given the environmental and health risks associated with incineration. We contacted the company to better understand its rationale and practices.

**Outcomes and next steps:**

The company explained that it collaborates with the local government to avoid landfill disposal and instead prioritises what it considers more environmentally friendly alternatives, including incineration for power generation and recycling. It reiterated its commitment to environmental protection and continuous improvement in waste management.

The response clarified that the company's strategy focuses on diverting waste from landfill rather than prioritising upstream waste reduction. This engagement informed our research and supported the development of case studies illustrating where corporate waste management practices may be less effective than early-stage waste reduction, consistent with our resource efficiency thesis.

### Case Study: Water usage definitions

**Issue:**

Our analysts observed that several China-based companies, from a range of sectors, use the terms "water consumption" and "water withdrawal" interchangeably in their disclosures. Under most environmental reporting frameworks, these are distinct metrics: water consumption is typically defined as total water withdrawal minus water discharged back to the source.

This inconsistency creates potential comparability and accuracy issues. We therefore engaged several China-based companies to clarify how they define and calculate their reported water metrics.

**Outcomes and next steps:**

Of the six Chinese entities contacted, three responded to clarify their definitions of water withdrawal. While definitions and reporting approaches varied, respondents either confirmed that the figure labelled as "consumption" in fact represented total withdrawal or provided the corresponding withdrawal value when following the common definition. These data points have therefore been added to our database.

We will continue to engage with companies when discrepancies in descriptions of water arise to enhance data comparability in our database, encourage clearer metric definitions and alignment with internationally recognised reporting standards.

## 3.2 Emerging Market Engagement (cont'd)

### Case Study: Waste and water withdrawal data request

**Issue:**

In 2025, we engaged with a Polish software and computer services company regarding its water and waste disclosures. Upon reviewing the company's 2024 Management Board Report, we observed that it had discontinued the disclosure of operational waste generation and water usage data. To understand the rationale for this change, we contacted the company for clarification.

**Outcomes and next steps:**

The company explained that its 2024 sustainability statement was the first prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The scope of reported topics was determined through a double materiality assessment. As a result, water usage and waste generation were not deemed material and were therefore excluded from the report.

The company indicated that it intends to publish additional environmental data on the sustainability section of its website, with annual updates. In addition, it provided us directly with the requested water and waste metrics. These data points have since been added to our database.

### Case Study: Suspected water unit error

**Issue:**

Osmosis engaged with a Malaysian food producer company regarding a potential discrepancy identified in its 2024 Annual Report. Water use was disclosed in megalitres. As one megalitre equals 1,000 cubic metres, the reported figure would equate to over 19 billion cubic metres of water usage, which appeared unusually high. The value was flagged as being both a peer outlier within its sector and falling outside the trend of previous reporting for the company. We contacted the company to confirm whether the unit of measurement was correct or if this may have been a reporting error.

**Outcomes and next steps:**

Unfortunately, we did not receive a response regarding the reported unit. In the absence of clarification, we did not include this value in our database. We will continue to monitor future disclosures for correction or confirmation of the reported metric.

## 3.2 Emerging Market Engagement (cont'd)

### Case Study: Waste generation data request

**Issue:**

We contacted a Turkish retail company regarding its waste generation disclosures. Upon reviewing its 2024 Integrated Annual Report, we noted that the total amount of waste generated was not disclosed. We requested clarification as to why the company stopped disclosing this metric.

**Outcomes and next steps:**

The company clarified that due to updates to its data collection approach and changes to internal accountability for waste management reporting in 2024, it was unable to present consolidated and accurate waste data for that year. To avoid sharing potentially inaccurate data, it chose not to include waste-related figures in the report. It stated that the company plans to provide again waste data for 2025 and Osmosis will continue to monitor their reporting.

### Case Study: Waste generation data inaccuracy

**Issue:**

Osmosis engaged with an Indian construction and materials company regarding its reported waste generation data. Upon reviewing the company's 2024–25 Integrated Annual Report, we identified a discrepancy between the sum of the individual waste categories disclosed and the total waste generation figure reported. We subsequently contacted the company to seek clarification.

**Outcomes and next steps:**

The company confirmed that the total waste generation figure corresponded to the value we had independently calculated. The discrepancy arose from a typo in the aggregation of the individual waste types within the report. The company acknowledged and appreciated the issue being brought to its attention and the corrected total has been included in our database.

### 3.3 Collaboration

Osmosis recognises that collaborative engagement with like-minded investors and stakeholders can amplify our voice and increase our impact. In 2025, we worked as part of a coalition 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

**Issue:**

CDP is a nonprofit charity that runs global disclosure systems to enable stakeholders to manage their environmental impacts, with a focus on carbon emissions, water usage, and forestry impact. In 2025, CDP's annual Non-Disclosure Campaign targeted over 1,300 companies that had not previously disclosed environmental data through CDP. The [campaign](#) was supported by 223 capital market signatories representing nearly USD \$23 trillion in assets, highlighting strong investor demand for improved environmental transparency.

**Initiative and role:**

As part of the campaign, Osmosis engaged with 11 companies operating across a range of emerging market sectors. During these engagements, Osmosis' environmental team emphasised the benefits of disclosing environmental information through CDP, the importance of completing the Climate Change and Water Security questionnaires, and the value of this data for investors seeking to assess environmental risks and opportunities.

**Outcomes and next steps:**

Osmosis' success rate with its target companies in 2025 was lower than in 2024, with two of the targeted companies submitting a disclosure to the Climate Change questionnaire. This reflects broader trends of the entire CDP campaign in 2025, which saw the overall success rate decline to approximately 10%.

Going forward, Osmosis will continue to encourage companies to improve transparency around environmental performance and will seek further engagement opportunities to support increased participation in CDP's disclosure framework.

### 3.3 Collaboration (cont'd)

#### Case Study: UN PRI spring engagement campaign

**Issue:**

Biodiversity loss is a critical global challenge driven by several factors, including deforestation.

**Initiative and role:**

Osmosis has participated in the PRI Spring initiative for the past two years as a lead or co-lead investor. In this role, we have coordinated investor engagement with two multinational chemical companies and one mining company. In addition, we are a member of the investor group engaging with another mining company.

**Outcomes and next steps:**

As a result of the engagement, one of the chemical companies has committed to establishing a biodiversity position to guide its lobbying activities and to increase transparency around lobbying related to nature. We have also collaborated with external organisations, including The Nature Conservancy, to strengthen the engagement. In 2026, we will continue to engage with these companies to encourage further progress.

#### Case Study: FAIRR engagement campaign

**Issue:**

The global food sector presents significant environmental challenges. Food production and supply chains are associated with substantial greenhouse gas emissions, intensive water use, waste generation, pollution, and negative impacts on biodiversity, particularly through land-use change and agricultural expansion.

**Initiative and role:**

Osmosis is committed to minimising the environmental impacts associated with the companies in which we invest, and the food sector represents an important area for engagement.

**Outcomes and next steps:**

In December 2025, Osmosis became a signatory to the FAIRR Initiative, a global investor network focused on addressing ESG risks within food systems. Through this collaboration, Osmosis will participate in FAIRR engagement campaigns beginning in 2026, working alongside other investors to engage with companies on key issues including water stewardship, pollution reduction, and biodiversity protection.

### 3.4 Escalation

Osmosis seeks to maintain open and constructive dialogue in its engagements. Consistent with our philosophy, we aim to encourage improved corporate behaviours, particularly with respect to transparency. Our outreach focuses on sharing best practices in environmental reporting and is generally met with constructive 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

<b>Business as Usual:</b> Dialogue and Monitoring	Routine emails	STRENGTH 
	Proxy voting	
	Calls with target company ESG teams	
<b>Stage 1:</b> 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	
<b>Stage 2:</b> Intensified Action	Public/press statements	
	Targeted proxy voting against Directors/Management	
	Questions or statements of intent at annual general meetings (AGM)	
<b>Stage 3:</b> Last Resort Levers	Publicly pre-disclose voting intention	
	Filing shareholder resolutions	
	Incorporating additional forced portfolio constraints	

## 3.4 Escalation (cont'd)

### 3.41 Osmosis' Non-Disclosure+ Campaign

In 2025, Osmosis proudly continued work on our [Non-Disclosure+ Campaign](#), launched in 2024. The campaign seeks to escalate engagement with the largest non-disclosing companies, where routine dialogue is exhausted.

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. Since March 2024, the campaign has been supported by over US\$750 billion combined assets.

Through 2025, we engaged with target companies based on tailored research into their current reporting practices, including focuses on peer comparison and recommendations on best practice reporting. During the year, we were unsatisfied with how two companies engaged with our email campaign and we chose to escalate to writing private letters to the respective boards. For one of these companies, this resulted in an invitation for an in-person meeting, where we set out the campaign's arguments. This meeting unfortunately did not result in agreement to disclose the data we were seeking. In subsequent discussion with other campaign members, it was decided that the focus for the campaign in 2026 was to remain at Stage 1 of escalation but redouble efforts to grow the size of the campaign, including collaborations with other institutions, to increase its visibility to our target companies.

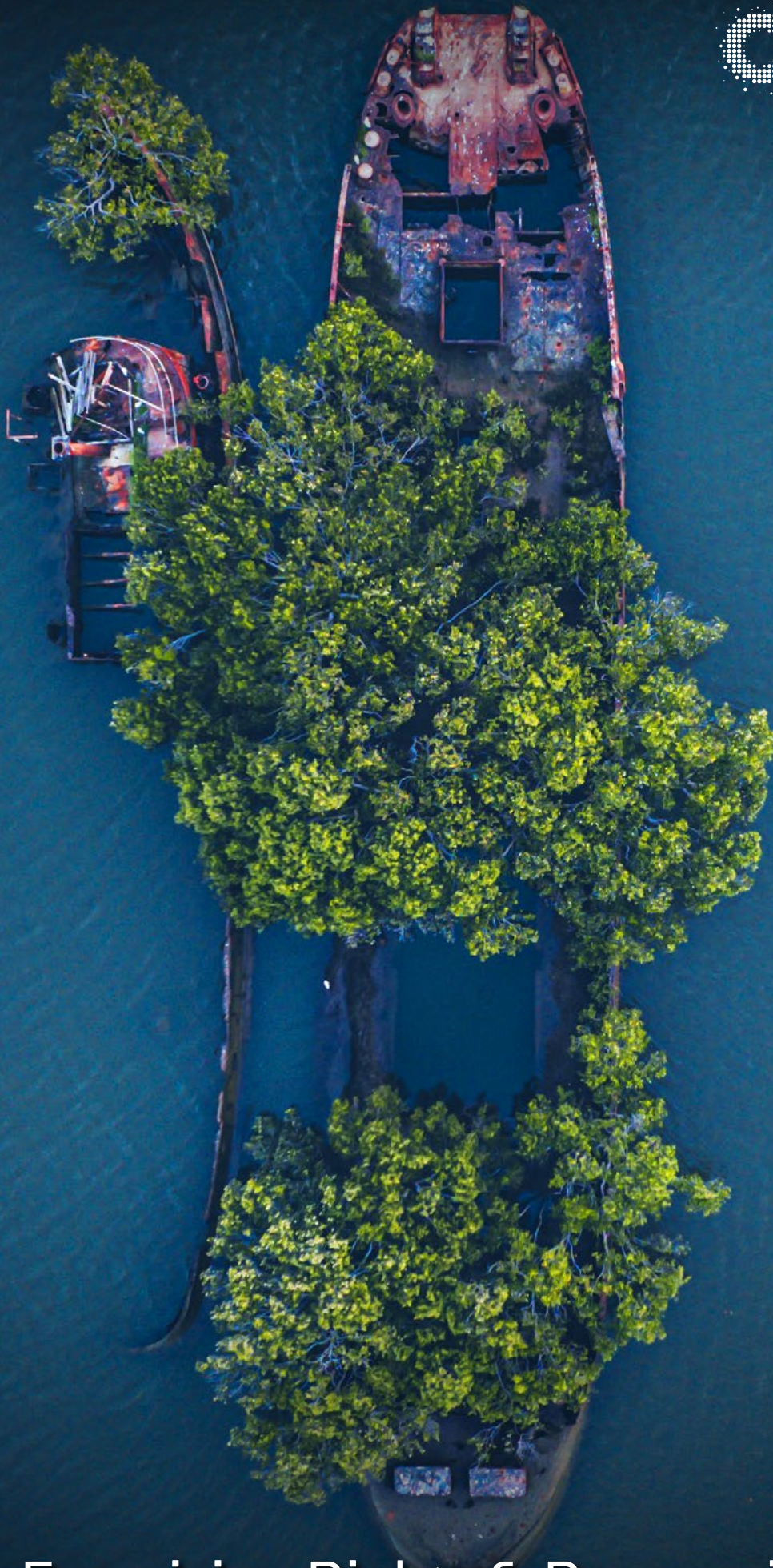
## 3.5 Other Asset Classes

2025 saw the launch of our fixed income business. In July the Osmosis Global Credit UCITS Fund and the Osmosis Global High Yield UCITS Fund were launched in collaboration with an institutional Australian investor.

Our stewardship approach for fixed income is evolving as we build our track record and further develop our processes.

Sustainability considerations are integrated into our fixed income products through our proprietary Transition Investment Framework, which informs our credit research and portfolio construction. This framework enables us to incorporate sustainability and transition-related considerations directly into our investment analysis, supporting informed capital allocation and strengthening our assessment of long-term credit risk. With our Transition Investment Framework, we pursue both impact and alpha for our clients.

While bondholders have fewer formal governance rights than equity investors, dialogue with issuers remains an important component of our research process. Our investment team maintains dialogue with companies across our investment universe to inform credit assessments and investment decisions. At present, these interactions support our investment analysis rather than forming part of a structured engagement programme.



## 4. Exercising Rights & Responsibilities

## 4.0 Exercising Rights & Responsibilities

Osmosis believes that to gain mainstream adoption, sustainability must go hand in hand with fiduciary duty. Proxy voting is therefore a core component of our active ownership strategy. We consistently exercise our rights and responsibilities to support our clients' environmental ambitions and advocate for best practices on ESG issues across our public equity portfolios.

We define our most significant votes as those that address material ESG risks and opportunities, with a particular emphasis on environmental issues that can impact long term shareholder value. The most common environmental resolutions relate to the sustainable transition, including transition planning, fossil fuel financing, emissions targets, and carbon disclosure.

Regarding vote coverage, Osmosis does not vote in share-blocking markets, in order to preserve our ability to meet client redemption commitments. For our Emerging Markets Core Equity Transition (UCITS) Fund, launched in December 2025, proxy voting is currently not applied. We continue to monitor developments in proxy voting practices across emerging markets and will reassess our approach as the fund grows. Consequently, the information relating to our proxy voting activities refers to all other equity funds for which proxy voting is exercised, in both developed and emerging markets.

We apply a customised climate orientated voting policy across all funds in which we vote using independent proxy advisory firm [Institutional Shareholder Services \(ISS\)](#). This policy reflects our belief that climate and environmental issues are financially material to shareholder value and require active management to reduce exposure to related risks in portfolio companies. Osmosis maintains records of shares held and voting rights for each company across our portfolios, and instructions are conveyed to custodians or sub-custodians for each fund through our ISS platform. Detailed monthly voting summaries are accessible on our [website](#), alongside our [proxy voting policy](#).

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.

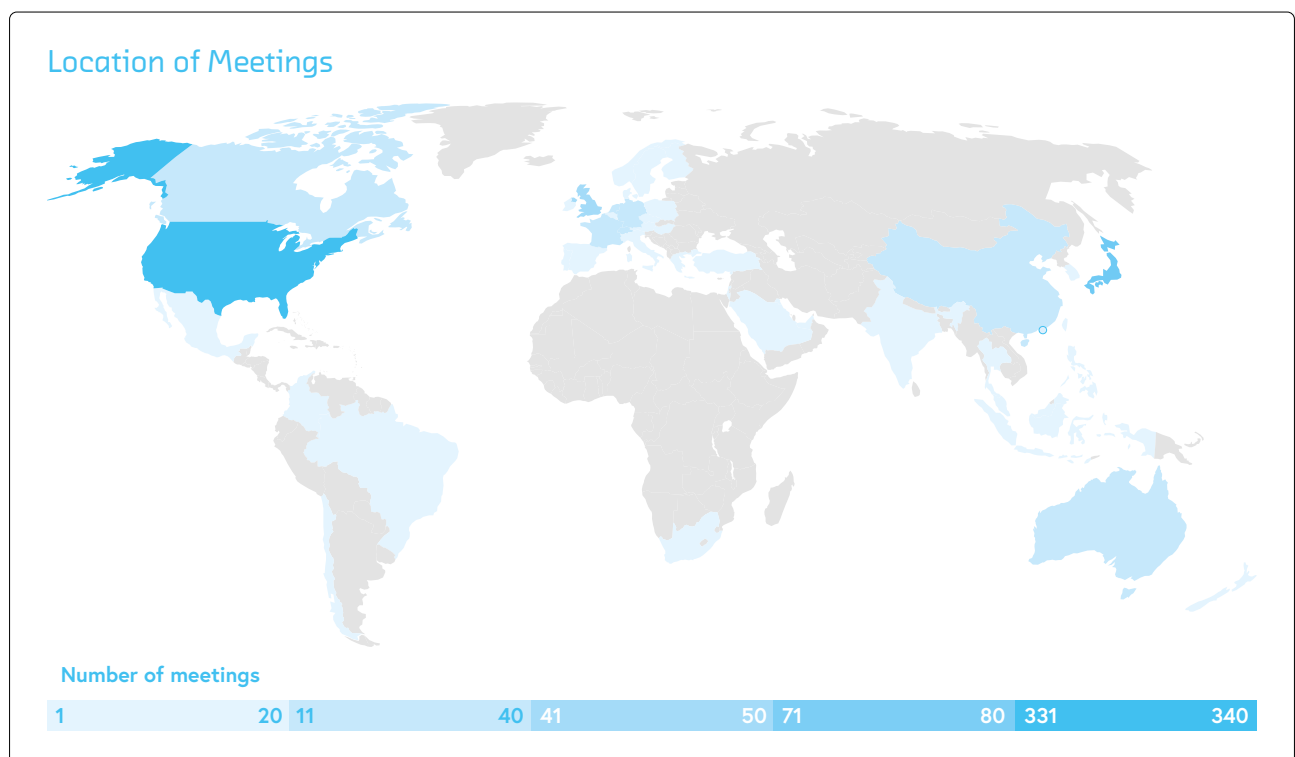
## 4.1 Proxy Voting Monitoring

We closely monitor the service through our ISS portal and maintain regular communication with our service provider. ISS issues tailored alerts which immediately flag any changes to voting mechanics or rights and highlights significant upcoming votes so we can focus our vote review. The stewardship specialists in the Environmental Research team review the voting recommendations on these ballots to ensure they align with house views, and compare them to research provided by corporate shareholder advocacy groups, such as ShareAction and As You Sow.

In March 2026, we voted against the ISS custom climate policy for the first time. Although responsibility for vote discretion and review sits with dedicated sustainability specialists, we have strengthened our governance following this case by expanding the ESG Advisory Council to include our Global Head of Strategy and other senior research members, who review votes that deviate from policy recommendations. In line with our proxy voting policy, we have also provided feedback to ISS explaining our decision to depart from their voting recommendations.

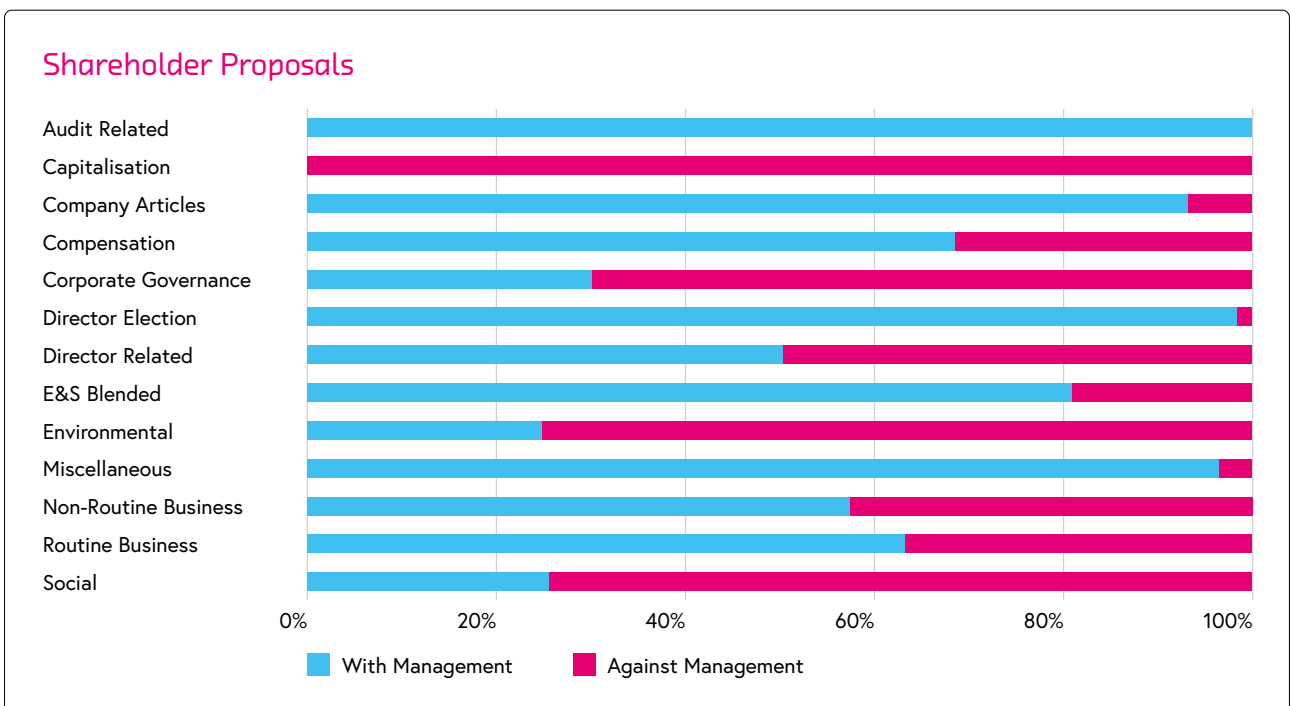
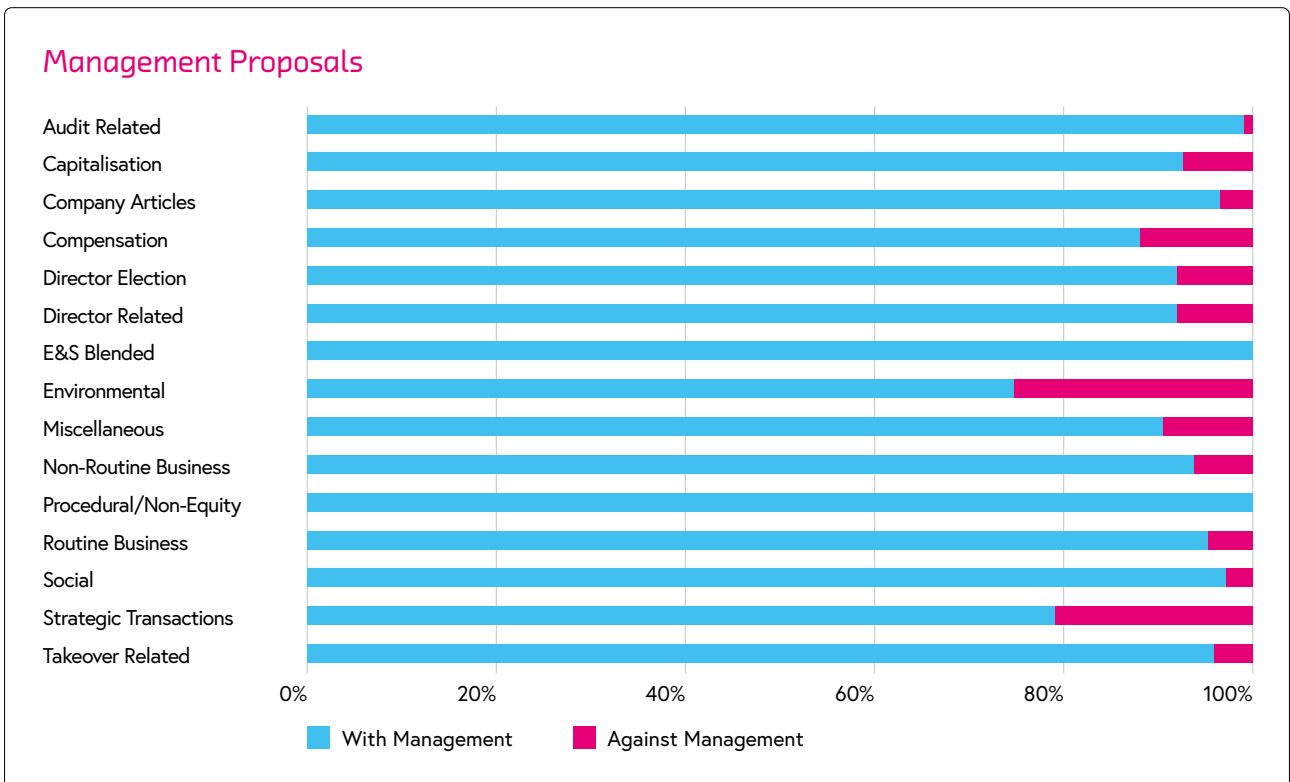
In early 2025, our monitoring capabilities also allowed us to quickly respond to a change made to the climate policy by ISS. In response to a more hostile political landscape in the U.S., ISS announced that it would no longer consider board diversity factors in its U.S. direct election vote recommendations, in both its benchmark and climate policies. Osmosis remains 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.

Additionally, we actively collaborate with our clients to represent their interests most effectively. For clients with bespoke proxy voting guidelines, we tailor our approach to apply their specific voting preferences and support clients who prefer to manage proxy voting themselves.



Source: Osmosis IM, data as of end of December 2025

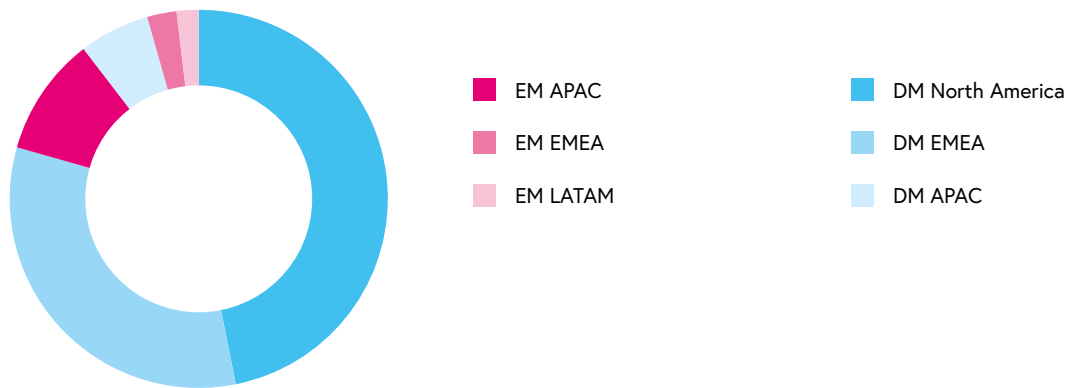
## 4.1 Proxy Voting Monitoring (cont'd)



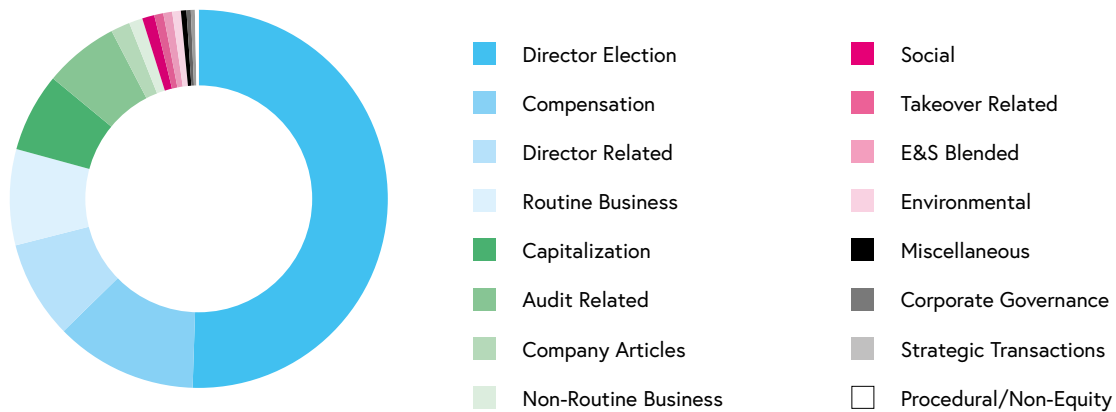
Source: Osmosis IM, data as of end of December 2025

## 4.1 Proxy Voting Monitoring (cont'd)

### Meeting Regions



### Proposal Categories



Votable Meetings	<b>875</b>
Meetings Voted	<b>871</b>
Meetings with Against Management Votes	<b>446</b>
Proposals Voted on	<b>12,483</b>
Proportion of proposals voted on	<b>99.69%</b>
SH Proposals Supported	<b>274</b>
% SH Supported	<b>52.69%</b>

Source: Osmosis IM, data as of end of December 2025

## 4.2 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 Ratings (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. ISS's 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 Task Force for Climate-related Financial Disclosure (TCFD) Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB).

## 4.3 Climate Change

2025 extended the unprecedented global warming trend, with 2023–2025 now confirmed as the **three hottest years** in global climate records, a clear signal of worsening anthropogenic climate change. Climate-related disasters continued to pose material risks to economic stability and shareholder value. In 2025, **Aon** reported \$260 billion in global disaster losses, including \$141 billion in the United States alone, driven primarily by severe storms and wildfires, which accounted for approximately \$125 billion of U.S. losses.

These reports reaffirm that climate change poses material financial risks to businesses, including operational disruptions from extreme weather, supply chain volatility, asset damage, and evolving regulatory uncertainty. To mitigate these risks, we prioritise voting for proposals that demand transparency regarding companies' awareness of climate change impacts, risks and their corresponding mitigation strategies. For instance, we consistently support resolutions advocating for increased alignment with a company's climate commitments or the Paris Agreement.

### Case Study: Qualcomm

A climate-related shareholder proposal was submitted to US based technology company, Qualcomm Inc., focusing on climate risk management within the company's retirement plan. The proposal sought greater transparency on how Qualcomm is protecting retirement plan beneficiaries, who typically have longer investment horizons, from systemic climate-related financial risks. The filer argued that Qualcomm has not taken meaningful steps to address the emissions associated with its retirement plan investments. The proposal referenced a similar resolution filed by As You Sow at Oracle in 2024, as well as a related report by the same organisation.

The report estimated that Qualcomm's 401(k) participants could have earned approximately \$245 million in additional returns over the past decade if the plan had excluded fossil fuel investments. In its opposition statement, Qualcomm argued that its retirement plan already offers a diverse range of investment options, including those with an ESG focus. Nevertheless, Osmosis voted in favour of the shareholder proposals as the report would enhance the company's current climate change commitments and allow shareholders to better understand Qualcomm's management of climate-risk. Osmosis also voted in favour of the 2024 Oracle proposal.

## 4.3 Climate Change (cont'd)

### Case Study: Sumitomo Mitsui Financial Group (SMFG) and Mitsubishi UFJ Financial Group (MUFG)

At two of Japan's largest financial institutions, Sumitomo Mitsui Financial Group (SMFG) and Mitsubishi UFJ Financial Group (MUFG), Osmosis voted in favour of shareholder proposals seeking to amend the companies' articles of incorporation to include provisions for assessing clients' climate change transition plans. These proposals called on the banks to disclose how they evaluate their clients' readiness to transition to a low-carbon economy, with the aims of enhancing transparency around fossil fuel exposure and strengthening the alignment of their business practices with net zero targets. In line with Osmosis' commitment to climate-related transparency and a credible net zero transition, we supported these proposals as they promote better climate-risk management, accountability, and long-term shareholder value.

### Case Study: Equinor ASA and The Southern Company

At leading energy companies Equinor ASA and The Southern Company, Osmosis supported shareholder proposals aimed at increasing transparency and accountability regarding fossil fuel-based energy production. At Equinor, the proposal called for an assessment of whether the company's planned increase in oil and gas production aligns with shareholder expectations, particularly considering its climate transition strategy. Similarly, the proposal at The Southern Company urged the firm to enhance disclosure so that shareholders can evaluate whether its continued investments in fossil fuels are consistent with stated climate goals.

### Case Study: SSE

The actions of energy and utilities companies, such as SSE Plc, will be among the strongest determinants of the planet's ability to successfully reach Net Zero by 2050. Recognising this, Osmosis voted in favour of a management resolution presented by SSE Plc regarding its Net Zero Transition Report plans, which outlined adequate consideration of key transition factors. Although the plan is on a non-binding advisory basis, which limits its enforceability, SSE Plc remains aligned with a 1.5°C pathway validated by the Science Based Targets Initiative (SBTi) and continues to report consistent progress towards its near-term greenhouse gas reduction targets across Scopes 1, 2 and 3, aiming to achieve Net Zero across all three scopes by 2050.

## 4.3 Climate Change (cont'd)

### Case Study: Macquarie Group Limited

Osmosis supported a climate-focused shareholder resolution at Macquarie Group Limited, targeting enhanced transparency and risk management around the company's fossil fuel financing activities.

Shareholders raised concerns over a 70% increase in oil and gas exposure in FY24 to \$3.4 billion, limited transparency around fossil fuel financing criteria, and the company's withdrawal from the Net-Zero Banking Alliance (NZBA) in February 2025. The proponents highlighted that at the time, Macquarie was the only major Australian bank to have withdrawn from the NZBA and the only major Australian bank with no exclusions on directly financing new oil and gas fields. Furthermore, Macquarie had not disclosed fossil fuel exposure data for the year under review, and its disclosure on fossil fuel assessment criteria, escalation strategy, and policies on oil and gas projects remained limited.

Osmosis supported the resolution on the basis that improved disclosure would enhance investor oversight of climate-related financial risk and support progress toward net zero by 2050.

### Case Study: McDonald's Corporation

Osmosis supported a shareholder proposal which aimed to improve the effectiveness and credibility of McDonald's Corporation's climate transition plan. The proposal called for greater transparency through quantifiable metrics illustrating progress towards the company's emissions reduction strategy. The proposal also called for assessment into the feasibility of the entity's targets, as well as a move to implement timebound decarbonisation targets. Given the material climate-related risks associated with supply chains and potential legal and reputational challenges, Osmosis believes that shareholders should have access to comprehensive disclosure on how the company intends to manage these risks and deliver a credible transition to a low-carbon economy.

## 4.3 Climate Change (cont'd)

### Case Study: Microsoft

In 2025, artificial intelligence emerged as a key shareholder point of interest, with Microsoft being the recipient of multiple proposals on this issue. As You Sow and co-filers submitted a shareholder proposal requesting Microsoft to publish a report analysing the climate and financial risks arising from providing AI tools to facilitate oil and gas development and production.

In their supporting statement, the proponents acknowledge Microsoft's climate commitments but argue that the company remains a key provider of advanced technologies that enable new fossil fuel development. They argued that this creates material reputational, legal, and human capital risks, citing reported employee resignations in protest and concerns about greenwashing, given Microsoft's ambitious emissions reduction targets alongside its continued support for fossil fuel expansion. In response, Microsoft's board opposed the proposal, stating that the requested report falls outside the scope of established financial and climate risk reporting standards and would not provide additional value to shareholders. Osmosis voted in favour of this resolution, as while Microsoft has made meaningful progress in managing its own operational emissions, shareholders would benefit from greater transparency regarding how the company assesses and manages the climate, reputational, and financial risks associated with the use of its advanced AI in carbon-intensive sectors such as oil and gas.

## 4.4 Climate Lobbying

We support well-functioning, transparent markets and view transparency in lobbying as crucial to safeguarding the integrity of public decision-making. We consistently support shareholder proposals for reports on lobbying practices, especially regarding climate change, as improved transparency strengthens our stewardship and engagement processes.

### Case Study: Linde PLC

Osmosis supported a shareholder resolution submitted to Linde Plc, a U.S. based chemicals company, requesting a report on the company's climate lobbying practices. The proponent highlighted that the firm does not disclose the associations it belongs to or is affiliated with, and that it has previously been a member of the American Fuel and Petrochemical Manufacturers Association, which has lobbied against climate policies.

The board argued that the proposal was not in the best interests of shareholders and that existing sustainability disclosures were sufficient. Osmosis voted in favour of the resolution, as it would enable shareholders to better evaluate how the company's direct and indirect lobbying activities align with its goal of achieving net zero emissions by 2050. This resolution is of note, as at the 2024 Annual General Meeting (AGM), Osmosis exercised targeted votes against Linde's governance committee chair for omitting a shareholder resolution on this issue without providing reasonable justification.

## 4.5 Waste

Waste poses a significant threat to biodiversity and human health. It is also a meaningful contributor to anthropogenic climate change, particularly through methane emissions from landfill sites.

At Osmosis, we believe that efficient resource management and waste minimisation are fundamental to building a more sustainable and equitable economy, as well as to protecting and enhancing long-term shareholder value. Poor waste practices can expose companies to regulatory, operational, reputational, and transition risks, whereas effective waste efficiency strategies can drive innovation, efficiency, and cost reduction. Accordingly, we support shareholder proposals that seek to reduce corporate and industrial waste, limit plastic use, and strengthen disclosure and accountability around resource management practices.

### Case Study: The Procter & Gamble Company

In Q4 2025, Osmosis voted in favour of a shareholder proposal at The Procter & Gamble Company requesting a report on the company's efforts to reduce plastic usage. The proponents highlighted the growing risks associated with the global plastic pollution crisis, noting that governments across multiple jurisdictions are increasingly introducing regulations that require companies to bear greater responsibility for the management and end-of-life impacts of their plastic products.

While Procter & Gamble has implemented initiatives aimed at reducing plastic use, enhanced disclosure would provide shareholders with greater insight into their plastic and waste management strategies, as well as allowing investors to assess the company's preparedness for forthcoming regulatory changes, including restrictions on single-use plastics. Osmosis understands the materiality of transition risks and wants to encourage companies to proactively adapt ahead of regulatory developments.

### Case Study: Coca-Cola Company

In Q2 2025, a shareholder proposal requested that The Coca-Cola Company release a public report on food waste and reduction targets. The proponent argued that, despite operating many Costa Coffee locations in the U.K., the company failed to adequately address food waste in its 2022 and 2023 Sustainability Reports. They also noted that Coca-Cola lags peers like Starbucks, which report on the types and quantities of food waste and sets reduction goals. In its opposition statement, Coca-Cola claimed food waste is minimal due to its use of processed, shelf-stable ingredients and highlighted Costa Coffee's efforts, including saving 800,000 bags of food in 2023. The board asserted that a separate report is unnecessary given its broader sustainability focus. Given Osmosis's reliance on comprehensive environmental data and the beverage sector's significant waste footprint, we voted in favour of the resolution.

## 4.5 Waste (cont'd)

### Case Study: Walgreens Boots Alliance, Inc.

In 2025, we did not support all waste-related shareholder proposals, particularly where we found them to be overly prescriptive. One such proposal was submitted to Walgreens Boots Alliance Inc. by the Sisters of St. Francis of Philadelphia, requesting a report on cigarette waste.

The proponents argued that, as a retailer of tobacco products, Walgreens has a responsibility to educate consumers on the proper disposal of cigarette waste. In response, the board opposed the resolution, stating that cigarette waste represents an insignificant portion of the company's overall environmental impact. They also noted that other waste management initiatives would likely offer more meaningful environmental benefits. Given that Walgreens already takes steps to reduce consumer use of tobacco products and reports on these efforts, and that similar disclosures are not common among industry peers, Osmosis voted against the resolution.

## 4.6 Broader Environmental Issues

Osmosis consistently supports proposals which we deem to address broader environmental issues and that can impact long term shareholder value, such as biodiversity and deforestation.

### Case Study: National Australia Bank Limited and ANZ Group Holdings Limited

At National Australia Bank and ANZ, two of Australia's largest financial institutions, Osmosis voted in favour of two shareholder proposals submitted by a group of investors, both addressing the risks associated with financed deforestation. One proposal requested enhanced disclosure on financed deforestation, noting that both banks currently do not provide sufficient information on how they assess customers' exposure to legal and illegal deforestation. Proponents also highlighted the absence of disclosure on data, tools, or processes used to monitor deforestation risks, as well as the need for clearer reporting on how the banks intend to align with emerging nature-related frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).

The second proposal requested that the banks articulate clear strategies to eliminate financed deforestation from their lending and investment activities. In support of this request, proponents referenced the Kunming–Montreal Global Biodiversity Framework, adopted in 2022 by 196 parties (including Australia), which calls for biodiversity loss to be prevented and ecosystems to be maintained and restored. We supported both resolutions to both institutions, because they promote stronger risk management, alignment with international frameworks, and long-term value creation through the preservation of natural capital.

## 4.7 Social

Osmosis endorses social initiatives that we deem beneficial for enhancing shareholder value in the long-term. 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.

### **Case Study: State Street Corporation and JPMorgan Chase & Co.**

With the aim of promoting an equitable transition, Osmosis supported proposals submitted by an individual shareholder, Paul Rissman, to State Street Corporation and JPMorgan Chase. The proponent highlighted that decarbonisation efforts can result in social impacts, like job losses. If these impacts are not adequately managed, they may generate resistance to the climate transition and expose the company to additional risks.

### **Case Study: Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia, The Toronto-Dominion Bank and the National Bank of Canada**

With the aim of strengthening human rights risk oversight in the financial sector, Osmosis supported shareholder proposals submitted by MÉDAC, a Canadian shareholder advocacy group, to Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Royal Bank of Canada, The Toronto-Dominion Bank and National Bank of Canada. The proposals requested that each bank report annually on the measures taken to prevent and reduce the risk that loans are granted to companies using forced labour or child labour in activities financed by the bank.

The proponent referenced the Fighting Against Forced Labour and Child Labour in Supply Chains Act, which requires certain companies to disclose their efforts to address forced and child labour risks in their supply chains. While the Act establishes reporting obligations for operating companies, the proposals encourage banks to adopt a proactive approach by assessing, and mitigating, the risk that their lending activities may indirectly support such practices.

Osmosis recognises that severe social risks, including forced and child labour, can pose material financial, regulatory and reputational risks. Enhanced disclosure regarding policies, due diligence processes and risk mitigation measures within loan portfolios would improve shareholder understanding of how these institutions manage human rights risks in the entities they finance.

### **Case Study: Microsoft Corporation**

In Q4 2025, Osmosis supported a shareholder resolution at Microsoft calling for a human rights risk assessment. The proposal followed renewed controversy over the alleged misuse of Microsoft's Azure and AI technologies, raising concerns about the effectiveness of the company's human rights due diligence processes. These shortcomings expose Microsoft to potential legal, reputational, operational, and financial risks. Osmosis believes publishing a report assessing the effectiveness of Microsoft's human rights processes in relation to customer misuse of its AI and cloud products would benefit both the company and its shareholders by enhancing transparency, accountability, and risk oversight.

## 4.8 Executive Compensation

We support governance proposals that we believe enhance long-term shareholder value by ensuring that ESG risks are appropriately overseen, managed, and integrated into corporate decision-making and remuneration. We are particularly supportive of proposals that strengthen board accountability, improve transparency and disclosure on material ESG risks, and promote alignment with internationally recognised standards and best practices.

### Case Study: Tesla

Osmosis voted in favour of this shareholder proposal requesting that Tesla assess the feasibility of incorporating sustainability performance measures into senior executive compensation. We believe linking executive pay more explicitly to sustainability considerations would help align management incentives with the company's stated commitments to ESG risk management and long-term strategy. While Tesla discloses certain structures for ESG oversight, it does not currently integrate sustainability-related performance measures into executive compensation.

Given ongoing controversy surrounding executive and board compensation, additional disclosure on incorporating quantitative sustainability metrics into incentive structures would enhance transparency, strengthen accountability, and support improved governance of environmental and social risks.

## 4.9 Board Members

In 2025, we demonstrated our willingness to hold boards accountable where oversight of material ESG and climate risks has been inadequate. Osmosis voted against, withheld support, or abstained from voting in over 130 director elections at 80 companies specifically due to their shortcomings in addressing climate and ESG issues.

Osmosis believes that board members 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, 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 management of significant environmental risks.

Additionally, to ensure that board diversity continues to be a priority in our vote recommendations, we voted against, withheld support, or abstained from voting in almost 140 director elections at over 70 companies due to DEI considerations. Companies where diversity was a determining factor included ENGIE SA, Anglo American Plc, Imperial Oil Limited, and Lockheed Martin Corporation.

### Case Study: Starbucks Corporation

Starbucks has faced allegations of interfering with employee unionisation, including findings that it actively discouraged employees from organising through threats of reprisal and the dismissal of pro-union employees, alongside other controversial practices. We viewed these significant labour rights controversies as indicative of shortcomings in board oversight of social risks and therefore voted against the chair of the relevant committee.

## 4.9 Board Members (cont'd)

### Case Study: Bunge Global S.A. and TotalEnergies SE

At Bunge Global S.A., we voted against the committee chair responsible for climate oversight due to the company's failure to align with investor expectations regarding credible Net Zero by 2050 commitments. In our view, the company's limited progress and lack of robust climate targets reflected inadequate board-level accountability for climate-related risks.

Similarly, at TotalEnergies we voted against directors due to concerns regarding the company's approach to mitigating climate change and managing environmental impacts. The company has also faced allegations relating to human rights issues, including impacts on Indigenous communities and working conditions. We believe such controversies underscore the need for stronger board oversight of both environmental and social risks.

## 4.10 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. 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.

While support for these proposals remains low, averaging at 2.5% in 2025 according to the [UN PRI](#), continuous year-on-year surges in submissions are notable. Most of the anti-ESG shareholder proposals we voted against in 2025 related to DEI efforts, as conservative think-tanks have likely been emboldened by shifting political currents and policy signals from President Trump, who continues to publicly oppose DEI strategies.

### Case Study: Costco Wholesale Corporation, Apple Inc.

The NCPPr submitted a shareholder proposal to Costco Wholesale Corporation (Costco) requesting a report on the potential risks associated with the company's DEI initiatives. In its response, Costco's board reaffirmed that its "commitment to an enterprise rooted in respect and inclusion is appropriate and necessary" and underscored the importance of "creating opportunities for all."

Similarly, NCPPr submitted a proposal to Apple that went further than its request to Costco, urging the company to eliminate all DEI policies, programmes, departments, and goals. The proponent argued that such initiatives amount to discrimination, suggesting that most Apple employees could be adversely affected. Apple's board responded that the proposal was unnecessary, highlighting the company's robust compliance framework and the board's active oversight of legal and regulatory risks.

In line with our commitment to social responsibility, diversity, and inclusion, Osmosis voted against both resolutions.

## 5. Promoting Well-Functioning Markets

## 5.1 Climate Change Risk: Climate and Transition

Osmosis identifies and addresses 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 the transition to a more sustainable economy. In addition, we ensure our risk and research teams assess and consider broader categories of market and systemic risks, such as geopolitical risks.

Climate change, unsustainable resource use, and environmental degradation are among the most pressing challenges of our time, threatening not only the health of our planet but also human well-being and the stability of our economic systems. Our investment approach recognises that the transition to a more sustainable economy creates both risks and opportunities across industries and seeks to actively manage these dynamics through informed capital allocation.

Simply reconstituting an index to exclude certain sectors can be a low-cost way to reduce carbon exposure, but it does little to support the broader sustainable transition, manage active risk, or generate excess returns.

At Osmosis, climate risk is embedded within our day-to-day risk management processes. In our equity portfolios, the Model of Resource Efficiency (outlined in [Section 2.21](#)) systematically favours companies that generate more revenue using fewer resources. This approach reduces environmental risk without introducing additional systematic risk.

As a result, our portfolios achieve measurable reductions in carbon emissions, water usage, and waste generation relative to their benchmarks.

Our fixed income portfolios address climate risk utilising the Transition Investment Framework, outlined in [Section 2.23](#). By assessing companies' current exposure to transition challenges, their forward-looking transition strategies, and the financial impact of transition-related costs, we explicitly embed transition risks into cashflow modelling and credit analysis, ensuring that sustainability factors are reflected in valuations and spread dynamics.

## 5.2 Climate Change Risk: A Whole Economy Solution

To support well-functioning markets in the context of climate change, Osmosis believes in a whole economy approach. This is twofold. Firstly, it requires engaging with and allocating capital across all sectors and industries, rather than relying solely on exclusions. This recognises that the transition to a low-carbon economy must occur across the entire system and that high-emitting sectors play a critical role in delivering real-world decarbonisation.

Secondly, it involves extending our rationale to the emerging markets (EM). Over recent decades, global supply chains have contributed to a shift of emissions from developed to emerging economies, as carbon-intensive production is increasingly located in regions with less stringent climate policies. This shift, often described as [carbon leakage](#), means that some developed markets (DM) companies

import emissions-intensive goods while focusing domestically on less carbon-intensive activities. Through our analysis of companies across DM and EM markets, we observe similar patterns in sectors such as technology hardware and equipment, where resource-intensive manufacturing is frequently undertaken by emerging market suppliers.

Previously, our portfolios focused solely on corporations in the MSCI World Index, due to sub-optimal EM environmental data. However, we have recognised a pivotal shift in the EM sustainability data landscape. Our extensive research project into the [MSCI Emerging Markets Index](#) continued in 2025, and in the last two years we have launched two EM products to address the whole economy approach.

## 5.3 Climate Change Risk: Engagement and Stewardship

Our engagement and collaboration capabilities also promote the management of climate-related risks and opportunities throughout the market. In 2025, this included endorsing climate-related management and shareholder proposals through proxy voting, as outlined in [Section 4.2](#). Additionally, we contributed to promoting well-functioning markets through strategic external engagement and collaborative initiatives aimed at increasing awareness among stakeholders and broader society regarding the environmental risks our economy and planet face, as discussed in [Sections 3.1–3.3](#).

We aim to raise further awareness through our thought leadership. Our research team continued to publish various environmental and economic insights in 2025, ranging from the role of carbon border adjustment mechanisms in combating climate change, to the economics of oceans, and political implications and environmental policy with regard to EM energy landscapes. These pieces are available to read on [Osmosis' website](#).

## 5.4 Geopolitical Risk: Climate Policy Roll Backs

We recognise there are substantive geopolitical risks which feed into, and impact, the global economy and financial markets in a variety of ways. Changing political dynamics have led some jurisdictions, such as the United States, to scale back their climate commitments. One example is the [U.S. Securities and Exchange Commission \(SEC\)](#) rolling back its proposed corporate climate disclosure rules, which included reporting requirements for Scope 1 and Scope 2 carbon emissions.

While Osmosis has not observed disclosure level declines within the MSCI World universe due to this rollback, reduced regulatory commitment to sustainability and corporate reporting presents a potential risk for us, given our reliance on company-reported environmental data. We therefore continue to monitor developments closely and engage with companies that fail to disclose relevant metrics.

It is important to note, however, that other major powers appear to be strengthening their climate commitments and policies even as U.S. momentum slows. [China](#) and the [EU](#) both now have more extensive mandatory environmental disclosure requirements than the United States has ever proposed.

This may also represent both an industry opportunity and a [broader geopolitical shift](#). While the United States appears to be scaling back elements of its climate policy, China is making progress in expanding environmental disclosure requirements, the development of green technology and increasing its presence in international climate diplomacy. This dynamic was visible at [COP30](#), where Chinese delegates were actively engaged while U.S. federal representation was notably absent, suggesting China may be stepping forward to play a larger role in advancing global climate cooperation as U.S. leadership recedes.

## 5.5 Geopolitical Risk: Energy

Over recent years, geopolitical conflicts have increasingly undermined global climate cooperation. The [Russia–Ukraine war](#), in particular, has exposed the fragility of energy systems and prompted a shift in policy priorities away from long-term decarbonisation and towards short-term energy security. In Europe, this has translated into renewed support for fossil fuel infrastructure and a greater focus on economic resilience, rather than fully leveraging elevated fossil fuel prices to accelerate investment in renewables.

While outside the reporting period, the recent escalation of conflict in the Middle East provides further evidence of these dynamics. The closure of the Strait of Hormuz and resulting supply disruptions have driven oil prices above [\\$100 per barrel](#) and triggered significant volatility in global energy markets. In response, governments have prioritised contingency measures, including increased reliance on coal and strategic reserves, highlighting the continued structural dependence on fossil fuels during periods of stress.

More broadly, rising energy prices, inflationary pressures, and disrupted trade routes risk delaying the energy transition by incentivising cheaper, higher-emission energy sources and reinforcing demand for fossil fuel supply, including from geopolitically sensitive producers. Together, these developments underscore how geopolitical instability continues to challenge the consistency and effectiveness of global climate action.

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, that are still in the stages of modernising their economies.

Unfortunately, [COP30](#) fell short of expectations, failing to produce commitment to phase out fossil fuels. With promises of the Trump administration for an era of protectionism and climate rollback, the route to decarbonisation has swerved off its course. By identifying and allocating capital towards those companies equipped to navigate environmental degradation, geopolitical complexity, and accelerating economic change, we seek to play a part in getting it back on track. 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.

## 5.6 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.

## 6. Governance

## 6.1 Conflicts of Interest

Clients' interests sit 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.

The policy describes how we place our clients' interests ahead of our own, undertaking activities and casting proxy votes in a manner consistent with the best interests of all clients. The [engagement policy](#) is freely available on our website. All policies detailed below relate to our activities in the UK, undertaken by Osmosis Investment Management UK Limited.

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.

### 6.12 Review

We review our Conflicts of Interest Policy annually to ensure it adequately reflects the types of conflicts that may arise, ensuring they are appropriately managed and, as far as possible, mitigated. Conflicts of interest, where applicable, were disclosed and effectively managed in accordance with established policies during 2025.

### 6.13 Conflicts of Interest Approach

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 Compliance. As a matter of policy, approval will not be given if such stock is in the Osmosis selection pool of companies, thereby mitigating potential conflicts of interest with client trading.

- 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.

### Potential conflict of interest management in trading

The Osmosis Personal Account Trading Policy requires all staff to submit a pre-authorisation request for personal equity investments. All such investments will be implemented, 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 CCO 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).

## 6.2 Review and Assurance

### 6.21 Review of ESG Related Investment Policies

Responsible investment is driven from the top of the business and embedded across everything we do. The environmental research team, which oversees ESG implementation, is managed by the Director of Environmental Research, who reports to the Investment Oversight and Development Committee (IODC). The two teams work closely together and currently have 15 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 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, as well as 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, when circumstances demand to address urgent issues that might arise between the regular monthly meetings.

### 6.22 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, using no third-party data sources. 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, including full documentation of the data's origin.

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 by the IODC.

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.

## 6.2 Review and Assurance (cont'd)

### 6.23 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 latest assessment, Osmosis was awarded strong scores from the UN backed [Principles for Responsible Investment \(PRI\) 2025 Assessment Report](#). This reflects our 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 Confidence Building Measures

*The Principles of Responsible Investing (PRI) 2025 Assessment Report was given on 24 November 2025 and corresponds to the annual reporting period of 1/1/2024 to 31/12/2024. This assessment is free for all PRI signatory members, however, all signatories are required to pay an annual membership fee. PRI independently provided Osmosis with a questionnaire to be used in the preparation of the third-party rating or award.*

### 6.24 Assurance of report

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

## 6.3 Monitoring Managers and 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 2.26](#), 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 [Chapter 4](#), 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, as described in [Section 4.1](#). Notably, during the 2025 reporting period, we have updated our policy to reinforce our commitment to Diversity, Equity, and Inclusion (DEI) strategies in our voting practices.

## Important Information

This document is issued by Osmosis Investment Management UK Limited ("Osmosis UK"). Osmosis UK is an affiliate of Osmosis Investment Management US LLC ("Osmosis US"), Osmosis Investment Management NL B.V. ("Osmosis NL") and Osmosis Investment Management AUS Pty Ltd ("Osmosis AUS"), and has been operating the Osmosis Model of Resource Efficiency. Osmosis UK is regulated by the FCA (Reference number: 765056). Osmosis US is regulated by the SEC. Osmosis NL is licensed as a manager of AIFs and authorised to provide discretionary portfolio management services and as such is subject to supervision by the Netherlands Authority for the Financial Markets under registration number 15006165. Osmosis UK, Osmosis US, and Osmosis AUS are wholly owned subsidiaries of Osmosis (Holdings) Limited ("OHL").

This research provided is for information purposes and does not constitute an offer or solicitation of an offer or any advice or recommendation to purchase any securities. No representations, express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein.

Our research identifies companies from the MSCI World or Emerging Market Index that report sufficiently on at least 2 of the following 3 metrics: carbon, water, and waste, to calculate a resource efficiency score for each reporting company - the Model of Resource Efficiency. Our Core strategies overweight efficient companies and underweight inefficient companies within each Osmosis defined sector, to remain sector neutral to each benchmark. Our Active strategies invest only in efficient companies, outside of the Financial sector described below. Companies in the Financials sector are not given Resource Efficiency Scores. Certain strategies select Financials, based on complementary characteristics to the Resource Efficiency factor, for inclusion in the portfolio to maintain the portfolio's overall factor weightings. All strategies exclude tobacco and companies that breach the UN Global Compact on social and governance safeguarding.

The information contained in this document has been obtained by Osmosis from sources it believes to be reliable, but which have not been independently verified. Information contained in this document may comprise an internal analysis performed by Osmosis and be based on the subjective views of, and various assumptions made by, Osmosis at the date of this document. Osmosis does not warrant the relevance or correctness of the views expressed by it or its assumptions. Except in the case of fraudulent misrepresentation or as otherwise provided by applicable law, neither Osmosis nor any of its officers, employees or agents shall be liable to any person for any direct, indirect, or consequential loss arising from the use of this document.

The investment examples set forth in this document should not be considered a recommendation to buy or sell any specific securities. There can be no assurance that such investments will remain in an Osmosis strategy or have ever been held in an Osmosis strategy.

Specific investments described herein do not represent all investment decisions made by Osmosis. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

Information in this presentation is intended to be viewed in its entirety. The reproduction, downloading, streaming or other disclosure of such information, in whole or in part, without prior consent of Osmosis is prohibited. Neither this presentation, nor any copy of the information available on it, may be taken into or transmitted in any jurisdiction where it would be unlawful to do so.



**osmosis**  
INVESTMENT MANAGEMENT