

Our Stewardship Report 2025

April 2026

Succeeding together



Contents

An introduction from our CEO	4	3. Social	11
Part 1: Policy and context disclosure	5	Team social impact	12
Requirements	5	Diversity, Inclusion & Belonging ('DIB') Programme	12
The 7IM purpose and strategy	6	Wellbeing Programme	15
About 7IM	6	Community social impact	16
Assets under management	6	Charitable giving	16
Discretionary assets	6	Next generation opportunities	16
Our product range	6	Work experience	16
Vision and purpose	7	Investment 20/20 partnership	16
Culture and values	9	Training and development	16
Supporting our clients	9	Coaching and mentoring development opportunities	16
Stewardship and responsible investing	9	Management training	17
Corporate social responsibility (CSR)	10	Professional qualifications and memberships	17
Our commitments	10	The Adviser Academy	17
1. Cleaner investments	10	How 7IM's resources enable effective stewardship	18
2. Sustainable choices	10	Corporate structure	18

Contents

Corporate governance	18
Stewardship governance	20
Sustainability framework and strategy	21
AI Policy	23
7IM's stewardship policies and processes, and how these are reviewed	24
Voting policy	24
Engagement policy	24
Controversial weapons policy	24
Responsible investment policy	25
How 7IM manages conflicts of interest to put client and beneficiaries' best interests first	26
Compliance with regulation	26
Investment management conflicts	26
Sanctions compliance	27
Product governance	27
Personal Account Dealing (PAD)	27

How 7IM maintains a dialogue with clients and/or beneficiaries	27
Part 2: Activities and outcome report	28
Principles	28
Our ESG and stewardship integration approach	29
Our cornerstone: The Strategic Asset Allocation	29
Integrating climate risk into the Strategic Asset Allocation	29
Next steps	30
Our ESG integration approach	30
Market functioning and market-wide risks	31
UK Sustainability Disclosure Requirements (SDR)	31
Sustainability reporting	31
Climate change and biodiversity loss systemic risks	31
Stewardship and engagement at 7IM	32
Summary of case studies	33
Engagement	33

Contents

Sarasin engaging with Keyence	33
Capital Group	34
Janus Henderson	34
Escalation	35
Robeco escalation with US tech company	35
UBS engaging with energy company	35
Voting	36
Sarasin voting against Costco Management	36
L&G	36
Blackrock	36
Collaborative engagements	37
Case study: UK Wealth Managers on Climate Group	37
Case study: Investor Policy Dialogue on Deforestation (IPDD) Initiative	38
Collaboration by external managers	38
Sarasin collaborative engagement with Amazon	38

Monitoring and oversight of external Managers' ESG and stewardship	39
Fidelity and Geode	40
BlackRock and Climate Change	41
Lightman and ESG	41
Pictet's leading approach	42
Our obligation as a signatory to monitor and hold to account stewardship service providers	43

An introduction from our CEO

This year's Stewardship Report marks a conscious shift in how we talk about stewardship and how we show the work behind it. For the first time, the report is split into two parts: one setting out our policy and the context we operate in, and the other focused on activity and outcomes. It's a much more streamlined approach, resulting in a report less than half the length of last year's but it's deliberately focused on the things that matter most and the impact they have.

It's also the first Stewardship Report since we refreshed our Vision, Purpose and Values at the start of the year. That work was about bringing greater clarity and focus to what we stand for, and making sure our values genuinely guide both the decisions we take and the way we work together. You'll see that reflected throughout this report - not just in what we say, but in how we prioritise and act.

We're operating in a world where expectations continue to shift. Changes in public and political sentiment, including growing support for green-led thinking, point to a broader desire for long-term responsibility and better outcomes over time. Against that backdrop, stewardship isn't about chasing headlines or reacting to short-term noise. It's about consistency, good judgement and taking a long-term view.

At the heart of our approach is a simple idea: good outcomes start with a good plan. And better outcomes come from leaning into that plan and sticking with it, even when things feel uncertain. Loving your plan means understanding it, trusting it, and having the confidence to stay the course. Stewardship plays an important role in that - supporting long-term thinking, reinforcing confidence, and helping plans do what they're meant to do. This report sets out how we approach that responsibility, and how we put it into practice.



Dean M. Proctor, Chief Executive Officer, 7IM

Part 1: Policy and context disclosure

Requirements

01

Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

02

Describe how your resources enable effective stewardship.

03

Describe your stewardship policies and processes, and how you review them.

04

Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.

05

Describe how you maintain a dialogue with clients and/or beneficiaries.



The 7IM purpose and strategy

About 7IM

Assets under management

At the end of 2025, 7IM held £26.7bn of assets on behalf of its customers. Of this total, approximately £10.3bn was in discretionary funds and portfolios managed by 7IM. The remaining £16.4bn – referred to below as ‘assets under administration’ – was held on our platform and were not managed by 7IM.

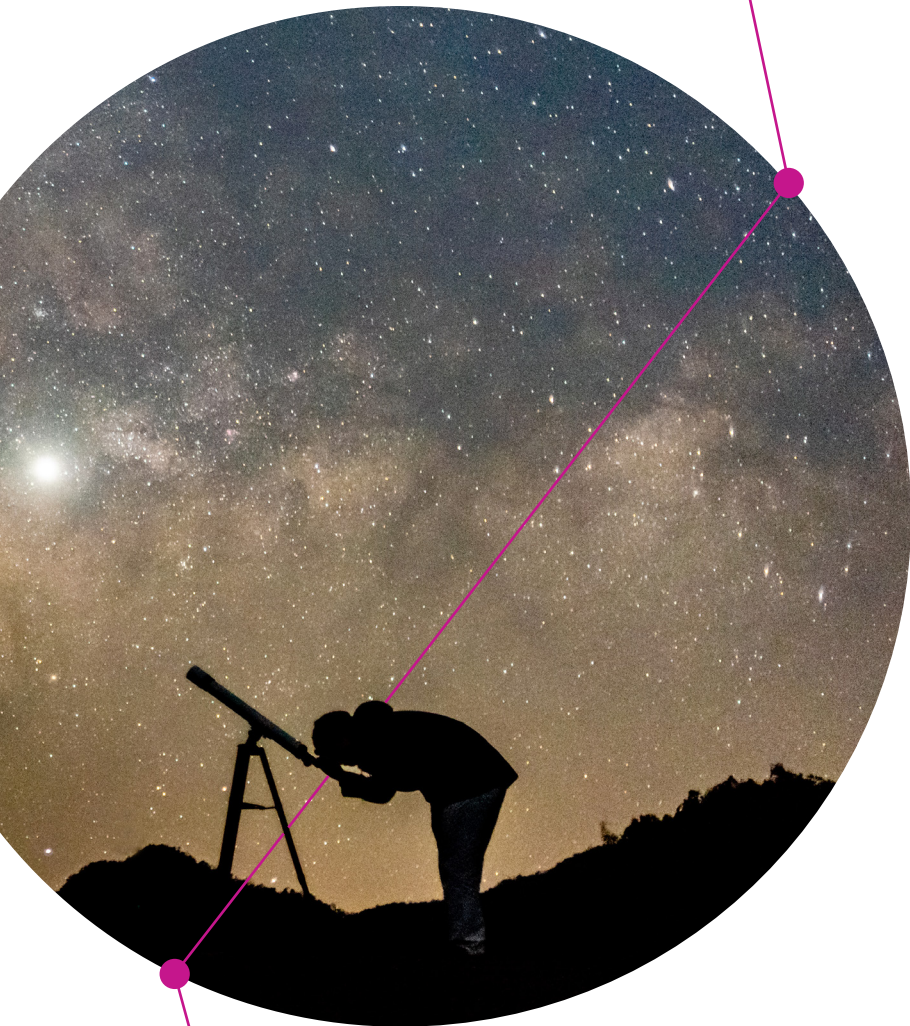
Discretionary assets

7IM managed £10.3bn of discretionary assets in funds and portfolios at the end of 2025. These assets were approximately 99% invested in third-party actively managed, quantitative or index-tracking products.

Our product range

We manage a number of different multi asset fund and model portfolio ranges, each of which contains investment solutions across the whole, or some of, the risk profile spectrum: Cautious, Moderately Cautious, Balanced, Moderately Adventurous, Adventurous and Adventurous Plus. Investors have access to different investment styles, namely Active, Blended, Passive, Income and ESG-focused.

For financial advisers and planners, this involves us standing alongside them to support them with whatever they need, so they can focus more on what really matters: nurturing their relationships with clients to deliver on their financial plans. Our offering for advisers reflects that: an open architecture platform, multi asset investment solutions to fit their investment philosophy, and help with discretionary investment management. For our private wealth clients, it all starts with understanding the client, their families, and their goals and then creating a bespoke financial plan designed to help them achieve financial freedom. We use technology to help make things simple and clear, but what really sets us apart is our real, honest, human service.



Vision and purpose

At 7IM, we want to build a great firm with a great culture. In 2026, we implemented an updated concept of our vision, purpose and values (VPVs), with our vision to deliver an unrivalled experience and our purpose of succeeding together remaining.

Both have an internal and an external 'lens' to them. An unrivalled experience refers not only to that which we aim to provide our clients with, but also our team in terms of their career experience. Succeeding together is similarly twofold – we will only succeed as a business when our clients succeed. And with collaboration critical, every team within the business needs to be succeeding too.

In September 2025, we launched the first phase of our next-generation reporting suite in the 7IM Platform. Since then, we have released 10 new features to save advisers and paraplanners time, streamline the process and provide one source of truth. Some of these new features include digitisation of paper-based journeys. Notably, submitting an electronic ISA transfer request and being able to manage beneficiaries for the 7IM SIPP – no more printing forms and no wet signature required.

Culture and values

Following the refresh of our VPVs, we now have three core values shaping the way we work at 7IM: one team all in, always learning and different together. These give clear direction as to the behaviours we need and expect within the business. We have also developed team identities. These set out to preserve and celebrate the uniqueness of each team, while also defining what success in their work looks like.

Supporting our clients

For individual clients, we complete a full analysis of personal and financial circumstances and an assessment of needs and requirements and make recommendations for appropriate solutions. When we work with professional advisers, they will complete this process on behalf of their clients and are responsible for making suitable choices.

Communicating clearly and frankly with clients is critical at 7IM. Our team of relationship managers meet their clients and advisers regularly to share information, performance and progress, review individual plans and answer questions. We have a centralised client experience function that combines marketing, communication and content, press, social media, digital and creative. This team ensures we communicate regularly and clearly through a variety of media to reach our base of clients and advisers – including emails, social media posts on key topics, and hosted webinars with in house and external experts.

Stewardship and responsible investing

7IM's approach to Stewardship and Responsible Investing covers each area of the investment process – from how we build our Strategic Asset Allocation through to how we view Risk. 7IM's investment services primarily focus on multi-asset class portfolios, typically managed through collective investment vehicles managed by third parties. When using third-party managers, we expect them to exercise their rights prudently and act as effective stewards of clients' capital. To this end, we have established a strong external manager monitoring system to ensure these managers are integrating sustainability considerations into their investment and stewardship activities. More information on this is included in the Activities and Outcomes section of this report.

For collective investments, we prioritise our engagements in the light of UN PRI guidance. This prioritisation differs across asset classes but is consistent across geographies.

Corporate social responsibility (CSR)

Our commitments



1. Cleaner investments

In 2020 we committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026. We completed the first phase in July 2021 with our US equity exposures. Phase two of our SAA reduction project was implemented in 2022. In 2023, phase three of decarbonisation focused on Japanese equity exposures and the new products implemented were over 40% less carbon intensive.

In early 2025, further changes made to the SAA meant the target was achieved across all our SAA risk profiles. We strive to incorporate stewardship and responsible investing where we can, and these efforts are outlined in the Activities and Outcomes section of this report.



2. Sustainable choices

In 2021, the Group committed to reducing its Scope 1, 2 and 3 greenhouse gas emissions and to achieving carbon-neutral operations. Since then, the Group has offset its annual carbon footprint through a partnership with the World Land Trust (WLT), supporting the Carbon Balanced programme in Guatemala.

The selection of a carbon offset partner was informed by a detailed assessment process, including a review of six providers and due diligence focused on credibility, governance and environmental integrity. The World Land Trust was selected based on its established track record, the breadth of its verified offsetting programmes and its willingness to work collaboratively with 7IM. Through its Carbon Balanced programme, WLT works with landowners and local communities to secure land tenure and protect threatened coastal

forest, contributing to long-term biodiversity and environmental resilience.

The Group continues this partnership for the fourth consecutive year and intends to offset unavoidable emissions for 2025 through the same programme.

During 2025, business growth through acquisitions expanded the Group's operational footprint, resulting in increased emissions, particularly from electricity consumption, mileage and Scope 3 business travel. While higher headcount and travel activity led to a year-on-year increase in total emissions, the Group maintained its focus on sustainable travel choices. In line with its 2021 sustainability commitments, the majority of business travel was undertaken by rail, with rail journeys accounting for over 50% more kWh travelled than air travel during the year.



3. Social

This year, we brought together our previous work on 'An inclusive team' and 'Giving back' under a single umbrella – Social.

Our work under the social pillar of our Sustainability programme is divided into two key areas: Team Social Impact and Community Social Impact.

Social	
Team Social Impact	Community Social Impact
Diversity, Inclusion & Belonging Programme	Next Generation Opportunities
Wellbeing Programme	Charitable Giving

Team social impact

Diversity, Inclusion & Belonging ('DIB') Programme

Our DIB programme is designed to create an environment in which colleagues can bring their authentic selves to work. We have five active colleague-led Networks within our DIB programme, representing a broad cross-section of the business.

Network	2025 updates:
Gender Equality	Women's group coaching programme launched, with over 30 women across the business taking part.
Hormone & Fertility	Menopause Network evolved to cover a wider range of hormone and fertility related topics.
Pride	Pride remained our most active Network, with activity including revisions to recruitment forms and the extension of allyship training.
Talking	Mental Health First Aiders evolved into our Talking Network, focused on proactively engaging on a range of mental health topics.
EmbRACE	EmbRACE expanded into faith topics as well as racial diversity, and with highlights including the importance of names and pronunciation.

In 2025, we published an updated DIB Strategy, providing further detail on workforce composition, Network activity and associated targets.

In our ongoing commitment to ensure we have an inclusive and supportive workplace, 7IM continuously evaluates and evolves our policies to ensure they meet the diverse needs of all colleagues. Over the years, we have implemented and refined a range of policies that reflect our efforts to create a workplace environment where every colleague feels valued and supported.



Gender pay gap

In 2025, our gender pay gap was reduced to its lowest level to date at 6.2%. Based on available data, this places our gender pay gap below that of our direct peers within the financial services sector.

Our full Gender Pay Gap report can be found on our website at <https://www.7im.co.uk/inside-7im/an-inclusive-team/signatories>.



Inclusive health and wellbeing support

Our Menopause Policy provides colleagues with the reassurance that they can speak to their Line Manager should they be going through this transition, we also have guidance for line managers to effectively support staff experiencing menopause, emphasising empathy, understanding, and practical adjustments in the workplace.



Family-Centred Policies

We are proud to offer our Family-Centred Policies, which include progressive measures such as paid leave for both parents in the event of stillbirth or miscarriage—setting us apart from many organisations by offering one week of paid time off to support families. Additionally, our Fertility Treatment Policy acknowledges and supports those undergoing fertility treatments, recognising the physical and emotional challenges involved.



Promoting equality and diversity

Our Transgender Equality Policy and our Equal Opportunities Policy further demonstrate our commitment to fostering an equitable environment. These policies ensure that all colleagues, regardless of gender identity or background, can succeed in a respectful and supportive workplace.



Flexible Working Arrangements

Our Hybrid Working Policy supports our team in balancing personal and professional responsibilities. This policy is designed to accommodate the varying needs of our colleagues who have other responsibilities outside work.



Cultural Advancement

During the year, the Group's Vision, Purpose and Values were refreshed to ensure they remain clear, relevant and practical as the business continues to grow. The work reaffirmed the existing Vision and Purpose, introduced a new Business Area Purpose, refreshed the Group Values, and added a new layer of Team Identities to articulate how different parts of the organisation contribute to a shared ambition. Developed through structured engagement with colleagues across the Group, the updated VPVs provide a consistent framework for decision-making, collaboration and culture, while recognising the distinct role and strengths of each team.

Wellbeing Programme

Our Wellbeing Programme is structured around four core pillars:
Financial, Social, Mental and Physical.



Financial

Drawing on internal expertise, colleagues host regular financial education sessions covering a range of personal finance topics.



Social

Our highly active Sports & Social committee along with our recently formed Engagement function within our People and Culture team both run events and activities designed to build cross-functional relationships and improve colleagues' sense of belonging.



Mental

Mental health support is provided through our Private Medical Cover, Employee Assistance Programme (EAP) and internal Talking Network, which includes Mental Health First Aiders.



Physical

Through our Private Medical Cover, the team has access to a wide range of opportunities to monitor and improve their physical health.

Community social impact

Charitable giving

7IM has a longstanding Charity Committee that oversees charitable contributions across the business and arranges fundraising campaigns for the charities we support. In 2025, 7IM raised more than £32,000 for charity through staff fundraising, matched funding, challenges and donations. We continue with our "Give As You Earn" Scheme and Volunteer Days that allow colleagues to volunteer their time any charity.

Next generation opportunities

Our Next Generation Opportunities are delivered through two core initiatives:

Work experience

Each year, we deliver two work experience programmes, open to all applicants. One programme has a mixed intake, while the other is women-only, supporting our gender equality objectives. This resulted in a 50/50 gender split across the total intake, with two participants subsequently joining the business in a permanent role.

Investment 20/20 partnership

Our partnership with Investment 20/20 continues through hosting school visits, providing speakers for careers events, and promoting career opportunities to students participating in the programme.

Training and development

In 2025, our focus was on enhancing internal learning and development by leveraging the expertise of our Subject Matter Experts (SMEs) across 7IM. This approach enabled us to share existing knowledge more effectively, strengthen cross-team connections, and foster meaningful conversations around career development.

While the priority was building internal capability, external training was provided where specialised or role-specific development needs were identified.

Key highlights of the 2025 programme include:

Coaching and mentoring development opportunities

Leading from the top, members of the Executive Committee undertook a six-month coaching programme aligned to their individual development goals, reinforcing the importance of strong leadership and role-modelling across the firm. Coaching and mentoring more broadly have remained key development priorities throughout the year. More than 50 colleagues have now been matched through the firm's internally run mentoring programme, supporting individual capability building while strengthening connections across the organisation. In addition, the group coaching programme for women brought together 24 colleagues across six sessions, providing a supportive forum to explore and address common challenges experienced within the Financial Services sector.

Management training

Management training is an ongoing priority for the firm. During the year, the focus was on providing practical, hands-on training for team leaders and managers to support the day-to-day realities of managing people. Sessions were delivered by the People & Culture team throughout the year and covered key aspects of effective team management. The programme included a combination of compulsory and optional sessions, enabling managers to build core capabilities while tailoring their development to their specific roles and responsibilities.

The 7IM Future Leaders Programme was delivered to support the development of the next generation of senior leaders. Six colleagues were selected to participate, all of whom were direct reports to members of the Executive Committee, reflecting the programme's focus on succession planning for critical leadership roles. The programme developed a broad range of leadership capabilities, including strategic thinking, effective decision-making, communication and leadership skills. It also strengthened core competencies such as influence and impact, System 2 thinking, diversity of thought, agility

and resilience, supporting the development of well-rounded leaders equipped to meet the firm's future needs.

Professional qualifications and memberships

In 2025, we funded 40+ colleagues to pursue industry recognised qualifications across various professional bodies such as the Chartered Insurance Institute, the Chartered Institute of Securities and the Chartered Institute of Personnel and Development, further investing in the professional development of our team.

The Adviser Academy

In late 2025, the Adviser Academy was launched with an inaugural cohort of 14 colleagues aspiring to become Financial Advisers. This internal development programme is designed to equip participants with the essential soft skills needed for the next stage of their career progression. The curriculum focuses on meeting structure, proposition framing, and communication style, reinforced through ongoing mentoring and practical role-play exercises.

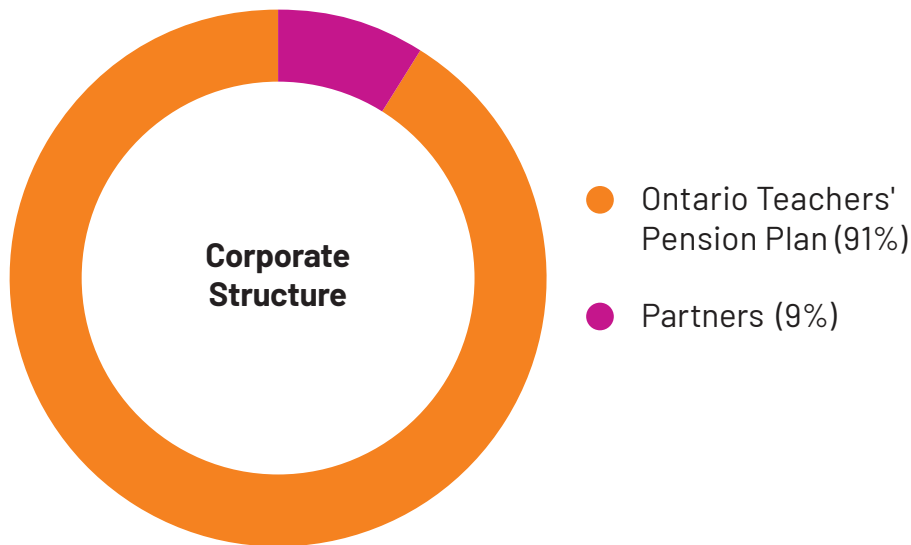


How 7IM's resources enable effective stewardship

Corporate structure

Seven Investment Management LLP ("7IM LLP") is a limited liability partnership within the 7IM group. Following its acquisition of 7IM LLP in January 2024, Ontario Teachers' Pension Plan remains the majority shareholder of the group, owning 91%. The remaining 9% is owned by partners from the 7IM Management Team.

This structure has allowed 7IM to take a long-term approach to the development of the business, just as we recommend our clients do with their money. This report relates to Seven Investment Management LLP.

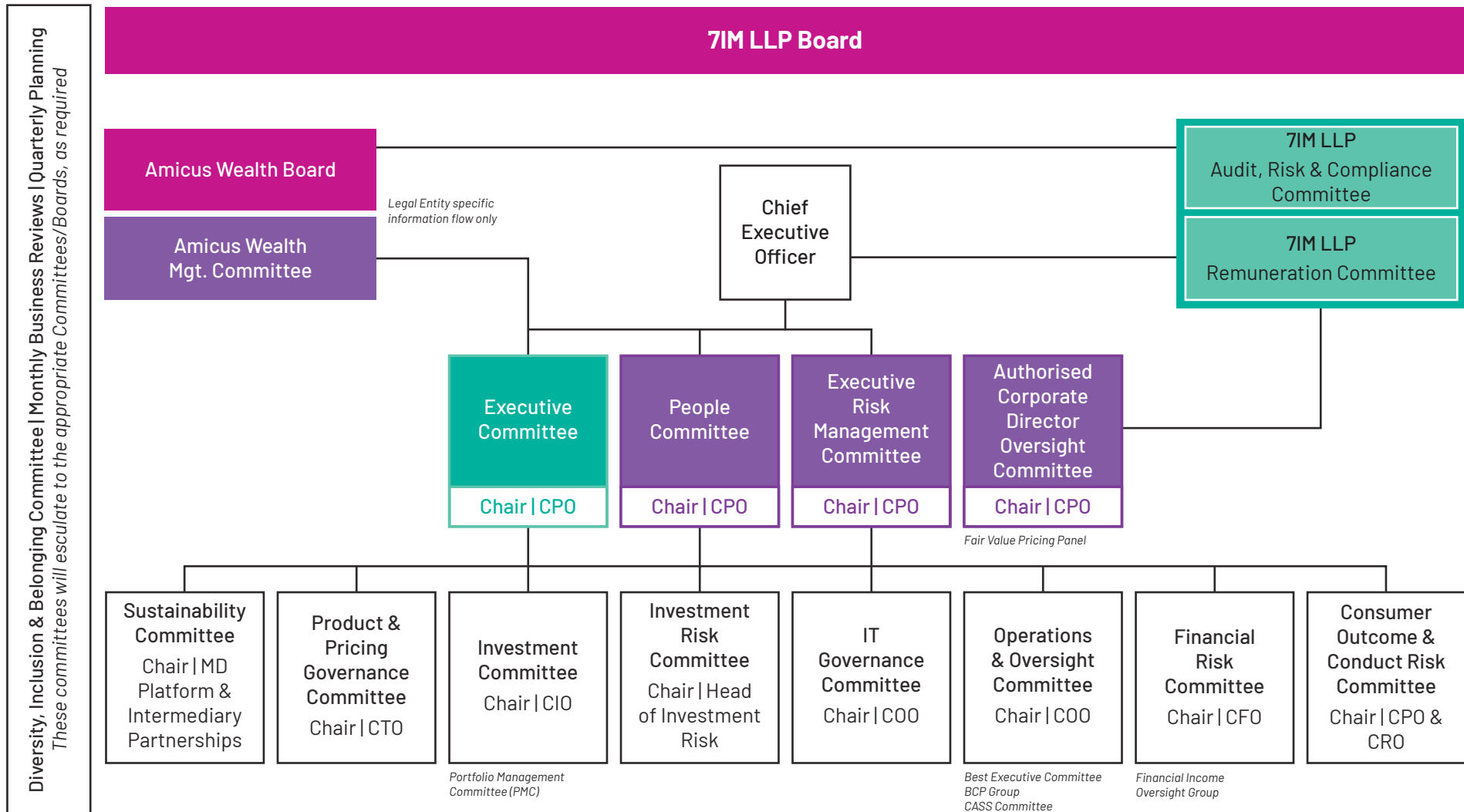


Corporate governance

7IM has a comprehensive and agile corporate governance framework. Committees operate with clear areas of focus and Terms of Reference. All Executive Committees are chaired by Accountable Executives from the Executive Committee (ExCo) and enable Executives to discharge their Executive and/or Senior Management Function obligations to manage the group accordingly. These committees monitor and provide oversight of key risks and escalate any risk or concerns to the Executive Risk Management Committee, People Committee, and Executive Committee as per their Terms of Reference.

The Executive Committees report to the Board sub-committees (Remuneration Committee and Audit, Risk & Compliance Committee) on a quarterly basis. All Executive Committees are attended by at least one member of the second-line Risk Function who provide support and challenge the stewardship process.

At the end of 2025, the corporate governance framework was as follows:



Stewardship governance

We maintain ongoing oversight of our stewardship approach to ensure it remains strong, effective, and aligned with both regulatory expectations and our clients' long-term interests.

At the corporate level, stewardship and related sustainability matters are overseen by the Sustainability Committee, which is chaired by a member of ExCo and draws representation from across the firm, ensuring stewardship considerations are embedded consistently within culture, strategy and decision-making. The Sustainability Committee acts as guardian of the 7IM Stewardship Code and Sustainability Framework and is responsible for reviewing and recommending enhancements to sustainability strategy, while monitoring regulatory and best-practice developments.

At the investment level, stewardship is fully integrated within our investment process and overseen by the Investment Committee and Portfolio Management Committee. We use external providers such as MSCI, Sustainalytics and Morningstar to assist in these activities. Further details can be found in part 2 of this report, the Activities and Outcome Report.

Sustainability framework and strategy

Our Sustainability Framework ensures a consistent and focused approach to sustainability across People, Corporate and Investment-related initiatives. The Sustainability Committee is responsible for the oversight and implementation of the Sustainability Framework and continues to embed the framework. The purpose of the framework is to cater for the evolving regulatory landscape. Underpinned by the Risk Management Framework, the Sustainability Framework supports the Group by providing a consistent approach to the delivery of the Task Force on Climate-Related Financial Disclosures (TCFD), and Corporate Social Responsibility (CSR) requirements, as the FCA (amongst other regulators) continues to define the future regulatory landscape in relation to sustainability.

The framework consists of the following components:

- Sustainability Areas

This refers to the three key areas of Environmental, Social and Governance (ESG).

- Sustainability Factors

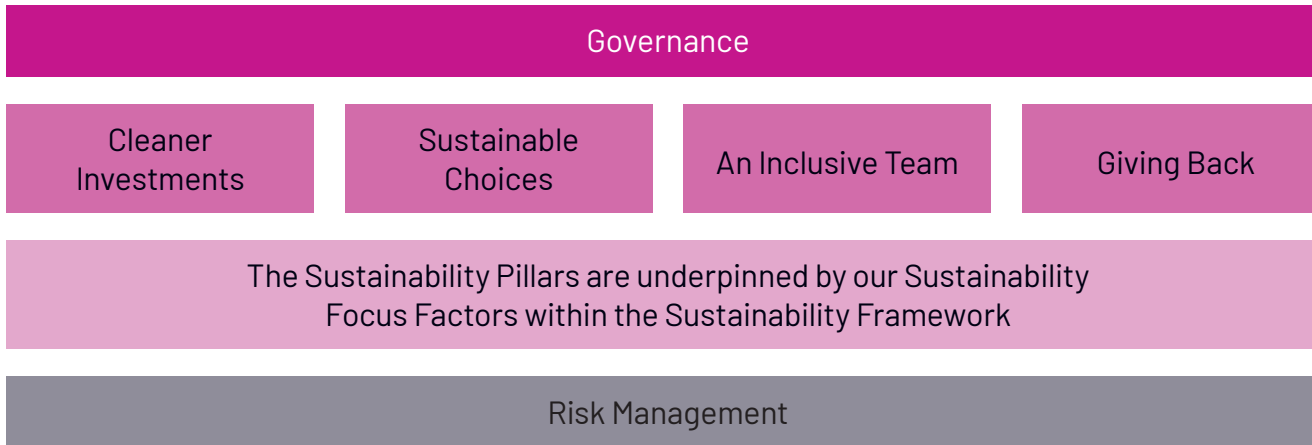
This refers to the 25 key factors within the three key Sustainability Areas.

- Sustainability Lens

This refers to the three Sustainability Lenses through which each Area or Factor can be assessed.



Our Sustainability Strategy is outlined in the figure below:



Our governance structure informs and oversees 7IM's Sustainability Strategy, which is underpinned by the Sustainability Framework and its associated 'Focus Factors'. For 2025, these are listed below:

- Environmental: Climate Change & Transition to a Low Carbon Economy.
- Environmental: Sustainable Supply Chain
- Social: Community Impact
- Social: Product & Consumer Responsibility
- Governance: Leadership & Corporate Governance
- Governance: Risk Management

Each Focus Factor is underpinned by an associated action plan that informs decision-making at the Sustainability Committee, which retains oversight of the Sustainability Strategy.

AI Policy

7IM has an internal policy that sets out how external AI tools may be used across the 7IM Group in a responsible, ethical, and secure manner. The policy applies to all staff and is designed to protect personal, confidential, and proprietary data, ensuring compliance with UK data protection and regulatory requirements, in line with the firm's existing data policies.

To support this, the Data & AI Strategy Steering (DASS) Group has been established to provide oversight of AI use cases, alongside broader data-related initiatives across 7IM. This reflects the extent to which AI and data applications are closely intertwined. The group brings together stakeholders from across the business, ensuring a wide range of perspectives are represented and enabling effective governance and decision-making.

7IM's core technology stack is built around the Microsoft ecosystem, with a particular focus on tools such as Microsoft Copilot and GitHub Copilot (used for software development). This approach helps maintain clear and consistent boundaries around the data used as inputs into AI models, aligned with the firm's existing operational and security environment.

The use of any external AI tools requires formal approval through a defined governance process, and all outputs must be reviewed to ensure accuracy, identify potential bias, and confirm appropriate attribution where relevant.

In 2026, 7IM also established an AI Centre of Excellence. Its purpose is to coordinate and leverage AI-related activity taking place across the Group, helping to inform and shape the firm's approach to AI over time. In addition to focusing on tools and use cases, the Centre of Excellence aims to develop the necessary cultural, learning, and development foundations. This ensures that AI adoption at 7IM is underpinned by responsible, ethical, and regulatory-compliant practices, extending beyond a purely technology-focused approach.



7IM's stewardship policies and processes, and how these are reviewed

Our stewardship policies are designed to support responsible investment and to act in the best interests of clients and beneficiaries, reflecting the firm's commitment to good governance and sustainable outcomes. These policies are reviewed by the Investment Committee.

Voting policy

We follow recognised governance standards and generally support company management unless we identify concerns. Most voting on underlying holdings is carried out by external fund managers, whose stewardship and ESG practices we monitor closely. If we have low conviction in a manager, then we will review votes in relation to the funds that we hold that are managed by them. Where we vote directly, decisions are made internally and recorded by the relevant committee. We follow industry guidelines to avoid unnecessary shareholder dilution and publish our voting activity annually. Further details can be found in our Voting Policy.

Engagement policy

The 7IM Engagement Policy outlines how the firm exercises stewardship across predominantly externally managed assets. Engagement is supported by both top-down thematic priorities and bottom-up manager due diligence. Climate Change and Biodiversity remain the 2026 priority themes. Engagement is guided by five principles: long-term focus, understanding manager style, clear objectives, honest communication, and continual learning. Escalation occurs when engagement fails, including with companies or external managers. Engagement approaches differ by asset class, with greatest influence in active equities and limited scope in passive strategies, bonds, and alternative trading funds. Further details can be found in our Engagement Policy.

Controversial weapons policy

This policy explains our approach to controversial weapons, outlining why we avoid investing in companies involved with weapons such as landmines, cluster munitions, chemical and biological arms due to their severe humanitarian impact. It highlights relevant international conventions and treaties that aim to restrict or ban these weapons, and notes how legislation in some countries also prohibits their financing. This only applies to active managers, and nuclear weapons are excluded from our policy only where permitted by specific states. Further details can be found in our Controversial Weapons Exclusion Policy.

Responsible investment policy

This policy covers all core portfolios, ensuring that environmental, social, and governance (ESG) factors are integrated into decision-making. By working with trusted third-party managers, 7IM actively monitors and encourages responsible practices and engagement on ESG issues. The policy aligns with United Nations Principles for Responsible Investment, aiming to deliver long-term value for clients while promoting ethical and transparent standards. It provides an overview of how these factors are applied to each stage of the investment process, SAA, TAA, Fund Selection and Risk Management. Further details can be found in our Responsible Investment Policy.



Through our work with third-party managers, we actively monitor and encourage responsible practices and engagement on ESG issues.”

How 7IM manages conflicts of interest to put client and beneficiaries' best interests first

Any stewardship-related conflicts of interest are reviewed on a case-by-case basis but will be informed by various firmwide policies that are summarised below.

We manage conflicts of interest through a formal framework and policy available on our website. This includes a central register, oversight by Compliance, and executive accountability. We document the approach to identifying, preventing, and managing conflicts, using controls to mitigate risk.

All employees must report potential conflicts. Materiality and nature are assessed by policy, with controls applied as needed. If mitigation is insufficient, the conflict is avoided. Compliance provides annual COI and PAD training for all staff. The register of COIs is updated regularly to reflect business changes, and typical risks include external interests, gifts, personal relationships, and incentives.

Compliance with regulation

As a regulated financial services firm, 7IM monitors and applies industry rules to prevent regulatory or client-related conflicts. Suitability and oversight processes ensure investment recommendations remain unbiased and serve client best interests. A 'three lines of defence' model assigns responsibilities across investment teams (first line), risk/compliance (second line), and internal audit (third line). Complaints handling also incorporates COI management and remediation lessons.

Investment management conflicts

Chief Investment Officers ensure appropriate conflict management within investment processes. Major areas addressed include:

- Large investor influence – decisions are made in all investors' best interests, with governance oversight.
- Trade allocation – proportional policy ensures fair distribution across funds.
- Insider information – reported to Compliance; insiders are restricted from related decisions and trading. Embedded processes maintain clients' best interests as a priority.

Sanctions compliance

We comply with all relevant sanction's regimes, monitor global developments, screen all clients and suppliers, restrict investments linked to sanctions, and ensure third-party manager compliance via due diligence.

Product governance

The Product Governance & Pricing Committee oversees product design and review, ensuring fair pricing, clear target markets, and good customer outcomes in line with Consumer Duty requirements. Annual reviews and enhanced monitoring frameworks ensure ongoing compliance for all products, including those closed to new business.

Personal Account Dealing (PAD)

Our PAD policy requires pre-approval of personal trades (with some exceptions) to prevent conflicts or misuse of information. Compliance software supports policy enforcement and trade reviews. Policy changes need approval from senior risk leaders. All staff complete mandatory training, and no material PAD issues were recorded during the reporting period.

How 7IM maintains a dialogue with clients and/or beneficiaries

We use our Stewardship Code as a framework for communicating our stewardship activities, both through regular disclosures and tailored, ad hoc updates for clients and beneficiaries. This approach ensures that clients are kept informed of our engagement efforts, voting activity, and stewardship outcomes, further supporting transparency and alignment with clients' expectations. By sharing information in this way, we foster an open dialogue and demonstrate our ongoing commitment to responsible investment and effective stewardship.

Part 2: Activities and outcome report

Principles

01

Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries.

02

Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets.

03

Signatories engage to maintain or enhance the value of assets.

04

Signatories actively exercise their rights and responsibilities.

05

Signatories integrate stewardship considerations into their selection and oversight of external managers.

06

Signatories monitor and hold to account stewardship service providers.



Our ESG and stewardship integration approach

Our cornerstone: The Strategic Asset Allocation

The Strategic Asset Allocation (SAA) forms the foundation of our long-term investment philosophy across all portfolios. This framework represents a carefully considered blend of asset classes, shaped by our research to reflect the evolving requirements of investors throughout their financial journeys. Our priority is to ensure that each portfolio's risk characteristics are aligned with the appropriate investor profile.

Since 7IM's beginning, we have developed SAAs to underpin our clients' investments, supporting strong and consistent performance. We review and enhance our SAA annually, drawing on advances in academic research and updating our data inputs. Our methodology goes beyond standard measures such as volatility and correlation, delving into the core drivers behind each asset class. This deeper understanding allows us to build resilient portfolios, promoting diversified outcomes for the long term.

Integrating climate risk into the Strategic Asset Allocation

In previous reports, we have described the journey that has been undertaken at 7IM to reduce the carbon intensity of the Strategic Asset Allocation (SAA). Through 2020, we began a research programme aimed at decarbonising our SAAs and helping to reduce the emissions-intensity of all portfolios. 7IM's Executive Committee agreed to a programme by which the carbon emissions of the Strategic Asset Allocations of all portfolios were to be reduced by 30% at the SAA level between 2021 and 2026.

We began by lowering the carbon-intensity of our US equity and corporate bond exposures in 2021-22. This was then followed in 2023 by allocating to a Japan low carbon ETF that follows the EU's Climate Transition Benchmark (CTB) regulation.

In early 2025, separately to the decarbonisation target, we made changes to our regional equity allocations and credit positions that meant the target was achieved across all our SAA risk profiles.



Next steps

To advance the progress made over recent years and to reaffirm our commitment to responsible investing, as well as to acknowledge the positive feedback received from our clients, we have finalised next steps following the completion of the SAA project.

After discussions internally, we propose to continue our efforts by actively engaging with our investments in terms of climate risk. Our aim is to encourage asset manager alignment with climate targets and actions, thereby furthering our commitment to sustainable investment practices.

From now until 2030, we will engage with the asset managers that cover 95% of our third-party assets to support and encourage net-zero alignment.

We aim to work with managers that advance their climate ambitions over time, recognising that each manager's journey towards net-zero alignment will differ based on their starting point and circumstances.

We will monitor and report on the proportion of our assets under management (AUM) managed by firms at different stages of our Net-Zero Alignment Framework, with the ambition to see improvement over time.

Our ESG integration approach

We consider ESG factors to be a vital component in assessing both the anticipated risks and returns associated with investments. Non-financial elements have the potential to affect the long-term financial outcomes and risk profiles of our portfolios. By factoring ESG risks into our analysis, investors gain a clearer picture of the potential long-term risks and possible downside exposures within their holdings.

At 7IM, ESG considerations are embedded throughout the entire investment process, including the Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), Portfolio Implementation, and Investment Risk management.

Our tactical positioning enables 7IM portfolios to respond effectively to the challenges and opportunities presented by Climate Change. This includes ongoing assessments of ESG metrics within our TAA positions and identifying investments that offer suitable valuations while meeting our ESG criteria. When selecting third-party funds or direct investments, we consistently apply ESG filters as part of our due diligence process.

The Investment Risk team plays a pivotal role in our process, with ESG metrics now firmly embedded in our risk oversight for all funds. We have made significant strides in integrating these metrics within both risk management and portfolio oversight. Over the longer term, we are confident that a focus on ESG can help mitigate market-wide and systemic risks. We action this by fulfilling our stewardship obligations, challenging fund managers to demonstrate their commitment to ESG – both as companies and within the funds they manage – and by exercising our voting rights at annual general meetings to advance key ESG issues.

Market functioning and market-wide risks

UK Sustainability Disclosure Requirements (SDR)

In early 2025, 7IM focused on full compliance with the UK Sustainability Disclosure Requirements (SDR), prioritising transparency and directing efforts to meet the April 2025 naming and marketing rules. Governance was strengthened through the SDR Executive Steering Committee. Alongside these actions, we engaged with industry bodies during consultations, contributing to the evolution of SDR standards. These measures reinforced our commitment to regulatory integrity, client understanding, and responsible investment practices.

Sustainability reporting

We continue to be part of the Investment Association's UK Sustainability Reporting Forum, collaborating with peers to shape industry standards for sustainability disclosures. Throughout 2025, we attended discussions on the implementation of the UK Sustainability Disclosure Requirements (SDR) and the future of UK's sustainability reporting landscape. Conversations focused on clarity, comparability, and practical guidance for asset managers. By engaging in these forums, we support the development of well-functioning markets through improved reporting practices.

Climate change and biodiversity loss systemic risks

We continue to actively participate in collaborative engagements to address systemic sustainability challenges. In 2025, as part of UK Wealth Managers on Climate Group, we worked collectively to promote credible transition planning and climate risk management across the industry. We also remain a participating member of the Investor Policy Dialogue on Deforestation (IPDD), engaging with policymakers to reduce deforestation risks in global supply chains.

Stewardship and engagement at 7IM



Our core investment services provide multi-asset class portfolios, usually via collective investment vehicles.

The vast majority of our AUM is via externally managed product, and our manager monitoring system is designed to inform us whether external managers are working to safeguard and maximise the value of their assets, with sound stewardship and taking ESG issues into account in their investment processes.

As mentioned earlier, we engage with fund managers directly where we have concerns about their investment strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters. We regularly question them about their holdings, to ensure that they are implementing full stewardship in their portfolios, via voting, engaging with management where necessary, and encouraging the companies they hold to consider ESG risks.

Summary of case studies

In this section of the report, we provide case studies of how our third-party asset managers engage, escalate, and vote on our behalf.

As a multi-asset fund-of-funds business, we invest with a range of external managers, both active and passive. We seek external managers with sound engagement practices for the benefit of investors and clients. As stewards of clients' assets, we expect and encourage managers to engage with their companies and holdings on ESG. Several case studies of managers engaging with companies in their portfolios are described below.

Engagement

Sarasin engaging with Keyence

Founded in 1974, Keyence is a Japan-based leader in factory automation and sensing technology. In early 2025, Sarasin raised governance concerns, focusing on:

- Profit distribution: Despite strong free cash flow and a \$3bn cash balance, shareholder returns remain modest.
- Share split: With shares at JPY 57,030 (~\$400), a split could improve accessibility for retail investors and boost liquidity.

In Q2 2025, Sarasin met with Corporate Planning and Investor Relations to discuss the following:

- They defended retaining cash for growth, including acquisitions, but acknowledged investor questions and agreed to share our views with leadership.
- They may consider improving acquisition disclosure within a sensitivity framework.
- On a stock split, they were open but noncommittal, citing their 2019 experience.

Sarasin believed the company could unlock additional long-term value by addressing key governance weaknesses, notably opacity around operational performance and capital allocation, low shareholder returns (i.e., dividends), share accessibility, poor board diversity and independence, and a lack of accountability on executive remuneration.

In their follow-up engagement in Q4 2025, they reinforced expectations on these topics. Keyence acknowledged consistent investor pressure and the need for clearer capital allocation communication. They had also responded with a welcome increase in dividends earlier in the year.

Looking ahead, the company has indicated that a stock split is under consideration. Management also recognised rising expectations on diversity and agreed to review peer disclosure examples that Sarasin suggested to share.

Capital Group

In 2025 Capital Group engaged with a large UK bank to gain insight into their climate outlook and future policy changes. They discussed their financing/underwriting of carbon-intensive activities and the bank announced that it would be reviewing its portfolio decarbonization targets in 2025, citing that the Paris-aligned scenarios (1.5c by 2050) that they referenced was no longer feasible. This was a process that was being undertaken by most banks, but the bank had been more transparent in sign-posting potential outcomes. Nonetheless, the CSO (Chief Sustainability Officer) insisted that despite policy headwinds in the US and fiscal constraints in EU from increased defence spending – there continued to be a commitment to reaching net-zero ‘on the ground’. The bank remained excited by the opportunity in Asia on its transition economy.

Janus Henderson

Janus Henderson engaged with a leading consumer credit rating company that focused on data privacy, cybersecurity, and climate strategy, particularly in light of regulatory scrutiny and controversies. The company demonstrated strong governance, with oversight of cyber risk at the executive level and robust internal protocols, including a Cyber Fusion Centre and a DevSecOps model. The firm addressed concerns around US credit disputes, noting that it has scaled operations to maintain responsiveness and has not paid out on any lawsuits. It also reaffirmed its commitment to responsible data use, with anonymised marketing data and protections for vulnerable consumers.

On the environmental side, it has transitioned all data centres to renewable energy and is working with suppliers to reduce Scope 3 emissions, with 32% now having set science-based targets. The company also highlighted its expanding suite of financial inclusion products and plans to publish data on social outcomes. The engagement provided confidence in the firm’s risk management and its proactive approach to both regulatory and stakeholder expectations.

Escalation

Robeco escalation with US tech company

This engagement centred on human rights governance, content moderation risks, AI transparency, and the company's performance in Conflict Affected and High-Risk Areas (CAHRAs). Robeco's rationale for engagement derived from the company's systemic societal impacts, recurring controversies, and gaps in Human Rights Due Diligence (HRDD).

Across two years, the dialogue included multiple escalation steps, particularly via collaborative investor actions. A significant escalation involved the company's participation in the Investor Alliance for Human Rights' CAHRA Pilot Project, through which investor groups jointly issued recommendations urging the company to strengthen HRDD, escalate governance clarity, and improve transparency of crisis-response procedures.

Additionally, Robeco and peers formally shared written recommendations following concerns over the company's move to automate risk assessments and changes to content moderation, explicitly pressing the company to

address governance inconsistencies and clarify escalation processes for crisis-related decisions.

Robeco also escalated engagement by requesting additional conference calls when the company's policy changes – such as ending third-party fact checking and revising hateful-conduct standards – raised new human rights risks. Persistent follow-up ensured the company responded in detail via multiple meetings across 2024–25.

Outcomes to date include improvements in human rights reporting, integration of heightened HRDD, expanded governance disclosures, and progress on AI-related transparency. Next steps involve monitoring the company's upcoming human-rights report, continued pressure on governance clarity, and deeper scrutiny of CAHRA-related mitigation practices.

UBS engaging with energy company

UBS Asset Management met with Valero Energy Corporation to discuss general company updates, impact of changes in US climate policy, emissions targets and the company's conventional fuel business.

They encouraged Valero to reconsider the inclusion of abatement and offsetting as part of its Scope 1 & 2 targets. UBS suggested an emissions intensity target if the company were concerned about the optics of a low absolute target.

Valero highlighted the completion of its Diamond Gren Diesel (DGD) Port Arthur sustainable aviation fuel (SAF) project and ongoing work on Arctic-grade renewable diesel and low-carbon cellulosic ethanol. The company noted that changes to US climate policy has delayed a second SAF project and acknowledged tariff risks but outlined several mitigants. Valero highlighted concerns that a pure Scope 1 & 2 target (at 7%) would be perceived as a laggard compared to peers who have higher emissions and shut down refineries, arguing instead that its highly efficient assets, renewable fuels expansion and contributions to avoided emissions (Scope 4) should be recognised as part of its transition strategy.

UBS voted against the election of a director held responsible for the company's insufficient approach to climate. This engagement is ongoing.

Voting

Sarasin voting against Costco Management

Sarasin has had long standing concerns about the ongoing allegations of Costco's potential links to forced labour and human rights violations in the Xinjiang Uyghur Autonomous Region of China, namely in its seafood and security camera supply chains. They were disappointed with the lack of public response to the US Congressional-Executive Commission on China's 2023 letter to Costco on this issue to date. They voted against the Chair of the Board as they would like to see Costco publish outcomes of human rights due diligence on these elements of its supply chain and report any necessary mitigation efforts it may be taking.

Furthermore, in Sarasin's view, any director with over 12 years of service is considered non-independent. With no appointment of a lead independent director and Hamilton James having a 34-year tenure, they voted against his re-election as Chair.

Additionally, Costco is on their Further Escalation List, as they have voted against the auditors, KPMG, for three years because KPMG's tenure exceeded 15 years, which classifies them as non-independent according to policy. Sarasin therefore escalated their voting to hold the Chair of the Board accountable for the audit-related concerns by voting against him.

L&G

L&G voted in line with Ferrovial's management to approve their new Climate Strategy Report. The vote was applied because of the progress the company has made on its climate strategy over the past year, in particular gaining Science Based Targets initiative (SBTi) approval for 2050 and 2030 1.5°C aligned net-zero targets.

The vote was significant due to the importance of the theme (Climate Change), and the improvements made by the company.

Blackrock

BlackRock Investment Stewardship had been actively engaging with a major mining company on its climate strategy. In 2024 and 2025, the company outlined its climate action plan, focusing on maintaining existing Scope 1 and 2 emissions reduction targets and aiming for net-zero operational emissions by 2050.

Discussions also addressed challenges in measuring Scope 3 emissions. The firm's leadership reaffirmed their commitment to decarbonisation and highlighted growth opportunities driven by rising demand for copper, iron, and materials needed for energy and defence sectors. At the 2025 annual meetings, shareholders approved management's climate plan, director elections, and executive compensation proposals by wide margins. Overall, these engagements reflect the firm's proactive approach to climate risk and corporate governance.

Collaborative engagements

There are occasions when shareholders might collaborate with other investors to increase their influence on specific company decisions, to ensure that outcomes benefit their clients.

We take part in collaborative engagements when we think we can enhance the value or lower the risks of client assets and expect our third-party managers to engage collaboratively on our behalf when appropriate.

Climate Change remained one of our main top-down themes in 2025 as we continued to pursue engagement on climate-related targets, exemplified by activities within the UK Wealth Manager on Climate Group. Another focal theme was Biodiversity, via a collaborative investor initiative Investor Policy Dialogue on Deforestation (IPDD).

Case study: UK Wealth Managers on Climate Group

As detailed in our previous Stewardship Code Report, in 2024, 7IM joined forces with partners across the wealth management industry through the 'UK Wealth Managers on Climate' Group to encourage asset managers to embrace net-zero and drive collective action.

Since co-signing a public letter¹ outlining three clear climate change ambitions for asset managers to (1) set transparent net-zero commitments, (2) embed these commitments across their organisations and communicate them clearly to clients, and (3) ensure stewardship activities deliver tangible outcome, we, as a group and as 7IM, have taken proactive steps to turn these ambitions into measurable progress.

Throughout 2025, our engagement focused on two key areas: direct dialogue with asset managers as well as monitoring and feedback with the rest of the Group. Following the publication of the joint letter, we gathered initial feedback from asset managers, which was generally positive. Managers welcomed the consistency of approach across the wealth management industry, recognising that a unified voice strengthens expectations around climate action. To translate these ambitions

into practical steps, the UK Wealth Managers on Climate Group developed a standardised climate questionnaire for asset managers. Each member firm collected responses and engaged directly with managers to assess alignment with net-zero commitments and stewardship practices. These insights were shared and debated during our quarterly meetings, enabling the Group to identify common challenges and best practices. Looking ahead, we plan to move beyond broad engagement towards more targeted dialogues with managers who are lagging on climate integration, ensuring that our collective efforts drive tangible progress.

¹For the letter, see <https://www.7im.co.uk/media/upenpobe/uk-wm-on-climate.pdf>

Case study: Investor Policy Dialogue on Deforestation (IPDD) Initiative

As detailed in our previous Stewardship Code report, since 2023, we have been active members of the Investor Policy Dialogue on Deforestation (IPDD), focusing on nature and biodiversity issues with regulators and governments. 7IM joins regularly in IPDD's Consumer Countries Working Group meetings, focused on engaging with EU, US, and UK regulatory measures to tackle commodity-driven deforestation. Following our co-signed letter to UK Department for Environment, Food and Rural Affairs, urging swift implementation of Forest Risk Commodities legislation under the Environment Act 2021, the group intensified advocacy in 2025, continuing outreach to UK and EU departments to promote strong anti-deforestation policies and sharing feedback.

Collaboration by external managers

Sarasin collaborative engagement with Amazon

In August 2025, Sarasin received Amazon's response to the collective Ethical AI letter sent in June through the WBA's Ethical AI Collective Impact Coalition. The company reported meaningful progress in four areas:



Human Rights Impact Assessments (HRIAs):

Completed across 10 business units, with evidence of remediation such as data licensing agreements with The New York Times and Condé Nast to strengthen intellectual property protections.



Frontier Model Safety Framework (FMSF):

A detailed framework outlining governance, tools, and safeguards for AI model safety and security.



EU Digital Services Act (DSA) Reports:

Published for AWS, Twitch, and Amazon EU Store, providing transparency on illegal and harmful content management, reporting mechanisms, and enforcement actions.



EU AI Act Commitment:

Signed the Code of Practice, signalling commitment to a harmonised compliance approach and reduced regulatory uncertainty.

Sarasin welcomed this progress and will follow up with Amazon to seek clarification on selected points.

Monitoring and oversight of external managers' ESG and stewardship

Since 2021, we have been upgrading our due diligence process for fund selection and ESG integration within that.

We engage in extensive preparations prior to establishing a new partnership with a manager, typically involving numerous face-to-face meetings and thorough research into the sector or strategy space. In 2023, we refined our approach through the combination of using Door and 7IM's ESG Conviction Score, as detailed in last year's Stewardship Code Report. Throughout 2024 and finalising in 2025, we put this "bottom up" ESG due diligence framework into practice.

To summarise, the "bottom-up" framework consists of the Manager ESG Convictions Rating Framework and questionnaires, which seeks to help us understand a manager's awareness and incorporation of ESG considerations when constructing the investment philosophy and process, as well as firm-level sustainability considerations.

The Manager ESG Convictions Rating Framework evaluates asset managers across six areas: philosophy and commitments, accountability, ESG team, integration and research, engagement, and voting. Ratings range from 'High' to 'Low' and are documented in fund due diligence research notes. Analysts flag areas for improvement as engagement opportunities. Managers rated 'Low' are placed on an ESG Conviction Watchlist, but not excluded, as engagement is preferred over divestment. Through active dialogue, we aim to strengthen managers' ESG integration and indirectly influence underlying companies on issues such as climate targets and disclosures. Progress is tracked, and ratings can be upgraded for significant improvements, demonstrating successful engagement.

Our tailored questionnaires are used as a supplement to our fund due diligence process, covering both fund specific and ESG questions. We have formalised three fund due diligence questionnaires:

- Core Questionnaire – for all actively managed funds, covering essential ESG questions.
- ESG-Specific Questionnaire – for actively managed funds in ESG-oriented portfolios, with deeper ESG focus.
- Add-On Questionnaire – for actively managed funds above a certain investment threshold, providing supplementary information.

Since we mostly invest indirectly through collective vehicles, third-party managers are our main 'levers' to achieve our stewardship-related objectives and are our main 'targets' for engagement and escalation. We show examples of how we have done this in practice below.

Fidelity and Geode

We have been engaging with Fidelity on its passively managed product range, managed by a firm called Geode, since 2021 following our initial roll-out of our ESG questionnaire. Geode, based in the US, predominantly manages passive and systematic low-cost investment strategies. We continue to build on conversations on stewardship in 2025, detailed in our previous Stewardship Reports.

Since 2021, we have engaged with Fidelity International on its passively managed products sub-advised by Geode, focusing on stewardship, proxy voting, and engagement. As a result, Geode expanded its ESG Stewardship Team from two members in 2021 to six by 2023. In 2022, we encouraged Fidelity to reconsider its arrangement with Geode, though this remains unlikely due to their long-standing relationship. In 2023, we urged Fidelity to explore options to strengthen voting and engagement on sub-advised assets for European investors. In 2024, progress on Geode's stewardship has been minimal despite exploring various alternative stewardship solutions.

In 2025, we decided to engage directly with Geode, rather than via Fidelity International, to better understand their progress since this engagement first started. Geode's stewardship team grew to eight members and increased its engagement activities, conducting 650 engagements with unique issuers, yet its ESG and stewardship approach remains cautious and underdeveloped. While some incremental improvements have been made, such as team expansion and increased engagement numbers, overall, Geode's stewardship programme is seen as underpowered and poorly communicated, raising questions about how it upholds fiduciary duty as a major passive asset manager.

We will continue to engage with Geode on this matter.

BlackRock and Climate Change

As detailed in last year's Stewardship Code Report, we have been engaging with BlackRock since its withdrawal as a signatory of the Net-Zero Asset Managers initiative (NZAM). The withdrawal announcement in early 2025 and SEC guidance marked a significant shift in its stewardship approach. It was clear in our conversations that the decision was driven by increasing political and legal pressures, particularly in the US.

Despite assurances that their commitment to sustainability remains unchanged, BlackRock's stewardship activities, especially climate and ESG engagements, have notably declined since their peak in 2021. Analysis of engagement and voting data among major passive managers reveals a clear trend: ESG and climate-related engagements, as well as the total number of votes cast, have generally increased across the industry in recent years. However, BlackRock's stewardship activity presents a notable exception to this upward trajectory. Specifically, BlackRock's climate engagement activities reached their highest point around 2021. Since then, there has been a steady decline in both climate and broader ESG-related engagements. The reduction

became particularly pronounced in 2024, with ESG engagements dropping sharply compared to previous years. Voting statistics further reinforce this pattern. The number of votes cast by BlackRock on climate and ESG issues has decreased, signalling a broader retreat from active stewardship.

ShareAction publishes an annual assessment of the world's largest asset managers, evaluating their support for environmental and social (E&S) shareholder resolutions. While there are limitations to these reports, they do serve as a helpful proxy for gauging voting behaviour. According to ShareAction's findings, BlackRock and Vanguard have consistently ranked lowest among major asset managers since 2020. Notably, BlackRock's support for ESG-related proposals has declined significantly since its peak in 2021.

The evidence of reduced engagement following its NZAM withdrawal and declining stewardship metrics has led to a downgrade in our ESG Manager Conviction Scores.

Lightman and ESG

As part of our Manager ESG Convictions Rating Framework, we met with Lightman Investment Management, an independent

investment manager based in London, to further understand how they consider ESG factors within the investment process and stewardship.

Lightman, founded in 2019, manages approximately £1 billion in European equities with a lean team of two portfolio managers and two analysts. Despite its size, the firm demonstrates a clear and ambitious climate strategy, setting quantitative portfolio targets for emissions reduction, net-zero alignment, and SBTi adoption. Notably, over half of holdings already meeting 2025 emissions targets and nearly 70% aligned with net-zero commitments. The firm is a UNPRI signatory and TCFD supporter but has chosen not to join the UK Stewardship Code or NZAMI, preferring to focus on transparent reporting and portfolio-level climate metrics.

ESG oversight is informal and rests mainly with portfolio managers, supported by regular reporting but without a dedicated ESG resource. Engagement and voting practices are less formalised, with ad hoc engagement and reliance on proxy adviser recommendations, and limited transparency around outcomes however we believe this is understandable given resources.

Pictet's leading approach

In 2025, we also met with Pictet, as part of the Manager ESG Convictions Rating Framework. Pictet is a global financial institution with a long-standing legacy and over £200 billion in assets under management. The meeting aimed to assess how ESG factors are integrated into their investment process and stewardship.

Pictet demonstrates a high level of commitment to responsible investment, with almost 90% of AUM allocated to Article 8 and 9 strategies and a strong focus on climate, biodiversity, and stewardship. The firm's "Responsible Firm" programme (2020–25) sets out clear priorities and is being refreshed into a new 2030 roadmap, aiming to further integrate biodiversity and nature-related commitments.

Pictet's climate strategy is well-aligned with Paris Agreement goals, targeting 40% of listed equity and corporate fixed income AUM to be aligned with a 1.5°C pathway by 2025, rising to 60% by 2030 and 100% by 2040. The firm is a signatory to NZAMI and SBTi, and has developed proprietary frameworks and tools, including an ESG Portal, Scorecard, and Biodiversity Impact Model, to support ESG integration and thematic research. Oversight is robust, anchored by the Group Stewardship & Sustainability Board and supported by multiple committees and a decentralised network of ESG Champions embedded across the business.

Active ownership is a core part of Pictet's approach, with a comprehensive engagement framework built around climate, water, nutrition, and long-termism. Engagements are tracked and tiered, with a growing emphasis on direct and collaborative initiatives. Proxy voting is guided by a centralised policy, with increasing support for environmental and social resolutions, although the firm does not currently file shareholder proposals. Disclosure practices are strong but could be enhanced with more granular reporting on financed emissions and voting rationales.

Looking ahead, opportunities for Pictet include expanding transparency around climate metrics and engaging on the upcoming Vision 2030 strategy to ensure responsible capital commitments remain ambitious and embedded across investment strategies. Overall, Pictet's ESG and stewardship practices are well-structured and credible, positioning the firm as a leader among global asset managers.

Our obligation as a signatory to monitor and hold to account stewardship service providers

Each year we review the ESG data we use to keep track of industry developments and whether we have access to the most cutting edge and cost-effective data packages.

In 2025 we took a closer look at Bloomberg's offering as we had already moved our portfolio management system and risk management tools over to their software and could see synergies in using their ESG data. We evaluated Bloomberg across several areas:

- ESG and climate data availability: Most ESG and climate emission metrics are available from Bloomberg and PORT Enterprise, but methodological differences require selective use. Bloomberg is transparent and data-driven but lacks coverage in some asset classes, where MSCI performs better.
- Methodology: Bloomberg uses a disclosure-based, data-driven approach with broad coverage and monthly updates, whereas MSCI incorporates analyst judgment, third-party data, and controversies with annual updates.
- Forward-looking climate metrics: MSCI remains the leader in forward-looking metrics like Climate Value at Risk (CVAR) and Implied Temperature Rise (ITR).

It was found that Bloomberg sufficiently covered carbon emissions data for us to move that part of our package however due to significant methodological differences and Bloomberg's reliance on disclosures, we decided to continue to use MSCI ESG ratings package. In terms of forward-looking metric, Bloomberg's offering has improved but still lacks MSCI's breadth thus, therefore we have stayed with MSCI's offering.

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority. Member of the London Stock Exchange.
Registered office: 1 Angel Court, London EC2R 7HJ. Registered in England and Wales number OC378740.

04.26

