NEWTON
Investment Management

BNY | INVESTMENTS

Q4 2024

Responsible investment report

Newton Sustainable Real Return strategy

The data presented within this report is for information and reporting purposes only. The data does not direct or inform investment decisions.

The use of engagement themes may vary depending on the asset class. Engagement themes have been identified to reflect the issues we believe to be most material to companies' risks and opportunity sets over the long term. However, other topics may be considered and have greater weighting when engaging with companies. Newton will make investment decisions that are not based on engagement themes and may conclude that other attributes of an investment outweigh Newton's engagement strategy.
Please read the important information at the back of this material.

Unlock opportunity

To support our clients' needs, we have developed our integrated investment approach to offer a range of dedicated client sustainability solutions that aim to build on the overall assessment and integration of material environmental, social and governance (ESG) factors by seeking to further identify sustainable economic activities. A sustainable investment seeks to contribute to an environmental and/or social objective, in addition to achieving a financial return.

We act as stewards of the capital entrusted to us by our clients, and we engage and vote, where applicable, to influence practices on matters which we consider material for the issuer, and as we seek outcomes that are in the best long-term economic interests of our clients. We also work with the wider financial services industry around a variety of advocacy areas as they come up.

This report provides key sustainability metrics and describes the stewardship activity that our investment teams have conducted for corporate securities (equities, and where relevant, corporate bonds) during the quarter. ESG-related meetings with sovereign issuers may also be described, where undertaken.

KEY ESG INFORMATION

NEWTON SUSTAINABLE REAL RETURN STRATEGY

MORNINGSTAR SUSTAINABILITY RATING

Sustainability Rating

Corporate Sustainability Contribution
60%

Relative to Category
Flexible Allocation

Sovereign Sustainability Contribution
40%

Sustainable Investment
Yes

Current Sustainability Scores based on 95% of corporate AUM and 84% of sovereign AUM. Sustainability Score and Rating as of 11/30/2024. Portfolio as of 11/30/2024. Sustainalytics provides issuer-level ESG Risk analysis used in the calculation of Morningstar's Sustainability Scores. Sustainable Investment mandate information is derived from the fund prospectus.

Number of Investments in Global Category **3,188**

The Morningstar Sustainability RatingTM is intended to measure how well the issuing companies or countries of the securities within a portfolio are managing their financially material environmental, social and governance, or ESG, risks relative to the fund's Morningstar Global Category peers. Morningstar assigns Sustainability Ratings by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating proportional to the relative weight of the (long only) corporate and sovereign positions.

ESG RISK

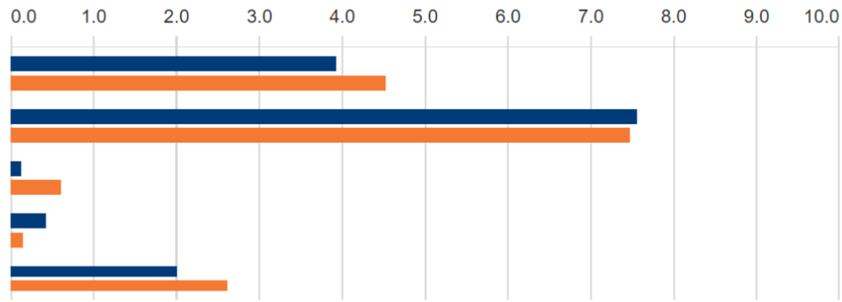
Corporate

- Newton Sustainable Real Return strategy
- Benchmark (Current)
- Category Average (Current)

The Portfolio's ESG risk above is an asset-weighted average of company-level ESG Risk scores. **The Portfolio's score ranges between 0 to 100, with a higher score indicating that a fund has, on average, more of its assets invested in companies with high ESG Risk.The range between 10.00 to 29.99 is low to medium risk and 30 to 40+ is high to severe risk.**

EXPOSURE TO SUSTAINABLE THEMATICS

	Inv	Bmk1
Basic Needs	3.9	4.5
Climate Action	7.6	7.5
Healthy Ecosystems	0.1	0.6
Human Development	0.4	0.1
Resource Security	2.0	2.6



The Sustainalytics Impact Framework captures a company's environmental and social impacts rather than the ESG risks that a company is exposed to. The latter is captured by Sustainalytics' ESG Risk Ratings Framework. Sustainalytics' Impact Framework comprises 5+1 themes. They span two social areas and three environmental areas:

- Climate Action
- Healthy Ecosystems
- Resource Security
- Basic Needs
- Human Development

Additionally, there is a baseline theme, Leadership and Collaboration, which addresses the indirect impacts an entity can have by way of its leadership and contribution to collective efforts. The impact themes are considered exhaustive and are intended to encompass all potential environmental and social impacts that can be attributed to an entity's activities. Furthermore, they are meant to capture direct and indirect impacts across the value chain. At the micro level, the Impact Framework comprises impact metrics, which are quantitative measures of environmental or social outcomes (either positive or negative) attributable to the activities of an entity. Each of the topics outlined in the UN SDGs is represented within the Impact Framework. All impact themes and all impact metrics have been mapped to at least one SDG.

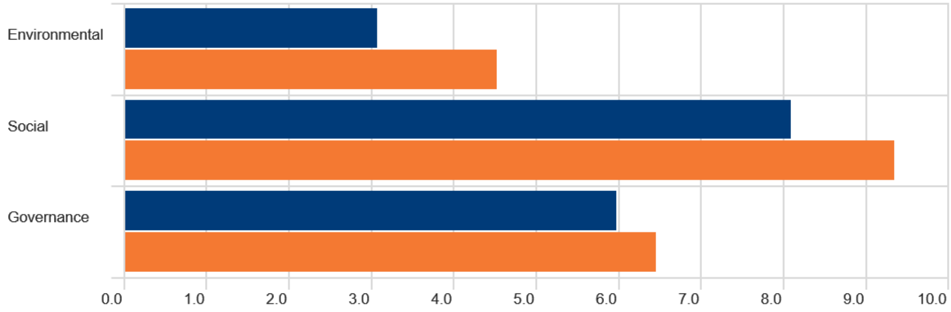
■ Newton Sustainable Real Return strategy ■ MSCI ACWI

Source: Morningstar Direct

KEY ESG INFORMATION

NEWTON SUSTAINABLE REAL RETURN STRATEGY

CORPORATE ESG RISK BREAKDOWN

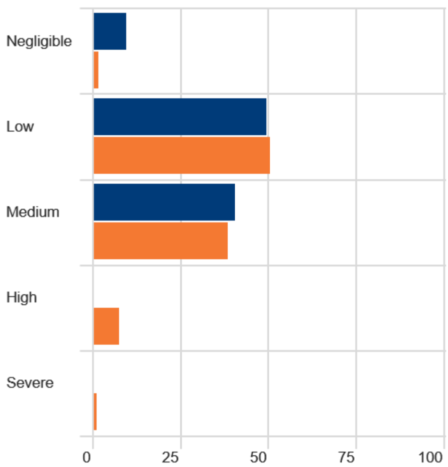


The Morningstar Portfolio Pillar Scores are a separate and complementary calculation to the Sustainability Rating. They provide a reliable, objective way to assess and understand the components of a portfolio's ESG risk through the traditional environmental, social and governance thematic framework. The Environmental, Social and Governance Pillar Scores represent the components of a portfolio's ESG risk profile, calculated as an asset weighted average of the corresponding company-level risk scores from Sustainalytics. The company-level Environmental, Social and Governance Cluster Scores themselves do not explicitly contribute to the overall ESG Risk Rating for a given company. Rather, they are derived independently as linear combinations of the same company specific material ESG issue (MEI) risk scores that comprise the ESG Risk Rating. A company's E/S/G cluster scores always sum to its overall ESG Risk Rating, providing users a sense of the proportional contributions to a company' total unmanaged ESG risk. Note that Sustainalytics provides E, S and G cluster scores for a more limited number of companies than their ESG risk scores. The Portfolio Unallocated ESG Risk Pillar represents the unmanaged ESG risk carried by companies which have an ESG Risk Score that is not broken out into E, S and G risk scores. Together, the four portfolio pillar scores, Environmental Risk, Social Risk, Governance Risk and Unallocated ESG Risk, sum to the Morningstar Portfolio Corporate Sustainability Score. **(LOWER SCORES = LOWER RISK)**

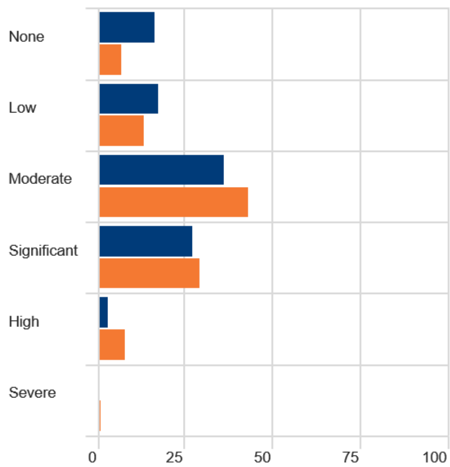
Newton Sustainable Real Return strategy

MSCI ACWI

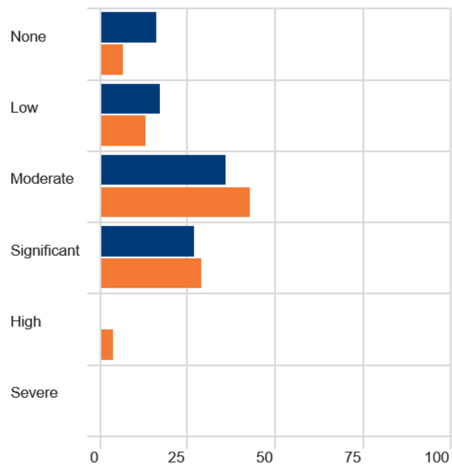
CORPORATE RISK



CONTROVERSY RISK



CARBON RISK



Based on the AUM distribution of the ESG Risk Scores across the entire research universe, Sustainalytics assigns individual companies to one of five ESG risk categories: Negligible (0.00), Low (0.01-9.99), Medium (10-29.99), High (30-49.99), Severe (≥ 50). For a portfolio, Morningstar calculates the percent of scored assets under management for each of the five risk levels. The ESG Holdings Distribution shows how much exposure a portfolio has to holdings with high levels of ESG risk.

Sustainalytics scores companies based on their involvement in ESG-related incidents, or controversies, which are depicted as a range from None to Severe, where None equates to no evidence of a controversy and Severe equates to a controversy that could have a severe impact on the environment or society and presents a high risk to the company. The controversy levels are represented on a scale from 0 to 5, where 0 stands for None and 5 for Severe. At the Portfolio level, we calculate the proportion of the portfolio holdings (long positions only) with a controversy level from Sustainalytics, and if that percentage is 67% or higher, a breakdown of the AUM is displayed for each of the controversy levels.

Based on the distribution of the Carbon Risk Scores across the entire research universe, Sustainalytics assigns individual companies to one of five carbon risk categories: Negligible (0.00), Low (0.01-9.99), Medium (10-29.99), High (30-49.99), Severe (≥ 50). For a portfolio, Morningstar calculates the percent of scored assets under management for each of the five risk levels. The Carbon Holdings Distribution shows how much exposure a portfolio has to holdings with high levels of carbon risk.

Data accessed January 2025. All data source: Morningstar

Source: Morningstar Direct

STRATEGY EMISSION OVERVIEW

NEWTON SUSTAINABLE REAL RETURN STRATEGY

This section of the report shows the carbon emission metrics for the strategy as at the end of the reporting period.

Emissions exposure (scope 1 & 2)	tCO_2e
Strategy	5.0
MSCI ACWI	28.0

This approach normalises the index's absolute owned greenhouse-gas emissions by the total value invested in the index. This metric is a carbon responsibility metric in that it describes the associated greenhouse-gas impact per £1 million invested in the index. It is calculated by dividing the sum of all owned constituent greenhouse-gas emissions by the total value invested in the index in millions of sterling.

Relative carbon footprint (scope 1 & 2)	tCO_2e/invested
Strategy	9.09
MSCI ACWI	49.58

The aggregation of footprints of index constituents per £1 million invested.

Weighted average carbon intensity (scope 1 & 2)	tCO_2e/revenue
Strategy	59.13
MSCI ACWI	134.43

Weighted average carbon intensity (WACI) measures the weighted average of individual company intensities (emissions over revenues), weighted by the proportion of each constituent in the index.

Overall coverage: 55.86%
Data accessed January 2025. In GBP, per £1 million invested. Enterprise value including cash (EVIC) used to calculate investor ownership.

Source: ISS ESG, December 2024
tCO_2e = tonnes of carbon dioxide equivalent.
Data provided by ISS ESG. All rights in the information provided by Institutional Shareholder Services Inc. and its affiliates (ISS) reside with ISS and/or its licensors. ISS makes no express or implied warranties of any kind and shall have no liability for any errors, omissions or interruptions in or in connection with any data provided by ISS. Comparisons are made to demonstrate correlation only and are for illustrative purposes only. A representative portfolio has been used for illustrative purposes and adheres to the same approach as the strategy detailed in this report. Actual holdings will vary for each client and there is no guarantee that a particular strategy will have some or all of the characteristics described in the representative portfolio shown. Please read the important information at the back of this report for further details on methodology limitations.

As an active steward, Newton Investment Management is committed to the responsible allocation, management and oversight of capital to create long-term value for beneficiaries and other stakeholders. We use three main stewardship tools to help us meet our commitment to our clients: engagement with issuers, voting at shareholder meetings, and advocacy within the wider marketplace.

Engagement

The driving force behind our approach to stewardship is prioritising outcomes. Central to our proposition is engagement with issuers through which we seek to reduce risk or unlock value in an investment. We set clear, outcome-focused objectives which can be evaluated over a suitable time horizon and can be linked back to a relevant investment thesis. Our engagements are listed below, including the specific E, S and/or G factors discussed.

Entity name	Sector	Engagement date	ESG factor(s)
Alcon	Health care	16 Oct 24	G - Remuneration (compensation)
Greencoat Renewables	Utilities	04 Oct 24	G - Transparency and reporting
Greencoat UK Wind	Utilities	04 Oct 24	G - Transparency and reporting
Greencoat UK Wind	Utilities	11 Dec 24	G - Strategy

Source: Newton, as at 31 December 2024

Voting

We have established and maintain overarching principles that guide the ultimate voting decisions made. These guidelines and our voting procedures are described in our publicly available *Governance principles and voting guidelines*

During the quarter, we exercised voting rights at a total of six company shareholder meeting. In relation to individual resolution items, two votes were instructed against the recommendations of management.

The following table provides a summary of all voting activity during the quarter. A rationale is provided on our website for all resolutions where votes were instructed against management recommendations. Visit *www.newtonim.com/voting* to view this information.

Global voting summary

AGMs	**2**
Voted in favour of management[1]	0
Voted against management[2]	2
Took no action[3]	0
EGMs	**4**
Voted in favour of management[1]	4
Voted against management[2]	0
Took no action[3]	0
Voted in favour of management[1]	**4**
Voted against management[2]	**2**
Took no action[3]	**0**
Total	**6**

[1] In favour of management on all resolutions.
[2] Against management on one or more resolutions.
[3] Took no action owing to share blocking.
Source: Newton, as at 31 December 2024

Voting details

Listed below are all company meetings held during the quarter, in relation to which we received the portfolio's ballots and had the opportunity to exercise the underlying voting rights.

Company name	Meeting type	Meeting date	Voting action
Avenue Supermarts	EGM	04 Dec 24	Voted in favour of management
ICICI Bank	EGM	29 Nov 24	Voted in favour of management
KEI Industries	EGM	17 Nov 24	Voted in favour of management
Lam Research	AGM	05 Nov 24	Voted against management
Microsoft	AGM	10 Dec 24	Voted against management
Zomato	EGM	22 Nov 24	Voted in favour of management

Voting conflicts of interest

In the event of a potential conflict of interest between Newton, the investee company and/or a client, the recommendation of the voting service provider will take precedence. During the quarter, we did not identify any potential conflicts of interest:

Company name	Meeting type	Meeting date	Voted against management recommendations - shareholder resolution votes
No potential conflicts of interest			

Source: Newton, as at 31 December 2024

As part of our investment research process, we also regularly speak with issuers about environmental, social and governance (ESG) considerations to better inform our investment decisions. Below are stewardship meetings that have taken place in addition to our engagements.

Entity name	**Sector**	**Meeting date**	**ESG factor(s)**
Bank Rakyat Indonesia (persero)	Financials	15 Oct 24	G - Strategy G - Internal controls, risk management, audit and tax
Barclays	Financials	29 Oct 24	G - Strategy G - Remuneration (compensation) G - Board and leadership quality, skills and experience
Linde	Materials	04 Oct 24	E - Reliance on and use of natural resources E - Climate transition risk and net zero strategy E - Opportunities in environmentally friendly products and services
Nestle	Consumer staples	10 Dec 24	E - Natural resource impact through operations S - Opportunities in/access to socially sustainable products or services S - Product safety and quality
NVIDIA	Information technology	02 Oct 24	G - Transparency and reporting E - Physical climate risks across operations/value chain

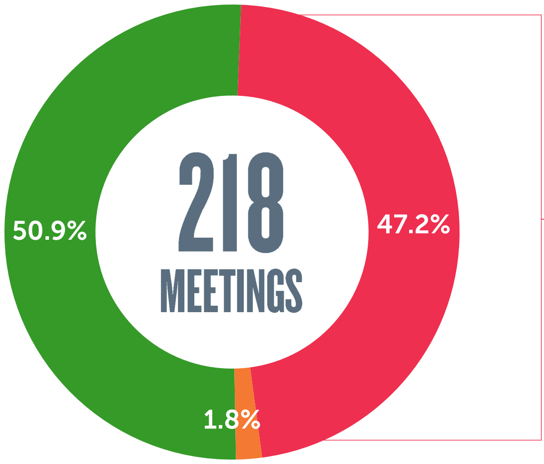
Source: Newton, as at 31 December 2024

FIRM LEVEL SUMMARY OF STEWARDSHIP ACTIVITIES

HIGHLIGHTS FROM Q4 2024

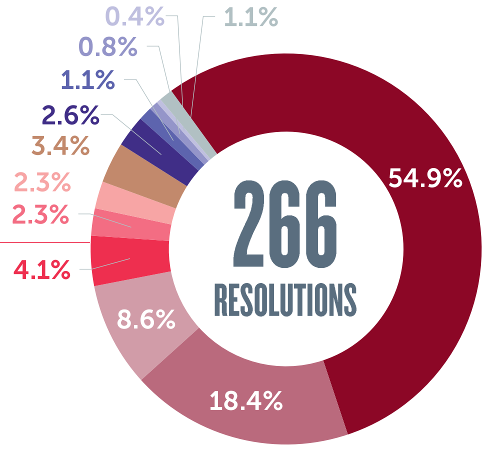
Below are the highlights of stewardship activities carried out on behalf of all Newton's clients. See our website or contact your Newton representative for further details of our voting and engagement activity.

GLOBAL VOTING SUMMARY



- Voted in favour of management on all resolutions
- Voted against management recommendations on one or more resolutions, including abstentions and withhold votes where there was no option to vote against
- Took no action owing to share blocking or sanctions considerations

RESOLUTIONS VOTED AGAINST MANAGEMENT



Management-proposed resolutions

- Board structure
- Remuneration policy/ proposal
- Audit related
- Share capital
- Articles/bylaws
- Transaction related
- Other, including AOB

Shareholder-proposed resolutions

- Environmental/ Social proposal
- Shareholder rights
- Board structure
- Remuneration structure
- Other

We voted at

138 AGMs + **80** EGMs

on behalf of our clients

We engaged with

14 issuers

on 20 objectives on ESG considerations

Source: Newton, 31 December 2024.
Data covers stewardship activities in relation to investments of Newton Investment Management Limited, Newton Investment Management North America LLC and Newton Investment Management Japan (together, 'Newton').

GLOSSARY AND DEFINITIONS

AGM
Annual general meeting

Board independence
The proportion of independent non-executive directors on corporate boards, calculated from the number of independent members divided by the number of members on the board.

CEO
Chief executive officer

CFO
Chief financial officer

EBITDA
Earnings before interest, tax, depreciation and amortisation

EGM
Extraordinary general meeting

EPS
Earnings per share

ESG
Environmental, social and governance

LTIP
Long-term incentive plan

Pre-emption rights
The right of existing shareholders to purchase new shares that may be issued.

Relative carbon footprint
Measures the absolute emissions that would be derived from £1m invested into the portfolio. This measure allows investors to compare absolute emissions data for multiple portfolios on a like-for-like basis.

SASB
Sustainability Accounting Standards Board

Share blocking
When votes are exercised, the underlying shares are re-registered such that they cannot be traded freely until the conclusion of the general meeting.

Vesting period
The minimum period of time that must pass before share-based remuneration awards may be exercised.

Weighted average carbon intensity (WACI)
Measures how carbon intensive the portfolio is – i.e. how much greenhouse gas is emitted to generate £1m of revenue. This is calculated at portfolio holding level and then summed in proportion to each position's allocation within the portfolio (giving a weighted average).

FOR MORE INFORMATION

Institutional investors

E: institutional@newtonim.com

Charity investors

E: charities@newtonim.com

LGPS investors

E: uk.lgps@newtonim.com

IMPORTANT INFORMATION

Your capital may be at risk. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested.

Important information

This is a financial promotion. These opinions should not be construed as investment or any other advice and are subject to change. This document is for information purposes only. Any reference to a specific security, country or sector should not be construed as a recommendation to buy or sell investments in those countries or sectors. Please note that portfolio holdings and positioning are subject to change without notice.

Newton manages a variety of investment strategies. How ESG analysis is integrated into Newton's strategies depends on the asset classes and/or the particular strategy involved. Newton does not currently view certain types of investments as presenting ESG risks and opportunities and believes it is not practicable to evaluate such risks and opportunities for certain other investments. Where ESG is considered, other attributes of an investment may outweigh ESG considerations when making investment decisions.

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'Newton' and/or 'Newton Investment Management' is a corporate brand which refers to the following group of affiliated companies: Newton Investment Management Limited (NIM), Newton Investment Management North America LLC (NIMNA) and Newton Investment Management Japan Limited (NIMJ). NIMNA was established in 2021 and NIMJ was established in March 2023.

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There are many significant uncertainties, assumptions and judgements underlying climate metrics that limit the extent to which climate metrics are reliable. Climate metrics and data (including data required to report climate-related risks and opportunities and their potential impacts), the models, scenarios used to create them and the measurement technologies, analytical methodologies and services that support are at a relatively early stage and developing. Accordingly, there are limitations with respect to data and analysis techniques, which should be considered. Scenarios are not forecasts and are not predictions of future outcomes. Like any modelling, the further out the projection, the greater the uncertainties.

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newtonim.com/responsibleinvestment

Important information

Where a portfolio displays MSCI classifications: The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Newton Investment Management. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.