

# Stewardship and Engagement Report 2025



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# Introduction

In simple terms, engagement means actively talking to companies, fund managers, and policymakers encouraging them to adopt better environmental, social, and governance (ESG) practices, focusing on sustainability and improving transparency.

Delivering strong financial returns for our clients remains our top priority, and we see engagement as a powerful way to reduce risks, identify opportunities, and unlock value in our investee companies. Beyond financial performance, engagement can drive broader positive change – within individual companies, across industries, and in regulatory frameworks.

We exercise stewardship across three key roles: as a business, a fund manager, and an asset manager. Our commitment as a fund manager includes embedding ESG considerations into our investment process to identify sustainable businesses that contribute to long-term

value creation. As a digital wealth manager, we empower clients by providing tools and insights so that they can make informed, ESG-aligned investment choices. Across all roles, we engage with companies to encourage responsible governance, transparency, and progress on material ESG issues.

Our approach to engagement is outlined in our [Stewardship and Engagement Policy](#), a set of principles which shape our processes and guide our actions.

With our investment portfolios, where possible, we prefer to engage rather than exclude. Simply excluding companies from our investment universe prevents HL from helping them become more responsibly run enterprises. However, there are certain investments that our HL fund managers and appointed third-party managers will exclude when risks are deemed too high. These exclusions are covered in our [ESG Investment Policy](#).



# A foreword by



**EMMA WALL**  
Chief Investment Strategist

“Throughout 2025, we made significant strides in deepening ESG integration. A standout development was the incorporation of nature risk into our investment process through our proprietary nature and biodiversity scorecard. I was particularly pleased these efforts earn enhanced recognition from our Independent Governance Committee, reinforcing our commitment to delivering solutions that meet the evolving expectations of today’s investors.

Following a recalibration of responsibilities, in my role as Chief Investment Strategist I am now accountable for ESG, with oversight of ESG development, reporting, regulation and investment processes across HL in its capacities as a business, employer, fund manager and platform. This change brought together two teams to strengthen collaboration on our ESG

initiatives and included the promotion of Dominic Rowles to Head of ESG.

As we enter 2026, the ESG team will update our HL-wide ESG strategy to ensure it remains aligned with emerging regulation, client expectations and HL’s Group objectives, while seizing opportunities created through closer alignment across HL’s business, employer, fund manager and platform functions.

The team will also redefine our approach to stewardship and engagement, ensuring our engagement priorities remain fit for purpose and aligned with the priorities of our investors.

I’m thrilled with the progress we’ve made and look forward to continuing to deliver investment solutions that help our clients achieve their goals.”



**TOBY VAUGHAN**  
Chief Investment Officer

“Reflecting on 2025, I’m proud of the significant progress we’ve made in our commitment to responsible investment at Hargreaves Lansdown. We improved on last year’s inaugural Taskforce on Climate-related Financial Disclosures Reporting, with enhanced reporting, deeper analysis and a more client-friendly design to help investors understand the climate-related risks and opportunities identified across our product range.

We continued to make great progress against our ambitious net zero target for our financed emissions, a commitment to halve our portfolio’s carbon intensity by 2030, relative to 2019. To support this goal, we’ve strengthened our investment processes by embedding climate risk assessments, introducing a proprietary

nature risk score and issuing our annual ESG Questionnaire to all managers under coverage for the second time, ensuring these risks are assessed and addressed more systematically.

Our efforts have been recognised through improved scoring in our PRI assessment, and we’ve gained valuable insights from our third Sustainable Investor Survey. Climate change continues to be the leading engagement priority for HL’s clients, and this feedback is already helping us refine our engagement strategy to better reflect client preferences. Additionally, the enhancements made in our 2025 Stewardship and Engagement Report continue to highlight the impact of our work and reinforce our commitment to transparency.

Looking ahead, we remain focused on driving meaningful change through robust ESG analysis and active engagement.

Thank you for your continued trust in HL and our investment solutions.”



# Our approach

Our engagement approach is defined in our [Stewardship and Engagement Policy](#).

## 1. Define Priorities

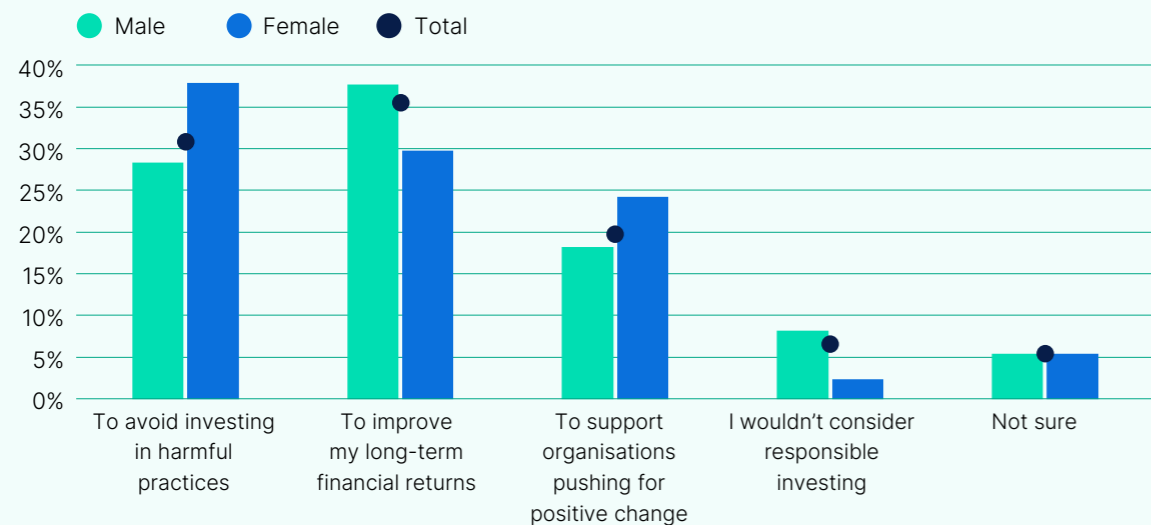
We identify and prioritise key ESG engagement themes where we have the potential to drive meaningful positive change. Every year, we survey clients to understand the issues our investors care about most. These insights complement, rather than determine, our engagement priorities, helping to steer and substantiate our thematic focus based on both investor perspectives and our independent materiality assessment.

In our 2025 survey\*, 75% of respondents said they believe it's important that their investments reflect their ESG-related values.

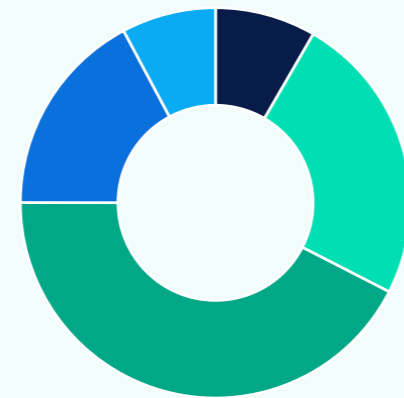
Most respondents cite improving long-term financial returns as their primary reason for choosing responsible investing, highlighting the belief that responsible investing enhances performance.

Women are more motivated by the ethical and social outcomes of responsible investing, such as avoiding harmful practices and supporting positive change. In contrast, men are more likely to frame responsible investing in financial terms, prioritising long-term returns – or to disengage from the concept altogether.

### Purpose for choosing responsible investing



### How important is it that clients' investments reflect their ESG-related values?

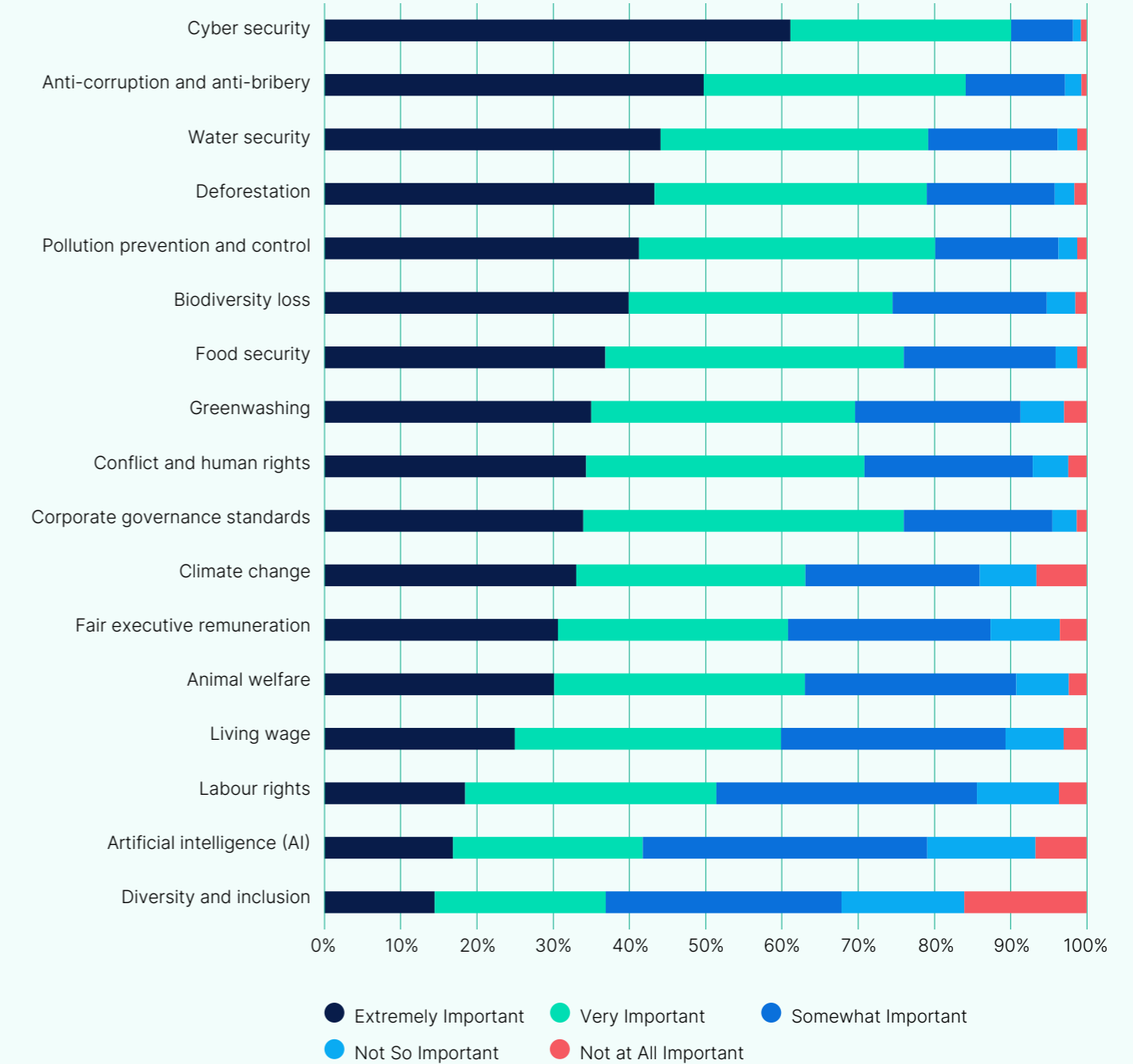


- Extremely important: **8%**
- Very important: **24%**
- Somewhat important: **42%**
- Not so important: **17%**
- Not at all important: **8%**

## Which ESG issues are important to clients?

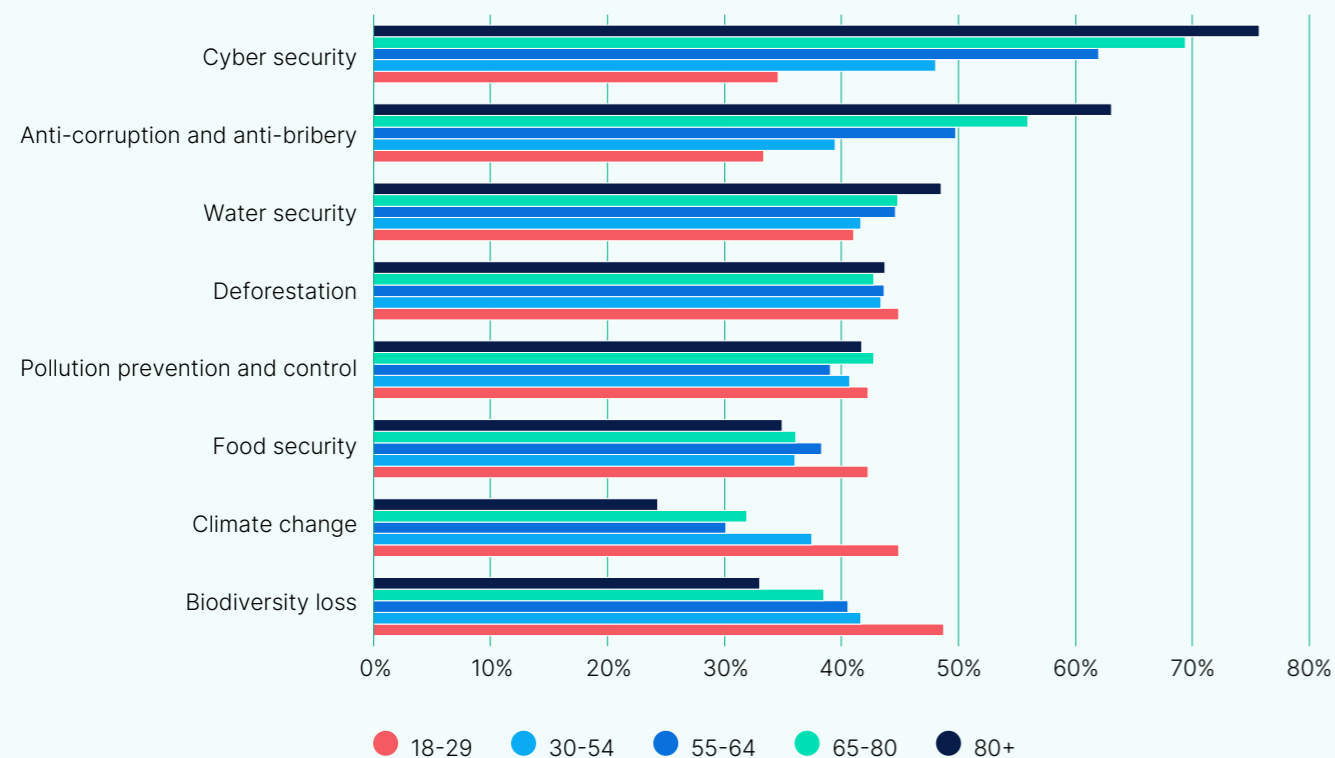
We asked respondents to rank how important a range of environmental, social, and governance issues are to them.

Overall, respondents care the most about cyber security, anti-corruption and anti-bribery, and environmental issues.



Our 2025 survey was sent to a representative sample of 49,141 clients in December 2025. A total of 1,722 respondents started the survey, giving a 3.5% response rate. Bases vary by question due to drop-off.

## ESG issues most frequently rated 'extremely important', by age group



Younger respondents care the most about environmental issues, while 99% of respondents over 80 class cyber security as important.

Compared with our 2024 survey results, the share of respondents rating issues as "extremely important" increased for biodiversity loss, anti-corruption and anti-bribery, and cyber security. In contrast, diversity and inclusion saw a meaningful rise in respondents rating it as "not at all important".

When asked which ESG issues HL should prioritise when engaging with investee companies, fund managers and policymakers, clients identified climate change as the top priority. This was followed by cyber security, and anti-corruption and anti-bribery.

Although climate change is rated as "extremely important" mostly by younger investors, it emerges as the top engagement priority across almost all respondents.

This suggests that while some clients may not view climate change as a personal priority, they recognise it as a systemic issue and expect institutions such as HL to take action on their behalf.

A similar pattern is observed for conflict and human rights, which ranks higher as an engagement priority than as a matter of personal importance, suggesting that clients are more likely to delegate responsibility for large, complex issues - where individual influence is limited - to institutions.

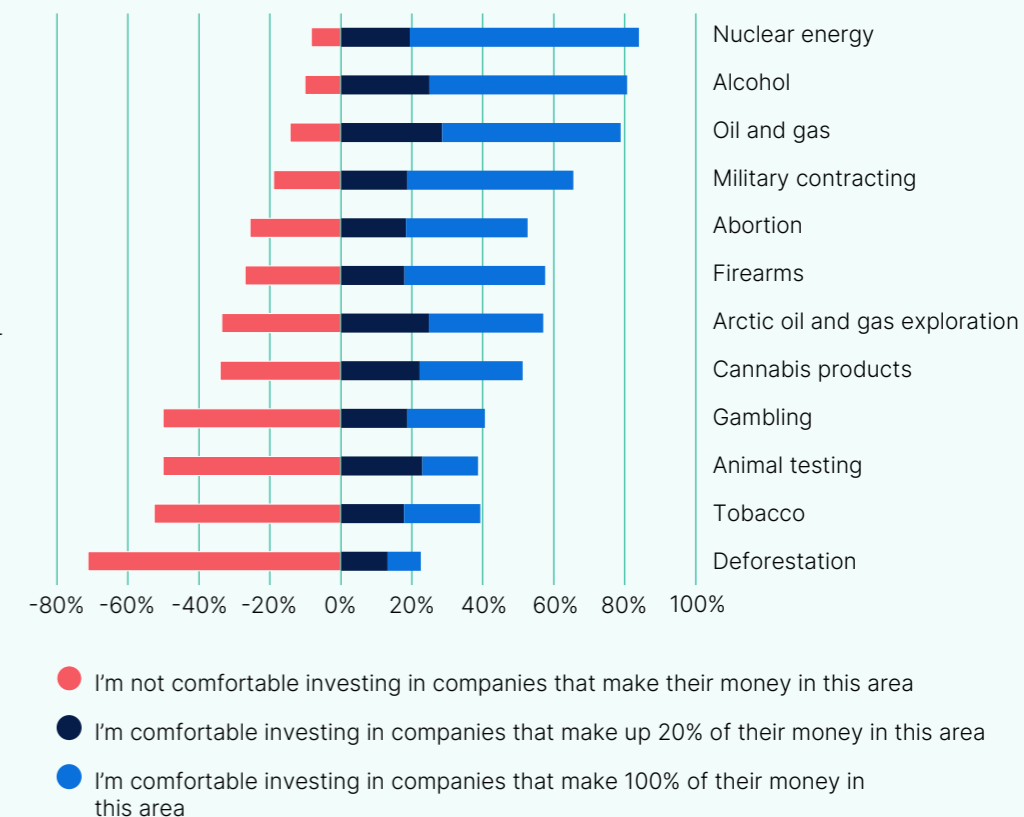


**35% of survey respondents want HL to prioritise climate change when speaking with companies and fund managers**

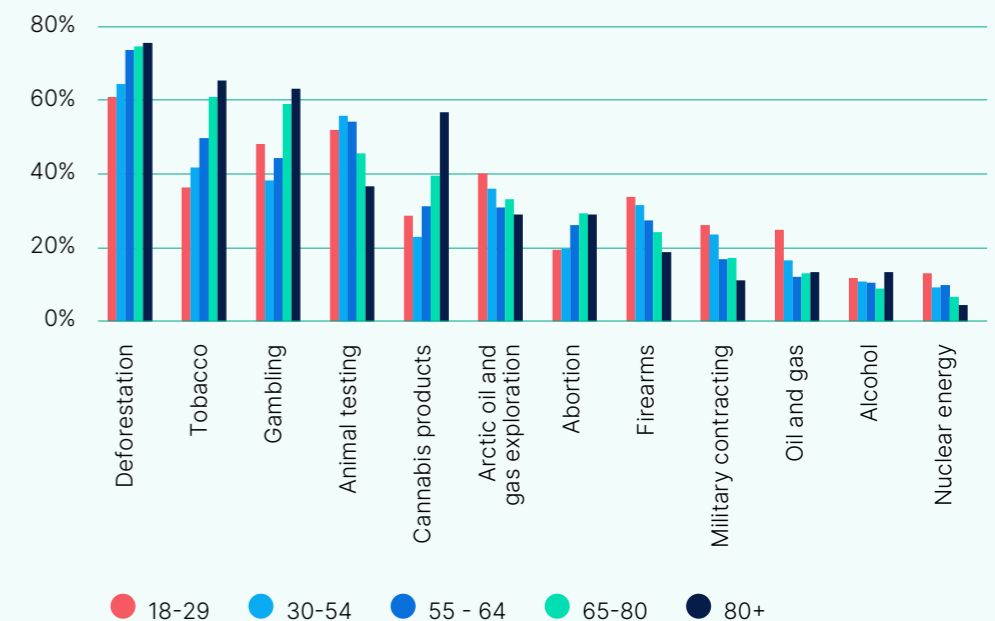
Our survey also asked clients how they feel about investing in companies involved in potentially controversial activities or industries.

Deforestation remains the top concern for respondents when it comes to investment exclusions, with 71% saying they wouldn't want to invest in the area. This compares with 72% in 2024 and 73% in 2022, indicating deforestation is a consistently strong and enduring concern over time.

## How do clients feel about investing in companies involved in the following areas



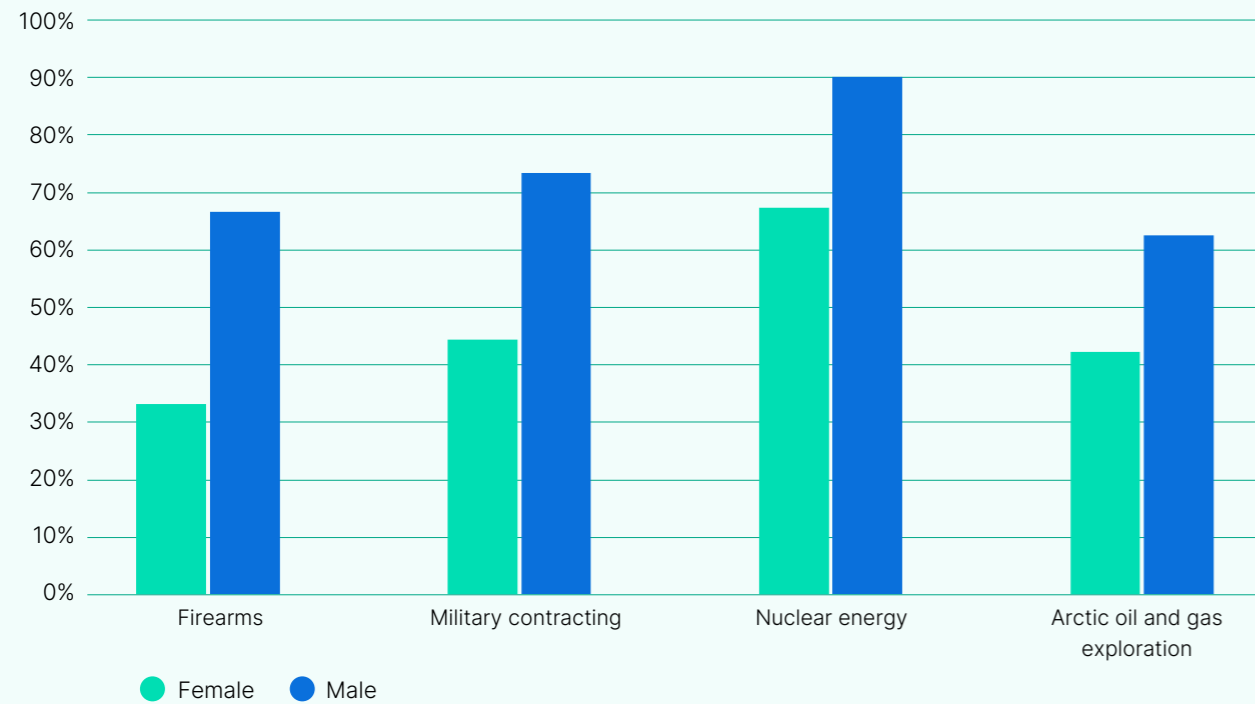
## Proportion of respondents who do not want any exposure to the following activities or industries in their investment portfolio



Older clients are consistently more likely to avoid exposure to sectors with social or health risks such as cannabis, tobacco, and gambling. In contrast, younger clients are generally more tolerant of these exposures demonstrating a marked generational difference in tolerance.

## The proportion of respondents that are comfortable investing in the following activities or industries\*

Men are generally less concerned about exposure to “sin” sectors, while women are more likely to favour exclusions. The biggest gender gap in investment comfort is in defence, with men far more willing than women to invest in firearms and military contracting.



\*Companies which make more than 20% of their revenue from this activity or industry.

After combining client input, our proprietary research, and aligning to HL’s ESG strategy, we identified the following three engagement priorities: **climate change, community relations, and remuneration.**

### Climate change

At the forefront of our engagement efforts is the imperative to address climate change. We firmly believe that our investee companies should be championing environmental stewardship as well as setting and actively working towards net-zero commitments aligned with the Paris Agreement.

Not only do 35% of survey respondents want us to prioritise climate change in our engagements, but by focusing on other client-identified issues like deforestation, pollution, and water security, we can address interconnected challenges and support meaningful climate action.

Our engagement aims to propel companies toward sustainable practices, driving emission reductions, limiting deforestation and biodiversity loss, and contributing to a low-carbon future. We believe these commitments will also contribute to long term sustainable investment returns.

#### HL’s commitment to climate change

HL has set a net zero by 2050 target, aligned with the Paris Agreement, to limit global warming to well below 2°C, preferably 1.5°C. As a financial services firm, around 99% of our carbon footprint is attributable to our investments. We are targeting a 50% reduction in the weighted average carbon intensity of our investment-related emissions (Scope 3 financed emissions) by 2030, relative to a 2019 baseline.

Please refer to our [Climate Transition Plan](#) for more details on our targets and strategy.

We require the fund houses in our investment solutions to have a net zero target by 2050 at the latest. We would also like to see all our appointed fund managers take steps to reduce their Scope 3 financed emissions and/or offer decarbonisation pathways for their solutions.

We apply exclusions on companies engaged in activities that we identify as excessively harmful to the climate, specifically companies which generate 20% or more of their revenues from thermal coal power generation and extraction, and oil sands extraction. These exclusions are applied across the HL Select Funds and the segregated mandates held within the HL Portfolio Funds and HL Portfolio Building Blocks.

We will engage with fund managers who invest in companies that generate between 10% and 19.9% of their revenues from oil sands, thermal coal extraction or thermal coal power generation without a commitment to phase out these activities. We will review the investment thesis or direct the manager to sell the holding if we don’t feel their engagement has the potential to be effective.

Deforestation is a significant driver of climate change, contributing to carbon emissions and threatening vital ecosystems. Recognising the interdependence between deforestation and climate change, we monitor our funds’ exposure to deforestation risk on a monthly basis. We are committed to strengthening our understanding of this exposure and engaging with policymakers to advocate for more effective global standards.

We are committed to reporting our impact on the climate and disclose in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB).

## Community Relations

Building on the belief that strong community relations are foundational to business success, our second engagement theme centres on nurturing meaningful connections between our investee companies and their communities. This focus aligns closely with client priorities, as 85% of survey respondents think it's important that companies support the fair treatment and well-being of their employees and communities.

This extends beyond financial considerations to encompass fair pay, living wage, engaging the local community with new planning projects, charity work, and paying taxes in the regions in which they operate. We also believe that businesses that operate in this way are more compelling investment opportunities.

### HL's commitment to community relations

At HL, our mission to make saving and investing simple extends to fostering financial resilience and community well-being.

HL's [Savings and Resilience Barometer](#), developed with Oxford Economics, analyses household financial resilience across the UK, emphasising our 5 To Thrive pillars. This insight helps highlight the importance of holistic policymaking to strengthen financial resilience on a national scale. Our Barometer Sounding Board includes representatives from Government, regulators, academics and industry participants.

In May 2023, we launched the Bristol Financial Resilience Action Group, a collaborative initiative now uniting 33 employers across various industries, collectively representing over 28,500 employees. This free programme equips organisations with tools to support their workforce's financial independence.

Additionally, HL colleagues contribute through our Volunteering Scheme, offering over 2,573 hours annually to causes such as FareShare South West and Envision, focusing on social mobility and supporting the local community.

HL is committed to upholding human rights and combating modern slavery, guided by principles such as the Universal Declaration of Human Rights and the Modern Slavery Act 2015. We have a Supplier Code of Conduct, ensure compliance within our platform's terms of business, and embed these values in our Anti-Slavery and Human Trafficking Policy. Our Modern Slavery Statement and Human Rights Policy are publicly available on our [website](#).

In our investment approach, HL applies exclusions on companies persistently violating the UN Global Compact's ten principles, including human rights and anti-corruption standards. These exclusions are applied across the HL Select Funds and the segregated mandates held within the HL Portfolio Funds and HL Portfolio Building Blocks. We flag companies with significant community relations controversies, ensuring our investments align with both global benchmarks and our commitment to fostering positive societal impact.

Visit our [Responsible Business hub](#) to learn more.

## Remuneration

Our third engagement theme underscores the significance of balanced and fair remuneration policies. This resonates with our clients, as 60% of survey respondents believe paying a living wage is very or extremely important, while 61% feel the same about fair executive remuneration.

Incentive structures should align the interests of executives with those of shareholders and other relevant stakeholders. This involves setting high financial hurdles and using appropriate metrics. Additionally, it ensures that corporate performance on social and environmental metrics helps to maintain the company's social license to operate.

Our forward-looking approach involves ongoing dialogue with companies and fund managers to better understand their remuneration policies and practices. We aim to advocate for balanced and fair compensation models that incentivise responsible business conduct and align managers' interests with those of shareholders.

Our focus is on the alignment of interests and incentivisation, not on limiting or determining a fair value of compensation for managers or executives.

By encouraging our investee companies to adopt responsible remuneration policies, we aim to contribute to the long-term vitality and stability of these organisations.

### HL's commitment to remuneration

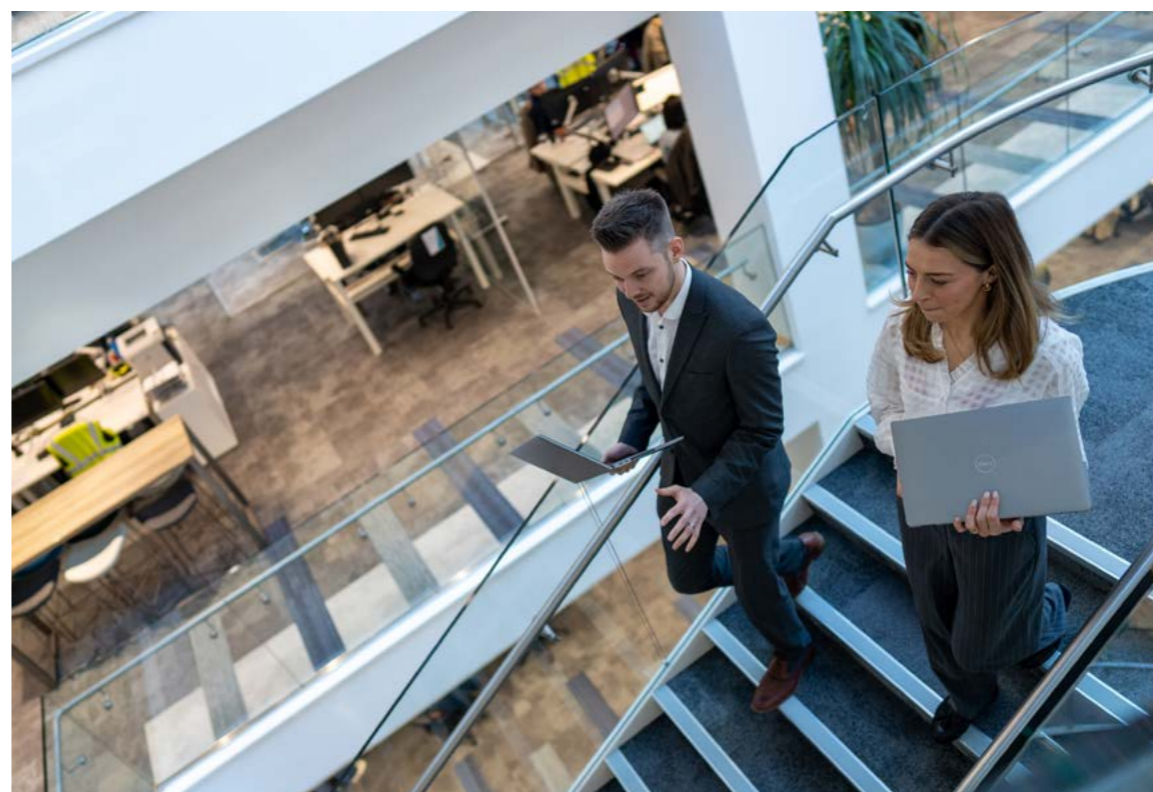
HL has a clear, fair, and bias-free approach to pay and we operate on an equal pay basis across the company. We champion transparency, disclosing our Gender Pay Gap and Ethnicity Pay Gap on our [website](#).

We are proud to be accredited by the Living Wage Foundation and we apply the Real Living Wage to all colleagues. As a member of the Bristol Living Wage City Action Group, HL advocates for fair pay practices within our region.

Across our investment solutions, we carry out due diligence with all third-party managers, which includes considering whether they are incentivised in line with shareholder and client interests.

We look for incentivisation that has a clear link to medium to long term performance of the business and fund, as well as good client outcomes.

We believe pay should attract and retain talented executives. We aim to avoid pushing remuneration to levels that might result in our investee companies hiring less qualified individuals. That's why, when engaging with companies, instead of focusing on the level of pay, we focus on the structure of the incentive package, and how it aligns interests to those of shareholders.



## 2. Engagement Triggers

At HL, our engagement strategy is a proactive process rooted in continuous monitoring and evaluation. Our ongoing monitoring processes include assessment of ESG scores, carbon intensity metrics and controversies monitoring. We investigate any material changes and engage with underlying fund managers or companies as required.

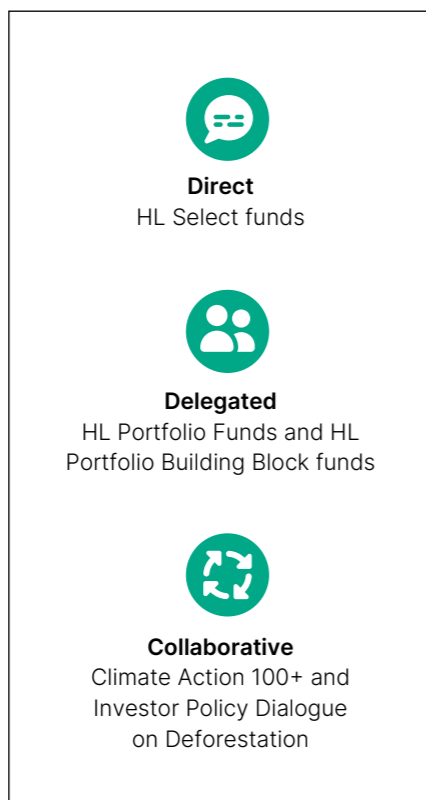
We have also initiated discussions with our third-party fund managers to understand their net zero strategies, how they manage stranded asset risks, and their approach to engaging on climate and nature-related risks within their portfolios. This dialogue not only serves as a trigger for engagement should their response be sub-standard, but also allows us to actively monitor and contribute to the decarbonisation of our portfolio.

As well as engaging on the priority themes, we will engage with companies and managers in line with the requirements of our [ESG Investment Policy](#). For example, where we invest in third party funds, we don't have the power to apply exclusions. However, we will engage with fund managers who invest in companies that feature on our exclusions list to understand how they're managing the additional ESG risks associated with these companies, and any engagement that they've carried out.

We will also engage in response to specific events where necessary. For example, following geopolitical events, such as Russia's invasion of Ukraine, we promptly reached out to all managers with exposure to Russia, ensuring that risk management strategies were in place.

## 3. Engagement Approaches

Engagement is carried out throughout HL, from the investment solutions we offer to HL's funds. Our engagement techniques will differ accordingly.



### HL Funds

The HL funds are managed by our sister company, Hargreaves Lansdown Fund Managers Ltd (HLFM).

HLFM has different fund ranges; [HL Select](#), which are our managed equity funds, [HL Portfolio Funds](#), and [HL Portfolio Building Blocks](#), which are both funds of funds. In all cases, investment managers lead the stewardship activity within their portfolios with the support of the central ESG Team. Engagement at the fund group or industry level is usually led by the ESG Team.

### HL Select\*

Within our Select range of funds, we can directly engage with underlying companies that the fund is invested in.

We can communicate with the underlying company and management in relation to our engagement priorities. If we identify issues where we believe a different course of actions is appropriate, we will exercise our voting rights, where applicable. Where our holding is of a scale to make corporate access a realistic prospect, we will seek to engage.

We engage in a variety of ways, such as corresponding with companies via email, holding meetings with investor relations teams, executives or Board representatives, alongside site visits. In all cases, we ensure that dialogue is consistent, direct and honest.

### HL Portfolio Funds and HL Portfolio Building Block funds

The HL Portfolio Funds and HL Portfolio Building Block funds hold units in a large number of externally managed funds. For these funds, we take a different engagement approach than we do with the HL Select funds.

We engage with fund management teams of the funds we hold throughout the year to assess performance. Part of this process is to receive regular updates regarding their engagement approach and outcomes achieved by each fund group.

On an annual basis, we issue a dedicated ESG questionnaire to all of the fund groups we invest with to gain insight into their decarbonisation targets and strategy, climate-related engagement, and approach to understanding nature and biodiversity loss risk. Responses are scored and factored into our proprietary Fund House Dashboard which is an input to our investment decisions.

We speak to our third-party managers to understand how they are engaging within their portfolio. Engagement may be over email or via virtual or in-person meetings with fund managers.

We also have a number of segregated mandates in place with external managers where they manage portfolios of equities on our behalf. For these mandates, we delegate engagement responsibilities to the external manager, though we retain the right to direct the manager on how to vote at our discretion.

### Collaborative Engagement

Through collaborative engagements, we join forces with other investors to increase our chances of success by increasing efficiency and enhancing power and legitimacy. These groups also facilitate building knowledge and skills by providing a forum for us to learn from peers and industry experts. In 2023, HL joined a range of collaborative engagement initiatives which allow us to engage with a number of stakeholders, from companies to policymakers.

By maintaining these robust relationships, we actively contribute to shaping industry norms, regulatory frameworks, and sustainable business practices for the benefit of our investors and the broader community.

### Investment Solutions

The Asset Management arm of our business includes our investment solutions, such as the [Wealth Shortlist](#) as well as our [Workplace](#) and [Advisory](#) investment solutions.

Our investment selection process for investment solutions requires us to meet with all fund managers held in our solutions, at least once a year, or more frequently where required. ESG has naturally become a bigger part of those conversations over the years. Following each fund manager meeting, we consider whether the manager is fully taking account of the ESG risks applicable to their portfolio, and if they're supported to do so by the fund group they work for. We communicate our views to investors through our fund updates.

We engage with these fund groups based on the engagement topics we've prioritised. This may be email or via virtual or in person meetings with fund managers.

### Government and Policy Engagement

Our commitment to responsible investing extends beyond company and fund manager level engagements. We'll engage with industry bodies, policymakers, and regulators too.

We participate in industry forums, trade associations and working groups to share best practice and contribute to sector-wide improvements through groups such as the Investment Association and The Investing and Savings Alliance.

Our active involvement with policymakers and regulators ensures our practices align with evolving standards, promoting regulatory compliance and advocating for responsible investment practices across the financial landscape. Engagement with policy change is always through the lens of how best we can support our clients and their financial resilience.

## 4. Engagement Principles

To ensure our engagement is effective, we define specific engagement objectives informed by our ESG data and supported by the ESG Team. These are then shared with investee companies or fund managers.

We track progress against these engagement objectives over time. Engagement is prioritised based on the materiality of the issues being highlighted and alignment with the funds' objective. We use resources efficiently so that engagement coverage is as broad as possible whilst using all the tools available, including collective engagement. We focus our resources on areas where we think we can have a positive impact, our chances of success are higher, and on the topics that align with our

investors' interests. This might include considering the size of holdings and the materiality of ESG factors.

We recognise that change is a process. We prefer to engage on longer-term, meaningful issues, but we will also engage on short-term issues that affect our clients' invested capital.

## 5. Escalation

If companies or fund managers fail to respond positively to our engagement, we will seek additional meetings, join collaborative engagement schemes, publicly engage (e.g., through an open letter) or by voting against board directors or the chair of the board, where appropriate.

Should this escalation fail to invoke meaningful change within a time period set by our engagement framework, fund managers of segregated mandates will face divestment.

For HL Select, should this escalation fail to invoke meaningful change within a reasonable time period we will review our original investment thesis.

Within our HLAM investment solutions, escalation ultimately results in the removal of the fund from the product.

\*Investors in the HL Select Funds were invited to vote on proposed changes to the investment objective/policy of the Funds through Extraordinary General Meetings ("EGMs") held on 25 February 2026. The changes were approved at the respective Fund EGMs and will take effect on 9 April 2026.

# Engagement Progress

## Climate Change

We require the fund houses in our investment solutions to have a target to be net zero by 2050 at the latest, covering at least Scope 1 and 2 emissions. Our ESG Team has been engaging with those fund groups who are yet to make this commitment, monitoring their progress using our proprietary engagement tracker. As per our engagement approach, we've set out a two-year timeline for each fund house to set the required target before we consider divestment.

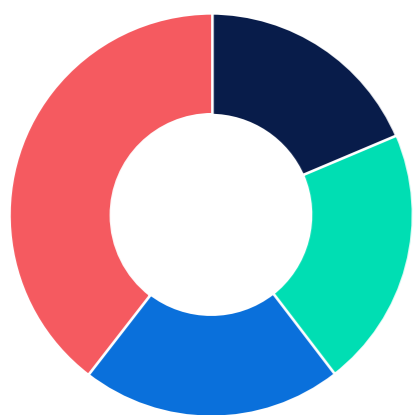
We are pleased that as of the end of 2025, all of the third-party funds and segregated mandates in our solutions are run by fund houses with a target for net zero by 2050 at the latest, covering at least Scope 1 and 2 emissions. Since implementing our Policy, we have successfully engaged with four fund groups who have later made a public commitment within our two-year engagement window.

In 2025 we engaged with our appointed managers to understand their Scope 3 financed emissions 2030 targets. In this sample group of 43 asset managers, including Hargreaves Lansdown's own approach:

- **19%** have set backward-looking carbon intensity or footprint targets
- **21%** use forward-looking net zero alignment commitments
- **21%** blend the above two approaches
- **40%** have no clear target in place for their financed emissions

We have engaged with groups without targets to understand barriers to progress. While some cite data limitations, many highlight geopolitical challenges. Overall, we are encouraged by the direction of travel and will continue to engage with these groups over the coming year.

## Fund groups' 2030 financed emissions targets



- 50% reduction in carbon intensity or carbon footprint
- Alignment to net zero
- Both of the above
- No target

## Progress on our engagement-led decarbonisation strategy

In 2024, HL committed to reduce the weighted average carbon intensity of our financed emissions by 50% by 2030, relative to a 2019 baseline. At the end of 2025, our portfolio's weighted average carbon intensity had fallen by 34%, relative to our baseline. We have adopted a sectoral

approach, concentrating on three of the highest-emitting sectors within our portfolio: utilities, materials, and energy. Collectively, these sectors contribute to approximately 70% of our portfolio's emissions. Please see our [Climate Transition Plan](#) for more details on our approach.

## Materials

The materials sector, which includes industries such as steel, cement, and chemicals, is estimated by some studies to account for up to one-third of global greenhouse gas emissions. These emissions stem from energy-intensive production processes and the widespread use of fossil fuels. Despite progress, the sector's transition to net zero remains challenging due to the need for breakthrough

technologies, significant capital investment, and the development of sustainable alternatives. On top of this, geopolitical pressures, such as resource nationalism and trade tensions, are complicating access to critical minerals required for low-carbon technologies, potentially slowing progress toward decarbonisation.

**Key engagement themes:**  
Addressing thermal coal usage, target setting and disclosure, Scope 3 emissions, and ensuring a just transition.



## Case study – Rio Tinto

Rio Tinto is a larger emitter than most peers, largely due to its substantial aluminium business which contributes to around three-quarters of its Scope 1 and 2 emissions. Its Pacific aluminium operations and alumina processing is highly energy-intensive, with much of the energy coming from fossil fuel-based grids or direct burning. Rio has been actively working to transition its energy use away from fossil fuels, primarily via renewable energy contracts including power purchase agreements.

Rio has a 2025 target to reduce net Scope 1 and 2 emissions by 15% compared to a 2018 baseline. On top of this, meaningful changes across the leadership team, including the CEO, left investors seeking

reassurance of Rio's continued commitment to decarbonisation and sustainability more widely.

### Outcome

Having braced investors that it would be unable to reduce emissions by 15% by 2025 without the use of offsets, Rio achieved a gross adjusted Scope 1 and 2 emissions reduction of 14%, or 17% with high-quality offsets. Despite this, we remain positive on the company's overall decarbonisation progress, including in its aluminium business.

In 2025, we discussed Rio's strategy to maintain momentum in aluminium decarbonisation, mostly via procuring new renewable energy contracts. It was unable to provide

further detail beyond its existing disclosures, as it is in negotiations with state governments. We look forward to hearing about progress in this crucial area in 2026.

We also discussed Rio's commitment to sustainability following the departure of former CEO Jakob Staulsom. Rio reaffirmed its support and we will look to continue these conversations in 2026.

## Utilities

The utilities sector plays a pivotal role in the global energy transition and net-zero ambitions, given its substantial contribution to CO<sub>2</sub> emissions from electricity and heat production. While the shift to renewable energy sources such as wind and solar offers transformative opportunities, the sector continues to face hurdles. These include managing grid integration for intermittent energy sources, enhancing energy storage solutions, and navigating policy uncertainties.

Geopolitical factors, such as Europe's ongoing energy crisis and evolving carbon pricing mechanisms, underscore the urgency of accelerating the transition to renewable energy while ensuring resilience and energy security.

**Key engagement themes:**  
Coal retirement strategies, target setting, capital expenditure alignment, and promoting a just transition.



### Case study – Duke Energy

Duke is one of the largest utilities in the US, supplying electricity generation, transmission and distribution services to more than 8 million customers. Working towards a net zero by 2050 target, Duke has been steadily increasing the share of its electricity that comes from renewable sources.

Mostly, this has been achieved via renewable energy contracts, like power purchase agreements (PPAs). Alongside this, Duke had pledged to phase out coal generation, aiming for less than 5% of its fuel mix by 2030 and a complete exit by 2035. Over the past 12 months, US energy policy has changed dramatically, characterised by a swing in political

support for fossil fuels at the expense of renewables. At the same time, energy consumption and demand is rising with the AI hype-cycle, which utilities are at the heart of. In 2025, Duke announced that it would delay the retirement of several coal plants, citing rapid load growth from data centres and changing state policy as the core reasons.

#### Outcome

As a contributing investor to the CA100+ engagement group, we met with Duke Energy in November to discuss the release of the North Carolina integrated resource plan. This revealed delays to its coal phase out and reduced spending in renewables.

The group was concerned how this would prevent Duke from meeting its decarbonisation targets, as well as its overreliance on contracted renewable power. While the group understands that Duke must prioritise availability and affordability criteria for customers, it is also important that investors understand what decision-making processes govern those choices. The group argues that volatility in the policy environment should not drive reactive decision-making, and that greater transparency regarding the rationale and progression from A to B would be prudent.

## Energy

The oil and gas sector remains one of the largest contributors to global greenhouse gas emissions, primarily from the extraction, processing, and combustion of fossil fuels. As global energy demand persists, the sector faces increasing pressure to decarbonise. Technologies such as carbon capture, utilisation, and storage (CCUS), alongside methane reduction solutions, offer pathways to mitigate emissions but require substantial investment and scalability to become widely effective. In 2024, market volatility driven by OPEC+ supply constraints and fluctuating demand highlighted the critical need for long-term strategic planning to address both immediate challenges and the sector's broader net-zero transition.

#### Key engagement themes:

Target setting, board oversight and governance, methane emissions reduction, lobbying disclosure, and capital expenditure planning.



### Case study – BP

In 2020, BP unveiled one of the most ambitious energy transition strategies amongst peers. Aiming for net zero by 2050, it pledged to invest more in renewable energy and reduce hydrocarbon production by 40% by 2030, aiming to totally rewire its business strategy.

There were two notable opportunities for shareholders to vote on these issues. Firstly, in 2019, 99% of shareholders supported a binding special resolution calling for BP to demonstrate how its investments and strategy were consistent with the Paris climate goals. Then, in 2022, a Say on Climate vote saw a majority of investors endorse BP's decarbonisation strategy, including the core target to reduce hydrocarbon production by 40% by 2030.

Nine months later, BP amended this target to ~25%, before officially dropping it all together in early 2025.

#### Outcome

In our view, this constituted a significant change in BP's decarbonisation strategy. Whilst we understand the short-term business case for these decisions, acknowledging that there are competing investor pressures for BP, including activist investors, we view the 2019 and 2022 shareholder resolutions as a firm basis for this decision to be put to a shareholder vote.

In early 2025, we signed a collective engagement letter with institutional investors representing almost £5tn advocating for a Say on Climate vote at the 2025 AGM. This letter also responded to highlighted the risks presented by an increase

in hydrocarbon production, suggesting additional safeguards for the Paris alignment of BP's capital expenditure framework and enhanced disclosure on portfolio competitiveness and resilience.

A Say on Climate vote was not included on the 2025 AGM ballot. We will continue to engage with BP, holding the company to account on its climate targets and advocating for shareholders' right to vote on a re-direction of a pre-agreed strategy.



## Nature

We recognise that climate change and nature loss are inextricably linked, and that the degradation of natural ecosystems poses material risks to both the environment and long-term investment outcomes.

Our engagement efforts are aligned with client priorities, with a particular focus on deforestation.

Deforestation is a key driver of climate change, and we are committed to understanding and addressing the scale and impact of deforestation-related risks across our funds.

To support this, our ESG questionnaire assesses fund groups' approaches to identifying and managing nature- and biodiversity-related risks. We assess the extent to which our managers integrate nature-related considerations into their due diligence, including whether they disclose nature-related risks and data, set measurable targets, report in line with the Taskforce on Nature-related Financial Disclosures (TNFD), and, where applicable, review their Forest 500 assessment. Responses are evaluated compared to peers, and industry standards. These analyses are an input into our investment and stewardship processes.

We identify where our appointed fund managers provide substandard responses, so that our managers can engage with them to encourage improvements in their identification, assessment, and mitigation of nature-related risks.

While engagement with companies and fund managers is an important tool, we believe that meaningful and lasting progress on deforestation will

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Since 2022, deforestation has consistently ranked as the top exclusion priority in our Sustainable Investor Survey, underscoring its importance to our clients.

ultimately require robust and effective regulation. Accordingly, we prioritise policy engagement where appropriate.

Ahead of COP30, we signed the [Belém Investor Statement on Deforestation](#), which calls on governments to adopt and implement strong policies to halt and reverse tropical deforestation and forest degradation by 2030 – an essential step toward achieving global climate and biodiversity goals.

We also engage with policymakers through the Investor Policy Dialogue on Deforestation (IPDD), advocating for the effective implementation of deforestation-related regulation (see [page 32](#) for further details). As part of this effort, in December 2025 HLFM signed the [ClientEarth Joint Statement](#), joining more than 120 companies, investors, and NGOs in calling on the European Commission to end legal uncertainty and fully implement the EU Deforestation Regulation.

## Community Relations

In assessing our portfolios against key community relations data points, we flagged the need to engage with a global tobacco company held in one of our HL Select funds.



### Case study – British American Tobacco

We continued our conversations with British American Tobacco this year on the environmental impact of disposable vapes and underage use. With BAT unable to provide quantitative data on underage use, citing the legal issues of surveying that demographic, we sought examples of its preventative measures rejecting products that may appeal to underage users.

Equally, we saw design similarities between BAT's vaping products and some that were identified as part of the illicit market catalysing underage use. We aimed to get clarity on how process and committees govern packaging and design and flavours to prevent underage use, and how this is consistent with BAT's commitment to responsibility.

#### Outcome

BAT was able to provide a few examples of flavours that have changed since it began an initiative to only manufacture products with factual-style descriptors. For example, Apple sour was renamed to Green apple, which we see as a step in the right direction. We also want to understand if there are plans to extend this review to other flavours popular with underage users, like fruit flavour combinations and ice flavours, both of which are present in the Vuse range. BAT argues that research suggests that flavours can play a significant role in converting adult smokers to less harmful products, so we want to understand how it balances flavour development with underage use prevention.

We also touched on the hiring of a Head of Circularity and have a meeting scheduled in Q1 2026 to discuss BAT's approach to waste, especially in the context of life after the UK's disposable vape ban.

Across the pond, BAT's approach to the disposable market has seemed to shift, with the proposed launch of a disposable vape in the US. According to BAT, this is currently on pause until the market is better regulated. We're keen to understand its decision-making on this issue and how it will guard against the increased risks associated with disposable vapes, namely underage use and waste, whilst trying to win back consumers from the large unlicensed US vape market.



We also engage with fund managers who have exposure to our exclusions list. Our exclusions on companies that are persistent violators of the UN Global Compact are applicable to the HL Select Funds and the segregated mandates held within the HL Portfolio Funds and HL Portfolio Building Blocks. We engage with third-party managers, where we do not have direct control and the exclusions are not applied, to understand their approach to managing the associated ESG risks and any ongoing engagement with the company.



## Case study – Tencent

Tencent is the world’s largest game publisher and operator of WeChat, a Chinese instant messaging, social media and mobile payment app.

At HL, we use Sustainalytics as our ESG data provider. Sustainalytics assess Tencent as non-complaint with the United Nations Global Compact (UNGC) as the company engages in widespread censorship and surveillance of platform users without adequate management systems and disclosure to ensure the right to freedom of expression and privacy. However, there are discrepancies between data providers as to whether Tencent is considered a violator of principle 2 of the UNGC. This can act as a determining factor for how asset managers prioritise engagements.

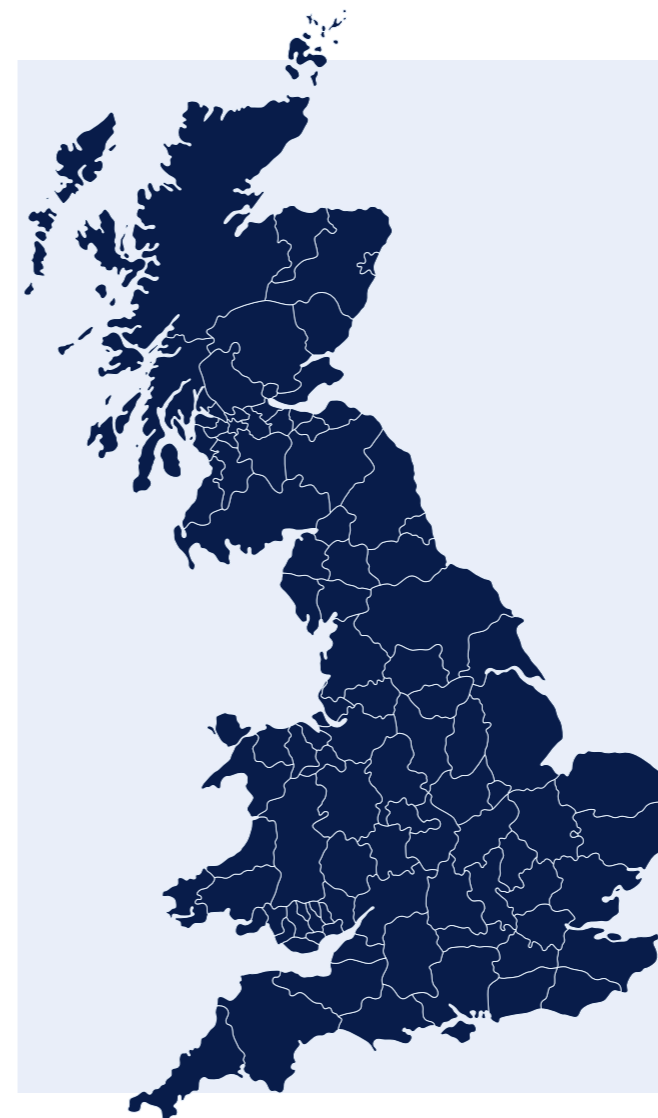
One of our underlying managers has attempted to engage with the company since 2024. Whilst Tencent did provide a response, the commentary was basic. As

previous experience has shown with Chinese companies, it is often difficult to have an open and meaningful engagement with them about certain topics, particularly when it comes to their relationship with the state and providing it with data. It is, therefore, always a challenge to see meaningful progress from engagement.

### Outcome

The underlying manager recognises that governments globally impose data-sharing obligations on technology companies, with the scope and intensity varying by jurisdiction. Compliance with such requirements is a prerequisite for operating in any market. Chinese regulations are more extensive than those typically encountered in Western economies, and this forms part of the inherent operating context for companies domiciled in China.

They note that Tencent has established policies governing the collection and processing of user data, as well as procedures for responding to lawful government requests. The company has also implemented mechanisms that allow users to request access to, correction of, or deletion of their personal data.



## Progress with HL Group’s community engagement efforts

HL actively collaborates within our community to improve information on financial resilience. Our [Savings and Resilience Barometer](#), which seeks to understand the population’s resilience across debt, protections, savings, retirement and investment, is published every year. Insights learnt, such as the fact the average pension saving gap has quadrupled since 2019, helps to drive our engagement with our local community.

Our Bristol Financial Resilience Action Group now includes 31 local employers, working to drive up the resilience of their 25,000 colleagues. This has included sharing HL’s expertise as well as bringing other experts to speak to this group, from Stepchange, the debt charity, to those who broker group insurance products. Through this initiative, over 25,000 households in Bristol gained access to free financial education, while 1,300 households benefited from increased pension contributions.

## Case study – Targeted Support

For years, the gap between helpful, generic information and bespoke financial advice has left people short of the support they need when managing their finances and firms like HL have been left frustrated by not being able to do more to assist their clients.

We have held focused engagement with the FCA and Government on this issue over the last 5 years with a view to closing the advice gap. This has involved demonstrating

ways in which we could provide more tailored information to people based on what people in similar circumstances would do next, to drive better outcomes. We think this is vital in building financial resilience in the UK.

### Outcome

The Government and FCA have responded to our campaigning by working on a new set of rules, called Targeted Support, that will allow firms to deliver

suggestions to individuals based on what people like them should do. This will come into effect from April 2026. HL is looking forward to using this approach to support more clients to reach their financial goals.

## Remuneration

At HL, we assess how investee companies and fund managers align their incentive structures with investor interests. This evaluation is a crucial component of our broader investment analysis, ensuring that our portfolio is aligned with sustainable practices and promoting positive outcomes for our investors.

Within the HL Portfolio Funds and HL Portfolio Building Block Funds, we assess manager incentivisation prior to the initial purchase and semi-annually thereafter. We favour strong equity interest in the business linked to performance (over a mixture of timeframes measured against an appropriate benchmark).

Within HL Select, remuneration is a key indicator in ensuring company alignment with shareholder interests. We feel capital allocation is the most important job of a CEO and Return On Capital Employed (ROCE), or equivalent, is a key driver of value creation longer term.



### Case study – Rio Tinto

We identified Rio Tinto as high-risk in relation to climate and community relations. We believe that aligning executive remuneration with improvements in these areas can play a key role in addressing risk and protecting long-term shareholder value.

The decarbonisation of mining operations is equally as complex as it is crucial for the sustainability of both the industry and planet. At a company-specific level, severe controversies involving the destruction of cultural sites and environmental degradation have seen Rio face undisclosed remediation costs and large fines.

Since 2023, there have been positive changes to Rio's remuneration policy in both areas. On climate, it increased the long-term incentive plan (LTIP) via decarbonisation objectives, including an objective linked to the absolute reduction of emissions. On community relations, 10% of the STIP is allocated towards the company's social license, measured primarily by a reputation score calculated by third-party survey provider RepTrak.

#### Outcome

##### Climate

Last year, we spoke with Rio and commended the inclusion of decarbonisation targets in the company LTIP. However, we expressed our view that the ambition of the objective related to residual emissions, or the absolute reduction of emissions, could be increased. This is based on the premise of a maximum payout being achieved for exceeding performance targets rather than meeting them, in this case the 50% reduction by 2030 target.

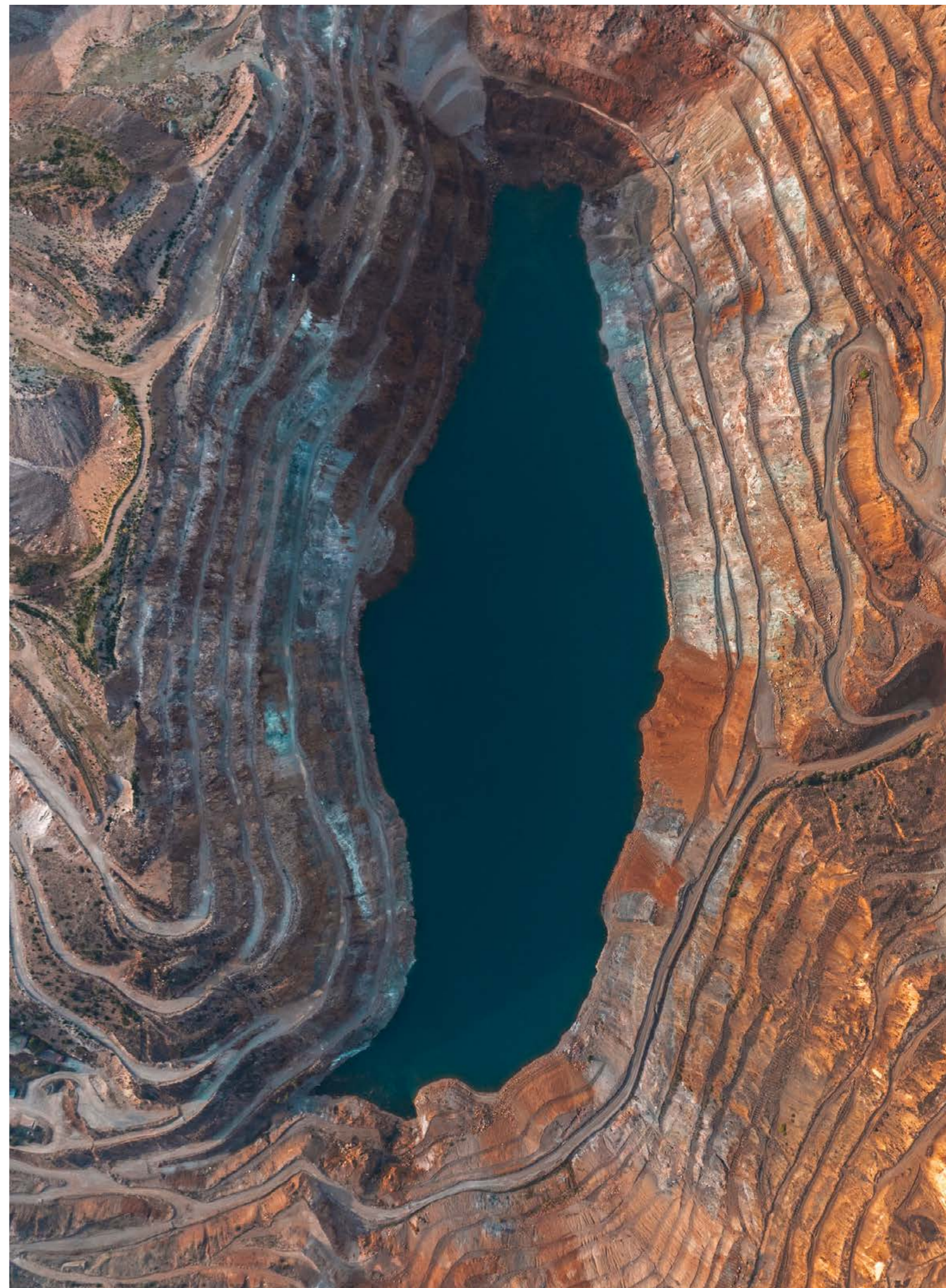
Rio's view is that the 2030 target represents significant ambition both in terms of the scale of the reduction required and the timeframe over which it is to be delivered, noting the wider challenges with decarbonising the industry. We agree the challenges are significant and perhaps this view holds even more weight today. With that in mind, we think the current level is acceptable but encourage Rio to continue to reflect its ambition in its remuneration policy, especially for the critical objective related to emissions reductions

##### Community relations and Rio's social license

We also requested enhanced disclosures regarding the reputation score used in Rio's STIP. This has been a part of a broader assessment of Rio's community relations, including topics like the absence of an indigenous human rights policy and its social license.

In the 2024 reporting cycle, Rio achieved an 82.5% outcome on its social licence STIP objective, driven mostly by its RepTrak reputation score of 60.9 (above target). While it is our view that Rio does a lot of great work in this area, in the context of the controversies it is exposed to and the scrutiny it faces, it would be useful to understand more meaningfully how RepTrak's score is calculated.

Rio shared more information on the regions it covers, as well as the form of the questions that comprise the survey data that is used. We would welcome further transparency on the calculation of this metric in its upcoming reporting cycle.



# Voting

Voting is an important way for investors to use their bargaining power to push for positive change and influence corporate behaviour on a range of issues.

Within our HL Select funds, we always seek to vote at meetings of the companies we invest in unless we're in the process of selling the position, and will do so in a way that's aligned with investors' best interests.

We may engage prior to the vote with the company concerned to better understand the situation and likewise encourage companies to take soundings from investors ahead of contentious votes. We tend to invest in well-managed companies so generally expect to vote in favour of the resolutions put to shareholders.

Within the HL Portfolio Funds and HL Portfolio Building Block Fund ranges, where we invest through segregated mandates, we delegate voting responsibilities to the appointed manager. We maintain oversight of the voting activities carried out via quarterly voting reports. We monitor a range of key statistics relating to our managers' voting activities to ensure they are acting as responsible stewards.

A flag will be raised if managers are not consistently voting on investors' behalf and if the manager is deemed not to be exercising their own judgement, evidenced through always voting with management and infrequently voting against proposals. Where the voting activity is not aligned with our expectations, we engage with managers to better understand their approach.

It's not just fund managers who can vote at company meetings though. Individual investors can too, and we've made it easier for shareholders to cast their vote using our online dashboard. Learn more on our [website](#).

## HL Select: our voting record

Investors in the HL Select Funds have been invited to vote on proposed changes to the investment objective/policy of the Funds through an Extraordinary General Meetings ("EGMs") on 25 February 2026. If the proposed changes are approved at the respective Fund EGMs, the changes will take effect on 9 April 2026.

### 1 January 2025 to 31 December 2025

Votes in the general meetings of companies in which it holds shares.

Total number of meetings	<b>96</b>
Total meetings voted*	<b>95</b>
Meetings with one or more votes against management	<b>23</b>

\*We do not vote on ETFs held for liquidity purposes. Exercising these votes could trigger trading restrictions, which would prevent us from quickly adjusting our holdings when necessary, undermining the flexibility and liquidity that we seek from these investments.

	Management proposals	Shareholder proposals	Total
Votes with management	1557	39	1596
Votes against management (including abstentions and withheld votes)	42	10	52

	Proposals voted	Votes against management
Audit related	141	0
Capitalisation	253	6
Company articles	19	2
Remuneration	162	15
Corporate governance	5	2
Director election	815	15
Director related	17	2
Environmental & Social	7	0
Environmental	8	0
Miscellaneous	4	1
Non-routine business	4	3
Routine business	109	1
Social	49	4
Strategic transactions	8	0
Takeover related	47	0
<b>Total</b>	<b>1648</b>	<b>51</b>

We voted against management on 51 occasions in 2025, primarily in relation to remuneration or director election.

Here are examples of the most significant votes in the portfolio during 2025:

## Voting case study: Climate change

Key examples from some of the most significant votes in the portfolio:

<b>Rio Tinto</b>	<b>Meeting date: 3 April 2025</b>
<b>Proposal</b>	Approval of the 2025 Climate Action Plan
<b>Our view</b>	<p>Rio Tinto operates in the mining sector, where reducing emissions is especially challenging. While it still lacks an overall target for its largest category of emissions (Scope 3), it has begun setting some more specific goals in this area. It has also explained that many of these emissions come from activities it cannot directly control.</p> <p>The Company has made steady progress in reducing emissions from the energy it purchases (mainly the electricity used to run its operations), provided clearer reporting on its wider emissions since 2022, and continued investment in projects aimed at cutting its carbon footprint.</p> <p>We've engaged closely with Rio Tinto over the past year on a variety of themes, including emissions, and we are pleased with progress to date. For that reason, we voted in favour of the Climate Action Plan.</p>
<b>Outcome</b>	The Climate Action Plan was approved, with 93.3% of investors voting in favour.

## Voting case study: Community relations

<b>Microsoft Corp.</b>	<b>Meeting date: 5 December 2025</b>
<b>Proposal</b>	Shareholder proposal encouraging the company to conduct a human rights risk assessment.
<b>Our view</b>	<p>Shareholders asked Microsoft to publish a report evaluating how effective its human-rights checks are at preventing misuse of its AI and cloud products, particularly in conflict areas. They argue that the company does not provide enough transparency and that it has recently been slow to react to allegations of misuse of its technology, only doing so after an employee outcry and media pressure.</p> <p>Microsoft maintains that it already has a strong human rights due-diligence process aligned with international standards, regularly conducts human-rights impact assessments, and has clear oversight structures in place.</p> <p>Supporters of the proposal believe additional disclosure would help investors understand how well these processes work in practice. After considering both perspectives and the potential risks linked to customer misuse of AI and cloud technologies, we ultimately voted in favour of the proposal.</p>
<b>Outcome</b>	The proposal was defeated, with 26.3% of investors voting in favour.

## Voting case study: Remuneration

<b>LVMH Moët Hennessy Louis Vuitton</b>	<b>Meeting date: 17 April 2025</b>
<b>Proposal</b>	Approve the remuneration policy of Chairman and CEO Bernard Arnault
<b>Our view</b>	<p>LVMH argued that Bernard Arnault's pay package provides the flexibility needed to reward the CEO and Chairman appropriately and respond to exceptional circumstances.</p> <p>However, several elements of the policy raised concerns about transparency and good governance. This year the company did not disclose the CEO's base salary, making it impossible for shareholders to understand the full pay package. Key details of the long-term incentive plan, such as the performance criteria, vesting scale, and performance period, were also missing, leaving shareholders unable to judge whether future awards will be genuinely long-term or sufficiently demanding. The company did not clarify whether Arnault can keep unvested long-term awards in the event that he leaves the business, and the Board reserves wide discretion to change pay terms in "exceptional circumstances" without clear limits. In addition, Arnault may be granted exceptional remuneration for special assignments, but no cap or context is provided.</p> <p>Given these gaps and the risk that the policy may incentivise behaviour misaligned with shareholders' long-term interests, we ultimately voted against the proposal.</p>
<b>Outcome</b>	The remuneration policy was approved, with 82.3% of investors voting in favour.

## How we use proxy voting advice

Proxy voting is a nuanced and complicated area and while we make our own decisions on how to vote, we take advice from governance specialists Institutional Shareholder Services (ISS) about the issues underpinning individual votes. They have a long track record of monitoring and advising upon corporate governance best practice.

This arrangement allows us to take advantage of their detailed local knowledge of market practices around the world, which can be very different to UK norms, whilst retaining the final say on how we vote.

In most cases we would expect to vote in accordance with ISS's advisory stance, which we believe is well aligned with the standards of governance that we expect to see from companies. Our views will occasionally differ to those of our proxy voting advisor, and this can lead us to vote contrary to their guidance. Whenever we vote against ISS advice, a rationale is recorded.

For example, ISS recommended voting against the remuneration report issued by BE Semiconductor Industries, citing concerns that the CEO's total pay package, including a €10.4m discretionary share award, is high relative to peers and that shorter-term targets lacked stringency. However, this award represents the final tranche under the legacy 2020–2023 policy, and its size largely reflects exceptional share price growth rather than an arbitrary payout. The Board also applied downward adjustments to consider workforce pay and societal perceptions, and no further discretionary long-term incentive grants are permitted under the new policy. Balancing these factors, we decided to abstain from the vote pending further analysis.

### Conflicts of interest

In exercising our voting rights, or engaging with the companies we invest in, or the fund groups we invest with, we may encounter situations that raise actual or potential conflicts of interest.

Conflicts are managed in accordance with the HL Group Conflicts of Interest policy. Where conflicts are identified, they are recorded in the HL Conflicts of Interest Register, along with mitigating controls and responsibilities. For instance, within our HL Select range, conflicts may arise if our funds hold voting rights in a competitor of HL or a company with a significant stake in HL. Our [Stewardship and Engagement Policy](#) ensures that votes prioritise the interests of fund investors. In most cases, our votes align with the recommendations of ISS, our independent voting advice provider.

If our views differ from those of ISS, our fund managers must annotate the ISS system with a rationale.

### Engaging with our appointed managers on their voting practices

We have conducted a series of engagements with our underlying managers where we identified opportunities to strengthen existing ESG processes.



## Case study – Franklin Templeton

Our analysis highlighted scope to enhance transparency within Franklin Templeton's proxy voting process.

In late 2024, we opened a dialogue to encourage the publication of rationales for votes against management. Franklin Templeton explained that they were in the midst of reorganising their voting operations, and that the documentation of vote rationales was an area they were already reviewing.

### Outcome

A follow-up discussion in mid-2025 confirmed that the reorganisation had so far focused on updating voting policies and developing custom guidelines for investment groups. Franklin Templeton also indicated they are exploring enhancements to internal documentations of rationale, including the recording of rationales when votes deviate from policy, providing the potential for more comprehensive and transparent vote reporting.

We are pleased that Franklin Templeton has updated its voting policies and guidelines, and will continue to share this information publicly. We will monitor the development of any additional vote reporting provisions.

# Collaborative engagements

To effect change, often power comes in numbers. This is why we join collaborative engagements, where different investors come together to put more pressure on a company or sovereign in order to push for positive change.

## Climate Action 100+

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change, in line with the goals of the Paris Agreement. The group works to mitigate investment exposure to climate risk and promote the transition to a low carbon economy.

We are engaging with focus companies to ensure they:

- 1. Implement a strong governance framework** which clearly articulates the board's accountability and oversight of climate change risk.
- 2. Take action to reduce greenhouse gas emissions across the value chain**, including engagement with stakeholders such as policymakers and other actors to address the sectoral barriers to transition. This should be consistent with the Paris Agreement's goal of limiting the global average temperature increase to well below 2°C above pre-industrial levels, aiming for 1.5°C. Notably, this implies the need to move towards net-zero emissions by 2050 or sooner.
- 3. Provide enhanced corporate disclosure** and implement transition plans to deliver on robust targets. This should be in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and other relevant sector and regional guidance, to enable investors to assess the robustness of companies' business plans and improve investment decision-making.

We have been a member of CA100+ since 2023, engaging with companies in the materials, energy, and utilities sectors. These sectors are central to our engagement-led decarbonisation strategy for our financed emissions.

Being part of CA100+ allows us to amplify our impact through collaboration with other investors. Additionally, CA100+ fosters invaluable knowledge-sharing among investor teams, enabling us to leverage collective expertise to address critical climate challenges.

The past year has been challenging from a climate governance perspective, with some companies shifting focus toward preserving value at the expense of green investments. Collaborative initiatives like CA100+ provide a critical support network, helping investors sustain influence and advocate for positive change during such periods.

Engaging with companies in these conditions is essential to ensure accountability for pledges made and progress toward targets. Even for companies without ambitions yet in place, CA100+ engagements focus on setting clear expectations and tracking progress, while adapting to the evolving contexts businesses face.



By pooling shareholdings, we extend our influence and gain greater access to companies, holding them accountable for climate-related risks and opportunities.

## Investor Policy Dialogue on Deforestation

The Investor Policy Dialogue on Deforestation (IPDD) is an investor-led sovereign engagement initiative that aims to halt deforestation in the most vulnerable biomes of the world. The IPDD seeks to ensure long-term financial sustainability of investments in the countries they are invested in by promoting sustainable land use and forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation.

The Producing Countries workstream (Brazil, Indonesia) focuses on the supply side, while the Consumer Countries workstream addresses the demand side of the issue.

Since 2022, deforestation has consistently ranked as the top exclusion priority across all our Sustainable Investor Surveys, reflecting its importance to our clients. In response, we joined the IPDD in 2023 as a supporter and contributing investor to the Consumer Countries workstream.

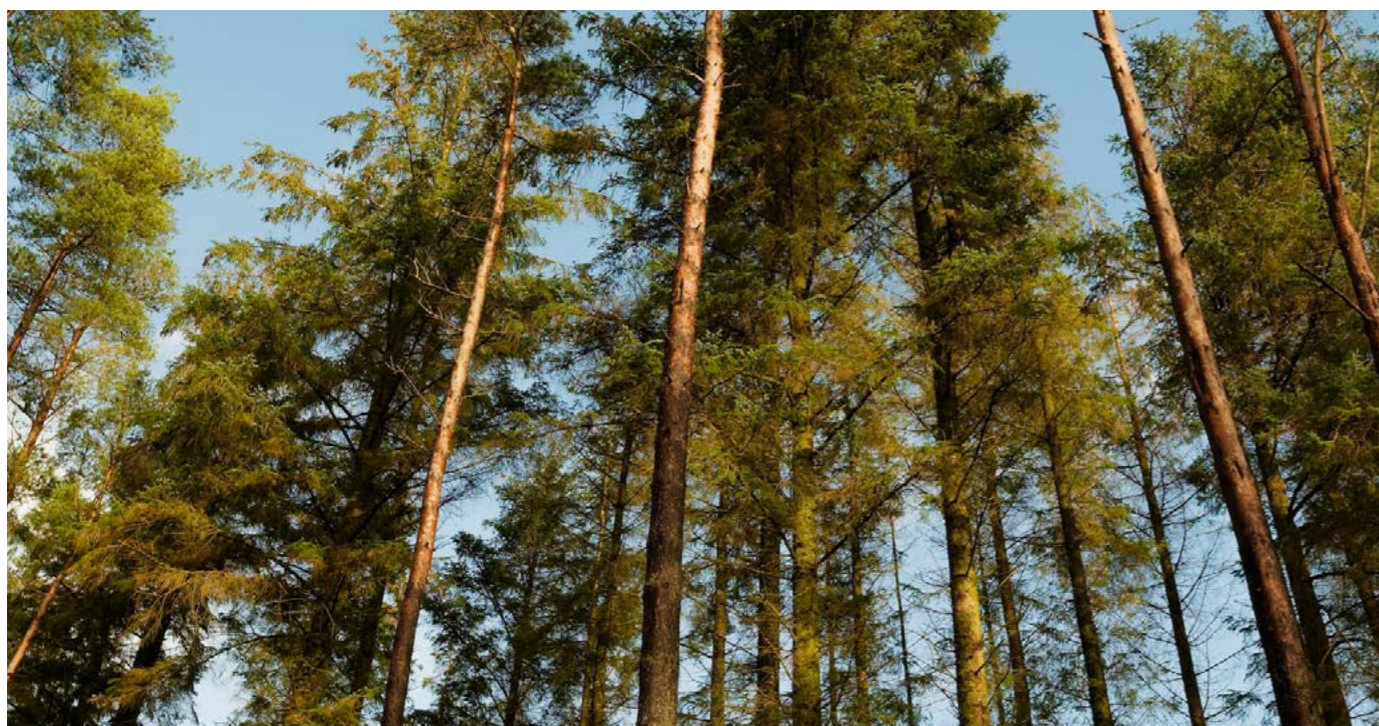
Being a member of the IPDD Consumer Countries workstream provides HL with a valuable platform to influence and

understand emerging deforestation-free commodity regulations in key markets such as the EU, the UK, and the US. Through the initiative, we engage with government authorities, regulators, and industry associations to advocate for effective and timely policies that help halt deforestation.

In 2025, our engagement has focused on supporting the retention and effective implementation of EU and UK deforestation legislation. By contributing to these discussions, we ensure that our clients' priorities, like sustainable land use and forest protection, are represented at the policy level.



Deforestation has consistently ranked as the top exclusion priority across all our Sustainable Investor Surveys.



## Industry initiatives

### The Principles for Responsible Investment

The Principles for Responsible Investment (PRI) is an UN-supported network of investors, working to promote sustainable investment through the incorporation of ESG factors. The PRI promote stewardship through supporting investors with voting activities, issuing guides and education, and coordinating collaborative engagements on ESG issues.

Hargreaves Lansdown Fund Managers (HLFM) is proud to be a signatory to the PRI since 2021.

We are pleased with the progress made in our 2025 PRI Assessment Report, where we saw positive developments across several modules, reflecting our ongoing commitment to responsible investment.

As well as being signatories ourselves, we expect all the fund groups we invest with in our funds, and those in HL investment solutions, like the Wealth Shortlist, to be a signatory of the PRI, or their country equivalent. Currently 100% of fund groups in our investment solutions are signatories to the Principles.

### The Action, Challenge and Transparency Standard

The Action, Transparency and Transparency (ACT) standard of corporate culture is one pillar of activity that enables asset management firms to demonstrate the actions they are taking to ensure an open and accountable culture, by providing a disclosure framework.

HL is a founding member of the standards, and our Head of Platform Investments sits on the ACT Global Leadership Council.

The ACT Framework is a disclosure that enables a firm to articulate, assess and demonstrate how its external and internal cultural values on diversity, equity and inclusion align. We are integrating this framework into our due diligence processes for both HLFM funds and HLAM solutions in order to monitor the progress made by our appointed third-party fund managers. Any sub-standard responses are followed up by our Due Diligence Team and, where appropriate, communicated to clients as part of our fund updates.

## HL Group Memberships:

Paid-for Partnerships:

- **Stonewall Diversity Champions Programme:** Dedicated to championing diversity and inclusion for the LGBTQ+ community.
- **Living Wage Foundation:** Actively supporting and promoting the real Living Wage based on the cost of living.
- **Business Disability Forum:** Committed to creating an inclusive and accessible work environment for individuals with disabilities.

Voluntary Charters:

- **Women in Finance Charter:** Committed to promoting gender diversity at mid to senior level within the financial services industry.
- **Bristol Women in Business Charter:** Committed to advancing gender equality and promoting inclusivity in Bristol's business community.
- **Aging Better:** Voluntarily engaged in initiatives to support an inclusive and accessible workplace to employees over the age of 50.
- **Bristol Living Wage City Action Group:** An alliance of organisations across the city working together to champion the Living Wage and encourage more employers to become accredited.