

Longview Partners UK Stewardship Code Report on Calendar Year 2022

Submitted April 2023

Statement of Compliance and Disclosure

The UK Stewardship Code sets high standards for stewardship, with a focus on activities and outcomes with the aim of improving the opportunity for the delivery of sustainable long-term investment. We recognise the FRC's definition of stewardship: 'Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.'

We set out below how Longview Partners applies the Principles of the UK Stewardship Code for asset managers and note that Longview will continue to improve and evolve elements of its approach to stewardship as necessary.

Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Longview Partners ("Longview") is a specialist asset management company, focused entirely on the management of Global Equity portfolios. Longview is a single strategy, independent, privately owned company with majority ownership by Northill Capital* and the balance held by eleven working Members of Longview Partners LLP. Longview operates a simple, clearly defined business model principally for Institutional Clients. Business strategy is determined by the Board of Directors of Longview Partners (Guernsey) Limited (LPG), based upon information from key executives where necessary.

Purpose and Culture

At Longview Partners, we take a long-term approach to investment and seek to invest in companies that can create long-term sustainable value for shareholders. Environmental, Social and Governance (ESG) considerations, with a stewardship mentality, are embedded into our research analysis and our firm, and have been since inception.

Our culture is of fundamental importance to us at Longview. As a firm, we have a clear common purpose: to seek excellence in performance and client service, and to be a sustainable business for the long-term and nurture and protect our culture. We do this through consciously living by our values, which is a deliberate effort but critical for the preservation of our culture.

Our culture is the common denominator to all that we do; our investment process, our approach to our clients, our staff and beyond, to our organisation's place in society. It has been nurtured for over 20 years by all those who have worked at Longview and is something that we speak about widely and are proud of. In fact, it is our culture that will enable Longview to be the sustainable business that we want it to be for the long-term. It is our values that guide our decision-making and our sense of what is important and what is right. Stewardship and ESG considerations are embedded within our investment process because it is the right approach to investment: identifying sustainable businesses which will deliver over the long-term. At Longview, we are long-term owners of our own business and the values by which we live are equally relevant to Longview as they are to our potential investments.

*Longview Partners (Guernsey) Limited is majority-owned by Northill Longview Holdings (Guernsey) Limited as part of the Northill Capital Group.

The culture of Longview is dominated by its collegiate spirit. We share a common approach based on integrity, honesty and common sense, within a framework of transparency and consistent objectivity. Underlying all that we do is a dedication to detail and a culture of precision and accuracy. A demand for transparency and the highest standards of excellence, with a focus on communication, encourages all employees and members to seek to achieve the highest possible objectives in their personal and professional goals. All employees and members of Longview are dedicated to the success of our global equity strategy which we believe powerfully aligns the interests of all staff with a positive outcome for our clients.

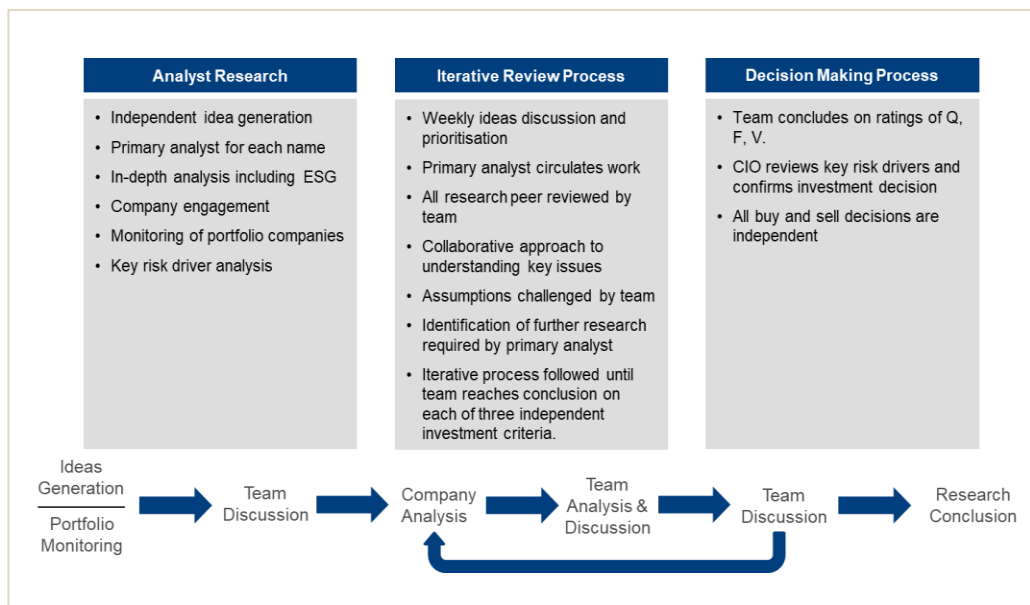
We believe that ignoring ESG considerations can create tail risk to investments. The positive impact of good governance on shareholder value is well understood and failures in governance are potentially a significant source of value destruction. Good corporate governance within a clear and transparent framework builds trust and predictability in a business. This has been a focus for Longview since our inception.

One key aspect of our approach to integrating stewardship and ESG considerations is that we do so through a lens of materiality. Materiality is the relevance of a sustainability factor, principally on a company's financial performance: on the ability of a business to create value in the short, medium and long-term. Clearly these factors may differ from one sector to another. Financial materiality is a key aspect; however, Longview also considers reputational, regulatory, legal and environmental impacts. Materiality also influences how we prioritise engagement with companies. We do not engage with every company on every issue. We focus on those that are most severe or potentially damaging, or where the company response has been inadequate, or those issues that Longview or our clients believe to be most important.

Investment Beliefs

Longview seeks to consistently generate alpha through investing in a concentrated portfolio of global equities. Our bottom-up approach invests in high quality companies with strong business fundamentals and attractive cash-based valuations. We strive to invest in predictable businesses and to avoid investing in companies that are highly exposed to exogenous factors. We consider the diversification of common business drivers within the portfolio to avoid excessive risk concentration. The following diagram shows the decision-making process that our Research Team follows. It is the iterative application of this process that we believe will help us to deliver sustainable returns for our clients and their beneficiaries.

Decision Making Process (Figure 1)



The key market anomaly that Longview seeks to exploit is the difference between perceived quality and actual quality, as we believe that there are many quality misperceptions when analysing individual companies. It is the exploitation of this anomaly that we believe can lead to outperformance, adding value for our clients and their beneficiaries.

Below is an example of a Buy Note released by one of our Research Analysts for a Financials stock that was purchased in 2022. The extract demonstrates one of the outcomes of the decision-making process and is indicative of the quality attributes that we find attractive in a company. Further details on the investment criteria for Quality are described in Figure 2. The company name in the following example has been withheld to preserve the anonymity of Longview's holdings.

Example Buy Note Extract (2022) – US Financials Company

The company comprises several businesses that include a credit rating agency, data subscription services for the financial services, commodity and automotive industries and equity indices. It operates in consolidated markets that are often duopolies or oligopolies. Its market position is supported by a combination of regulatory barriers to entry, scale, a long history of brand recognition and unique data sets. It is developing significant capability in ESG reporting and data analytics.

Its business is relatively predictable, with nearly two-thirds of revenue being subscription revenue. There is some variability from ratings revenue which is dependent on debt issuance; however, this evens out over time such that longer-term ratings revenue is more predictable. There is also some variability in revenue from equity indices, which is dependent on market levels. In early 2022, the company completed an acquisition that significantly increased the size of its data and analytics businesses and reduced the importance of the credit ratings business to under half of operating profits. The integration continues to go to plan, and in our assessment the deal is a reasonable one, both strategically and financially. In the future, the company expects to return the majority of cash flows to shareholders.

We did not note any material ESG issues under Longview's ESG framework. Furthermore, ESG and climate are an increasing revenue driver for the company. The company's solutions seek to increase transparency into the corporate sustainability profiles of companies and ESG reporting. ESG-related opportunities are expected to reach 4% of revenue by 2025. We rate the business Quality 1 and Fundamentals 2 (please see figure 2 for more information on our investment criteria).

The analysis of ESG factors is part of our research process when considering the Quality rating of a business. This enables us to identify companies that we believe will generate long-term sustainable returns. At Longview, we have an integrated approach to evaluating ESG risks and opportunities. On environmental and social matters, we believe that a lack of consideration for these issues can negatively impact the growth of a business and its long and short-term value. In terms of governance, the key element of this analysis is the company's treatment of shareholders and its use of capital. Please refer to our reporting under Principle 7 for additional information on our approach to ESG and responsible investing.

We believe that companies that show good stewardship have the potential to deliver enhanced and sustainable value for shareholders and therefore may be accretive investments for our clients. We implement our process in a disciplined and rigorous manner, consistently over time and we believe this consistency in its implementation will continue to deliver for our clients and their beneficiaries, as it has been able to do in the past.

In figure 2 below, we show the investment criteria that we consider when analysing the Quality of a company, a key part of this being our views on the sustainability of returns.

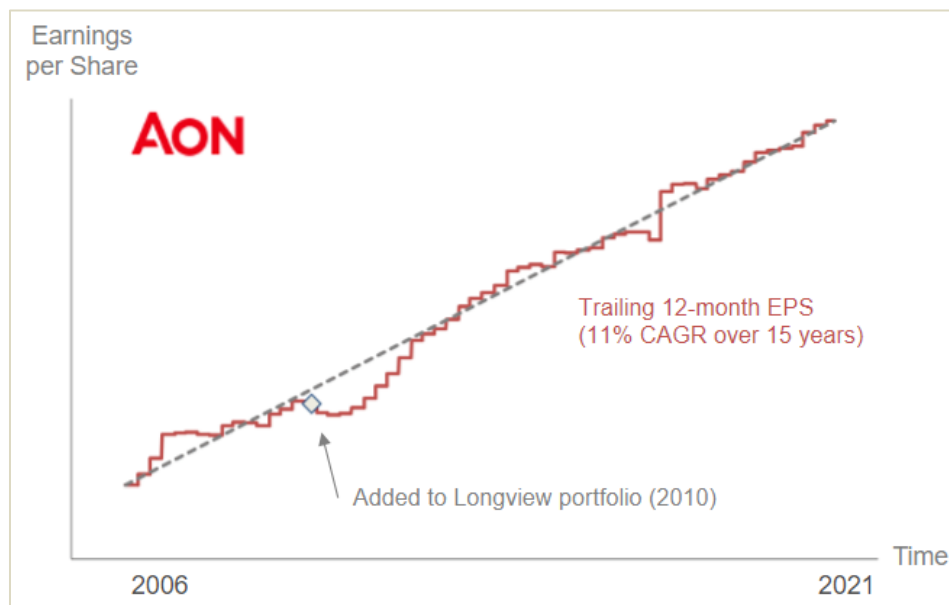
Investment Criteria for Quality (Figure 2)

Quality			
All companies are scored 1 (Excellent), 2 (Good) or 3 (Fail)			
Sustainably High Returns	Predictability	Opportunity to Grow	Capital Allocation
<ul style="list-style-type: none"> Industry structure Competitive advantages ESG analysis 	<ul style="list-style-type: none"> Stable industry structure Predictable revenues Limited economic sensitivity and exposure to exogenous risk 	<ul style="list-style-type: none"> Identifiable growth opportunities Ability to compound value 	<ul style="list-style-type: none"> Management approach and incentives Focus on long-term returns Opportunity to reinvest capital Governance

At Longview, a company with strong, stable and recurring cash-flows, amongst other investment criteria, is considered a high quality company. Quite often, the market tends to misunderstand the stability of the cash-flows of certain businesses and so perceives these companies to be of lesser quality than we believe them to actually be.

Our investment in Aon, an advisory, insurance broking and solutions company, over the years is an ideal example of the outcome of our assessment of quality as it incorporates many of the characteristics that we look for in a high quality company. We believe that one of the ways in which we effectively serve the interests of our clients and their beneficiaries is by implementing our investment process in a consistent manner, and investing in high quality companies, such as Aon, that outperform in the long-term.

Differentiated Approach to Quality – Aon (Figure 3)



Serving our Clients and their Beneficiaries

We focus on serving the best interests of our clients by delivering performance, client service and good stewardship. As long-term investors, we look for a philosophical alignment with our clients, in terms of their investment objectives and time-horizon. We believe that the long-standing relationships that we have built and retained over the years across our global and diversified client base, as demonstrated by client type and geography under Principle 6, has validated and reinforced the effectiveness of our approach to investment and stewardship.

In line with our culture of self-improvement, we work closely with our clients and endeavour to accommodate client-specific requirements where possible whilst taking feedback onboard. The following case studies are such examples. Please note that the name of our client has been withheld to preserve their anonymity.

Case study (2022): Building and maintaining long-term client relationships (US State Fund)

The Fund is responsible for administering retirement and defined contribution benefits for state, local government, and public education employees in a US state. Longview began managing the relationship over eleven years ago and has added value to the mandate since its inception while fostering a close relationship with the client over time. Since inception, the mandate outperformed its benchmark by 3.13% on an annualised net-of-fees basis, as at 31 December 2022, passing on this benefit to retirees who had chosen a career in public service. Over the years, in line with Longview's commitment to regular communication and transparency, we met with the investment staff representing the Fund two to three times per year to update them on the portfolio and discuss their questions or concerns. We also regularly presented to the Fund's Trustees which included beneficiaries of the Plan.

Over the length of this relationship, we have worked with the Fund to understand the demands of their pension plans and address specific requirements where possible. The lack of breaches in relation to this mandate throughout the period has further demonstrated how Longview's focus on serving the best interests of our clients by delivering performance, client service and good stewardship has been effective. In an effort to ensure continuous improvement in serving our clients, Longview has implemented various improvements in its ESG reporting during 2022, which are detailed under Principle 6.

Case study (2022): Implementing additional compliance for modern slavery screening based on client feedback and requirements

In direct response to the evolving ESG requirements of our clients around human rights, in 2022, Longview's Compliance Team added an adverse media module to their KYC6 monitor, an application by Acuris Risk Intelligence. This new module helps us identify criminal activity in connection with modern slavery risks relevant to Longview's portfolio companies and is complementary to the modern slavery data that we already sourced through Sustainalytics, our external ESG-data provider.

In terms of outputs, the Compliance Team receives daily reports from the system and investigates any modern slavery related alerts that the system identifies. No such alerts were noted in 2022. This screening is one of the various measures that Longview uses to assess the risks of modern slavery practices and human rights in our portfolio. Please refer to Principles 4 and 10 for more information on Longview's holistic approach to the assessment of modern slavery risks which was the focus of one of our thematic engagements in 2022.

One of the most important beliefs that we have is the importance of consistency and transparency in everything we do. To Longview, it is critical that our clients understand our process and that we continue to focus on delivering superior outcomes for them. We seek to evolve our investment process to ever improve our implementation. We maintain a firm commitment to serving our clients' needs, being effective stewards of their assets and supporting their beneficiaries, but we recognise that we can continue to strive to do this better.

Diversity and Inclusion

Longview's culture is one of openness and discipline, and we embrace it in everything that we do. We believe that our people are our firm and our firm are our people. Human capital management is of critical importance to Longview; and we are blessed with long tenure amongst our staff. Matters such as Diversity and Inclusion (D&I) are increasingly important to us and we are committed to taking such initiatives forwards over the next three to five years.

We have a Diversity and Inclusion (D&I) Committee and we introduced our Diversity & Inclusion Framework for Action in February 2022 to understand our own diversity and ensure that a continued inclusive environment persists. In 2021, Longview had engaged with portfolio companies to push for increased workforce disclosure and to understand intentions around diversity amongst management roles. This D&I Thematic Engagement will continue to serve as a reference framework in our ongoing work to assess the need for engagement with companies on their commitments and initiatives. In fact, in 2022, we followed up on our findings with three engagements on the topic.

Since the introduction of our call to action, we have achieved the following outcomes which we believe contribute towards Longview's approach to stewardship:

Engaging with our People:

- Diversity & Inclusion Policy
- Employee Engagement Survey
- Improved parental leave policies, benchmarked against our peers

Engaging with our Industry:

- Internship programme expanded to include candidates through Girls Are Investors (GAIN). GAIN is a charity set up by investment professionals to improve gender diversity in the asset management industry.
- Support for the industry initiative #10,000Blackinterns, through internship opportunities.
- Talent pool support for two diversity-focused recruitment firms: Women Returners; and _nology.

Longview also supports the Diversity Project whose aim is to create a diverse and inclusive investment industry. Marina Lund, CEO of Longview Partners, is a member of the Diversity Project's Advisory Board and Katie Moran, Research Analyst, is a member of the Steering Committee. Marina also leads one of the Diversity Project's Pathway Programme five focus themes on 'how to be a good investor'. The objective of the programme is to foster female portfolio manager talent by giving women selected by their firms the best opportunity to progress and succeed in the industry.

Principle 2: Signatories' governance, resources and incentives support stewardship.

Longview maintains a flat hierarchical structure. For a company of our focus, combined with the strength of our culture, this integrated approach is optimal for ensuring effective stewardship.

Governance

The CEO, CIO and Head of Research have day-to-day oversight for the effective stewardship of our clients' assets within Longview. Stewardship and related policies are formally reviewed and approved by the Board of Longview Partners (Guernsey) Limited ("Board"); and the Executive Committee (ExCo) of Longview Partners (LLP) on an annual basis.

Ultimately, the Executive Committee of Longview Partners LLP (ExCo) is accountable for ensuring that the approach taken by the organisation towards stewardship is adequate and appropriate. In 2022, the Board reviewed and approved Longview's sustainability strategy detailing our approach to ESG integration, stewardship and corporate responsibility. Longview also maintains a detailed Framework document which sets out the criteria and expectations around all matters of stewardship, the integration of ESG analysis and engagement. The document guides the Research Team in the implementation of stewardship activities with portfolio companies and ensures that ESG analysis is integrated in a consistent manner.

In 2022, Longview appointed a Head of Sustainability to work closely with the Research and Institutional Clients Teams on ESG considerations and the developing requirements of our clients. For additional governance around key topics, Longview's CIO, Head of Research, Head of Sustainability and the Institutional Clients Team hold an ESG Review on a quarterly basis to review stewardship activities. The Head of Sustainability also attends the weekly Research Meeting where Longview's CIO, Head of Research and Research Analysts discuss on-going company research. The Institutional Clients Team is responsible for the maintenance of stewardship related policies.

Internal ESG training has been available to Longview employees historically, although, from 2021, this became a formalised, annual procedure. The training is compulsory for the Research and Client Services Teams; however, the training is also available to all staff within the firm. The training is provided by the Head of Sustainability and the Institutional Clients Team with input from the CIO, and involves briefings on emerging issues and trends, regulatory developments, as well as discussions about Longview's ESG activity and engagements with companies. The training is developed based upon discussions and analysis of matters raised through the course of our interactions with Longview's clients and consultants, ESG literature and research relevant to the asset management industry and/or content available through the UN-Principles for Responsible Investment (UNPRI), the Institutional Investors Group on Climate Change (IIGCC) and other associations; and also by attending industry events, seminars and conferences.

The objective of the training is to increase the awareness and engagement of the firm on ESG matters. In 2022, members of the Institutional Clients Team also received external knowledge, analysis and one-on-one training from Sustainalytics and S&P Trucost, both leading ESG and carbon data providers. The knowledge transfer covered the functionality and methodology behind Sustainalytics' ESG Risk Rating and Trucost's carbon data services which are covered in more detail under Principle 8.

Longview also maintains an Engagement Log, managed by the Institutional Clients Team, which monitors outcomes and co-ordinates quarterly reporting to clients. Please refer to our Engagement Log extract under Principle 9 for further information. Longview is proud of a track record that demonstrates a lack of breaches surrounding conflicts of interest in relation to stewardship and we are confident that this is an indication of the strength of our governance structure.

We also believe that good governance extends beyond our own internal governance structures and should be upheld through our research process and our engagements with companies. As long-term investors, we encourage high standards of corporate governance when we meet with the senior management of a portfolio company. In meetings with portfolio companies, we will discuss strategy and corporate responsibility issues with company board directors

and executives, as we believe that these factors affect the potential for a portfolio company to deliver long-term, sustainable value to shareholders. Our Research Team evaluates the effectiveness of companies' management on these issues and whether a company's past, current or anticipated behaviour has the potential to adversely affect its future sustainability.

In-line with our culture of continuous improvement, several of the initiatives detailed in this report (listed below), were new for 2022. We believe that these improvements have increased the effectiveness of our governance around stewardship matters.

- Our sustainability strategy, including our updated approach to corporate sustainability
- Improved carbon reporting using S&P Trucost data for Q4 2022
- Thematic engagements on Climate Change and Modern Slavery
- ESG Dashboard Due Diligence
- Measuring our operational carbon footprint with Carbon Neutral Britain
- Introduction of sustainability content on our newly launched website

Additional governance:

- Appointment of Longview's Head of Sustainability
- Evolving our quarterly ESG Engagement Prioritisation meeting into a comprehensive ESG Review

Resources

Longview's research professionals are solely focused on analysing businesses from a bottom-up, fundamental perspective. The Research Team is comprised of our CIO, Head of Research, five experienced Research Analysts and two Research Trainees. All of Longview's Research Analysts are generalists. We believe this ensures lateral thinking and encourages an open mind. This allows the analysts to work as a team, having the ability to challenge each other or to offer different perspectives to understanding and analysing a company's business model. The Research Team operates within a culture of precision, accuracy and a framework of transparency. Longview's Research Analysts are highly experienced investment professionals with an average of 12 years' experience in the investment industry and an average tenure of over seven years at Longview. We believe the retention of experienced analysts who hold a deep understanding of our investment process is key to delivering long-term, sustainable returns which serve the best interests of our clients and support our efforts in meeting our stewardship obligations over the longer-term.

Longview has always been an equal opportunity employer and is a strong advocate of diversity in broad terms. As a firm, we believe that cognitive diversity is critical to fostering good debate and high-quality decisions within the investment team and wider organisation. Longview seeks to attract and retain high standards of talent. As a firm we are non-discriminatory in our efforts to do so and remain open-minded and endeavour to recruit from as wide a talent pool as possible.

In terms of gender diversity, 48% of staff are female, and the role of Longview CEO and Head of Institutional Clients is held by Marina Lund. Marina is a Partner, was co-CEO from 2014 – 2019 and CEO since 2019. She has been with Longview since 2007 and in the financial services industry for over 30 years. In addition, two of the firm's Senior Managers are women, Emma Davies, CFO and Member of the Executive Committee, Partner and Sheila Tickner, Head of Compliance. Kate Campbell, Finance Director, also sits on the Executive Committee of Longview Partners (Guernsey) Limited.

In 2021, Marina established the Diversity & Inclusion (D&I) Committee, previously mentioned under Principle 1, which aims to recognise the benefits of different and varied perspectives, and to recognise that diversity and inclusion are critical components in the creation of a trusting and committed workplace, which is fundamental to Longview's culture. The group recommends firm-wide objectives for improvement, with the aim of promoting good D&I practices within Longview, which means Longview and its stakeholders benefit from inclusive decision-making through a diverse workforce. The Committee is chaired by Katie Moran, Research Analyst and Partner.

Service Providers

On behalf of our Institutional clients, we employ the services of the proxy voting adviser, Glass, Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. Glass Lewis fulfils two functions. Firstly, as a purely operational process, they ensure the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators and company filings to provide research and analysis and make voting recommendations. Glass Lewis has partnered with Sustainalytics and Arabesque to provide additional ESG-specific research in their proxy voting analysis.

Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. Glass Lewis's report on each of the portfolio holdings is circulated to the Research Team for review. The Research Team uses the Glass Lewis research to assist its deliberations and decide how to vote. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the decision has been taken to vote against either, we may contact Glass Lewis or the company to engage with them if timelines allow.

Glass Lewis votes on our clients' behalf at all relevant company meetings. We monitor the service provided by Glass Lewis to ensure that our clients are benefiting from a proxy voting service held to high standards. Annually, we conduct a service review with Glass Lewis, as described in our engagement under Principle 8. The CIO reviews their voting policy on an annual basis.

In 2020, Longview engaged Sustainalytics to provide specific third-party ESG reporting to our Research Team. The Research Team uses primary source material in analysing businesses and uses ESG information and independent assessments from Sustainalytics and Glass Lewis to supplement their ESG work. Both provide company-level data, research and analysis which cover a variety of ESG themes.

In 2022, we engaged a second external ESG-data provider, S&P Trucost, to source more comprehensive carbon data and metrics that are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Structurally, in line with our investment philosophy, our portfolio is expected to have low carbon emissions and intensity relative to global benchmarks due to our lack of exposure to oil and gas, mining, metals and deeply cyclical businesses. However, we believe it is important to develop a better understanding of the climate risks associated with our holdings, while having access to the appropriate data sets and reporting capabilities. More information is provided on our selection of S&P Trucost under Principle 8.

In December 2022, we also engaged Carbon Neutral Britain (CNB) to help us measure our operational carbon footprint. We plan to use CNB's findings to report on our greenhouse gas (GHG) emissions in-line with the TCFD recommendations in June 2024.

Incentive Structure

As a result of our single product focus and team approach and culture, the incentive structure of Longview is clearly aligned to the outcomes that we generate for our clients. Longview pays a combination of fixed and variable compensation to its staff. Our approach to remuneration is structured and analytical. In addition to the individual's performance, the criteria considered include the individual's contribution to their team, the firm as a whole and the preservation of Longview's culture.

Fixed compensation is set deliberately conservatively. Variable compensation is intended to be the largest portion of the overall compensation structure and is paid annually, with part deferral of a component for all staff. It is set objectively, considering a variety of factors: the individual's performance, Longview's financial performance during the year, the individual's adherence to and observation of internal compliance policies and procedures (including the firm's Responsible Investment and Engagement Policy) and FCA Conduct Rules, the external competitive environment, and the message to be conveyed. Research Analysts are rewarded based on the discipline and diligence with which they implement the investment process; and the value they bring to other analysts' work

through the depth and quality of their interaction within the team. We believe that the disciplined implementation of the investment process will allow us to deliver sustainable returns for our clients over time and therefore support our efforts in meeting our stewardship obligations over the long-term.

Compensation is determined by Longview’s Remuneration Committee. The committee is comprised of two Non-Executive Directors of Longview Partners (Guernsey) Limited: the CEO of Northill Capital and the Non-Executive Director who represents the other shareholders group.

We are clear in our belief that better sustainable investment outcomes are most likely generated by companies that engage in better stewardship. Our incentive structure is aligned to investing in such businesses to drive better long-term performance outcomes for our clients. As a single product firm, compensation is closely tied to the success of the business both from a profit and fair market value perspective. All staff participate in equity ownership at some level, whether real or phantom, and so staff are clearly incentivised to participate in the long-term success of the organisation.

Effectiveness and Outcomes of Stewardship

The following table provides further background on how governance at Longview has been effective in supporting our stewardship approach over the past year. We will continue monitoring our efforts to identify further improvements where possible.

Governance	Effectiveness and/or improvement
Firm-wide governance review	<p>In the second half of 2022, Longview confirmed the value of Longview Partners’ UK Board (LPU) as a resource to the ExCo. This governance structure encourages the ExCo to leverage the calibre of the individuals on the LPU Board to provide review and knowledge of key areas; and facilitate challenge and debate. With that in mind, when directors of the LPU Board are appointed, consideration is given to their expertise in areas that complements and assists the ExCo.</p> <p>The review of key documents by LPU of the firm includes but is not limited to Longview’s:</p> <ul style="list-style-type: none"> • Remuneration Policy Statement • UK Stewardship Code • ESG-related Policies • Compliance Manual and Annual Report
Ongoing monitoring via our Engagement Log	<p>In 2022, our Engagement Log helped us effectively track 38 separate engagements with 16 different portfolio companies (as shown in Figure 9 under Principle 9). This includes our thematic engagements on Climate Change and Modern Slavery. The Log enabled us to successfully follow-up with companies and either achieve the intended outcome, keep track of any progress or escalate a specific issue. This growing database is a key source of input for the Research Team on engagements for their updated assessment of a company’s Quality and for monitoring specific issues for an upcoming proxy-voting decision. Please see Figure 8 under Principle 9 for an extract from our Engagement Log.</p>
Compliance monitoring	<p>Longview is proud of a track record that demonstrates a lack of breaches surrounding conflicts of interest in relation to stewardship and we believe that this is an indication of the effectiveness of our governance structure.</p>

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Longview is very aware and sensitive to all potential conflicts of interest as outlined in our Conflicts of Interest Policy which is disclosed separately on our website [here](#) or at the following link: <https://www.longview-partners.com/media/lxjiitsp/conflicts-of-interest-policy.pdf>. The identification, prevention and appropriate management of conflicts of interests is central to Longview's aim of treating clients fairly and is essential to our role as stewards of client assets. Our Conflicts of Interest Policy details the systems and controls that we have implemented to achieve this goal.

Examples of where conflicts of interest exist or may potentially arise include, but are not limited to, the following:

- Brokers: broker selection and payment of commission to brokers;
- Research providers: provider selection and payment for research;
- Dealing and Investment Decisions: allocation of aggregated client orders, dealing errors;
- Staff: personal account dealing undertaken by members of staff;
- Staff: gifts, entertainment or inducements offered or received by Longview and its staff;
- Staff: outside business interests must not affect the ability of a member of staff to make judgements or decisions in the best interests of Longview and its clients;
- Staff: political contributions or charitable donations to persons or in relation to persons who are in positions to influence decisions to retain Longview;
- Research: Longview votes with its own interests which may conflict with the interests of clients.

Longview does not have an historic example of an actual conflict of interest arising in relation to a stewardship matter. We recognise that a potential conflict could arise if Longview deemed the stock of a company that was also a client, or closely linked to a client (such as the pension scheme of the company), investible. Our clients often prohibit investment in the securities of the parent or related entity as part of their investment guidelines, thus removing the potential for conflict.

From a stewardship perspective, a potential conflict of interest might arise in relation to a potential or actual investment in a company: that is also a significant client; where any staff member of Longview is also a director of that company; in which we have a strategic relationship; which distributes Longview's products; which is a significant supplier; or any other company which may be relevant from time to time.

Applying our Conflicts of Interest Policy

If a potential conflict arises at a portfolio company meeting, the Research Team would raise the issue with the CIO and the London Compliance Team in the first instance. Staff should not agree to become an insider or be given potentially inside information without prior approval from the CIO and prompt notification to Compliance. It is our strong preference not to be made an insider, as this restricts our ability to trade. If we agree to become an insider, the stock will be immediately placed on our banned list which will prevent any trading in that name. Staff coming into possession of potential inside information must not communicate this information to anyone, whether internal or external to Longview, except for Compliance. Once this information becomes public, the Compliance Team would remove the name from the banned list and the trading restriction would be lifted. Alternatively, the Institutional Clients Team may become aware of a conflict and this would be raised directly with the CEO and Compliance Team.

Longview pays due regard to the interests of clients and aims to treat them fairly at all times. Longview has implemented systems and controls to identify, prevent and manage conflicts of interest. Longview manages conflicts of interest fairly, both between itself and its clients and between two or more clients. Longview's staff must at all times take all appropriate steps to identify conflicts between Longview and its clients or between two clients. In addition, Longview's staff must take all appropriate steps to identify other conflicts of interest. If a member of staff perceives there to be a potential conflict of interest, they should notify the Compliance Team immediately. Compliance keeps a log of all conflicts and potential conflicts, how they are managed and mitigated.

Longview has assessed potential conflicts of interest with regard to ESG and stewardship and has concluded that none currently applies. An example of an identified conflict might be in relation to voting and engagement. Hypothetically, if a non-executive director of the Board has a business relationship, either directly or indirectly, with associate companies in which we have a shareholding, this could lead to a potential conflict of interest. This would be managed through the disclosure of outside business interests, which is required at the commencement of the appointment of the director and annually thereafter. A “Chinese wall” has been established between the Research Team and the Board, both in relation to investment decisions and voting and engagement intentions, to ensure information is only shared post-event and in-line with client reporting. The Longview Compliance Team monitors conflicts of interest on a quarterly basis.

On an annual basis, our Compliance Teams based in London and Guernsey review the Conflicts of Interest Policy and make the necessary updates. The policy is also reviewed and approved by the Executive Committee (ExCo) of Longview Partners (LLP) and the Board. The frequency of this review would alter if material changes were to occur prior to the scheduled annual review.

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Within our Research function, through our in-depth analysis of a company, we assess the risks that may be impacting the business from a global perspective. Longview uses its Key Risk Drivers Framework to identify and track the portfolio’s exposure to such risks, which can include exposure to energy prices, inflation and government spending, for example. The Framework allows us to assess the commonality of these risks amongst portfolio companies, and this is how we quantify overall exposure to market-wide and systemic factors. For ESG risks, Longview uses the M.O.R.E. ESG Analysis detailed under Principle 7.

Market-wide risks relevant to our portfolio companies include, but are not limited to, the following categories which can be added or removed over time:

- Lower for Longer Interest Rates / Deflation
- Rising Inflation
- Credit Deterioration
- Slowing EM GDP Growth
- Geopolitical Risk

Systemic risks relevant to our portfolio companies include, but are not limited to, the following categories which can be added or removed over time:

- Slowing Industrial Production / Infrastructure Spending
- Worsening Consumer Spending
- Deteriorating IT Spending
- Social Distancing
- ESG risks

At Longview, we strive to invest in predictable companies and to avoid investing in companies that are overly sensitive to external forces and exogenous factors beyond management control, since we view these factors as risks rather than opportunities. Our investment style is not to try to exploit any geopolitical or macroeconomic trends but to protect our clients’ portfolios from being exposed to those that we can identify.

Whilst there is inherent risk in building a concentrated portfolio, we ensure diversification by managing the Risk Clusters in that portfolio. We see Risk Clusters as the portfolio’s aggregated exposure to the market-wide and

systemic risks identified above and we seek to ensure that the exposure to such Risk Clusters is minimised. We believe that by investing in predictable businesses within a well-diversified portfolio, risk to the portfolio is mitigated. However, there are always unforeseen risks. The COVID-19 crisis in 2020 was such an experience. Consequently, we added social distancing as a Risk Cluster to our Key Risk Drivers Framework later in 2020 which has allowed us to assess and limit the aggregate exposure in the portfolio to this previously unforeseen global risk.

As we reviewed companies across the portfolio in the context of the updated Key Risk Drivers Framework and as we researched new companies that may have passed our research process, we have avoided owning more companies which are exposed to social distancing. In terms of assessing the effectiveness of our approach, we believe that we were able to identify and address this additional risk exposure effectively and in a systematic way.

One risk that is challenging to minimise is that of exposure to GDP. As an equity manager, this is a difficult risk to avoid completely, although we seek to invest in companies where the variability of outcome is minimised. As mentioned above, risks can be added or removed from the Risk Clusters overtime.

The CIO is responsible for investment risk management. Key risks at the company level are discussed in every research meeting and Risk Clusters are reviewed by the team on a consistent basis. The risk management function works closely with both Research and Trading, and risk management principles are incorporated within the entire investment process. Generally, we assess Risk Clusters across sectors as the same business risks may be relevant to a variety of sectors or sub-industries. Below are additional examples of how we believe we have effectively mitigated and addressed some of these risks in 2022.

Case Study (2022): Mitigating the Risk of Rising Inflation

The post pandemic economic recovery over 2021 and 2022 led to higher inflation as disrupted supply chains and labour markets struggled to flex back to greater levels of demand. This was further exacerbated by events in Ukraine. Inflation, as measured by the year-on-year growth rate in the US Consumer Price Index (CPI), increased from 1.3 percent in December 2020 to a peak of 8.9 percent in June 2022, the highest level since 1981.

Anticipating this risk, we had added high inflation as a Risk Cluster to our Key Risk Drivers Framework as at 31st December 2020 as we became concerned about the risk of a more inflationary environment following the COVID-19 pandemic. As a result of adding this risk to our Framework, each company in the portfolio was considered and scored on its sensitivity to a higher inflation environment.

In addition to focusing on the risks of a higher inflation environment on each company, our Framework also highlighted the aggregate exposure of the portfolio to this market-wide risk and enabled us to consider how the portfolio as a whole might be impacted by a more inflationary environment.

As previously mentioned, we seek to own high quality companies with strong business models. We look for companies with characteristics such as sustainably high returns, predictability, the opportunity to grow and strong capital allocation. Our portfolio companies tend to have strong competitive positions putting them in a better position to pass through higher costs, thus minimizing the impact of rising inflation on the overall portfolio.

Longview Focus Theme for 2022: Addressing the Risks of Modern Slavery

At Longview, we focus our sustainability efforts and influence on significant issues where we seek to make an impact. In 2022, we focused on the human rights issue of modern slavery as one of our key sustainability themes and engaged with a cohort of our portfolio companies to understand how they are addressing the risks of modern slavery in their operations and global supply chains.

Systemic Risk of Modern Slavery

It is becoming widely recognised by the global sustainability community and more broadly, that modern slavery today is present in most countries. Consumers and stakeholders along the supply chains of global companies have become exposed to modern slavery to an unprecedented degree. The numbers are alarming with the latest Global Estimates of Modern Slavery indicating that 50 million people were living in modern slavery in 2021, the equivalent of one person in 150 in the world.

Experts believe that forced labour and related practices likely exist in the operations or supply chains of most businesses, not only those of developing countries or specific sectors. Modern slavery-related legislation or frameworks, such as the UN Guiding Principles on Business and Human Rights and the UK's Modern Slavery Act, are unlikely to be sufficient to eradicate this global issue. The participation of the wider global community, and importantly, investors, will be key to making progress.

Longview's Approach

Longview's slavery and human trafficking statement sets out our ongoing commitment as a responsible business to helping ensure that modern slavery and human trafficking is eradicated. By focusing on modern slavery and directly engaging with companies on this issue throughout 2022, we sought to reinforce our commitment and contribute towards the United Nations' Sustainable Development Goal 8 (SDG 8) addressing decent work and economic growth.

Methodology

Longview used a three-step approach to assess the risk of modern slavery in its portfolio. We selected to engage with companies across a broad range of sectors instead of focusing on a specific sector or sub-industry for the following reasons:

- Through our research, we identified that there was already a lot of work being conducted on high-risk sectors and geographies. In our engagements, we also found that companies in higher-risk sectors tend to have more comprehensive risk frameworks, leaving the global supply chains of some companies more exposed. We believe that no industry is immune to this issue.
- We wanted to define a generalist approach for how we can engage going forward on modern slavery across the Longview portfolio, regardless of a company's sector or geography.

Our Three-step Approach

1. We conducted a high-level risk assessment on each of our portfolio companies based on their geographic and industry exposure, using Prevalence of Modern Slavery by Country figures as provided by the Global Slavery Index (2018) and Global Estimates of Modern Slavery Report (2022).
2. We analysed company-specific data provided by Sustainalytics, our external ESG-data provider, to assess the scope of social standards for suppliers for a sub-set of our portfolio companies;
3. We engaged with 30% of our portfolio companies (10 companies) to assess how they identify, assess, mitigate and act on the risks or instances of modern slavery in their operations and supply chain. The selected subset was representative across various sectors and geographies.

Addressing the Risks of Modern Slavery (continued from the previous page)

The full results of our three-step approach and our detailed engagement findings are detailed in a report that has been made available to our clients and investment consultants via Longview's client portal.

Effectiveness and Outcome of our Approach

Our thematic engagement on modern slavery has allowed us to assess our portfolio's exposure to modern slavery risk while establishing a reference framework that can be used for future engagements with our portfolio companies. Going forward, Longview may engage with a different cohort of companies, in a specific sub-industry, or with companies where modern slavery issues have been identified; or with newly purchased portfolio companies.

In our engagements, we learned that engaging on modern slavery is a nascent effort for some companies; while others already have established frameworks in place to begin addressing the risks more effectively. Overall, we were encouraged by the quality of responses and the willingness of most companies to engage with Longview on this issue and share information.

It is clear that the global community can only make progress if companies have the right incentives in place to identify failings related to modern slavery practices. We believe that investor-led engagements may be an effective incentive. However, it is also important for investors to create room for companies to be honest about their failings and then follow-up to ensure that the appropriate remediation has taken place. In other words, companies need to feel comfortable 'disclosing without shaming.' This is critical if responsible investors and companies are to work together on addressing this human rights crisis.

Longview Focus Theme for 2022: Addressing the Risks of Climate Change

We believe it is important to keep track of our portfolio companies' progress to reduce greenhouse gas (GHG) emissions to help tackle the systemic risk of climate change. For this purpose, we initiated a Climate Commitments Audit of our portfolio companies at the end of 2021 to assess climate intentions across the portfolio. Importantly, we then followed up on our findings throughout 2022 by engaging with 13 portfolio companies where we requested more clarity on their climate plans or pushed for stronger commitments.

We plan to conduct this exercise on an annual basis to identify progress and change as we believe this is our fiduciary responsibility as stewards of our clients' capital. This example provides an overview of our methodology and an update on the outcome of our Climate Commitments Audit one year on, for 2022.

Methodology

We used publicly available information from company websites, Corporate Social Responsibility (CSR), ESG or sustainability reports, the Science-Based Targets Initiative (SBTi) amongst other sources, to answer the six questions listed below. Using the information available at the time, Longview made an overall assessment of each company's position. Longview recognises that commitments and available information will continue to evolve over time.

Questions

1. Has the company made a Net Zero, or similar, commitment by 2050 (or earlier)?
2. Has the company made any commitment to reduce GHG/carbon emissions?
3. If the company has set emissions reduction targets, are they Science-Based?
4. Has the company published a credible plan to reach their goals with interim targets?
5. Are there any other climate intentions? If no, current commitments or plans?
6. Has the company met its earliest interim target? In what year? If not, when is their first target?

Addressing the Risks of Climate Change (continued from the previous page)

A traffic light colour system was used to visually represent the strongest and weakest commitments and to help prioritise engagements for 2023: Green is equivalent to ‘meets requirement’; amber is mixed and red is equivalent to ‘does not meet requirement’. Amber is used when there is insufficient information, or evidence of only partially meeting the requirement. The traffic light map was detailed in a report that was made available to our clients and investment consultants via Longview’s client portal.

Results

For a second year in a row, we compare our results to the most recent analysis published by JUST Capital in 2021 on the disclosure of climate commitments made by companies in the Russell 1000. For their analysis, they collected data for 954 companies within the Russell 1000.

The results are compared to the Longview portfolio, as at 31 December 2022:

	<i>Russell 1000</i>	<i>Longview portfolio</i>
<i>Net zero by 2050 (or better)</i>	11%	66%
<i>SBTi</i>	16%	79%
<i>Emissions reduction</i>	43%	90%

Effectiveness and Outcome of our Approach

Whilst Longview is encouraged by the existing commitments of our portfolio companies, we will continue engaging with companies to track progress of existing commitments or push for further action. The results of our 2022 Annual Audit show that climate commitments in the portfolio have improved one year on – although it is difficult to assess whether our engagements on their own have had a direct influence on the change. However, we do believe that stewardship in this area is key and when applied widely by the industry, it can encourage companies to make better climate commitments.

One of the greatest risks to a well-functioning financial system is a lack of transparency and misleading behaviour. Culturally, Longview promotes and insists upon open and transparent behaviour, and that is part of the cultural essence of all staff. Longview appreciates the importance of risk and compliance and supports a strong control framework where culture and governance drive behaviour; this produces outcomes that are likely to benefit everyone. Longview has no tolerance of poor practices and strives to create a culture where individuals at all levels are accountable for their actions and take personal responsibility. Longview fosters a diverse and open environment where staff feel empowered to speak out when they see bad behaviours. Staff take behavioural cues from the Heads of Departments and Senior Managers, which is why Longview sets this tone from the top.

In terms of a well-functioning financial system, Longview recognises and adapts to new regulation designed to protect the smooth functioning of the market. An example would be the introduction of The Central Securities Depository Regulation (CSDR) in early 2022, which required Longview to engage with other market participants to understand the requirements and ensure that the key components of the regulation could be facilitated in advance of coming into effect.

In line with Longview’s Code of Ethics’ standards of business conduct, Longview understands that it has a duty to clients with respect to the advice and management services provided. Longview approaches a client’s affairs with the same prudence used in the management of its own affairs, places the interests of the client before its own, and does not withhold material information from a client that would affect the client’s investment decision.

Longview pays due regard to the interests of clients and aims to always treat them fairly. Longview has implemented systems and controls to identify, prevent and manage conflicts of interest, as mentioned under Principle 3. Longview manages conflicts of interest fairly, both between itself and its clients and between two or more clients. It is the duty of every member of staff to always place the interest of clients first. All staff members receive annual compliance training to remind them of this duty and their reporting obligations.

Longview's Research Team uses best endeavours to have an influential and supportive relationship with an investee company and regular dialogue with senior management. This enables us to monitor the company's progress and prospects and we encourage such behaviour with all the companies' investors.

Industry Bodies and Affiliations

Longview has been a signatory to the UK Stewardship Code since 2011 and has been supportive of the FRC's efforts to widen the scope of and improve engagement with the UK Stewardship Code across the industry. During 2019, Longview participated in consultations with the FRC regarding the update to its UK Stewardship Code. Our intention was to help the Council gather information to ensure that the Code is as beneficial and effective as possible.

Longview has also been a signatory to UN-Principles for Responsible Investment (UNPRI) since 2010. Being a signatory has enabled us to reflect and report in a formal and standardised way on how we consider important aspects of ESG in our investment process.

Longview is also a member of several other industry bodies which have varying roles to ensure that aspects of the overall financial system function well and that systemic risks are highlighted, understood and addressed. These include:

- The Investment Association (The IA)
- The Independent Investment Management Initiative (IIMI)
- Pensions and Lifetime Savings Association (PLSA)
- Institutional Investors Group on Climate Change (IIGCC)

As an example, the IIGCC is the European membership body for investor collaboration on climate change. The IIGCC has developed several workstreams to collaborate with stakeholders, represent members on the global stage, produce reports and guides for best practice initiatives and strengthen the contribution investors make in helping to realise a low carbon future. We believe that by joining the IIGCC, we have aligned ourselves with other like-minded investors that promote good stewardship on climate change. The IIGCC also develops policy and best practice for investors and may create future collaborative engagement opportunities for Longview.

In 2022, members of the Institutional Clients Team participated in one of the IIGCC's TCFD training sessions, which has been valuable as we prepare for our own TCFD reporting; and our Head of Sustainability liaised with members of the IIGCC Investor Practices team for guidance on measuring Longview's operational carbon emissions. A further example is the Independent Investment Management Initiative (IIMI), a think-tank that offers an independent, expert voice in the debate over the future of financial regulation, of which Longview is a member. Over the years, the IIMI has engaged with members of the UK government, HM Treasury, the FCA and the European Commission to name a few, in order to maintain, improve and promote a well-functioning financial system.

We are also comfortable engaging with other influential investors on contentious issues in a direct manner if we believe that management was failing to act in shareholders' interests, and we have done so in the past through written correspondence regarding capital allocation concerns. In one such instance, we did share the response that we received from another influential investor we engaged with, which was in support of Longview's position, with the portfolio company's management team. This effort was part of our multi-pronged approach of engaging with the company regarding their planned acquisition. We describe our approach to collaborative engagement in more detail and provide examples for 2022 under Principle 10.

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

All Longview policies are reviewed internally on an annual basis or following any material changes or regulatory developments made known to Longview via communication from the regulators, lawyers or external compliance consultants. Additionally, all policies are subject to review and approval by the Executive Committee (ExCo) of Longview Partners LLP and the Board, as applicable. It is the responsibility of the CEO to monitor and assess the technical competence of Senior Managers; and both the CEO and the relevant Senior Manager for Certified Staff. More specifically, our Compliance Teams based in London and Guernsey review all policies and make the necessary updates.

The policies are also reviewed and edited externally by our third-party compliance consultants, ACA Compliance Group (ACA), when updates have been made that require an external review. The frequency of our reviews would alter if material changes were to occur prior to the scheduled annual review. The external third-party review conducted by ACA helps evaluate and support our conclusion that the policies enable effective stewardship. ACA ensures the policies are in line with rules and regulations, including the UK Stewardship Code's standards and requirements.

Longview's Board members are dedicated professionals with a wide breadth of knowledge and experience. Their expertise enables an effective and comprehensive review of Longview's policies when applicable. Furthermore, our experienced and dedicated Compliance Team reviews all relevant communications and compliance reporting to ensure that they are fair, clear and not misleading, which is in line with FCA and SEC rules. Our Compliance Team monitors the effectiveness of policies and procedures within their Compliance Monitoring Programme (CMP). The CMP covers all aspects of the regulatory framework applying to Longview. It represents a programme of areas and topics that have been compiled by adopting a proportionate risk-based approach taking into account Longview's business operations, procedures and controls. It is designed to facilitate Longview's monitoring of its adherence to the FCA and GFSC regulatory framework and SEC rules and regulations as they apply to Longview's business, in conjunction with Longview's Compliance Manual, Policies and Procedures.

Given its size, Longview does not have an internal audit department. However, Longview is subject to two separate annual external audits, both of our financial statements and of our ISAE 3402 Report on our internal controls. In line with our culture of continuous improvement, Longview is always seeking to improve its processes and policies and ensure they are fit for purpose. As mentioned under Principle 2, one example of an improvement made in 2022, was introducing the role of Longview's Head of Sustainability to address the growing need for a dedicated resource on sustainability. In 2021, we explained that having assessed the effectiveness of our engagement policy, we had decided to introduce a quarterly Engagement Prioritisation meeting where the CIO, Head of Research and the Institutional Clients Team meet quarterly to discuss and prioritise engagements. As mentioned under Principle 2, in 2022, we evolved this meeting into a more comprehensive ESG Review.

The following case study provides examples of how the review of our policies and processes has been effective in supporting our stewardship approach in the past year. We will continue to monitor our efforts to assess effectiveness or the need for further improvements.

Case Study: How our review and assurance have led to the continuous improvement of stewardship policies and processes

Annual Policies Review

In the past year, our stewardship related policies have been updated to reflect feedback received from the Board's annual policy review. As mentioned previously, Longview's Board members are dedicated professionals with a wide breadth of knowledge and experience, and their expertise enables an effective and comprehensive review of our policies. Specifically, the amendments made for 2022 introduced more action-oriented language which we believe clarifies the roles and responsibilities around ESG Integration and stewardship even further.

How our review and assurance have led to the continuous improvement of stewardship policies and processes (continued from the previous page)

The updated policies and ESG Framework are sent to clients, prospects and consultants regularly throughout the course of the year to address questions on our stewardship approach. By maintaining a high level of accuracy and accountability in our policies, we ensure that they are enabling effective stewardship.

Quarterly ESG Reviews and Weekly Research Meetings

As mentioned under Principle 2, Longview's CIO, Head of Research, Head of Sustainability and the Institutional Clients Team hold an ESG Review on a quarterly basis to review ongoing stewardship activities, ESG risks and controversies flagged by our data providers, amongst other sustainability matters. The Head of Sustainability also attends the weekly Research Meeting. In the past year, the discussions and debates held in these reviews have identified the following improvements:

- The utility of a dedicated database that records the Research Team's findings from the M.O.R.E ESG analysis. This work is currently in progress. For more information on the M.O.R.E ESG Analysis, please see Principle 7.
- Several discussions highlighted the importance of creating an internal ESG dashboard that gives the research team visibility into the firm's stewardship activities and key ESG risks and carbon-related metrics. The due diligence for this project is currently underway.
- The need to engage with a portfolio company on an issue that had not been addressed in prior months. Please see the case study under Principle 10 for more information on the engagement in question and outcome achieved.

External Assurance

Policies are reviewed and edited externally by our third-party compliance consultants, ACA, when updates have been made that require an external review; or if any regulatory or legislative changes need to be addressed. In 2022, part of ACA's feedback resulted in the following inclusions or improvements from both an FCA and SEC perspective:

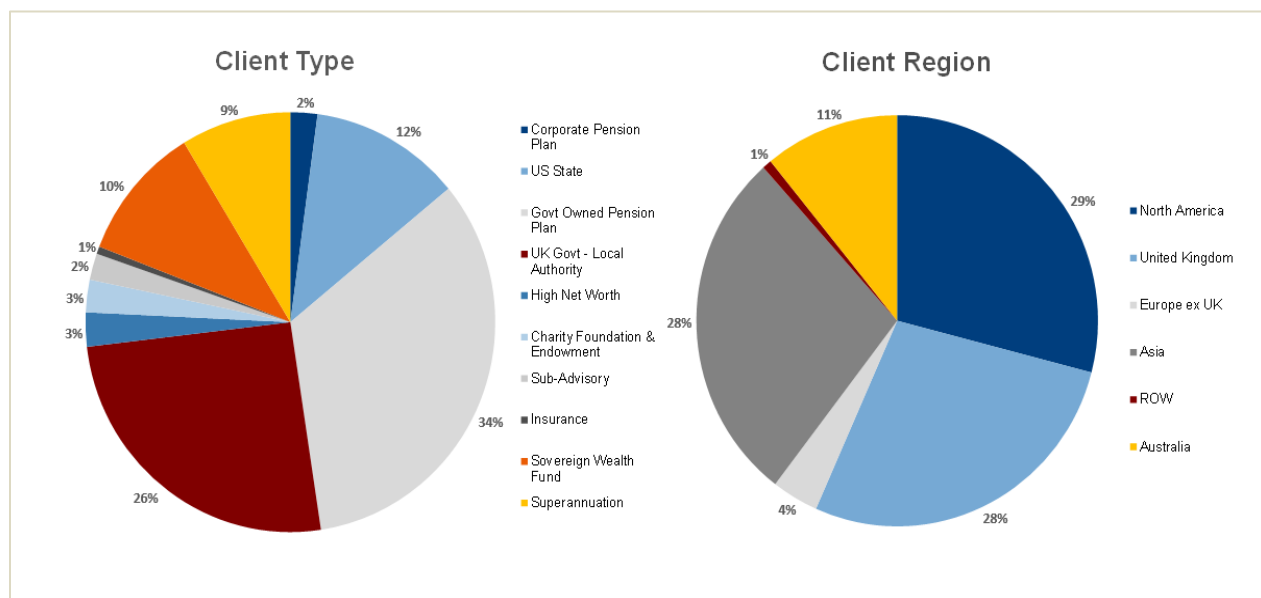
- Longview's Compliance Manual: Modified language reflecting the new SEC Marketing Rule which came into effect from 4th November 2022.
- Liquidity Risk Policy: Amendments made to reflect the Investment Firm Prudential Regime (IFPR) which came into effect from 1st January 2022.

Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Longview provides investment management services on a discretionary basis to professional clients, almost all of whom are institutional. Investment management services are provided to corporate pension plans, government-owned funds, insurance companies, pension plans of UK local authorities, sub-advisory accounts, US States, superannuation schemes, charities, foundations and endowments, high net-worth investors, as well as one pooled investment vehicle. Longview offers its portfolio management services to sophisticated and experienced investors through both separately managed accounts and its Luxembourg-domiciled long-only SICAV Fund.

As previously mentioned, we are long-term investors and our clients typically have correspondingly long-term investment time horizons of three to five years. In fact, many of our clients have remained invested in Longview for longer time periods. As at 31st December 2022, AUM was USD 15,847 million. The Global Equity Strategy is the firm's single product offering and sole focus. Please see figure 4 for a breakdown of our client base by type and geography for this sole strategy.

Longview Partners: Client Base as at 31st December 2022 (Figure 4)



Note: Percentages may not add up to 100 due to rounding.

Our Approach to Client Relationships

At Longview, good stewardship is important to us and our relationships with our clients. Longview believes it has a responsibility towards its clients to exercise their rights to the best of our ability. With all of our clients, we promote an open dialogue on all matters, including stewardship. At Longview, our culture is one of transparency and openness, and our clients appreciate our approach.

The process of comprehending our clients' needs starts prior to contracting with them, where we take time to understand each client's expectations and ensure that our clients understand the Longview investment process clearly, including Longview's approach to stewardship. If it is established that there is a philosophical alignment and Longview is appointed to manage assets, we work closely with the client throughout contract negotiations and endeavour to accommodate any client-specific requirements where possible. For example, we have been able to incorporate specific responsible investing restrictions via client-provided restricted lists. As part of the onboarding process, investment restrictions are reviewed by the Compliance Team and communicated more broadly internally by the Client Services Team before any trading can begin in the portfolio.

Longview endeavours to foster close relationships with clients through regular and consistent communication, which enables Longview to keep abreast of our clients' evolving needs and preferences. Transparency is central to how we manage our relationships. For all clients, we believe in the team approach to client service where Client Relationship Management is overseen by Marina Lund (CEO and Head of Institutional Clients) and is supported by dedicated teams in both London and Guernsey. In addition, there are multiple additional lines of communication available to all clients, including the CIO and members of the Research Team.

Client Reporting and Communication

We disseminate reporting and meet with our clients regularly. Meetings may be in person or virtual, with more regular conference calls should this be appropriate. The purpose of these meetings is broad but in general, meetings enable us to update clients on the portfolio, but also provide clients with an opportunity to discuss issues they have, so that we may respond appropriately. These discussions and the feedback we receive are one of the ways we are constantly evaluating the effectiveness of our approach to clients.

At Longview, we provide each client with a monthly portfolio report, within 10 business days of the end of each month, and a more detailed client report on a quarterly basis, within 15 business days of the end of the quarter. These reports include performance, performance attribution and holdings information. We also respond to ad hoc information requests that we receive from clients throughout the quarter. In addition, on a quarterly basis, we share a qualitative report which includes a market commentary on the previous quarter, a portfolio review and our investment outlook. Company engagements addressing ESG matters are documented and the most significant of these are provided to clients on a quarterly basis. The write-ups detail the issues raised and the purpose of the discussion, the company response and outcome, and, where applicable, any follow-up or ongoing monitoring required.

Clients are also provided with a quarterly Portfolio Carbon Report, issued using data from S&P Trucost, which provides information on the portfolio's position with regards to the transition towards a lower carbon economy. The report provides key carbon emission metrics for the portfolio versus the benchmark with the view to offering useful insights about the environmental impact of our investment approach. As a result of our clients' growing climate data requirements for TCFD alignment, net zero commitments and other obligations, we selected to partner with S&P Trucost in 2022, which is detailed further under Principle 8. We provide, in figure 5, an example of the metrics provided in our Portfolio Carbon Report. This new report was another improvement that was introduced in 2022 to better address the climate data needs of our clients and their beneficiaries.

Extract of Portfolio Carbon Report (Figure 5)

Longview Partners: Carbon Report Q4 2022					S&P Global
Overview					
Longview Partners' Carbon Report provides key carbon emission metrics for the Global Equity Representative Account versus the benchmark (MSCI World) with the view of providing useful insights about the portfolio's environmental impact. The report presents data at the company, sectoral and portfolio level as provided by S&P Trucost.					
	No. Of Companies	Total Apportioned Carbon Emissions (tCO2e)*	Carbon/Value Invested (tCO2e/\$m)	Carbon Intensity (WACI) (tCO2e/\$m)	
Longview Portfolio	32	691	6.9	16.7	
Benchmark	1,504	4,937	49.4	159.7	
Difference (% Below Benchmark)	-	86%	86%	90%	
<i>*For representative \$100m investment.</i>					
Longview Partners Portfolio					
As a reminder, Longview's Global Equity strategy seeks to invest in predictable businesses and therefore is unlikely to invest in companies that are overly sensitive to unpredictable external factors (e.g. oil prices). This means that the portfolio is unlikely to hold companies exposed to fossil fuels, metals and mining companies and deep cyclical industrials, which are heavy users of energy and significant emitters of greenhouse gases.					
As a result, the carbon intensity and carbon footprint of the Longview portfolio are substantially lower than those of the benchmark, a by-product of our investment philosophy since inception.					
Apportioned Emissions					
This report displays CO2 emissions data for the portfolio apportioned by each company's Enterprise Value Including Cash (EVIC). EVIC is defined as the sum of the market capitalisation of ordinary shares at fiscal year-end, the market capitalisation of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests.					
Carbon to Value Invested					
Carbon to Value Invested represents total carbon emissions (apportioned by EVIC) normalised by the value of holdings in the portfolio or benchmark on a given date, expressed in tCO2e/USDm invested. This gives an indication of the emissions impact of the portfolio per USDm invested and allows for like-for-like comparisons across differently sized portfolios.					
Weighted Average Carbon Intensity (WACI)					
Weighted average carbon intensity (WACI) is a measure of carbon emissions normalised by revenues. Since revenues are a relevant comparison point across all issuers, the metric can be used for portfolio decomposition and attribution analyses across sectors and asset classes. WACI is expressed in tCO2e/USDm revenue.					

Proxy voting reports are also provided on a quarterly basis to all clients on whose behalf we vote. These reports detail all votes cast during the period and provide an explanation in relation to any differences between the voting instruction and the company management's recommendations. Glass Lewis evaluates publicly available information and provides research and voting recommendations; however, the Longview Research Team assesses each vote and instructs a voting decision to Glass Lewis, which may be against their recommendation. Glass Lewis then oversees the execution of that decision across client portfolios. In addition to the regular proxy voting reports, Longview provides voting and engagement data to satisfy the regulatory requirements of clients, for example, by completing PLSA templates for UK pension schemes.

Longview has a client portal through which our clients can access all the reporting noted above, in addition to valuable information about the firm, the strategy, the people, policies and other documents to allow client self-service and develop a greater understanding of Longview.

At the end of 2022, Longview also launched its new website as we sought to better articulate who we are and what clients can expect from working with us. In assessing the effectiveness of our client communication, this is one the ways we have chosen to improve our approach. The website now hosts a variety of newly created videos, updated photos and even more content, providing greater detail on our people and our culture, as well as our investment philosophy, process and stewardship approach. We have added new sections explaining our approach to sustainability, diversity and inclusion, and giving back to the community. There is an additional section about working at Longview, which we believe better describes our culture to our clients and beneficiaries.

Longview believes that by working transparently with our clients, we have the opportunity to consider feedback which can lead to improvements in our reporting and client service proposition. As previously outlined in Principle 2, we began using Sustainalytics in 2020 as an additional ESG-research input for our investment team. At the time, the system was onboarded in part as a result of feedback received from a sub-set of our clients. The system enables our Research Analysts to review company-specific ESG data and analytics on stocks within Longview's portfolio and across the broader investment universe. The research reports provided by Sustainalytics are used as a supplement to the proprietary research that we produce during the investment research process.

In fact, the nature of regular or ad hoc client requests that we receive is another gauge that we use to assess the effectiveness of our client reporting and communication. To that effect, the Institutional Clients Team holds a daily Task Meeting where reporting and ad hoc requests are prioritised. This regular daily assessment of our clients' requests and requirements allows us to frequently assess the effectiveness of our overall client approach; to take prompt action when necessary or introduce longer term improvements.

Additional Reporting

In order to better respond to client questions on diversity and inclusion, Longview collected diversity data on staff at a firm level. To do so, in 2021 Longview partnered with Fabric3, a data analytics firm which focuses on diversity analytics for investment managers. Fabric3's approach to diversity aligns with that of Longview's. The approach is to take the widest view of diversity and understand it in all of its forms. Fabric3's methodology breaks diversity categories into 'hardware – physical/visible diversity', 'software – experiential/acquired diversity' and 'operating system – cognitive/neurodiversity'. Using Fabric3's survey data, we were able to profile the firm, understand the current diversity metrics at Longview and address client diversity and inclusion queries and questionnaires throughout 2022.

In addition, Longview provides data on the firm's most significant votes under obligations from the Shareholder Rights Directive (SRDII). This information is provided annually, in line with the regulation, and on an ad hoc basis, when requested. Longview defines a significant vote as one where we have voted against management, or where >15% of total votes were made against management or where we voted against our proxy adviser's recommendation. We have applied this chosen approach consistently when providing the data. Please see the table below for specific details and commentary on individual votes. Note that the data shows a sample of the significant votes made in 2022.

Category	Description	Vote Cast	Commentary	Reason for Vote Significance
Audit/Financials	Amendment to the 2021 Stock Plan	Against	Overly brisk pace of grant; Excessive cost compared to enterprise value	Longview has voted against management and >15% of total votes were against management
Audit/Financials	Increase in Authorized Common Stock	Against	Requested increase is excessive; Sufficient shares available	Longview has voted against management
Board Related	Election of Directors	Against	Serves on too many boards	Longview has voted against management
Board Related	Election of Directors	For	Longview agreed that this proposal was supportable	>15% of total votes were against management
Compensation	Advisory Vote on Executive Compensation	Against	Pay and performance disconnect	Longview has voted against management and >15% of total votes were against management
Compensation	Remuneration Report	Against	Excessive granting practices in light of COVID-19	Longview has voted against management and >15% of total votes were against management
SHP: Environment	SHP Regarding Adoption of Targets to Achieve Net-zero Emissions by 2050	For	Adoption will further encourage development of GHG emissions reduction goals	>15% of total votes were against management
SHP: Environment	SHP Regarding Climate Report	For	Consistently updated and enhanced climate disclosures allows shareholders to monitor risks	Longview has voted against management and >15% of total votes were against management
SHP: Governance	Advisory Vote on Executive Compensation	Against	Pay and performance disconnect	Longview has voted against management and >15% of total votes were against management
SHP: Governance	SHP Regarding Algorithm Disclosures	For	Additional disclosure could help mitigate regulatory and reputational risks	Longview has voted against management and >15% of total votes were against management
SHP: Social	SHP Regarding Civil Rights Audit	For	The requested audit would help to identify and mitigate potentially significant risks	Longview has voted against management and >15% of total votes were against management
SHP: Social	SHP Regarding Diversity and Inclusion Report	For	Additional quantitative diversity disclosure would benefit shareholders	Longview has voted against management and >15% of total votes were against management

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

As outlined in Principle 2, at Longview, we take a long-term approach to investment and seek to invest in companies that can create long-term sustainable value. We recognise the importance of an assessment of ESG factors when considering a potential investment or an existing holding.

Our approach to ESG is integrated across our firm and different teams within Longview work together to ensure the effective implementation of our ESG Framework. The key components of the Framework and the responsibilities of each team are set out in figure 6 below. Given our Global Equity Strategy is the firm’s single product offering and sole focus, we only have one integrated approach to ESG and stewardship that we apply across all sectors and geographies for our client accounts.

For review of our Responsible Investment and Engagement Policy, it is available on our website [here](https://www.longview-partners.com/media/hvylvrh5/responsible-investment-and-engagement-policy-2022.pdf) or at the following link: <https://www.longview-partners.com/media/hvylvrh5/responsible-investment-and-engagement-policy-2022.pdf>.

Longview Partners - ESG Framework (Figure 6)

INTEGRATION			STEWARDSHIP	
ESG Analysis	Exclusionary Screening	Data Sources and Reporting	Company Engagement	Proxy Voting & Policies
<p>Assessment of ESG factors is part of our research process when considering the Quality rating of a business. The team considers:</p> <ul style="list-style-type: none"> - Environmental issues including climate change. - Social issues such as D&I, human rights and labour conditions. - Governance matters including in relation to the interests of minority shareholders. <p>Philosophically, Longview is unlikely to invest in oil & gas, mining and deeply cyclical industries.</p>	<p>Ability to exclude companies under client direction by applying client-specific guideline restrictions.</p>	<p>In-depth, bottom-up proprietary research.</p> <p>Sustainalytics is used for ESG Risk both at a company and portfolio level.</p> <p>S&P Trucost is used for carbon data/analytics</p> <p>Glass Lewis includes ESG-specific research in their proxy voting reports</p> <p>Portfolio Carbon Report provided to clients on a quarterly basis.</p> <p>Additional carbon emission and climate-related information.</p>	<p>Longview engages directly with companies on ESG and wider issues, as appropriate.</p> <p>Thematic engagements on key focus topics that may be carried out across the portfolio.</p> <p>Monitoring and escalation processes are in place to track progress of outcomes.</p> <p>Quarterly client reporting includes written commentary on engagements undertaken during the quarter and, where applicable, follow-up and outcomes.</p>	<p>Proxy voting is exercised via proxy voting provider, Glass Lewis.</p> <p>Longview considers Glass Lewis research but makes all voting decisions.</p> <p>Proxy voting reports provided to clients on a quarterly basis.</p> <p>Policies and affiliations:</p> <ul style="list-style-type: none"> - Responsible Investment & Engagement Policy - Active Stewardship Policy - Shareholder Rights Directive II (SRD II) Policy - Signatory to the UN (PRI) since 2010 - Approved signatory: 2020 UK Stewardship Code (2021)
Research Team	Compliance	Research Team	Research Team	Research Team
		External data providers	Institutional Clients Team (incl. Head of Sustainability)	Institutional Clients Team (incl. Head of Sustainability)
				External proxy voting research

ESG Integration

Assessing the significance of ESG-related risks and opportunities is part of our bottom-up research process and considered as part of our Quality rating, the details of which are outlined in Principle 1. If an investment does not meet our Quality criteria, we will not invest. Similarly, if we perceive that the quality of an existing holding has fallen below our Quality threshold, we will sell our position and this is clearly communicated to clients in our Request for Information (RFI) documents, marketing presentations and during client meetings. When analysing the quality of the companies in which Longview invests, ESG considerations are not Longview's sole focus and the impact of ESG factors on performance is not separately measured.

We consider a wide variety of information when analysing companies. Analysts will generally start by reviewing primary sources of information released by both the company being analysed and its competitors. This includes annual and quarterly reports, presentations, conference call transcripts and a wide range of regulatory filings. In general, we will also meet with company management as part of initial due diligence and portfolio company monitoring.

Our Research Team may meet with company management during the process to understand their strategy, cash deployment, industry dynamics and approach to ESG factors rather than short-term performance expectations. Analysts also access other external information from providers such as, but not limited to:

- Sustainalytics – an external provider of ESG information and ratings.
- S&P Trucost – an external provider of TCFD-aligned carbon data and metrics.
- Glass Lewis – an external provider of proxy voting research and advice, including ESG research.
- FactSet – wide-ranging data aggregation.
- Data providers – from time to time we purchase data sets from third-party providers to supplement our understanding of a company or industry.
- Sell Side Research Providers – we subscribe to read-only research services from several sell side brokerage houses.
- Industry conferences.

The Research Team uses ESG information and independent assessments from Sustainalytics, S&P TruCost and Glass Lewis to supplement their own work. Both provide company-level data, research and analysis which cover a variety of ESG themes. On environmental and social matters, we believe that a lack of consideration for these issues can negatively impact the growth of a business and its long and short-term profitability. On governance, the key element of this analysis is the portfolio company's treatment of shareholders and its use of capital. We also take direction from clients as to whether it is deemed appropriate to own certain companies in their portfolio.

M.O.R.E. ESG Analysis

To ensure consistency in our approach when analysing ESG matters, Longview's Research Team has developed an analysis framework. The framework is used prior to investment and it is reflected upon during the company's holding period. The framework considers matters of Materiality, Opportunity, Risk and Engagement (M.O.R.E).

M = Materiality

Materiality considers the significance of the impact of a sustainability matter. Sustainability matters may differ from one sector to another, but all our ESG analysis is conducted through the lens of materiality. Financial materiality is a key aspect as most issues will ultimately impact the financials of a company. However, Longview also considers reputational, regulatory, and legal impacts amongst others. Materiality is also a key determinant of our approach to engagement and prioritisation of it.

O = Opportunities

Initial company research should consider whether there are any identifiable, material E, S or G opportunities arising for the company.

R = Risks

Initial company research should answer the following four questions:

1. **Minority Shareholders:** Is there any reason, ESG-related or otherwise, to be concerned that the company may not be acting in the interests of minority shareholders?
2. **Historic ESG Issues:** Has the company experienced material ESG issues in the past and what action was taken in response?
3. **Long-Term Value Creation:** Do we perceive any ESG risks that would affect the company's ability to create long-term value for shareholders in the future?
4. **Sustainalytics:** Are there any material issues raised by Sustainalytics and/or stakeholders?

E = Engagement

If any issues are raised and deemed material, either prior to or during the holding period, Longview may choose to engage with the company. It may be necessary to seek comfort or clarity around a particular issue for the Research

Team to confirm the Quality rating. All engagements are recorded in our Engagement Log and where necessary discussed in a quarterly ESG Review meeting.

More specifically, the Research Team has identified the following matters as priorities when assessing ESG factors based on how they contribute to the Quality rating of a company.

Environmental

Our consideration of environmental risks, including climate change, is part of our analysis of long-term growth and stability, and analysed during discussions on Quality. We believe that poor management of such issues represents a risk for any company.

As noted previously, structurally, our portfolio is likely to have low carbon risk relative to global benchmarks due to our lack of exposure to oil and gas, mining, metals and deeply cyclical businesses. We are also aware of the potential compromise of the long-term growth prospects for businesses supplying equipment to these companies and other heavy emitters of carbon gases. However, clearly there is also the potential to identify beneficiaries of the move towards a lower carbon economy such as the electric vehicles ecosystem or manufacturers of energy efficient products.

Our Annual Climate Commitments Audit, as described under Principle 4, which we have conducted for the last two years, informs us about the climate position of companies in the portfolio and enables us to engage more meaningfully with our portfolio companies to clarify their existing emissions reduction plans or encourage them to make better commitments.

Social

The S in ESG is a broad category. Not only does it encompass human rights, labour conditions including slavery and child labour, and other negative health and safety factors, but also diversity and inclusion. This is in terms of the overall workforce, across the management suite as well as a company's community impact, political views and approach to conflict.

Much of the analysis of workforce management within a company's operations and supply chains is considered during our Quality discussions as mentioned above. In addition, Sustainalytics may highlight further issues on which we may wish to engage with company management. As with environmental issues, we would deem a lack of consideration of such social issues to represent an element of risk to a company that could affect its growth, competitiveness and profitability. Regarding modern slavery risks, our thematic engagement, described under Principle 4, provides more information on how we assess these risks across the portfolio and our engagement efforts with portfolio companies on the theme.

Social issues can impact the prospects for a whole industry, tobacco for example, but also for individual companies through reputational damage that can threaten their revenue line (i.e. loss of customers) and their ability to attract and retain talent. Companies that operate in a way that benefits all stakeholders and not just investors are likely to benefit from a virtuous circle effect that will benefit their growth and value over time.

As mentioned previously, in 2021, Longview established a Diversity & Inclusion (D&I) Committee. The Committee has engaged with companies in the portfolio to understand their approach to D&I and clarify our expectations as shareholders. In our discussions, we have pushed for increased workforce disclosures and diversification of leadership ranks. Equally for Longview, attracting and retaining talent is fundamental to the sustainability of the firm and the hiring process is detailed and rigorous. Longview works with various specialist search firms to ensure we source the best quality candidates with the appropriate skill sets for each of the roles we seek. We aim to ensure our access to a broad and diverse pool of quality candidates. Further details on our diversity and inclusion efforts are included under Principle 1.

Governance

Governance is a key component of our Quality rating and encompasses, amongst other things, governance structures, remuneration and management's framework for capital allocation. We expect governance structures to ensure high standards of management oversight and to protect the interests of minority shareholders. We expect remuneration to be proportionate and fair and for management incentives to be well aligned with shareholders and focused on the long-term health of the business. We expect management to give due consideration to all capital allocation options with a view to maximising long-term shareholder value.

Governance forms a significant part of our regular interactions with companies through a combination of management and board level discussions, proxy voting and where necessary escalation through private correspondence.

Information gathered through stewardship is covered during our discussions on Quality and reflected in our analysis of that criteria. We monitor our holdings to ensure that they continue to meet our Quality requirements, but should a company no longer pass our Quality criteria, we will sell our position. We believe that monitoring the quality of our investments, whilst integrating the ESG considerations discussed above, serves the best interests of our clients.

As described in Principle 1, we believe that high quality companies with strong business fundamentals and attractive cash-based valuations are more likely to be successful businesses that deliver sustainable, long-term value to their shareholders. Below are two examples of how we have monitored the Quality of our holdings through our stewardship activities and how we believe our decisions have best served our clients and their beneficiaries. Please note that the company names have been withheld to preserve the anonymity of Longview's holdings.

Direct Engagement : UK Consumer Discretionary Company

Longview conducted a series of calls with the company's leadership team in 2021 and early 2022 on the topic of executive remuneration. Longview had communicated to the company that it was unlikely to vote in favour of its new remuneration policy unless the wording reflected the importance of profit metrics as part of the annual incentive scheme for executives.

In May 2022, the revised remuneration policy was released, including the following two changes to the Annual Incentive Scheme: The company will ensure that at least 60% of future years' incentives will be based on financial metrics (up from 50% in the original proposal); and the company intends that "profit will be the predominant financial metric."

Through these engagements, we recognised that the company had taken positive steps to further align executive remuneration with shareholder interests and that our objective was achieved. As a direct result of this improvement, Longview voted in favour of the company's remuneration policy at the AGM in June 2022.

Direct Engagement: US Consumer Staples Company

Longview held a call with the company's interim Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and an Investor Relations representative in November 2022. The call was arranged to discuss the company's operational performance, capital allocation and governance.

The call began with a discussion on labour shortages and wage inflation which remained an issue for the industry. Employee turnover is a key metric for the company and was running above their target. Training new employees had been both expensive and disruptive. The company had increased salaries, introduced leadership training programmes to improve culture and was testing flexible working options to try and improve retention. They also expected to see wage inflation pressures ease across the industry, but this remained a challenge.

Longview followed up on corporate governance following the resolution of the proxy battle with a large shareholder earlier in the year. Longview had voted in support of the cooperation agreement after various engagements with the company and deliberations on the matter. Longview asked how the new board members were settling in. Both the interim CEO and CFO were pleased with the appointments and believed they have been positive additions. Whilst the new board members did not suggest any significant changes or new initiatives, the board was functioning well and was stronger as a result of the appointments. Soon after the engagement, the company announced a new permanent CEO, also becoming a member of the board on 5th January 2023. The CEO joined from outside of the industry, however, between 2015 and 2018, he was President and Chief Executive of the largest segment of one of the company's largest competitors.

The engagement reaffirmed our comfort around the company's performance, workforce management and corporate governance, all of which are important considerations for our assessment of the company's Quality, as described under Principle 1.

Additional ESG Integration Matters (Proxy-Voting)

Lastly, as discussed in Principle 2, on behalf of our institutional clients, we employ the services of the proxy voting adviser Glass, Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. Glass Lewis has partnered with Sustainalytics and Arabesque to provide additional ESG-specific information in their proxy voting analysis.

Glass Lewis fulfils two functions. Firstly, as a purely operational process, ensuring the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators and company filings to provide research and analysis and make voting recommendations.

Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. Glass Lewis's report on each of the portfolio holdings is circulated to the Research Team for review. The Research Team uses the Glass Lewis research to assist its deliberations and decide on how to vote. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the decision has been taken to vote against either, we may contact Glass Lewis or the company to engage with them if timelines allow. We include further details on how we monitor Glass Lewis as a service provider under Principle 8.

Principle 8: Signatories monitor and hold to account managers and/or services providers.

Longview outsources several services to third-party providers. We take care to ensure that third-party service providers can provide a high-quality service, within their agreed contractual terms, and are managed to the standards and care expected of a provider. We believe it is Longview's responsibility to ensure that the quality of our third-party providers is of the utmost integrity.

Third-party relationships are managed with regard to the four factors listed below. Such factors will be taken into consideration when setting the overall service criticality, which itself then determines whether an initial or ongoing review by Longview of the services provided should take place and if so, the extent of such a review:

- the criticality of the service to Longview;
- the provider's control environment and security of Longview data (if appropriate);
- Longview's ability to run the system or service independently in the event of an issue with the service provider; and
- the service provider's product and its financial stability.

For any third-party provider where it is determined that a review is appropriate, such a review and its findings will be documented. Given that the assessment of each service provider is risk-weighted, the extent and timing of the review, which is based on an assessment of the criteria listed above, will vary for each provider. Each service provider has a Longview staff member who is, in the view of the Executive Committee (ExCo) of Longview Partners (LLP), best placed to oversee the responsibility for that relationship. The Executive Committees of Longview Partners, as applicable, have ultimate oversight of these relationships.

Proxy voting

As discussed under Principle 7, Longview employs the services of the proxy voting adviser, Glass, Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry.

We believe Glass Lewis's well researched and independent analysis on governance complements Longview's stock selection process. We advocate the exercising of votes, and where necessary, objective and informed intervention in line with our Shareholder Activism Policy, available on our website [here](#) or at the following link: <https://www.longview-partners.com/media/in2jrsch/shareholder-activism-2022.pdf>

Glass Lewis's policies are reviewed and signed off by the CIO annually. Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on for each company. Glass Lewis's report on each of the portfolio holdings is circulated to the Research Team for review. The Research Team uses the Glass Lewis research to assist its deliberations and decide on how to vote. Voting recommendations are made by the lead analyst for that particular company, but then must be approved by either the CIO or Head of Research. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the decision has been taken to vote against either, we may contact Glass Lewis or the company to engage with them if timelines allow.

In conjunction with Business Risk, our Operations Team conduct an annual check on a random sample of agenda items to ensure Glass Lewis stated policy has been implemented per the pre-advised market guidelines. This process involves selecting individual agenda items, seeing how they were voted and then cross referencing them back to the appropriate Glass Lewis policy. Operations also conduct a reconciliation to ensure that these votes are cast as expected. Glass Lewis' policy is Longview's policy except for any client specific policy arrangements. Please see below an example of how we have engaged with Glass Lewis in 2022 as part of our monitoring process.

Proxy-Voting Provider Service Review for 2022

In December 2022, Longview held its annual due diligence meeting with Glass Lewis as part of our monitoring process. The objective of the meeting was to discuss notable updates on various items including the following: research and policy, ESG research, technology enhancements relevant for Longview, recent regulatory developments and key trends for the 2022 proxy season.

More specifically, on research and policy, Glass Lewis reported on improved research timeliness for 1H2022 versus 1H2021 with the exception of one company meeting, which Longview had followed up on at the time. Glass Lewis continue to see a rise in the number of shareholder meetings and changes to their policies to accommodate evolving legislation on Board Diversity requirements on gender and ethnic diversity. This was a topic that we had engaged with them on in recent years. They confirmed that governance is a main priority for ESG and they shared details on their Engagement Management Platform; as they continue to see engagement growing to target more companies.

Several outcomes requiring follow-up were highlighted, including the benefit of more communication on meetings with contentious votes. Overall, we were pleased with our engagement as it provided us with a helpful scorecard for the year and insight into Glass Lewis' areas of focus for 2023. We will continue to engage with them throughout the year on any action items that were agreed upon as a result of this review.

Sustainalytics

As previously mentioned under Principle 2, we subscribe to Sustainalytics, a leading external ESG data provider, as an additional source of company-specific ESG analysis. Sustainalytics' reports are an additional source of insight for our Research Team to use in assessing and monitoring ESG areas of concern; and provide research to support our ESG discussions with companies. Sustainalytics also generates portfolio-wide metrics which may flag wider ESG issues. The platform offers information and data which cover a variety of ESG themes, including management, corporate governance and controversial event indicators together with historical indicator-level data.

Oversight of our relationship with Sustainalytics is governed by our Third-Party Vendor Oversight Policy. As part of our management of this relationship, we would consider the criteria below to evaluate their system and services at the end of the contractual year. These criteria would also be applicable to other service providers mentioned in this report.

- Have there been any issues or errors during the period?
- Are the materials of sufficient clarity and quality for our clients?
- How responsive have they been in addressing questions or resolving issues?
- Have we received the required training?
- Is an onsite process review meeting required?

We also have a dedicated Sustainalytics client adviser, whose responsibilities include managing Longview's onboarding process, training and ongoing support. Since the onboarding process in the fourth quarter of 2020, we have received a combination of training sessions on the use of their Global Access Platform and one-on-one sessions on the use of their reporting tools or regarding new offerings.

Case Study: Engagements with Sustainalytics throughout 2022

In 2022, we engaged with Sustainalytics on multiple occasions through video calls and email to address a range of topics, including their ESG risk rating methodology, the use of their reporting tools for Material ESG Issues (MEIs) in relation to modern slavery risks, and data discrepancies between their reports and our own engagement findings. We have provided the outcomes of these discussions below.

Methodology and Reporting

Part of the analysis we conducted for our Modern Slavery Thematic Engagement, described under Principle 4, included company-specific data provided by Sustainalytics that assessed the scope of social standards for suppliers for a sub-set of our portfolio companies. Ahead of using the data, we engaged with Sustainalytics for a deep-dive on their ESG risk rating methodology regarding the assessment of modern slavery risks.

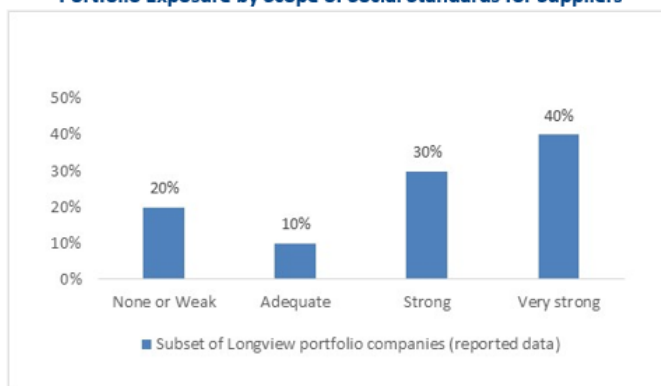
Sustainalytics explained that they use five different MEIs that can be mapped onto modern slavery risks across sub-industries to express the following considerations:

1. Human Rights (Supply Chain): Management of fundamental human rights across a company’s supply chain.
2. Human Rights: Management of fundamental human rights within a company’s own operations.
3. Human Capital: Management of risks related to scarcity of skilled labour and labour relations
4. Community Relations: Engagement with local communities (including Indigenous peoples)
5. ESG Integration: Considerations of environmental and social aspects into lending and/or investments by Financials

From a reporting perspective, it was useful to learn that granular data can also be accessed for each company for the specific indicators used to define each MEI. It was this feature that allowed us to report on the scope of social standards for suppliers for our portfolio companies, as shown in Figure 7 below. Longview was pleased to see that Sustainalytics’ tools were additive to our own findings, and that their services met our needs beyond our regular reporting requirements.

Scope of Social Standards for Suppliers (Figure 7)

Portfolio Exposure by Scope of Social Standards for Suppliers



Note: Data provided by Sustainalytics, using portfolio figures as at 31 December 2022.

Engagements with Sustainalytics throughout 2022 (continued from the previous page)

Reported Data Discrepancy

As part of our D&I Thematic Engagement, conducted in 2021 across our portfolio, we had engaged with a US Health Care company regarding its D&I initiatives. At the time, we were satisfied with their efforts which were also documented in their '2020 Sustainability and Corporate Social Responsibility Report' published in May 2021. However, we also recognised that Sustainalytics' ESG Risk Rating Report had not reflected the same initiatives, which we had assumed was due to a time lag.

In 2022, we followed up with Sustainalytics as the data discrepancy had still not been addressed. They confirmed that they were aware of the company's diversity initiatives and had assessed the company's programme to promote workforce diversity as strong, however, the company had still scored as an average performer on board structure and board/management quality and integrity compared to its peers. Regarding the lack of information on diversity programmes, Sustainalytics explained that only the most relevant Material ESG issues (MEI) that can have a significant financial effect on the enterprise value of the company were expanded upon in their report.

In this instance, the diversity programmes did not fall under any of the MEIs for this sub-industry. MEIs are evaluated and selected at the sub-industry level through a comprehensive consultation process based on quantitative data, corporate and expert views.

Whilst this engagement did not result in reconciling Sustainalytics' reporting with our own findings, Longview was able to gain additional insight into Sustainalytics' ESG risk rating methodology which will be useful for future data reporting requirements. The engagement also highlighted the benefit of our stewardship approach which values direct engagement with portfolio companies to gain additional insights into the issues or themes we deem to be significant.

S&P Trucost

In 2022, Longview determined that there was value in adding a second external data provider and engaged S&P Trucost to source more comprehensive and TCFD-aligned carbon data and metrics through its Climate and Environmental Analytics offerings. S&P Trucost's environmental and climate data includes greenhouse emissions (scopes 1, 2 and 3), water, waste, pollution and natural resources data.

The data set also assesses company-level alignment with the Paris Agreement by examining the adequacy of emissions reductions over time. We use S&P Trucost's data to supplement our assessment of environmental risks and provide reporting on carbon metrics to our clients, as described under Principle 6. In the following case study, we explain the rationale for our selection of S&P Trucost.

Case Study: Meeting the evolving carbon data requirements of our clients

Prior to 2022, Longview used Sustainalytics' Carbon Offering to assess climate risk and address the carbon data requirements of our clients. The carbon offering proved to be useful at the outset and provided us with valuable metrics. However, over time, we recognised that it would not meet our future TCFD reporting requirements or the evolving needs of our clients. Below we summarise the key points of comparison that led to our selection of S&P Trucost.

At the time of our due diligence, Sustainalytics' reporting was not wholly aligned with the TCFD recommendations. Specifically, the assessment of a company's physical climate risks and scenario analysis capability were unavailable. Some of the carbon data that we sourced was provided via spreadsheet which required Longview to manually handle and store data each month. Also, key company data (such as market capitalisation or enterprise value) for individual companies was unavailable, which meant that Longview needed to use alternative sources to calculate key carbon metrics for client portfolios. There were also further limitations around sourcing benchmark data and the lack of carbon reporting customisation.

In comparison, we found that S&P Trucost's climate solution included TCFD-aligned reporting with an assessment of both carbon and physical risks, and provided granular data for individual companies. In addition to company and portfolio carbon analysis, their offering included market capitalisation and enterprise value data. They also provided scenario analysis for a company's carbon exposure. Importantly, we also had access to an online portal which removed the need to manually export or store data. It was also possible to customise their reporting templates and include our own commentary in client reporting. Trucost had agreements with index providers to allow access to index constituent data through their system.

By adding S&P Trucost to our climate toolkit, we were able to develop a better understanding of the climate risks associated with our holdings, while having access to the appropriate data sets and enhanced reporting capabilities. We believe this is key to serving the best interests of our clients and supporting our efforts in meeting our stewardship obligations over the longer-term.

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.

Longview engages with companies on matters of stewardship and ESG as part of our overall investment research and our assessment of a company's Quality rating.

Engagement Selection Process

The CIO, Head of Research, Head of Sustainability and the Institutional Clients Team meet quarterly to discuss and prioritise engagements as part of our internal ESG Review meeting.

We focus our ESG engagement efforts on companies where we have identified significant ESG related issues in our proprietary research process. A key part of the selection process is materiality. This can be in terms of the potential impact on the value or reputation of the business, the potential to impact our assessment of Quality, or in the eyes of our clients.

As mentioned previously, we also subscribe to Sustainalytics as an additional source of information on company-specific ESG analysis. The platform assists our Research Team in assessing and monitoring ESG areas of concern and provides research to support our ESG discussions with companies. Their analysis covers a variety of ESG themes, including management, corporate governance and controversial event indicators with historical indicator-level data. We use S&P Trucost to supplement our assessment of environmental risks, as described under Principle 8.

As part of our engagement selection process, we consider Sustainalytics' ESG Risk Rating. This includes issues or controversies as identified by Sustainalytics as 'Most Significant Events in the Portfolio' which are labelled as 'Event Category 4 or 5' and alerts which are sent to our Research Team via the Sustainalytics platform when an issue is

identified and documented. We take into consideration the materiality of any such issues as part of our Quality rating. We may also choose to engage with an investee company when material updates are made to its annual Sustainability Risk Ratings Report. In every case, we make sure that the objective of our engagement is clear and documented as the following extract from our Engagement Log demonstrates.

Engagement Log – Extract of Example Entry (Figure 8)

Date	Company Name	What is the issue?	What is the Research Team's objective?	What was the outcome?	Status of the engagement	Next Steps
--	US Industrials Company	The company's climate target (set in 2020) is to reduce their absolute scope 1 and scope 2 emissions by 30 percent by 2030 (using a 2018 baseline) – in line with the medium-term goals of the Paris Climate Agreement. However, the company has not committed to achieving net zero carbon emissions by 2050.	Find out why the company has not committed to net zero by 2050; and encourage them to make better commitments.	The company is focused on making genuine improvements in emissions reduction. They believe it would be difficult to commit to a target beyond 2030 without further analysis on scope 3 emissions, in order to identify and potentially influence emissions in their value chain. The CEO confirmed that this work is currently underway.	Some progress - continue to monitor	We will keep track of the company's scope 3 analysis; and follow up with the company on their progress as appropriate.

Direct Engagements with Portfolio Companies

Where appropriate, we will contact a company seeking clarity or to discuss contentious issues as part of our ongoing dialogue with management. If we are meeting with management, we will discuss strategy and general corporate responsibility as well as specific issues, as we believe that these factors may affect a company's ability to create sustainable value for their shareholders. Such factors may include allocation of capital, remuneration, finance, reputation and litigation risks, climate change, energy efficiency, human rights, labour rights and other material ESG issues.

We evaluate the effectiveness of company management on these issues and if past, current or anticipated future behaviour is judged to be a risk, our concern will be reflected in our Quality rating.

We believe that having a clear and systematic engagement model is key to an effective implementation of our integrated approach to ESG, as described in Principle 1, where we assess risks and opportunities as part of our bottom-up research process. Our engagement selection process is fully aligned with the robust nature of our research process and reflects the transparency embedded in our culture and in our approach to stewardship as described in Principle 6. Our single product focus means that we only have one engagement model which we apply across our investment strategy. There are no differences in the process we apply based on client type or geography.

Thematic Engagements

In addition to company engagements, we may undertake thematic engagements across several companies or even the entire portfolio. As a single-product firm, we focus our efforts on the areas where we believe we can make an impact. Recent examples include our engagements with portfolio companies on Modern Slavery and our Annual Climate Commitments Audit, both described under Principle 4; and Diversity and Inclusion.

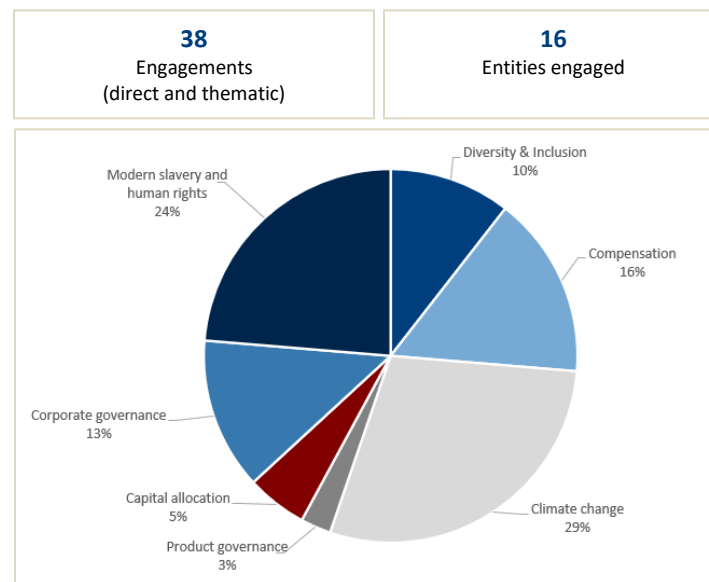
Engagement Methods and Documentation

We typically engage with companies through one of the methods listed below:

- One-on-one meetings with companies (e.g. CEO, CFO, Chairman, members of the board, investor relations, or executives from specialist areas including sustainability)
- Written correspondence (including emails)
- Phone and video conference calls (company engagements are documented and a subset of these is provided to clients on a quarterly basis)
- Proxy voting

Over time, we have been able to make use of all these methods to conduct our engagement activities although most such interactions have tended to be through one-on-one meetings, phone and video conference calls. It is possible that we could engage collaboratively, as mentioned under Principles 4 and 10, if Longview believes it can help to maintain or enhance the value of assets. Our company engagements are documented and provided to our clients on a quarterly basis detailing the issues raised, subsequent follow-ups and outcomes. Below is a snapshot of the engagements we held in the 12 months to December 2022.

2022 Engagements by Topic (Figure 9)



The following two examples provide insight into some of the engagement activities that we have undertaken in 2022, including details on the types of outcomes that we have achieved.

Direct Engagement with US Health Care company

In September 2022, Longview held a meeting with the company's CEO to address the warning letter that they had received from the US Food and Drug Administration (FDA) in December 2021. The company was an existing holding at the time.

The company's primary diabetes product manufacturing facility was inspected by the FDA in July 2021. The inspection followed a product recall of two of the company's products. Following the inspection, the FDA issued a warning letter to the company. The warning letter outlined the FDA's concerns about the company's models for assessing risk, the adequacy of internal processes for investigating complaints about device performance and the timeliness and completeness of product recalls.

Longview questioned the company's CEO on the mistakes that the company made. The CEO explained that the given product division had been struggling for some time before he was appointed as CEO. Immediately after his appointment, he fired the Head of the product division. He admitted that the company's internal risk assessments were inadequate and the way that the company evaluated risk was wrong.

Longview asked about the actions being taken to clear the warning letter and ensure that risk was appropriately assessed. Since the warning letter was issued, the CEO has standardised risk management, improved internal reporting procedures and set up better communication and regular meetings with the FDA. At the time of the call, he believed the company was 92% the way through the remediation work to clear the FDA letter. The CEO noted that the company's risk assessment model has changed. Previously, the model only addressed the probability of an adverse event occurring. It was amended to factor in the effect of any negative health consequences in the event of an adverse event taking place.

Following the engagement, Longview continued to monitor updates regarding the FDA's warning letter being cleared and will re-engage where required. In terms of clarifying what corrective actions and process improvements the company had implemented, we believe that we achieved our objective.

Direct Engagement with a second US Health Care Company

In November 2022, we held a call with the senior management team of the company, an existing holding at the time, to discuss the rationale that led them to spin off their diabetes business. Longview believes that the selling of lower-growth companies to boost organic growth can destroy value if this is the main reason for the sale. The company had explained that they evaluated their portfolio holistically and their diabetes business was a high-margin and highly cash-generative business with a much lower growth rate than the rest of the company.

Longview wanted to seek clarity on why the company preferred spinning-off the business over selling it. We explained that, as large institutional shareholders, the spin-off meant that we became forced sellers of the spun-off company due to its resulting position size and illiquidity in our portfolio. We asked about why shareholders were not consulted before the decision was made and strongly encouraged the company to reconsider the automatic use of spin-offs as they may not be in the best interests of shareholders. The company appreciated our feedback and offered to engage further regarding the risk of value destruction and the implications of spin-offs for larger shareholders.

Through this engagement, we believe that we have achieved our objective of making clear to the company our stance on their capital allocation decision. Along with details of the engagement's outcome, Longview has recorded in its Engagement Log the status as 'some progress – continue to monitor' as we consider to re-engage with the company going forward.

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

As mentioned in Principle 4, Longview has been a signatory to the UK Stewardship Code since 2011 and has been supportive of the FRC's efforts to widen the scope of and improve engagement with the UK Stewardship Code across the industry. Longview has also been a signatory to UN-Principles for Responsible Investment (UNPRI) since 2010. Being a signatory has enabled us to reflect and report in a formal and standardised way on how we consider important aspects of ESG in our investment process.

Whilst we directly engage with issuers and are comfortable putting our views forward in portfolio company engagements through a robust engagement model, as described under Principle 9, we do not consider ourselves activist investors. Historically, we have preferred discussing contentious issues on company meeting agendas and engaging with company management directly via one-on-one meetings, written correspondence, conference calls and proxy voting. We are also comfortable engaging with other influential investors to influence issuers regarding contentious issues in a direct manner if we believe that management was failing to act in shareholders' interests, and we have done so in the past through written correspondence regarding capital allocation concerns.

We do, however, recognise the value of collaborative stewardship and the vital role it can play in achieving positive outcomes, especially when we are seeking to address global systemic risks, as described under Principle 4. To that effect, in 2022, we collaborated with one of our clients, an Australian superannuation fund, on our Modern Slavery Thematic Engagement, as described in the example below.

Case Study: Collaborating with Australian Superannuation Fund client on the theme of Modern Slavery

We engaged with our client's ESG team on their approach to assess modern slavery risks in their portfolios while we were defining our own methodology for the theme, which we describe in more detail under Principle 4. Whilst we recognise that this collaboration did not consist in influencing issuers, it did plant the seed for such future engagements with an influential like-minded investor. Also, the engagement led to actionable insights that helped us put together our own thematic engagement which was then used to directly engage with ten portfolio companies in 2022 and gather extensive valuable findings, as described under Principle 4.

First, the engagement was helpful in validating our method for assessing modern slavery risks across geographies and industries, as our client was using comparable tools to conduct a similar assessment. The team also shared insightful information on the indicators they look for in the management of modern slavery risks across their portfolios:

- Oversight: Governance and reporting structure to oversee modern slavery risks across the investment portfolio
- Implementation: Designated responsibility for the day-to-day management of modern slavery risks
- Integration : Inclusion of modern slavery risks within/in addition to the existing ESG integration approach
- Identification: Process to identify modern slavery risks
- Management: Action taken to address identified risks
- Monitor & Review: Process to monitor the effectiveness of modern slavery risk assessment and management

Finally, reflecting on their own efforts and experience from engaging with issuers on the theme, our client alerted us to expect some management teams to be reticent about sharing information as companies get more comfortable engaging with investors on these issues.

In addition to fostering a closer relationship with our client and understanding their needs more holistically, this engagement enabled us to share knowledge and gather information on best practices and resources with an organisation with a deep understanding of this topic, which we believe supports our stewardship approach.

Another way we have joined efforts with other investors in the past two years was by becoming a co-signatory to the 'Global Investor Statement to Governments on the Climate Crisis', in 2021 and 2022, coordinated by the Investor Agenda. This network brings together a regionally diverse body of global investors to urge governments to implement specific priority policy actions that will enable them to invest the trillions needed to respond to the climate crisis. In 2022, the statement was signed by 602 investors representing almost USD \$42 trillion in assets under management. A copy of the letter is available on our website [here](#) or at the following link: <https://www.longview-partners.com/media/a5wjqqoi/2022-global-investor-statement.pdf>.

Whilst we recognise that this call to action is aimed at governments, not issuers, going forward, we will seek more ways in which we can also partner with our institutional client base, other investors or stakeholders to influence issuers on the global issues that can benefit from our participation.

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

Once ESG matters are identified and prioritised as per the engagement selection process described in Principle 9, we ensure that during the continual assessment of our investments, we have ongoing dialogue with the management of companies, in which we are invested or may be invested. Our research on portfolio holdings is regularly updated by the Research Team. We keep track of progress updates made on any ESG-related engagements in a systematic way via an Engagement Log, from which we have included an extract under Principle 9.

We keep track of all our engagements in the Engagement Log, which we review on a quarterly basis to check the progress made on ESG areas of concern previously raised. Longview's Head of Sustainability and the Institutional Clients Team manage the Engagement Log and meet with the CIO and Head of Research quarterly to discuss and prioritise engagement activity. The outcome for each engagement is clearly documented in the Log. We strive to be clear about the progress made against each objective and identify next steps, where appropriate, which may trigger our escalation process. If there are progress updates on engagements held, we aim to update our clients accordingly. We assign the following labels to the status of our engagements when they are updated in the Engagement Log:

- Objective achieved
- Some progress
- Some progress – continue to monitor
- No progress – no further monitoring needed
- No progress – escalation needed

If, after discussions and monitoring, we believe management is failing to act in shareholders' interests, this will trigger our escalation process. More specifically, if the monitoring process highlights that progress on a specific engagement objective is not being made within a reasonable timeframe and it is material to our Quality rating, Longview will contact the investee company to discuss the matter further. Longview will make clear our concerns, as well as our expected outcome. In most circumstances, this dialogue will be with the Chairperson, Lead Independent Director, CEO or CFO of the company.

We are willing to challenge management to protect and enhance the interests of our clients and will exercise our right to vote against management, where appropriate. As discussed in Principle 6, we share the details of significant votes made throughout the year as per the Shareholder Rights Directive II (SRD II) regulation within our Shareholder Rights Directive Annual Disclosure which is available on our website [here](#) or at this link: <https://www.longview-partners.com/media/bixhmmxe/srd-ii-annual-disclosure-2023.pdf>

Longview defines a significant vote as any of the following:

1. Where we have voted against management.
2. Where >15% of total votes have been cast against management.
3. Where we have voted against our proxy adviser's recommendation.

As part of our escalation process, if after discussions, we believe that management is failing to act in shareholders' interests, we may reduce our Quality rating to Q3 and sell our holding in order to minimise the risk of loss of shareholder value and protect our clients' interests. Again, in line with our single product focus, we only have one monitoring and escalation process that we apply across our investment strategy, assets and geographies.

We describe below one example which triggered our escalation process. In this case, the Research Team exercised its stewardship responsibility by taking this step when we believed the issue in question was not addressed in a reasonable time frame.

Engagement with US Healthcare Company

In December 2022, Longview wrote to the Chairman and CEO of the company, an existing holding at the time, in response to the company's announcement that it plans to spin-off parts of its business. The two businesses in question comprised approximately 7% of the company's revenues. Longview wanted to better understand how the transaction would benefit shareholders. We were concerned that the spin-off was driven by the desire to sell a slower growing business at any price.

Although we did receive feedback, in the following quarter, from the company's Investor Relations Team in response to our letter, it was only to re-iterate the rationale for their decision. Unfortunately, we did not receive in their response the requested acknowledgement that the CEO or Board had in fact received our letter or been made aware of our concerns regarding the company's capital allocation decision. We had also offered to hold a call with an independent director on the Board.

This engagement, originally initiated in December 2022, has been escalated and we have already followed-up with the company to ensure that our letter has been reviewed as intended. We continue to monitor this engagement, and we will update our clients on any developments or outcomes in our quarterly ESG reporting as we receive more information.

Principle 12: Signatories actively exercise their rights and responsibilities.

Longview is committed to active ownership through proxy voting. Longview's voting decisions are made by our Research Team. The decision making-process is investment-led; our research analysts use proprietary research, in-depth discussions with company management and external research and recommendations from our proxy voting provider to inform their decisions.

Voting policy

As described under Principle 2, on behalf of our institutional clients, we employ the services of the proxy voting adviser, Glass, Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. We believe Glass Lewis's expert and independent analysis complements Longview's stock selection process.

Glass Lewis fulfils two functions. Firstly, as a purely operational process, ensuring the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators and company filings to provide research and analysis and make voting recommendations. Glass Lewis has partnered with Sustainalytics and Arabesque in order to provide additional ESG-specific information in their proxy voting analysis.

Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. Glass Lewis's report on each of the portfolio holdings is circulated to the Research Team for review. The Research Team uses the Glass Lewis research to assist its deliberations and decide on how to vote. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the

decision has been taken to vote against either, we may contact Glass Lewis or the company to engage with them if timelines allow.

Glass Lewis votes on our clients' behalf at all relevant company meetings. We monitor the service provided by Glass Lewis to ensure that our clients are benefiting from a proxy voting service held to high standards. Annually, we conduct a service review with Glass Lewis, as described in our engagement example under Principle 8. The CIO reviews their voting policy on an annual basis.

Our policy on the exercise of voting rights on behalf of our clients, class actions and conflicts of interests is outlined in our Shareholder Activism Policy which is publicly available on our website [here](#) or at the following link: <https://www.longview-partners.com/media/in2jrsch/shareholder-activism-2022.pdf>. Our single product focus means that we only have one voting policy which we apply across our investment strategy, assets and geographies.

Segregated account clients that instruct Longview to vote on their behalf have the absolute discretion to override any house policy vote. In this event, they may have a custom policy that enables votes on their holdings to be cast in-line with their specific requirements. Pooled fund clients, invested in our Luxembourg-domiciled long-only SICAV Fund, are unable to override house policy votes due to the nature of their investment vehicle.

Segregated clients may also instruct their own votes directly with their custodian. Again, pooled fund clients are unable to cast direct votes due to the nature of their investment vehicle.

Stock lending

Longview does not participate in stock lending on behalf of our clients. Clients may have their own lending arrangements directly with their custodian or a third-party agent. In such instances where Longview has authority to vote on the client's behalf, we will cast votes for all stocks not on loan in line with our house policy. Longview may make a request for clients to arrange for the recall of their shares on loan in order to vote on a particularly material issue.

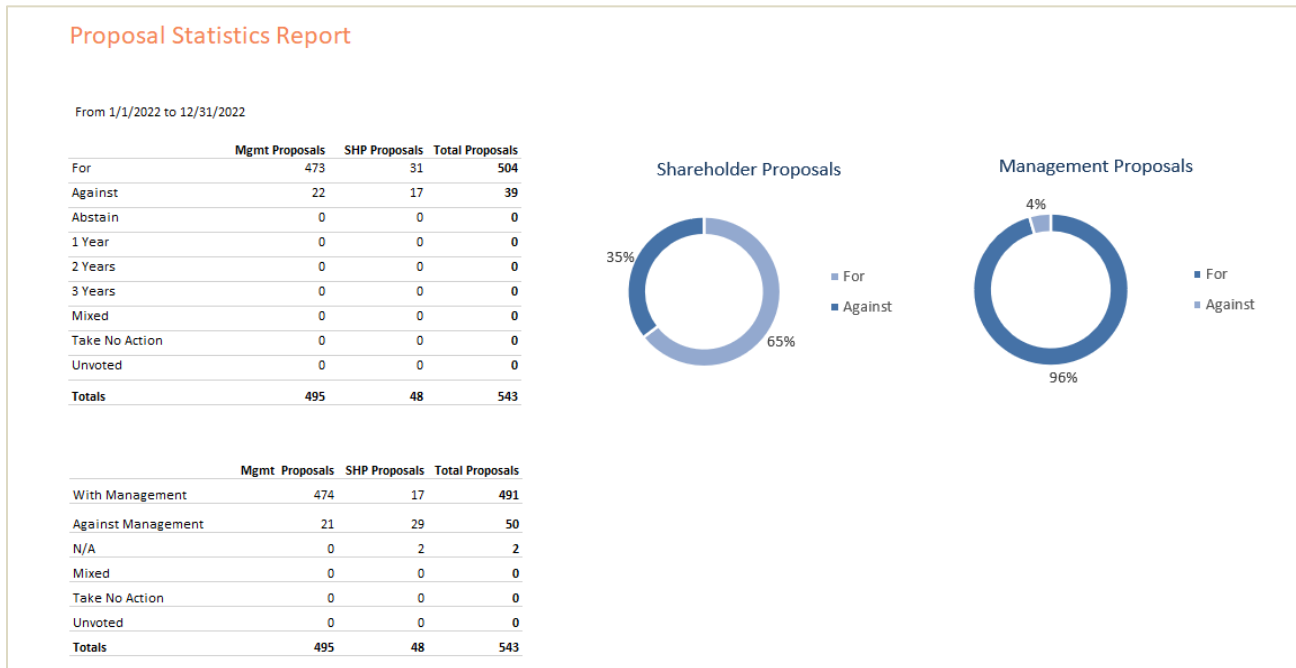
Voting records

Proxy voting reports are provided on a quarterly basis to all clients on whose behalf we vote. These reports detail all votes cast during the period and provide an explanation in relation to any differences between the votes cast and the portfolio company management's recommendations. For confidentiality purposes and to protect the anonymity of portfolio holdings, we do not publicly disclose our voting records in full and therefore cannot provide a link to our voting records. However, we share the details of significant votes made throughout the year, as per SRD II regulation, within our Implementation of Engagement Policy disclosure, which is available on our website [here](#) or at the following link: <https://www.longview-partners.com/media/bixhmmxe/srd-ii-annual-disclosure-2023.pdf>. Under Principle 6, we also share specific details and commentary on a sample of significant votes for 2022.

Proportion of shares

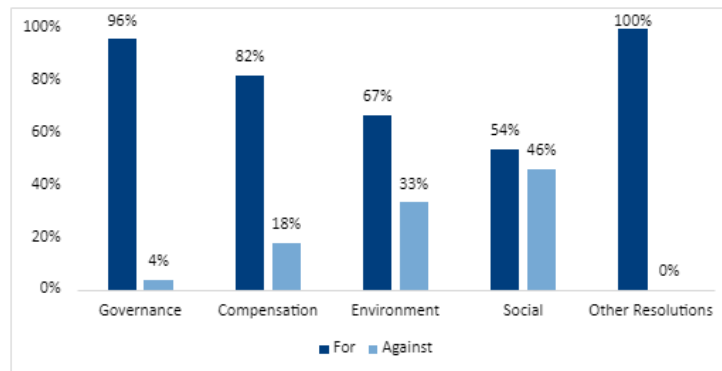
In 2022, we voted 543 resolutions at 34 company meetings. As an illustration of our voting activity, the charts in figures 10 and 11, provide a breakdown of the number of proposals that were voted in the past year and how the votes were cast by issue in our Global Equity Fund.

Proposal Statistics Report for Calendar Year 2022 (Figure 10)



Source: Provided by Glass Lewis

Voting Cast By Issue for Calendar Year 2022 (Figure 11)



In addition, the following table highlights examples of voting decisions made in 2022, including the rationale for each decision and the resolution’s final outcome. One vote was made against Glass Lewis’s recommendation in the past year.

Examples of Voting Decisions for Calendar Year 2022 (Figure 12):

Company Sector	Filed By	Meeting Date	Proposal Description	Mgmt Vote	Glass Lewis	Longview Decision	Voting Rationale & Significance	Outcome
1 Communication Services	Shareholder	26/04/2022	Shareholder Proposal Regarding Climate Report	Against	For	For	Consistently updated and enhanced climate disclosures allow shareholders to monitor risks.	Votes For: 37% Votes Against: 61% Other*: 2%
2 IT	Shareholder	19/05/2022	Shareholder Proposal Regarding Right to Act by Written Consent	Against	For	For	Shareholder action by written consent enables shareholders to take action on important issues that arise between annual meetings.	Votes For: 79% Votes Against: 21%
3 IT	Management	16/11/2022	Election of Director	For	Against	For	Glass Lewis recommended to withhold votes for the election of CEO and Principal Financial Officer, stating that CFO should report to the Board rather than serve on it. Longview does not consider this a material issue but we have engaged with management on why they have not formally named a CFO. Longview is satisfied that all potential conflicts have been addressed.	Votes For: 84% Votes Against: 0% Other*: 16%
4 IT	Management	13/12/2022	Advisory vote on executive compensation	For	Against	Against	CEO LTIP was not adequately structured and disclosed; CEO package granted in 2022 may not have been in the best interest of shareholders.	Votes For: 88% Votes Against: 11% Other*: 1%

*Other includes abstentions and withheld votes.

In the table above, we included the outcomes of resolutions that we have voted on. In the first row, we voted against management, in-line with our proxy voting provider's recommendation. Although the outcome of the resolution was such that it did receive majority support for management, with approximately 61% of the votes being cast for management and 37% of the votes being cast against management, we view this result to be significant, as we believe our vote sends a clear signal that more enhanced climate disclosures would be in the interests of shareholders.

Similarly, in the second row, we voted against management in favour of shareholders being able to take action on important issues through the Right to Act by Written Consent. We were pleased to see that the resolution did ultimately receive majority vote in favour of shareholders.

In the third row, our decision was to vote against our proxy voting providers' recommendation, in favour of management, while selecting to engage with the company instead which resulted in the outcome described above. And lastly, in the fourth row, we voted against management, in-line with our proxy voting provider's recommendation, however, we are aware that less than 15% of the vote was made against management, our threshold for significant votes. We will continue to monitor this issue going forward.

Monitoring Process

The process and procedures around the monitoring of our proxy voting provider's services are described under Principle 8.

During the Research Team's Quality assessment of a company, voting rights are considered in determining which share line we wish to purchase. The Longview portfolio currently only owns common and preferred shares. As agreed with clients prior to their account opening, and stipulated in their Investment Management Agreement (IMA), Longview engages Glass Lewis & Co. to cast all instructed voting rights at portfolio company meetings.

Share ownership monitoring occurs on a daily basis, where Longview reconciles positions held in the client's custodian account and notifies these holdings to Glass Lewis. During the voting process, Glass Lewis reconciles the votable shares on the distributor platform against the positions reported by Longview, thus ensuring all available votes are cast in accordance with the designated voting policy.

Concluding Statement

In line with Longview's culture of continuous improvement, Longview will continue to assess the effectiveness of its approach to stewardship and is committed to improving as necessary. As industry best practice and client demands evolve, Longview is committed to evolving too, aiming to ensure the long-term responsible stewardship mentality remains at the heart of the firm.

Declaration:

This Report has been reviewed and approved by members of the governing body of Longview Partners LLP.

Signed:



Marina Lund, CEO and Head of Institutional Clients