Guinness Global Energy

Responsible Investment Factsheet
31.12.2024

This is a marketing communication. Please refer to the prospectus and KID/KIID for the Fund, which contain detailed information on the Fund's characteristics and objectives, before making any final investment decisions. All data as at above date, unless otherwise stated. Past performance is not a reliable indicator of future results.

Fund ESG Ratings

MSCI ESG Rating™:

Produced by MSCI ESG Research as of 23.01.25.

SFDR Classification

Article 6

Fund Profile

Benchmark

MSCI World/Energy

Investment Objective

An equity fund investing primarily in globally based companies principally engaged in the production, exploration or discovery, or distribution of energy derived from fossil fuels and the research and development of production of alternative energy sources.

Investment Case

Provides exposure to growth opportunities in energy equities . Global population growth, industrialisation and diminishing fossil fuel supplies, pushing energy prices higher, and creating a favourable environment for energy companies. Energy equities can be a long-term hedge against inflation.

Domicile

Ireland

Risks

Guinness Global Energy Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The Fund invests only in companies involved in the energy sector; it is therefore susceptible to the performance of that one sector, and can be volatile. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. For full information on the risks, please refer to the Prospectus, Supplement, and KID/KIID for the Fund, which are available on our website.

Fund Approach to Responsible Investment	
ESG Integration	✓
Exclusions[1]	✓
Controversial weapons[2]	✓
Thermal coal[3]	✓
Voting	✓
Engagement	✓

[1]Further details can be found our corporate Exclusion Policy, available on our website.
[2]Cluster munitions, landmines, and biological and chemical weapons.
[3]Companies that generate more than 30% of revenues via thermal coal extraction or thermal coal power generation.

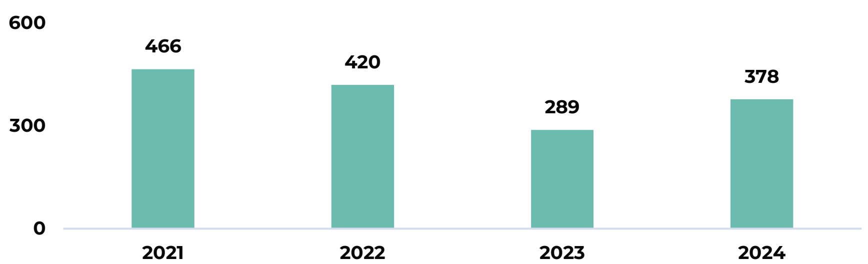
ESG Integration Summary

The investment team use a bottom-up ESG framework, developed in-house, to assess quantitatively the sustainability risk associated with current and potential underlying investments. Using the SASB materiality framework, the team have developed a scorecard that is used to evaluate a company based on various industry-specific ESG criteria. 'Materiality' and 'transparency' are two key components of the scorecard: the materiality component ensures the key risk factors to a company's operations are assessed, and the transparency component informs the team of the drivers of ESG scores at a granular level.

The team supplement this with a rigorous qualitative review, which features assessments of material risks and opportunities, good governance, executive remuneration, carbon transition, and exposure to negative externalities. Further information is available in the fund's Approach to Responsible Investment and ESG paper, available here.

Fund Weighted Average Carbon Intensity (WACI)* in tCO_2e/$M revenue

The fund's carbon intensity is measured and reported over time.



Source: Guinness Global Investors, CDP; Coverage: 100% (2021, 2022, 2023, 2024).

*The Weighted Average Carbon Intensity (WACI) metric is calculated by multiplying the carbon intensity (emissions relative to revenue in millions USD) of each fund holding by its portfolio weight (the value of the holding relative to the total value of the portfolio, excluding cash). Carbon intensity is based on Scope 1 and 2 emissions. Scope 1 emissions are direct greenhouse gas emissions from sources that are owned or controlled by the company. Scope 2 emissions are indirect greenhouse gas emissions from the generation of energy purchased by the company (Reference: GHG Protocol). Coverage refers to the percentage of the carbon intensity data available at the date of publication for underlying fund holdings (as a percentage of total assets excluding cash).

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Stewardship

Stewardship activities form part of the investment process applied by the team. We believe that resourcing our stewardship activities within the investment team itself, with dedicated assistance as required, is the best way to ensure effective stewardship. The investment team's ESG incorporation approach often informs their proxy voting and engagement activity. In a spirit of transparency, we disclose fund-level voting and engagement statistics and case studies for calendar year 2024 below.

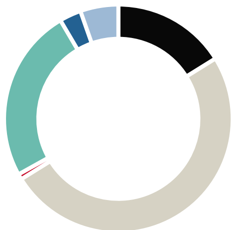
Voting

The investment team make their own voting decisions based on their own research, supported by proxy voting research from Glass Lewis. All voting is undertaken by the investment team, with oversight provided by our Responsible Investment Committee. In order to vote, some markets require shares to be temporarily immobilised from trading until after the shareholder meeting has taken place (referred to as 'share blocking'). Some other markets require a local representative to be hired, under a Power-of-Attorney (POA), to attend the meeting and vote on our behalf. In such instances, it may sometimes be in clients' best interests to refrain from voting. But in all other circumstances we endeavour to exercise our voting responsibilities on clients' behalf. For more information, please see our Voting Policy, available on our website.

Voting Overview *	
Number of companies available to vote	33
Number of available proposals	522
% voted	99%
% did not vote** (**1** company)	1%
% votes in line with management	75%
% votes against management	25%

**1st January 2024 to 31st December 2024*
Source: Glass Lewis; Guinness Global Investors 31.12.24

***This includes where we do not vote in jurisdictions where share blocking is in effect or power of attorney requirements apply*



Votes against management by topic (%)

Topic	%
Audit/Financials	16%
Board Related	50%
Capital allocation	1%
Compensation	25%
Shareholder proposals	5%
Other	3%

Voting Case Studies

We opposed the re-election of several directors at the 2024 AGM of **Cenovus Energy ("Cenovus")**, a Canadian integrated oil and gas company. This included the election of:

- Mr. James Girgulis, a non-independent director serving on the Governance Committee. Mr Girgulis had acted as a special advisor during Cenovus's combination with Husky Energy, and his continued membership on the committee deviated from Canadian corporate governance best practice. 26% shareholders opposed his renomination.
- Mr. Frank Sixt, who we felt was overboarded based on numerous pre-existing commitments, leading to concerns about his ability to devote adequate time to his director duties. Mr Sixt held executive roles at CK Hutchinson and CK Infrastructure, chaired Hutchison Telecommunications (Australia) and TOM Group (Hong Kong), and served on the board of TPG Telecom (Australia). 20% shareholders opposed his re-election.
- Ms. Jane Kinney, Chair of the Board's Audit Committee, whom we held responsible for Cenovus's lack of submission to CDP. We view CDP as an effective reporting mechanism for companies to measure, manage, and disclose their carbon emissions. We noted Cenovus's lack of submission to the 2023 and 2024 reporting cycles, and will look to engage the company on a future submission in 2025.

Enbridge is a Canadian energy infrastructure company specialising in oil and gas pipelines. 2024 marked our third consecutive year of voting against Enbridge's advisory vote on executive compensation, and as such, we choose to extend our dissent by also opposing the re-election of Mr. Steven W. Williams, Chair of the Board's Remuneration Committee ("RemCo").

We continued to have a range of concerns with Enbridge's remuneration structure, including, but not limited to:

- the weighting to total shareholder return ("TSR") in the long-term incentive plan ("LTIP"), which had a low 25th peer percentile threshold for payout;
- one-off retention awards without performance-based vesting conditions; and
- overlapping metrics between the short-term incentive plan ("STIP") and the LTIP.

We held the RemCo Chair accountable for the suboptimal structure, voting against his re-election – 10% and 7% of shareholders voted against the executive compensation resolution and Mr William's nomination, respectively. Despite the above, we noted year-on-year improvements, including the addition of GHG intensity reduction metric in the LTIP (10% weighting) and indication that Enbridge is shifting to one company scorecard for the STIP, which should reduce the extent of overlap between the STIP and LTIP. We look forward to further improvements in 2025.

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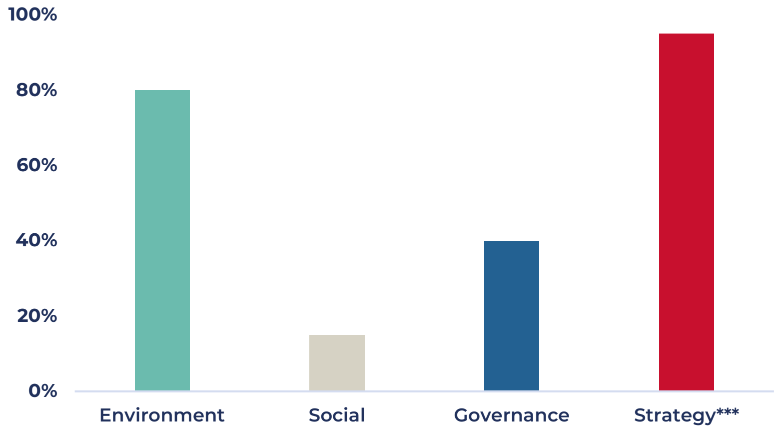
Engagement

The investment team's 2024 engagement included discussions with portfolio holdings around their climate-related disclosure, target setting, and incentivisation and governance.

Engagement Overview*	
Number of company interactions	22
Number of engagements	20
Engagements by topic	
Environment	80%
Social	15%
Governance	40%
Strategy***	95%

*1st January 2024 to 31st December 2024
Source: Glass Lewis; Guinness Global Investors (31.12.24)

Engagements by topic (%)**



In some cases, multiple topics are covered in a single meeting and the totals do not add up to 100%.
Strategy includes disclosures, opportunities in sustainable products, positive impact, and regulation.

Engagement Case Studies

In 2024, we engaged with **Chevron**'s Director of Sustainability on a range of environmental topics. Key areas of discussion included:

- Understanding why Chevron no longer discloses to the CDP Climate Change questionnaire and to encourage disclosure moving forward;
- Exploring the challenges Chevron faces in expanding its net zero ambition to include its downstream operations;
- Evaluating Chevron's differentiated approach to emissions intensity targets, which measures CO_2e per MJ (Scope 1, 2 and 3) at the portfolio level, in contrast to a CO_2e per boe (Scope 1 and 2) methodology commonly used by its energy sector peers.
- Assessing the relative difficulties associated with reducing carbon intensity in refining operations relative to upstream activities;
- Understanding how the company's acquisition of biofuel company, Renewable Energy Group, aligns with and supports Chevron's wider transition strategy.

Our discussion was constructive, and we look forward to reviewing further progress within Chevron's next climate report, expected in early 2025.

Canadian Natural Resources ("Canadian Natural") is a senior crude oil and natural gas production company. We engaged with the company regarding its remuneration structure, requesting the company to remove the 33% weighting of Performance Share Units (PSUs) tied to reserves growth per share within its long-term incentive plan (LTIP).

We typically do not support executive remuneration in the oil and gas sector which incentivises production, and suggested Canadian Natural replace the metric with ones that focus on return on capital and/or the incentivisation of emissions reductions.

At the 2024 AGM, we were pleased to see the removal of the reserves growth per share metric from the LTIP, achieving the primary objective of our engagement. However, we noted the weighting was fully reallocated to relative total shareholder return (TSR) with a low threshold performance set at the twentieth percentile. As such, we voted against Canadian Natural's advisory vote on executive compensation in 2024, and will look to engage the company in 2025 to encourage the inclusion of more informative metrics within management's control.

Collaborative engagement

Since 2019, we have been members of **Climate Action 100+**, the world's largest-ever investor engagement initiative on climate change. We collectively engage with a Canadian energy producer, across a wide range of topics including remuneration and emissions targets.

We are a member of **CDP**, which allows us access to environmental data for all companies that report to CDP. Through our membership, we participate in collaborative engagements, such as the CDP non-disclosure campaign (NDC). The NDC aims to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests.

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GUINNESS GLOBAL INVESTORS

Initiatives

We participate in relevant industry initiatives to promote the proper functioning of markets, responsible investing, and the management of market-wide and systemic risk. Where appropriate, members of the investment team will use initiatives to engage collaboratively with portfolio companies.

External company ratings

Signatory of:

PRI Principles for Responsible Investment

We became signatories to the United Nations Principles for Responsible Investment (UN PRI) in 2019, which provides external assurance on our stewardship approach broken down by activity.

In our latest Assessment Report, published in 2024, we received the following scores:

★★★★☆	★★★★★	★★★★★
Policy Governance and Strategy	**Direct – Listed Equity – Active Fundamental**	**Confidence Building Measures**

Industry Initiatives

CFA Society United Kingdom

CFA UK's mission is to build a better investment profession by serving the public interest by educating investment professionals, by promoting and enforcing ethical and professional standards and by explaining what is happening in the profession to regulators, policymakers, and the media. A member of the investment team at Guinness is part of the Sustainability Community Champions group.

THE INVESTMENT ASSOCIATION

As the trade body for the UK investment management industry, the **Investment Association (IA)** seeks to represent the industry interests, improve the investment landscape through thematic initiatives, which highlight topics such as diversity and inclusion, and by improving standards and best practice.

IIMI

The **Independent Investment Management Initiative (IIMI)** aims to contribute effective financial regulation and promote client-centred models of investment management. Our CEO, Edward Guinness sits on the board of IIMI.

Signatory of: UK STEWARDSHIP CODE | 2021

The **UK Stewardship Code** 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners. It comprises a set of 12 'apply and explain' Principles for asset managers and asset owners to demonstrate their stewardship role and performance.

UKSIF

The **UK Sustainable Investment and Finance Association (UKSIF)** aims to support its members to grow sustainable and responsible finance in the UK. It also seeks to influence policymaking that promotes the growth of sustainable finance. Our Responsible Investment Lead is a member of the Industry Development Committee, and another member of investment team serves on the Membership Committee.

Other Documents

Corporate Documents

- Responsible Investment Policy
- Stewardship Code Report
- Good Governance Policy
- Responsible Investment Glossary

Strategy Documents

- Approach to Responsible Investment and ESG

Guinness Global Equity Income