

RESPONSIBLE INVESTMENT REPORT 2023



Publicly available at <https://www.guinnessgi.com/>

This is a marketing communication. Please refer to the prospectuses, KIDs and KIIDs for the Funds, which contain detailed information on their characteristics and objectives, before making any final investment decisions.

POSITIVELY DIFFERENT

GUINNESS
GLOBAL INVESTORS

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A WORD FROM THE CEO

WELCOME TO OUR 2023 RESPONSIBLE INVESTMENT REPORT

This report outlines the activity performed and the development of our approach in 2023 under our commitment to responsible investment.

From introducing our first ESG Policy in 2014 to signing up to the PRI in 2019, the scope of our efforts dedicated to this commitment has continued to increase. Our Responsible Investment Team has grown to three members of staff to support the evolution of the function. The team works closely with the rest of the wider investment team, providing support and resources to all portfolio managers and investment analysts.



In December 2023, we received our latest PRI Assessment Report, and were pleased to see an improvement in our scores. We were awarded 4 out of 5 for Policy, Governance & Strategy and Listed Equity (Active Fundamental) and 5 out of 5 for Confidence Building Measures. The period assessed was the 2022 calendar year.

While continuing to engage with portfolio companies individually, we have further increased our support of collaborative engagements. We participated in the CDP Non-Disclosure Campaign (NDC) for the second year and joined the CDP Science-Based Targets (SBT) engagement programme. We continued our involvement in the Climate Action 100+ (CA100+) initiative, shifting our engagement focus from Devon Energy to Imperial Oil.

To increase awareness and capability in responsible investment throughout our business, we conduct annual company-level ESG training to share best practices, discuss regulatory developments, and update the teams on our responsible investment activity and approach. In 2023 we introduced firm-wide climate training to inform staff about climate change and the impact of climate on our company.

As a responsible employer, we aim to promote wellbeing through a range of benefits, including coaching opportunities and the sponsorship of professional qualifications. We continue to run insight days and internship programmes and in 2023 established a partnership with Southbank Sinfonia at St John's Smith Square. We record and report on our company-level scope emissions, encourage greener approaches to how the business and staff operate, and offer schemes to improve environmental footprints such as electric vehicle leasing and cycle to work schemes.

Please see our Stewardship Code Report for further details on our stewardship activity across the year. The team has also produced Responsible Investment Factsheets for relevant funds, available on our website.

I hope you enjoy reading this report. As always, we welcome your feedback and any comments on our work.

A handwritten signature in blue ink, appearing to read 'Edward Guinness'.

Edward Guinness, CEO, Guinness Global Investors

AN INSIGHT INTO GUINNESS GLOBAL INVESTORS

In 2023, Guinness celebrated its 20th anniversary with positive momentum on our journey to becoming the natural choice of specialist long-only fund manager.

A SELECTION OF 2023 RESPONSIBLE INVESTMENT HIGHLIGHTS



Source: Guinness Global Investors

*Figures as at 31 December 2023. Some of our Ireland domiciled funds are classified as Article 8 and 9 under the EU Sustainable Finance Disclosure Regulation (SFDR). For further information, please see Page 6.

OUR VALUES

ACTIVE MANAGEMENT

We believe in intelligent solutions for long-term investing in a rapidly changing world. This means having a methodology for building portfolios that is logical, robust, repeatable, while remaining consistent with our core investment beliefs and our duty to invest responsibly.


Active management, high conviction and identifying value are central to our investment philosophy and they are delivered in the form of concentrated portfolios with an equal-weight approach.

RESPONSIBLE INVESTMENT

Fundamental data and rigorous in-house research are the cornerstones of our investment process. This includes considering the impact of environmental, social and governance (ESG) factors, which has evolved over time as more relevant data has become available. As signatories of the PRI, we are committed to adopting and implementing responsible investment principles in a manner that is consistent with our fiduciary responsibilities to clients.

As we manage our clients' assets to deliver on their mandate we assume a stewardship role. We maintain a programme of engagement with investee and potential investee companies. Our portfolio managers are empowered to make voting decisions in clients' best interests and exercise voting rights when practical to do so and we are signatories to the UK Stewardship Code.

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)




The PRI provides external assurance on our stewardship approach broken down by activity. In our latest Assessment Report, published in 2023 (reflective of our 2022 activity), we received the following scores (see right):

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


OUR FUND RANGE

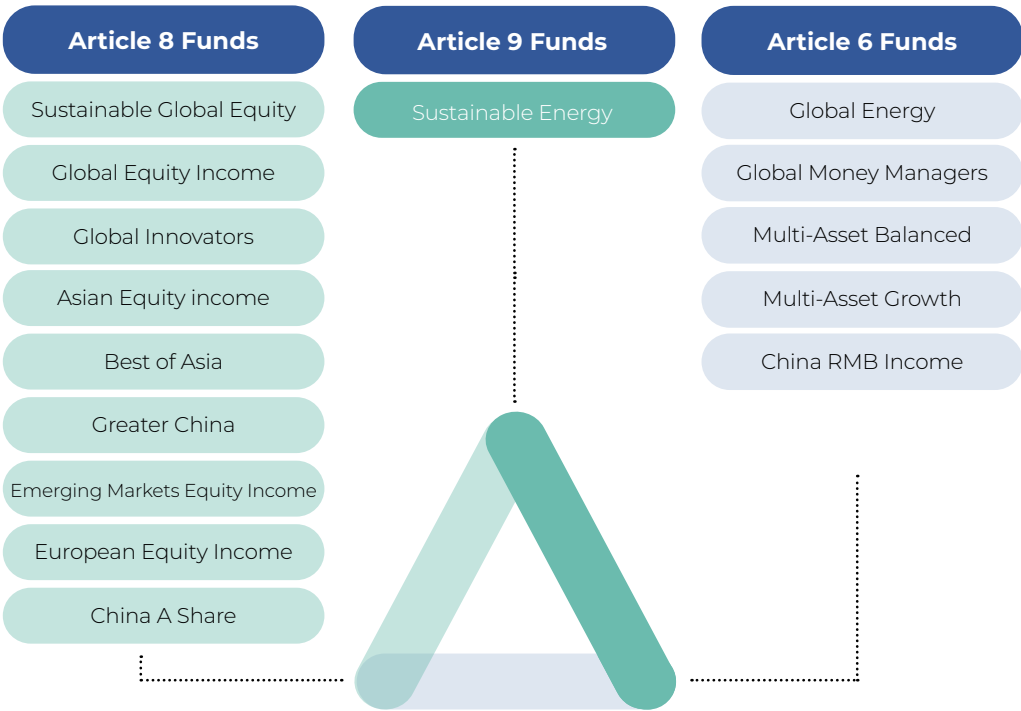
Guinness Global Investors provides 16 long-only strategies, with 85% of assets under management domiciled in the European Union as of 31 December 2023.

Our range of EU-domiciled funds is subject to the Sustainable Finance Disclosure Regulation (“SFDR”), introduced to help improve transparency in the market, clarify sustainability claims made by financial market participants and prevent greenwashing. The main provisions have been applicable as of March 2021. There are three classifications of investment strategy that apply to our funds:

 **Article 6** classifies funds which are not committed to integrating any kind of sustainability into the investment process.

 **Article 8** funds promote environmental or social characteristics.

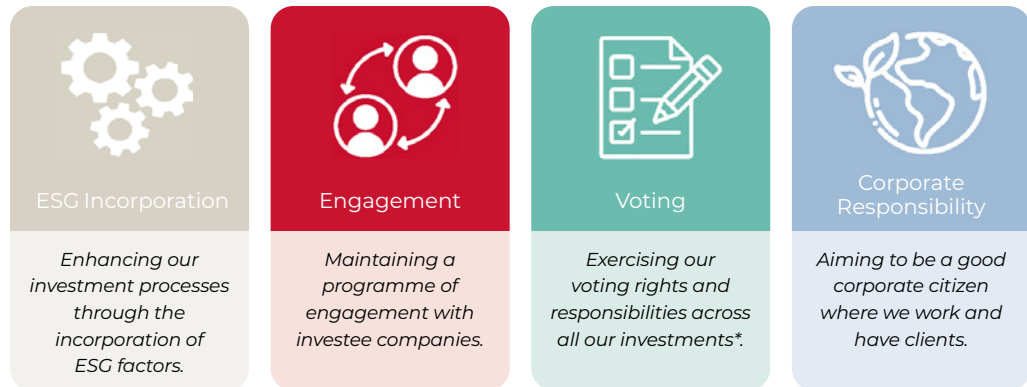
 **Article 9** funds have sustainable investment as their objective.



Relevant disclosures under SFDR for each fund can be found at [guinnessgi.com](https://www.guinnessgi.com).

OUR APPROACH TO RESPONSIBLE INVESTMENT

We divide responsible investment activity between the incorporation of ESG factors and stewardship activity (such as engagement and voting). Adding the consideration of our own corporate responsibility, we have structured this report according to the following four pillars:



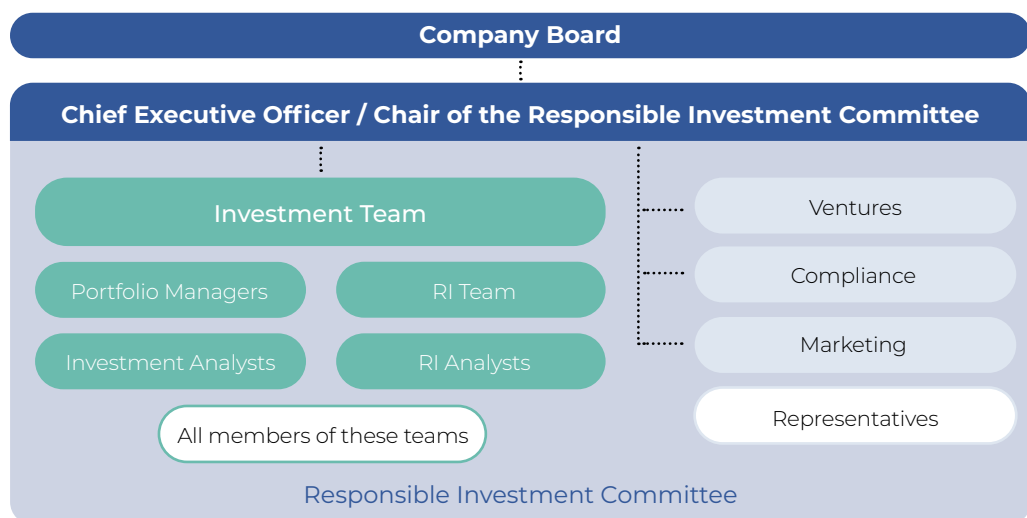
Much of our responsible investment activity is performed on a day-to-day basis by the investment team in incorporating ESG factors into the investment process and performing active ownership (engagement and voting). Our **Responsible Investment Team** provides support to all investment teams and prepares company-wide analysis and materials.

GOVERNANCE OF OUR RESPONSIBLE INVESTMENT APPROACH

The **Board** decides strategy and objectives and is responsible for directing all areas of the business. It is therefore where ultimate responsibility lies for our responsible investment approach.

The **Responsible Investment Committee** (Figure 1), chaired by our **CEO**, has the objective of developing, performing, and monitoring our ESG incorporation and stewardship activities. The Committee meets at least quarterly and includes all portfolio managers as well as representatives from the Compliance & Risk team, Marketing team, and Ventures** team.

Figure 1: Responsible Investment Oversight Structure



Source: Guinness Global Investors

*We aim to exercise all voting rights, but occasionally it will be impossible, impractical or against clients' best interests to vote. Please see page 18 for more details. - **Although we collaborate closely, Guinness Ventures Limited is a separate entity to Guinness Global Investors.

ESG INCORPORATION

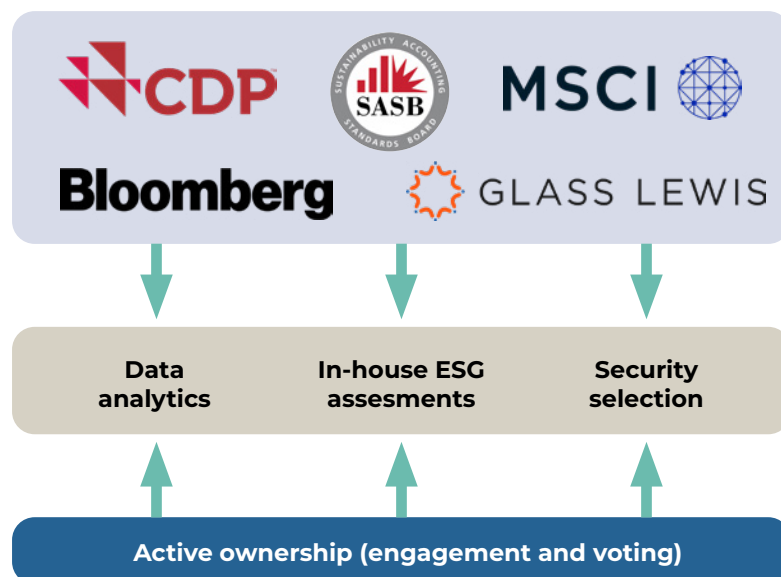
We believe that the incorporation of ESG factors – for which we use both proprietary quantitative scoring and qualitative analysis – enables us to assess potential risks and opportunities and can enhance our investment process.

Portfolio managers are empowered to tailor their processes to the respective geographic and sectoral focus of their strategies, typically including both qualitative and quantitative analysis.

Environmental factors consider how a company performs as a steward of nature; **Social** factors examine how it manages relationships with employees, suppliers, customers, and the communities where it operates; and **Governance** deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

We believe, as active managers, that building our own methodology to assess ESG factors is better than relying solely on third-party scores or relying on exclusionary criteria. To inform our internal assessments, we use a wide range of resources, including but not limited to the third-party providers outlined in Figure 2. Further information is available in our [Responsible Investment Policy](#).

Figure 2: Incorporation process of ESG factors and stewardship activity



Source: Guinness Global Investors

Our approach to incorporating ESG factors continues to evolve. During 2023, the investment team continued to work on developing its analysis of the impact of remuneration, portfolio climate sensitivity, and positive impact analysis. The team’s analysis also included governance factors such as shareholder rights, committee structures, and overboarding* risks.

We conduct analysis to understand how our funds are exposed to carbon and climate-related risks. This includes the carbon footprint and weighted average carbon intensity** (WACI) of our funds in absolute terms and relative to their benchmarks. We also examine fund-level transition and physical risks, as well as the measures that investee companies have implemented to mitigate them. Please see our forthcoming 2023 TCFD Report for more information.

**Overboarding risk may arise when a director has excessive time commitments that may impede on their ability to fulfil their responsibilities as a director. - **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).*



CASE STUDY: ESG INCORPORATION

The **Sustainable Global Equity** strategy added **Monolithic Power Systems** to the portfolio during 2023. The team’s qualitative ESG review is summarised below. The strategy’s Ireland-domiciled fund has been assigned an Article 8 classification under EU SFDR.

Monolithic Power Systems (“MPS”) is a fabless producer of analogue and mixed-signal power semiconductors used across diverse end-markets including cloud storage, auto, communications, industrial and consumer.

MPS is aligned to two of the strategy’s three sustainable themes: **Productivity & Connectivity** and **Resource Efficiency**. MPS specialises in monolithic chips that differentiate themselves by offering solutions that are smaller in size and have higher power density outputs than peers, making them more energy efficient.

As a fabless company, MPS’s environmental risks are lower than those of its wider industry, as it does not source materials or manufacture the products it designs. MPS has a range of environment-related initiatives in place including an Environment Management System framework based on recommendations by the Responsible Business Alliance.

The team was satisfied the company followed good governance practices (sound management structures, employee relations, remuneration of staff and tax compliance), and identified the following engagement priorities:

- **Remuneration:** MPS’s 2022 and 2023 AGMs both saw significant shareholder dissent regarding executive compensation. Areas for improvement include reducing the emphasis on share price in the long-term incentive plan, which we view as an output of operational results rather than a target itself, and reducing upper limits in both the short-term and long-term incentive plans.
- **Corporate governance:** MPS’s board has a risk of entrenchment. Three of the board’s seven independent directors have served for over 15 years and we would encourage some refreshment here.
- **Human capital management:** although company processes here seem to be reasonable, we would like to understand the recent increases in staff turnover rate.

EXCLUSION APPROACH

As a house, we typically prefer engagement over exclusion but, for some areas of activity, we rule out some companies from our investment universes.

Figure 3: Corporate-level exclusions



Thermal coal



Controversial weapons

Source: Guinness Global Investors

Our firm-level [exclusion policy](#) includes a policy on controversial weapons (cluster munitions, landmines, and biological and chemical weapons) and thermal coal (Figure 3). Fund-level exclusion policies may add additional exclusionary criteria.

OUR DEDICATED SUSTAINABLE STRATEGIES

The Responsible Investment Team interviewed the portfolio managers of our two dedicated sustainable strategies, **Guinness Sustainable Energy** and **Guinness Sustainable Global Equity**, to discuss their approaches to sustainable investing.

SUSTAINABLE ENERGY



**JONATHAN WAGHORN,
FUND MANAGER**



**WILL RILEY, CA
FUND MANAGER**

LAUNCHED: 19/12/2007
BENCHMARK: MSCI World
SECTOR: IA Commodity/
 Natural Resources
FUND MANAGER:
 Jonathan Waghorn
 (28/02/2019)
FUND MANAGER:
 Will Riley (28/02/2019)
NO. OF HOLDINGS: 30

Domicile: UK **Domicile: EU**

What are the strategy’s investment philosophy and process?

We attempt to deliver the best capital returns that we can whilst investing in companies that are associated with the decarbonisation of the global energy system.

We do so by investing in around 30 companies selected from our proprietary investment universe*. The universe includes companies directly exposed to the following four sub-sectors:

- **Displacement:** displacement or more efficient usage of hydrocarbon-based energy;
- **Electrification:** the switching of hydrocarbon-based fuel demand towards electricity, especially for electric vehicles;
- **Installation:** the manufacture of equipment for the generation and consumption of sustainable energy;
- **Generation:** the production of sustainable energy, either pureplay companies or those transitioning from hydrocarbon-based fuels.

How does the team quantify the positive decarbonisation impact of strategy holdings?

Since 2019, we have published an Impact Report to demonstrate how the companies we invest in are helping to deliver the low-carbon transition. We believe that when companies and consumers buy heat pumps, electric vehicles, or renewable energy, rather than their fossil fuel equivalents, they contribute towards the global effort to combat climate change. In September 2023, we released the fifth iteration of our [Impact Report](#). The report maps company activities to the Sustainable Development Goals (SDGs), outlines some of our engagement efforts, and describes our positive impact methodology.

What is the outlook for sustainable energy in 2024?

We would expect to see the energy transition continue to accelerate in 2024. Renewable power generation is expected to grow at around 7-8%, displacing some coal and gas power. Associated with that, grid investment will increase to support the growth, growing at twice its historic annual rate, from \$300bn in 2022 to over \$800bn per annum in the 2040s.

**The investment universe is not limited to 'pure plays' and includes some companies with existing hydrocarbon-based fuel exposure but this must be allied with a commitment to transitioning their business model towards sustainable energy sources.*

SUSTAINABLE GLOBAL EQUITY



SAGAR THANKI, CFA
FUND MANAGER



JOSEPH STEPHENS, CFA
FUND MANAGER

LAUNCHED: 15/12/2020
BENCHMARK: MSCI World
SECTOR: IA Global
FUND MANAGER:
Joseph Stephens
FUND MANAGER:
Sagar Thanki
NO. OF HOLDINGS: 30

Domicile: UK

Domicile: EU

What is the strategy's investment philosophy?

The philosophy is derived from our belief that over the next 20 years, economies will continue to shift towards more sustainable products and services, and there will be greater emphasis on good corporate practices. Businesses that are part of this transition are likely to benefit from a sustained growth in demand. The Fund is managed for capital growth, and holds a concentrated portfolio, biased towards midcap companies in any industry and in any developed region.

How does the strategy approach sustainable investing?

We take a three-pronged approach to sustainable investing.

Firstly, we **exclude** on a product and practice basis, filtering out companies with harmful products such as tobacco, weapons, and fossil fuels, but also ESG laggards – those with inadequate management of material ESG issues.

Second, we actively seek companies whose products are tangibly linked to the **transition to a more sustainable economy**. Each holding must derive the majority of its revenue from at least one of our sustainability themes: health & wellbeing, productivity, and resource efficiency.

Lastly, we are **active owners**. We vote all proxy votes (where appropriate to do so) and perform direct engagement with holdings to promote better governance of material ESG issues that will ultimately improve operational resiliency.

The strategy recently celebrated its three-year anniversary. How have your sustainability themes developed since launch?



Health & Wellbeing – We have seen examples of lasting changes from the pandemic, such as an emphasis on greater hygiene (benefiting holding Steris) and a shift towards at-home care (benefiting Addus Homecare).



Productivity & Connectivity – Excitement around artificial intelligence has benefited holdings such as Arista Networks, which supplies high-end networking switches and software to data centres.



Resource Efficiency – The importance of this theme was made ever more evident when Russia invaded Ukraine in 2022, and we have seen continued government stimulus into the area. Fund exposure here includes Tetra Tech, a US consultancy specialist which has continued to win contracts throughout the period as governments placed greater focus on climate change initiatives.

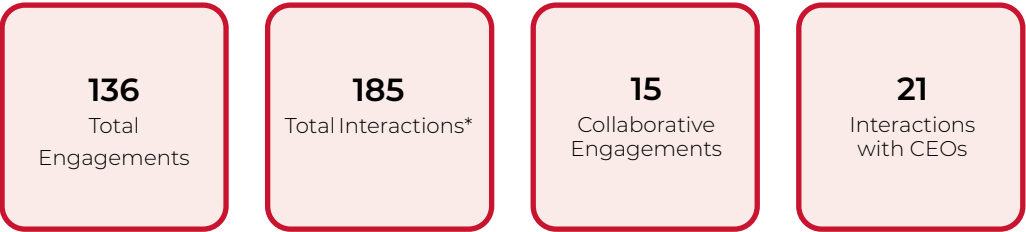
ENGAGEMENT

Engagement activities are conducted both individually by our investment teams and via collaborative initiatives.

As active shareholders with long-term investment horizons, engagement is fundamental to our investment process.

We engage with investee companies for a number of reasons including influencing investee companies proactively on ESG issues, encouraging improved or increased ESG disclosure, and to gain a greater understanding of their ESG strategy.

2023 ENGAGEMENT STATISTICS

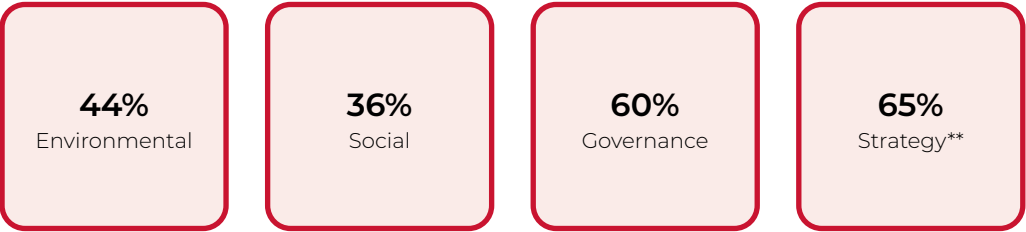


Source: Guinness Global Investors

*Refers to all engagements, as well as contact with companies made without any of the above objectives.

Each engagement activity is made on a case-by-case basis. We engage directly and collaboratively and do not prioritise between the various approaches.

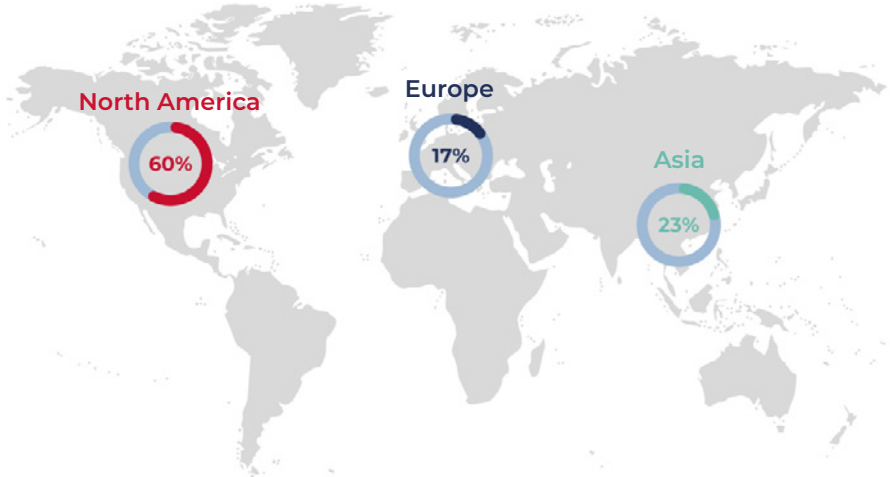
Engagements by topic are outlined below. In some cases, multiple topics are covered in a single meeting, and so the totals do not add up to 100%.



Source: Guinness Global Investors

**Strategy includes disclosures, opportunities in sustainable products, positive impact, and regulation.

Figure 4: Geographic distribution of engagement activity



ENGAGEMENT IN CHINA

Sharukh Malik describes his engagement with Chinese portfolio companies in 2023.

I went to Beijing, Shanghai and Shenzhen to visit some of the holdings in our Asian equity strategies. The objective was to engage with our holdings and hear about the latest business developments. I've summarised a couple of the meetings we had with companies below.

When it comes to ESG, Chinese companies have more room to improve compared to developed market companies. It was very encouraging to see that our companies were receptive to our ideas and were very keen to understand the perspectives of foreign shareholders. We are planning to return to China in 2024 to meet more holdings and continue ongoing discussions with management teams. We recognise effective engagement often takes place over multiple years, and so maintaining the dialogue is very important.



**SHARUKH MALIK, CFA
FUND MANAGER**



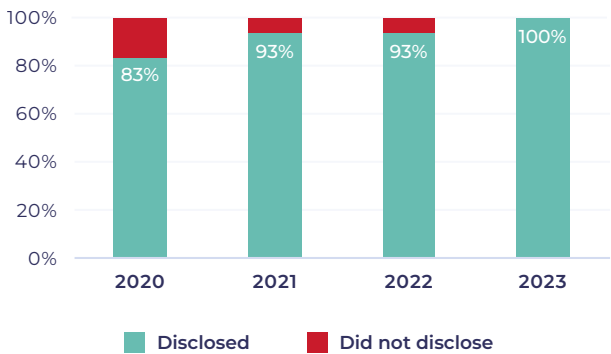
CASE STUDY 1: VENUSTECH	
Relevant strategies	Guinness Greater China, Guinness China A Share, Guinness Best of Asia
Background	Venustech is a large cybersecurity company that provides network security management platforms and specialised security services and solutions.
Engagement	We focused the meeting on suggesting improvements to Venustech's disclosures. These included more information on how the company develops and trains its staff and publishing a separate ESG report. We also suggested improvements to Venustech's governance structure, such as greater independence on the audit committee and supervisory board.
Outcome	We await the publication of Venustech's next ESG report (expected around March 2024) and will contact the company ahead of the 2024 trip to China to arrange a meeting.



CASE STUDY 2: JIANGSU HENGLI HYDRAULIC	
Relevant strategy	Guinness China A Share
Background	Jiangsu Hengli Hydraulic manufactures cylinders used in construction equipment, tunnel boring machines and aerial work platforms. For construction equipment, Hengli specialises in larger excavators which are not economical for the underlying customers to make themselves.
Engagement	We suggested to the company that in the next set of reports, it discloses waste reduction targets and the opportunities available as electric excavators become more popular.
Outcome	We continue to monitor Hengli's disclosures and plan on engaging with the company again in 2024.

INDIVIDUAL ENGAGEMENT CASE STUDIES

Each team at Guinness engages on a wide range of engagement themes material to their respective holdings. Two case studies on different themes are shown below. Our case studies also demonstrate that engagement is a two-way conversation, and that dialogue and progress often takes place over several years.

CASE STUDY: ZOOM VIDEO COMMUNICATIONS																
Relevant strategy	Guinness Global Innovators															
Background	Zoom operates in the 'Unified Communications as a Service' (UCaaS) space, offering a holistic, cloud-native range of software products via its 'video-first' platform, Zoom Meetings.															
Engagement	We wrote to the company in 2023, acting as a lead signatory on behalf of the CDP Non-Disclosure Campaign. The objective of the annual campaign is to drive further corporate transparency around climate change, deforestation and water security by encouraging companies to respond to CDP's disclosure requests. As a lead signatory, we were responsible for managing the correspondence with Zoom on behalf of all investors who had opted to be part of the campaign.															
Outcome	<p>The participation of Zoom and Anta Sports in the questionnaire meant that, for the first time, all 30 holdings in the Guinness Global Innovators strategy submitted to CDP with respect to climate change. The graph below highlights the increasing proportion of holdings in the Guinness Global Innovators Fund submitting to the annual CDP questionnaire over time.</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Disclosed (%)</th> <th>Did not disclose (%)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>83%</td> <td>17%</td> </tr> <tr> <td>2021</td> <td>93%</td> <td>7%</td> </tr> <tr> <td>2022</td> <td>93%</td> <td>7%</td> </tr> <tr> <td>2023</td> <td>100%</td> <td>0%</td> </tr> </tbody> </table> <p>Source: CDP; Guinness Global Investors</p> <p>We continue to track this disclosure over time across all funds.</p>	Year	Disclosed (%)	Did not disclose (%)	2020	83%	17%	2021	93%	7%	2022	93%	7%	2023	100%	0%
Year	Disclosed (%)	Did not disclose (%)														
2020	83%	17%														
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2023	100%	0%														

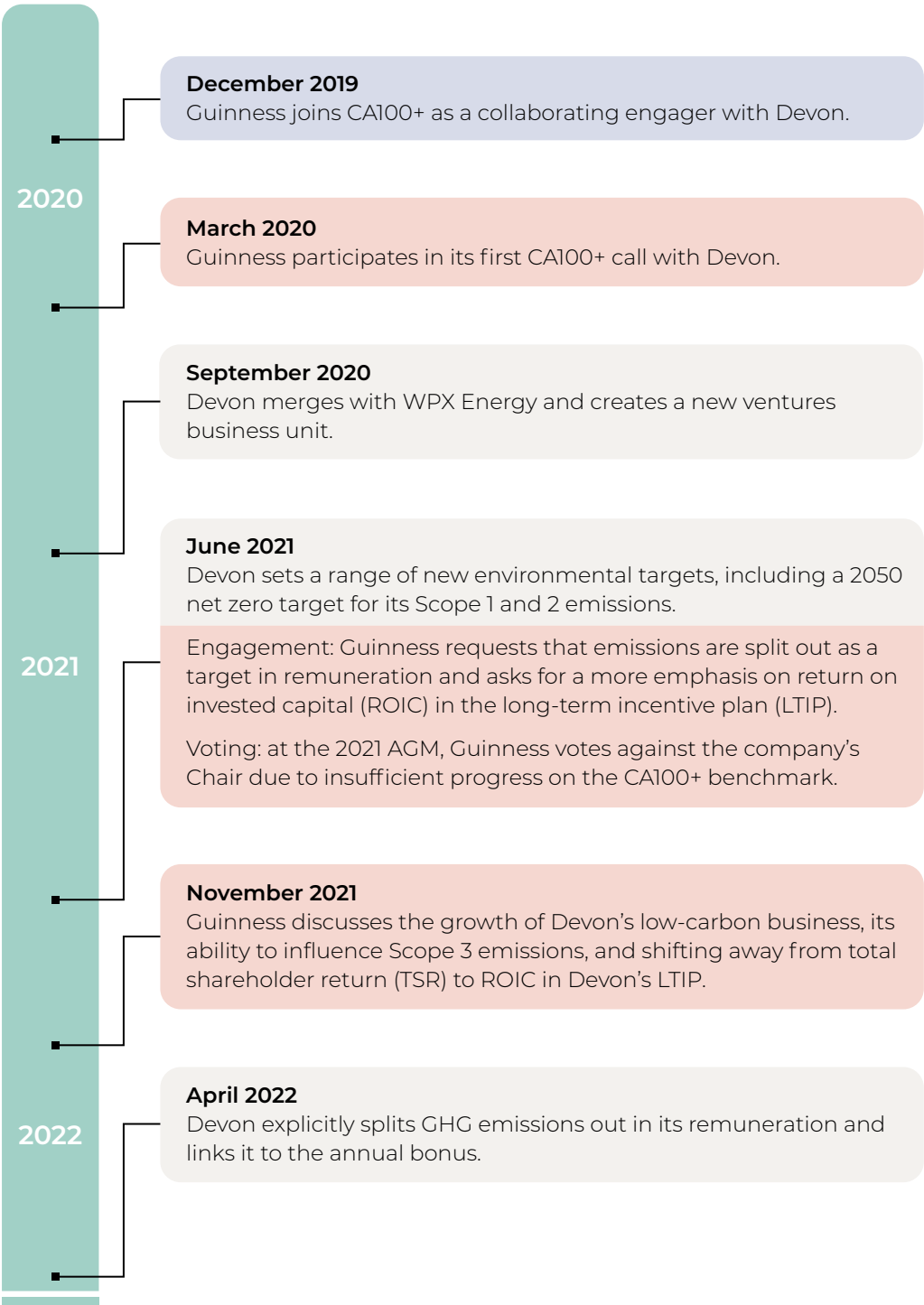
CASE STUDY: ORMAT	
Relevant strategy	Guinness Sustainable Energy
Background	Ormat is a leading vertically integrated geothermal generation company.
Engagement	Ormat regularly provides clear 3–4 year guidance, setting capacity targets for geothermal generation and more recently for battery storage. In our ESG review of the company, we identified a sub-optimal CEO pay structure, where 100% of the performance stock unit (PSU) award was linked to relative total shareholder return (TSR) rather than its capacity guidance. We first encouraged Ormat to link CEO pay to capacity targets in March 2021, which would incentivise strong operational execution while growing the company's positive impact (low-carbon electricity generation). Since then, we continued the dialogue through several exchanges with the management team.
Outcome	In March 2023, Ormat published its updated proxy statement, and we were pleased to see that 50% of the PSU award would be linked to capacity targets with the remaining 50% linked to relative TSR. We view this as a step in the right direction.

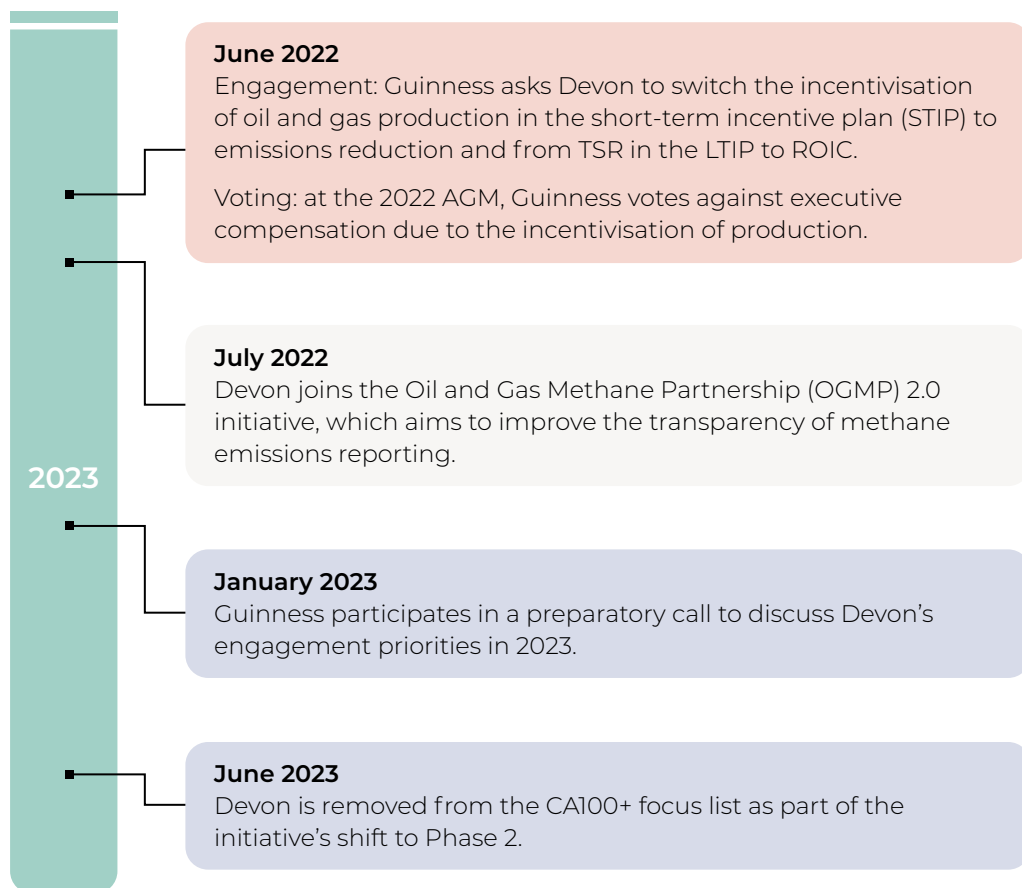


COLLABORATIVE ENGAGEMENT CASE STUDY

We believe in collaborative action around ESG issues. This includes focused programmes of engagement, where the sum of the parts is significantly more effective than if each participant attempted to engage across the whole sector.

A collaborative engagement programme that Guinness Global Investors participates in is Climate Action 100+ (CA100+), a leading engagement group on the issue of greenhouse gas emissions. Between 2019 and 2023, we collectively engaged with Devon Energy, a \$28bn US-based oil and gas producer focusing on five onshore operations across the US. The timeline below shows the key points of our engagement from inception to its conclusion in 2023.





- Company update
- Engagement and voting activity
- Other update

VOTING

As responsible investors, we actively aim to exercise the rights and responsibilities associated with all our investments.



Source: Guinness Global Investors

*Data includes all Ireland, UK, and US domiciled funds. Figures exclude instances where we do not vote, including in jurisdictions where share blocking is in effect or power of attorney requirements apply.

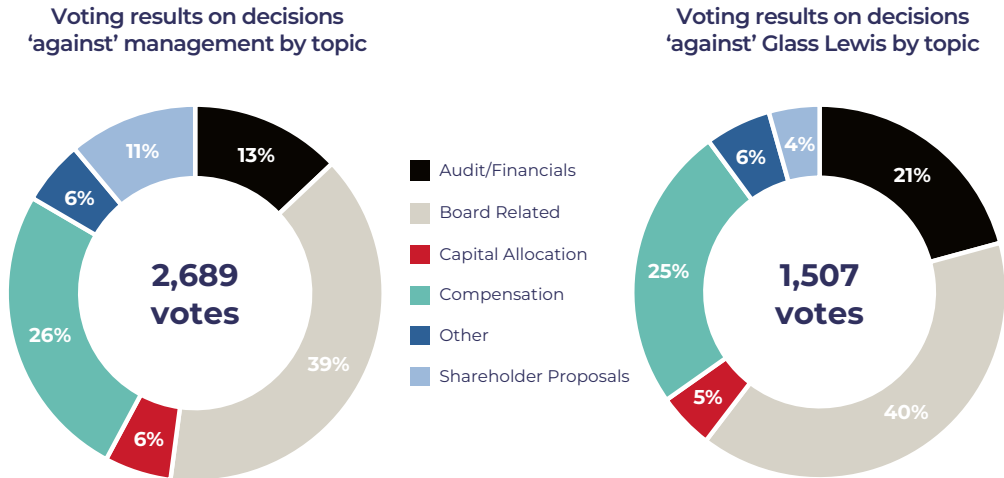
We view voting as an important element of investment management and our voting philosophy reflects our values, our long-term perspective and our focus on sustainable returns.

Our [Voting Policy](#), which is available on our website, guides our portfolio managers in making voting decisions. All voting is undertaken by the investment team, with oversight provided by our Responsible Investment Committee.

We make our voting decisions based on our own research, supported by proxy voting research from Glass Lewis. The final decision is made by the portfolio manager and decisions may be against the Glass Lewis recommendation or company management.

We intend to vote where possible. Occasionally, administrative arrangements may prevent votes being cast, or it may not in the best interests of our clients to vote (due to restrictions on liquidity or 'share blocking').

Figure 5: Guinness 2023 voting results



Source: Glass Lewis; Guinness Global Investors

VOTING CASE STUDIES

The case studies below give details of when the team voted against the recommendations of company management and the rationale for doing so.



CASE STUDY: AUDIT AND FINANCIALS	
Company	China Longyuan is the largest wind farm operator in China.
Relevant Strategy	Guinness Sustainable Energy
Proposal	Receipt of financial statements and reports
Rationale	Guided by the strategy's internal voting policy, we voted against Longyuan's reports and accounts because it is yet to make a submission to the CDP climate survey. In addition, the team felt this was particularly appropriate for Longyuan given its underlying exposure to coal power generation.



CASE STUDY: BOARD RELATED	
Company	Entegris makes products and materials for semiconductor and high-tech manufacturing.
Relevant Strategy	Guinness Sustainable Global Equity
Proposal	(1) Elect Dr. Azita Saleki-Gerhardt (2) Elect Rodney Clark
Rationale	(1) We voted against Dr. Saleki-Gerhardt, Chair of the Governance and Nominating committee, over gender diversity concerns and a lack of clarity on the topic. (2) We voted against Mr. Clark as he is a public executive at a different business. We prefer to see the committee composed solely of non-executives.



CASE STUDY: CAPITAL ALLOCATION	
Company	Suofeiya Home Collection is a Chinese company that designs, produces and sells customised domestic furniture.
Relevant Strategies	Guinness Emerging Markets Equity Income, Guinness Asian Equity Income, Guinness China A Share, and Guinness Greater China
Proposal	Extension of the valid period of the resolution on the share offering to specific parties
Rationale	The board were asking for the authority to issue shares at up to a 20% discount and to two controlling shareholders for the repayment of bank loans and the replenishment of working capital. We felt the discount was excessive and had concerns that the lack of pre-emptive rights could cause dilution for shareholders.

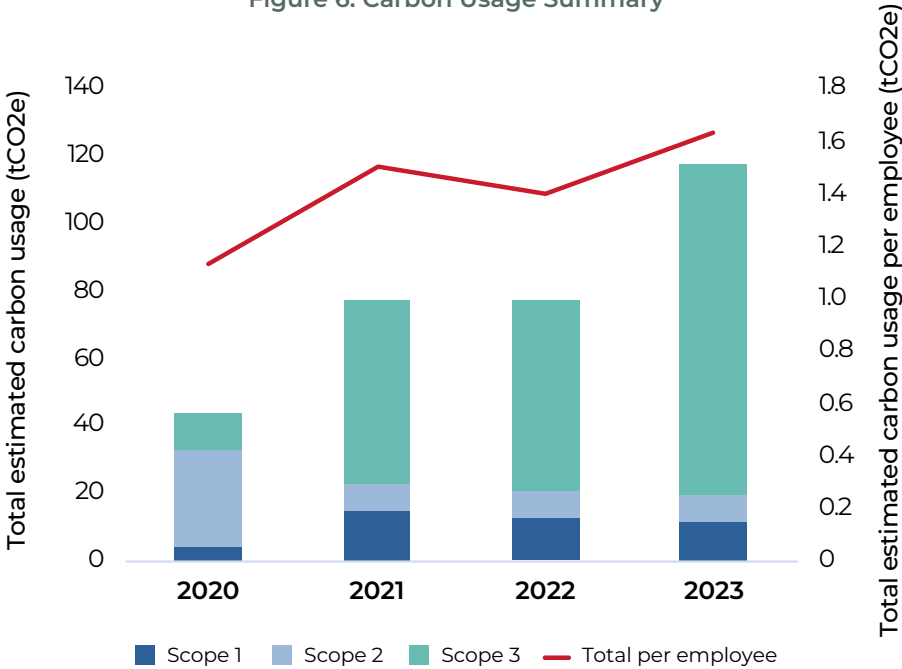
CORPORATE RESPONSIBILITY

We believe it is important to apply the high standards we expect of our portfolio holdings to our own activities. Accordingly, we aim to be a good corporate citizen in the communities where we work and have clients.

CARBON EMISSIONS

In line with our desire for our companies to report emissions data, we believe it is consistent for us to record and publish our own emissions data.

Figure 6: Carbon Usage Summary



Source: Guinness Global Investors

Carbon usage data is produced annually on a best-efforts unaudited basis and is based on internal estimates using the [UK Government’s Greenhouse gas reporting: conversion factors](#).

The GHG protocol defines 15 categories of scope 3 emissions. Figure 6 shows our estimates of our Scope 3 Category 6 (business travel) and Category 7 (employee commuting and teleworking) emissions. We also accounted for the emissions associated with hotel stays for the first time in 2023 (within the business travel category). Please see our forthcoming TCFD report for more information.

Increased domestic and international travel by our sales and investment teams accounted for a significant portion of the increase in our Scope 3 emissions in 2023 vs 2022. This includes investment team trips to East and South East Asia (see page 13) to meet and engage with investee holdings.

We have several procedures in place to improve the environmental footprint of the company, including recycling initiatives, energy efficient lighting, electrical vehicle leasing, and cycle to work schemes for employees. Further details can be found in our Carbon Policy.

PEOPLE: DIVERSITY

Our employees come from a diverse group of cultural and ethnic backgrounds. 27% of our employees are female.

We are working to increase the level of diversity across the firm and have a Diversity and Inclusion ("D&I") Policy in place. We have a D&I Committee which meets regularly to discuss D&I strategy and initiatives to encourage diversity and inclusion among our workforce. This includes enhancing our recruitment processes, internship programmes, employment policies and procedures, and staff training. The aim is to cultivate a positive work environment where each employee feels respected and able to give their best.

We also continue to track other measures including retention ratios. Over the past three years, our average retention ratio was 95%.

PEOPLE: DEVELOPMENT

We offer employees numerous benefits including coaching opportunities. We also encourage and provide personal development of all employees through sponsorship of professional qualifications.

Five employees of the investment team have been awarded the CFA Certificate in ESG Investing to date. The opportunity to take this qualification is available to all employees.

We run firm-wide ESG training. This includes but is not limited to education on ESG, the responsible investment activity conducted at Guinness, stewardship activity, and the consideration of ESG factors in the investment process. This allows us to ensure all employees in the firm are familiar with the responsible investment and ESG activity that is conducted across the firm. In 2023 we also introduced climate training to all employees to provide education around climate change and the impact of climate on our company.

PEOPLE: COMMUNITY

We continue to host insight days and internship programmes for both sixth form students and university students.

We also participate in community work. Since 2013, we have partaken in the Grocer's initiative. This innovative programme, designed by City livery companies, engages with schools to help stimulate business and entrepreneurial skills among their sixth-form pupils, with a particular focus on schools from low-income and under-represented areas.

We are a proud Partner of Southbank Sinfonia at St John's Smith Square. Through its Fellowship, Southbank Sinfonia provides a springboard for graduate musicians into their profession. Like Guinness Global Investors, Southbank Sinfonia looks to a global horizon, with alumni in major orchestras worldwide, and shares an emphasis on the nurturing of talent.



COLLABORATIVE INITIATIVES

We value opportunities to be involved in the development of good practice in responsible investment. We participate in a range of industry groups in order to gain the opportunity to collaborate on, influence, and obtain enhanced knowledge of leading ESG issues and challenges within the industry.



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. In 2023, we joined the CDP Science-Based Targets (SBT) Campaign, to encourage portfolio companies to commit to and set 1.5°C-aligned science-based targets.



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



Since 2019, we have been members of **Climate Action 100+**, the world's largest-ever investor engagement initiative on climate change. We collectively engaged with a US-listed oil & gas producer across a wide range of topics including remuneration and methane reduction.



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.



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.



We became signatories to the **PRI** in 2019, which provides external assurance on our stewardship approach broken down by activity.



We are public supporters of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, and we seek to improved climate-related financial disclosure that is consistent, comparable, reliable, and clear to enhance our investment processes.



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 practice.



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 the investment team serves on the Membership Committee.

RESOURCES

CORPORATE DOCUMENTS



The **Responsible Investment Policy** describes how we approach responsible investing while managing our listed equity strategies.



As a signatory to the UK **Stewardship Code 2020**, we submit annual reports to explain how we applied the Code over the past year.



Under our responsible investment approach, we implement corporate-level weapons and thermal coal **exclusions**.

FUND LITERATURE



Each investment team outlines how they approach **Responsible Investment and ESG** integration, and tailor their processes to the respective geographic and sectoral focus of their strategies.



The Guinness Global Team outline their **Approach to Remuneration**, featuring some worked examples and case studies.



The **Sustainable Energy** strategy presents the positive impact its portfolio companies are playing in facilitating global decarbonisation.



OUR TEAM



**FRANCESCA WHEBLE,
RESPONSIBLE INVESTMENT LEAD**

Francesca joined Guinness Global Investors in 2021 and is Responsible Investment Lead.



IMOGEN BUTTERWORTH, ANALYST

Imogen joined Guinness Global Investors in 2023 and is a Responsible Investment Analyst.



EAMON DEVANEY-DYKES, ANALYST

Eamon joined Guinness Global Investors in 2023 and is a Responsible Investment Analyst.

IMPORTANT INFORMATION

This document is provided for information only. All the information contained in it is believed to be reliable but may be inaccurate or incomplete; it should not be relied upon. It is not an invitation to make an investment, nor does it constitute an offer for sale.

References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities.

The documentation needed to make an investment, including the Prospectus, Supplement, the Key Investor Information Document (KIID) and the Application Form, is available from our website guinnessgi.com.

The funds invest mainly in shares, and the value of these may fall or rise due to a number of factors, including the performance of the company and general stock market and exchange rate fluctuations. The value of your investment may rise or fall, and you could get back less than you invest. Past performance is not a guide to future performance. Further information about risks can be found in the Prospectus.

Issued by Guinness Global Investors, a trading name of Guinness Asset Management Ltd.

The Investment Manager, Guinness Asset Management Ltd, is domiciled in the United Kingdom and is authorised and regulated by the Financial Conduct Authority.

Guinness Asset Management Funds plc, the umbrella fund with the Guinness sub-funds, is domiciled in Ireland and is authorised and supervised by the Central Bank of Ireland as a UCITS fund. It is also recognised by the Financial Conduct Authority for distribution in the United Kingdom. The sub-funds may also be distributed in various other countries – please contact us for details.

WS Guinness Investment Funds, the umbrella fund with the WS Guinness sub-funds, is domiciled in the United Kingdom and is authorised and regulated by the Financial Conduct Authority as a UCITS fund.



Guinness Global Investors is a trading name of Guinness Asset Management Ltd., which is authorised and regulated by the Financial Conduct Authority (223077).

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