

LINSELL TRAIN

Stewardship Report: Activities & Outcomes

2025



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Foreword

The UK Stewardship Code 2026 sets a high bar for stewardship standards for those investing money on behalf of UK savers and pensioners, as well as those that support them. There are also high expectations that adhering to the Code will lead to sustainable benefits for the economy, the environment and society.

We remain advocates of the code's objective to promote transparency, disclosure and accountability and agree with the FRC that no one size fits all. We therefore welcomed the recent consultation and hope that the revised framework proves to be both practical and proportionate for firms of all sizes and structures and that it continues to drive improvements in stewardship practices, whilst maintaining strong accountability.

In preparing this report, we continue to reflect on our history and culture; the progress we have made to date as stewards of our clients' capital; our plans to further raise our standards; and our ongoing ambitions to support the drive towards achieving sustainable outcomes on a broader scale.

With more than a quarter-century of history behind us, our long-term perspective remains unchanged; we continue to believe there is an alignment between delivering our clients' investment goals and investing in businesses that are adapting to rising regulatory standards and broader sustainability expectations, particularly when investing over a time horizon such as ours, that stretches over decades rather than just quarters or years. The resultant long-term partnerships that we build with investee companies form the cornerstone of our approach to stewardship. This means we must remain responsive to the evolving landscape – whether through shifts in

regulation, stakeholder expectations, or the material sustainability risks and opportunities shaping markets today.

Our ESG Committee (of which I am Chair) is firmly embedded in our governance structure and has been instrumental in ensuring that we remain abreast of regulation, continue to meet our clients' expectations and encourage the work and ambitions of our portfolio companies.

As fiduciaries, we regard stewardship not as a box-ticking obligation, but as a core component of our investment philosophy. Indeed, a number of LTL's Directors contributed to the materials in this Stewardship Report. The Board considers the report to provide a fair and balanced view of our approach to stewardship and responsible investment.

Our approach is straightforward: we seek to allocate capital to businesses capable of enduring, adapting and compounding over the long term. This report explains how we put these principles into practice, outlining our engagement and voting activity, as well as the evolution of our stewardship priorities in pursuit of improved outcomes for our investors.

Nick Train

Nick Train (Apr 29, 2026 14:12:37 GMT+1)

Nick Train, Chair

On behalf of the board of Lindsell Train Limited.
All data in this report is as at 31st December 2025.

I

SIGNATORIES INTEGRATE STEWARDSHIP AND INVESTMENT TO DELIVER LONG-TERM SUSTAINABLE VALUE FOR THEIR CLIENTS AND BENEFICIARIES.

The company was founded in 2000 with the premise that keeping corporate complexity, including hierarchy, to a minimum would foster an optimal environment for fundamental research, high-conviction portfolio management, and long-term performance and stewardship outcomes for clients. This approach underpins how stewardship considerations are incorporated into our investment research, portfolio construction, and long-term ownership decision.

Whilst the primary aim of Lindsell Train is to protect the real value of our clients' capital over the long-term, in our search for 'exceptional' companies (that is durable, cash generative businesses that achieve higher than average returns on capital) we must take into account long-term risks and opportunities, including those related to ESG and climate change, which are assessed through fundamental analysis, company engagement and ongoing monitoring.

The exceptional companies that Lindsell Train seeks to invest in are rare and we expect to hold these companies for the very long-term, which for us means several stock market or economic cycles. As such, our investment process places significant emphasis on heritage and sustainability. Stewardship activity, including engagement with company management and the exercise of voting rights, supports this approach by helping us assess whether these characteristics are likely to be sustained over time. It is no accident that our portfolio holdings (or the brands they own or market positions they occupy) have on average survived for more than 100 years.

This means they have encountered World Wars, depressions, recessions, digital transformations, regulatory changes, varying inflation and interest rate environments and a pandemic. We therefore have every expectation that these companies can successfully navigate the challenges presented by the next few decades, such challenges including – continued digital disruption including AI, climate change and data security risks, to name just a few.

We also believe there to be a clear accelerating convergence between achieving our clients' investment goals and investing in businesses that meet rising ESG standards, particularly when investing over a time horizon that stretches over decades rather than just quarters or years.

HOW DO WE IDENTIFY EXCEPTIONAL BUSINESSES?

The cornerstone of Lindsell Train's investment process is to identify whether a company is 'exceptional', which includes a judgement on whether it is likely to be a profitable business in 20 years' time. Surprisingly few quoted companies meet this test of durability, as evidenced by the high attrition rate for constituents of equity indices in the past. In terms of what characteristics we look for, we have found that there are a number of common features that our holdings exhibit, namely: heritage; predictable earnings (through pricing power and/or intellectual property); good governance; low capital intensity; and sustainably high returns on capital.

Companies defined as exceptional by Lindsell Train typically demonstrate the following:

- Durability and longevity, evidenced by a deep competitive moat. The company should also demonstrate its ability to sustainably compound real cashflows over a multi decade time cycle. Often the most obvious candidates for investment are those companies and franchises that have already demonstrated their ability to survive and prosper over the long-term.
- Sustainably high returns on capital.
- Superior capital allocation practices. At a minimum, we expect companies to reinvest in the business to maintain its competitive edge. Next, we expect companies to consider acquiring complementary businesses, so long as by doing so they at least maintain their high return on capital. When the opportunity to make accretive investments does not exist, we would expect management to return cash to shareholders through paying dividends or through share repurchases at accretive prices.
- A conservative balance sheet (i.e. with low debt). We are willing to accept limited leverage, as long as it is not in order to maximise returns today at the cost of future earnings.

Of course, when we identify what we believe to be an exceptional business we intend to hold it for the long-term, which for us means several economic market cycles. As a result, changes to the portfolio are infrequent – for example, since the inception of our flagship Global Equity representative account in March 2011 we have only sold completely out of 11 positions and added nine new positions. Although none of these decisions were driven exclusively by ESG factors, as we allude to above, any relevant factors would have fed into the research undertaken. This includes giving greater favour to a company that demonstrates being on a path to improving its ESG credentials and with this the long-term potential shareholder returns.

Our experience and research process points us to only a limited number of sectors to find ‘exceptional’ companies. These are consumer and healthcare franchises, media and software, and financials and networks. Hence there are a number of sectors that do not appear in our portfolios.

For example, we do not invest in capital intensive manufacturing industries or any companies involved in the extraction and production of coal, oil or natural gas. We also avoid industries that we judge to be sufficiently detrimental to society that they may be exposed to burdensome regulation or litigation that could impinge on financial returns (e.g. tobacco, gambling or arms manufacturers). The omission of these sectors, as well as our structural preference for capital-light companies, leads to a synchronous improvement in the ESG ratings of our portfolios. Thus our investment approach already gives us a ‘head start’ because of the innate integration of many aspects of ESG in our portfolios.

Through our process of ESG integration, we will consider all factors that we believe will affect a company’s ability to deliver long-term sustainable value to shareholders. ESG factors we routinely assess include but are not limited to environmental (including climate change); social and employee (including turnover and culture); remuneration (including share ownership principles); innovation; cyber resilience; responsible data utilisation; strong and diverse boards (including skill-set diversity); respect for human rights; anti-corruption and anti-bribery; and any other risks or issues facing the business and its reputation.

Governance will generally take precedence in our quality evaluation, not only because of its obvious role in determining how capital is deployed, but also because we think it is important for there to be a clear alignment between remuneration of executives and the long-term interests of the company, which are increasingly related to finding and implementing sustainable business solutions.

If our companies can get all this right, then they will increase their chances of surviving in the long-term. This aligns with how we explain to clients the long-term investment horizons that we believe are necessary to achieve the returns they seek.

Our evaluation of ESG factors is a natural part of our investment process and is incorporated into our framework at the earliest stage of idea generation and continues throughout the ongoing research/monitoring of companies, including company engagement.

We assess these factors and their materiality to the investment thesis underlying each of our companies. All ESG research conducted by the team is catalogued via a proprietary database of risk factors (Sentinel). The database helps us to centralise and codify our team's views, as well as to prioritise our ongoing research and engagement work.

Like all our company analysis, this research is bottom-up and sourced from published reports and accounts, together with other publicly available information and meetings with management. Fortunately, our highly concentrated approach enables meaningful in-depth stock-level analysis that can be leveraged to inform decisions and enact change, with the collection of data across our portfolios significantly simplified by the fact that across all our portfolios we invest in around 85 companies in total.

Importantly, however, the extensive research conducted to identify the ESG risks posed at a stock-specific level is our own. We do not subscribe to any specific ESG research, data or analytical tools. In practice we estimate that more than 90% of research is carried out in house. In particular all valuation work is our own. In some cases we engage with brokers or industry experts to gain a better understanding of a particular sector or industry and such research may include responsible investing/ESG related information. We are also able to leverage the information available on the Glass Lewis Viewpoint platform, where appropriate. The majority of this work is qualitative in nature; however there is a quantitative

element to the Sentinel database to the extent that we score the ESG risks posed to each business based on subjective materiality.

While we do not rely on traditionally constructed Discounted Cash Flow (DCF) models, our approach shares many of its core principles, particularly in focusing on the long-term sustainability of returns. ESG considerations are an important part of that process. In practice, material ESG risks could be a significant barrier to investment, and in some cases, could exclude a company from our investable universe entirely. However, where a company remains under consideration, we integrate ESG by focusing primarily on the sustainability of its return on equity (ROE), which is a key input in our long-term valuation framework.

If we believe that a material ESG issue could impair the durability of a company's ROE – for example, due to regulatory pressure, reputational damage, or operational disruption – we may override historical return data. This is a qualitative judgement, informed by a combination of industry context, company disclosures, and our own ESG analysis. In such cases, we may adjust our assumptions for ROE, the retention rate, or both, to reflect a more conservative view of future value creation. In essence, ESG risks influence our expectations of a company's ability to sustain and reinvest profits over time – which feeds directly into our long-term valuation view.

Below are insights into the Investment Team's ESG evaluation of Auto Trader and Games Workshop, the most recent additions to our UK Equity and Global Equity portfolios.

CASE STUDY ESG EVALUATION FOR INVESTMENT BUY CASE



Consideration of ESG risks and opportunities is integrated into our pre-investment process for all holdings. Accordingly, we have monitored Auto Trader in Sentinel for some time, reflecting our long-standing view of the company as a serious potential investment. As part of this process, we assess all prospective holdings for ESG risks that could be materially significant or pose an existential threat to the business. In this case, no such risks were identified.

The key risk we identified for Auto Trader is the potential for increased costs associated with mitigating the carbon footprint of its data centres and office operations, particularly given its visibility as a leading player in the industry. However, with the UK government reinstating EV grants tied to sustainability performance and introducing criteria around vehicle emissions and battery production, there are opportunities for Auto Trader to enhance listing features and filters for electric vehicles as a response to the growing demand for sustainability transparency.

Finally, Auto Trader has set a Net Zero target for 2040 and is moving in the right direction.

CASE STUDY ESG EVALUATION FOR INVESTMENT BUY CASE



Like Auto Trader, we have been monitoring Games Workshop for some time and have not identified any material risks from an ESG or broader perspective.

Games Workshop designs, manufactures and sells fantasy miniatures and related gaming products. In our view, the key ESG consideration is the generation of plastic waste, particularly from leftover sprues and single-use packaging. However, the company has taken steps to address this issue by introducing in-store recycling for plastic sprues and empty paint pots across its UK retail estate, with plans to expand this initiative internationally.

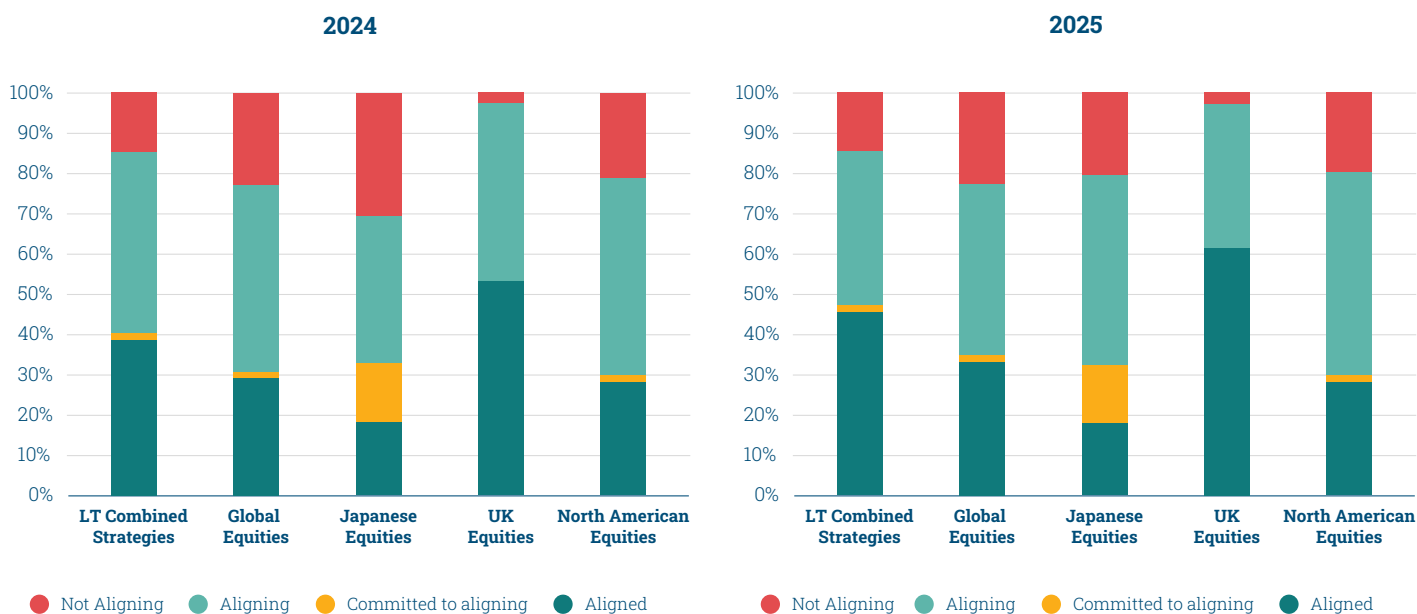
Games Workshop has not publicly committed to a specific net-zero target but it does report its carbon emissions and has set a target to reduce its Scope 1 and 2 emissions by 55% by 2032, using FY 2021/22 as a baseline.

PORTFOLIO COVERAGE ALIGNMENT

Lindsell Train supports the goal of net zero greenhouse gas emissions by 2050 or sooner. Given our long-term approach to investing, we expect the majority of our progress to be driven by targeted engagement with management, fostering alignment between us and our investee companies' ESG aspirations. This was our principal motivation for electing to adopt a portfolio coverage interim target, in line with the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework, which seeks to increase the proportion of a manager's AUM aligning to a Net Zero pathway.

We also believe this method of improvement (targeted engagement as opposed to divestment) to be most likely to drive real-world change as we aim to actively support companies in improving the sustainability of their practices by understanding their individual goals and, where appropriate, providing our thoughts on their road maps.

The chart below shows the alignment of each of the representative accounts for our strategies, and our company when combined, on an asset-weighted basis as at 31 December 2024 and 31 December 2025.



As a reminder, Lindsell Train set an objective of increasing the percentage of our combined company AUM achieving aligned status from 36% in August 2022 (baseline) to 55% in 2030.

With respect to the status of our Net Zero target, as of 31 December 2025, approximately 45% of our combined AUM (far left column of the 2025 chart) has been assessed as aligned in accordance with NZIF 2.0, reflecting continued progress.

To achieve our 2030 target, we will continue to engage proactively with the management of companies we hold across our portfolios.

II

SIGNATORIES IDENTIFY AND RESPOND TO MARKET-WIDE AND SYSTEMIC RISKS TO PROMOTE A WELL-FUNCTIONING FINANCIAL SYSTEM

Lindsell Train recognises the responsibility placed on all market participants, big and small, to support an effective market system. As an investment manager it is our responsibility first and foremost to fulfil our obligations to our clients, in particular our objective of protecting the real value of our clients' assets.

We therefore aim to be alert to all market-wide and systemic risks which may impact our ability to generate good outcomes for our clients. Lindsell Train's Risk & Compliance Committee (RCC) is responsible for horizon scanning and monitoring such risks. The committee is ably supported by a combination of internal resources (including our own Risk & Compliance Team) and existing partnerships, where there are often deep pools of expertise. The RCC is supported by Apex Group ('Apex'), which acts as an Investment Risk consulting partner to Lindsell Train. Apex's additional analysis and expertise supports LTL's investment risk framework. The team at Apex works particularly closely with LTL's Risk Function and the RCC, assisting them to provide independent challenge to the Investment Team.

We think we serve our clients and society best by taking a patient, supportive and long-term approach when making investments, and being very selective in the companies in which we invest. After all, the original purpose of the investment industry was to help providers of capital to find return-generating ideas in which to invest, not to try to outdo other market participants.

What's more, we take some comfort from the fact that our portfolio holdings (or the brands or market positions they occupy) have on average survived

for more than 100 years. We therefore have every expectation that these companies can successfully navigate the challenges presented by the next few decades.

Many of the systemic risks we noted in our 2024 Stewardship Report remained pertinent throughout 2025, namely, **the continued rising concentration of the global stock market and focus of attention on the development of Artificial Intelligence ("AI")**, and the issues around **modern slavery**, all of which are examined in more detail below. We also continued to monitor previously identified systemic risks that still pose a significant threat to the financial system, such as the **climate emergency**.

INCREASING CONCENTRATION OF GLOBAL STOCK MARKET

Investing in an index like the MSCI World should, in theory, offer broad and diversified exposure to the market. Passive instruments are often seen as a lower risk way of gaining exposure to global equities, though looking at the index today, there are reasons to be wary of this assumption.

After a brief respite in 2022, technology companies returned to their winning ways in the past three years, buoyed by increasing optimism around Artificial Intelligence.

“

This current phenomenon has not, and will not, change how we invest. We remain focused on optimising the bottom-up credentials of our highly concentrated, idiosyncratic portfolio, and don't believe that paying any extra attention to the index will result in a higher likelihood of outperformance. If anything, one might expect the opposite.

”

Ben Van Leeuwen,
Portfolio Manager

Few times in history has the global stock market been so concentrated on a handful of companies and, importantly, so concentrated on companies with very similar characteristics. All of the MSCI World top-10 are US businesses, and nine of the 10 can be broadly categorised as technology companies. Correlations between index heavyweights in recent years have been high and the Magnificent Seven* (encapsulated within the top seven of the top 10 holdings) now account for almost a quarter of the overall index (which has over a thousand further constituents).

There is much to admire about many of these businesses, but we continue to believe that replicating prior benchmark winners at this point would carry very significant risk. History suggests that when a small number of stocks have driven dramatic outperformance for a sector, arriving late to that party can be risky. If their concentration has driven recent returns, they could reverse this if they fall. We had a glimpse of what this might look like in 2022 – on an equally weighted basis, the Magnificent Seven

fell –46% compared to a –18% fall from the MSCI World Index.

We believe a healthy and functioning financial system requires asset managers to maintain a consistency of investment approach, whatever that approach might be. With the global stock market so concentrated, providing investors with a variety of investment approaches and portfolios to choose from is more important now than ever.

THE RISE OF ARTIFICIAL INTELLIGENCE

AI will likely disrupt many, perhaps most industries. In general, as with prior technology shifts, AI should unlock operating and revenue efficiencies, though in practice these will benefit only those companies durable enough to survive.

At Lindsell Train, we seek long-lasting franchises with deep moats and the ability to reinvest at above-normal rates of return over extended periods. This underpins our focus on well-established businesses with strong heritage and durable competitive advantages. A robust moat enables the adoption of new technology in a profit-enhancing way, rather than leading to commoditisation.

We believe our portfolios are resilient to technological change, grounded in IP-based brands and consumer products that have historically adapted to shifts in distribution and production. We also see meaningful opportunities where technology strengthens our companies' positions with clients through enhanced services and distribution. For example, LSEG and RELX own world-leading proprietary datasets embedded in customers' workflows and essential to their operations. Advances in large language models enhance the utility of these datasets, improving customer experience, reinforcing their indispensability, strengthening moats, and supporting pricing power. It is therefore no coincidence that LSEG and RELX remain among our largest holdings.

A final consideration is the scale and concentration of capital expenditure on AI among the leading US technology companies. Many have been investing heavily in equipment and data centres to meet anticipated demand for AI-enabled tools and services. These are substantial and ongoing commitments. If the returns on this newly deployed capital ultimately match those earned by their existing businesses, current valuations may be justified. However, such outcomes are far from certain.

AI hyperscalers have limited representation in our portfolios. We remain mindful of the sustainability considerations associated with their models, not least the significant energy requirements and elevated capital intensity. By contrast, the core companies we own, including Nintendo, RELX, Universal Music Group and LSEG, have historically operated with relatively modest capital requirements.

We are comfortable continuing to invest in these world-class software, content and financial data businesses. They are harnessing AI to enhance their products and deepen customer relationships, yet they do so without assuming the potentially burdensome capital commitments that may challenge others if expectations for returns prove too optimistic.

CLIMATE CHANGE

As highlighted in prior years, climate risk remains the great issue of our era. Perhaps what has become even more apparent to us over the past few years is that whilst engagement (including at a collaborative level) leads to incremental change, it is law and regulation that drives real progress. Our engagement work has shown that the introduction of mandatory TCFD reporting has had the desired effect of driving progress and supporting consistency of reporting.

Where action is not mandated, there is a risk that certain companies or geographies fail to prepare appropriately for the costs and business risks brought about by the climate emergency's physical and transition risks.

As you will read throughout this report, Lindsell Train remains committed to progressing our own climate risk-mitigation strategy and those of the companies in which we are invested.

MODERN SLAVERY

Modern slavery is a blight on humanity as we proceed deeper into the 21st Century, encompassing multiple forms of exploitation including forced labour, human trafficking and servitude. Previous estimates suggest that there are 50 million people across the globe in modern slavery, with nearly 28 million in forced labour. The situation has been exacerbated by conflict, climate change and the pandemic. There is huge potential for businesses to take action to address and ultimately eradicate modern slavery globally, and we recognise that financial services have an essential role to play in this fight.

As investors in several Fast Moving Consumer Goods (FMCG) and luxury fashion companies, we are particularly alert to modern slavery in the supply chain and the business and ethical risks it poses. Over the past two years, we have updated our Responsible Investment and Engagement Policy to specifically reflect on this commitment; we have strengthened our partnership with the CCLA-founded initiative Find It, Fix it, Prevent it (which is exclusively focused on the abolition of modern slavery) and we have developed an Engagement Framework which aims to address the issues we judge to be most relevant to our portfolios (Modern Slavery and Climate Change) and where we have the best chance of influencing for positive change.

Lindsell Train's Modern Slavery Statement can be found on our website [here](#).

OTHER INITIATIVES/ CONTRIBUTIONS

In addition to the systemic risks detailed above, we have continued to engage with companies on specific matters that we believe will create a better functioning financial system. Lindsell Train believes that companies that observe high standards of corporate governance and responsible business practices should increase their chances of survivability and their ability to generate long-term sustainable growth, for the greater good of financial markets as a whole. Key to this are the incentive structures and capital allocation policies adopted by industry participants and Lindsell Train pays careful consideration to the relevant policies of the companies in which we invest.

Remuneration – In assessing a company's remuneration policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. Furthermore, at Lindsell Train, we strive to ensure that our own Remuneration Policy is aligned with what we expect from investee companies. Importantly we discourage reward on the basis of short-term performance.

Capital allocation – This is one of the most critical means for translating corporate strategy into action to maximise beneficial outcomes for all stakeholders. Lindsell Train investee companies generate a large amount of cash, and so assessing value creation opportunities is paramount to how we invest. After all, these financial decisions significantly impact the company itself, its shareholders and the entire economy.

Whilst we hope that in our role as an Investment Manager we have demonstrated our ability to identify and respond to market-wide and systemic risks, we would also like to set out how we contribute more widely to a well-functioning financial system.

SUPPORT POLICYMAKERS AND INDUSTRY INITIATIVES

We are pleased to support and uphold the important work led by a number of industry bodies, including the FRC; Net Zero Asset Managers (NZAM) initiative; the Principles for Responsible Investment (PRI); UpReach and Find It, Fix It, Prevent It. These have been selected with careful consideration of our resources and our ability to actively contribute to the initiatives we have chosen to support. We are aware of our limitations, and we are also mindful of the extent to which initiatives are often overlapping in their over-riding objectives. However, we recognise that collaboration and unified influence quickens progress and so we are eager to lend our support where we think we can make a difference. Please refer to our Policy and Context report for details of our collaborations with both UpReach and Find It, Fix It, Prevent It.

Beyond this work, and within Lindsell Train more broadly, we promote: ensuring that all business activities comply with all applicable legal and regulatory requirements; the fostering of good governance, integrity and accountability; and ensuring that all investors have access to clear, comprehensive and high quality information.

Where we do not have the expertise in-house, we work collaboratively with partner organisations, Authorised Corporate Directors and Management Company of our pooled funds.



Moreover, we believe it is important, wherever possible, that we actively represent the views of smaller organisations such as Lindsell Train, whose voices and businesses could potentially be at risk of being drowned out by larger organisations with more extensive resources. As such, Lindsell Train professionals regularly attend and speak at industry events. Such communications connect us with our clients and the wider public and serve to encourage the adoption and advancement of a long-term investment approach. We also believe that if investment managers share their insights in this way, it helps to lift the overall expertise in our industry, to the ultimate benefit of investors.

For example, during 2025 the Lindsell Train Team:

- Presented at the Annual General Meetings (AGMs) of two investment trusts (Finsbury Growth and Income Trust and the Lindsell Train Investment Trust).
- Presented at the Quality Growth Investor Conference in New York (March 2025).
- Presented at the Frostrow Conference in London (May 2025), AIC in London (October 2025), and BCI Conference in South Africa (May 2025).

Additionally, Lindsell Train hosts a series of quarterly educational events, aimed at distribution and client services professionals from boutique asset managers across the UK. The purpose of these events is to provide a forum for smaller firms to pool resources and expertise, to help them navigate the biggest risks and opportunities facing the industry.

III

SIGNATORIES ENGAGE TO MAINTAIN OR ENHANCE THE VALUE OF ASSETS

Engaging with and monitoring portfolio companies is an essential element of our investment strategy. Our Engagement Framework helps guide our future engagement activities, identify priority topics, as well as enable more structured monitoring and reporting on our objectives and outcomes.

Our engagement work can be broadly categorised into one of the following:

- **Monitoring:** recurring ongoing dialogue to help maintain and enhance our relationships with company management and increase information flow, with the overarching objective of improving our understanding of the company, its management and their long-term strategy.
- **Engagement:** interactions that focus on more specific ESG-related issues. These interactions have intent and are usually initiated by Lindsell Train, though management may seek our opinion on a specific matter and thus our engagement activity may also be reactive.

MONITORING

The team's ongoing monitoring includes reviewing investee company annual reports and accounts, together with other publicly available information, and meeting with company management, when appropriate. All members of the Investment Team are involved in this process.

When we meet with company management, we will discuss with them all factors that we believe will affect the company's ability to deliver long-term sustainable value to shareholders. As a result of our strategic investment horizon, we build relationships with investee companies over a number of years and we generally find management appreciative of our views and observations. We seek open and constructive dialogue with company management and board members, in order to broaden our knowledge of the company's strategy, operations and risk management, and to ensure any concerns we might have are addressed. Our experience has demonstrated that ongoing constructive dialogue, with consistent messaging, has more often than not resulted in satisfactory outcomes.

ENGAGEMENT

Where we have specific concerns with management's strategy, company performance (financial and non-financial), or risk profile, or where we deem it necessary to protect our clients' interests, we will proactively engage with management. The Investment Team will consider the individual circumstances of the company and the issue at hand, in order to determine realistic objectives and define the scope of our engagement, ensuring that:

- The objective is suitably focused on long-term value preservation and creation
- The objective is specific and there is clarity around delivery
- The objective is realistic and achievable

We will then make clear our concerns and expectations to the company. In most circumstances we arrange a meeting with senior management, board members, or if appropriate with the company chairperson or the senior non-executive director. The feedback from these meetings is then discussed amongst the Investment Team. In some instances the matter on which we are engaging is swiftly resolved, and in other cases, the response may be a multi-stage, multi-year process.

As long as the dialogue is constructive and ongoing, and management clearly outline a proposed course of action, we can be comfortable with a longer timeline to resolution. Where this is not the case, we will consider escalating our engagement. Given the concentrated nature of our portfolios (20–30 stocks) and the fact that all positions are sizeable and meaningful to Lindsell Train, all bottom-up, idiosyncratic, ESG matters will be addressed. The Investment Team have, to date, addressed with management all concerns that they believe are relevant to our individual holdings.

Our long-term approach generally leads us to be supportive of company management; however, where required and if in the best interests of our clients, we will try to influence management on specific matters or policies. Our intention is to have open and constructive dialogue with management and board members, in order to broaden our knowledge of the company's strategy and operations and to ensure any concerns we might have are assuaged.

Given we often build up large, long-term, stakes in the businesses in which we invest we find that management are open to (and very often encourage) engaging with Lindsell Train. As mentioned above, constructive dialogue has more often than not resulted in satisfactory outcomes, thus limiting the need for escalation. However, where this is not the case, we will consider escalating our engagement and stewardship activities, as detailed below.

SCOPE OF MONITORING AND ENGAGEMENT ACTIVITY

Meeting with company management is not a pre-requisite for making an investment decision, as we believe the quality of the business is more important than the quality of the present management, which anyway is likely to change within our investment timeframe (20 years). Nevertheless we try to meet with company management at least once a year, as we believe that our interactions with management have a positive cumulative effect. Through successive meetings with management we can build a better understanding of their strategy and also a relationship of trust.

During 2025 the Investment Team conducted over 150 company meetings, including one-on-one meetings, group presentations and conference calls.

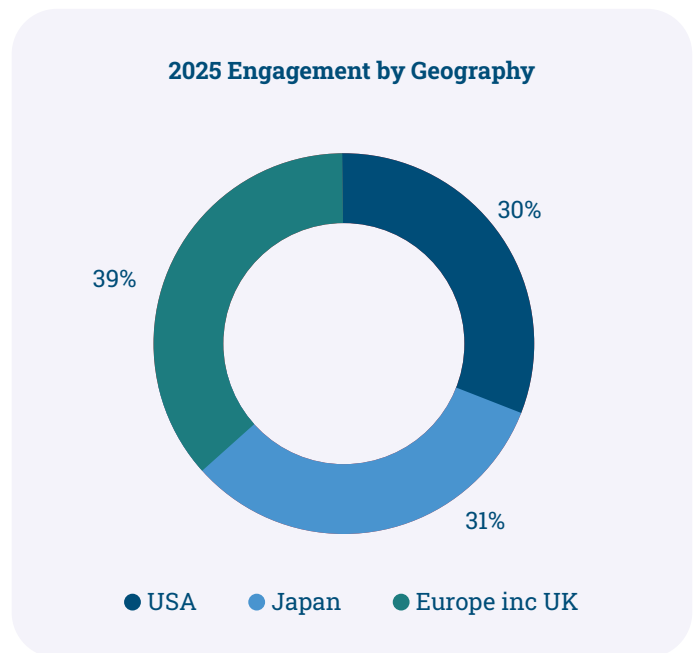
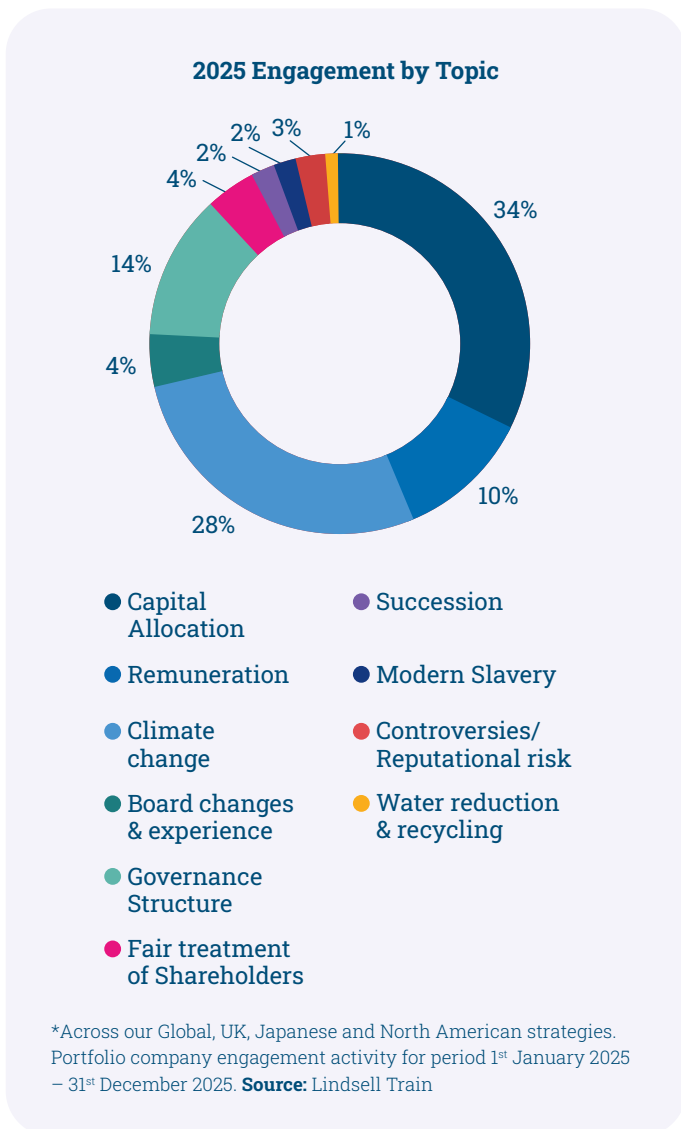
Whilst our contact with companies is consistent across all our strategies there are some anomalies worth mentioning. In Japan, in-depth coverage of companies is generally lower, and we find regular meetings with companies more valuable. These meetings may sometimes move to the category of "engagement", often in the area of corporate governance, where Japanese corporates on average have greater room for improvement. In comparison, transparency in the US is much higher; however, Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest and we have typically found that US companies have remuneration policies that are less aligned with shareholders' interests and our principles – thus leading to the periodic need for engagement.

PRIORITISING ENGAGEMENT

Although we remain committed to responding to and addressing all areas of concern, we recognise that our more proactive engagement activity has benefited from being more focused. As such, the Investment Team have identified two focus areas – achieving Net Zero and ensuring ethical supply chains – where we believe we have the best chance of enacting environmental and social progress at a company level and more broadly. Indeed, it is our view that companies that are serious in their intention of addressing these systemic risks will not only become more durable but will likely prove to be superior investments over time.

The identification of these priority areas, is the result of our ongoing research and is reflective of where the team has deepened its understanding over time. They are not intended to be static, and indeed the investment team will formally present their progress to the ESG Committee annually, and will consider whether there is a need to expand the scope by adding additional focus areas.

In 2025 we engaged with the management of 54 of the c.85 companies in which we are invested across all our portfolios. This equated to a total of 99 engagements, broken down as follows:



CASE STUDY REMUNERATION

As demonstrated by the table above, Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles.

Where we do not believe that a company's compensation policy is aligned with the long-term best interests of the shareholders we will write to management to inform them of our intention to vote against such policies.

Over the course of 2025, the Lindsell Train Investment Team engaged with 13 companies on matters related to remuneration. These engagements included meeting with management and, where we did not believe that raising our concerns orally had the desired effect, writing to management as a means of escalating our engagement. There were 11 such instances during the course of 2025.

As minimum criteria we expect companies to demonstrate alignment with the following principles:

- Long-term executive compensation should be linked to measurable performance goals that are under the direct influence of the individual concerned and should be paid in cash. In this way executive incentives are aligned to the contribution they make to the business.
- Real alignment is best achieved when executives buy shares with cash in the same way as we do as investors. Long-term compensation in the form of equity linked awards has the disadvantage that the share price of the company at any point in time may be influenced by exogenous factors that are not under the direct control of the executive.
- Performance should be assessed over a longer time period than three years. Rarely do strategic decisions undertaken by an executive board reveal their full worth over just three years.
- Independent non-executive directors should be compensated in cash.

CLIENT REPORTING

Through our formal quarterly reporting to clients, we detail key engagement activity including the nature of the engagement, who was involved and where appropriate any follow-up steps that have been taken. We separate ongoing engagement activity, reporting on results and collaborations for ease of reference for our clients. We hope that the improved layout of these quarterly reports has aided our clients with their own reporting and has also

allowed investors to quickly assess the progress of our engagement efforts.

In some instances, the matter on which we are engaging is swiftly resolved and thus reflected in the same report. In other cases, the outcome of our engagement may take longer so will be described in a later report. It is always the case that we monitor our engagement activity to the point that there is a clear resolution.

CASE STUDY CAPITAL ALLOCATION

SHISEIDO
GINZA TOKYO

During the year, we spoke to Shiseido's management on three separate occasions. To recap, the company has faced a decline in sales since 2023, primarily due to weakened demand from Chinese consumers. Shiseido's poor recent performance reflects this soft demand, particularly in travel-retail, alongside rising costs and intense competition, which have pressured profitability. In response, the company has initiated significant restructuring. While we welcome these proactive steps, strategic shifts such as brand repositioning and business divestments have weighed on short-term results.

In Q2 2025, we engaged with the Chair, Yoshihiko Hatanaka, regarding board representation, remuneration and capital allocation. Later in the quarter, we engaged with Shiseido's CEO, Kentaro Fujiwara, regarding company strategy. This was followed by a separate discussion with the Investor Relations team. During our meeting with the Chair, we acknowledged the Board's strong general and financial expertise, while noting the need to balance this with expertise and experience in the cosmetics industry and international markets specifically, where growth opportunities for the company are most promising. We also reflected on past capital allocation disappointments and Hatanaka assured us that he has put in place processes to ensure that future judgements would add value for shareholders. Specifically, he has established an investment and divestment committee chaired by the CFO and a brand portfolio committee to oversee capital allocation decisions. Hatanaka also shared details of the revised long-term incentive plan and we in return shared our feedback.

Fujiwara expressed confidence in delivering the 2025 plan and emphasised a focus on driving profitable growth beyond 2026, following the completion of ongoing cost reduction initiatives. While China previously accounted for c.70% of profits, the company is not de-emphasising the market but aims to improve profitability in other regions. Management also expect e-commerce to grow significantly in China. In Japan, they anticipate sustaining profit levels through recent fixed cost reductions, better inventory control, an enhanced focus on growth in the men's market and a surge in demand for fragrance. Overseas, a new US CEO is leveraging successful EMEA strategies where Shiseido is now #2 across key markets (Germany, Italy, Spain and France), and there are plans to expand from skincare into makeup using existing brands.

CASE STUDY CAPITAL ALLOCATION

DIAGEO

We are long term holders of Diageo in both our UK and Global strategies and have engaged regularly with management over our holding period. Following the company's announcement of potential non-core asset disposals, we reignited our engagement with the company during Q2 2025 to reiterate our views on the importance of brand equity and disciplined capital allocation.

During Q3 2025, the Investment team re-engaged with the company to follow up on those discussions. We questioned previous suggestions of significant asset disposals, particularly given the current challenges facing the broader industry, and in the context of the substantial share buybacks undertaken between 2018 and 2024. We emphasised the critical role of the Board, and particularly the Non-Executive Directors, in guiding management toward sound capital allocation decisions.

In response, the Chair assured us that the company has no intention of "selling the family silver". He expressed confidence that, following Debra Crew's resignation and with a new CFO now in place, the Board will ensure capital allocation is more effective.

CASE STUDY MODERN SLAVERY

As investors in several Fast Moving Consumer Goods (FMCG) and luxury fashion companies, we are particularly alert to the possibility of modern slavery in the supply chain and the business and ethical risks it poses. In 2021, we became signatories of the CCLA-founded initiative Find It, Fix it, Prevent it, which is exclusively focused on the abolition of modern slavery. In 2023, Lindsell Train participated as a member of the Scorecard Working Group, which comprised five organisations (SupplyESChange, Lindsell Train, Vodafone Group, Reckitt and Columbia Threadneedle). The group debated the contents of the scorecard used to assess the companies. The discussion was wide-ranging, including assessing the necessary number of questions and the scorecard's applicability to various industries. Following the publication of the initial results of the benchmarking exercise, Lindsell Train committed to further collaborate with CCLA to engage directly with two portfolio companies, LSEG and Sage, that fell into Performance Tier 4 (barely achieving compliance).

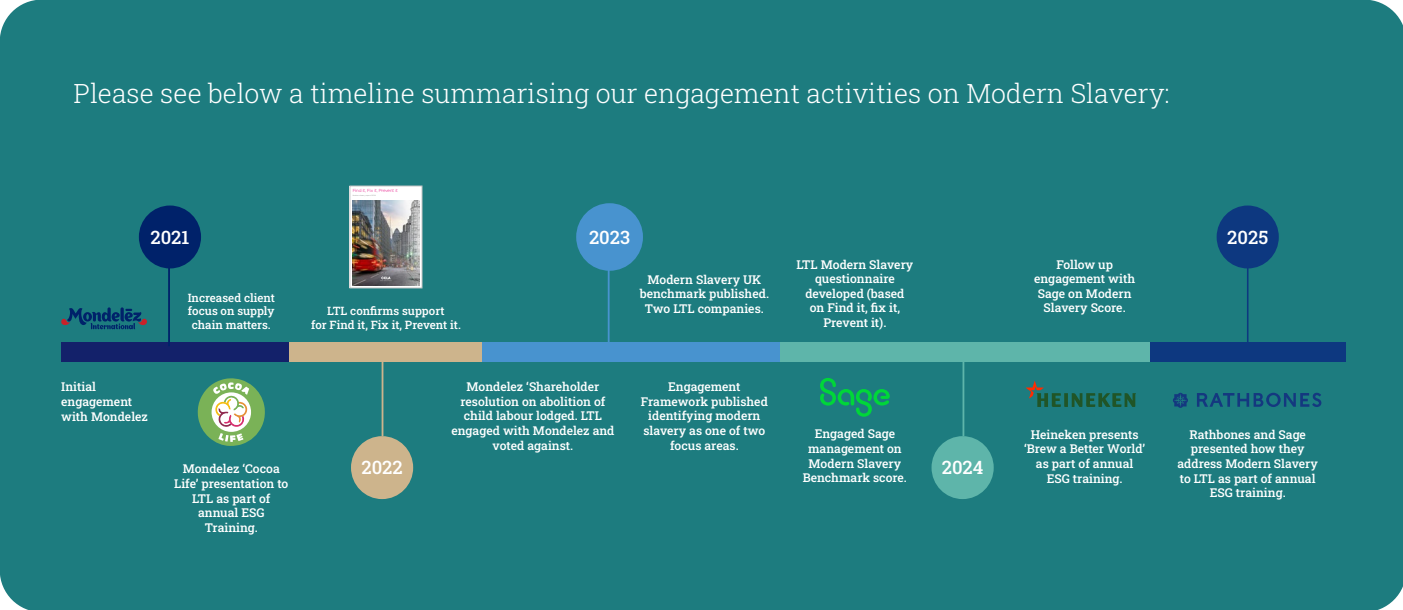
During 2024, we updated our Responsible Investment and Engagement Policy to specifically reflect on this commitment and we developed an Engagement Framework which aims to address the issues we judge to be most relevant to our portfolios (Modern Slavery being one) and where we have the best chance of influencing for positive change.

In October 2024, CCLA published the 2024 Modern Slavery UK Benchmark report which found that LSEG had improved its score but we were disappointed to learn that Sage remained Tier 4. Later in the month, we continued our engagement with the company and met with the CEO and CFO to understand the reasons why Sage's modern slavery score remained stagnant. Management explained that this was due to the company's publications being out of sync with CCLA's monitoring schedule. Sage's disclosures happen in December, whilst Find it, Fix it, Prevent it, published their report in October, meaning the changes were not captured that year.

Following the publication of CCLA's 2025 Modern Slavery UK Benchmark in November, we are pleased to report that Sage has improved its score and moved up to Performance Tier 3, reflecting the progress made in strengthening its approach to modern slavery risk management and disclosure.

In June 2025, CCLA published its inaugural Global Benchmark report, awarding Visa a Tier 4 rating for only meeting minimum compliance requirements. To better understand this assessment, we held a call with CCLA, who explained that Visa's business model carries distinct modern slavery risks- particularly where victims may incur or become trapped in debt through credit cards and payment services. They noted that these risks differ from those in traditional supply chains and require tailored disclosures, governance, and mitigation measures. We subsequently engaged Visa's management by email, encouraging the company to respond to and address its assessment. We will review the June 2026 Benchmark results to assess any improvement.

Please see below a timeline summarising our engagement activities on Modern Slavery:



CASE STUDY NET ZERO ENGAGEMENT

RACE TO ZERO

December 2025 marked just over two years since we measured our baseline for our interim net zero targets. As a reminder, in recognition of Lindsell Train's investment approach we have adopted a portfolio coverage target, which seeks to increase the proportion of a manager's AUM aligning to a Net Zero pathway, using specific and comprehensive criteria, with improvement being driven mainly by targeted engagement, as opposed to divestment.

As per the last two years we completed an exercise to measure (using the NZIF2.0 criteria) and monitor progress and to help direct our proactive engagement work. Within our Engagement Framework, climate change has been identified as one of two focus areas, where we believe we have the best chance of being able to enact progress. Through this review, we have been able to identify persistent laggards, with whom we engaged during Q4 2025. Our outreach included letters and calls to 11 such companies during which we reminded management of our expectations and encouraged collaboration with Lindsell Train and other companies where we had observed meaningful progress.

In addition to engaging with persistent laggards, this year we also focused on companies that have been classified as 'Aligning' with a net zero pathway for the past two years. For context, 'Aligning to a net zero pathway' refers to assets whose emissions performance is not yet fully consistent with a contextually relevant net zero pathway; however, these companies have established science-based targets and a decarbonisation plan, meaning they are well positioned to transition. Our outreach included letters to 19 companies, in which we asked them to confirm whether current and projected emissions are falling at a pace consistent with a recognised net zero pathway for their sector. Where alignment was confirmed, we requested details of the specific pathway and where this alignment is publicly disclosed. Where alignment had not yet been achieved, we asked companies to outline the expected timeline over which they anticipate reaching alignment with a recognised net zero pathway.

Result

As noted above, we completed our net zero analysis in Q4 2025 and are pleased to report that Verisk Analytics, which is held in our North American strategy, formally established a net zero target during the year. This follows two prior engagements with the company on the topic of net zero, during which we encouraged management to develop a credible decarbonisation strategy, establish science-based targets, and enhance reporting on emissions and climate-related governance. The announcement represents a positive step in aligning the company's operations and value chain with recognised pathways to net zero, and we will continue to monitor implementation and progress against these targets in our ongoing net zero analysis.

COLLABORATIVE ENGAGEMENT

We recognise that there may on occasion be some benefits to our clients of acting collectively; however our preference is to engage with management privately, as this enables us to build a more effective relationship with boards and management. It also allows us to express our own nuance on the issue under consideration, which is seldom the same as other investors given our intention to hold our investments for the very long-term. Sharing views may sometimes be helpful, where regulation permits, if only to understand the approach that other large shareholders are taking.

As such, we will consider bilateral conversations with other like-minded investors to confirm alignment of shareholder interest, or better understand why and where this isn't the case. We are aware that organisations such as PRI are able to facilitate such conversations on an anonymous basis and we would therefore consider such an approach as and when appropriate. Indeed, there is much we can learn and share from leveraging the experiences and capabilities of all financial market participants. During 2025 there were two such occasions where we believed it to be appropriate and additive to collaborate in order to protect shareholder interests. These have been detailed in the case studies below.

CASE STUDY



Kao's disappointing business performance intensified our engagement with management during 2025. During Q1 2025, we engaged with the company on three separate occasions and were encouraged by management's response, as well as the improvement in results, but continued to question whether the company was moving fast enough to capture business opportunities for its consumer branded products outside Japan. We see this as a vital business opportunity for the company if it is to sustain its growth in future years.

These concerns were more widely publicised by Oasis Management, who held over 5.2% of shares in Kao. Informed by a collective vision for "A Better Kao", Oasis submitted two proposals to Kao's 2025 Annual General Meeting ("AGM"), which were the election of five Independent Outside Directors and Compensation Reforms. In reviewing the proposals we concur that significant improvement is necessary for the company to emulate the performance of its international competitors. Like Oasis, we think that the company should be open to including more relevant expertise on its Board and so were open to engaging with Oasis and meeting their proposed Independent Director nominees, two of which we subsequently supported. Unfortunately, they were not able to garner sufficient votes. We also voted for a shareholder proposal regarding the revision of compensation for executive directors.

We have written to Kao's chairman to outline our concerns and explain our reasons for voting with the shareholder proposals that the company and Board did not support. Moving beyond this year's AGM, we will continue to engage with the Board and management.

EVIDENCE OF WILLINGNESS TO COLLABORATE

CASE STUDY



Real Living Wage

During Q4 2025, we undertook an engagement initiative with companies in our Global portfolio that have UK operations, focusing on the newly announced Living Wage rates for 2026/27 (£13.45 per hour across the UK and £14.80 per hour in London).

Lindsell Train is an accredited living wage employer and the initiative was in collaboration with one of our clients, a member of the Good Work Coalition at ShareAction. Our engagement sought to encourage companies to attain or retain accreditation as Living Wage Employers and we contacted relevant portfolio companies through tailored correspondence, highlighting the importance of fair pay practices and their role in supporting workforce sustainability.

We will continue to monitor company responses and report on engagement outcomes in future updates.

ESCALATION

In general, when an escalation of engagement is appropriate then a senior member of our Investment Team will contact company management to seek further information and make clear our concerns and expectations. In most circumstances we arrange a meeting with relevant members of the company's board, which may extend to the chairperson or a senior non-executive director. The feedback from these meetings is then discussed amongst the Investment Team who will decide whether the responses received require further escalation.

All such decisions are made on a case-by-case basis, although importantly our general approach is uniform across our strategies and therefore across sectors and regions. Usually we will consider **writing formally to management**, **making a public statement** (generally through our reports to investors) or under certain circumstances we might initiate **collaborative engagement** with other shareholders.

Our preference however is for private and confidential conversations, as this enables us to build a more effective relationship with boards and management and we think is as likely to lead to a positive conclusion.

If we do not believe that raising our concerns in these ways is having the desired effect we will, where appropriate and if possible, **use our voting rights**. That said, please bear in mind that our aim is to be invested in exceptional companies with strong corporate governance and hence it ought to be rare that we find ourselves in a position where we are voting against management. However, where we do, as our holdings in individual companies tend to be large, our votes often carry significant weight in the outcome of a vote. Where we are voting against management, we will communicate with them to confirm the reasons why.

Finally, if concerns are raised with a portfolio company about fundamental changes to the business model on which we do not receive sufficient comfort – in particular, if the sustainability of its returns over the long-term were under threat or if a sustainability risk associated with the company has increased beyond our comfort level – then in an extreme case Lindsell Train would think seriously about **disposing of the position**, should we believe that action to be in the best interest of our clients. There were no instances in 2025 where we disposed of a holding on account of material ESG risks or concerns.

As you will have read, 2025 was an active year for us on the engagement front, particularly in the context of the number and nature of the investments we have across our firm. We are fortunate that we can ensure that sufficient attention is given to all matters, as required. The majority of our engagement and escalation work seeks to procure a pre-determined objective which we are confident is in our clients' best interests; however in some cases the best outcome for our clients is not immediately clear. In these instances, we will work with management to endeavour to reach the most favourable outcome.

Examples of Escalation in 2025:

Company	Geography	Years invested	Escalation Methodology				Escalation Topic(s)
			Wrote to Management	Voted Against Management	Abstained	Public Report	
Adobe	USA	6*	✓	✓			Remuneration: Management resolution
CME	USA	6*	✓	✓			Remuneration: Management resolution
Colgate	USA	6*	✓		✓		Independent Chair: Shareholder resolution
Disney	USA	15	✓	✓			Remuneration: Management resolution
eBay	USA	15	✓	✓			Remuneration: Management resolution
FICO	USA	4	✓	✓			Remuneration: Management resolution
Intuit	USA	15	✓	✓			Remuneration: Management resolution
Kao	Japan	20	✓	✓		✓	Remuneration and Independent Directors: Management resolution and Shareholder resolution
Laurent Perrier	France	9	✓	✓			Capital issuance: Management resolution
Mandom	Japan	20	✓			✓	Fair treatment of shareholders: Letter to management & public report
Nike	USA	6*	✓	✓			Remuneration: Management resolution
UMG	Netherlands	2	✓		✓		Remuneration: Management resolution
Verisk	USA	5	✓	✓			Remuneration: Management resolution
Yakult	Japan	16	✓	✓			Remuneration: Shareholder resolution

Further details of our voting activity, and in particular our thoughts around best practice for remuneration structures, are provided under Principle 4.

Here we also provide case studies on how we have used our voting rights to escalate our views to company management.

CASE STUDY MAKING A PUBLIC STATEMENT



MANDOM

We have engaged with the founding family and management of Mandom following the announcement of a management buyout at a c.40% premium to the end-June share price, which we believe materially undervalues the business. We have written to senior management to raise concerns about a process that would allow the founding family to increase its effective holding from c.13% to 34% in the acquiring entity without contributing additional capital, while minority shareholders exit at what we consider to be an inadequate price. These factsheets can be accessed via our website [here](#).

IV

SIGNATORIES ACTIVELY EXERCISE THEIR RIGHTS AND RESPONSIBILITIES

Lindsell Train's Proxy Voting policy is available on our website [here](#) and our voting records can be found [here](#).

The primary voting policy of Lindsell Train is to protect or enhance the economic value of its investments on behalf of its clients. Lindsell Train's Portfolio Managers are responsible for proxy voting decisions and it is our policy to exercise all voting rights which have been delegated to us by our clients. Proxy voting decisions are the result of careful judgement in order to ensure the best possible outcome to generate long-term shareholder value.

We would note that as part of our investment process we purposefully look to identify high quality companies with thoughtful and experienced management, and therefore we do not expect many contentious votes. However we will vote against any agenda that threatens long-term shareholder value, in particular concerns over inappropriate management incentives, changes in capital structure or mergers or acquisitions which we view as detrimental to the investment held. Where we plan to abstain or to vote against a company backed resolution, our intentions will be communicated to the company management in advance of voting. Our approach to proxy voting is uniform across all funds/strategies and therefore also across sectors and geographies.

Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. For example, Lindsell Train can leverage Glass Lewis research

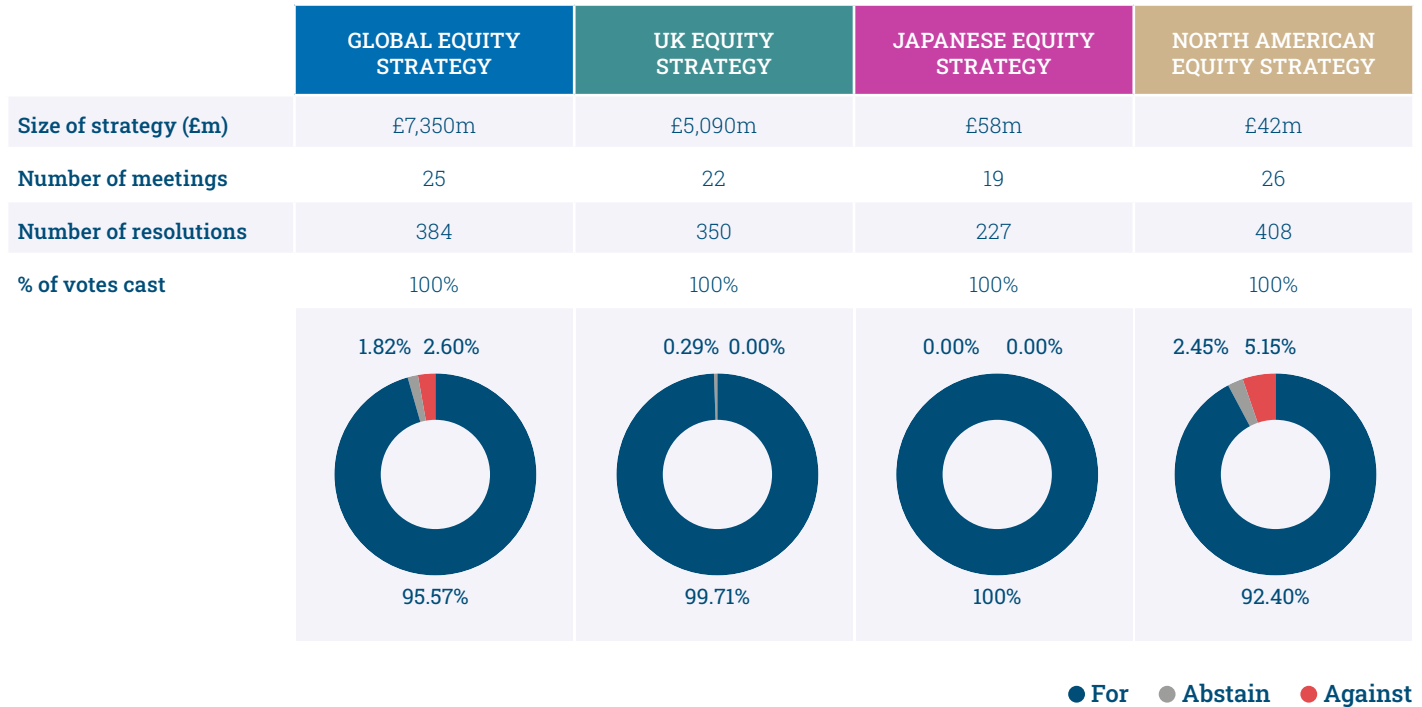
(produced in partnership with Sustainalytics, ESG Book and BitSight) and also their voting guidance. However, the Portfolio Managers maintain decision making responsibility based on their detailed knowledge of the portfolio companies. We believe retaining ownership over the exercise of our votes forms an important part of our investment process and proactive company engagement strategy.

From an administrative perspective, the Glass Lewis Viewpoint platform streamlines and digitalises the overall voting and approval process. The Viewpoint platform enables Lindsell Train to monitor what shares and voting rights we have and also provides the necessary alerts ahead of voting deadlines.

The investment team can access the platform to review all votes, taking into consideration any ongoing or past engagement activity. On the rare occasion that a vote is missed, late or rejected, we have policies and procedures in place to ensure each incident is investigated and the appropriate remedial action is taken. Lindsell Train has a house view on all votes to the extent that our voting decisions are not informed by a third-party provider. Whilst we would be willing to consider a client's input and direction on voting, in practice this has not arisen. A small number of segregated clients have chosen to conduct their own voting and, in some instances, we will collaborate by sharing our voting intentions with these clients ahead of time. We do not participate in any stock lending arrangements.

VOTES BY STRATEGY

31 December 2025



You will note that votes against management are typically low. As we have explained, the main reason for this is that our long-term approach to investment generally leads us to be supportive of company management. Prior to reaching the point of voting against company management, we will try to influence management through our engagement activities. Our intention is to have open and constructive dialogue with management and board members, in order to broaden our knowledge of the company's strategy and operations and to ensure any concerns we might have are assuaged. Given we often build up large, long-term, stakes in the businesses in which we invest we find that management are open to (and very often encourage) engaging with Lindsell Train.

Where our engagement is not successful, we are prepared to hold management to account, where necessary and appropriate. Our vote against and/or threat of sale would not be taken lightly by management, as we are often large strategic shareholders.

During 2025, the majority of cases where we have voted against management has been on matters relating to remuneration. Please see our case studies below for context of how we assess remuneration structures at our companies. Disappointingly we were in the minority in all instances and thus the resolutions were passed. We will continue to engage with these companies to try to secure a better outcome.

CASE STUDY BOARD GOVERNANCE & STRATEGY: WALT DISNEY



AGM Date: 20 March 2025

Resolution: Advisory Vote on Executive Compensation

Lindsell Train Vote: Against

Result: Passed – ✓ 88.8% For ✗ 10.6% Against ○ 0.6% Abstained

We escalated our engagement and wrote to the Compensation Committee of Walt Disney to share our views regarding compensation best practice and to outline our reasons for voting against the resolution concerning compensation. Our thoughts on best practice are described in detail in Principle 3.

However for Walt Disney in particular, we expressed the following concerns regarding the Long-Term Incentive Plan (LTIP):

- We reiterated our preference for the removal of the options component within the LTIP structure.
- We noted that the current performance period is insufficient to capture and appropriately measure the long-term outcomes of strategic decisions taken by the executive board.
- We stated that the minimum recommended shareholding requirement for the CEO remains too low relative to the overall size of the CEO's total compensation package.

We continue to believe that the company could foster greater shareholder alignment through improved compensation structures and we will continue to engage with the company on this matter.

CASE STUDY BOARD GOVERNANCE & STRATEGY: FICO



AGM Date: 14 February 2025

Resolution: Advisory Vote on Executive Compensation

Lindsell Train Vote: Against

Result: Passed – ✓ 83.3% For ✗ 13.3% Against ○ 3.4% Abstained

We escalated our engagement and wrote to the Compensation Committee of FICO to share our views regarding compensation best practice and to outline our reasons for voting against the resolution concerning compensation. Our thoughts on best practice are described in detail in Principle 3.

However for FICO in particular we expressed the following concerns:

- The 1-3 year performance period is too short to adequately assess the long-term impact of strategic decisions.
- Heavy reliance on equity awards measured by total shareholder return may misalign pay and performance, as share price movements, particularly over short horizons, can be driven by exogenous factors beyond management's control.
- The use of adjusted EBITDA excluding stock-based compensation expense overstates underlying profitability.
- Potential shareholder dilution requires careful oversight; in our view, an equity overhang above 10% is excessive and may undermine long-term shareholder interests.

We continue to believe that the company could foster greater shareholder alignment through improved compensation structures and we will continue to engage with the company on this matter.

CASE STUDY BOARD GOVERNANCE & STRATEGY: KAO



AGM Date: 21 March 2025

Resolution: Shareholder Proposal regarding the election of outside directors.

Lindsell Train Vote: For two of the five directors we voted in favour (For)

Result: Failed – Director 1 ✓ 27.4% For ✗ 72.2% Against ○ 0.4% Abstained

Result: Failed – Director 2 ✓ 24.2% For ✗ 75.5% Against ○ 0.4% Abstained

The disappointing business performance intensified our engagement with management and during Q1 2025, we engaged with the company on three separate occasions. We were encouraged by management's response, as well as the recent improvement in results, but continued to question whether the company is moving fast enough to capture business opportunities for its consumer branded products outside Japan. We see this as a vital business opportunity for the company if it is to sustain its growth in future years.

These concerns have been more widely publicised by Oasis Management, who hold over 5.2% of shares in Kao. Informed by a collective vision for "A Better Kao", Oasis submitted two proposals to Kao's 2025 Annual General Meeting ("AGM"), which were the election of five Independent Outside Directors and Compensation Reforms.

In reviewing the proposals, we concur that significant improvement is necessary for the company to emulate the performance of its international competitors. Like Oasis, we think that the company should be open to including more relevant expertise on its Board and so were open to engaging with Oasis and meeting their proposed Independent Director nominees, two of which we subsequently supported (Yannis Skoufalos and Martha Velando).

For context: Yannis Skoufalos had a nearly 35-year career at Procter & Gamble, including most recently as Global Product Supply Officer from 2011 to 2019. Martha Velando was the former Global CMO for Aesop from 2022 to 2024. Prior thereto, she held executive-level marketing roles at De Beers, Coty, Nielsen, L'Oréal, Limited Brands, and P&G.

Unfortunately, Oasis were not able to garner sufficient votes. We also voted for a shareholder proposal regarding the revision of compensation for executive directors.

We have written to Kao's Chairman to outline our concerns and explain our reasons for voting with the shareholder proposals that the company and Board did not support. We continue to believe that the company could foster greater shareholder alignment through improved compensation structures and we will continue to engage with the company on this matter.

CASE STUDY BOARD GOVERNANCE & STRATEGY: YAKULT



AGM Date: 25 June 2025

Resolution: Shareholder Proposal regarding share repurchase.

Lindsell Train Vote: For

Result: Failed – ✓ 6.7% For ✗ 93.3% Against ○ 0.0% Abstained

We supported a shareholder resolution requesting that the company repurchase up to 30 million shares for 100 billion Yen. The proponent argued that Yakult holds surplus funds even after accounting for its future reinvestment needs. As of 31 December 2024, it had cash and deposits totalling ¥262.4 billion and investment securities worth ¥69.0 billion. Furthermore, the business remains stable, anticipated cash flows are considered sufficient to cover future reinvestment needs, and the company's share price has been underperforming, partly due to declining capital efficiency.

It was argued that repurchasing shares at the current undervalued price would improve per-share value and offer a more effective return to shareholders than increasing dividends.

We agreed with the sentiment of the proponent of the resolution that capital allocation of excess cash could be better utilised to improve shareholder returns and supported the shareholder resolution, in line also with the recommendation of Glass Lewis.

VI

SIGNATORIES MONITOR AND HOLD TO ACCOUNT STEWARDSHIP SERVICE PROVIDERS

Lindsell Train does not outsource any of its stewardship functions. Glass Lewis aids the administration of proxy voting and provides additional support in this area. However, it is important to stress that the Portfolio Managers maintain decision making responsibility, which is based on their detailed knowledge of the companies in which we invest. This means that we do not need to monitor Glass Lewis in the way that most of our peers monitor their proxy voting service provider, who are executing votes in accordance with an agreed policy on their behalf. Nevertheless, we are pleased to confirm that Glass Lewis' services have met our needs during the period under review.

Prior to appointing any significant external service provider, elsewhere in the business (e.g., IT), a detailed due diligence review is conducted. The level of work involved will depend on the nature, type and importance of services required. Services that are considered more critical are subject to enhanced review which covers cyber security, conflicts, creditworthiness and risks of potential disruptions from any service failures. At a minimum, a documented terms of business is required which must be approved by a director. Considerations are given to the following key risk areas in the oversight review process and these will vary depending on the type of service selected:

- **Operational** – service quality, information security, technical competence and ramifications of any service disruptions
- **Strategic** – ownership structure, position in the industry, size of firm and geographical coverage, business history, business commitment
- **Financial** – financial statements, credit ratings, pricing of the service, price changes
- **Legal** – terms of business, SLAs, confidentiality, privacy, termination terms, breach of service, data ownership, cloud storage, conflicts of interests

Additional checks such as obtaining customer references are also considered in the review process. Once appointed, ongoing due-diligence reviews are conducted annually, alongside more regular service review meetings.

Appendix I – Biographies

INVESTMENT TEAM AND ESG COMMITTEE MEMBERS



Michael Lindsell

Portfolio Manager

Michael co-founded Lindsell Train Limited in 2000 and is the firm's Chief Executive. He is the portfolio manager for Japanese equity portfolios and jointly manages Global equity portfolios. Michael has over 40 years' experience in investment management. Before founding Lindsell Train he spent seven years at GT Management, first as CIO in their Tokyo office, then in London with responsibility for all GT's global and international funds. Following the acquisition of GT by Invesco in 1998 he was appointed head of the combined global product team. His previous experience included working at Mercury Asset Management where he was director and head of Japanese fund management in London; at Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates; and at Lazard Brothers as an investment manager. Michael has a degree in Zoology from the University of Bristol.



Nick Train

Portfolio Manager

Nick co-founded Lindsell Train Limited in 2000 and is the firm's Chairman. He is the portfolio manager for UK equity portfolios and jointly manages Global equity portfolios. Nick has over 40 years' experience in investment management. Before founding Lindsell Train he was head of Global Equities at M&G Investment Management, having joined there in 1998 as a director. Previously he spent 17 years at GT Management where his final role was as Chief Investment Officer for Pan-Europe, having built long investment track records in both UK and Global equities. Nick has a degree in Modern History from the University of Oxford.



James Bullock

Portfolio Manager

James joined Lindsell Train in 2010 and is a portfolio manager. He has jointly managed global equity portfolios since 2015 and is responsible for the North American Equity Fund. He has a Masters degree in Physics from the University of Oxford and a doctorate in Zoology from the University of Cambridge.



Madeline Wright

Portfolio Manager

Madeline joined Lindsell Train in 2012 and was promoted to Portfolio Manager in 2019. Madeline has a degree in English Language and Literature from the University of Oxford and previously spent a semester as a visiting student at Yale University. After leaving Oxford, she studied in Japan for a year where she learnt to speak the language to a high standard.



Alexander Windsor-Clive

Portfolio Manager

Alexander joined Lindsell Train in 2016 and was promoted to Portfolio Manager in 2021. Alexander has a degree in History from the University of Bristol.



Ben van Leeuwen

Portfolio Manager

Ben joined Lindsell Train in 2019 and was promoted to Portfolio Manager in 2023. Ben has a degree in English Language and Literature from the University of Oxford.



Jessica Cameron

Head of Marketing & Client Services

Jessica joined Lindsell Train in 2018 and was appointed Head of Marketing & Client Services in February 2024. She has over 15 years' experience in the investment management field. Prior to joining Lindsell Train she worked at Longview Partners (2011 – 2018) within the Institutional Clients team and was also a board director for Longview's Luxembourg funds. She started her career in 2007 at BlackRock, where she worked as a product specialist on the London based Global Equity team and before that as a member of the Global Consultant Relations team. Jessica has a degree in Modern History from the University of St Andrews. She is an Investment Committee member of the University of St Andrews Investment & Treasury Assurance Group (ITAG), which is responsible for the University's endowment funds.



Azjin Ali

Responsible Investment Lead

Azjin Ali joined Lindsell Train in 2024 as Responsible Investment Lead. Prior to joining Lindsell Train, Azjin worked at Aon as an Associate Investment Consultant and Head of Biodiversity. Azjin was a core member of Aon's Responsible Investment team, focusing on climate and nature-related investment risk. Azjin joined Aon in 2019 as a Defined Contribution (DC) Investment Analyst. Azjin has a Masters degree in Civil and Structural Engineering from the University of Leeds and is fluent in Dutch and Kurdish.



Mathew McNeill

Chief Risk & Compliance Officer

Mathew joined Lindsell Train in 2020. He has over 18 years' experience in financial services, 13 of those in dedicated compliance roles. Prior to joining Lindsell Train, he worked for three years as an independent consultant in senior compliance roles with clients including Royal London Asset Management, Quilter, M&G Prudential and Merian Global Investors. He previously worked as a Compliance Manager with Vanguard Asset Management and in the Regulatory & Operational Risk Team at Aegon Asset Management. He started his compliance career in 2007 with Aberdeen Asset Management. Mathew has a degree in History and Politics from the University of Strathclyde.