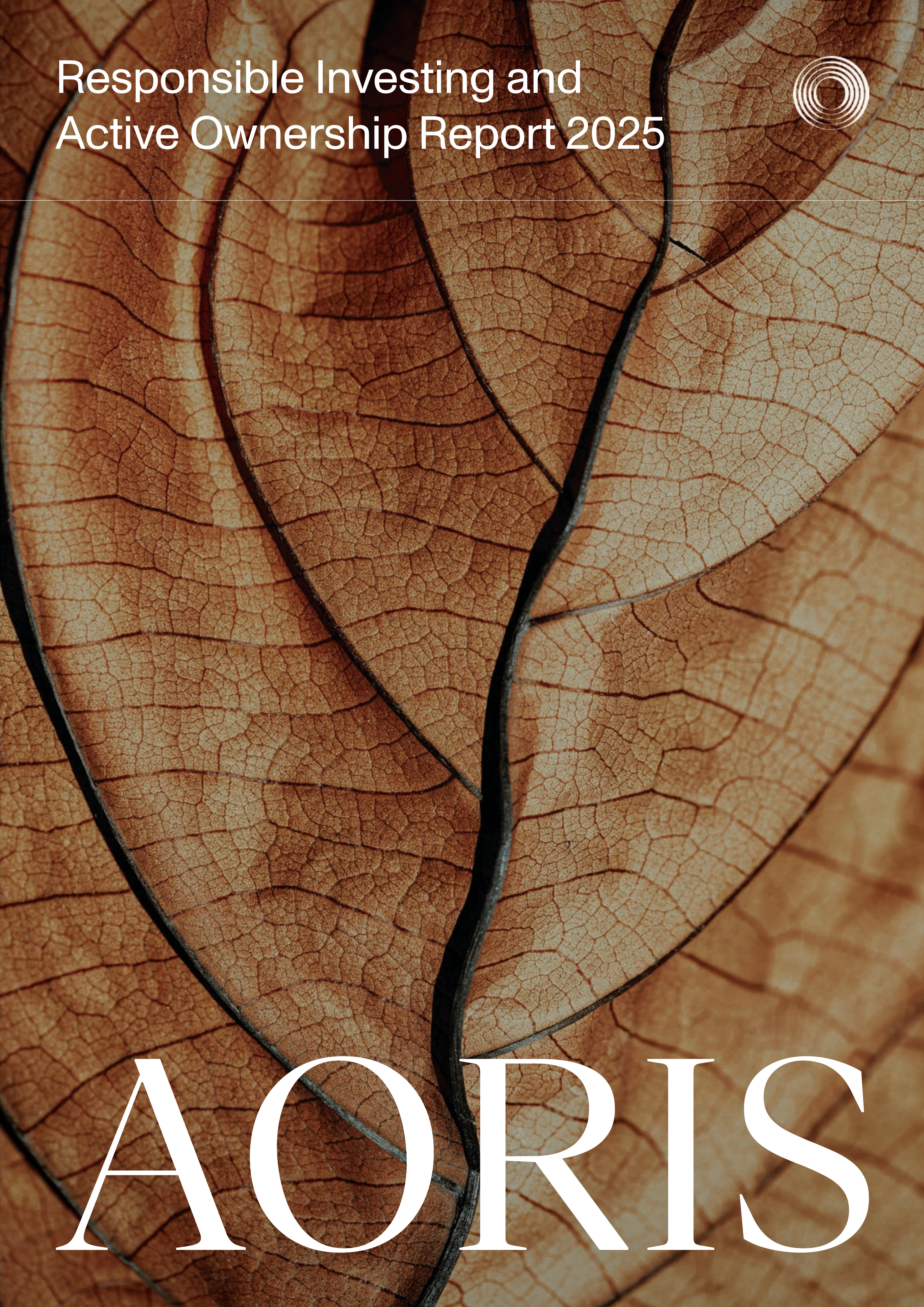
# Responsible Investing and Active Ownership Report 2025



AORIS

# Contents

# 1

In this section

## Foreword

# Foreword

Section 1

At Aoris, our investment objective is to generate a return of 8–12% p.a. net of fees over a 5- to 7-year market cycle. We invest in a single portfolio of 14 highly profitable, market-leading, growing businesses that meet our demanding quality, value and resilience criteria.

We believe businesses that are good stewards of the environment (E), operate for the benefit of all social stakeholders (S) and are soundly governed (G), will be more successful than their peers. We also believe this success will prove to be more durable. As such, environmental, social and governance (ESG) issues affect both the risk and the expected returns of individual businesses we evaluate for our portfolio. For this reason, ESG considerations are integrated into our investment ownership decisions.

Having made the decision to be an owner of a business, we are active owners. We believe it is in our clients' best interests for us to vote at shareholder meetings and engage constructively in advocating for positive change. Through active ownership, we do our bit to encourage the best businesses to be even better.

We view ESG attributes to be integral to a company's quality and resilience. We don't delegate the assessment of these attributes, along with voting decisions and engagement, to a separate ESG team, as is the case with some investment organisations. At Aoris, it is part of our analysts' responsibility.

Transparency is a core principle of Aoris. Since inception, we have disclosed all our portfolio holdings at the end of every month. We endeavour to be just as transparent with our voting and engagement actions.

This is the fourth year in which Aoris has released a Responsible Investing and Active Ownership Report. We have applied rigorous ESG principles to our ownership decisions since our inception in 2018, though the way we communicate these principles has improved. We introduced structure into our voting policies and activity in 2021, and into our engagement in 2022. We will continue to make progress in these two areas and welcome any feedback you have around how we can improve further.

Stephen Arnold
Chief Investment Officer
November 2025

# 2

In this section

# Our ESG investing approach

# 2. Our ESG investing approach



ESG considerations when applied to investing can mean very different things to different people.

Furthermore, it's often the case that an investment manager's laudable principles lack any specificity when it comes to what they mean in practice.

Below, we explain our ESG principles and how we incorporate them into our investment process. It's our hope that this will enable you to see if our approach aligns with yours.

### 1. Negative screens

In identifying businesses that are good stewards of the environment, operate for the benefit of all societal stakeholders and are soundly governed, our first step is to eliminate those that are not. We exclude from investment consideration entire industries involved in activities we consider to be damaging or risky to the environment or to society, or where they have a history of widespread poor governance. Such industries include mining, energy, tobacco, gambling, power-generating utilities, logging, social media, banking, insurance, and prescription pharmaceuticals. Our negative screens based on activity can be found on our website here.

From the remaining industries, we then exclude individual companies based on their **behaviour**. We seek to avoid those with egregious tax minimisation practices, a track record of poor environmental or labour practices, and material governance deficiencies.

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### 2. Positive selection

From the remaining businesses, we look to own those whose conduct distinguishes them from their peers in a positive way.

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### 3. Annual ESG review

We subject all our portfolio holdings and all our portfolio candidates to an annual ESG review, to ensure there haven't been negative developments of a material nature.

# How we apply our ESG principles

01 Negative screens based on activity

02 Negative screens based on behaviour

03 Positive screens based on behaviour

04 Annual ESG review

### The best companies amplify their positive impact

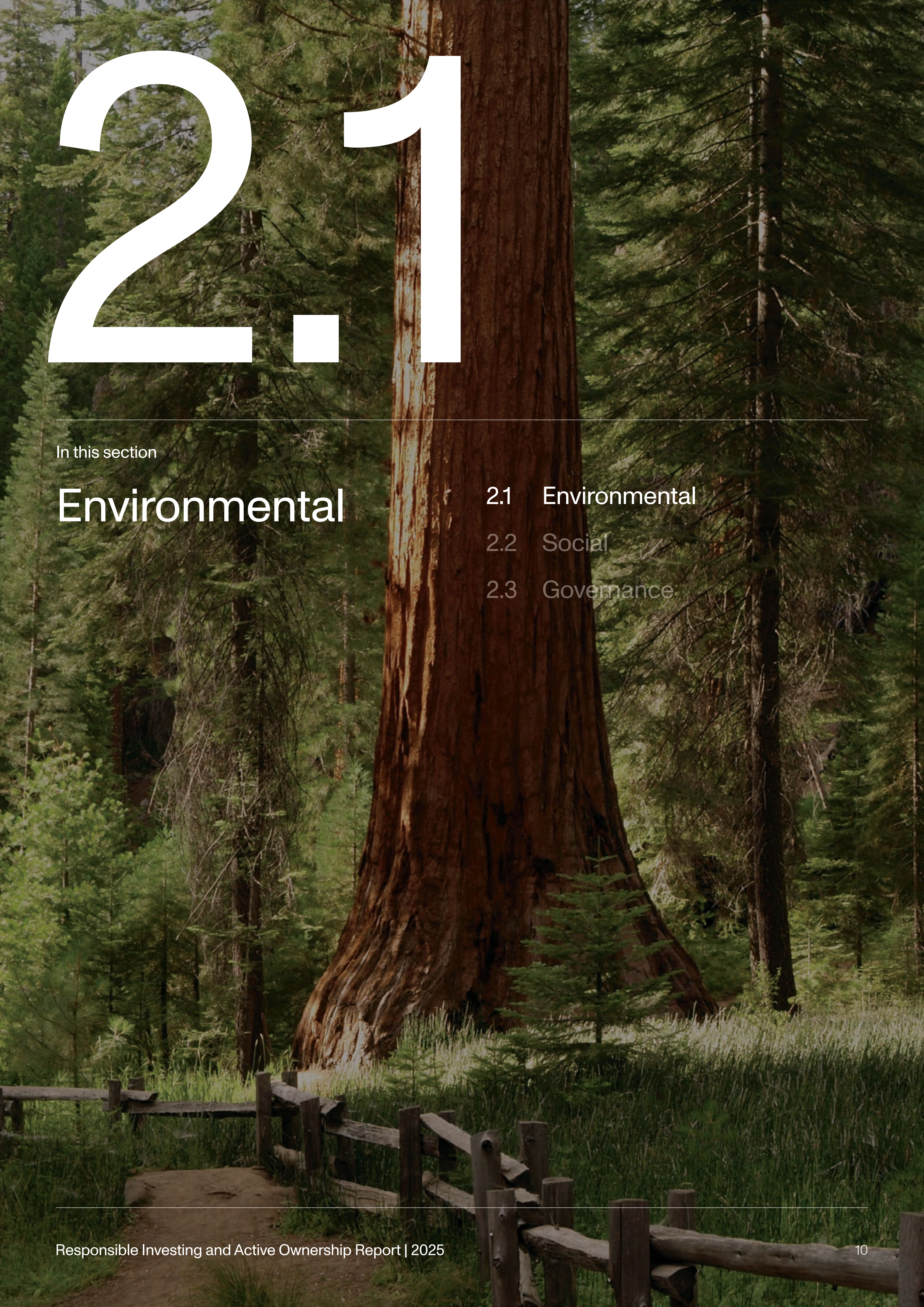
Our approach is to own only outstanding businesses. Such companies are in a superior position relative to their peers, to manage ESG risks and improve their ESG impact for three reasons:

- Creative solutions – the really outstanding businesses are most often where innovation comes from. In the pages that follow, you'll read examples of creative solutions by Halma and Amphenol that have directly led to a reduced environmental impact.
- Influence through size – the best businesses are often global leaders in their market, and that size gives them enormous influence. In the following pages, you'll read how Microsoft is requiring its suppliers to meet higher labour standards in their operations.
- Growth – great businesses grow. Each year they produce more, sell more, and employ more people. As they grow, so too does the reach and impact of their positive practices. In the pages ahead you'll read about Fastenal's culture of empowering its people and helping them progress their careers, and how its growth creates an increasingly positive social influence through its expanding workforce.

A company's impact, behaviour and direction of change is most quantifiable in the environmental sphere, the E in ESG. Within the E, greenhouse gas (GHG) emissions are increasingly able to be measured and done so in a way that is standardised across companies, but this is far less the case with other important environmental considerations, such as natural resource usage and pollution.

It's easy to reduce ESG to a single measure: GHG emissions intensity. To form a more complete ESG picture we must be deliberately broad in our thinking and consider many aspects of a company's behaviour and impact, most of which are not measurable and have differing degrees of materiality. We must make a judgement.

In the following pages we report on a number of environmental, social and governance metrics for our portfolio holdings. We highlight where they have made progress and where we feel improvement is needed. We then show how this has informed our voting decisions and engagement activities.



# 2.1

In this section

## Environmental

# We expect our companies to demonstrate a history of positive change.

## 2.1 Environmental

In our environmental considerations, we focus on three areas:

1. Climate change

- GHG emissions

2. Pollution

- use of harmful chemicals in production
- waste disposal

3. Resource usage

- intensity of natural resources usage
- recycling

We expect that in most cases, the environmental impact of the companies we own will be smaller than their peers'. Across these three areas, we expect our companies to demonstrate a history of positive change, and a commitment to ongoing improvement. Lastly, we expect our companies to disclose transparently the environmental data relevant to their business.

Naturally, we cannot rely on the companies themselves to provide us with a complete picture. We pay close attention to controversies such as lawsuits, regulatory penalties and news reports, as potential indicators of a company's materially negative environmental impact.

## Climate change statement

Aoris acknowledges the findings of the United Nations Intergovernmental Panel on Climate Change and supports the Paris Agreement to limit global warming to well below 2°C, compared to pre-industrial levels. To achieve this, the world needs to be emitting net-zero greenhouse gases by 2050.

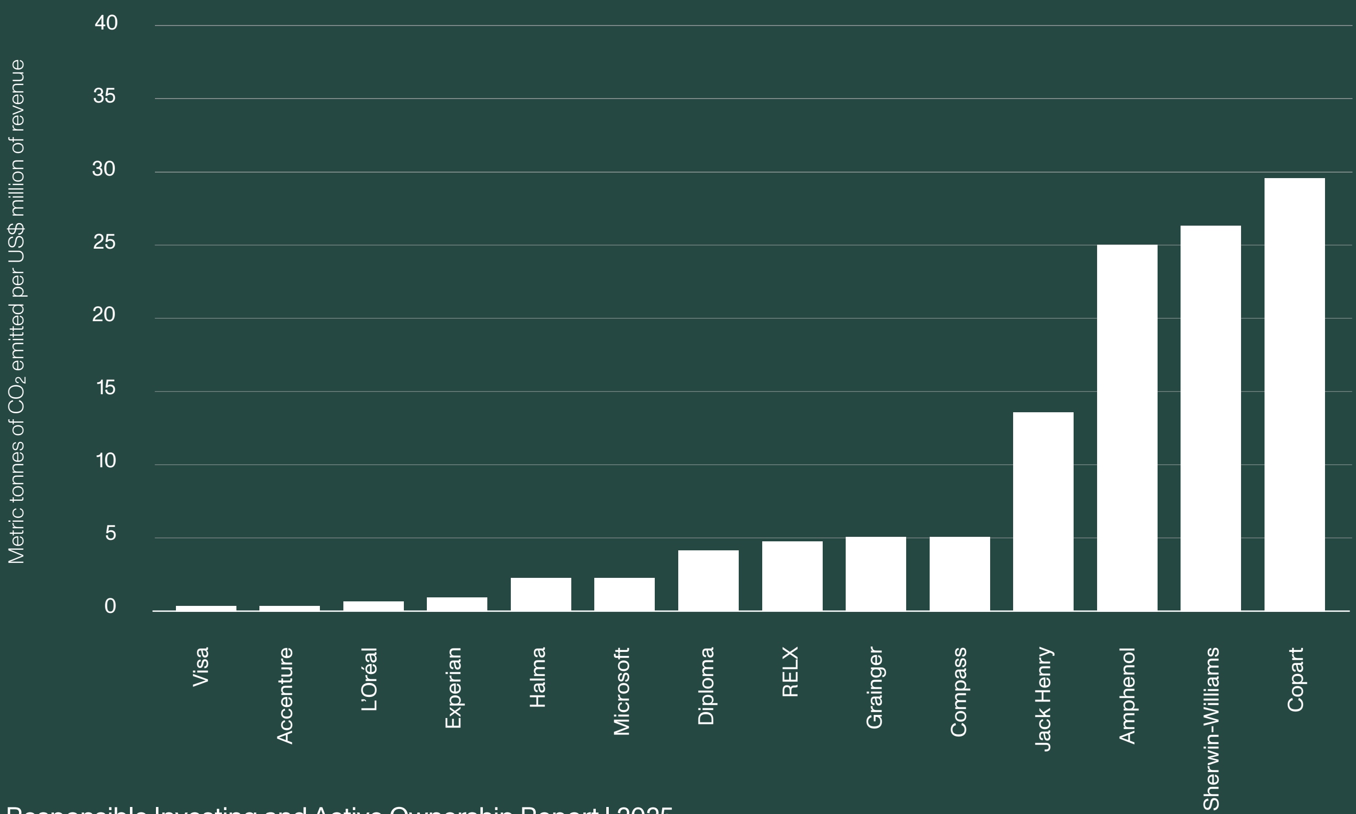
Climate change and the transition towards a lower-carbon economy will pose risks as well as opportunities for the companies we invest in today and those in which we may invest in the future.

Through our engagement activities and voting, we seek to both understand these impacts and encourage a positive direction of change.

Of the three environmental impact categories noted above, climate change in the form of GHG emissions is the one area where most companies measure and report on their impact in a consistent way. The GHG Protocol classifies emissions into three Scopes. Scopes 1 and 2 refer to emissions from a company's directly controlled activities and are, or will become, mandatory to report. Scope 3 includes indirect emissions generated by suppliers to the company and end users of its products and is voluntary to report. Scope 3 is by far the most difficult to measure, yet it represents 65–95% of GHG emissions for most companies.

As at 30 June 2025, all 14 of our portfolio companies measure and report their Scopes 1 and 2 carbon emissions. According to data from ESG research provider Social Advisory Services (SAS), 12 of these companies have lower emissions intensity than their peers, measured as Scope 1 plus Scope 2 emissions per US$ million of revenue.

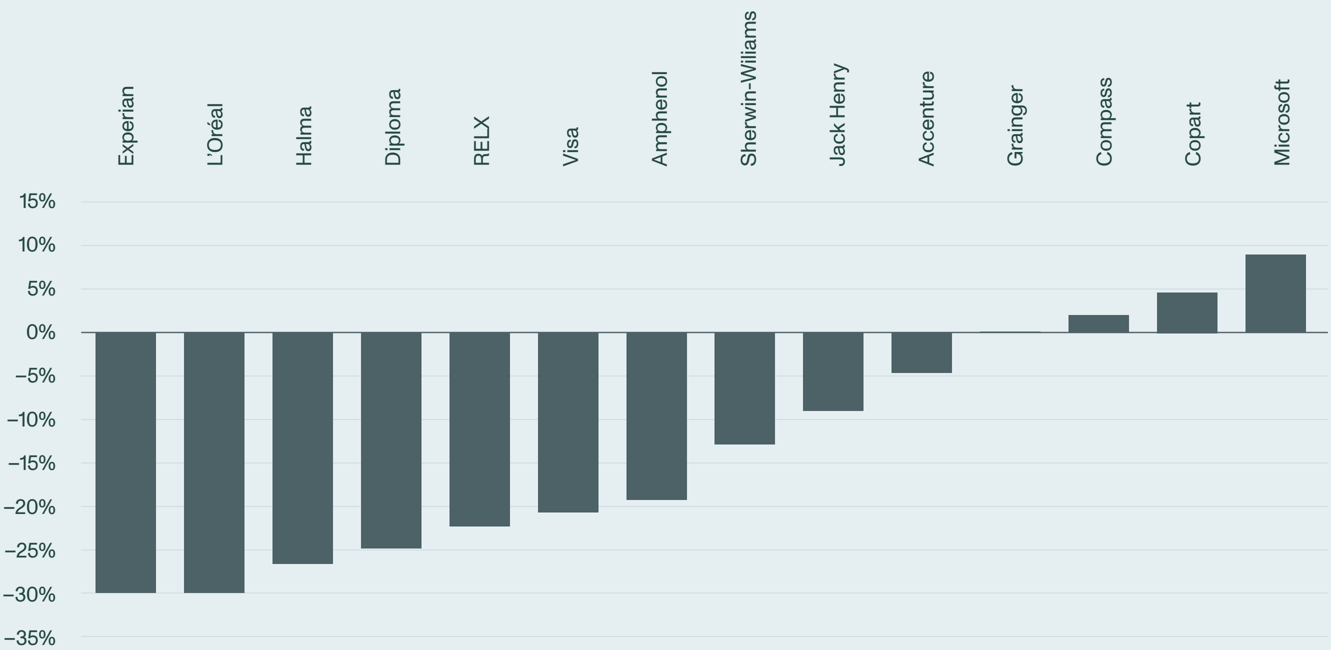
## Scopes 1 and 2 emissions intensity



The only portfolio company whose emissions intensity is higher than its peers is the banking software provider Jack Henry. The likely reason is that Jack Henry operates its own data centres and fleet of aircraft so it can quickly respond to client issues across the US Electricity comprises three-quarters of Jack Henry's Scope 1 plus Scope 2 emissions. The company is working to reduce these emissions by modernising its data centre infrastructure and employing strategies to reduce jet fuel usage.

All 14 of our portfolio companies also disclosed their carbon emissions data for the prior year, allowing us to see the direction of change. For 10 of them, emissions intensity declined year on year, and by an average of 20%. Four of our portfolio companies had emissions intensity broadly similar to last year, with small increases that may be explained by more thorough measurement of their emissions. In the case of Microsoft, its emissions intensity rose in percentage terms, but its starting level of emissions was so low that this number isn't statistically significant.

## Scopes 1 and 2 emissions intensity – yoy change




How did Experian and Halma improve so much in just one year? Renewable energy is one way, with 87% of Experian's total energy use coming from renewable sources, which is an increase of 12% from the prior year. Over 85% of Halma's facilities run on renewable energy today, which bettered its goal of 80% by 2025.

What about the longer term future? Of our 14 holdings, 8 have made commitments to achieve net-zero carbon emissions by 2050 or earlier, and all of them have scientifically verified their targets. In fact, Microsoft is one of eight founding members of the Transform to Net Zero initiative, which was set up in 2020 to encourage and assist other large companies to transition their business to net zero. This is a good example of positive influence.

Net zero

Portfolio companies with net-zero commitments

Accenture
Compass Group
Diploma
Halma
L'Oréal
Microsoft
RELX
Visa

Yet to commit

Amphenol
Jack Henry
Copart
Grainger
Experian
Sherwin-Williams

# The year 2050 is a long way away, which is why interim commitments are important. Of our 14 holdings, 13 have committed to materially reduce their GHG emissions earlier than 2050.

## Diploma

Diploma has set targets to reduce its Scopes 1 and 2 emissions by 50% and its Scope 3 emissions by 30% between 2022 and 2030. By 2045 it aims to reduce the absolute level of its emissions by 90% and to be net zero across its entire value.

## Halma

Halma set a target to reduce its Scopes 1 and 2 emissions by 42% from 2020 to 2030. Impressively, it has already exceeded this target, with a 64% reduction in its emissions in just five years. It is aiming to be net zero by 2040.

## RELX

RELX has already reduced its Scopes 1 and 2 emissions by 80% since 2010, and it aims to be net zero by 2040 at the latest. One initiative that helps it achieve these targets is to impose an internal carbon price that's payable by all its business units.

The transition to a low-carbon economy poses risks to many businesses. SAS has a forward-looking Carbon Risk Rating scale of leaders, outperformers, medium performers and laggards. None of our 14 holdings are rated laggards.

### Amplifying impact through size

By 2030, Microsoft has an ambitious target to be carbon negative and it will also require key suppliers to transition to 100% carbon-free electricity for goods and services delivered to Microsoft.

## Pollution

Many companies in our portfolio disclose data showing a reduction in the amount of waste produced and in the amount of waste sent to landfill, along with targets for further improvements. For example, between 2022–2024 Diploma more than halved the percentage of its waste that goes to landfill from 60% to 23%, and it has a target to achieve 15% by 2030.

Copart is a business that reduces waste by its nature. It is the world's largest auction site for salvaged vehicles, meaning it facilitates the re-use and recycling of millions of vehicles each year, which removes the need for new manufacture and minerals extraction and the associated carbon emissions. The company estimates it helps to reduce worldwide production of carbon emissions by more than 100x the quantity of its own emissions. In 2024, this amounted to an estimated 12 million metric tonnes of $CO_2$ equivalent emissions.

Later in this report we write about Compass Group's efforts to reduce food waste, which is the source of a third of the world's greenhouse gas emissions.

**Creative solutions**

Halma is a group of niche technology businesses that help make the world healthier, safer and cleaner. For example, it makes the sensors that prevent elevator doors from closing on you, and systems to detect fires and gas and water leaks. Over 45 million cubic metres of water are lost around the world every day through leakage. Halma's sensors can instantly alert pipeline operators to a leak, and then another of its companies makes remote-controlled robots that can carry out inspections and repairs faster and safer than human engineers.

Another creative solution comes from Amphenol, a leading maker of IT connectors and sensors. One of Amphenol's businesses, Temposonics, creates sensors that can precisely measure the blade position of wind turbines to ensure they're rotating at the optimal angle, which increases their energy output and extends their life. The sensors need to be highly accurate, function in harsh environments, and reliably operate over many years due to the difficulty of accessing and maintaining wind turbines in remote and difficult-to-reach areas.

## Resource usage

Our portfolio companies have demonstrated a number of encouraging examples of improved efficiency in resource usage, as well as an awareness of how much more needs to be done.

One notable area of progress has been in water usage. At present, about 25% of the global population live in countries that suffer from water stress, and 1 in 10 people lacks access to safe drinking water.

Over the period from 2017 to 2024, Amphenol's water consumption per dollar of revenue has declined by 40%. Later in this report, we also discuss Microsoft's ambitious goals to reduce the water usage at its data centre operations.

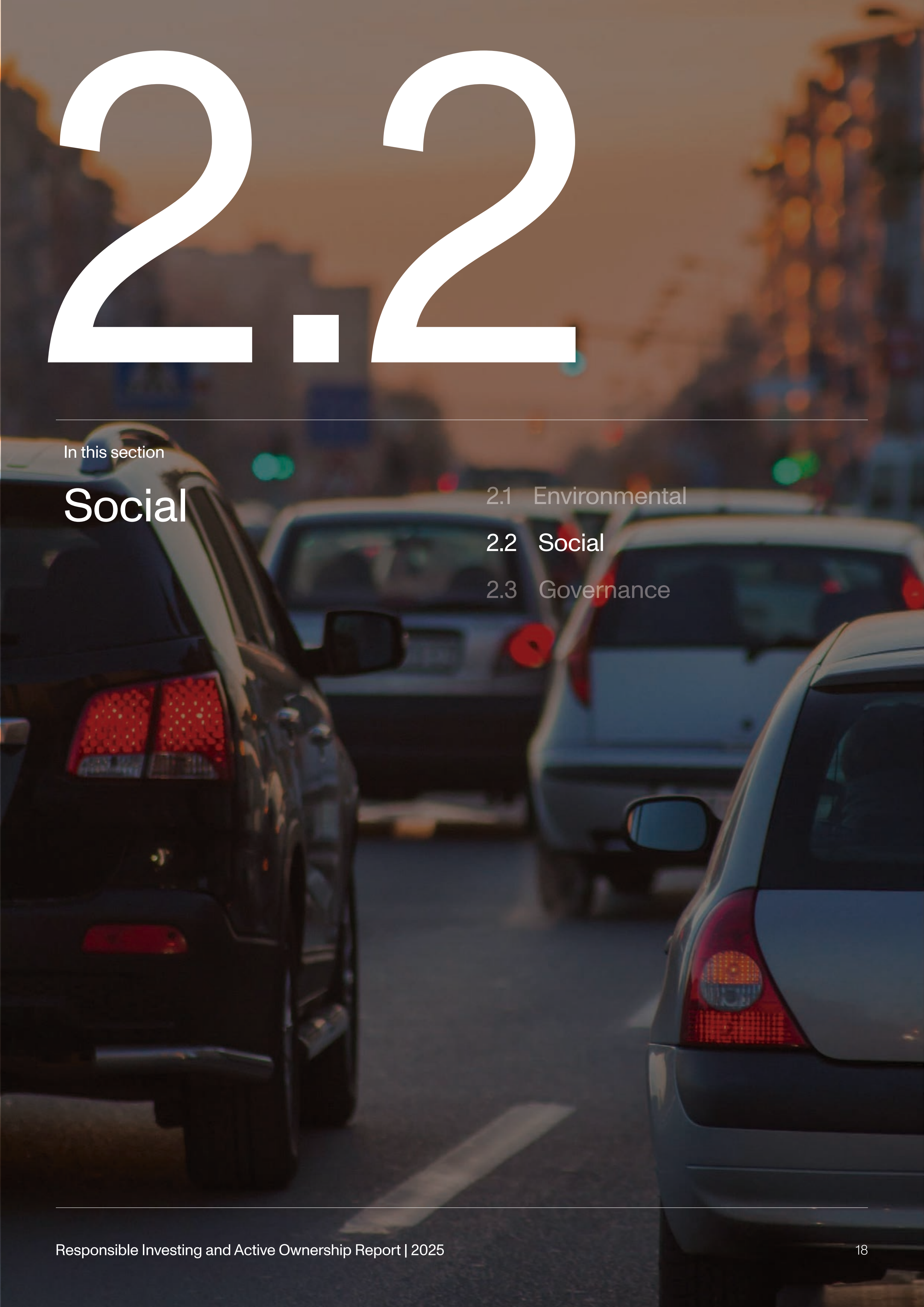
Globally, L'Oréal is the only company out of more than 24,000 rated by CDP (formerly Carbon Disclosure Project) to have received an A rating in all of water, forest and climate management for nine consecutive years.

## Room for improvement

All 14 companies in our portfolio have room to reduce their environmental impact. Focusing on GHG emissions, there are three areas in which we believe our companies can improve:

- Net-zero target – Six portfolio companies are yet to make 2050 net-zero commitments: Amphenol, Jack Henry, Copart, Experian, Sherwin-Williams and Grainger. Once they do create targets, we will also encourage them to have their target scientifically verified.
- Interim commitment – All portfolio companies have made any interim commitments to reduce GHG emissions by 2030.

We expect to see some progress in all three areas in the coming year. We will be using our engagement process to advocate for improvement from the above-named companies.



# 2.2

In this section

## Social

## 2.2 Social

In our social considerations, we focus on four areas:

1. Employees

- diversity, equity and inclusion
- training and development
- workplace health and safety
- fair pay

2. Suppliers

- labour standards and human rights

3. Customers

- fair treatment
- product safety and sustainability

4. Society

- tax practices

## Diversity, equity and inclusion

We believe companies benefit from having an employee base that represents different backgrounds, cultures and experiences, and hiring from the broadest possible talent pool. But what is the best way to measure this? When it comes to the representation of various social cohorts in a company's employee population, there is no magic percentage that all businesses should target. We do believe that transparency helps. Disclosure of data helps to identify if a company is clearly lacking in diversity, to its detriment, and it helps to draw management's attention to the issue.

All 14 of our portfolio companies disclose diversity metrics. Nine of them have targets to improve their diversity, and five of them have targets for their suppliers to meet.

## Training and development

Investing in employee skills can benefit productivity, morale and retention. Accenture invested $1 billion in FY 2025 to deliver roughly 47 million training hours to its employees.

## Workplace health and safety

Employees have the right to expect their company to do its best to provide a safe working environment. This has obvious benefits for a company in terms of labour productivity, staff retention and minimising legal and reputational risk.

Diploma is a decentralised business that tries to limit inputs from the centre. But one area Diploma has recently mandated, which we like, is that every meeting now starts with a safety review.

## Impact through size and growth

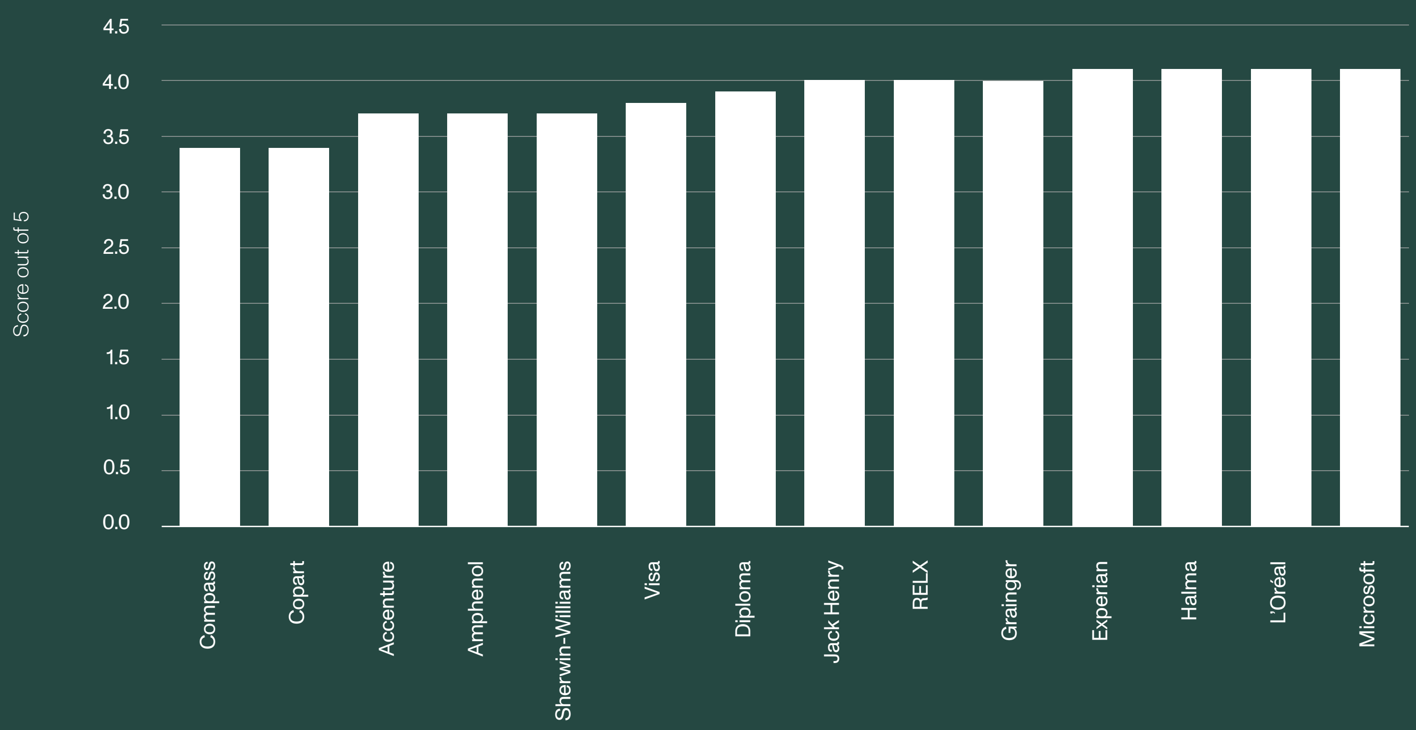
A key contributor to many of our businesses' long-term success has been a culture of believing and empowering their people. Our decentralised businesses, such as Amphenol, Diploma and Halma, give their managers autonomy to run their teams as if it were their own business. They are given responsibility, which helps them grow. Because our businesses are consistently growing, each year this creates more job opportunities for new managers and allows their people to progress their careers.

### Employee satisfaction

An average rating across all companies on Glassdoor is 3.7. You can see from the chart below that only two of our portfolio companies score below average. These two are in industries that have a high proportion of entry-level staff where turnover and job satisfaction are naturally lower than average.

Experian has seen an impressive improvement in its Glassdoor rating from a below-average 3.4 in 2017 to 4.1 in 2024. In its 2023 annual employee survey, 89% of its staff said they're proud to tell others that they work at Experian.

## Glassdoor ratings



To assess a company's broader social impact, we must look at the labour practices of its suppliers, particularly those located in developing countries. Labour standards, and the enforcement of those standards, are often lower in developing countries than in developed ones. Western companies, particularly large ones, can play a positive role in improving labour standards in developing countries, through their supply chain.

It's one thing for a Western company to publicise labour standards for its suppliers to commit to; it's another to enforce them and provide evidence that those standards have been adhered to. Hence, we pay close attention to controversies that may indicate exploitative or non-compliant labour practices by a company's suppliers.

### Impact through size

Several years ago, L'Oréal committed to paying all its employees a living wage by 2020. L'Oréal has taken this further and will ensure that by 2030, all its strategic suppliers' employees are also paid a living wage, in line with best practice.

Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom.

Aoris believes that organisations have a responsibility to consider their role in ensuring the respect of human rights and the avoidance of human rights abuses. We take a wide view of human rights and recognise that exploitative labour conditions may not be captured in the narrow legal definition of modern slavery. Aoris recognises that every business has the potential to inadvertently cause, contribute to, or be directly linked to modern slavery through its operations and supply chains.

Aoris acknowledges that modern slavery risks may be present in:

- the supply chain of service providers used by Aoris to manage its operations and funds, and
- the underlying companies that Aoris has invested in and their extended supply chains.

Through ongoing engagement on the issue of modern slavery within our suppliers and our portfolio companies, we look forward to making a positive contribution towards the reduction of human rights abuses.

You can find Aoris' *Modern Slavery Statement* on our website here.

## Customers

We like to own businesses with happy, loyal customers. We are sensitive to the detrimental social impact a company can have through abusing its relationship with its customers, perhaps through poor-quality products, aggressive pricing or misleading communication. We pay close attention to measures of customer satisfaction and retention, where available.

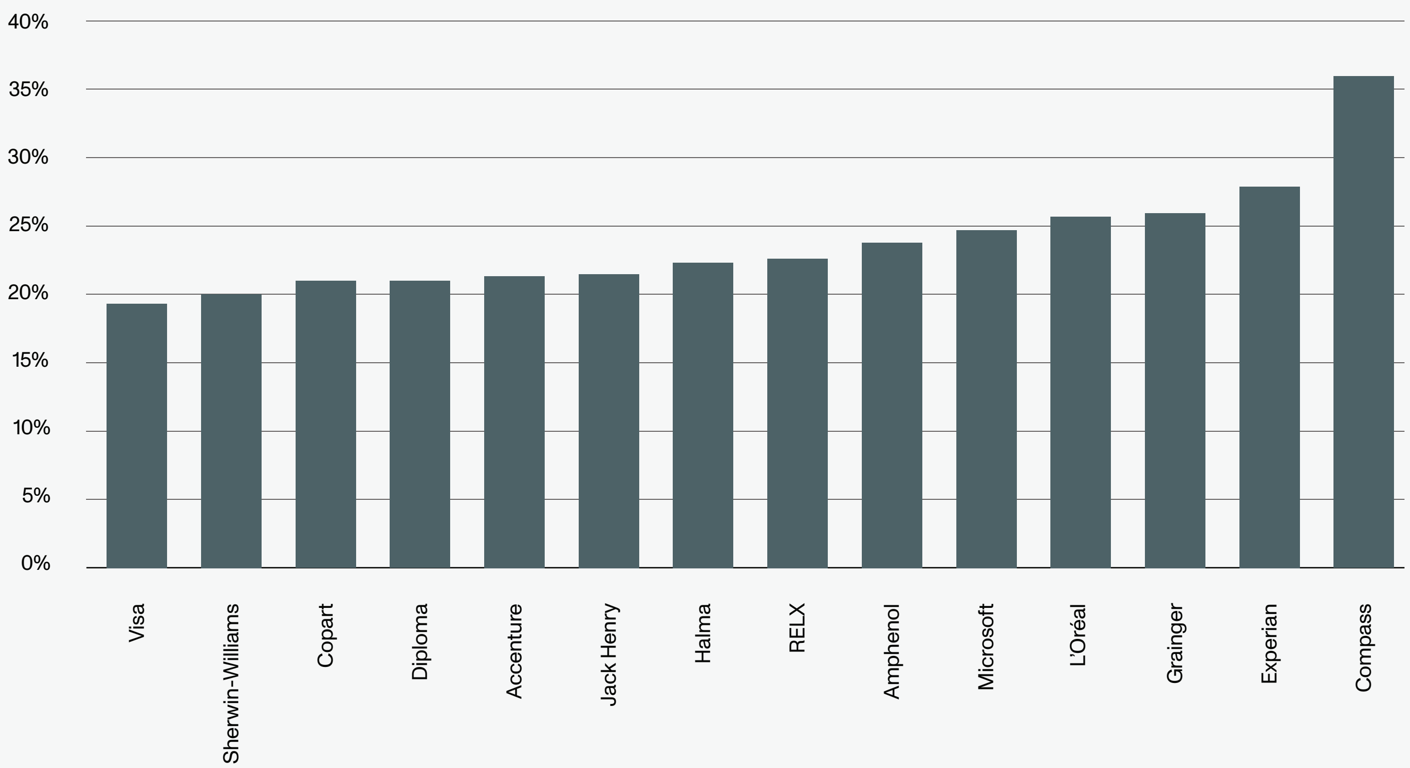
All of Accenture's top 100 customers have been its customers for more than 10 years.

On average, Compass Group keeps its customers for over 25 years, and its customer retention rates are industry-leading.

## Society

If companies expect to hire employees who have benefited from public education, stay well through the public healthcare system, and get to work on public transport and public roads, we expect them to contribute to the system. We are mindful to avoid companies that engage in egregious tax minimisation practices. Companies can operate under various tax jurisdictions and with differing degrees of benefit from government tax incentives, both of which will be reflected in a range of effective tax rates. A cash tax rate materially below 15% raises concerns for us.

### Cash tax rates – last five years



### Room for improvement

Some of our portfolio companies such as Compass Group offer entry-level positions that pay less than the $17/hour that the Economic Policy Institute considers to be a minimum living wage in the US. These are typically part- time roles filled by students, and both companies have much higher average wages for full-time workers. In fact, Compass Group's UK subsidiary has been recognised by the Living Wage Foundation for its advocacy with its customers to embed a fair living wage into its catering contracts. There are also other aspects of employee satisfaction that Compass tries to differentiate on. They offer employees better, more social hours, instead of the odd hours typical of hospitality work.

We will use our engagement process to advocate for continued improvement on these issues.

# 2.3

In this section

## Governance

## 2.3 Governance

In our governance considerations, we focus on three areas:

1. Oversight

- independence of the board and board committees
- independence of auditor

2. Compensation

- CEO compensation
- pay-for-performance and shareholder alignment

3. Internal controls

- data security
- regulatory compliance

We also pay attention to controversies and regulatory penalties as indicators of potential governance deficiencies.

All 14 portfolio companies received unqualified audit opinions last year, a positive sign of their internal controls and accuracy of their financial disclosures.

## Board independence

In providing effective oversight of the CEO and other senior executives on behalf of shareholders, it is considered good practice for the majority of directors to be independent, for all members of board committees to be independent, for the chairperson to be separate from the CEO, and for there to be an independent lead director.

Across our portfolio companies, all have a board structure where the majority of directors are independent, with the exception of L'Oréal. In the case of L'Oréal, the founding Bettencourt family owns 35% of the company and if anything, its ownership is under-represented as it holds just three of the 16 board seats.

Given L'Oréal's departure from convention, we pay particularly close attention to management remuneration and look for evidence that the family is benefiting at the expense of shareholders. In the case of L'Oréal, we consider CEO remuneration to be modest. We believe the family ownership and governance structure allows for very long-term thinking and helps preserve the corporate values to the benefit of minority shareholders such as Aoris.

## Auditor independence

An auditor's independence can be compromised through having a very longstanding relationship with its client. We consider it to be good practice for a corporation to change its auditor every 10 years. By law in the UK and most of the European Union, companies must rotate their audit firms every 10 years, with an option for a further 10 years contingent on the audit being put out to tender. Of our portfolio, seven companies have auditors that have been in place for more than 10 years.

## Investor communications

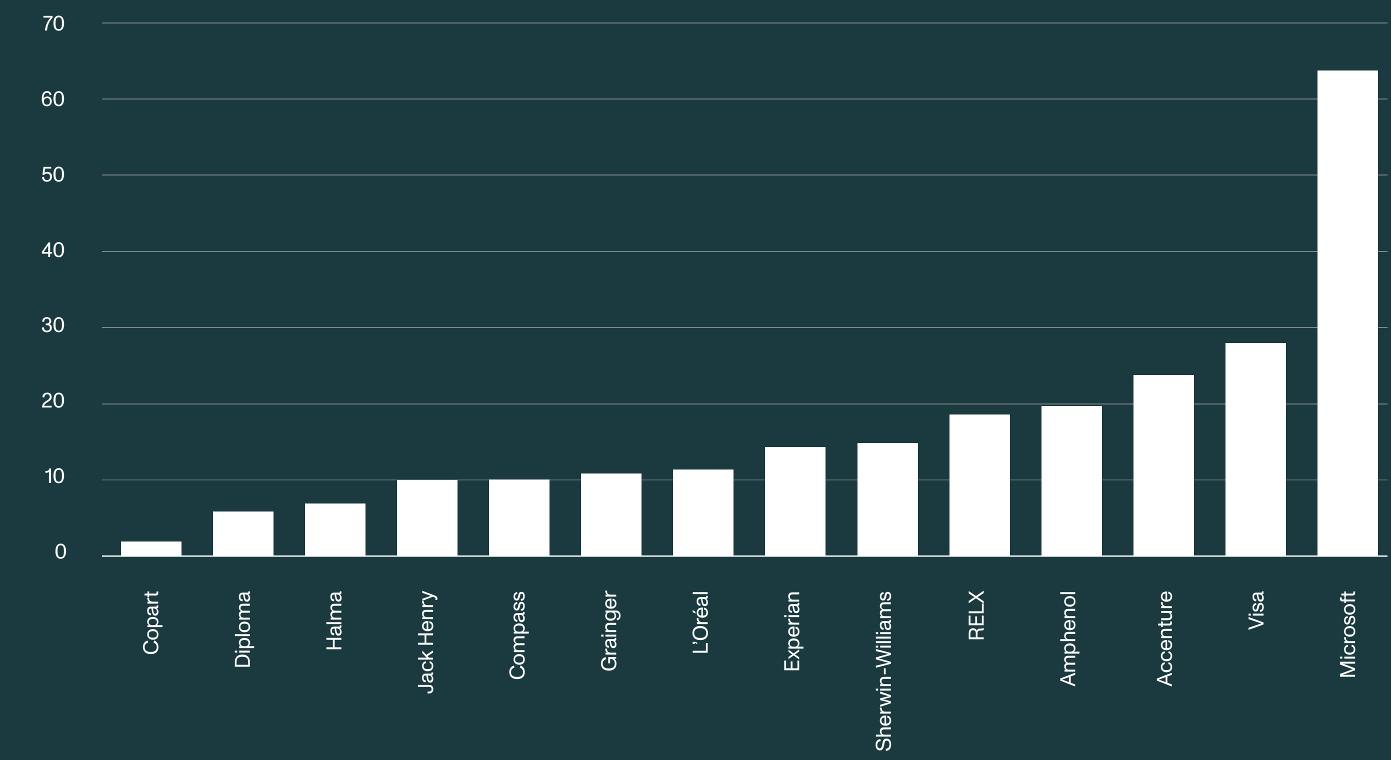
Many of our portfolio companies hold investor seminars and participate in investor conferences hosted by third parties, which are valuable opportunities for investors to learn more about the business and make informed decisions. However, the transcripts from these events aren't always shared on the company's website or on all financial software providers such as Bloomberg, Refinitiv and FactSet, which we believe would be best practice in the interest of information equality. More generally, we also value the accessibility of investor relations or management of our portfolio companies, so we can address any concerns in a timely manner.

What is the right amount to pay a CEO? What constitutes too much? Should CEOs of large firms be paid more than those of their smaller peers?

The chart below shows how much the CEO of each of our portfolio companies was paid last year.

Did they earn it? Some variables that we use to assess the appropriateness of management's compensation include the level of transparency, how it benchmarks to peers, and whether it's performance based. SAS has a Pay-for-Performance measure based on a series of quantitative metrics. The Pay-for-Performance Concern level was Low for all our portfolio companies except for Diploma, Halma and RELX. In all three cases the CEO's compensation is largely performance based, and higher pay was related to a period of exceptional performance.

## CEO compensation in US$ millions



### Internal controls

All 14 portfolio companies received unqualified audit opinions last year, a positive sign of their internal controls and accuracy of their financial disclosures.

### Data security

There are 4.6 billion Visa cards in use around the world today, and in 2024 these cards were used to make $15.1 trillion worth of transactions. Visa's stewardship of its customers' data and its efforts to reduce payment fraud are critical to the privacy and financial security of a large part of the world's population, as well as its own corporate reputation. In 2024 alone, Visa's security technology prevented over 150 million attempted fraudulent transactions from taking place.

Experian, the world's largest credit bureau, also offers fraud prevention technologies to financial institutions, which prevented $19 billion of fraud for its customers during its most recent financial year.

Later in this report we profile Microsoft's important role in securing the world's digital information.

### Room for improvement

We believe audit firm rotation every 10 years is best practice. There are four portfolio holdings with an audit relationship of more than 20 years. These are Accenture, Amphenol, Microsoft, and Sherwin-Williams. We will continue to encourage these businesses to at a minimum run an RFP every decade on their auditing.

We will also advocate for companies to make their investor event transcripts widely available on their website and/or to all major financial software providers.

We will be communicating our views during our engagements.

# 3

In this section

## Case studies

# 3. Case studies



## 3.1 L’Oréal

L’Oréal is the largest beauty company in the world. It has long been a leader in sustainable business practices, before the term 'ESG' was even coined. It appointed its first Chief Sustainability Officer in 2012, who is now part of the executive committee and has a crucial voice in how the business operates.

A front-of-mind issue for L’Oréal has been animal testing. This practice was common in the beauty industry, but L’Oréal banned the use of animal testing internally in 1989, 14 years before legislation required it to do so.

The one exception is China, where government agencies test beauty products on animals before they can be sold there. L’Oréal invested over €1 billion to develop alternative methods of product testing, such as artificial skin models. In large part due to its efforts, over the last 10 years the Chinese government has been reducing its animal testing requirements, such that today they only apply to a small portion of L’Oréal’s products.

On the social front, L’Oréal has made a world-leading commitment not only to pay all of its own employees a living wage, but also to require the same of all of its suppliers by 2030.

At its scale, it will be a tremendous effort for L’Oréal to meet its aspirational sustainability goals. However, given the transparency in its reporting, executive compensation tied to these metrics, and its culture of putting sustainability first, we remain confident in its ability to achieve these targets.

# 3.2 Compass Group

Compass is the world's leading provider of outsourced catering services. It serves over 15 million meals a day across tens of thousands of corporate offices, hospitals, schools and universities, mining sites, and sporting and entertainment venues.

A growing share of catering sites are being outsourced to third parties such as Compass, allowing its customers to focus on their core businesses.

Compass is another business that takes its sustainability commitments seriously. In 2023, it hosted an investor day dedicated to its sustainability goals and its progress towards them. It's also issued over $1 billion worth of sustainability bonds, whose proceeds must be invested in projects that help Compass reduce its carbon footprint, reduce food waste, and increase its sourcing from responsible, small business and minority-owned suppliers.

Food waste is a massive global problem. Over a third of all food produced for human consumption goes to waste, and this wasted food has taken lots of land, water and labour to produce. Food waste is also the third-highest contributor to global greenhouse gas emissions. As the largest purchaser of food in the US, Compass can play an important role in minimising food waste. The company has a goal to reduce its volume of food waste by 50% from 2021 to 2030. It achieved a 28% reduction in 2022 alone.

Another way Compass can make a positive impact is by sourcing food from responsible sources. Half of the seafood that Compass uses is certified sustainable, and it has a goal for 100% of its egg supply to be from cage-free chickens by 2025. The company is also a member of the Supplier Ethical Data Exchange, or Sedex, which is the world's leading tool to audit supply chains for instances of modern slavery and poor labour conditions.

Compass' ESG credentials aren't just beneficial to society – they also help Compass win business with customers that are working towards their own sustainability goals. For instance, around 70% of projects the company bids for in the UK included ESG criteria.

# 3.3 Microsoft

Microsoft is the world's largest software company, whose products play an important role in most of our daily lives. The company recognises that its high profile and large install base allow it to create an outsized positive impact on society and the environment.

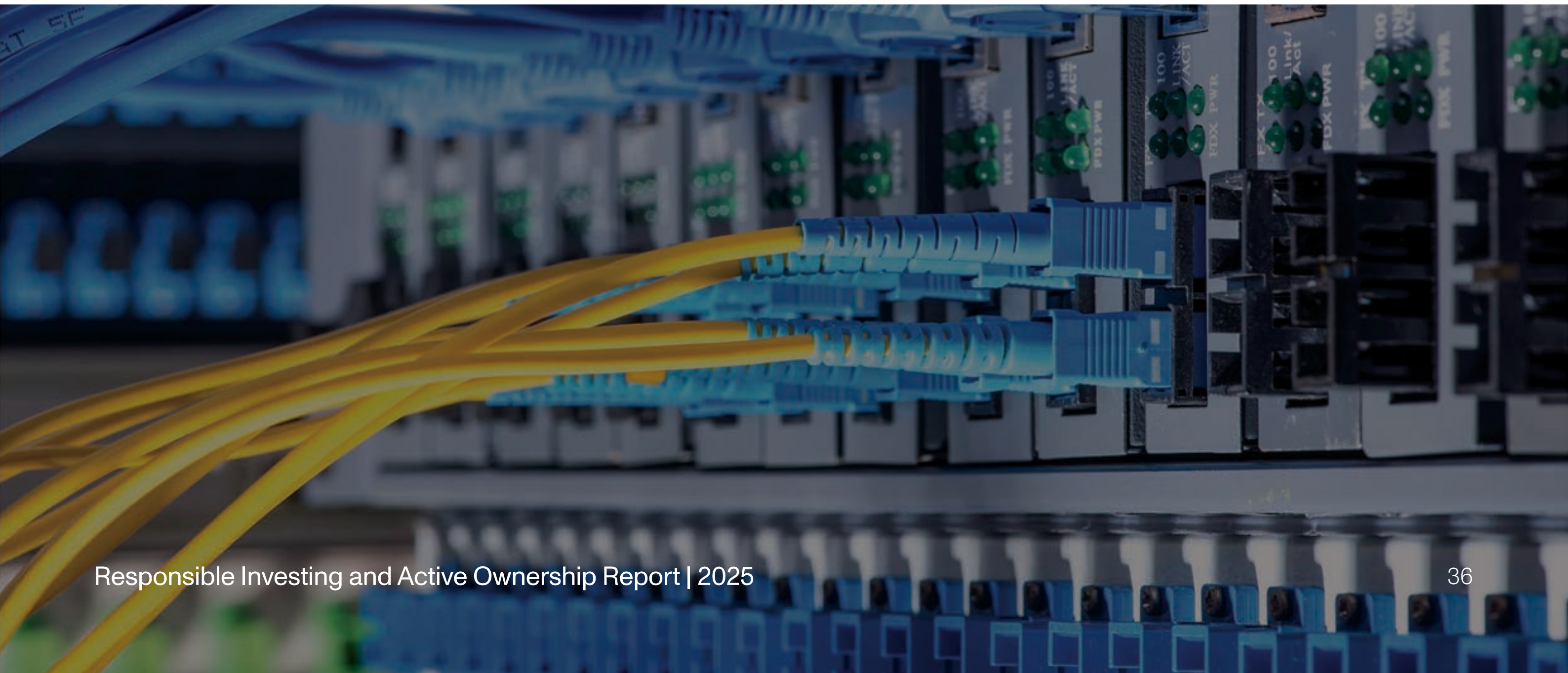
Microsoft has committed to help minimise wealth and demographic inequalities, and improve living standards in the communities where it operates. In Washington state, where the company is headquartered, it has invested over $750 million into affordable housing projects. In 2023 it spent more than $9 billion with minority-owned businesses in the US as part of its supplier diversity program, and its employees volunteered nearly a million hours of their time to help their local communities.

Another important role Microsoft plays is being one of the world's largest providers of cybersecurity solutions. Its products process over 78 trillion security signals every day. It partners with government agencies to improve their security systems, train their cybersecurity professionals, notify them of incoming threats, and help them prevent interference in their elections.

Many businesses are yet to commit to being carbon net zero by 2050, in line with the Paris Climate Accords. Microsoft's environmental goals are much more ambitious.

By 2030 it aims to be carbon negative, and to replenish more water than it uses. By 2050 it aims to have removed from the atmosphere all the carbon it's emitted since its founding in 1975.

Microsoft is also well known for being one of the largest providers of AI and cloud computing services. Unfortunately, the construction of its data centres create carbon emissions through the operation of machinery and the manufacture of building materials, while the ongoing operation of data centres require high levels of electricity and water usage. Microsoft is continuously working on creative solutions to minimise the environmental footprint of its computing resources, such as optimising its building design to use less steel and concrete, cooling its servers without the use of water, which reduced its water usage by 95% between 2021 and 2024, and building renewable energy projects as a source of power.



# 4

In this section

## Active ownership

# 4. Active ownership



## 4.1 Voting

### Voting policy

Our right to vote is a privilege as well as our fiduciary responsibility. We use our votes in a manner we believe is in our clients' best long-term economic interests. We vote FOR or AGAINST on all proposals and abstain on none.

When making voting decisions, we follow the guidelines set out in our *Proxy Voting Policy*, which is available on our website here. It is updated each year to ensure it remains current for any changes in regulations or standards. The policy distinguishes between:

- Routine items – covering such items as reappointing the auditor, approving management and director compensation, and approving the financial statements. These are generally voted in accordance with the rules set out in the policy.
- Non-routine items – these are assessed on a case-by-case basis and voted at the discretion of the investment team, with strong input from the covering analyst.

It is also useful to distinguish between proposals made by management and those made by shareholders. Management proposals are mostly routine. Some proposals submitted by shareholders may be beneficial in encouraging action or transparency. Others may be well-meaning but onerous, or even harmful to the company.

When we vote against a management proposal, we communicate this to the company and explain our reasoning. We record this as an engagement.

### Use of proxy adviser

We use the services of Institutional Shareholder Services (ISS), which provides research and opinions on proxy voting resolutions. We make independent decisions when voting, so our votes may or may not follow ISS's recommendations.

## Voting activity in 2025

In the year to June 2025, Aoris voted on 302 proposals for the 14 portfolio companies in which we were owners at the time of their AGM.

| Management proposals | # of proposals | % Aoris voted in favour |
|---|---|---|
| Election of directors | 162 | 100% |
| Management compensation | 40 | 90% |
| Auditor appointment and fees | 30 | 87% |
| Routine business | 67 | 91% |
| Other business | 2 | 100% |
| Governance | 5 | 100% |
| **Total** | **291** | **95%** |

| Shareholder proposals | # of proposals | % Aoris voted in favour |
|---|---|---|
| Social | 9 | 67% |
| Environmental | 0 | N/A |
| Governance | 2 | 100% |
| **Total** | **11** | **73%** |

The next few pages detail our full voting record during this period.

## Full voting record for the year to June 2025

| Company | Proposal by | Proposal type | # of proposals | Management recommendation | # Aoris votes with mgmt | Reason for voting against mgmt |
|---|---|---|---|---|---|---|
| Halma | Management | Election of directors | 9 | For | 9 | |
| | | Management compensation | 2 | For | 2 | |
| | | Auditor appointment and fees | 2 | For | 2 | |
| | | Routine business | 7 | For | 7 | |
| | | Other | 1 | For | 1 | |
| Copart | Management | Election of directors | 12 | For | 12 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 1 | |
| Microsoft | Management | Election of directors | 11 | For | 11 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 0 | Deloitte & Touche has been Microsoft's auditor since 1983. Our policy is to vote against the reappointment of auditors who have been in the role for more than 10 years. |
| | Shareholders | Social | 6 | Against | 4 | While the company provides significant material on its policies for operating in such countries, additional disclosure is considered warranted and not overly burdensome. |

| Company | Proposal by | Proposal type | # of proposals | Management recommendation | # Aoris votes with mgmt | Reason for voting against mgmt |
|---|---|---|---|---|---|---|
| Diploma | Management | Election of directors | 8 | For | 8 | |
| | | Routine Business | 5 | For | 5 | |
| | | Auditor appointment and fees | 1 | For | 1 | |
| | | Compensation | 3 | For | 3 | |
| | | Governance | 1 | For | 1 | |
| | | Other | 1 | For | 1 | |
| RELX | Management | Election of directors | 10 | For | 10 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 2 | For | 2 | |
| | | Routine Business | 7 | For | 7 | |
| Visa | Management | Election of directors | 10 | For | 10 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 1 | |
| | Shareholder | Governance | 1 | Against | 1 | |
| | | Social | 3 | Against | 2 | We consider Visa's practices and disclosure on pay equality to be sufficient. |
| Accenture | Management | Election of directors | 11 | For | 11 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 0 | KPMG has been Accenture's auditor since 2002. Our policy is to vote against an auditor who has been in place for more than 20 years. |
| | | Routine business | 4 | For | 4 | |

| Company | Proposal by | Proposal type | # of proposals | Management recommendation | # Aoris votes with mgmt | Reason for voting against mgmt |
|---|---|---|---|---|---|---|
| Compass Group | Management | Election of directors | 12 | For | 12 | |
| | | Management compensation | 4 | For | 0 | Compass has proposed a significant increase to its executive compensation for which they haven't given good justification. We're also dissatisfied with the use of adjusted profit measures as a KPI, which excluded material and recurring restructuring charges. |
| | | Auditor appointment and fees | 2 | For | 2 | |
| | | Routine business | 7 | For | 7 | |
| | | Governance | 1 | For | 1 | |
| Grainger | Management | Election of directors | 12 | For | 12 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 1 | |
| | | Board Election & Structure | 1 | For | 1 | |
| Experian | Management | Election of directors | 9 | For | 9 | |
| | | Management compensation | 3 | For | 3 | |
| | | Auditor appointment and fees | 2 | For | 2 | |
| | | Routine business | 8 | For | 8 | |
| Fastenal | Management | Election of directors | 11 | For | 11 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 1 | |

| Company | Proposal by | Proposal type | # of proposals | Management recommendation | # Aoris votes with mgmt | Reason for voting against mgmt |
|---|---|---|---|---|---|---|
| Sherwin-Williams | Management | Election of directors | 9 | For | 9 | |
| | | Management compensation | 2 | For | 2 | |
| | | Auditor appointment and fees | 1 | For | 0 | Deloitte has been Sherwin-Williams' auditor since 1987. We will vote against the reappointment of any auditor that has been in place for more than 20 years. |
| | | Governance | 2 | For | 2 | |
| Atlas Copco | Management | Election of directors | 24 | For | 24 | |
| | | Management compensation | 9 | For | 9 | |
| | | Auditor appointment and fees | 1 | For | 1 | |
| | | Routine Business | 10 | For | 10 | |
| | | Governance | 1 | For | 1 | |
| L'Oréal | Management | Election of directors | 6 | For | 6 | |
| | | Management compensation | 7 | For | 7 | |
| | | Routine business | 12 | For | 12 | |
| Amphenol | Management | Election of directors | 8 | For | 8 | |
| | | Management compensation | 1 | For | 1 | |
| | | Auditor appointment and fees | 1 | For | 0 | Deloitte has been Amphenol's auditor since 1997. As per our voting policy, we will vote against the reappointment of an auditor which has been in place for more than 20 years. |
| | | Routine business | 1 | For | 1 | |
| | Shareholder | Governance | 1 | Against | 1 | |

# 4.2 Engagement

## Engagement policy

Our formal engagement process commenced in July 2022.

We engage with all the companies in which we are invested, and in some cases those in which we may invest in the future, on ESG topics at least once per year. We focus on the issues we consider material and where we see the greatest opportunity or need for improvement. We keep a record of our engagement activity, which we make publicly available.

The way a company responds to our advocacy provides insights into how it is run, management's values and priorities, and risks to the business. It also permits us, along with our voting, to have a small influence on decisions the company makes.

## Engagement Activity 2025

In the year to June 2025, Aoris conducted 35 in-person and video conference meetings with our portfolio companies. We also regularly engage with companies via email on specific issues. The table below outlines all the issues on which we engaged with portfolio companies during the year.

| Company | Environmental | Social | Governance | # of Meetings |
|---|---|---|---|---|
| Accenture | | Managing people and reskilling | Auditor rotation | 1 |
| Amphenol | | | Auditor rotation, succession planning | 2 |
| Compass | | Improving disclosure on workforce pay, ensuring employees are paid fair wages<br>Improving employee engagement | Treating recurring 'one-off' charges as a real expense<br>Management remuneration | 3 |
| Copart | Improving disclosure on Scope 3 emissions, committing to a net zero by 2050 target | | Auditor rotation | 4 |
| Diploma | | | Improving public disclosure through transcript availability | 4 |
| Experian | Progress on developing a plan to achieve net-zero commitments | | Minimum shareholding requirements of directors | 2 |
| Grainger | | | Auditor rotation | 2 |
| Halma | | Talent development | Succession planning<br>Communication of board decisions | 2 |
| Jack Henry | Commitment to net zero | | | 2 |
| L'Oréal | | | Disclosure of investor day and conference presentation transcripts | 2 |
| Microsoft | Increase in emissions intensity<br>The emphasis on offsets, and credits versus energy consumption reduction | | Auditor rotation | 2 |
| RELX | | | Disclosure of conference presentation transcripts | 3 |
| Sherwin-Williams | | | Auditor rotation | 4 |
| Visa | | Ensuring the company's platform is not facilitating illicit activity payments | | 2 |

## Engagement Focus Areas for 2025

These are the key topics on which we expect to engage with our portfolio companies in the year to June 2026.

### Environmental

- Commit to net zero by 2050 – Amphenol, Jack Henry, Experian, Sherwin-Williams, Grainger.

### Social

- Advocate for an increase in pay for workers earning less than minimum living wage, which the Economic Policy Institute considers to be $17/hour in the US. This applies mostly to companies that hire many entry-level frontline workers, such as Compass Group.

### Governance

- Auditor rotation – request that the four portfolio companies that have used the same auditor for 20 years or more switch auditor in the next two years. These companies are Accenture, Amphenol, Sherwin-Willams, and Microsoft.
- Board independence – request for L'Oréal to move to a majority of independent directors on its board and in each of its board committees.
- Directors' stock ownership – suggest that all board directors should be required to own shares in the businesses they govern, to create alignment with shareholders. A common threshold is for their ownership to be worth at least three times their annual director fees. The companies in our portfolio that don't currently have such a policy are Diploma, Experian, Halma, and RELX.
- Investor communications – advocate for all portfolio companies to make their investor event transcripts widely available.

# 5

In this section

# Alignment with the United Nations Sustainable Development Goals

# 5. Alignment with the United Nations Sustainable Development Goals



The United Nations Sustainable Development Goals (SDGs) were adopted by all member states in 2015. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. The SDGs list 17 integrated focus areas to meet these goals, with a target date of 2030.

All 14 of the portfolio's holdings have identified how they help advance progress on these SDGs.

A company's claim of alignment with a particular SDG can lack objectivity and may not capture the materiality of impact. Some businesses will have a negative impact on one or more of the 17 SDGs. Going forward, we will be looking for an independent source to validate these alignment claims and provide some measure of materiality.

| | No Poverty | Zero Hunger | Good Health & Wellbeing | Quality Education | Gender Equality | Clean Water & Sanitation | Affordable & Clean Energy | Decent Work & Economic Growth | Industry, Innovation & Infrastructure | Reduced Inequalities | Sustainable Cities & Communities | Responsible Consumption & Production | Climate Action | Life Below Water | Life On Land | Peace, Justice & Strong Institutions | Partnerships For The Goals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Accenture | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ |
| Amphenol | | | | | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | ✓ | |
| Compass | | ✓ | ✓ | | ✓ | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Copart | ✓ | | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | ✓ | | | | |
| Diploma | | | ✓ | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Experian | ✓ | | | | | | | ✓ | ✓ | | | | | | | | |
| Grainger | | | | ✓ | ✓ | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | | |
| Halma | | | ✓ | | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | | | ✓ | ✓ |
| Jack Henry | ✓ | | | ✓ | ✓ | | | ✓ | | ✓ | | ✓ | ✓ | | | ✓ | |
| L'Oréal | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Microsoft | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| RELX | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sherwin-Williams | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Visa | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ |

# United Nations Principles for Responsible Investment

Aoris is a signatory to the United Nations Principles for Responsible Investment (the Principles). The Principles state:

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

The Principles were developed by an international group of institutional investors, reflecting the increasing relevance of ESG issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries, as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.

*Signatory of:*

PRI Principles for Responsible Investment

Morningstar ESG has awarded the Aoris International Fund a 5 Globes rating, placing it in the top 2% of all funds globally.

Aoris is a member of the Responsible Investment Association Australasia (RIAA). In 2025, the Aoris International Fund was certified as a Responsible Investment product by RIAA. This certification program is the leading initiative for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand.


riaa
Responsible Investment Association Australasia

CERTIFIED RESPONSIBLE INVESTMENT
RESPONSIBLE
CERTIFIED BY RIAA

6

In this section

# Closing comments

# 6. Closing comments

Section 6

We believe that ESG matters more than ever to the growth, longevity and risks of all businesses. We also believe that its relevance will continue to grow.

Greater awareness of ESG in investing has also generated some confusion. What does ESG mean and how is it reflected in a particular portfolio? It is tempting for some industry participants to focus just on GHG emissions or reduce a company's ESG credentials to a number. We try to maintain a broad perspective of what ESG means and recognise that much of this is subjective.

We will continue to be active owners and advocate for the great businesses we own to become even better. We look forward to reporting to you on this and other developments in next year's *Responsible Investing and Active Ownership Report*.

Get in touch

AORIS

Suite 27.04, Level 27,
25 Martin Place,
Sydney NSW 2000, Australia

+61 2 8098 1504
info@aoris.com.au

**www.aoris.com.au**

**Acknowledgement of Country**

Aoris acknowledges the Traditional Owners of Country throughout Australia and recognises their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.