



EVENLODE

INVESTMENTS FOR LIFE



Evenlode Investment
Quarterly Stewardship Report
Q2 2025

evenlodeinvestment.com

Our purpose is to preserve and enhance the value of our clients' assets through long-term engagement and analysis.

Our Quarterly Stewardship Report aims to provide investors with information on our voting and engagement activity, as well as highlighting some key focus areas for the Stewardship team for the year.

VOTING

Voted on
53 meetings

In 67% of meetings, we voted with management on all proposals

In 33% of meetings, we voted against management on at least one proposal

As an example, we voted against remuneration-related resolutions at LVMH Moët Hennessy Louis Vuitton's AGM due to ongoing concerns about insufficient transparency and assurance that pay is meaningfully linked to long-term performance.

While disclosure for the Short-Term Incentive Plan (STIP) had marginally improved, with a breakdown of performance metrics, LVMH still does not publicly disclose the specific targets, citing confidentiality as the main reason. Although we understand the French Governance Code does not consider this to be as important, we feel this limits shareholders' ability to assess the robustness and fairness of the scheme. On the Long-Term Incentive Plan (LTIP), there had been some progress though the disclosure remains inadequate. LVMH now states that the LTIP is linked to profit from recurring operations, operating free cash flow, and group operating margin. A small portion (15%)

also depends on meeting a CSR-related non-financial objective. However, the overall quantum and structure still lack clarity, and performance thresholds are not disclosed, preventing effective accountability. We also noted that the policy lacks a clawback provision, something we encourage in our investee companies.

As a result, we held an in-person meeting with the Head of Investor Relations. She acknowledged that progress on remuneration transparency remains slow. While she appeared aware of shareholder concerns around the current policy, she was dismissive about the possibility of disclosing performance targets in the future suggesting we may need to adjust our expectations. The company has also not discussed the inclusion of a clawback provision in the policy. Although some investors have raised the issue, it has only been flagged internally so far.

ENGAGEMENT

Engaged with
14 companies

Engaged on
16 themes

Engaged the most
on Company Strategy

REGENERATIVE AGRICULTURE – HEINEKEN

In our effort to deepen understanding of how consumer staples companies are approaching regenerative agriculture (RegenAg), we partnered with Dr Jerry Hatfield, former Director of the USDA Agricultural Research Service (ARS), to co-author a letter to six investee companies: Diageo, Heineken, Nestlé, Pernod Ricard, Reckitt, and Unilever. Our goal was to understand their strategies around RegenAg - particularly how they are addressing supply chain resilience, scaling efforts, input costs, crop prioritisation, and farmer incentivisation. The insights are intended to inform our own biodiversity and nature-related reporting under the Taskforce on Nature-related Financial Disclosures (TNFD) in the coming year.

Among the engagements we had, Heineken stood out for its thoughtful, practical, and transparent approach. This case study highlights key learnings from our discussion with their team.

Regenerative Agriculture in Context

Heineken's RegenAg efforts are embedded within its broader sustainability platform: "Brew a Better World." This multi-pillar strategy covers 2021 to 2030 and is currently undergoing an update alongside the company's core business strategy, "EverGreen." Importantly, Heineken does not view regenerative agriculture through a narrow carbon-reduction lens. Instead, the company defines it as a holistic, outcome-driven approach with multiple environmental and social dimensions of soil health, water retention, air quality and biodiversity.

This systems view reflects an understanding that farming practices must be resilient not only to climate change but to the growing complexity of global supply chains.

Structure, Partnerships and Crop Focus

Heineken is a participant in the Sustainable Agriculture Initiative (SAI) Platform, a global food and drink industry initiative. Within this framework, the company contributes to working groups shaping regenerative agriculture definitions and scorecards. A unique feature of Heineken's approach is the scorecard-based tracking system. This dual-focus system assesses both environmental outcomes and farmer-centric progress, such as engagement and uptake of new practices. They source over 80% of its ingredients indirectly, relying heavily on suppliers and cooperatives. The RegenAg programme is focused on barley and maize (corn), which are central to beer production and, by extension, Heineken's emissions footprint.

Spotlight on the Transitions Project – France

Heineken's most mature RegenAg initiative is the Transitions programme in France, centred on barley production. Launched with the support of a local farmer cooperative, the programme started with approximately 200 farmers in the first list and has since expanded to 420, with a target of 1,000.

This farmer-led model has yielded encouraging early results:

- Farmers provided with tailored action plans and support.
- 100% of the initial 196 farmers completed their plans.
- The vast majority received their incentive-based premiums.
- Farmer feedback has been positive and engaged, a promising sign for longer-term scalability.

Paying premiums to farmers adopting regenerative practices presents a financial challenge, especially at a time when margins are under pressure across the sector. Heineken views these costs as:

1. **Temporary** – A bridge until regenerative systems reach scale and become self-sustaining.
2. **Necessary** – Early-stage incentives are essential for de-risking the transition for farmers.
3. **Shared** – The company is vocal about not having the sole responsibility within its supply chain encouraging co-investment.

Heineken ultimately hopes regenerative sourcing becomes mainstream, no longer requiring a premium, similar to how organic certifications evolved from niche to common across many categories.

Scope 3 Emissions and RegenAg's Role

Agriculture is a significant contributor to Heineken's Scope 3 emissions. The company sees regenerative agriculture as an important lever for reducing its footprint, but it is realistic about the limitations. Key challenges include:

- Data dependency: Heineken doesn't source directly from farmers, so much of its impact data comes through suppliers.
- Long timelines: Changes in soil health or biodiversity take years, not months.
- Agronomic variability: What works in one geography may not translate to another.

Heineken doesn't oversell RegenAg as a silver bullet for net zero, but rather as one of several tools in its long-term climate strategy.

Scaling and Next Steps

Looking ahead, Heineken plans to launch 5-10 larger-scale regenerative programmes modelled on the Transitions initiative. Each will be tailored to local conditions and developed through partnerships with cooperatives and suppliers. These efforts are expected to take years, with a strong emphasis on co-funding models to distribute financial risk, strategic selection of geographies and crops based on feasibility and aligning impact goals with supplier capacity and farmer readiness.

Heineken's approach to regenerative agriculture seems sensible and arguably positions them as a sector leader. While many companies are still defining their sustainability strategies or making high-level commitments, Heineken is on the ground, testing, learning, and scaling through credible partnerships. Its combination of pragmatism, considering the farmers, and commitment to broader supply chain collaboration makes it a compelling model for how consumer staples companies can meaningfully engage in regenerative transformation throughout their value chain.

STEWARDSHIP TEAM & ESG RATINGS



Sawan Wadhwa
Head of Stewardship



Bethan Rose
Stewardship Analyst



Rebekah Nash
Stewardship Analyst



Lily Postlethwaite
Stewardship Analyst

Our ongoing commitment

Evenlode Investment Management became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2018. By becoming signatories, we commit to implementing these principles and incorporating environmental, social and governance factors into our investment process to help enhance returns and better manage risk for our clients.

Signatory of:



Policy Governance and Strategy



Direct – Listed Equity Active fundamental



Confidence Building Measures



MORNINGSTAR®

IFSL Evenlode Income
IFSL Evenlode Global Income
IFSL Evenlode Global Equity
Evenlode Global Dividend
Evenlode Global Opportunities



MSCI



The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio holdings are managing their environmental, social, and governance risks relative to the fund's Morningstar Global Category peers, with 5 globes being the highest rating. IFSL Evenlode Income, IFSL Evenlode Global Equity, Evenlode Global Dividend and Evenlode Global Opportunities are based on 100% of AUM; IFSL Evenlode Global Income is based on 95.2% of AUM. Data as at 31 May 2025.

The Morningstar® Low Carbon Designation™ is intended to allow investors to easily identify low-carbon funds across the global universe. The designation is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy. IFSL Evenlode Income, IFSL Evenlode Global Equity, Evenlode Global Dividend and Evenlode Global Opportunities are based on 100% of AUM; IFSL Evenlode Global Income is based on 95.2% of AUM. Data as at 31 May 2025.

MSCI ESG Fund Ratings aim to measure the resilience of funds to long-term risks and opportunities arising from environmental, social and governance (ESG) issues. Each fund scores a rating on a scale from CCC (laggard) to AAA (leader). The rating is based first on the weighted average score of the underlying holdings of the fund. ESG momentum is then assessed to gain insight into the fund's ESG track record, which is designed to indicate a fund's exposure to holdings with a positive rating trend or worsening trend year over year. For more information on the methodology please visit our website. IFSL Evenlode Income, IFSL Evenlode Global Equity and Evenlode Global Opportunities are based on 100% of AUM as at 30 June 2025. IFSL Evenlode Global Income is based on 95.0% of AUM as at 30 June 2025. Evenlode Global Dividend is based on 95.7% of AUM as at 31 March 2025.





EVENLODE

INVESTMENTS FOR LIFE

Important Information

Evenlode has developed a [Glossary](#) to assist investors to better understand commonly used terms.

We believe that delivering real, durable returns over the long term can be best achieved by integrating environmental, social and governance (ESG) factors into our risk management framework as this ensures that all long-term risks are monitored and managed on an ongoing basis. In addition to reviewing ESG factors when making investment decisions, we engage with portfolio companies on a range of ESG issues (for example greenhouse gas emission reduction). However, please note that the Evenlode funds do not have a sustainability objective.

This document is not intended as a recommendation to invest in any particular asset class, security or strategy. The information provided is for information purposes only and should not be relied upon as a recommendation to buy or sell securities.

For full information on the Evenlode funds, including risks and costs, please refer to the Key Investor Information Documents, Annual & Interim Reports and the Prospectuses, which are available on the Evenlode Investment Management website (www.evenlodeinvestment.com). Recent performance information is shown on monthly factsheets, also available on the website.

Every effort is taken to ensure the accuracy of the data in this document, but no warranties are given. Evenlode Investment Management Limited is authorised and regulated by the Financial Conduct Authority. No 767844.

ESG ratings

© 2025 Morningstar. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 31,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

