

Environmental, Social, and Governance

2025 ANNUAL REPORT



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Culture, Values, and Investment Approach

FIRM OVERVIEW

Lyrical Asset Management LP was founded in 2008 by Jeffrey Keswin and Andrew Wellington, with a sole focus on value investing. Lyrical reflects the enduring friendship between Jeff and Andrew, who met as classmates in the University of Pennsylvania's Management and Technology Program. There, they studied finance, management, and systems engineering at Penn's Wharton School and School of Engineering, before beginning their careers in New York City as junior analysts in investment banking and management consulting, respectively. Little did they know that 18 years later they would join forces to create their own asset management firm that offers investors a differentiated, back-to-basics approach to value investing. Lyrical embodies Jeff and Andrew's entrepreneurial spirit and unconventional perspectives on the business of investment management.

Today, Lyrical's portfolios include US Value Equity, International Value Equity, Global Value Equity, and Global Impact Value Strategy (GIVES). As of December 31, 2024, Lyrical oversaw firm assets of ~\$ 7.5 billion.

Culture and Values. **We are smart, curious, experienced, analytical, and kind.** We are committed to fostering a culture that promotes long-term employee satisfaction. At Lyrical, we aspire to excellence in everything we do. Our people, processes, and portfolios reflect our dedication to independent, analytical, and unconventional thinking.

Lyrical's Investment Team is composed of experienced analysts who are business generalists and value investing specialists. Unlike most firms that divide research responsibilities among their team, we duplicate our research efforts to maximize each member's knowledge and experience. While this approach may not be the most efficient, it is highly effective, as it encourages informed collaboration and spirited discussions about portfolio decisions.

We aspire to excellence in our investment performance and, likewise, Lyrical's Client Relations, Operations, and Administrative Teams aspire to the same standard. We are committed to a supportive, kind workplace, to diversity and respect, and to continually growing and improving. We derive tremendous joy and satisfaction from the culture that pervades Lyrical.

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VALUE, QUALITY, AND ANALYZABILITY (VQA)

Lyrical practices deep Value style investing in public equities with a high-quality focus and believes that a portfolio of companies with low valuations relative to their long-term normalized earnings power will outperform the overall market over time. By seeking to buy good and understandable businesses, we expect to benefit from our portfolio companies stronger and more predictable earnings growth.'

Ultimately, Lyrical requires our investments to exhibit three traits:

- **Value:** We seek to buy businesses that trade at a significant discount to its estimate of their intrinsic value.
- **Quality:** Lyrical buys businesses producing at least 10% returns on tangible capital.
- **Analyzability:** We only buy businesses or those it can reasonably model on a long-term basis.

We see a strong relationship between Quality and Analyzable companies and those companies' who have low-sustainability related risks, and promote good environmental and social outcomes.

For more details, please see our [Investment Approach](#) page on our website.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Lyrical Asset Management is committed to responsible investing, with our investment pillars naturally aligning with solid ESG practices. As deep-value investors, we require our portfolio of listed public companies to also exhibit the characteristics of Quality (sustainable earnings and good returns on invested capital) and Analyzability (transparent and predictable business models). We believe there is a clear connection between companies that exhibit these qualities and those that also excel in favorable ESG practices, including their willingness to further embrace responsible initiatives.

Our approach is built on bottom-up research to identify the ESG risks and impact opportunities in each of our investments. We engage proactively and amicably with companies over the long-term, encouraging them to steadily improve and adopt best practices in ESG reporting, goal setting, and impact. With our seven- to eight-year average holding period and material stakes in our companies, we have developed a receptive audience with company management.

We are encouraged by the positive outcomes of our responsible investing efforts and seek to continue to deepen our ESG integration in our investment process. Currently, 37% of our portfolio companies are classified as ESG Leaders, 53% as ESG Performers, and only 10% as ESG Laggards. In addition, our firm's ESG risk performance aligns with or outperforms the MSCI World for the majority of the risk metrics we track. Please see the ESG Outcomes section below and our [Sustainability-Related Disclosures](#) for further information on our ESG practices, policies, and outcomes.

Lyrical is a signatory to several key global initiatives, including the UN Principles for Responsible Investment (UNPRI), UN Global Compact (UNGC), Climate Action 100+ (CA100+), and the CFA Diversity, Equity, and Inclusion Code. Additionally, our firm endorses the Paris Agreement, UN Sustainable Development Goals (SDGs), the Task Force on Climate-Related Financial Disclosures (TCFD), and the Task Force on Nature-Related Financial Disclosures.

VQA + Impact (VQA+I). For our GIVES portfolio, Impact is integrated into our investment process, setting it apart from the rest of our portfolios. GIVES' companies have a dual objective of achieving financial returns and creating a positive social and/or environmental impact. We use the United Nations' 17 Sustainable Development Goals (SDGs) as a framework for identifying a company's sustainable outcomes.

In addition to passing our general investment and ESG criteria, each portfolio company must possess four criteria:

- 1. Material:** At least 50% of a company's revenues must be directly tied to at least one SDG.
- 2. Measurable:** Impact must be quantifiable.
- 3. Intentional:** Core business and senior management must be deeply rooted in sustainability efforts.
- 4. Sustainable:** Negative externalities cannot outweigh a company's positive impact.

For more information, please see our [2024 GIVES Impact Report](#).

DIVERSITY, EQUITY, AND INCLUSION (DEI)

Diversity, Equity, and Inclusion (DEI). We provide a safe and supportive culture in where all employees feel empowered, respected, and valued. Our firm has always maintained a strong commitment to equal opportunity hiring and employment practices and, as of December 2024, the firm is 37% female and non-white. We have embraced female and minority representation across senior management roles and are keen to increase female and minority representation, as a preference within our hiring practices, where such opportunity is presented. The firm follows applicable equal opportunity hiring and employment codes and guidelines, including the ADA, Equal Opportunity Employment, Non-Discrimination, Anti-Harassment, and Non-Retaliation codes.

We recognize the challenges to attracting and retaining diverse talent within the investment industry. To do our part, we aim to:

- 1. Attract Diverse Talent:** Seek out and attract the most talented and diverse personnel available. In our hiring practices, we consider several factors, including personal and professional background, education, and race/ethnicity.
- 2. Retain Diverse Talent:** Retain top-tier talent by maintaining an inclusive hiring process, ensuring pay equity, and fostering a diverse, equitable, and inclusive organizational structure.

Firm-Level DEI Metrics

JOB CATEGORY	FEMALE	MALE	UNDERREPRESENTED GROUP	TOTAL	FEMALE (%)	MALE (%)	UNDERREPRESENTED GROUP
Senior Management	0	7	0	7	0%	100%	0%
Middle Management	1	5	0	6	17%	83%	0%
Professional	5	9	2	14	36%	64%	14%
Administrative Support	4	0	1	4	100%	0%	25%
Firm	10	21	3	31	32%	68%	10%

OUTCOMES OF LYRICAL'S APPROACH TO CULTURE, VALUES, AND INVESTMENT PROCESS

At Lyrical, we aim to maximize overall risk-adjusted returns for our clients, across our portfolios. Additionally, we seek to provide best-in-class client service and uphold rigorous operational and compliance standards. Lyrical practices deep value style investing with a high-quality focus and believes that a portfolio of companies with low valuations relative to their long-term normalized earnings power will outperform the overall market over time. Through our investing in quality, analyzable businesses, we expect our clients will benefit from the portfolio companies' stronger and more predictable earnings growth.

Governance Structures

FIRM GOVERNANCE AND RESOURCES

The firm is equally owned by Andrew Wellington, Managing Partner and Chief Investment Officer (CIO) of Lyrical Asset Management, and Jeffrey Keswin, Managing Partner of Lyrical Partners LP, and has operated under such ownership since inception.

In early 2025, Lyrical reviewed and sought to optimize its organizational structure. Lyrical instituted a Management Committee comprised of Craig Lifschutz (newly titled as Senior Managing Director), Gary Faccenda (now Senior Managing Director and long-time Head of Institutional Marketing), Ted Gage (Chief Financial Officer), Jeff Moses, and Dan DeSerio. In this process, Dan DeSerio's title became Chief Operating Officer (COO) in recognition of his long-term contribution to Lyrical and his broad responsibility for the firm's operations, and Jeff Moses's title became General Counsel and Chief Compliance Officer (CCO). Aside from any benefits to be obtained through the coordinated efforts of the Management Committee, the title changes do not signal any significant change in how Lyrical operates.

In addition to the Management Committee, Lyrical maintains standalone ESG, DEI, and Brokerage Committees. Material non-investment business decisions are determined by a consensus among the relevant executive leadership, including the Management Committee and at least one Managing Partner.

For investment management, we use a team approach for decisions across all our value portfolios. For the US Value Equity strategy, decisions are made by consensus of the Investment Team, with Andrew Wellington as CIO having final decision authority. Investment decisions related to our International Value Equity, Global Value Equity, and GIVES strategies rest with the dual international strategy Portfolio Managers, John Mullins and Dan Kaskawits, subject to Andrew Wellington's oversight.

Material non-investment business decisions are determined by a consensus among the relevant executive leadership, including at least one Managing Partner.

Organizational Resources & Teams

Founder, Chief Investment Officer: Andrew Wellington		Founder, Chief Executive Officer: Jeffrey Keswin	
Investment Team		Relationship Management Team	
John Mullins	Portfolio Manager	David Merklin	Client relations
Dan Kaskawits	Portfolio Manager	Gary Faccenda*	Client relations
Matt Mangiacotti	Associate Portfolio Manager	Katrina O'Leary	Client relations
Elsie Li	Investment Analyst	Daniel Lachcik	Advisor Relations
Matt Stevens	Investment Analyst	Mike Pluemer	Advisor Relations
Administrative Support		Randi Braunstein	Advisor Relations
		Maggie Milonakis	Advisor Relations
		James Meany	Advisor Relations
		Rachel Kitson	Marketing Coordinator
		*Management Committee Member	
		Operations Team	
		Craig Lifschutz*	Management Committee Chair
		Daniel DeSerio*	Chief Operating Officer
		Ted Gage*	Chief Financial Officer
		Jeffrey Moses*	General Counsel & Chief Compliance Officer
		Kyle Coulam	Director – Sustainability
		Elan Kattan	Controller
		Michael Layman	Associate Director – Accounting & Ops.
		Henry Klaas	Assistant Controller
		Julia Keymak	Associate – Accounting & Ops

Please see our [Team](#) webpage for our employees' bios.

ESG COMMITTEE

Lyrical's ESG Committee governs the implementation of our ESG Policy and ESG best practices across the firm. Lyrical's General Counsel/CCO chairs the five-member Committee and includes members of our Investment, Relationship Management, and Operations Teams.

The Director of Sustainability, Kyle B. Coulam, reports to the ESG Committee and spearheads the implementation of the ESG Policy. The Director of Sustainability leads the day-to-day coordination of ESG stewardship practices across the firm, working closely with the Investment, Relationship Management, and Operations Teams. The Director conducts ESG research and impact analysis, identifies ESG portfolio opportunities and risks, monitors ESG metrics and targets, and further develops ESG policies and long-term goals with the ESG Committee. The Director is also charged with implementing ESG due diligence and reporting beyond UNPRI, including updating our current ESG and impact reports, and improving our ESG disclosures.

The Director receives ESG-related resourcing requests from the Client Relations, Compliance, Investment, and Operations Teams. Those teams are responsible for elevating these requests as part of ongoing communications with the ESG Committee. The ESG Committee Chair is responsible for overseeing all resource allocation at the firm, including budgeting, staffing, and training.

The five-member Committee is composed of:

- Daniel DeSerio, CFA, CPA – COO
- Jeffrey Moses, CFA – General Counsel, CCO, and ESG Committee Chair
- John Mullins – Portfolio Manager
- Katrina O'Leary – Managing Director, Consultant Relations
- Matt Stevens – Investment Analyst

Non-Member Advisor-Participants include:

- Craig Lifschutz – Senior Managing Director
- Daniel Kaskawits, CFA – Portfolio Manager
- David Merklin – Senior Managing Director
- Gary Faccenda – Senior Managing Director and Head of Client Relations, North America

The five-member Committee conducts a biannual update of our ESG Policy and responsible investing practices. Additionally, we incorporate annual ESG training into our compliance schedule. The discussion is led by our General Counsel and the other members of the Committee. It covers our ESG Policy, the evolution of our efforts, accomplishments and challenges, and goals for the following year(s).

Please see our [ESG Policy](#) for additional information on our ESG resources and policies and practices regarding incentives and conflicts of interest.

DEI COMMITTEE

In 2021, Lyrical formed a DEI Committee to oversee our cultural and employee opportunities practices. The Committee's initial focus has been centered around compiling and review data of current employees, understanding historical hiring practices, and evaluating the findings of compensation data to better inform representatives of our senior management of evolving DEI practices in the industry.

The DEI Committee is comprised of:

- Katrina O'Leary – Managing Director, Consultant Relations
- Kyle B. Coulam – Director of Sustainability
- Ted Gage – CFO and DEI Committee Chair

Senior Management Representatives:

- Craig Lifschutz – Senior Managing Director
- Jeffrey Moses, CFA – General Counsel and ESG Committee Chair

Our DEI Committee meets semi-annually and incorporates DEI training into our compliance schedule, including sexual harassment and unconscious bias training.

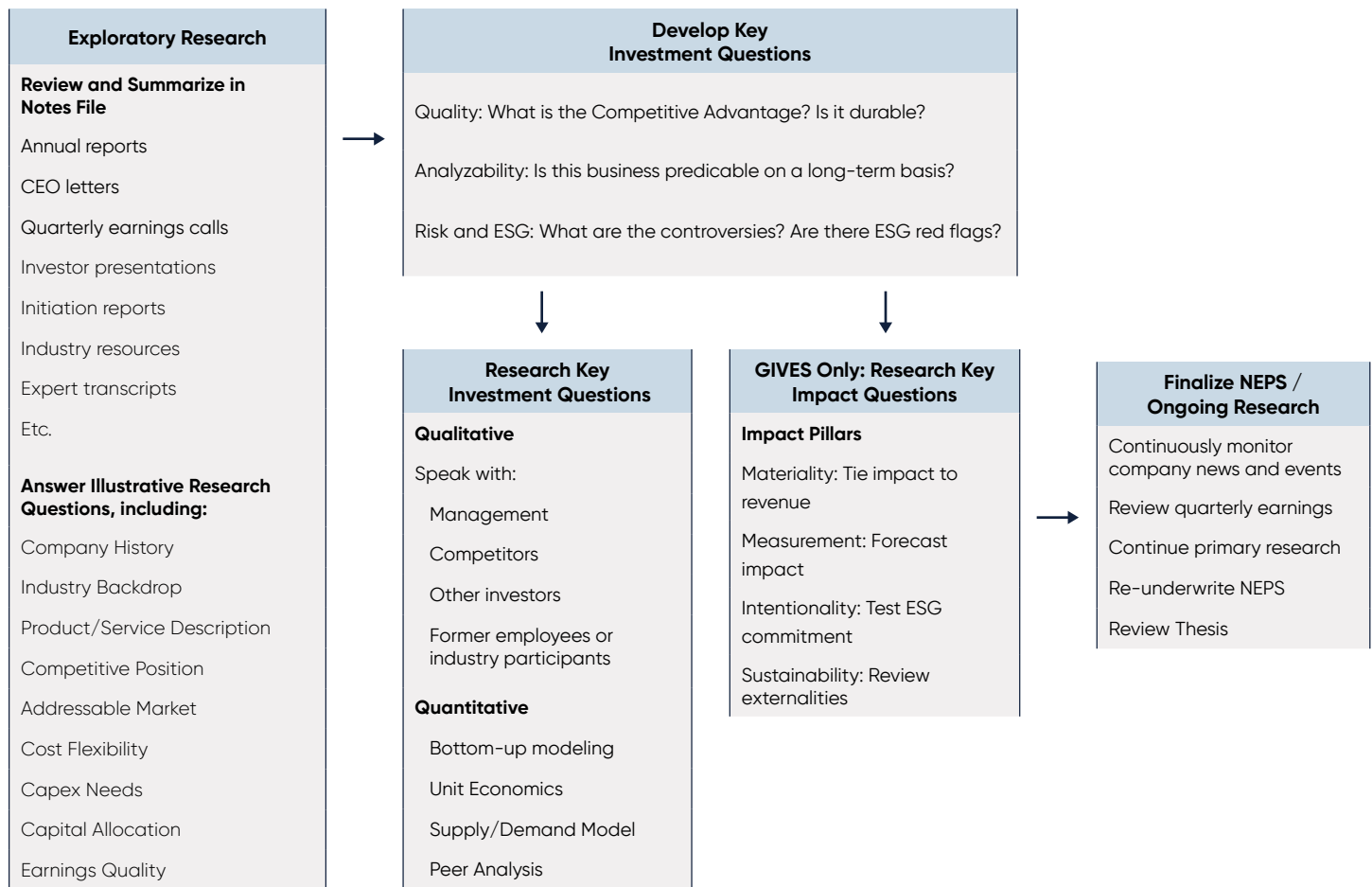
Any interested party can email info@lyricalpartners.com to receive a copy of Lyrical's DEI Policies.

Investment Strategy

VQA INVESTMENT PROCESS

First, Lyrical employs an extensive fundamental research process, incorporating impact research from the beginning. For our Global Value Equity strategy, our investment universe comprises 2,500 stocks, including the largest 1,000 U.S. stocks and the largest 1,500 non-U.S. stocks traded in developed markets by market capitalization. From there, our Investment Team uses a manual process, going line-by-line, company-by-company to identify due diligence candidates. We then dedicate substantial effort – comprising virtually all our investment research time – to conduct fundamental analysis on those businesses the team has identified.

Overview of Lyrical's Investment Research Process



The screen estimates a fair price for each stock in the universe by applying a normalized multiple to an estimate of five-year forward normalized earnings, which is calculated by taking the historical earnings trend line of a company and consensus estimates for future earnings and statistically extrapolating forward five years. The screen has shown to be a successful systematic approach to identifying potential investment ideas. Please see the [Financial, ESG, and Impact Outcomes](#) section below for more information on our strategies' financial performance in 2024.

Once identified, each investment candidate goes through an extensive fundamental research process to develop an in-depth understanding of the business and assess its potential impact. From a fundamental perspective, we review the drivers of growth and profitability, position relative to competitors and competitive advantages, position and leverage with customers and suppliers, historical and potential business threats and opportunities, and management style, objectives, and incentives. This process includes financial statement analysis, study of competitors, customers and suppliers, discussions with company management, review of past earnings calls and investor presentations, and some use of sell-side research.

¹Our investment universe for our US Value Equity strategy is the largest 1,000 stocks traded in developed markets by market capitalization and, for our International Value Equity strategy, the universe is the largest 1,500 non-U.S. stocks traded in developed markets by market capitalization. GIVES uses the same investment universe as our Global Value Equity strategy.

ESG RISK MITIGATION

While conducting this fundamental research, the Investment Team works closely with our Director of Sustainability to assess and minimize sustainability-related risks and promote good environmental and social characteristics. Lyrical believes integrating ESG factors could enhance long-term risk-adjusted returns for our investors. We take a holistic view of ESG and do not seek to promote just one aspect.

Overview of Lyrical's ESG Risk Mitigation Process

Quality and Analyzability

- Lyrical applies our ESG Policy and Quality and Analyzability investment pillars to lower ESG-related risks and promote good environmental and social outcomes

ESG Integration

- Materiality: Our Director of Sustainability has aligned our pre-investment tracker with the SFDR's Principal Adverse Impact (PAI) indicators, applies SASB standards, and assesses their broader impact on the environment, society, and economy
- Measurement & Monitoring: Lyrical compares our quantitative metrics against the strategy's financial benchmark, and for qualitative indicators, we assess significant harm using a bottom-up analysis and MSCI controversy analyses
- Data Sources: We complement our internal analysis with independent third-party research provided by the CDP, Glass Lewis, and MSCI

Stewardship

- Engagement: Lyrical's Director of Sustainability and Investment Team conducts formal ESG and impact engagements of our portfolio companies at least annually
- Proxy Voting: We conduct a bottom-up review of each company's proxy statement and typically support proposals to improve its ESG policies and practices
- Collaboration: Lyrical maintains a collaborative dialogue to promote the objectives of the CA100+, UNGC, and UNPRI

Our approach to ESG has three key pillars: Quality and Analyzability, ESG Integration, and Stewardship.

1. QUALITY AND ANALYZABILITY: Lyrical avoids investing in companies whose ESG factors pose unmanageable risks. We apply binding exclusions across our strategies due to ESG considerations. Applying Lyrical's ESG exclusions and its investment pillars of Quality and Analyzability naturally keep these strategies out of many of the highest-risk ESG names.

Our strategies will not invest in any companies that participate in the following areas: coal mining, tobacco, factory farms, for-profit prisons, small arms production, adult entertainment, or opioid drug production, and will also apply legally required exclusions and certain international norms, such as the UNGC and UN Security Council Sanctions. Also, based on its Quality and Analyzability investment criteria, Lyrical generally excludes banks, pharma, biotech, airlines, and direct metals/mining businesses.

Our GIVES portfolio imposes additional ESG-related selectivity. To qualify, GIVES also excludes businesses that operate in the fossil fuels, chemical/plastics, and fossil fuel-powered automobile industries. The strategy also applies the exclusion criteria from the Paris-aligned Benchmarks (PAB) rules. We also impose a positive screen, where 50% of revenues must contribute to at least one SDG. The [Impact Opportunities](#) section below discusses our GIVES investment process in more detail.

While conducting this fundamental research, the Investment Team works closely with our Director of Sustainability.

Exclusion and Screening Criteria

	ESG Screen	Impact Screen
U.S. Value Equity International Value Equity Global Value Equity	Based on our Quality and Analyzability criteria we exclude: • Banks • Pharma • Biotech • Airlines • Direct metals/mining businesses	N/A
Global Impact Value Equity (GIVES)	Due to ESG considerations we exclude other industries such as: • Coal miners, tobacco companies, factory farms, for-profit prisons, small arms producers, adult entertainment, and opioid drug producers • We apply minimum standards of business practice based on legally required exclusions and certain international norms, such as the UNGC and UN Security Council Sanctions (UNSCS)	To be included in GIVES, companies must meet our four pillars of impact (materiality, measurability, intentionality, sustainability) Our GIVES strategy is more selective. It applies the Paris Aligned Benchmark exclusions in addition to: • Fossil fuels • Metals/mining • Chemical/plastics • Fossil fuel-powered automobile industries

2. ESG INTEGRATION: Current and potential portfolio companies undergo an extensive research process. The Investment Team seeks to develop an in-depth understanding of each business, including drivers of growth and profitability. Concurrently, the Director of Sustainability identifies material ESG risk factors to determine whether they may be causing significant risk or harm by reviewing available documents and speaking directly with the companies. ESG factors are considered when they are material to the investment case. Lyrical's ESG materiality assessment is viewed in the context of SASB standards and also considers a company's broader impact on the economy, environment, and society. The results of this analysis are captured in our quantitative and qualitative pre- and post-investment trackers.

Please see [Annex 1: ESG Metrics Summary](#) to see an example of our quantitative post-investment ESG tracker.

Material ESG issues are integrated quantitatively and qualitatively as part of our risk assessment and analysis of the long-term sustainability of our companies' earnings. Specifically, Lyrical performs two types of due diligence on the material ESG factors to determine if the investment is causing significant harm or risk:

- For quantitative indicators with sufficient availability, comparability, and quality, part of Lyrical's assessment is whether the adverse impact was significant based on the company's performance against the strategy's respective benchmark. This research is complemented by a bottom-up analysis of the company's policies and practices, as the benchmark does not account for a company's industry or size.
- For qualitative indicators, such as violations of the UNGC, Lyrical assesses significant harm using bottom-up analysis to verify that these risks are not causing unmanageable risk. In cases where the due diligence suggests an investment may be causing significant climate-related risk or harm, we conduct additional bottom-up research and engagement.

We determine a company is not causing significant harm or risk if:

- Lyrical's bottom-up research demonstrates that the company was most likely not causing significant harm to the environment.
- The company has taken steps to address the potentially significant risk, such as developing GHG emission reduction targets.
- The company received below a Very Severe (Level 5) MSCI controversy score then it is not causing significant harm.

DATA SOURCES	BENCHMARKS
Lyrical complements its internal ESG and impact analysis with independent third-party research provided by the CDP, Glass Lewis, and MSCI. Specifically, • CDP: Scores and carbon emissions data to track companies' climate-related strategies, risks, and targets. • Glass Lewis: Research to inform proxy voting decisions and guide engagement. • MSCI: ESG data and controversy analysis to help identify material ESG risks and opportunities, prioritize engagement topics, and track ESG performance.	Below we have included the benchmarks we use to measure, monitor, and verify ESG risks • US Value Equity Strategy: S&P 500 • International Value Equity Strategy: MSCI EAFE • Global Value Equity Strategy: MSCI World • GIVES: MSCI World

3. STEWARDSHIP: We are active stewards of capital and engage with our portfolio companies on their business fundamentals and to improve their ESG and impact policies, practices, and outcomes. Lyrical's pre- and post-investment due diligence, ESG engagement goals, and portfolio-level decarbonization plans help inform our stewardship activities and prioritize companies to support. Lyrical practices three types of stewardship activities: **Engagement, Proxy Voting, and Collaboration.**

In cases where our ESG integration process suggests an investment may cause significant harm or risk, Lyrical develops an engagement plan to assess the adverse impacts of potential controversies. We have formalized several escalation measures, which include proxy voting, to address ESG-related risks proactively.

Lyrical also speaks with other investment firms, industry groups, non-profits, and policymakers to improve responsible investing laws, regulations, and standards consistent with the objectives of the UNGC and UNPRI. Sharing best practices and discussing challenges can inform our sustainable investing processes and reduce larger systemic risks, such as climate change and improved transparency.

Please see the next chapter on [Stewardship](#) for more information on our practices and outcomes.

ESG Case Study: Amcor PLC Pre-Investment Due Diligence Summary

ESG Snapshot					
Company Name	Amcor	Emissions Materials	Yes	Scope 1-3 Targets	Yes
SDG Sub-Goals	NA	Priority-Level	Low	Net Zero Target	Yes
Scope 1	463,357 tCO ₂ e		-78%	SBTi Target	Near-/Long-Term, & Net Zero
Scope 2	1,340,972 tCO ₂ e		183%	Executive Comp Inc. E/S Metrics	Yes
Scope 3	8,777,295 tCO ₂ e	vs MSCI EAFE	-70%	Detailed Transition Plan	Partial
Scope 1-3	10,581,624 tCO ₂ e		-8%	CDP Score	A-
ITR	1.9°C		-36%	MSCI Score	A
Carbon Intensity (Scope 1-2)	124 tCO ₂ e/\$mm Revenue		11%	LAM Score	ESG Leader

Recommendation

We can proceed with purchasing shares of Amcor since it satisfies Lyrical's and the SFDR's ESG investment criteria and does not face concerning controversies or unmitigable risks.

Company Description

Amcor is a global packaging company. The company develops and produces flexible packaging, rigid containers, specialty cartons, medical devices, and other products.

ESG Risk Summary

Companies in the containers and packaging industry face many environmental risks, including Scope 2 emissions from purchased energy and Scope 3 from purchased goods and services (which comprise 85% of Scope 3 emissions). Amcor is a low priority since it is not on the CA100+ or one of the top five highest emitters in our International Value Equity and Global Value Equity strategies. In addition, Amcor has developed an SBTi-approved net zero target, has ITR of 1.9°C, and its Scope 2 and Scope 3 carbon intensities have decreased 8% and 6% from 2018-23, respectively. This is despite revenues increasing 10% over the same period.

In 2024 it was announced that Amcor and another Lyrical holding, Berry Global, were merging. Berry is one of the largest producers of plastic packaging and protective solutions. We believe this a positive merger and believe the emissions concerns around Berry's plastics portfolio are misplaced. Similar to Amcor, Berry has made good progress on its Scope 2 and Scope 3 emissions, decreasing 6% and 10% from 2018-23, but its ITR is 2.4°C. This moderately misaligned ITR is most likely because Berry has only set near-term SBTi-approved targets. One challenge that Amcor and Berry face is that they must redo the baseline assessments of all their emissions-related targets and resubmit them to SBTi.

To lower Scope 1-2 emissions, Amcor is focused on procuring renewable energy, which is estimated to reduce these categories 27% by 2033, a decrease that would get the company halfway to its goal of a 54.6% reduction. To lower Scope 3 emissions, Amcor developed a supplier engagement to reduce the carbon footprint of the raw materials, has begun to incorporate post-consumer mechanically recycled materials, and redesigned its products (using less material). Together, these initiatives will contribute to 50% of its near-term SBTi-approved Scope 3 target, which aims to reduce this category by 32.5% by 2033.

IMPACT OPPORTUNITIES (VQA+I)

While Lyrical's ESG process is about minimizing risks, GIVES aims to maximize positive impact on the world. GIVES seeks to make a meaningful contribution to the SDGs by creating positive environmental and/or social change while achieving good long-term returns. While we are conducting the research discussed in the previous sections on **Quality and Analyzability** and **ESG Risk Mitigation**, our dedicated GIVES Team, which is comprised of three members of the Investment Team and our Director of Sustainability, also look to see if a company could be considered impactful and supports the SDGs.

Please see our [2024 Impact Report](#) for more information on each company's impact analysis.

To be included in GIVES, a company must meet each of Lyrical's general VQA and ESG investment criteria, in addition to our four impact investment pillars: **Material, Measurable, Intentional, and Sustainable**. We assess whether the company fulfills our four pillars of impact as described in detail below:

- 1. MATERIAL:** We will only invest in companies that make a significant and material (>50% of revenues) contribution to at least one of the SDGs. Using public reporting, we determine if the company discloses its sustainable revenues in line with the EU Taxonomy or other green revenue frameworks. If the company does not, we take a deep dive into its business segments that could contribute to the SDGs. The Director then uses UN Stats, GRI, and UNGC guidance to confirm that the company's sustainable business activities are linked to the appropriate SDG sub-goals.
- 2. MEASURABLE:** For every company in GIVES, we develop a theory of change and measurement to quantify the company's contribution to the SDGs. We engage with company management and use company reporting, industry white papers, academic research, and more to obtain the necessary data. We use this information to develop company-specific quantitative metrics using the SDG sub-goals and related indicators to measure GIVES' contribution toward the environment and society. Each measurement is added to our impact tracker, which we update when new information becomes available, and at least annually.

Impact Case Study: Johnson Control International's Theory of Change

Johnson Controls' Theory of Change

THEME	SDG SUB-GOAL	SUSTAINABLE REVENUE	ACTIVITY	OUTPUT	OUTCOME	IMPACT
Climate Change	Goal 7.3, Improve Energy Efficiency of Buildings Goal 9.4, upgrade infrastructure and retrofit industries	57%	Smart building solutions monitor and reduce energy use, emissions, and operational costs	Enables customers to lower emissions and operating costs in their buildings	In 2023, estimated to avoid 2.0 mm tCO ₂ e and save customers \$600 million	From 2023–26, expected to avoid 8.4 million tCO ₂ e, save customers \$2.5 billion, and save society \$430 million by mitigating the effects of climate change and improving economic outcomes

Additionality is key to our process and refers to a positive impact or outcome that would not have otherwise occurred without additional resources or capital investment. Lyrical incorporates additionality into our analysis through:

- **Portfolio-Weighted Impact Measurements:** We measure and report our portfolio-weighted impact to more accurately reflect GIVES's contribution toward solving the SDGs. Please see the [Impact Outcomes](#) section below for more information.
- **Engagement:** We discuss business fundamentals and impact with our GIVES portfolio companies at least annually. To learn more about our impact engagement process, please see the next chapter on [Stewardship](#).

3. INTENTIONAL: The Director of Sustainability reviews available evidence (company reporting, news, management interviews, etc) to determine if impact is deeply rooted in the company's culture and business. This can include how a company has integrated ESG and impact in its medium- and long-term strategic plan or developed ESG-related target-setting.

For example, Johnson Controls contributes to SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure) through its smart building solutions, which monitor and reduce energy use, emissions, and operational costs. The company satisfies our intentionality assessment because, among other targets, it has committed to net zero Scope 1-2 emissions by 2040. In the next section, we have included a case study of Johnson Control, which outlines our intentionality assessment, in addition to our other pillars of impact.

4. SUSTAINABLE: For this pillar, we use the process described in our [ESG Risk Mitigation](#) section above. A key component of this pillar is analyzing how environmental-related risks can affect the portfolio companies' business fundamentals as well as their broader impact on the economy, environment, and society.

While the portfolio has low environmental-related risks (please see the table below), we believe climate change presents the most significant challenge to GIVES achieving its long-term sustainable objective. To reduce these risks, Lyrical developed a net zero target and engagement strategy that aims to have 75% of portfolio companies (other than those with immaterial GHG emissions) develop SBTi-approved net zero targets by 2030. Please see the following chapter on [Stewardship](#) to learn more about how we aim to achieve this target.

The culmination of our financial, ESG, and impact research process is a detailed financial model in which we project the five-year forward normalized earnings for the business. That projection drives our estimate of intrinsic valuation. In addition, our ESG and impact research is captured in a detailed pre-investment commentary, impact statement, and the inclusion of the company in our qualitative and quantitative impact trackers. A company's pre-investment commentary becomes the basis for our post-investment analysis and stewardship.

Environmental Indicators		GIVES Average	MSCI World Average	± Δ
ESG Scores	MSCI Rating	AA	A	6%
EU Taxonomy	Satisfy DNSH Criteria	100%	96%	4%
Climate Solutions	Companies Supporting SDGs 7 & 12	60%	NA	NA
Absolute Emissions	Scope 1-2 (tCO ₂ e)	1,638,909	2,933,459	-44%
	Scope 1-3 (tCO ₂ e)	20,470,202	22,919,798	-11%
	Scope 1 (tCO ₂ e)	1,233,864	2,432,368	-49%
	Scope 2 (tCO ₂ e)	405,045	501,438	-19%
	Scope 3 (tCO ₂ e)	23,314,935	26,640,800	-12%
Carbon Intensity	Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	50	143	-65%
	Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	461	768	-40%
Climate Risk	Implied Temperature Rise (°C)	2.3	2.6	-11%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-6	-13	-50%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-3	-5	-50%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-4	-6	-42%
Energy	Energy Consumption (GWh)	5,788	10,984	-47%
	Energy Intensity (GWh/\$mm Revenues)	0.2	0.6	-70%
	Energy Production from Non-Renewables	NA	75%	NA
	Energy Consumption from Non-Renewables	80%	76%	6%
Biodiversity	Biodiversity & Land Use Score	NA	5	NA
	SDG 14 Alignment Score	0.1	-0.2	-134%
	SDG 15 Alignment Score	-0.1	-0.3	-59%
Water	Water Consumption (Cubic meters)	672,491	48,026,865	-99%
	Water Intensity (Cubic meters/\$mm Revenues)	94	16,896	-99%
Waste	Hazardous Waste (tonnes)	6,784	147,207	-95%
	Hazardous Waste (tonnes)	15,598	7,322,150	-100%

FINANCIAL, ESG, AND IMPACT OUTCOMES

Lyrical's investment process is focused on maximizing long-term returns through fundamental value investing. Since our founding, we have developed strategies that exhibit both cheap valuation and attractive quality and growth. As demonstrated by our Sustainable Finance Disclosure Regulation (SFDR) Article 8 classification for our US Value Equity and Global Value Equity strategies, our portfolios are designed to generate good returns while also promoting environmental and social characteristics. Our GIVES portfolio is classified as Article 9 under the SFDR and sits apart from our other portfolios. The portfolio aims to deliver tangible, real-world outcomes by supporting the SDGs. Below, we describe the financial, ESG, and impact outcomes that have been realized by our investment approach.

Financial Performance. Below, we have included a summary of the investment returns of our US Value Equity, International Value Equity, Global Value Equity, and GIVES strategies. For example, in 2024, our Global Value Equity strategy generated a +6.1% net return, compared to +7.7% for the MSCI World Equal Weight Index and +18.7% for the MSCI World Index, which benefited from a heavy dose of mega cap growth stocks in the US. Our Global Value Equity strategy ended the year at a P/E ratio of 11.0x, while the MSCI World P/E was 75% higher at 19.1x. The strategy also promoted good environmental and social characteristics by applying our [ESG Risk Mitigation](#) process. You can find more information in our [Stewardship](#) chapter, case study on [NRG](#), and [Annex 1: ESG Metrics Summary](#).

2024 US Value Equity Strategy Performance

	1Q24	2Q24	3Q24	4Q24	2024
U.S. Value Equity – CS	+11.6%	-6.3%	+11.9%	-3.1%	+13.4%
Relative Perf. (Net) – S&P 500 (bp)	+100	-1,000	+600	-550	-1,160
Relative Perf. (Net) – S&P 500 Value (bp)	+350	-420	+280	-40	+110
U.S. Value Equity – EQ	+11.2%	-6.3%	+11.6%	-2.1%	+13.9%
Relative Perf. (Net) – S&P 500 (bp)	+60	-1,000	+570	-450	-1,110
Relative Perf. (Net) – S&P 500 Value (bp)	+300	-420	+250	+60	+160
S&P 500 (Total Return)	+10.6%	+4.3%	+5.9%	+2.4%	+25.0%
S&P 500 Value (Total Return)	+8.1%	-2.1%	+9.1%	-2.7%	+12.3%

2024 International Value Equity, Global Value Equity, and GIVES Strategies Performance

Total Return (USD)	4Q24	2024	ITD (Annualized)
LAM International Value	-8.6%	-2.1%	+6.4%
MSCI EAFE	-8.1%	+3.8%	+6.6%
MSCI EAFE Equal Weighted	-8.7%	+1.8%	+4.5%
MSCI EAFE Value	-7.1%	+5.7%	+6.6%
LAM Global Value	-5.0%	+6.1%	+8.6%
MSCI World Index	-0.2%	+18.7%	+11.6%
MSCI World Equal Weighted	-4.7%	+7.7%	+6.1%
MSCI World Value Index	-4.2%	+11.5%	+7.5%
LAM Global Impact Value Equity (GIVES)	-10.0%	+5.7%	+12.1%
MSCI World Index	-0.2%	+18.7%	+14.4%
MSCI World Value Index	-4.2%	+11.5%	+12.5%
MSCI Sustainable Impact Index	-15.3%	-9.4%	+4.4%

On the next page, we'll take a closer look at the financial performance of GIVES. You can find our annual letters for each strategy on Lyrical's [Insights](#) webpage.

Case Study: GIVES 2024 Financial Performance Summary

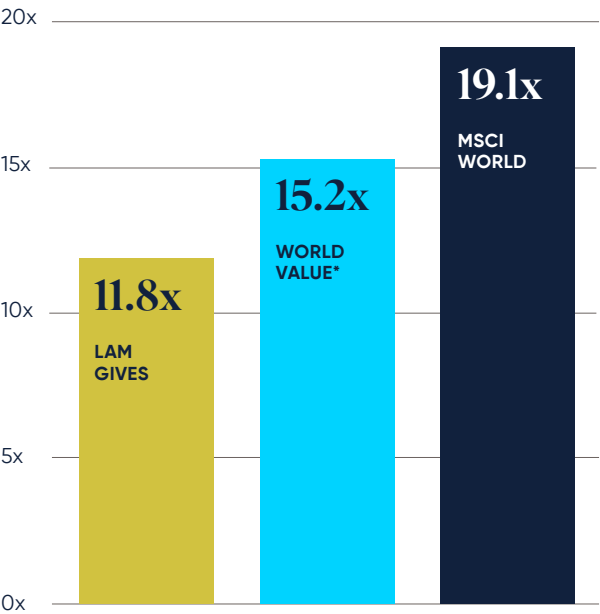
In 2024, the portfolio had a strong year, proving that our value approach to sustainable investing can deliver strong financial returns even as the impact index suffers. We generated a +5.7% net return, significantly outperforming our style benchmark of the MSCI Sustainable Impact Index, which returned -9.4%. As in 2023, concerns about the speed of adoption for major sustainability trends like EVs and renewables dragged down the valuations of many of the more obvious impact stocks. At the same time, our cheaply valued impact stocks managed to post reasonable financial returns while also delivering positive change, including almost four million tonnes of portfolio-weighted emissions avoided. See the [Impact Outcomes](#) section below for a summary of GIVES' positive environmental and/or societal contribution.

As for our portfolio of select value impact stocks, we believe we are attractively positioned with a historical EPS growth rate of around 8%, more than two percentage points faster than that of the MSCI World. Despite this better growth profile, GIVES ended the year at a P/E ratio of 11.8x, while the MSCI World P/E was 62% higher at 19.1x. This valuation spread is incredibly wide by historical standards. Given our EPS growth, we expect that spread to compress, driving outperformance in the process.

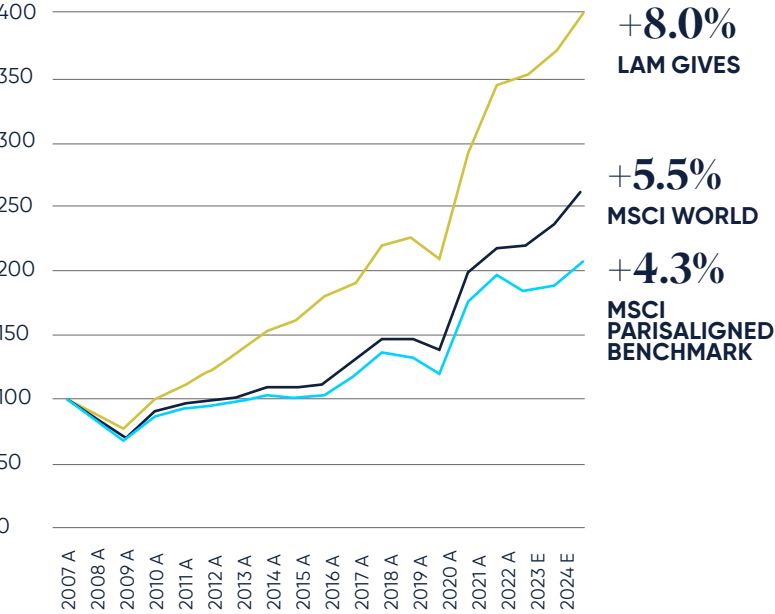
From 2007-24, the MSCI World has had an annualized EPS growth history of 5.5%. By contrast, our current portfolio has a growth history that is more than two percentage points faster. This growth profile is why we continue to believe the wide valuation spread justifiably deserves to narrow.

UNCOMMON COMBINATION OF DEEP VALUE AND GROWTH

FORWARD P/E RATIO



INDEX EPS GROWTH



ESG Outcomes. Lyrical has managed ESG risks across our portfolios, and our US and Global Value Equity strategies continue to promote good environmental and social characteristics. Below we have included a summary of our firm-level ESG metrics, which indicate that our portfolio companies are more sustainable than the benchmark. For example, our US Value strategy's Scope 1-3 emissions and weighted average carbon intensity (WACI) are 29% and 9% lower than the S&P 500. Similarly, our Global Value Equity strategy performs equally well, and its Scope 1-3 emissions and WACI are 31% and 61% below the MSCI World, respectively. Overall, in 2024, based on MSCI's data and our bottom-up analysis, 100% of our holdings meet our exclusion criteria, pass the EU Taxonomy's DNSH test, have not faced any new MSCI Very Severe controversies, and none violate norms-based frameworks such as the UNGC.

However, there are areas that require additional support and stewardship. Below we have included a summary of our firm-level ESG metrics, which indicate that our portfolio companies are more sustainable than the benchmark. For example, our Scope 2 emissions at the firm level are 18% higher than the benchmark. This is primarily due to a small handful of high-emitting companies, such as Samsung Electronics, whose Scope 2 emissions are 13.9 million tCO₂e compared to the MSCI World Average of 500,000 tCO₂e. As part of our firm's Decarbonization Plan, we aim to engage with Samsung in 2025 to learn more about its efforts to lower Scope 2 emissions in alignment with a net zero scenario. For more information on the outcomes of our ESG processes and how we promote good environmental and social characteristics, please see our [Stewardship](#) chapter and [TCFD Report](#), in which we detail how we support our companies in lowering material ESG-related risks.

Firm-Level ESG Metrics

Environmental Indicators		Firm Average	MSCI World Average	± Δ
ESG Scores	MSCI Rating	A	A	-2%
EU Taxonomy	Satisfy DNSH Criteria	100%	96%	4%
Absolute Emissions	Scope 1-2 (tCO ₂ e)	2,241,529	2,933,459	-24%
	Scope 1-3 (tCO ₂ e)	15,720,242	22,919,798	-31%
	Scope 1 (tCO ₂ e)	1,650,368	2,432,368	-32%
	Scope 2 (tCO ₂ e)	591,161	501,438	18%
	Scope 3 (tCO ₂ e)	18,686,397	26,640,800	-30%
Carbon Intensity	Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	69	143	-52%
	Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	588	768	-23%
Climate Risk	Implied Temperature Rise (°C)	2.9	2.6	11%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-16	-13	28%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-6	-5	6%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-7	-6	2%
Energy	Energy Consumption (GWh)	9,113	10,984	-17%
	Energy Intensity (GWh/\$mm Revenues)	0.3	0.6	-53%
	Energy Production from Non-Renewables	100%	75%	33%
	Energy Consumption from Non-Renewables	80%	76%	5%
Biodiversity	Biodiversity & Land Use Score	6	5	4%
	SDG 14 Alignment Score	-0.1	-0.2	-35%
	SDG 15 Alignment Score	-0.1	-0.3	-47%
Water	Water Consumption (Cubic meters)	14,958,427	48,026,865	-69%
	Water Intensity (Cubic meters/\$mm Revenues)	2,193	16,896	-87%
Waste	Hazardous Waste (tonnes)	31,095	147,207	-79%
	Hazardous Waste (tonnes)	173,441	7,322,150	-98%

Note: MSCI ESG scores are on a scale from one to ten, with ten being the best.

Firm-Level ESG Metrics

Social & Governance Indicators		Firm Average	MSCI World Average	± Δ
Controversies Summary	Number of Severe Controversies	0	0	0%
	Number of Controversies	2	3	-45%
	Total Controversy Score	7	6	19%
Potential Violations of Norms-Based Frameworks	ILO Alignment (Broad)	100%	100%	0%
	ILO Alignment (Core)	100%	100%	0%
	OECD Alignment	100%	100%	0%
	UNGC Compliance	100%	100%	0%
	Mechanisms to Monitor UNGC Compliance	100%	99%	1%
	UNGP Alignment	100%	100%	0%
	Exposure to Controversial Weapons	0%	0%	0%
Environmental & Biodiversity-Related Controversies	Environmental Controversy Score	10	9	4%
	Human Rights Controversy Score	9	9	3%
	Labor Rights Controversy Score	9	8	9%
Governance & DEI	Governance Controversy Score	9	9	3%
	Audit Committee Independence	96%	92%	4%
	Nomination Committee Independence	94%	90%	5%
	Gender Pay Gap Ratio	16%	15%	5%
	Executive Management - Female	16%	19%	-13%
	Board of Directors - Female	35%	35%	1%
	Total Recordable Incident Rate (Per mm Hours)	2%	5%	-51%

Please note we cannot fully compare our annual progress to previous periods as we began a partnership with a new data provider, MSCI, in March 2024. We aim to report our yearly progress starting in our 2026 ESG Report.

Impact Outcomes. Lyrical’s GIVES makes a clear and measurable contribution to the SDGs, with 60% of companies supporting environmental outcomes and 40% supporting social impacts. For example, NXP Semiconductor’s automotive radar solutions, through its advanced driver-assistance systems (ADAS) technology, make a meaningful contribution to SDG 3 by reducing the number of global deaths and injuries from road accidents. The integration of ADAS in passenger vehicles can prevent 40% of all crashes and 29% of deaths in crashes through early warning and automated systems. From 2023-26, Lyrical estimates that 100 million new cars with NXP ADAS technology will hit the road, resulting in about 94,000 fewer fatal car crashes. For perspective, North America has about 50,000 fatal car collisions yearly. Please see below for a summary of our estimated portfolio-level weighted contribution to the SDGs.

In fact, five companies in GIVES made [As You Sow’s Clean200® list](#), which highlights companies that balance people, planet, and profit: Aptiv, Crown Holdings, Johnson Controls, Rexel, and Veolia. Together, we estimate that these companies will avoid approximately 500 million tCO₂e on an unweighted basis from 2023-26.

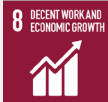
On the next page, we have included a case study of Johnson Controls. The company contributes to SDG 7 and SDG 9 through smart building solutions like its OpenBlue platform. OpenBlue is a suite of applications producing real-time data to analyze energy and GHG emissions. Many buildings have individual systems to save energy and emissions. But, OpenBlue connects all of them, using sensors, edge computing, cloud connectivity, and AI analytics to optimize the entire building – multiplying the savings in energy, emissions, and operational costs. From 2023-26, we estimate that Johnson Controls’ solutions, like its OpenBlue platform, will help its customers avoid 8.4 million tCO₂e and save \$2.5 billion. This would save society approximately \$430 million by mitigating the negative effects of climate change and improving economic outcomes.

GIVES Estimated Weighted Impact (2023-26)²

ENVIRONMENTAL IMPACT

7 AFFORDABLE AND CLEAN ENERGY 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
SDG 7 CLIMATE CHANGE	SDG 12 CIRCULAR ECONOMY
Clean Energy Installed 1 MW Avoided Emissions 22 mm tCO₂e Avoided Cost to Society & Environment from Climate Change \$1.1bn	Water Savings 38 bn Liters

SOCIAL IMPACT

3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
SDG 3 HEALTHCARE	SDG 8 ECONOMIC GROWTH	SDG 16 CYBERSECURITY
Lives Saved 3,600 Healthcare Savings: \$.5 bn	Economic Impact \$6.0 bn	Economic Savings \$1.5 bn

²Please note that this table is from our 2024 Impact Report and does not include Aptiv since it is a recent addition to the strategy.

Impact Case Study: Johnson Controls International's Impact Statement

Materiality

57% of Johnson Controls' revenues contribute to SDG 7 and SDG 9 by leveraging energy performance data and artificial intelligence to optimize building operations and subsequent carbon emissions.¹

Measurability

YEAR	CUSTOMER AVOIDED EMISSIONS (MM tCO ₂ e)	COST SAVINGS (MM)	AVOIDED COST TO SOCIETY FROM CLIMATE CHANGE (MM)
2023	2.0	\$600	\$102
2024	2.1	\$620	\$105
2025	2.1	\$640	\$108
2026	2.2	\$660	\$111
TOTAL	8.4	\$2,500	\$430

Intentionality

Johnson Controls' intentionality is demonstrated by its emissions targets, which include but are not limited to:

- Purchasing 10% of near net-zero carbon steel by 2030.
- Double avoided emissions through OpenBlue by 2030.
- Lowering Scope 1-2 emissions 55% by 2030.
- Achieving net zero Scope 1-2 emissions by 2040.
- Achieving 100% renewable electricity usage by 2040.

Sustainability

Because Johnson Controls makes building products, like HVAC units, the company has high Scope 3 (Use of Sold Products) emissions of approximately 110 million tCO₂e (the second highest in the portfolio). Johnson Controls is a medium priority because it has an SBTi-approved target to reduce Scope 1-2 emissions 55% and lower Scope 3 (Use of Sold Products) emissions 16% by 2030. In addition, the company aims to have net zero Scope 1-2 emissions by 2040.

Johnson Controls has made good progress and reduced Scope 1-2 emissions ~44% from a 2017 baseline. The company has a solid strategy to reduce Scope 3 emissions. In addition to its solutions like Open Blue, Johnson Controls aims to achieve its target by developing energy efficient and low-carbon products, reducing the embodied carbon of its products, and requiring suppliers representing 80 percent of procurement spend to undergo a third-party sustainability performance assessment by 2028. The company has accelerated progress by investing 90% of its new product R&D into sustainability-related innovation. Johnson Controls is also working to address hard-to-abate steel production and embodied carbon through low-carbon steel purchases, closed-loop steel recycling, and material recycling. These activities have led to tangible results and have reduced Scope 3 (Use of Sold Products) emissions 14%.

During our next engagement, we aim to encourage the company to increase the ambition of its Scope 1-2 emissions target, include Scope 3 emissions in its net zero commitment, and certify the company's net zero target with SBTi.

SUSTAINABILITY RISK

MSCI Rating
AA

Implied
Temperature Rise
1.8 °C

CARBON INTENSITY

29 (tCO₂e/\$mm Revenue)
74% lower than the
MSCI World

NET ZERO TARGETS

SBTi: Near-Term
Approved
Net Zero: Yes

DIVERSITY & INCLUSION

Board of Directors:
33% Female
67% Male

Stewardship

STEWARDSHIP OVERVIEW

Lyrical's stewardship practices are conducted internally, and we incorporate external research into our process. As part of our business fundamentals due diligence, we meet with company management, both prior to and during our ownership period.

In addition to business fundamentals engagements, ESG and impact stewardship occur both as needed (when we see concerning data) and opportunistically (often as portfolio companies engage in typical proxy season or off-proxy season outreach). Lyrical practices three types of stewardship activities: **Engagement**, **Proxy Voting**, and **Collaboration**.

1. ENGAGEMENT: Lyrical's Director of Sustainability and Investment Team conducts formal ESG and impact engagements of our portfolio companies at least annually to measure, monitor, and verify their progress, challenges, and future goals. The findings from this engagement and research help inform investment decisions and are a basis for the Director of Sustainability and Investment Team to track portfolio companies' progress across our holding period.

2024 Lyrical Stewardship Summary

Companies Engaged	62	Meetings Voted	62
Total Company Engagements	185	Resolutions Voted	908
Environmental	29	Resolutions Voted with Management	94%
Social	1	Resolutions Voted Against Management	6%
Governance/Strategy	155	Abstained/Withheld Vote	<1%
		Meetings Voted at Least Once Against Management	46%
Collaborative Engagements	10	Meetings Voted at Least Once Against Proxy Advisor	25%

Lyrical US Value Equity, International Value Equity, and Global Value Equity Engagement Process. We have set five engagement goals for our portfolio companies to guide our stewardship activities and lower ESG-related risks. These include:

1. Incorporating ESG best practices into company reporting and goal setting to improve ESG ratings.
2. Reporting to the CDP and disclosing sustainability practices and outcomes in alignment with international standards such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and/or (TCFD) standards.
3. Developing science-based targets in alignment with the Paris Agreement and verifying these targets with SBTi.
4. Committing to the United Nations Global Compact (UNGC) or other internationally recognized norms-based frameworks.
5. Improving the diversity of senior management and the Board of Directors.

We track each company's progress on our five engagement goals, but our stewardship strategy focuses on our second and third engagement goals. This allows us to engage with purpose and address one of the most pressing issues of our time: climate change. We developed a Decarbonization Plan and Climate Stewardship Policy to guide our company engagement. Our objective is to initially engage with our top five highest emitting companies in each portfolio and those on the CA100+ to support them in developing and verifying science-based targets. We aim to ensure that companies in our portfolios 1) work towards SBTi-approved net zero targets, 2) disclose their progress to the CDP, and 3) lower their absolute and intensity-based emission.

Any interested party can email info@lyricalpartners.com to receive a copy of Lyrical's Decarbonization Plan and Climate Stewardship Policy.

In 2024, Lyrical had approximately 25 ESG engagements with our US Value Equity strategy companies and 25 ESG engagements with our Global Value Equity strategy companies. Below is an example.

Engagement Case Study: NRG Energy

COMPANY NAME:	NRG Energy, Inc.
STRATEGY:	US Value Equity and Global Value Equity
GICS SUB-INDUSTRY:	Electric Utility
TOPIC:	Decarbonization/Net Zero
PRIORITY:	High
FOCUS AREAS:	NRG's 1) plans to resubmit its net zero target to SBTi, 2) Scope 3.1 (Purchased Goods and Services) and Scope 3.3 (Upstream Transportation) strategy, and 3) plans to lower Scope 1 emissions from coal and natural gas assets. Please note that Lyrical is a member of NRG's CA100+ engagement group.
ENGAGEMENT SUMMARY:	Lyrical met with NRG in December 2024. NRG's new targets will include Scope 3, but NRG did not say that its net zero target will now include Scope 3. The company is a high priority engagement because SBTi removed NRG's net zero target. NRG expects to achieve its 2025 SBTi target of reducing Scope 1-2 by 50% from a 2014 baseline (58% reduction as of 2023). NRG is beginning to develop new 2030 targets and hopes to submit them to SBTi in 2026. 99% of Scope 3 is from purchasing (Scope 3.1) and transporting natural gas (Scope 3.3). To lower these emissions categories, NRG plans to procure renewable natural gas (RNG) and certified natural gas to reduce upstream Scope 3 emissions since their GHG potential is less than regular natural gas (already 50% less than coal). Also known as biomethane/biogas, RNG is fully interchangeable with conventional natural gas and is the product of the decomposition of organic matter. RNG qualifies as an advanced biofuel under the US DOE's Renewable Fuel Standard. Scope 1 makes up 99% of NRG's Scope 1-2 emissions from coal and natural gas assets. Since 2014, NRG has retired or divested 36 GW of coal and continues to use PPAs to make up for the difference in capacity. PPAs are an effective way to increase sustainable forms of energy, especially for companies like NRG, who are not considered "investment grade" when building capital projects. This is why NRG sold its renewable generation assets. While PPAs can be construed as getting credit for someone else's project, Lyrical and NRG agree that these renewable projects would not come to fruition without a utility's capital as an offtaker. Also, PPAs are reflected in the company's books as imputed debt, signifying the "attributional" criteria of impact.
OUTCOMES:	To reach net zero, the company should 1) consider SBTi or an alternative net zero certification after it discloses its Scope 3 and climate transition plan, 2) provide evidence that renewable diesel and certified gas will lower upstream Scope 3 emissions, 3) divest from pollutive assets/sign renewable energy PPAs, and 4) explore battery storage to support intermittent renewables on the grid. Lyrical recommends that the company disclose its Scope 3 emissions before California's 2027 deadline and integrate TPT or TPI recommendations into its decarbonization plan. In January 2025, Lyrical participated in a collaborative engagement through the CA100+ and spoke with NRG's Chief Sustainability Officer.

In 2024, Lyrical had approximately seven ESG engagements with our International Value Equity strategy companies. An example is below.

Engagement Case Study: AerCap Holdings

COMPANY NAME:	AerCap Holdings NV
STRATEGY:	US Value Equity, International Value Equity, and Global Value Equity
GICS SUB-INDUSTRY:	Trading Companies and Distributors
TOPIC:	Decarbonization/Net Zero
PRIORITY:	High
FOCUS AREAS:	Lyrical met with AerCap in September 2024 to discuss its 1) progress on developing SBTi-approved near-term targets and 2) Scope 3 decarbonization. As an aircraft leasing company, AerCap has relatively low Scope 1-2 emissions (4,120 tCO ₂ e) but high Scope 3 emissions (44 million tCO ₂ e) due to the use of its leased aircraft.
ENGAGEMENT SUMMARY:	Since our last meeting, AerCap spoke with SBTi, but it decided to focus on its fleet target of having 75% of the company's fleet composed of new technology. AerCap's aircraft can fly with up to a 50% blend of sustainable aviation fuel (SAF), and both Airbus and Boeing are targeting 2030 for 100% SAF. Fleet replacement helps lower AerCap's Scope 3 emissions, some of the highest across Lyrical's strategies. AerCap is still considering setting SBTi targets and committing to net zero. However, it is prudent to make this commitment because without EU Taxonomy guidance on what revenue/Capex/OpEx is considered sustainable, purchasing aircraft that could be considered unsustainable within a few years and could create material risks to shareholders. AerCap is working with the Air Transportation Action Group (with close ties to the UN and the International Air Transport Association) to overcome this challenge and create a taxonomy for its industry. As of 2023, AerCap's fleet comprises ~70% new technology assets and ~80% new technology engines, critical in lowering customers' Scope 1-2 emissions from air travel (AerCap's Scope 3). AerCap can directly contribute to decarbonization through 1) financing the global fleet replacement and 2) contributing to industry/policy initiatives. In the future, AerCap will most likely support areas close to its core business model, such as supporting the development of next-generation engines/aircraft and sustainable/transition-based financing and leases. It may also support non-core areas, like the ramping up of SAF production. Sustainable leasing could be one of the most effective measures for AERCAP to decarbonize the industry and its supply chain. AerCap faces three challenges to lowering Scope 3 emissions. First, AerCap does not directly control Scope 3 as its customers operate the assets. For example, since aircraft OEMs are a duopoly, they often contract with specific companies for bespoke components, making it challenging to advocate more sustainable ones, especially across both aircraft OEMs. Second, there isn't an agreed-upon method for measuring the emissions related to aircraft purchases, leased engines, and leased helicopters. AerCap is helping to develop this method. Lastly, until the regulatory landscape settles, it will be difficult for parties to make sustainable commitments because of changing guidelines (e.g., which SAF is approved, extraterritorial aspect of EU regulations, use of Scope 1-3 credits). Certain competitors have been stung significantly, at a cost to their shareholders, when moving fast into areas where the regulatory grounds were shifting (e.g. CORSIA credits). Hopefully, introducing the EU Taxonomy will help resolve this challenge as there will be objective and consistent measures to apply.
OUTCOMES:	To reach net zero the company should 1) continue to pursue SBTi approved targets and engage on potential net zero pathways 2) improve its CDP reporting, and 3) continue to pursue its global fleet replacement strategy to lower Scope 3 emissions.

GIVES Engagement Process. For GIVES, we focus our engagements on our four pillars of impact to determine if a company is making a significant contribution towards solving the SDGs.

In 2023, Lyrical set a net zero target for GIVES. We aim to have 75% of portfolio companies (other than those with immaterial GHG emissions) develop SBTi-approved net zero targets by 2030. To prioritize and focus our engagements, we use an SBTi alignment framework, considering whether each company has approved near- and long-term net zero SBTi targets and assessing the company's emission levels. We focus our engagement where it matters: on companies that don't have SBTi-approved targets or have high emissions.

Any interested party can email info@lyricalpartners.com to receive a copy of Lyrical's GIVES Decarbonization Strategy and GIVES Net Zero Stewardship Policy.

In 2024, Lyrical had approximately 20 ESG engagements with our GIVES portfolio companies. Below is an example.

Engagement Case Study: Wesco International

COMPANY NAME:	Wesco International, Inc.
STRATEGY:	US Value Equity, Global Value Equity, and GIVES
GICS SUB-INDUSTRY:	Trading Companies and Distributors
TOPIC:	Net Zero/SBTi
PRIORITY:	High
FOCUS AREAS:	Wesco's 1) plans to develop near-term and net zero SBTi-approved targets, and 2) timeline for measuring and disclosing Scope 3 emission
ENGAGEMENT SUMMARY:	Wesco is a high-priority engagement because it has not set SBTi-approved near-term or net zero targets. Lyrical met with Wesco twice in 2024 to discuss Scope 3 measurement and disclosure since it is the most significant barrier to the company developing SBTi-approved targets. In May 2024, Wesco informed Lyrical that the company hired Persefoni to conduct a Scope 3 assessment and aimed to complete it by the end of Q4 2024. The company also said it would add three more Scope 3 categories to its 2024 Sustainability Report. This progress is mainly due to Lyrical's conversation with the Wesco last fall. Lyrical scheduled a follow-up meeting in November 2024 to receive an update on Wesco's Scope 3 inventory analysis. The company does not aim to disclose its Scope 3 emissions until it conducts a follow-up analysis in 2025 to help ensure data accuracy. Wesco said it will disclose Scope 3 emissions by 2027 at the latest. While the company is a net zero laggard in GIVES portfolio (80% of the strategy's companies report at least one Scope 3 category), only 42% of companies surveyed by MSCI report Scope 3 emissions.
OUTCOMES:	Lyrical continues to monitor Wesco's progress on Scope 3 closely. After the second meeting with Wesco, Lyrical spoke with the CDP in late November 2024 to help expedite Wesco's Scope 3 disclosure process and sent Wesco resources on recommended emissions verification standards and providers. To reach net zero, Lyrical identified the following 2025 engagement priorities for Wesco: 1) reporting Scope 3, 2) developing a Paris-aligned decarbonization strategy, and 3) setting near-term SBTi-approved targets. Due to Lyrical's engagement, senior management and the Board are aware of investor demands for Scope 3 disclosures and SBTi-approved targets.

Escalation Policy. At Lyrical, friendly engagements with our portfolio companies are the most productive. We stress alignment of interests and how positive ESG and impact are good business. As part of ESG integration and impact processes, we use our quantitative ESG tracker to benchmark our portfolio companies' ESG performance and practices against the portfolio's respective benchmark. Over our holding period, we require our companies to make meaningful improvements in their policies and practices, or we will reevaluate our position. Please see our Climate Stewardship Policy and GIVES Net Zero Stewardship Policy for more information on our portfolio-specific escalation measures.

Also, in cases where due diligence suggests a controversy is causing significant harm or risk, Lyrical conducts additional bottom-up research and engagement to assess the severity of the controversy. Lyrical captures the results of our analysis in its pre-/post-trade trackers and its annual impact report. We conclude a company is not causing significant risk if:

- Lyrical's bottom-up research demonstrates that the company was most likely not causing significant harm.
- The company has taken steps to address the potential significant harm, such as developing GHG emission reduction targets.
- The company receives below a Very Severe (Level 5) MSCI controversy score.

We will exit our position if the company is deemed to be causing significant and unmanageable risk. To date, we have not removed a company from our US, Global, and GIVES strategies due to an ESG controversy causing significant harm or risk. Below is an example of escalation we took.

Engagement Case Study: HCA Healthcare

COMPANY NAME:	HCA Healthcare, Inc.
STRATEGY:	US Value Equity, Global Value Equity, and GIVES
GICS SUB-INDUSTRY:	Healthcare Facilities
TOPIC:	Quality of care issues at HCA's Mission Health Hospital in North Carolina
PRIORITY:	Medium
FOCUS AREAS:	To learn why HCA reduced its staff at Mission Health and how it plans to maintain quality of care.
ENGAGEMENT SUMMARY:	In June 2024, Lyrical spoke with HCA about a Barron's article, which reported that the quality of care decreased at HCA's Mission Health in Asheville, North Carolina, due to cutting staffing 43% from 2019–22. The Barron's article alleges that the understaffing results from HCA's acquisition of Mission Health in 2019 and the subsequent cuts. Barron's claims this is a documented pattern. Their analysis found that HCA's staff at Mission Health decreased, contrasting with state trends. HCA typically decreases staffing after an acquisition, and another study found that HCA's staffing was 30% lower than the national average. As a result of these allegations brought by physicians, nurses, and the community, North Carolina's Attorney General filed a lawsuit accusing HCA of breaching patient care commitments agreed to during the sale. In February 2024, the CMS notified the Mission Health that it received an "Immediate Jeopardy" citation. As a result, HCA released a statement on its website saying the issues have been resolved. HCA admitted it did not appreciate or fully understand the local context during the handover, which has caused negative feelings among some community members. Please note that MSCI considers this a Moderate (Level 3) controversy.
OUTCOMES:	After our call, Lyrical changed our controversy rating assessment from Moderate (Level 3) to Low (Level 2) since HCA developed a good mitigation plan, which was accepted by the Centers for Medicare and Medicaid Services, which had issued an Immediate Jeopardy violation. HCA's violation was removed in June 2024. In addition, we learned that HCA only cut administrative staff and not doctors or nurses. Lastly, healthcare outcomes did not decrease disproportionately, and HCA continues to meet its obligations in the hospital purchase agreement, certified by the Independent Monitor and Dogwood Health Trust. No further action is required, but we continue to monitor the controversy closely.

2. PROXY VOTING: Our Director of Sustainability conducts a bottom-up review of each company's proxy statement and receives third-party analysis and recommendations from Glass Lewis and MSCI to help inform our decision-making. Additionally, we use ProxyEdge via Broadridge to vote all client proxies and track and reconcile all votes executed. We have the ability to change any votes. We typically support proposals to improve company ESG policies, practices, and outcomes. We also seek to carefully consider any concerns company management raises with us about upcoming proxy votes. Below is a taste of our proxy voting practices, and we have included a summary for each of our strategies.

Voting Summary: US Value Equity Strategy

Strategy name:	US Value Equity
Meetings voted:	31
Resolutions voted:	417
Resolutions eligible to vote:	100%
Voted with management:	96%
Voted against management:	4%
Abstained/withheld vote:	0%
Meetings voted at least once against management:	52%
Strategy voting policy:	We receive third-party analysis and recommendations from Glass Lewis to help inform our decision-making. Lyrical typically follows Glass Lewis' recommendations, but we can override any such recommendation. We typically support proposals to improve company ESG policies, practices, and outcomes. In addition, Lyrical considers voting recommendations by the CA100+ and strictly adheres to the guidance laid out in our ESG Policy, Decarbonization Plan, and Climate Stewardship Policy.
Meetings voted at least once against proxy advisor:	35%

Voting Summary: International Value Equity Strategy

Strategy Name:	International Value Equity
Meetings Voted:	29
Resolutions Voted:	498
Resolutions Eligible to Vote:	100%
Voted with Management:	93%
Voted Against Management:	7%
Abstained/Withheld Vote:	0%
Meetings Voted at Least Once Against Management:	52%
Strategy Voting Policy:	We receive third-party analysis and recommendations from Glass Lewis to help inform our decision-making. Lyrical typically follows Glass Lewis' recommendations, but we can override any such recommendation. We typically support proposals to improve company ESG policies, practices, and outcomes. In addition, Lyrical considers voting recommendations by the CA100+ and strictly adheres to the guidance laid out in our ESG Policy, Decarbonization Plan, and Climate Stewardship Policy.
Meetings Voted at Least Once Against Proxy Advisor:	14%

Voting Summary: Global Value Equity Strategy

Strategy Name:	Global Value Equity
Meetings Voted:	55
Resolutions Voted:	844
Resolutions Eligible to Vote:	100%
Voted with Management:	94%
Voted Against Management:	6%
Abstained/Withheld Vote:	<1%
Meetings Voted at Least Once Against Management:	39%
Strategy Voting Policy:	We receive third-party analysis and recommendations from Glass Lewis to help inform our decision-making. Lyrical typically follows Glass Lewis' recommendations, but we can override any such recommendation. We typically support proposals to improve company ESG policies, practices, and outcomes. In addition, Lyrical considers voting recommendations by the CA100+ and strictly adheres to the guidance laid out in our ESG Policy, Decarbonization Plan, and Climate Stewardship Policy.
Meetings Voted at Least Once Against Proxy Advisor:	25%

Voting Summary: GIVES

Strategy Name:	GIVES
Meetings Voted:	26
Resolutions Voted:	446
Resolutions Eligible to Vote:	100%
Voted with Management:	96%
Voted Against Management:	4%
Abstained/Withheld Vote:	0%
Meetings Voted at Least Once Against Management:	35%
Strategy Voting Policy:	We receive third-party analysis and recommendations from Glass Lewis to help inform our decision-making. Lyrical typically follows Glass Lewis' recommendations, but we can override any such recommendation. We typically support proposals to improve company ESG and impact policies, practices, and outcomes. In addition, Lyrical implements voting recommendations by the CA100+ and strictly adheres to the guidance laid out in our ESG Policy, GIVES Decarbonization Strategy, and GIVES Stewardship Policy.
Meetings Voted at Least Once Against Proxy Advisor:	31%

3. COLLABORATION: We define this type of stewardship as maintaining a collaborative dialogue with other investment firms, industry groups, non-profits, and policymakers to improve responsible investing laws, regulations, and standards consistent with the objectives of the UNGC and UNPRI. We accomplish this by attending conferences, submitting letters of support, and participating in working groups. In 2024, we participated in approximately ten collaborations, such as the CA100+ and UNPRI In-Person, in October 2024, to share best practices, discuss challenges, and drive better ESG and impact-related outcomes.

Collaboration Case Study: UNGC Leaders Summit

HOST ORGANIZATION:	UNGC
TYPE:	UNGC Leaders Summit
TOPIC:	Sustainability-reporting frameworks.
COLLABORATION SUMMARY:	We participated in Climate Week in September 2024 and Lyrical's Director of Sustainability, Kyle Coulam, was invited by UNPRI to speak at the UNGC Leaders Summit during Climate Week on Investor Perspectives on Developments in Sustainability Reporting Frameworks. He discussed effective reporting that improves decision-making regarding ESG risks and opportunities and the need to be thoughtful about materiality. Lastly, he encouraged companies and investors not to be afraid to disclose Scope 3 emissions because 1) everyone has large Scope 3 emissions, 2) data providers already estimate Scope 3, and 3) climate-related scores such as implied temperature rise may be negatively impacted if the data is not reported.
OUTCOMES:	Lyrical continues to participate in collaborative engagements related to reporting, such as working with UNPRI to provide feedback on the revised UK Stewardship Code.

Annex 1: ESG Metrics Summary

US Value Equity Strategy

ENVIRONMENTAL

Environmental Indicators		US CS Average	S&P 500 Average	± Δ
ESG Scores	MSCI Rating	A	A	-1%
EU Taxonomy	Satisfy DNSH Criteria	100%	97%	4%
Absolute Emissions	Scope 1-2 (tCO ₂ e)	1,966,014	3,687,625	-47%
	Scope 1-3 (tCO ₂ e)	15,121,567	21,415,314	-29%
	Scope 1 (tCO ₂ e)	1,721,792	3,093,613	-44%
	Scope 2 (tCO ₂ e)	244,221	594,176	-59%
	Scope 3 (tCO ₂ e)	23,387,650	25,481,180	-8%
Carbon Intensity	Weighted Average Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	82	90	-9%
	Weighted Average Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	499	571	-13%
Climate Risk	Implied Temperature Rise (°C)	3.03	2.78	9%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-18	-12	58%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-7	-4	63%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-8	-6	47%
Energy	Energy Consumption (GWh)	10,577.29	15,777.52	-33%
	Energy Intensity (GWh/\$mm Revenues)	0.34	0.64	-47%
	Energy Production from Non-Renewables	100%	84%	19%
	Energy Consumption from Non-Renewables	79%	80%	-1%
Biodiversity	Biodiversity & Land Use Score	6	5	8%
	SDG 14 Alignment Score	-0.41	-0.28	44%
	SDG 15 Alignment Score	-0.23	-0.28	-15%
Water	Water Consumption (Cubic meters)	20,368,726	20,142,051	1%
	Water Intensity (Cubic meters/\$mm Revenues)	6,326	1,770	257%
Waste	Hazardous Waste (tonnes)	37,811	11,959	216%
	Non-Recycled Waste (tonnes)	355,351	2,719,950	-87%

Note: MSCI ESG scores are on a scale from one to ten, with ten being the best.

US Value Equity Strategy

SOCIAL & GOVERNANCE

Social & Governance Indicators		US CS Average	S&P 500 Average	± Δ
Controversies Summary	Number of Severe Controversies	0	0	-35%
	Number of Controversies	2	4	-46%
	Total Controversy Score	7	5	31%
Potential Violations of Norms-Based Frameworks	ILO Alignment (Broad)	100%	100%	0%
	ILO Alignment (Core)	100%	100%	0%
	OECD Alignment	100%	100%	0%
	UNGC Compliance	100%	100%	0%
	Mechanisms to Monitor UNGC Compliance	100%	99%	1%
	UNGP Alignment	100%	100%	0%
	Exposure to Controversial Weapons	0%	0%	-100%
Environmental & Biodiversity-Related Controversies	Environmental Controversy Score	10	9	5%
	Human Rights Controversy Score	9	9	4%
	Labor Rights Controversy Score	9	8	17%
Governance & DEI	Governance Controversy Score	9	9	1%
	Audit Committee Independence	98%	98%	0%
	Nomination Committee Independence	100%	97%	3%
	Gender Pay Gap Ratio	16%	15%	9%
	Executive Management - Female	22%	21%	3%
	Board of Directors - Female	34%	35%	-2%
	Total Recordable Incident Rate (Per mm Hours)	2%	4%	-64%

International Value Equity Strategy

ENVIRONMENTAL

Environmental Indicators		International Average	MSCI EAFE Average	± Δ
ESG Scores	MSCI Rating	A	AA	-5%
EU Taxonomy	Satisfy DNSH Criteria	100%	97%	3%
Absolute Emissions	Scope 1-2 (tCO ₂ e)	2,439,152	2,677,088	-9%
	Scope 1-3 (tCO ₂ e)	21,652,493	27,773,907	-22%
	Scope 1 (tCO ₂ e)	1,623,196	2,186,270	-26%
	Scope 2 (tCO ₂ e)	815,957	491,375	66%
	Scope 3 (tCO ₂ e)	23,317,751	30,027,370	-22%
Carbon Intensity	Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	74	113	-34%
	Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	678	765	-11%
Climate Risk	Implied Temperature Rise (°C)	3.0	2.5	24%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-14	-13	6%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-5	-6	-22%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-6	-7	-17%
Energy	Energy Consumption (GWh)	8,115	8,802	-8%
	Energy Intensity (GWh/\$mm Revenues)	0.3	0.6	-60%
	Energy Production from Non-Renewables	NA	69%	NA
	Energy Consumption from Non-Renewables	78%	71%	10%
Biodiversity	Biodiversity & Land Use Score	6	6	-6%
	SDG 14 Alignment Score	-0.1	-0.2	-73%
	SDG 15 Alignment Score	-0.2	-0.3	-28%
Water	Water Consumption (Cubic meters)	11,558,051	65,865,764	-82%
	Water Intensity (Cubic meters/\$mm Revenues)	582	NA	NA
Waste	Hazardous Waste (tonnes)	62,513	273,556	-77%
	Hazardous Waste (tonnes)	270,125	8,842,347	-97%

Note: MSCI ESG scores are on a scale from one to ten, with ten being the best.

International Value Equity Strategy

SOCIAL & GOVERNANCE

Social & Governance Indicators		International Average	MSCI EAFE Average	± Δ
Controversies Summary	Number of Severe Controversies	0	0	0%
	Number of Controversies	1	3	-46%
	Total Controversy Score	7	6	17%
Potential Violations of Norms-Based Frameworks	ILO Alignment (Broad)	100%	100%	0%
	ILO Alignment (Core)	100%	100%	0%
	OECD Alignment	100%	100%	0%
	UNGC Compliance	100%	100%	0%
	Mechanisms to Monitor UNGC Compliance	100%	99%	1%
	UNGP Alignment	100%	100%	0%
	Exposure to Controversial Weapons	0%	0%	0%
Environmental & Biodiversity-Related Controversies	Environmental Controversy Score	9	9	-2%
	Human Rights Controversy Score	9	9	-2%
	Labor Rights Controversy Score	9	8	5%
Governance & DEI	Governance Controversy Score	9	9	7%
	Audit Committee Independence	93%	86%	8%
	Nomination Committee Independence	88%	83%	5%
	Gender Pay Gap Ratio	17%	15%	11%
	Executive Management – Female	9%	17%	-48%
	Board of Directors – Female	35%	35%	1%
	Total Recordable Incident Rate (Per mm Hours)	3%	5%	-40%

Global Value Equity Strategy

ENVIRONMENTAL

Environmental Indicators		Global Average	MSCI World Average	± Δ
ESG Scores	MSCI Rating	A	A	-1%
EU Taxonomy	Satisfy DNSH Criteria	100%	96%	4%
Absolute Emissions	Scope 1-2 (tCO ₂ e)	1,952,865	2,933,459	-33%
	Scope 1-3 (tCO ₂ e)	15,727,205	22,919,798	-31%
	Scope 1 (tCO ₂ e)	1,433,016	2,432,368	-41%
	Scope 2 (tCO ₂ e)	519,850	501,438	4%
	Scope 3 (tCO ₂ e)	19,851,254	26,640,800	-25%
Carbon Intensity	Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	56	143	-61%
	Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	456	768	-41%
Climate Risk	Implied Temperature Rise (°C)	2.8	2.6	8%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-12	-13	-4%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-5	-5	-10%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-6	-6	-7%
Energy	Energy Consumption (GWh)	8,428	10,984	-23%
	Energy Intensity (GWh/\$mm Revenues)	0.3	0.6	-57%
	Energy Production from Non-Renewables	100%	75%	33%
	Energy Consumption from Non-Renewables	79%	76%	4%
Biodiversity	Biodiversity & Land Use Score	6	5	4%
	SDG 14 Alignment Score	-0.3	-0.2	17%
	SDG 15 Alignment Score	-0.1	-0.3	-49%
Water	Water Consumption (Cubic meters)	17,294,637	48,026,865	-64%
	Water Intensity (Cubic meters/\$mm Revenues)	2,787	16,896	-84%
Waste	Hazardous Waste (tonnes)	34,958	147,207	-76%
	Hazardous Waste (tonnes)	210,550	7,322,150	-97%

Note: MSCI ESG scores are on a scale from one to ten, with ten being the best.

Global Value Equity Strategy

SOCIAL & GOVERNANCE

Social & Governance Indicators		Global Average	MSCI World Average	± Δ
Controversies Summary	Number of Severe Controversies	0	0	0%
	Number of Controversies	2	3	-36%
	Total Controversy Score	7	6	14%
Potential Violations of Norms-Based Frameworks	ILO Alignment (Broad)	100%	100%	0%
	ILO Alignment (Core)	100%	100%	0%
	OECD Alignment	100%	100%	0%
	UNGC Compliance	100%	100%	0%
	Mechanisms to Monitor UNGC Compliance	100%	99%	1%
	UNGP Alignment	100%	100%	0%
	Exposure to Controversial Weapons	0%	0%	0%
Environmental & Biodiversity-Related Controversies	Environmental Controversy Score	10	9	3%
	Human Rights Controversy Score	9	9	2%
	Labor Rights Controversy Score	9	8	8%
Governance & DEI	Governance Controversy Score	9	9	2%
	Audit Committee Independence	97%	92%	5%
	Nomination Committee Independence	95%	90%	7%
	Gender Pay Gap Ratio	16%	15%	9%
	Executive Management - Female	17%	19%	-12%
	Board of Directors - Female	35%	35%	2%
	Total Recordable Incident Rate (Per mm Hours)	2%	5%	-59%

GIVES

ENVIRONMENTAL

Environmental Indicators		GIVES Average	MSCI World Average	± Δ
ESG Scores	MSCI Rating	AA	A	6%
EU Taxonomy	Satisfy DNSH Criteria	100%	96%	4%
Absolute Emissions	Scope 1-2 (tCO ₂ e)	1,638,909	2,933,459	-44%
	Scope 1-3 (tCO ₂ e)	20,470,202	22,919,798	-11%
	Scope 1 (tCO ₂ e)	1,233,864	2,432,368	-49%
	Scope 2 (tCO ₂ e)	405,045	501,438	-19%
	Scope 3 (tCO ₂ e)	23,314,935	26,640,800	-12%
Carbon Intensity	Scope 1-2 Carbon Intensity (tCO ₂ e/\$mm Revenues)	50	143	-65%
	Scope 3 Carbon Intensity (tCO ₂ e/\$mm Revenues)	461	768	-40%
Climate Risk	Implied Temperature Rise (°C)	2.3	2.6	-11%
	CVAR (NGFS REMIND 1.5 Orderly - Net Zero 2050 - Aggressive Physical Risk)	-6	-13	-50%
	CVAR (NGFS 2.0 Orderly - Below 2 Degree - Aggressive Physical Risk)	-3	-5	-50%
	CVAR (NGFS 3.0 Orderly - NDC - Aggressive Physical Risk)	-4	-6	-42%
Energy	Energy Consumption (GWh)	5,788	10,984	-47%
	Energy Intensity (GWh/\$mm Revenues)	0.2	0.6	-70%
	Energy Production from Non-Renewables	NA	75%	NA
	Energy Consumption from Non-Renewables	80%	76%	6%
Biodiversity	Biodiversity & Land Use Score	NA	5	NA
	SDG 14 Alignment Score	0.1	-0.2	-134%
	SDG 15 Alignment Score	-0.1	-0.3	-59%
Water	Water Consumption (Cubic meters)	672,491	48,026,865	-99%
	Water Intensity (Cubic meters/\$mm Revenues)	94	16,896	-99%
Waste	Hazardous Waste (tonnes)	6,784	147,207	-95%
	Hazardous Waste (tonnes)	15,598	7,322,150	-100%

GIVES

SOCIAL & GOVERNANCE

Social & Governance Indicators		GIVES Average	MSCI World Average	± Δ
Controversies Summary	Number of Severe Controversies	0	0	0%
	Number of Controversies	1	3	-55%
	Total Controversy Score	7	6	22%
Potential Violations of Norms-Based Frameworks	ILO Alignment (Broad)	100%	100%	0%
	ILO Alignment (Core)	100%	100%	0%
	OECD Alignment	100%	100%	0%
	UNGC Compliance	100%	100%	0%
	Mechanisms to Monitor UNGC Compliance	100%	99%	1%
	UNGP Alignment	100%	100%	0%
	Exposure to Controversial Weapons	0%	0%	0%
	Environmental & Biodiversity-Related Controversies			
Environmental & Biodiversity-Related Controversies	Environmental Controversy Score	10	9	5%
	Human Rights Controversy Score	10	9	5%
	Labor Rights Controversy Score	9	8	12%
Governance & DEI	Governance Controversy Score	9	9	3%
	Audit Committee Independence	96%	92%	4%
	Nomination Committee Independence	93%	90%	4%
	Gender Pay Gap Ratio	14%	15%	-5%
	Executive Management – Female	16%	19%	-13%
	Board of Directors – Female	37%	35%	6%
	Total Recordable Incident Rate (Per mm Hours)	2%	5%	-47%

Note: MSCI ESG scores are on a scale from one to ten, with ten being the best.

Annex 2: SASB Index

ASSET MANAGEMENT AND CUSTODY ACTIVITIES

We report on our material social and environmental issues for the Asset Management and Custody Activities sector.

DISCLOSURE TOPIC	CODE	METRIC	RESPONSE
Transparent Information and Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	0%
	FN-AC-270A.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	\$0.0
Employee Diversity and Inclusion	FN-ACS-330A.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Lyrical's Firm-Level DEI Metrics can be found on page 5
Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory	FN-AC-410A.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	ESG Integrated: \$7,389.1 million Impact: \$108.0 million Total AUM: \$7,497.1 million
	FN-AC-410A.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	Lyrical's ESG risk mitigation and impact investment processes can be found on pages 10-16
	FN-AC-410A.3	Description of proxy voting and investee engagement policies and procedures	Lyrical's proxy voting process can be found on pages 26-28
Financed Emissions	FN-AC-410B.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Lyrical's firm-level climate-related metrics can be found on page 38
	FN-AC-410B.2	Total amount of assets under management (AUM) included in the financed emissions disclosure	\$6,834.8 million.
	FN-AC-410B.3	Percentage of total assets under management (AUM) included in the financed emissions calculation	91% We do not include cash and our UMAs in our financed emissions calculations
	FN-AC-410B.4	Description of the methodology used to calculate financed emissions	Data sourced from MSCI
Business Ethics	FN-AC-510A.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	\$0.00
	FN-AC-510A.2	Description of whistleblower policies and procedures	We have in place policies and procedures that protect any whistleblowers.

Annex 3: TCFD Report

GOVERNANCE

Lyrical sees climate change and environmental issues as essential components of our risk management strategy. In 2018, we formed an ESG Committee, which meets biannually to govern the implementation of our ESG Policy and ESG best practices. The Director of Sustainability, Kyle B. Coulam, reports to the ESG Committee and spearheads the implementation of the ESG Policy.

Please see Lyrical's chapter on our [Governance Structures](#) for more information.

STRATEGY

Lyrical recognizes that climate change is one of the most pressing challenges of our time. Climate change can create risks that negatively affect our portfolios' long-term earnings potential but also give rise to business opportunities that can positively impact the environment and society. Lyrical actively incorporates climate-related risks and opportunities in our investment process. We are committed to supporting our companies as they make their just transition to a low-carbon future. Lyrical proactively engages, measures, monitors, and verifies our companies' progress on their climate-related policies, practices, and targets. As mentioned, in our chapter on [Stewardship](#), Lyrical has developed a Decarbonization Plan for our US Value Equity, International Value Equity, and Global Value Equity strategies with the objective of initially engaging with our top five highest emitting companies in each strategy and those on the CA100+ to support them in developing and verifying science-based targets. In addition, we have set a net zero target for GIVES which aims to have 75% of portfolio companies (other than those with immaterial GHG emissions) develop SBTi-approved net zero targets by 2030.

As part of pre-/post-trade investment due diligence, Lyrical has aligned our qualitative and quantitative ESG trackers with the Principal Adverse Impact (PAI) indicators under the SFDR to understand if investments may be causing significant climate-related risk or harm. Specific metrics we use to evaluate our companies' climate-related risks and opportunities include but are not limited to absolute and intensity-based emissions, energy use, renewable energy, implied temperature rise (ITR), climate value-at-risk (CVaR), climate-related controversies, exposure to physical risks, avoided emissions, and avoided cost to society. We use our quantitative ESG tracker, which primarily relies upon data from MSCI,³ to streamline our pre-investment due diligence and post-investment compliance checks. Where data is limited or unavailable, we supplement it with the best available proxy indicators or qualitative analysis.

Please see our [ESG Integration](#) section for more information.

CLIMATE-RELATED OPPORTUNITIES

While our ESG-integrated strategies focus on risk mitigation, GIVES seeks to invest in and support companies that help mitigate the adverse effects of climate change and improve economic outcomes, including reducing changes in agricultural productivity, damages caused by rising sea levels, and the decline in human health and labor productivity. The companies in our SDG 7: Climate Change and SDG 12: Circular Economy themes create climate-related opportunities and develop products and services that improve the environment.

Using our four impact criteria, we have identified 16 companies (over 60% of the portfolio) that positively contribute to the environment, and seven (40% of the portfolio) directly support climate mitigation and adaptation. For example, Rexel helps solve SDG 7 and SDG 8 by distributing and promoting renewables and energy efficiency products, in addition to improving the sustainability of clean energy supply chains. From 2023-26, Rexel is expected to avoid 39.3 million tCO₂e through emissions reductions of its use of sold products. This would save society \$2 billion by mitigating the adverse effects of climate change and improving economic outcomes.

³ In May 2024, Lyrical partnered with MSCI as our primary data provider.

⁴ We use the US Government's 2011 social cost of carbon of \$51 per tCO₂e to measure our portfolios' avoided environmental impact on society.

CLIMATE-RELATED RISKS

Key components of our Decarbonization Plan, GIVES Net Zero Strategy, and pre-/post-investment due diligence process are regularly reviewing (at least quarterly) our companies' climate-related risks. We also receive daily controversy updates from the Wall Street Journal, and biweekly MSCI controversy reports.

Lyrical approaches short-term risks as those that can pose an immediate impact on the company, such as legal (fines), market (green premium), regulatory (lack of renewable energy on the grid), acute physical risk (flooding), or reputational (lack of progress on climate targets) risks. We analyze companies' decarbonization disclosures and strategies for short-term risks, SBTi alignment, absolute-/intensity-based emissions, near-term emissions trends, and climate-related controversies.

We consider long-term risks as those that are emerging and, if not addressed in the near term, can continue to grow, like policy (carbon tax), market (change in consumer preference), technology (stranded assets), and chronic physical (increase in the number of natural disasters) risks. Long-term risk metrics include CVaR, ITR, and if a company has set an SBTi-approved net zero target.

Near-term risks: We consider the firm's near-term risk profile to be low. For example, the average absolute and intensity-based Scope 1-2 emissions are 24% and 52% below the MSCI World, respectively. Also, the firm's average absolute and intensity-based Scope 3 emissions are 30% and 23% lower than the MSCI World, respectively. However, companies involved in hard-to-abate sectors, such as renting construction equipment, face challenges.

For example, United Rentals embraces the circular economy and rents construction equipment (please see [pages 57-58 in our 2024 Impact Report](#) for more information). However, it faces near-term barriers to reaching net zero, especially Scope 3. Reducing Scope 3 emissions is at the very early stages since it is difficult to lower the environmental impact of rental equipment due to, among other factors, the nature of their work (e.g. removing thousands of pounds of dirt). United Rentals is currently identifying new green solutions and has seen the following broad trends: 1) customers are slowly shifting to sustainable products, 2) sustainable products are coming to market faster than expected, and 3) caution is being practiced. United Rentals and its peers are being thoughtful because the industry is still rapidly evolving, and there are risks to moving too quickly, e.g. a change in regulation could deem a product not sustainable, and the company would have to revise its target and potentially lose money on the equipment (if it's not sustainable a customer will not pay a premium).

Overall, our firm's strategies adequately mitigate near-term risks. Please see [Annex 1: ESG Metrics Summary](#), which outlines our strategies' climate-related risks.

Long-term risks: The firm faces low-/medium-level risks in the long term. For example, the firm's overall ITR is 2.9°C, 16% of our portfolio companies have committed to or set an SBTi-approved net zero target, and 47% have set or committed to setting near-term and net zero targets. When using the NGFS REMIND 1.5 °C (Orderly Net Zero 2050, Aggressive Physical Risk) scenario to analyze the portfolio's CVaR, we found that it is 28% worse than the MSCI World (-16% vs -13%). We also analyze the NGFS 2 °C (Orderly Below 2 °C, Aggressive Physical Risk) and NGFS 3 °C (Orderly NDC, Aggressive Physical Risk) scenarios. When looking at the firm across all three NGFS scenarios, several companies' disproportionality contributes to the firm's CVaR, including NRG and Suncor. Both of which are members of the CA100+.

Please see our case study on [NRG](#) for more information on how we engage with companies to lower long-term climate-related risks.

RISK MANAGEMENT

To identify, monitor, and mitigate significant harm or risk, we rely on the process described in our [ESG Risk Management](#) and [Impact Opportunities](#) sections.

Metrics and Targets: Lyrical's ESG trackers use a variety of metrics to measure, monitor, and verify relevant climate-related risks and outcomes. Indicators include but are not limited to Scope 1-3 emissions, WACI, ITR, CVAR, and the number and severity of environmental controversies. Below, we have included our climate-risk indicators at the firm-level.

CLIMATE-RISK INDICATOR	2024 TOTAL ⁵
SCOPE 1	1,895,084.5
SCOPE 2	3,089,178.7
SCOPE 3	28,746,514.0
WACI (tCO ₂ e/\$MM REVENUE)	77.8
ITR (°C)	2.9
CVAR (1.5°C)	-16.1%
PERCENT OF COMPANIES WITH SBTI NET ZERO TARGET	16%
NUMBER OF NEW VERY SEVERE ENVIRONMENTAL CONTROVERSIES	0

⁵ Data as of December 31, 2024 and sourced from MSCI. To align with PAI indicators set out in the SFDR, we use enterprise value and not market capitalization as part of our attribution factor.

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