CAMBRIDGE ASSOCIATES

2024 Stewardship Report

Covering reporting period 1st January 2023 - 31st December 2023

Contents

Introduction

I am pleased to present our progress during the 2023 reporting period for Cambridge Associates. With increasing refinement and a focus on outcomes, our teams across the United Kingdom and beyond continue to integrate effective stewardship into the firm's investment processes. We have worked tirelessly to develop new frameworks for ESG and DEI assessment and to engage actively with managers and clients to promote sustainability and diversity across all of our global office bases.

As well as noting areas where we – and the industry at large – are still grappling with how to bring real and collective action, this report explores various milestones and successes which further solidify our commitment to net zero and diversity, equity & inclusion (DEI).

In this reporting period, we proudly produced our first Net Zero Investment Consultants Initiative Progress Report, and our second DEI Report, which provide the deepest detail on these two key components of our firm's Corporate Social Responsibility and Stewardship strategy. These reports can be read in full here: 2023 DEI Report and Net Zero Investment Consultants Initiative Progress Report.

As we explained in the previous reporting period, where 2022 focused on building out the necessary infrastructure to support our stewardship goals, 2023 was the year for putting plans into action. We created a Manager Assessment Framework that is now embedded in all investment decision making across our global client base; we exceeded our internal and external Diversity goals; and we enhanced our employee resource groups with the creation of CA Ability to promote further inclusion within our employee base.

Across the United Kingdom, our directors have provided data and input to some of the major industry collectives and working groups aimed at changing practices across the entire investment industry. We continue to push for change as we believe that, with respect to our warming planet, time really is of the essence and action needs to be taken now.

Within our walls, we hosted industry meetings with leading climate change groups including the Institutional Investors Group on Climate Change; Net Zero Investment Consultants Initiative; and the Investment Consultants Sustainability Working Group. We also hosted our firm's Impact Investing Forum in central London which brought together industry thought leaders and investors for interactive sessions focused on active shareholder engagement, the energy transition and biodiversity.

As I reflect on 2023, and consider the challenges ahead, I am confident that our firm will continue to engage in critical discussions on what we, as investors and fiduciaries, can do with the opportunities and risks ahead.

Annachiara Marcandalli
Head of European Sustainability & Impact

Principle 1: Context

Signatories' purpose, strategy and culture enable them to promote effective stewardship

OUR PURPOSE

Cambridge Associates was formed in 1973 in Boston, Massachusetts, to provide investment research and advice to a group of major university endowments in the United States. Our client base expanded beyond university endowments, to healthcare foundations, pension funds and other institutions, along with a select group of private families. We have offices in six countries around the world; Australia, China, the United Kingdom, Germany, Singapore, and the United States. We believe that putting resources on the ground in multiple financial hubs provides us with the greatest opportunity to uncover the best investments across all asset classes for our clients. Unlike many other firms, we are not owned by, or affiliated with, any investment management firms, nor do we receive compensation from them.

We strive to be good stewards of clients' capital, sustaining and growing the value of portfolios into the uncertain future. To be good stewards of capital, we also seek to be good stewards of the natural and socio-economic systems that ultimately drive long-term value creation: If we don't have a healthy planet and societies, then it will be hard to sustain a healthy economic system that works for any of us.

For Cambridge Associates, sustainable investing aims to meet present return needs without compromising future returns. To do so, it recognises that businesses and economies operate within ecological and social systems, and their long-term success is interdependent with the health of these systems. Over long horizons, financial sustainability converges with environmental and social sustainability, and a sustainable investment approach will tend to align financial objectives more closely to broader societal gain, promoting responsible stewardship of capital for the benefit of both investors and society as a whole.

Signatories should explain the purpose of the organisation, what services it offers, and an outline of its culture, values, business model and strategy

BUSINESS MODEL

CA delivers a range of investment advisory and portfolio services, either on a total portfolio, single asset class or partial mandate basis to more than 1,000 clients worldwide. Our combined assets under management and advisement as of 31 December 2023 was £453.8 billion.

As a global investment firm, we aim to help our clients build customised, long-term investment portfolios that generate outperformance. We do this by researching and monitoring top third-party managers in a rigorous and independent process and using our market coverage and due diligence to build bespoke portfolios for our clients. Indeed, as an independent firm we focus on total alignment with our clients' objectives in all that we do.

Customising our work to each client's unique objectives, in alignment with their mission, inherently results in more effective stewardship. Cambridge Associates' business model means that our sole focus is to do what is right for each individual client.

By working with CA, clients have the asset allocation and manager selections that best fits their needs. This means our clients can build deep investment partnerships with the asset managers they hire, which becomes a virtuous cycle as it allows the asset managers to be better stewards of capital on our clients' behalf.

WHO WE SERVE

We're proud to help our clients achieve their specific investment objective, whether it's to educate more students, fund more grants, successfully fund their employees' retirements or extend their legacy.

Endowments & Foundations

We help colleges, universities, foundations and other not-for-profit organisations generate outperformance so they can maximise their impact on the world.

Healthcare Systems

We help healthcare systems invest their multiple, distinct asset pools by balancing investment return objectives and enterprise risks so that they can best serve the communities in which they operate.

Pensions

We are a fiduciary partner to owners of complex asset and liability pools such as corporate, public and union retirement plans, focused on maximising results for each valuable unit of risk and capital.

Private Clients

We forge deep partnerships and build custom portfolios designed to help individuals, families and family offices grow their wealth and fulfill their personal goals.

Governments & Insurance

We work with large international pools of capital, such as insurance companies and sovereign wealth funds, to deliver risk-appropriate investment solutions, create effective governance structures, and oversee alternative assets mandates.

HOW WE SERVE

Advisory Services

For organisations that need an investment team to provide daily portfolio oversight but wish to stay involved in portfolio management decisions, we provide directive recommendations on asset allocation, portfolio structure and manager selection. The client approves portfolio changes.

Staff Extension Services

For organisations with significant investment staff, we augment their in-house resources flexibly with our manager networks and portfolio construction and asset class expertise.

Alternative Asset Mandates

We have more than four decades of experience providing specialised investment advice, cultivating deep manager networks and analysing robust data in private equity, hedge funds, real assets, private credit, secondaries and co-investments.

Outsourced CIO

Our discretionary model replicates the best practices of leading in-house investment offices. We are responsible for portfolio strategy, implementation, day-to-day management and operations.

OUR CULTURE & STRATEGY

We never forget that the better we do for our clients, the deeper an impact they can have on their philanthropic endeavours, their success in meeting pensioners' obligations and their personal legacies. We are committed to helping our clients maximise that impact with portfolios that are calibrated to their specific investment objectives and risk tolerances. Culturally, we believe that effective stewardship of capital *is* investing.

If effective stewardship is the goal, we believe that 'ESG' (environmental, social and governance) analysis provides the main strategy for achieving it. ESG analysis is an approach to research that generates information about companies and other investment assets that does not typically feature in financial and regulatory statements, but nonetheless can enhance investment decisions.

ESG research has expanded meaningfully over the past decade, along with the number of academics and financial professionals engaged in it. Priorities, standards and metrics are evolving continuously both on a business and on a regulatory basis and a growing group of data providers with differentiated approaches compete to sell services. Cambridge Associates works to integrate relevant requirements by assessing strengths and weaknesses among providers and promoting more common measures, frameworks and language among investor peers.

Despite the distinctions, and occasional inconsistencies in the industry, there are common and fundamental pillars to ESG analysis that professionals in the field value: transparency and disclosure from companies; independent information and standardised data about companies and understanding pathways for and responsiveness to investor engagement. We believe these principles align well with those of any diligent investor.

Our Sustainable and Impact Investing and Diverse Manager Research team members are embedded in Cambridge Associates' global research platform. These teams source and evaluate leading-edge sustainable, impact, and diverse manager investment opportunities across all asset classes. They also work with the rest of the research platform to ensure sustainability, climate and diversity considerations for all investments are included as part of our rigorous, standard diligence process (Figure 1).

ESG analysis is not an end to itself and applying an ESG score, or framework is not a replacement for traditional fundamental research. Rather, the understanding of ESG factors is a valuable component of comprehensive investment analysis. Consideration of these factors is driven by materiality, by which we mean the relevance/impact of a given factor to a specific investment. A common template cannot be applied to everything and ESG 'scores' that aggregate many factors in a similar way for every investment provide little value for decision making. ESG factors represent diagnostic tools to understand the sustainability and value of each investment on a case-by-case basis. Used in this way, ESG analysis would be financially material for all investors.

OUR VALUES

The materiality approach described above is distinct from but overlaps with 'values-based' investing, where some investors, based on their mission or values, may assign greater significance to specific ESG factors, and make different trade-offs in their investment decisions. Examples of this may be exclusion of certain sectors, setting minimum ESG standards or favouring investments with specific impact outcomes.

All investment decisions involve trade-offs, compromise between multiple different factors in search of the best outcome for the investor. For all clients we seek to employ sustainability thinking and ESG tools through our manager due diligence process for the purpose of improving long-term return prospects. Some clients ask us to use the same understanding to achieve other portfolio goals as well. This is why we refer to Sustainability and Impact Investing (SII) rather than ESG since SII is more goal-oriented and speaks to the needs of both values-driven as well as mainstream clients.

Furthermore, we are guided as a firm by the following core values:

Clients First

We strive to always act in the interest of our clients.

Own It

We strive to hold ourselves accountable to our clients and to each other.

Be Bold

We strive to learn and innovate every day.

Collaboration Wins

We strive to bring together diverse perspectives to best serve our clients and our firm.

Seek Truth

We strive to be transparent and authentic. We strive to listen to and learn from each other.

Kindness Matters

We strive to care for and encourage one another. We strive to appreciate each other's contributions.

Figure 1

Investment Manager Research

Focuses on uncovering the best investment ideas across all asset classes.

Public Equities
Eric Thielscher

Global/International Equities
US Equities
Emerging Markets Equities
European Equities
Asian Equities

Hedge Funds
Joseph Marenda

Global Long/Short Equity
Event Driven
Systematic
Trend
Global Macro
Managed Futures

Private Investments
Andrea Auerbach

Private Equity
Venture Capital
Distressed for Control
Secondaries
Co-investments
Direct Investments

Real Assets
Marc Cardillo

Core & Private
Opportunistic Real Estate
REITS
Infrastructure
Commodity Futures
Oil & Gas
Natural Resources Equities

Credit
Frank Fama

Distressed
Mezzanine
Direct Lending
Leveraged Loans
High Yield
Investment-grade
Fixed Income

Sustainable & Impact Investing
Focuses on a broad range of strategies across marketable and private asset classes, including ESG, socially responsible investing and sustainability.

Diverse Manager Investing
Focuses on sourcing and evaluating women- and minority-owned managers across asset classes.

Operational Due Diligence
Assesses the operational business risk of managers who have undergone our investment due diligence process and met our rigorous standards. This team evaluates a number of factors including people, systems and service providers to ensure that a manager's business infrastructure is appropriately structured, resourced and supported.

Capital Markets Research
Publishes research and insights to identify and highlight market risks, trends and opportunities.

Chief Investment Strategist
Provides a top-down view on asset class opportunities and macro-economic issues.

Investment Science
Applies data science to build systems that bring scale and insight to our investment teams.

Principle 1: Activity

Signatories should explain what actions they have taken to ensure their strategy and culture enable them to promote effective stewardship

We recognise that stewardship requires combining multiple pillars of work, from corporate social responsibility through to effective integration of SII factors and Diversity factors in our client work.

Figure 2: Several interconnected pillars for promoting effective stewardship in our client work

We believe material, good stewardship factors can positively impact the performance of investments and view ESG, DEI and climate considerations as being integral to the future of investing, for risk management, long-term value creation and alignment with a client's own values. For every client that uses our firm for sustainable or impact investing, we explore the themes that are most impactful to them as an individual or institution which we then use as our guiding principles (Figure 3).

Actions Taken in 2023 Reporting Period

NET ZERO PROGRESS OVER 2023

To help us evaluate net zero progress in a pragmatic and flexible way across our organisation, over 2023 we devised a set of principles to guide us, including:

- Leverage existing frameworks
- Drive long-term returns
- Prioritise real-world emissions reductions
- Target portfolio transparency
- Embrace flexibility
- Lead with a core approach, which clients can then accept, customise or reject
- Consider fossil fuel assets carefully
- Engage with the hard questions
- Focus where it matters

We continued to make progress in line with our Net Zero Pledge, part of the commitment we made with Net Zero Investment Consultants Initiative starting in 2021.

Figure 3: Stewardship factors/themes we explore with clients

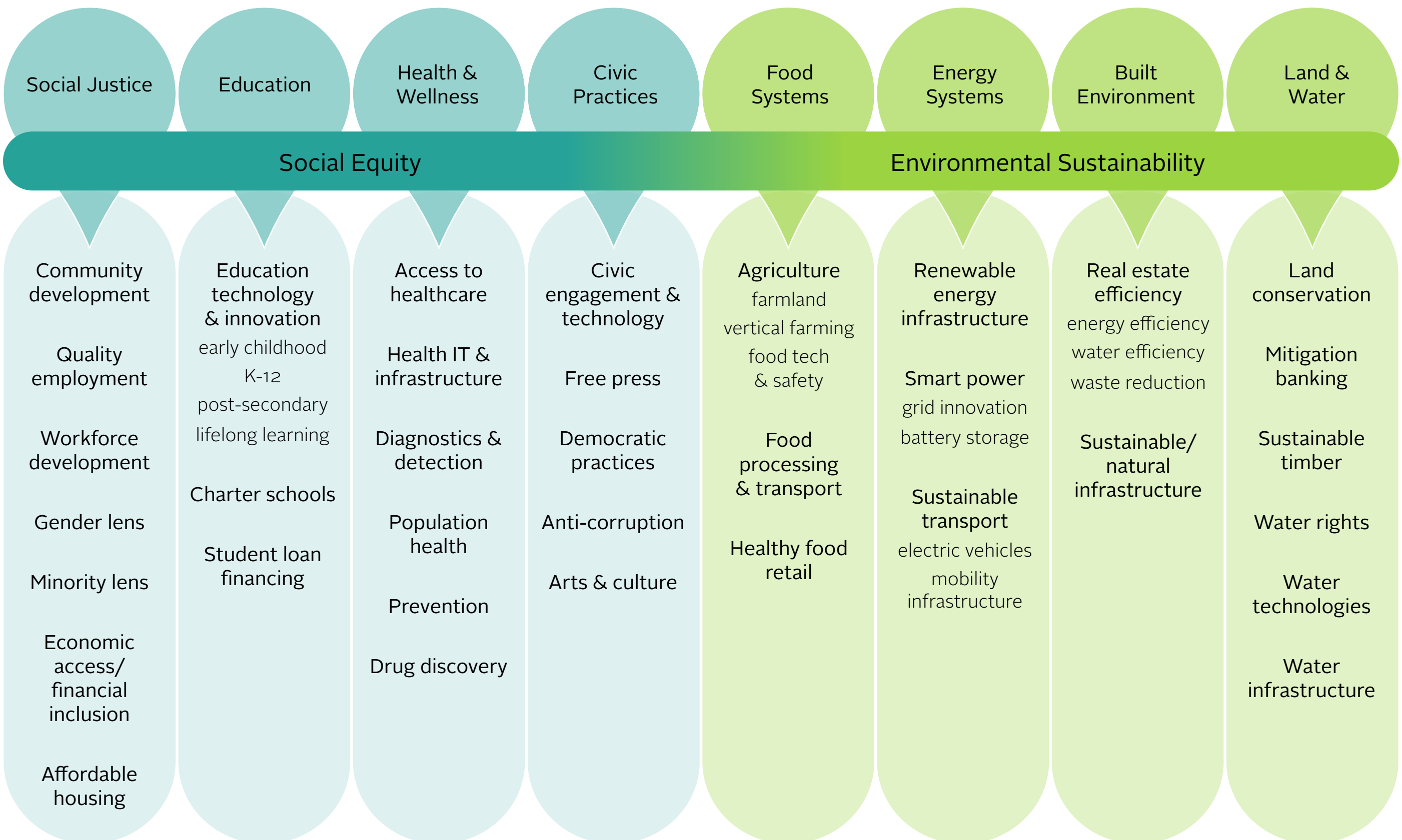


Figure 4: Our commitment requires integrating net zero alignment into four buckets

Investment Advice	Reporting	Manager Evaluation	Manager Engagement

Below, we provide an update for each area of focus:

Investment Advice

- Released "From Policy to Implementation: A Net Zero Playbook for Investors" in Q1 2023.
- Developed standard client presentations on net zero and climate.
- Developed standard IPS language for discretionary clients.
- Expanding tools available to investment teams to measure emissions and climate risk.

Reporting

- Inaugural CA NZICI progress report released in Q4 2023.
- Upgrading CA systems to more easily measure and report net zero alignment.

Manager Evaluation

- Developed new ESG-DEI Manager Assessment Framework, which includes climate competence and net zero assessment.
- Created accompanying videos, resources and guidance documents for researchers to apply the new framework.

Manager Engagement

- Upgraded internal systems to more easily and systematically track CA's engagement activity and outcomes with managers.
- Created internal engagement challenge to further motivate Researchers to engage across ESG, DEI and NZ topics.
- Released Strategic Investor Engagement: Driving Stewardship for a Net-Zero Future in Q4 2023.

NET ZERO ALIGNMENT FRAMEWORK & TRAINING

We have conducted internal education sessions across our firm and designed dedicated net zero client presentations to help all our investment teams navigate climate topics with their clients. Since our clients implement their portfolios through third-party managers, both choice of manager and engagement with the manager community are the main ways to achieve net zero goals. Assessing managers for climate competence and net zero alignment is an indispensable component of net zero portfolio construction. While making updates to CA's framework to assess managers' sustainability processes in 2023, CA included a dedicated section to evaluate each fund's net zero alignment and climate-related processes.

SHARING LEARNINGS FROM NET ZERO INVESTMENT CONSULTANTS INITIATIVE

As Co-Chair of the Net Zero Investment Consultants Initiative (NZICI), Simon Hallett continued to play a key role in developing the emissions reporting framework for the industry. Over 2023, the work being produced for the NZICI has fed into all of Cambridge Associates' thinking on net zero. As mentioned in our 2022 report, we created an internal 'Net Zero Think Tank' where colleagues across our firm develop and share best practices from client and industry research. This successful dissemination of information has encouraged greater communication around major stewardship themes, beyond just the moniker of 'net zero' and extending to social and more stewardship themes. NZICI operates under the United Nations-Principles for Responsible Investment. NZICI sets out actions that investment advisers will take to support the goal of global net zero greenhouse gas emissions by 2050 or sooner, in the context of legal and fiduciary duties and specific client mandates.

DEI Progress over 2023

The most comprehensive overview of our firm's DEI progress can be reviewed in the 2023 DEI report, found here. Below, we seek to summarise the most relevant areas to the stewardship code.

DEI – MEASURING WHAT MATTERS

We have been monitoring gender and ethnicity data in our US operations for some years and this effort was expanded to our UK office in 2023. Our UK data collection is expansive, including: Sexual orientation, trans identity and socio-economic background, as well as gender and ethnicity. We recognise that measuring across a broad range of metrics not only enables us to track progress against our DEI ambitions but also to ensure our work in this area is measurably diverse, equitable and inclusive.

To support our focus on developing a truly inclusive workplace in 2023 and beyond, we have participated in the workplace indices run by Stonewall UK and the Social Mobility Foundation. The resultant feedback reports and recommendations are guiding work underway (at the point of drafting in 2024) to increase LGBT+ and socio-economic diversity, respectively.

DEI INDUSTRY ENGAGEMENT

CA colleagues were active members in a two-year government-commissioned Taskforce to improve socio-economic diversity at senior levels in the UK financial and professional services sector. One of the key outcomes of the Taskforce was the creation of Progress Together, a membership body focusing on the same mission, of which CA is a member.

CA is also a member of InterInvest, an industry group focused on increasing LGBT+ equality and inclusion in the investment industry. CA is represented on the Steering Committee and Allyship Training team.

DEI: TALENT PIPELINE

Over 2023, we have made significant progress in diversifying our talent pipeline through active partnerships with Sponsors for Educational Opportunity 'SEO London', 'Girls are INvestors UK GAIN ,' 10,000 Black Interns and Investment20/20. CA held summer internships for four interns through these pipelines in 2023.

We hosted several in-house events for students and recent graduates interested in investment management, which were well-attended and led to successful recruitment outcomes. CA participated in Black Women in Asset Management's cross-company mentorship programme for mid-career professionals.

Actions we have taken to ensure effective stewardship include

MANAGER RESEARCH

We embed ESG analysis across our research platform such that it considers sustainability factors as part of every manager due diligence.

ENGAGEMENT

Engagement puts stewardship into action – it is purposeful dialogue with a specific objective, promoting disclosure and accountability. CA works on stewardship and engagement in three ways:

1. We assess how investment managers engage with their underlying portfolio companies.
2. We engage with asset managers to promote transparency and disclosure as well as improvements in corporate governance and decision making.
3. We support interested clients in direct engagements with their investment managers and help them participate in collaborative groups of their choosing.

LEARNING CULTURE

Since this is a fast-evolving field, we develop our approach and governance on an ongoing basis. We seek to learn proactively and by doing and observing what works best in practice as well as through the primary research conducted by our SII team. We maintain a constant firmwide dialogue that includes different functions and regions to avoid siloed thinking and ensure all clients benefit from our best sustainability knowledge.

CLIENT ADVICE & PORTFOLIO MANAGEMENT

Our investment teams incorporate sustainability factors with the aim of meeting or exceeding return objectives in ways tailored to the needs and preferences of each client. This may include pursuing specific impact goals and/or emphasising specific sustainability risks as directed by clients.

SATISFYING REGULATORY REQUIREMENTS

We research current and forthcoming regulation so that both we and our clients can meet our compliance commitments regarding sustainability and ESG in relevant jurisdictions.

COLLABORATION WITH EXTERNAL GROUPS

Where appropriate we seek to exercise industry leadership on our clients' behalf. We selectively collaborate with investor groups, trade associations or the academic community to support evolution of industry practices that benefit our clients and ensure our thinking remains leading edge.

Principle 1: Case Study & Outcome

Signatories' purpose, strategy and culture enable them to promote effective stewardship

The United Kingdom's National Trust is Europe's largest conservation charity. Following their ambitious commitment to net zero across their operations by 2030, Cambridge Associates worked with them on a multifaceted approach to ensuring their investment portfolio was consistent with these ambitions. This involved:

- Recommending the Trust become a member of Institutional Investors Group on Climate Change (IIGCC) and supporting their target setting and reporting to that organisation.
- Detailed mapping of the portfolio for carbon footprint as well as alignment via science-based targets and modelling the trajectory of investment in climate solutions.
- Reviewing all investment managers for both their incorporation of climate considerations and the quality of their voting and engagement process, upgrading managers as necessary.
- Allocating a portion of the Trust's private commitments to climate solutions in the form of both technology venture and renewable infrastructure.
- Developing and implementing a plan to offset residual portfolio emissions from 2030 via investments in degraded land re-forestation.

Signatories should disclose and assessment of how effective they have been in serving the best interest of clients

ASSESSMENT

We embed sustainability and diversity into our investment practices because we believe it makes us better stewards of capital over the long term and helps us manage systemic and sustainability risk that can manifest at any time. ESG analysis can identify financially material information that is not covered by conventional reporting, and we believe is additive to investment returns. Based on our business model, our approach to sustainable investing and the most impactful and relevant implementation can be tailored to each client's needs and impact objectives.

Effective stewardship is a collective goal, and neither we nor our clients can achieve as much as we would like without progress from the investment management industry, as well as in regulation and standard setting. We are advocating constructively for this progress. Given our longstanding reputation in private investing, this is where some of our most important engagements are happening, for example through ILPA[1] and iCI[2] where we are encouraging transparency of climate data and ambition from fund managers in what climate goals they expect from their portfolio companies.

Effective stewardship is a journey, not an event. The field is dynamic, and the investment industry's understanding of best practice in both net zero and diversity are evolving fast. We are proud of how much we have achieved over 2023 but acknowledge that there is further to go.

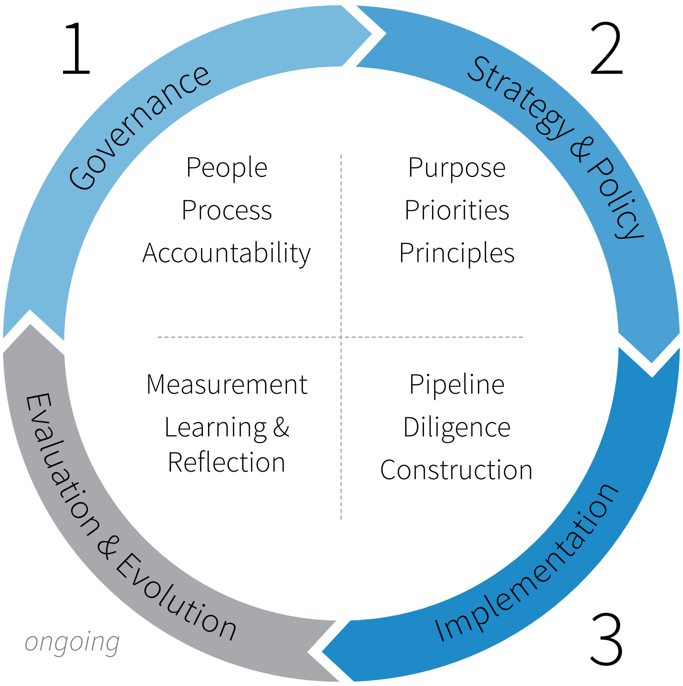
Principle 2: Activity

Signatories' governance, workforce, resources and incentives enable them to promote effective stewardship

GOVERNANCE

Our portfolio construction process requires clear strategy and process, each stage is shown in Figure 5.

Figure 5



Creating governance structures that are built to promote effective stewardship starts with key questions on the following:

People

- Who are our stakeholders, and why are we doing this?
- What experience and expertise do we need to be successful?

Process

- Does the current structure enable effective decision making on investments, managers, philanthropy?
- Does the current structure enable or inhibit the pursuit of impact investments?
- Have we established an efficient communication process by which stakeholders are informed of performance and impact?
- How is it measured?

Accountability

- What are the appropriate roles and responsibilities of each stakeholder?
- Is every stakeholder given an opportunity to be heard?

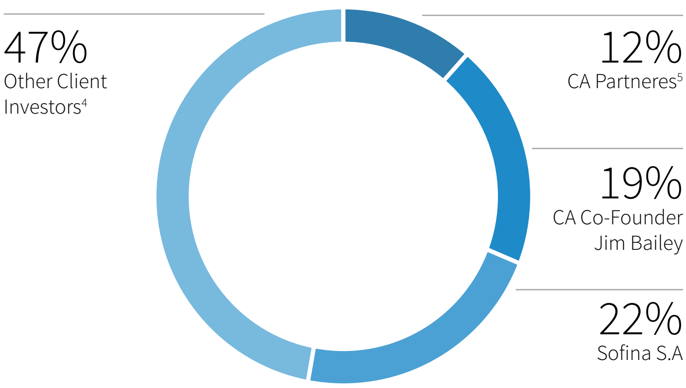
We then use a 'Three P' framework: Purpose, Priorities and Principles. The Three P framework helps ensure that values and decision-making processes are advantages rather than obstacles in pursuing effective stewardship goals. By establishing guideposts, investors can link their broad motivations and objectives first to investment themes, and then to specific investment opportunities.

Figure 6: The three P's

Purpose	Priorities	Principles
Defining the "true north" of the fund and its investments	Mapping of mission to investment themes	Articulating criteria that will inform investment decisions

Furthermore, our firm is – and has always been – independent and privately held. This ownership model underscores our commitment to a culture of independence and our dedication to mitigating conflicts of interest. All owners of the firm are minority shareholders, with no single owner holding a controlling interest in the firm. As the chart below shows, the owners of our firm are either clients or employees, which ensures there is a strong alignment of interest. This alignment of interest promotes effective stewardship because everyone is working towards a shared goal. We provide our firm's ownership structure chart in Figure 7.

Figure 7: Ownership structure (fully diluted) All owners are minority shareholders; no entity holds a controlling interest in the firm.[3]



Our firm's governance processes and independent business model allow us to be agile in response to the fast-changing needs of our clients as they relate to stewardship. It is our privilege to work with clients across the globe that are facing up to the role they play in the investment industry and their impact on the future of our society and environment.

Signatories should explain how they have appropriately resourced stewardship activities, including their chosen organisational and workforce structure(s).

ORGANISATIONAL STRUCTURE & WORKFORCE

We believe our firm is well-structured to resource stewardship activities and this is a result of embedding sustainability and diversity in our culture and values. The strength of our approach is best evidenced by our firm receiving the Equality 100 Award by the Human Rights Campaign in 2023 – for the third time in three years. We were also recognised by Stonewall UK as a Top Global Employer for LGBTQ+ Equality in 2023. Both indices are known as premier benchmarking tools for US and UK businesses and have helped guide CA in our pursuit of equity and inclusivity.

Furthermore, we believe the best way to ensure effective stewardship in our investment process is to make sustainability and diversity a mandatory part of our firm's investment research process. To this end, these teams represent key pillars within our investment research team. Our commitment to sustainability, diversity and to promote effective stewardship is driven by the most senior members of our firm, via our Leadership Team and the firm's Board.

Our firm's SII and Diverse Manager Research and Portfolio Management operate as an integrated platform, as shown in Figure 8.

We have two Councils that provide leadership on Sustainable and Impact Investing as well as Diversity, Equity and Inclusion. The Councils include senior leaders from both investment research and investment professionals working directly with clients:

1. Sustainable and Impact Investing Council[7]

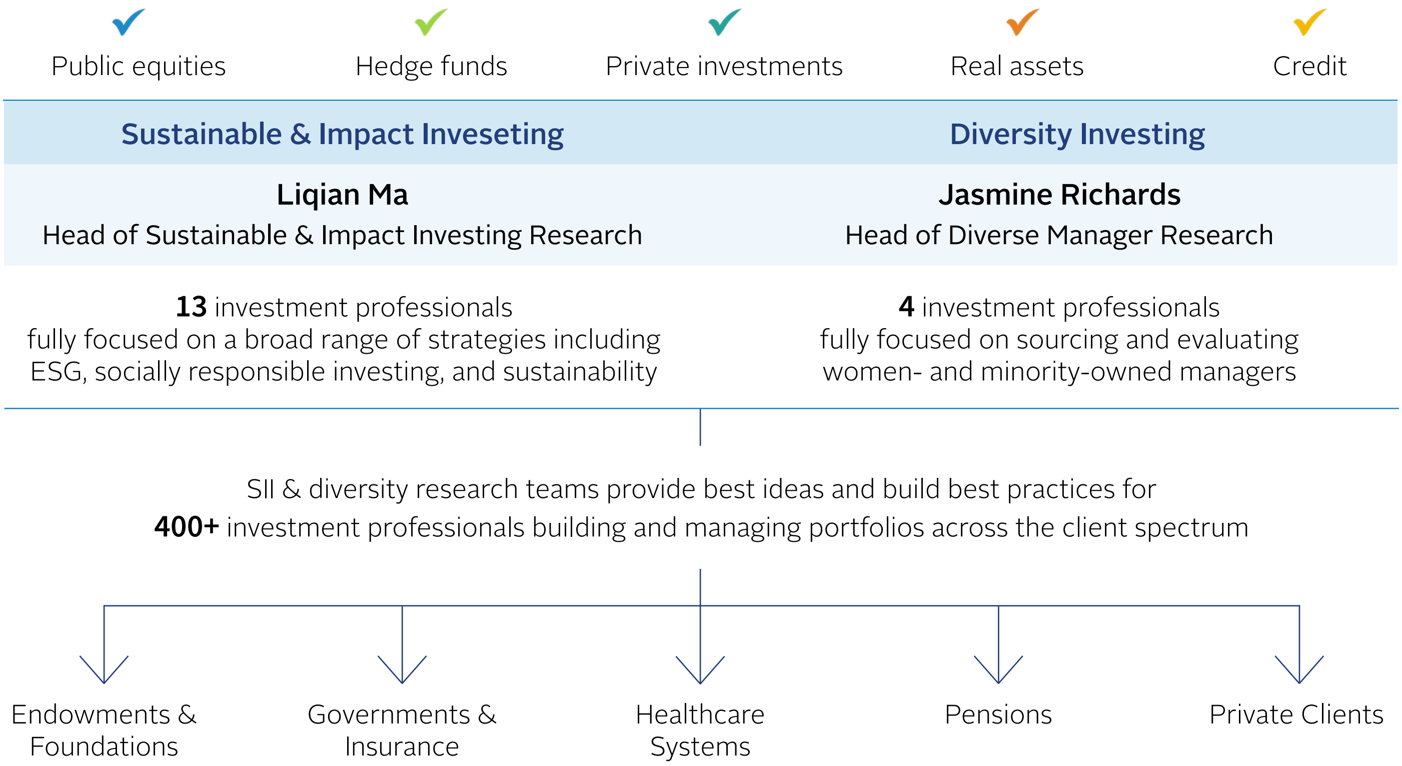
We formed a Council dedicated to SII in 2008 – it is a global team composed of investment researchers and client-facing investment professionals. This team has played a vital role in developing responsible investment and ESG integration policies for our clients and for implementing procedures for our staff across the globe.

The Council is led by three partners of the firm and is based globally to provide the greatest insights. Annachiara Marcandalli, one of our Partners in the United Kingdom has been part of the Council leadership team for over three years. Oversight of ESG integration and stewardship

Figure 9: Members of the SII Council are below, with all data as of 31 December 2023

Research	Client facing
Liqian Ma (Co-Chair) | Boston	Tom Mitchell (Co-Chair) | Arlington
Carolina Gómez | Boston	Annachiara Marcandalli (Co-Chair) | London
Chavon Sutton | New York	Carolina Gómez | Boston
David Gowenlock | London	Mike Pearce | San Francisco
Di Tang | San Francisco	Simon Hallett | London
Jasmine Richards | Boston	Simone Balch | San Francisco
JP Gibbons | Arlington	Wendy Walker | San Francisco
Lydia Guett | London (until March 2023)	
Madeline Clark | Arlington	
Marie Ang | London	

Figure 8: Specialized teams are embedded in our research platform to source and evaluatesustainability, impact, and manager diversity across asset classes [6]



comes directly from our firm leadership and reflects our conviction on the relevance of ESG for both our firm and our clients. Members are shown in Figure 9.

2. Diversity Council and Diverse Manager Council[7]

Our Diversity Council and Diverse Manager Council groups reflect a balanced representation of colleagues around the globe. The Diversity Council ensures our overall DEI strategy is aligned with our business, creates DEI goals and metrics, monitors strategy execution and outcomes, and reports overall DEI progress to the firm's management. The Diverse Manager Council offers strategic guidance on the firm's diverse manager strategy and promotes the exchange of best practices, insights, and requests. The Council comprises representatives from Global Investing, the DEI Office, and Global Business Development teams. Members convene bi-monthly to share information, provide updates, and approve key initiatives. Members are shown in Figure 10.

Figure 10: Members of the Diversity Council and Diverse Manager Council are below, with all data as of 31 December 2023

Leadership team	Client facing
Melinda Wright (Chair) | Arlington David Druley | Boston Chris Hunter | London Hari Soin | Boston Liz Ramos | Boston	Himanshu Chaturvedi | London Joe Marenda | Dallas Mary Jo Palermo | Boston Mary Pang | Singapore Natalie Eckford | Arlington Omar Sanchez | Boston Sona Menon | Boston
Shared services	**Research**
Bryan Devereaux | Boston Christina Fandel | Boston Kofi Jones | Boston Rob Rodgers | Boston Sherene Davidson | San Francisco	Jasmine Richards | Boston Liqian Ma | Boston

Signatories should explain how they have appropriately resourced stewardship, including their seniority, experience, qualification(s), training and diversity

SENIOR STAFF[7] FOCUSED ON SUSTAINABLE & IMPACT INVESTING AND DIVERSITY, EQUITY & INCLUSION

Liqian Ma

Global Head of Sustainable and Impact Investing. 13 years at CA. Liqian leads the team in identifying and researching new impact investing ideas and specialises in constructing custom private investment portfolios. He previously was at GreenerU, developing a private investment vehicle to finance energy efficient projects on university campuses.

Annachiara Marcandalli

European Head of Sustainable and Impact Investing. 24 years at CA. Annachiara has more than 20 years of investment and impact experience and is a Partner at CA. She is the lead investor for clients with assets from $350m to $4bn, several of these clients are pursuing ambitious ESG integration strategies for the portfolio. Prior to CA, Annachiara was in the investment banking division of Lazard & Frères Italy.

Simon Hallett

Head of Climate Strategy. 18 years at CA. Simon is a Partner at CA and has more than 30 years investment experience spanning governance and policy setting, asset allocation and manager selection. Simon has led development of the firm's approach to 'Carbon Net Zero' from an investor's perspective. Before CA he worked in a variety of international investment roles including in Hong Kong at a Japanese investment bank.

Jasmine Richards

Head of Diverse Manager Research. 5 years at CA. Jasmine manages a team leading the initiative to identify and research institutional-quality investment managers across public and private asset classes that have underrepresented owners or leaders. Previously, she was at FIS Group where she identified and managed investment strategies with an emphasis on diverse-owned asset managers.

Melinda Wright

Head of Diversity, Equity & Inclusion. 2 years at CA. Melinda leads CA's global efforts to increase diverse representation both internally and industry wide. She supports business leads in building a stronger, more inclusive culture and in establishing key benchmarks for DEI, including corporate and social responsibility goals. Melinda participated in the McKinsey Fellowship for Black Executives and in 2015 was a recipient of the Triangle Business Journal's Diverse Leader Awards.

Carolina Gómez

7 years at CA. Carolina works on investment research with a focus on sourcing and increasing the number of diverse managers the firm tracks and rates across asset classes. Carolina previously worked in marketing roles at Kaufman Rossin and J.P. Morgan and has experience in the nonprofit sector.

Chavon Sutton

3 years at CA. Chavon is responsible for conducting manager research and building SII focused portfolios. Chavon was the City of New York's inaugural Director of Emerging Manager Strategy for NYC's Bureau of Asset Management leading investments in diverse managers across all asset classes. She also was a Vice President at J.P. Morgan managing portfolios for families, endowments and foundations.

David Gowenlock

2 years at CA. David is responsible for conducting manager research across all asset classes on funds with socially or environmentally sustainable strategies and supporting client teams on the integration of responsible/sustainable investment principles in client portfolios. Prior to CA David worked at ClearlySo, an impact-focused boutique providing capital raising advisory services to European businesses and funds.

Di Tang

4 years at CA. Di works on investment research across all asset classes within the ESG and impact spectrum. Di was an Investment Director at Sonen Capital, a dedicated impact investment management firm. She previously was an associate director in the mezzanine debt and private equity groups at Barings.

JP Gibbons

4 years at CA. JP has deep sector knowledge on conservation finance and emerging market impact investing. JP used to work at USAID's Development Credit Authority where he led the Global Transactions Team that catalysed capital for impact through innovative blended finance structures.

Lydia Guett (Until March 2023)

7 years at CA. Lydia works on the integration of ESG and impact investment strategies into client portfolios, as well as ESG/impact investment research. Lydia joined from ASrIA (Association for Sustainable and Responsible Investment in Asia) to create awareness about the risks and opportunities associated with climate change and low carbon investing.

Madeline Clark

9 years at CA. Madeline works on the development of impact and mission-driven strategies and she serves as the liaison for the SII Council, leading strategic initiatives around SII Platform expansion both internally and externally. Previously, Madeline worked in CA's Private Client Practice building custom investment portfolios for families and foundations.

Marie Ang

2 years at CA. Marie conducts investment due diligence on sustainable and impact investment opportunities, thematic research in areas of strategic interest, and supports client mandates to achieve greater impact and ESG portfolio integration. Prior to joining, Marie helped launch SVX, an impact investing firm spun out of MaRS Discovery District in Toronto, Canada.

Sarah Edwards

6 years at CA. Sarah conducts manager research through the lens of impact and ESG to support clients in activating these considerations in portfolios. Sarah has more than 13 years of diverse experience in the nonprofit and private sectors. Prior to CA, Sarah was at Partners in Performance on operational improvement initiatives for industrial clients globally.

Tom Mitchell

16 years at CA. Tom is a Partner at CA and throughout his career at CA he has been a leader and champion for helping clients invest their portfolios for impact and mission alignment. Tom has more than two decades of experience in impact finance, before joining CA he was at Agora Partnerships investing impact capital in SMEs in Central America.

Mike Pearce

15 years at CA. Mike conducts investment manager diligence and develops investment strategy in support of clients with mission-related, ESG and impact investment objectives. Mike previously was at Pacific Community Ventures, a hybrid private equity and nonprofit organisation in San Francisco.

Sandy Urie (retired June 2023)

38 years at CA. Sandy is Chairman Emeritus and formerly served as CEO, Chairman and COO of CA. Sandy was a member and vice-chair of the Investors' Committee of the US President's Working Group on Financial Markets (2007–10) focusing on defining best practices in alternative assets. She was awarded the 2015 Investor Lifetime Achievement Award from Institutional Investor.

Simone Balch

4 years at CA. Simone is responsible for developing new private client relationships on the West Coast of the United States. She is passionate about helping investors align their capital to invest in a world that can be more sustainable, equitable, and just. Simone has held positions across asset classes on Wall Street, in non-profits and impact investment firms.

Wendy Walker

12 years at CA. Wendy is a CIO within CA Capital Management, our outsourced investment office business. She is a member of our Mission-Related Investing Council, providing strategic guidance for the firm's sustainable and impact investing platform. Prior to CA, Wendy worked at Imprint Capital Advisors focusing on socially responsible and environmental-themed investment managers.

EMPLOYEE RESOURCE GROUPS

In 2023, we launched CA Ability thanks to the commitment of the CA community to further disability inclusion at our firm. Our Employee Resource Groups are communities that exist so our colleagues can connect, support one another, and advance efforts to create a more inclusive culture at Cambridge Associates. They offer a safe space and a sense of belonging, and provide our employees with varying opportunities to advance the firm's commitment to Diversity, Equity and Inclusion.

CA Ability focuses on raising awareness for employees with disabilities, both visible and non-visible, and as caregivers—working to educate, dismantle stigma, and promote physically accessible and emotionally safe spaces for those facing these challenges.

DISABILITY SUPPORT & DIGNITY

We have four further Employee Resource Groups that are focused on supporting a culture of inclusivity and further advancing the firm's ability to attract and retain top talent and deliver superior performance and world class service for our clients. Colleagues across all our offices are part of one or more Employee Resource Group communities:

LGBTQ+ EQUALITY & ADVOCACY | ETHNIC DIVERSITY & BELONGING | GENDER EQUITY & EMPOWERMENT | AFFIRM | ASK | ACT

CA Pride

CA Pride is dedicated to representing LGBTQ+ employees, establishing CA as a leader on initiatives to improve the workplace environment and professional development of LGBTQ+ colleagues, and addressing issues affecting opportunity for members of the LGBTQ+ community and their health and well-being.

CA Mosaic

CA Mosaic is dedicated to representing ethnically diverse colleagues within the CA community, increasing firmwide diversity and inclusion, building community, providing support, enhancing career development and contributing to the personal development of our diverse staff.

CA Women

CA Women connects women and allies across our global community. Its focus campaigns change from year to year, but its mission remains the same. CA Women is dedicated to cultivating an inclusive, equitable and supportive culture to ensure women thrive and are heard at CA.

CA Allies

CA Allies is committed to ongoing listening, learning, and advocacy. They stand up, promote, support, and use their voices to amplify those of our underrepresented CA colleagues, so every member of our community is safe to be their truest self.

ESTABLISHED NEW GENDER TRANSITION & AFFIRMATION POLICY

We proudly adopted a new policy supporting employees who have undergone or are undergoing a gender transition, as well as those who identify as any other gender identity that is neither female nor male. We are committed to creating the most inclusive, safe environment possible for all our colleagues – so everyone at our firm can show up as their full selves.

LAUNCHED CAREGIVER CORNER FOR EMPLOYEES

A centralised resource of support and connection for employees who find themselves in similar life stages or experiences. This hub includes benefits resources, communities organised by life stage and expert support for colleagues.

Signatories should explain how they have appropriately resourced stewardship, including their investment in systems, processes, research and analysis.

ROLL OUT OF NEW ESG-DEI MANAGER ASSESSMENT FRAMEWORK (MAF)

CA saw the need to provide our clients with more consistent, transparent and rigorous evaluation of financially material sustainability considerations in investment strategies. In 2022, we began working on a wholesale rebuilding and expansion of our approach to manager assessment of various sustainability dimensions including Climate Competence and Net Zero Alignment, ESG, DEI and Stewardship as well as the formal assignment of related Engagement Priorities over the course of our relationship with the manager.

Assessment Framework

This framework was finalised in Summer 2023, with training across our Research groups beginning in Autumn 2023, with implementation beginning in Spring 2024 and coverage of the majority of strategies targeted by end 2024. Integrating sustainability risks and opportunities into our investment process is necessarily an ongoing task, and this new research framework should be seen as one component of a process of continuous improvement and raising standards.

For examples, with regards to Climate Competence and Net Zero Alignment, we took the opportunity to ensure that our framework incorporated industry-leading guidance from the Paris-Aligned Investment Initiative's Net Zero Investment Framework (NZIF) and the Supplementary Guidance on Target Setting, as well as the ILPA's ESG Assessment Framework. Our climate assessment framework is effectively two separate modules. The first assesses how effectively an investment manager integrates climate risks and opportunities into the firm's policies and governance, communications and transparency, investment process, and investment outcomes and portfolio construction. These are aggregated into a five-level integration assessment, from 'none' to 'very advanced'.

The second module is an assessment of net zero alignment; its goal is to indicate how effective a manager might be as a component of a portfolio seeking to align with net zero, acknowledging that different managers or asset classes may play different roles. We take NZIF's approach of placing portfolio companies on a "maturity scale" of how they are aligning with net zero goals and adapts it to the practice of asset manager due diligence. The outputs are expressed in language (aligned, aligning etc.) that matches the scale proposed in the NZIF. Investment in climate solutions is incorporated flexibly, according to its importance to the strategy; for a manager where financing solutions is the primary role, this will be given higher relative importance in the assessment than for one seeking broad market coverage.

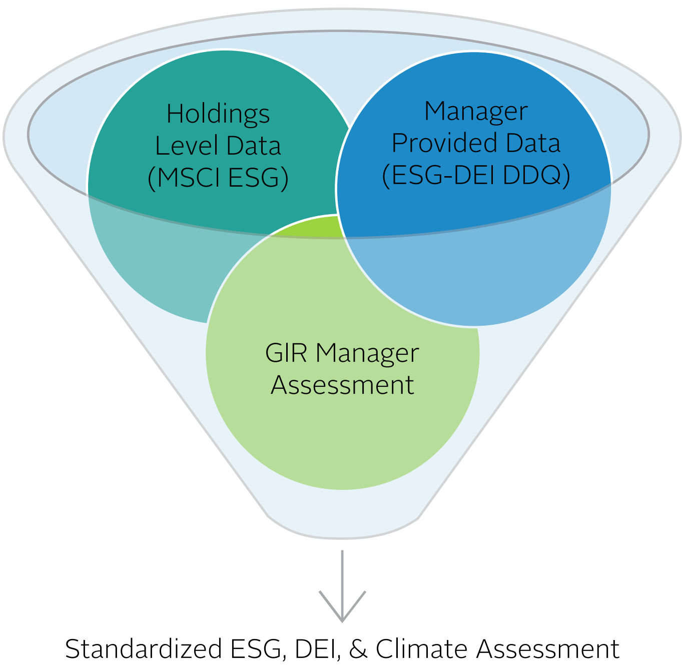
Our approach allows for some flexibility in certain asset classes (e.g., risk managed strategies and other diversifiers) where there is no existing industry framework for assessing net zero alignment. The expectation is that we will incorporate these asset classes once industry guidance becomes available. This dataset will support efforts to engage systematically with investment managers, track progress over time and build net zero aligned portfolios.

Engagement Priorities

Engaging with asset managers is one of the key stewardship activities CA undertakes to effect positive change and achieve the best outcomes for clients. It is also the counterparty with which we hold the greatest potential scope for influence. We view our relationship with asset managers as a long-term partnership, and we seek to continually have constructive dialogue with them to explore ways to better meet clients' evolving needs.

Recognising the need for continuous improvement, each MAF will formalise CA's engagement agenda. Each assessment will include priority topics for engagement

Figure 11



over the course of the relationship with the manager. Some topics may be addressed over the short term (less than 12 months), while some topics may be priorities over the medium term (by the next fundraising cycle if a private investment fund), or over the long term (beyond a fundraising cycle). Discretion is given to the Researcher to determine the best pathway and timeline for seeking optimal outcomes. We place an emphasis on disclosure and accountability, materiality, tailoring engagements per manager, and taking a constructive and long-term approach. CA especially focuses on topics of Governance, Climate Risk and the Transition to Net Zero, and Diversity, Equity and Inclusion. See Figure 11.

NEW ESG & DEI DASHBOARD FUNCTIONALITY ON CA PLATFORM

In 2023, we launched a new tool in the firm's proprietary platform, Portfolio Workbench , for staff to view manager reported data on ESG and DEI from the Due Diligence Questionnaire. There are two main components to the tool to enable easier client reporting, shown in Figure 12.

Figure 12

ESG-DEI Table	Diversity Composition
Responses from managers to ESG-DEI Questionares – Covers ESG policies, climate integration, Net Zero, stewarship, exclusions, SFDR and diversity composition Functionality to export table to Excel for customised exhibits	Single asset view of manager reported diversity composition of ownership, management committee, investment committee and total professionals Highlights funds with diverse representation of 33%+ and 50%+

Signatories should explain how the quality and accuracy of their services have promoted effective stewardship.

DUE DILIGENCE PROCESS

Our assessment process, shown in the table that follows, provides clients with a rich set of investment opportunities with managers aligned with their stewardship objectives. In 2023, our Sustainable and Impact Investing team hosted over 300[8] manager meetings with ESG, impact and diversity attributes across all asset classes . Meanwhile, all CA due diligence, regardless of strategy or asset class, follows the same consistent process of assessment of ESG, DEI and Climate Competence reflected in our due diligence reports. CA's investment research is thoroughly vetted in a governance structure emphasising robust peer reviews, with final assessments by investment committees comprised of asset class experts from our offices around the world. See Figure 13.

Our research team tracks managers with a view to identifying the most sustainable and diverse managers globally across asset classes. The team will then meet with them continuously to grow the pipeline of best ideas for client portfolios. See Figure 14.

ENSURING QUALITY & ACCURACY – ESG & DEI

Our detailed due diligence questionnaires on ESG, Stewardship and Diversity, are adapted for different asset classes, and have been materially enhanced over time to expand analysis of how managers consider specific climate change risk metrics. See Figure 15.

We capture data on details relating to ESG integration, stewardship policy and outcomes, voting data and transparency. For voting specifically, we do not hold listed equities directly, therefore our approach focuses on the assessment of managers voting policies and track records where we seek to gain comfort with their approach and alignment to strategy. We assess how DEI promotion is integrated on a firm level per asset manager as well as the extent it is reflected in a manager's investment strategy. We examine the diversity of the fund's ownership, leadership, investment and platform team, as well as the organisation's overall approach to diversity, as integral components of the fund's evaluation for investment.

For private investments, we consider how ESG initiatives are directly supported in underlying holdings. This is delivered during due diligence and monitoring of investment managers through a web-based platform that

Figure 14[9]

Asset Class	SII Managers Tracked[1]	SII Funds Tracked
Marketable Securities[10]	**105**	**562**
US Equities[11]	68	105
Global ex US Equity[12]	238	331
US & Global Balanced[13]	12	14
US Fixed Income[14]	32	46
Global ex US Fixed Income[15]	47	57
Real Estate & REITs[16]	6	6
Commodities	3	3
Hedge Funds[10]	**37**	**61**
Concentrated Long	2	3
Credit Opportunities	10	10
Fund of Hedge Funds	1	1
Global Macro	5	5
Long/Short Equity	26	27
Managed Futures	1	1
Market Neutral	3	3
Multi-Strategy	8	8
Other	3	3
Private Investment Funds[10]	**461**	**1,359**
US Private Equity[17]	73	132
US Venture Capital	179	390
Global ex US PE[17]	83	162
Global ex US VC	74	132
Private Credit[18]	28	38
Control-Oriented Distressed	1	5
Real Assets[19]	200	419
Funds of Funds & Secondaries	32	77
Other	4	4
Total	603	1,982

Figure 13

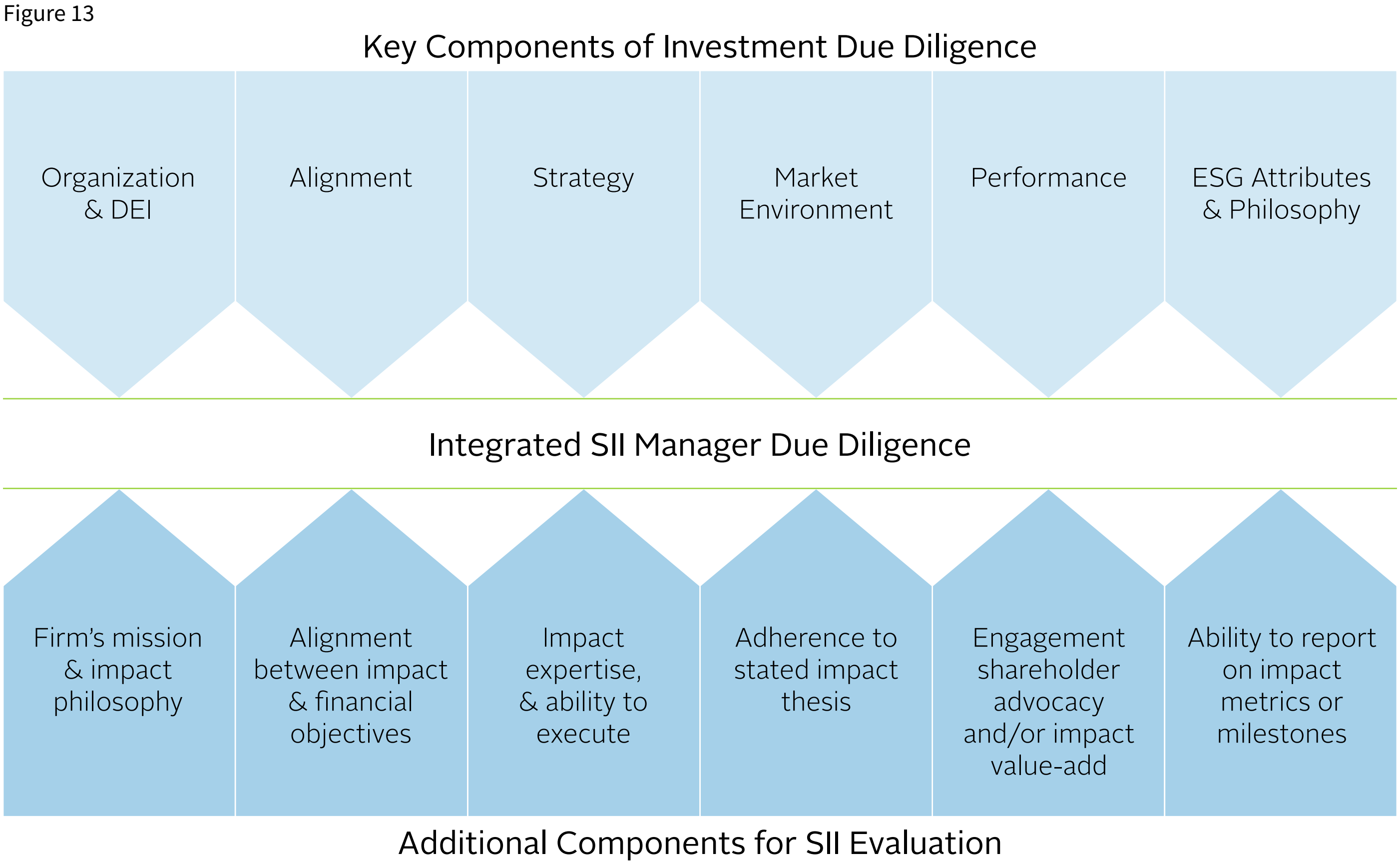


Figure 15: ESG and diversity considerations are integrated in every step of the rigorous diligence process

also collects appropriate supporting documents covering policy and reported outcomes.

Effective stewardship comes not only from policies and processes but through the responsible allocation of capital. We therefore also assess the sustainability of underlying holdings of managers (when available) and client portfolios with a variety of internal and external tools. Some of the service providers we use include eVestment, Factset and the full suite of MSCI ESG and carbon and climate tools. Sustainable impact tools allow us to assess client portfolio exposure to key social and environmental impact solutions.

We have continued to systematise climate risk considerations across our entire platform during the reporting period. Our bespoke grading systems for our clients grades two things: first, the manager and their activities (how well they are integrating sustainability, stewardship, voting, etc.) and second, the analysis of underlying positions, using external tools. We tailor this analysis to each specific client's requirements. We also continue to support our clients on navigating additional, important reporting and transparency requirements (e.g., Task Force on Climate-Related Financial Disclosures [TCFD] reporting, new Sustainable Finance Disclosure Regulations [SFDR], net zero frameworks).

STAFF TRAINING

Cambridge Associates is committed to having a measurable and sustainable impact on the future development of our people, our organisation, our industry and the global community. Embedded in our Corporate Social Responsibility Statement is a focus on ensuring that people with diverse backgrounds, ethnicities, and life experiences join, and then thrive in our firm and our industry. We accomplish this, in part, through our DEI strategy, which consists of four primary efforts:

- Build a more diverse Cambridge Associates
- Invest more capital with diverse managers
- Elevate a more equitable and inclusive culture
- Lead a more diverse, equitable and inclusive industry

CONTINUOUS LEARNING

Our commitment to creating opportunities for continuous learning is demonstrated both inside and outside the walls of Cambridge Associates. Inside our walls, we offer several learning opportunities to actively foster a diverse and inclusive culture for all colleagues.

Our foundational program, BE@CA, intended to build firmwide awareness and knowledge on foundational DEI concepts and equip employees with the necessary tools to actively foster a diverse and inclusive culture for all CA colleagues, completed its second successful year in 2023. At the end of 2023, more than 25% of the CA community had voluntarily participated in this ten-hour training program.

As part of new joiner induction and our in-house continual learning INVEST training programmes across all seniority levels include DEI and Diverse Manager Research and Sustainable and Impact Investing modules. In 2023, we introduced separate Net Zero and Climate Risk modules.

Our mentoring program, CA Ignite, officially launched in 2023 after a successful pilot the prior year. This mentoring program, focused on helping the mentee develop specific skills, completed two cohort programs in 2023. More than 200 colleagues participated from every office location in our inaugural year, and we look forward to continuing program success.

Outside our walls, we know that the best way to encourage the next generation of talent is introducing them to our industry early. We ran CAMPP (Cambridge Associates: Managing Private Investment Portfolios) for a second year, a program designed for college students from various backgrounds to explore the investment industry, with a focus on private investment strategies. We also launched Basis Point, a three-day program for students from historically black colleges and universities (HBCUs) designed to introduce them to the world of investment management and interact with CA professionals at all levels.

This is just a small representation of the work we did in 2023 to foster diversity, equity and inclusion within our own community and within the industry at large. We know our commitment—and our own learning—continues, and we continue to prioritise the needs of our community while being flexible to evolve and adjust as the world around us continues to change. There is more to do; the work is never complete. But we are proud of how far we have already come.

NET ZERO THINK TANK

To ensure diversity of thinking and foster buy-in across the firm, we created a Net Zero Think Tank, chaired by the Head of Climate Strategy and consisting of senior investment colleagues representing different asset classes and client groups. The Think Tank's role is to develop Cambridge Associates' approach to a) meeting the net zero commitment and b) communicating key messages to colleagues, clients and prospects.

The Think Tank reviews and approves strategic proposals before escalating them as necessary for decision. A four-person Sustainability and Impact Investing (SII) executive team, which includes the Head of Climate Strategy, coordinates and prioritises execution of the strategy and passes projects to specialised working groups across the firm.

Signatories should explain how they have appropriately resourced stewardship, including how the workforce is incentivized appropriately to deliver services and ensured that fees are appropriate for the services provided

STEWARDSHIP OF CLIENT ASSETS

As mentioned previously, CA is greatly aware of our role as stewards and advisors for client capital. Every investment professional in our Research and Client Portfolio management teams are responsible for their contributions to stewardship.

This begins with a due diligence and Investment Committee process, consistently applied to assess a manager for their organisation, team, diversity, investment process & strategy, competitive advantages, performance, risk management, ESG, business risk, terms and alignment of interests. This continues with, at minimum, annual and quarterly reporting (for marketable strategies) and governance requirements to ensure that strategies are performing as expected. Annual performance reviews of Research professionals include assessment of investment competence and ongoing governance for the strategies under their remit.

Our Client Portfolio management teams are responsible for executing and delivering portfolios that meet the mandate we have agreed to with clients according to their goals, risk budget, financial objectives and values. This may have been articulated with the 3Ps Framework of Purpose, Priorities and Principles. Each client relationship is unique. CA has bespoke client service arrangements, reporting and engagement cadences that cater to the unique needs of our clientele. Annual performance reviews of Client Portfolio professionals consider their investment results and investment acumen and ability to add value to client relationships.

CHRIS VARCO SUSTAINABILITY AWARD

As mentioned in the last reporting periods, following the tragic death of one of our European leaders in sustainability integration, we created the Chris Varco Sustainability Award. The purpose of the award is to incentivise and reward Cambridge Associates employees who are taking action that drives positive outcomes for climate change.

Recognised efforts need not be large-scale, but rather something that moves the needle beyond the current course of momentum. Examples:

- Someone who develops innovative solutions to help client teams better integrate ESG analysis in their decision making;
- Someone who changes the way we manage waste in the office to lower our carbon footprint;
- Someone who finds innovative climate solutions managers and successfully drives client capital to them;
- Someone who helps a client understand the benefits of SII integration; or
- Someone who inspires others to walk to work instead of driving.

In 2023, Steve Rosenthal, a Managing Director in Workplace Operations won the award, having worked tirelessly to collaborate with CA's real estate brokers, architect, and designers to incorporate low carbon footprint elements into our new Winthrop Center headquarters in Boston.

His efforts on the project yielded a headquarters that Cambridge Associates is extremely proud of, one that places sustainability at the forefront of its design. When embarking on this project, Steve was asked to incorporate sustainability as one of a few factors that were important for our new world headquarters. Steve took the guidance about sustainability to heart, gave it a place of prominence in the firm's decision making, and ensured sustainability was a feature of this space, and something that will impact our carbon footprint and our brand for years to come. Steve Rosenthal received a personalised trophy and $5,000 USD.

An additional $5000 USD was donated to Indigenous Climate Action (ICA). ICA is an Indigenous-led organisation that amplifies Indigenous knowledge and seeks to protect water and land resources across all of Canada. They work to develop tools and create opportunities to uplift Indigenous voices, sovereignty and stewardship of lands and waters for future generations.

REMUNERATION

Cambridge Associates standard remuneration package consists of a base salary and comprehensive benefits package. Staff compensation is based on many factors including: client performance, client satisfaction and contribution to the overall firm – effective stewardship is embedded in the work we do, so it underpins all these factors.

APPROPRIATE FEES

For the majority of our services, we charge asset-based fees. We believe this fee structure aligns our incentives with our clients' investment goals, providing both clients and our firm with financial benefit for generating outperformance. There are three fundamental components to the fees we charge our clients:

- We have a 90-day termination clause for all clients, meaning clients will never be 'locked in' with our firm;
- Clients only ever invest in their name, which allows them to own their impact on the world. Clients own all the relationships with their managers so in the event of a termination of our contract with them, clients do not have to endure complex unwinding of their assets going through cash; and
- Our fees are comprehensive and completely transparent – we do not have 'add-on' services or products, the fee is set at the offset of the relationship or renewal period and is all inclusive. This means we are never trying to extort fees for additional services for our own benefit. Our only motivation is client satisfaction through achieving their investment objectives in a completely customised manner that is unique to them.

We actively engage with investment managers to improve stewardship in their existing products and have used our scale to facilitate the creation of new ones with better alignment where appropriate. Also, we have identified and invested our clients in new products with innovative approaches to ESG and stewardship, and in doing so secured preferential fees for our clients as first movers. We can use our scale to negotiate manager fees and terms for our clients as shown in the Figure 16.

Figure 16 [20]

Each engagement seeks to improve the alignment of interests for clients

Some area in which we negotiate fees	Some area in which we negotiate terms
Management fees	Luquidity
Incentive fees	"Key person" clauses
Ancillary fees	Access to closed funds
Aggregation of client assets	Hurdle rates
New share classes	Minimums
New fund seeding	GP commitments
Fund administration	Side letters

Since the beginning of 2016, we have secured 650+ fee concessions and improvements in terms and access for CA clients

Recent examples of fee reductions with selected fund managers across asset classes	
Description	Fee discount percentage
A Private Equity manager reduced their fee from 175 to 140 bps during the investment period and from 125 to 100 bps thereafter	↓ 20%
A Credit/Specia; Situations manager reduced their fee from 200 to 158 bps	↓ 21%
A Real Estate manager reduced their fee from 200 to 150 bps	↓ 25%
A US Equity manager reduced their fee from 50 to 35 bps	↓ 30%
A Systematic Global Macro Hedge Fund manager reduced their fee from 200 to 100 bps	↓ 50%

Principle 2: Outcome

Signatories should disclose how effective their chosen governance structures and processes have been in supporting stewardship; and disclose how they may be improved

As we showed in the previous sections, our governance structure combines firm/global leadership and strategy with more granular support from dedicated individuals in the SII Council and DEI Council that focus on the necessary infrastructure and processes to support stewardship.

We believe that we continue to move in the right direction and, as evidenced throughout this report, the day-to-day integration of stewardship factors is being applied across much of our global business.

Our view remains that there are two key components that contribute to CA's effectiveness in assisting clients achieve their stewardship objectives:

– Our business model is built around our ability to customise advice and create portfolios that align with a client's mission and contribute towards it. We don't have model portfolios in which to fit clients, it is the other way around, we build each client's portfolio from the ground up. This means that we design the asset allocation and the implementation choice of managers around each client's unique circumstances and overall objectives, including stewardship and sustainability.

  This set up allows for tailoring and creates the proper grounding for a truly long-term approach. We see evidence of the success of this approach in the long tenure of our client relationships. We have a retention rate of 96% over the last five years[21].

– Our clients come to us because they are interested in learning from their peers. We service this need by offering access to best practices and by sharing stories of effective integration of sustainability and successful stewardship of investment portfolios.

We provide access to best practices by showing comparative analysis on sustainability integration that is gathered every two years. The survey provides a comprehensive picture of how clients are thinking about sustainability, net zero and impact investing – digging into investment structure, implementation strategies and how they tackle governance and measurement. Clients also continue to show a keen interest in case studies that they can learn from.

Principle 3: Activity

Signatories identify and manage conflicts of interest and put the best interests of clients first.

IDENTIFYING AND MANAGING CONFLICTS OF INTEREST

The identification, avoidance or management, and mitigation of conflicts of interest is an ongoing process. Cambridge Associates believes it creates a conflict-aware environment through its governance and oversight processes, communications with clients, disclosure reviews, peer review procedures, and its ongoing training, monitoring, and testing.

Core to this process are the following elements:

- The Firm's Compliance Manual and Code of Ethics which covers matters related to Market Abuse, Outside Business Activities disclosure, Confidentiality Obligations, Research Independence, Personal Account Dealing Reporting, Gifts and Entertainment, Inducements where separate guidance is provided;
- A centralised due diligence process for investments that undergo full investment evaluation with oversight by asset class research committees; and
- An annual conflicts disclosure process where conflicts are disclosed to all clients of the Firm.

Where a conflict is identified, we seek to organise our business activities in a manner that prevents the crystallisation of the conflict. This includes the appropriate segregation of functions and business lines such that a level of independence may be achieved.

PUTTING THE BEST INTERESTS OF CLIENTS FIRST

Clients First is the first core value of Cambridge Associates – we strive to always act in the best interests of our clients. With this in mind, Cambridge Associates maintains a Conflicts of Interest Policy that reflects our client first approach. Clients are provided with a description of the Conflicts of Interest Policy as well as an Information Disclosure Document prior to the provision of investment services.

MANAGER RESEARCH

Where possible, we take active steps to ensure we do not create actual or potential conflicts of interest when conducting manager research or recommending managers to our clients. One example is the information we collect on investment managers for the purpose of research. Our policy is we do not request, or receive, fees from managers for inclusion in our research databases.

We believe that assessing managers without any economic incentives leads to better outcomes for our clients and avoids conflicts of interest. From this position of independence, we feel free to negotiate, in our clients' best interests, on fees and terms with investment managers. It also allows us to be bold in engaging with managers to drive better stewardship behaviour.

The reasonableness of fees and investment terms an investment manager proposes for their services/fund is a core part of our manager research due diligence process. Since the beginning of 2016, as shown in the fee negotiation exhibit earlier in this document, we have successfully negotiated hundreds of concessions with managers , and we frequently use our influence with managers to affect change that aligns with clients. Importantly, where we negotiate terms, we have policies in place to ensure that all clients benefit from the reduction fairly.

By maintaining these stringent guidelines and devoting such substantial resources to our research, we believe that our clients have access to a wealth of truly unbiased manager information.

EMPLOYEE ENGAGEMENT

We have a robust training and governance oversight for all employees to ensure they understand their roles and responsibilities with identifying, managing and avoiding conflicts of interest. This includes Ethics and Compliance training for all new employees and annual training for all existing employees. The training includes a mandatory examination on the subjects covered, including conflicts, money laundering and regulatory responsibilities.

Principle 3: Outcome

Signatories should disclose examples of how they have addressed actual or potential conflicts

As a Firm, we have taken significant steps to mitigate conflicts of interest for our clients. We have been very thoughtful in our approach to working with investment managers insofar as not engaging in activities where we are being paid by them for either recommending their products or being on our investment research platform.

We have also been similarly thoughtful in the way that we structure fees for clients, with the intention of retaining the objective ability to recommend what we think may be the best investment option for a client, factoring in their specific investment goals and parameters.

As a matter of principle, we do not charge different fees for sustainable and impact or diverse manager assets so that we are not conflicted to recommend or not recommend specialised investments. We also take great care to ensure that what is recommended is consistently researched and understood by our investment professionals.

The ESG DEI Manager Assessment framework described in detail in this report, and which we implemented in 2023, furthers this goal by defining for our researchers a consistent and uniform evaluation methodology when considering ESG and DEI attributes. The guardrails our framework creates ensure that the lens researchers utilise to consider ESG and DEI factors are not biased by personal perspectives, priorities or motivations.

We believe that the product of the way we interact with investment managers, the way we structure our fees with clients, and the research parameters we have implemented in-house, is a robust investment service offering that mitigates conflicts of interest and aligns us with our clients' goals and expectations.

To further align us with clients, we created an employee investment solution that allows managing directors and partners to obtain exposure to high conviction ideas. Recognizing the conflict of interest, we placed a restriction on the employee investment solution so that it wouldn't be able to make investments with terms more preferential than what are offered to our clients with respect to access, liquidity or fees. This construct further aligns us with clients when negotiating fees and terms as it incentivizes us to pursue negotiations that benefit all our clients regardless of service type.

We believe that when conflicts of interest are properly understood and mitigated, they can identify opportunities that lead to improved outcomes for our clients.

Principle 4: Activity & Outcome

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

MARKET-WIDE AND SYSTEMIC RISKS

Cambridge Associates' approach to managing systemic risk is comprehensive and proactive, encompassing identification and monitoring, risk assessment and analysis, diversification and risk mitigation, robust due diligence, dynamic portfolio management, client education and industry collaboration. By staying vigilant and adaptive, CA ensures the stability and integrity of clients' investments and contributes to the overall health of the financial system. We describe how we approach each of these areas in more detail below:

Global Economic Indicators

CA continuously monitors global economic indicators, such as GDP growth, inflation rates and unemployment levels, to identify potential sources of systemic risk.

Market Trends and Developments

The firm keeps a close watch on market trends, including asset price movements, liquidity conditions and credit spreads, to detect early signs of systemic stress.

Geopolitical Events

CA assesses geopolitical events and their potential impact on the financial system, including trade tensions, political instability and regulatory changes.

RISK ASSESSMENT & ANALYSIS

Stress Testing

CA conducts stress tests to evaluate the impact of various adverse scenarios on investment portfolios and the broader financial system. These tests help identify vulnerabilities and potential points of failure.

Scenario Analysis

The firm employs scenario analysis to assess the potential outcomes of different risk events, such as financial crises, natural disasters and pandemics. This analysis helps in understanding the potential ripple effects across the financial system.

DIVERSIFICATION & RISK MITIGATION

Asset Allocation

CA emphasises diversified asset allocation to spread risk across different asset classes, sectors, and geographies. Diversification helps reduce the impact of systemic shocks on portfolios.

Alternative Investments

The firm incorporates alternative investments, such as private equity, hedge funds and real assets, to reduce correlation with traditional markets and enhance portfolio resilience.

Hedging Strategies

CA employs hedging strategies to protect portfolios from adverse market movements and systemic risks. These strategies may include the use of derivatives, such as options and futures.

ROBUST MANAGER DUE DILIGENCE & MANAGER SELECTION

Manager Evaluation

CA conducts thorough due diligence on investment managers to ensure they have robust risk management practices in place. This includes assessing their ability to navigate systemic risks.

Operational Risk Assessment

The firm evaluates the operational risks of investment managers, including their governance structures, compliance frameworks and business continuity plans. This helps ensure that managers are well-prepared to handle systemic events.

DYNAMIC PORTFOLIO MANAGEMENT

Active Management

CA employs active management strategies to adjust portfolios in response to changing market conditions and emerging systemic risks. This includes rebalancing portfolios and adjusting asset allocations as needed.

Liquidity Management

The firm ensures adequate liquidity in portfolios to meet clients' needs and navigate market disruptions. Maintaining sufficient liquidity helps mitigate the impact of systemic shocks.

Regulatory Engagement

CA engages with regulatory bodies and industry associations to stay informed about regulatory changes and advocate for policies that promote financial stability. This collaboration helps in addressing systemic risks at a broader level.

Industry Collaboration

The firm collaborates with other investment firms, financial institutions, and academic institutions to share insights and best practices for managing systemic risks.

CLIENT EDUCATION & COMMUNICATION

Regular Updates

CA provides clients with regular updates on market conditions, potential systemic risks, and the firm's response strategies. Transparent communication helps clients stay informed and make well-informed decisions.

Educational Resources

The firm offers educational resources, including webinars, whitepapers and workshops, to help clients understand and manage systemic risks.

Thematic Research

We produce significant amounts of thematic research and bring together our clients in a dedicated annual conference. All aspects of SII and DEI require continual research. In 2023, we wrote several research papers that were distributed to clients. These include:

- From Policy to Implementation: A Net Zero Playbook for Investors
- Climate Solutions Investing: Your Toolbox for Building a Diversified Investment Portfolio
- Climate Tech's Evolution: The Maturation to a Competitive, Returns-Focused Thematic Investment Sector
- A Social & Environmental Equity Investing Framework for Better Real-World Outcomes
- Is Now a Good Time to Invest in the Energy Transition?
- Strategic Investor Engagement: Driving Stewardship for a Net Zero Future
- 2024 Outlook: Sustainability & Impact

Events

In March 2023, we hosted our first Impact Investing Forum (IIF) in London where brought together industry thought leaders and investors for interactive sessions and themes related to sustainable and impact investing. The forum included a client panel showcasing their impact journeys, as well as sessions that focused on active shareholder engagement, the energy transition and biodiversity. We engaged in discussions on what we, as investors and fiduciaries, can do with the opportunities and risks ahead.

Signatories should explain the role they played in any relevant industry initiatives they have participated in.

COLLABORATION WITH SUSTAINABILITY & NET ZERO INITIATIVES

We have long been engaged within the investment industry to support industry developments around sustainability practices and transparency within CA and the broader investment world. Our commitment to net zero has enabled us to continue that work and give more dedicated energy toward net zero specific engagement. Cambridge Associates is member and signatory to a number of initiatives and field-building organisations that enable us to do this work more effectively at scale. Our participation ranges from founding members, board and steering committee involvement, working group members, signatories, and event speakers. A few examples of these organisations include NZICI, Institutional Investors Group on Climate Change (IIGCC), Initiative Climat International (iCI), Glasgow Financial Alliance for Net Zero (GFANZ), Confluence Philanthropy, Mission Investors Exchange, Intentional Endowments Network (IEN), UK Stewardship Code, ILPA ESG and DEI work, Investment Consultants Sustainability Working Group (ICSWG – US and UK), GenderSmart, Interfaith Center on Corporate Responsibility (ICCR), ESG Data Convergence Initiative (EDCI) amongst others.

As examples, in our work with the Intentional Endowments Network and Confluence Philanthropy, both field-building organisations comprised of foundation, universities, and family offices focused on sustainable investing, we have over the last two years been active members of Net Zero focused working groups to help promote adoption of net zero targets among members. We have also led discussion and training sessions on net zero integration in investment portfolios, particularly for asset owners who rely on third-party investment managers for implementation. This is an area for continued future engagement; bringing clarity on frameworks for institutional investors that have limited engagement opportunities with individual securities due to use of third-party managers.

To drive better standardisation of ESG metrics within the private investment space, we signed onto the ESG Data Convergence Initiative (EDCI) in the inaugural year. Over 2023, we participated in a newly formed net zero working group, which led to the introduction of three new metrics related to net zero in next year's EDCI reporting cycle.

Additionally, in 2023, CA joined the GFANZ Index Investing Workstream, which has the objective of designing good practices for net zero indices and aligning index investments with the transition to a net zero economy. Additional areas of work include educating the market and participating in engagement activities. CA is represented by

CA's lead for passive listed equity strategies who has been contributing to a white paper due in 2024 .

WORK WITH REGULATORS & POLICY MAKERS

Although policy advocacy is not a core component of our work as firm, we recognise net zero is a collective goal, wherein the benefits can be realised only by acting alongside other stakeholders. We have had the opportunity to engage with policymakers in several forms over the last few years and find these engagements to be most effective when we raise our voice alongside our peers. Specifically, we have found the Investment Consultants Sustainability Working Groups, both in the United States and United Kingdom, thoughtful partners in this work.

On our own and through our collective work in ICSWG US & UK, have had the opportunity to address specific rules and guidelines set out by the US Department of Labor, Securities and Exchange Commission, CFA Institute, and more general letters to government on climate issues. One further example of engagement with government is participation in a discussion with members of the US government and Department of Energy (DOE) at the White House to advance the energy transition and to provide feedback to the DOE on how to advance the transition in a sensible way to enable the best outcomes for all stakeholders. We aim to promote greater transparency on climate in all our advocacy work and provide constructive feedback where most applicable to our work with clients.

PARTNERSHIPS IN DEI

We are proud to partner with many of the world's leading organisations that are working to create a more diverse and inclusive society. From helping to source candidates for the financial services industry and identifying best practices to creating dialogue among business leaders and sponsoring conferences to promote equality, we have developed a significant number of partnerships. These include: 10,000 Interns Foundation; 100 Women in Finance; Association of Asian American Investment Managers; Black Women in Asset Management; Disability:IN; Girls Are Investors ('GAIN'); Girls Who Invest; HeadStart Fellowship; Human Rights Campaign; ILPA Diversity in Action Initiative; Institutional Allocators for Diversity Equity & Inclusion ('IADEI'); Institutional Investing Diversity Cooperative (IIDC); Invest in Girls; Investment20/20; Investment Diversity Advisory Council (IDAC); The Investment Diversity Exchange (TIDE); Milken Institute; Management Leadership for Tomorrow (MLT); New America Alliance; Out & Equal; Progress Together; PurpleSpace; Reaching Out MBA (ROMBA); Robert Toigo Foundation; Sponsors for Educational Opportunity (SEO); Stonewall UK; StrengThening Race and Equity in Asset Management (STREAM); United Negro College Fund (UNCF); and WorkLife Central. We are proud to highlight below some of those organisations and their missions:

MLT Management Leadership for Tomorrow

MLT has transformed the careers and life trajectories of more than 10,000 Black, Latinx, and Native American individuals—from college students to seasoned executives. Our partnership with MLT has supported our recruitment and retention of diverse talent.

Through 2023 we participated in several MLT events, leading to our recruiting five interns and a further five permanent hires, with a focus on MBA graduates as well as undergrads. We value the opportunity to represent our firm and our industry to talent from across our community and were honored to have one of our leaders be the keynote speaker at MLT's 2023 Walk on Wall Street event.

Purple Space

PurpleSpace is the world's only networking and professional development hub for disabled employees, network and resource group leaders, and allies. Their mission is to make it easier for employees to navigate the experience of ill health, disability, or the experience of an accident or injury, at the same time as flourishing at work.

Our partnership with PurpleSpace was invaluable as we created and launched our fifth Employee Resource Group, CA Ability. And we're excited that a CA Ability co-Chair has been selected as one of PurpleSpace's 12 Future-Makers, securing a place on an 18-month program of learning for high-potential ERG/Network leaders of the future.

Stonewall Top Global Employers List

Stonewall UK's Global Workplace Equality Index is widely recognized as the definitive benchmarking tool for global LGBTQ+ workplace equality, empowering organizations to navigate the challenges of upholding inclusive values globally.

2023 was our first year participating in this Index and we were pleased to secure a place on the 2023 Top Global Employers List and a Bronze award. We appreciate the opportunity to learn from industry best practice and leveraged Stonewall's resources and expertise for our work on trans inclusion this year.

Women in Finance Charter UK

The Women in Finance Charter UK is a commitment by HM Treasury and signatory firms in the UK to work together to build a more balanced and fair industry. The Charter reflects the UK government's aspiration to see gender balance at all levels across financial services firms.

In 2023, our UK business, CA Ltd became a signatory. We were proud to report our London office has 45% female representation at senior levels (Director and above) and we are committed to maintaining that as a minimum through 2024 and beyond.

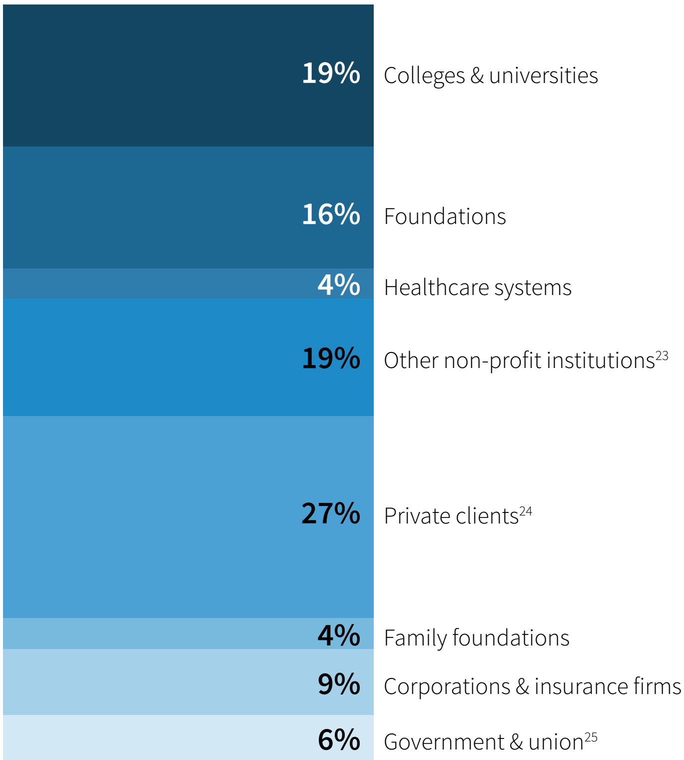
Principle 5: Activity

Signatories support clients' integration of stewardship and investment, taking into account material environmental, social and governance issues, and communicating what activities they have undertaken.

CLIENT BASE BREAKDOWN

Our client base consists of both institutional (endowment and foundation, pension, etc.) and private wealth professional clients. A detailed breakdown is provided in Figure 17.

Figure 17 [22]



These clients are based all around the world and represent more than 30 individual countries.

COMMUNICATIONG OUR CLIENT STORIES

In 2023, we launched Season Three of our client-centric podcast, Unseen Upside, which has been exceptionally successful. Since its inception, the podcast has garnered more than 40,000 downloads, with Season 3 accounting for 25,000 – putting us in the top 1% of all podcasts across all streaming platforms. The podcast aims to disseminate the stories of our firm's most ground-breaking clients and managers. As we did in the previous year, in 2023, every episode had ESG integrated and a client's story at its core. We provide a summary of each episode below to highlight our support for clients' integration of stewardship with materials ESG factors and how we helped communicate and amplify their activities/ how Cambridge Associates helped them on the journey.

Episode 1. Will Fusion Power (or "Stars in a Jar") Replace Fossil Fuels?

Harnessing fusion power has been an elusive goal of physicists and researchers for decades. However, recent scientific advances are helping to make that goal a reality. Described as a star in a bottle, fusion is what powers our sun and stars, offering us the prospect of limitless clean energy. But here on earth, it has presented unresolved engineering challenges – until now. Commonwealth Fusion Systems is on the brink of delivering commercial fusion energy thanks to their revolutionary magnet. But how does a safe, limitless, carbon-free, fusion power plant operate? What does it look like? How and when will this technology be replicated to meet the world's energy needs? We'll learn more from Bob Mumgaard (Commonwealth Fusion Systems); Katie Rae (The Engine); and Theresa Hajer (Cambridge Associates).

Episode 2. CRISPR, Dodo Birds, Woolly Mammoths & Gene Editing

According to scientists, 30,000 species per year are being driven towards extinction and 50% of all species could be extinct by 2050 due to climate change. But what if there was something we could do, in addition to conservation, to change this trajectory? That's what the scientists and engineers at Colossal Biosciences are working towards: reversing extinction. Using CRISPR and advanced gene editing techniques, they plan to bring back the woolly mammoth and the dodo bird to help combat climate change and complement existing conservation efforts. Join us to discuss this topic with Ben Lamm (Colossal Biosciences); Tom Chi (At One Ventures); and John Calvelli (Wildlife Conservation Society).

Episode 3. eVTOLs & Flying Cars

Humans have fantasised about flying cars for decades, but they've yet to leave the pages of our sci-fi books...or have they? Join us as we visit Joby Aviation out in Marina, California to witness their eVTOL (electric vertical take-off and landing) aircraft take flight. With plans to operate like Ubers in the sky, eVTOLs are the closest thing we have to flying cars – and they could be a commercial reality by 2025. The companies creating them promise a faster and greener mode of transportation, but who's investing in them? Are they safe? And how will they change our transportation infrastructure? We'll discuss these questions and more with Eric Allison (Joby Aviation); Andrew Beebe (Obvious Ventures); and Doug Carlson and Alex Innes-Whitehouse (pilots affiliated with Cambridge Associates).

Episode 4. Battery Storage, Renewable Energy & Building a Sustainable Grid

More than two-thirds of our electricity is generated by burning fossil fuels, a major climate change contributor. As such, use of renewable energy is expected to double in the next 15 years. But there's a catch: the power they generate depends on variable factors like wind and sun, making them too unreliable to power our grid. However, recent battery innovations could be the solution. One company has developed an iron-air battery capable of storing energy for multiple days, which may be the missing link needed to decarbonise our grid for good. Join us to learn more from Mateo Jaramillo and Jocelyn Newhouse (Form Energy); Dipender Saluja (Capricorn Investment Group); Anders Lyngaa Kristoffersen (The Velux Foundations); and Di Tang (Cambridge Associates).

Episode 5. Can Deep Tech Combat Fast Fashion?

The fashion industry accounts for up to 10% of global carbon dioxide output and roughly 2.6 million tons of clothing returns end up in US landfills each year instead of being resold. Meanwhile, the shipping for these returns account for around 16 million tons of CO2 emissions – and fast fashion is making things worse. But what if deep tech could help to cut down on returns? Amid the rise of conscious consumerism, one company is using video game technology and AI generated avatars to help online shoppers try on clothing virtually before they buy, in the hopes of making the fashion industry more sustainable. We'll learn more from Christine Marzano (BODS); Carle Stenmark (VMG Partners); Jennifer Varekamp (MassArt); and Annachiara Marcandalli (Cambridge Associates).

Signatories should explain how their services best support clients' stewardship as appropriate to the nature of service providers' business.

HOW OUR SERVICES SUPPORT CLIENTS' STEWARDSHIP

For all clients, we are actively discussing how they can integrate more effective stewardship considerations in their portfolio either through direct communication in meetings and materials or via our bi-annual client feedback survey and bi-annual ESG surveys which gather broad feedback on what clients would like to pursue.

We illustrate our approach, using one example of supporting clients on integrating climate considerations and/or achieving net zero goals. In our 'Client Spotlights' series, available at the link here, we provide depth on supporting clients across all aspect of stewardship including – social impact, DEI and decarbonisation. More client spotlights will become available to report in 2024.

In our pledge as part of the NZICI, we made a commitment to[26]:

- Integrate advice on net zero alignment into all our investment consulting services as soon as practically possible and within two years of making the commitment;
- Work with our institutional asset owner clients to identify the investment risks from climate change, highlight the importance of net zero alignment and, where applicable, support our clients in developing policies that align their portfolios to a net zero pathway;
- Support efforts to decarbonise the global economy by helping our clients prioritise real economy emissions reductions, reflecting the target of 50% global emissions reduction by 2030 or sooner using existing decarbonisation methodologies; and
- Assess and monitor asset managers on the integration of climate risks and opportunities in their investment decisions and stewardship and reflect this evaluation in our client recommendations.

As a firm, we take great pride in our ability to customise our advice and create portfolios that align with a client's mission and contribute towards it. Our stewardship integration work includes not only the above emphasis on achieving net zero but also sourcing and selecting proactive investment focused on broader environmental sustainability, poverty alleviation, job creation, community economic development, public health, social justice, education and other important causes. We also provide strategic tools such as positive and negative screening, ESG integration, proactive impact investing, shareholder engagement and alignment with mission priorities.

We have more than a decade of experience of integrating stewardship into policy guidelines. At the beginning of each engagement, we conduct a comprehensive planning process to help a client establish investment strategies and policies with an explicit connection to its mission. This knowledge-sharing process is important for shaping investment strategy, defining decision criteria, developing implementation plans and performing ongoing stewardship oversight.

As our client teams begin their investment planning work with each client, we interview key stakeholders to learn about their specific stewardship or impact priorities. We also make sure to have periodic reviews for longer standing clients across the firm as part of all clients' ongoing governance.

As we learn, we share and begin to apply a contextual framework to define three pillars of strategy – purpose, priorities, and principles – that guide policy development:

- An early focus on purpose is important; client stakeholders need to agree on the objectives for pursuing impact investments. We can provide education on impact investing and leverage discussion/decision frameworks to make it easier for clients to approve a statement of purpose that incorporates the financial and return objectives, as well as specific mission goals.

- The next step is to articulate the client's impact priorities, to link its objectives to investment themes, and find opportunities to address these themes. As the impact investing landscape has grown, so have global opportunities. Any mission-aligned opportunities should be considered in tandem with your grant making and ideally will complement – perhaps even enhance – any efforts to address your mission goals, and also leverage the expertise of staff and board members.
- Finally, the client team will help to write a statement of principles that will inform all investment decisions. Defining impact principles ensures that the purpose and priorities are well integrated with a client's existing investment criteria. For example, a principle could be'Investments are an opportunity for engagement through advocacy,' meaning impact investments require advocacy through investment managers and with companies through shareholder discussions and/or proxy voting. In most instances, the principles expand and/or clarify the list of key decision criteria for our team as we source and assess investment opportunities. The principles help guide the implementation program.

We also discuss questions investors should consider when assessing how SII considerations will affect the portfolio's overall risk/return profile, including:

- Are there theoretical reasons to believe a given impact investment won't be able to offer market-rate, risk-adjusted returns? If so, are those investments worthy of a more catalytic allocation which may have broader risk tolerance instead?
- Will impact investments lead to overexposure or underexposure to certain asset classes or sectors relative to how the portfolio would be structured without impact considerations? If so, how will this affect the portfolio's risk/return characteristics?
- If mission-aligned investments can't be found in a given asset class, will that asset class be exempt from the program's impact-related guidelines?

Other topics we typically address in initial meetings include benchmarks, managers' impact reporting expectations, impact reporting goals and to what extent (if any) SII field-building and peer learning will be explicit objectives.

Many of our clients support the environment, education, racial equity and social justice interests. We help these groups develop investment policies that articulate their goals and investment strategy to achieve impact-based and financial objectives. For example, some clients desire to employ women and diverse-led managers as part of their mission. We help them to craft policy and construct strong, creative portfolios that support these goals. For clients concerned with environmental causes, we help them develop appropriate guidelines and measure the impact of our decisions relative to financial and ESG benchmarks.

All this work is bespoke, entirely tailored to each client's individual needs, and is responsive to feedback. One obvious benefit to clients from this approach is in private investments. When each commitment is made on a client-by-client basis, we engage directly with investment managers on the specific stewardship needs of that client. This may result in obtaining client-specific side letters covering issues like excuse rights on investments misaligned with a given client's responsible investment policy or guarantees on the provision of data on social and environmental outcomes.

Principle 5: Outcome

Signatories should explain whether they have sought clients' views and feedback and the rationale for their chosen approach and explain the methods and frequency of communication with clients.

CLIENT VIEWS & FEEDBACK

In 2023, we undertook our bi-annual client satisfaction survey. The results were strong for our firm overall, as well as for our investment teams where feedback was submitted individually.

Overall, the level of satisfaction with our firm, across clients who responded, beat our previous score from 2021, meeting a goal we had hoped to achieve.

As noted in our last report, our ESG survey occurs every two years, so we did not conduct this in 2023. However, over 2023 we circulated the feedback gathered in 2022 and considered how to adapt our processes in line with client feedback. We have made significant improvements over 2023 to reflect the ESG survey feedback, including the Manager Assessment Framework, described earlier in the document, to improve internal processes and also make our reporting even more relevant for each client based on the feedback from our 2022 client survey, where 144 clients responded.

Each client team at the firm has a schedule for client 'check ins', which generate feedback across all aspects of their relationship with our firm. These check ins are conducted by senior members of the firm and include questions on key aspects of stewardship.

We seek to operate as if 'down the corridor' from our clients, which allows for, and encourages, a steady flow of communication. Senior members at the firm conduct client check ins to solicit candid feedback on teams serving clients across the firm and to gather their views on our service, support, and any areas with the goal of optimal effectiveness. The work comprehensive enterprise review before policy setting conducted at the onset of a client relationship allows us to set clear boundaries and expectations with clients from day one. We have positioned ourselves in a manner that minimises conflicts of interest, so we are aligned to fulfil the missions of our clients.

Signatories should explain how they have taken account of clients' views and feedback in the provision of their services.

We are continuously taking on board our clients' feedback and suggestions as well as making improvements to the services we offer based on our internal perspective. In the case studies below, we demonstrate the ways we engage with clients.

CLIENT ENGAGEMENT

Fossil Fuel Stewardship

During ongoing portfolio monitoring for a client with a fossil fuel exclusion policy, a CA Client Team (Client Team) highlighted a large, underlying position in a North American Oil and Gas ETF within one of the client's legacy* public equities funds.

Where exclusions were not possible, the client's policy required appropriate company voting and stewardship on climate topics. In this case, the ETF format constrained the manager's ability to exercise voting or stewardship practices. The Client Team and the client jointly engaged the manager over several meetings, emails and an engagement letter, to communicate the client's climate stewardship expectations.

The manager was open to feedback that engaging with oil & gas companies on climate topics was important for clients. They informally agreed to hold future oil & gas positions for the strategy directly through stocks, which could be covered by the manager's stewardship and voting practices.

*The position pre-dated the client's relationship with CA and was not initially invested by the CA client team.

Investigating High-Emitting Positions

A CA Client Team reached out to all 13 managers in a client's hedge fund portfolio for data to support creating the portfolio's annual carbon footprint. The team highlighted the client's most carbon intensive holdings at that point in time, and engaged directly with a manager whose holdings showed a significant increase in emissions from the prior year. The Client Team aimed to re-emphasise the client's net zero strategy and evaluate whether the specific positions responsible for the higher emissions were inconsistent with the client's strategy. The Client Team gained comfort with the manager's explanation that the positions had plans to reduce their emissions in place. The Client Team will continue monitoring the portfolio and investigating areas of potential misalignment.

Measurement & Investor Reporting

Prior to making a client commitment to a Private Equity fund, a CA client team sought to gain more conviction about the manager's approach to sustainability. The team asked about the manager's plans to set net zero targets, requested additional detail about the manager's third-party

ESG due diligence, and pressed the manager for specific examples of supporting ESG improvements across portfolio companies. The Client Team identified ESG and Climate measurement and reporting as areas for improvement, and shared data provider recommendations to support the manager. The manager agreed to implement ESG and Climate measurement for the fund by the end of 2026, and to report data to investors by the end of 2027, reflecting a combined, consistent effort made by the client, the Client Team, and other LPs who led similar discussions with the manager.

Engaging with Client Working Group on Stewardship

CA supports a client's Stewardship Working Group, a subset of the Investment Committee responsible for actively engaging with asset managers and monitoring their contribution to the client's sustainability objectives including net zero. The annual engagement cycle starts with the Working Group sending a letter to asset managers outlining sustainability priorities for the year ahead. These letters have included topics such as net zero and incorporation of nature-related risks in the investment process. To support effective engagement meetings, CA keeps the Working Group informed about evolving stewardship best practices in the industry by highlighting new resources, topics and guidance. In 2023, CA supported the Working Group to arrange and conduct engagement discussions with all its public equities managers.

Engagement topics ranged from how ESG integration has evolved at each firm, managers' progress on net zero alignment, and their approach to voting and engagement. The Working Group shares feedback with each manager following each meeting, highlighting potential areas for improvement and collaboration. Examples from 2023 included requesting an analysis of Paris-aligned transition plans for holdings as part of the manager's regular client reporting and asking a manager to develop expertise to evaluate corporate transition plans.

Enabling Climate Stewardship

A CA Client Team conducted a sustainability review of a client's private investment portfolio to highlight active areas for improvement that the client could use for their own engagement activities. The review focused on the client's stewardship priorities of climate and DEI topics, assessing topics such as managers' climate reporting, their approach to net zero alignment and their approach to diversity. The review highlighted climate reporting, DEI policies and integrating DEI in the investment process as areas for improvement across the managers, which supported the client to have richer engagement dialogue with its managers in the months following the review.

MANAGER ENGAGEMENT

Engagement is a core part of CA's efforts to put stewardship to action. This purposeful dialogue seeks to achieve change, promote disclosure and accountability and preserve value. Some examples over the 2023 reporting period include:

Emissions Disclosures

CA engaged with a value-oriented, Asia-based manager investing in public equities around ESG disclosures and transparency. While CA has engaged the manager over a couple of years, discussions in March 2023 focused on holdings-level carbon emissions disclosures. Initially, the manager pushed back, stating they did not wish to advantage CA's investors over others by sharing this data, while they also did not want to publicly share their list of holdings. CA clarified that emissions data should be provided to all of the manager's investors, and explained that clients needed this data to complete their own emissions reports. As a result, the manager set out to publish ESG disclosures by the end of the year. In January 2024, the manager made its first ESG report for investors available in their investor portal. The report details the firm's ESG framework and various disclosures, including the portfolio's total carbon emissions and carbon intensity per dollar of AUM and revenue for the two prior years.

Adopting a Systems Lens Approach

During a discussion with an emerging manager fundraising for its strategy focused on disability care, CA's manager research team engaged with one of the fund partners to incorporate a systems lens approach. CA highlighted that fostering ecosystem support and driving broader systems change within disability care are important aspects for a strategy focused on improving outcomes for the intellectual disability community. In these efforts, CA encouraged the manager to leverage its network, including its policy connections. The manager was open to the suggestions and agreed to make efforts towards implementing an intentional systems lens in its investment strategy.

ESG Processes and Reporting

CA engaged with a manager investing in small-cap buyouts who was early in its ESG and climate journey, with limited ESG integration in its investment processes. Over meetings and email correspondence, CA discussed ESG in deal processes, ESG reporting, and Climate risk integration with the manager, and sought clarifications from them about investments with potentially controversial elements. CA shared ESG guidelines and best practices with the manager, including for client reporting as well as tools for assessing climate risk and decarbonising investments. CA also provided input about current market standards held by European clients. The manager was open to considering the materials and recognised their need to improve sustainability practices and reporting at the firm. They stated they would consider annual ESG and DEI reporting, and participation in the ESG Data Convergence Initiative following their fundraising period. The manager received CA feedback positively, making firm- and portfolio-level ESG and emissions reporting available to LPs upon request. CA will monitor the manager's progress along these dimensions.

ESG risks, processes and accountability

CA engaged three Private Equity managers about their underlying exposure to a common portfolio company, which presents environmental, human rights and product safety concerns. CA engaged each manager over several meetings and emails to emphasise the importance placed on sustainability considerations, and held discussions about ESG in the managers' deal processes. Through discussions, CA learned about the managers' varying engagement efforts with the portfolio company, spurred additional disclosures to CA, and some updated their process around preparing deal memos that better articulate such risks going forward. CA continues to monitor the managers' involvement with the underlying company and the evolution of the managers' ESG processes.

Impact Measurement & Investment Team Diversity

CA's due diligence assessment of an early stage, US venture fund seeking to drive greater financial inclusion by investing in diverse founders and/or companies with products and services that target underserved communities. We highlighted areas for improvement around the investment team's gender diversity and the fund's impact measurement, monitoring and reporting processes. While the manager showed some gender diversity at the firm level, CA's manager research team observed no gender diversity on the investment team. CA raised this with the manager, who was receptive and had already begun to vet women for the next hire on their investment team. Later in the year, the manager hired a female associate who supports the investment process from sourcing to portfolio company due diligence. The manager was also open to learning about best practice around impact measurement and reporting, and CA has started to have engagement dialogue with them, in particular around reporting metrics and emerging accountability standards for impact outcomes.

Signatories should explain the effectiveness of their chosen methods for communicating with clients and understanding their needs, and how they evaluated their effectiveness

CA communicates with clients through a variety of means, both tailored and bespoke client-specific engagement, as well as through broad general communication available to all clients.

Bespoke Engagement

- Client-specific reporting: CA provides regular reporting to clients on a cadence of the client's choosing (e.g., quarterly to semi-annually) to support their decision-making and governance process. Reporting is highly customised according to clients' needs .
- Regular communication: As mentioned earlier, CA functions with a'down the corridor'approach. Each client team establishes a cadence of regular meetings on operational and strategic matters and are in constant email correspondence with our teams.

Figure 18: Engagement examples

Typical UK Endowment (advisory)	Typical UK family office (discretionary)
Bi-weekly calls with CIO, Investment Officer and Endowment Finance team to discuss new allocation, portfolio management and execution of new allocations. Additional meetings scheduled as needed to discuss Engagement topics, sustainability strategy, thematic research areas and ad-hoc needs. CA presents performance and strategy updates to the Investment Committee on a quarterly basis. Client is in regular email correspondence with the CA team for transaction execution and exchanging ideas on sustainability topics. May have ad-hoc projects for client.	Approximately monthly check-ins with the CIO Quarterly, informal strategy meetings with the CIO and Investment Officer to discuss investment pipeline, thematic areas and ad hoc topics CA presents performance and strategy updates to the Investment Committee on a quarterly basis Client is in regular email correspondence with the CA team for treasury management, exchanging ideas on sustainability topics and sharing ideas

General Communication

- Access to manager research platform: Clients that are registered for CA's Optica Research platform, get full access to our manager research platform, screening and analytics tools that allows them to keep updated with CA's latest meetings and engagements with asset managers.
- Events: CA hosts a number of events annually that are tailored for various client audiences. This allows clients to meet with peer asset owners, connect with a broader range of CA team members and learn best practices from industry leaders. Some events have included:
  - Impact Investing Forum: Highlights tangible and action-oriented insights to the rapidly growing sustainable and impact investing landscape.
  - Next Gen Forum: Family leaders and office executives are invited to attend to share experiences, gain insights and explore trends and challenges impacting the investment landscape. Attendees get to learn from peers and exchange ideas through guided discussions, breakout sessions, and expert panels on timely topics influencing portfolio strategy.
  - Private Investments Summit: An opportunity to hear from Cambridge Associates and industry thought leaders on how to target competitive, risk-adjusted returns across the private investment spectrum by focusing on fundamentals. Session topics included the evolution of venture capital, growth equity's globalisation, next generation requirements

for PI returns, capital market impacts on investment strategies and program construction.

- Thought leadership and market research: Clients receive complimentary access to our client-facing publications and newsletters including CA Insights, Market Matters, VantagePoint and white papers.

Principle 6: Activity

Signatories review their policies and assure their processes.

REVIEW OF POLICIES

To ensure that its policies remain relevant and effective, CA conducts regular reviews that involve comprehensive assessments of current practices, industry trends, and regulatory developments. These reviews are carried out by dedicated teams that specialise in sustainable and impact investing, DEI and stewardship, ensuring that the firm's policies are aligned with best practices and client expectations.

In the realm of sustainable and impact investing, as we have shown throughout this year's report, Cambridge Associates leverages both quantitative and qualitative analyses to assess the impact of investments on sustainability goals. This process is supported by ongoing research and collaboration with industry experts, allowing CA to refine its investment strategies and policies continually. Additionally, the firm engages with clients to understand their specific sustainability objectives and incorporates their feedback into policy reviews, ensuring that client needs are met effectively.

For DEI, Cambridge Associates has established robust frameworks to guide its policy reviews. The DEI policy review process involves analysing workforce demographics, recruitment practices, and employee engagement initiatives to promote a diverse and inclusive workplace. The firm also benchmarks its DEI efforts against industry standards and seeks input from external advisors to enhance its practices. In terms of stewardship, CA reviews its engagement and voting policies to ensure that they support responsible investment practices. This includes monitoring the performance of portfolio companies on ESG issues and advocating for positive change through active ownership. By maintaining a proactive approach to policy reviews, Cambridge Associates demonstrates its commitment to fostering a sustainable, inclusive, and responsible investment environment.

Our SII Council met at least quarterly, with sub teams meeting at least every month in this reporting period to discuss, improve and review policies in relation to ESG and DEI.

Furthermore, we continue to encourage our clients to review their investment policies annually and our team has implemented various tools to ensure investments align with client stewardship goals. We believe it is important for our own internal ESG and sustainability goals to be closely aligned with the advice and portfolio management advice we provide.

Progress towards our ESG and stewardship goals is tracked by our firm's Management Group as part of their agenda. In addition, the Management Group periodically invites members of the Sustainability and Impact Investing team to discuss the Firm's approach to ESG and whether improvements or enhancements can be made to the current plan.

ASSURANCE OF PROCESSES

Internal governance controls at Cambridge Associates play a crucial role in ensuring the integrity and effectiveness of its policies on sustainable and impact investing, DEI and stewardship. The firm has established a comprehensive governance framework that includes oversight by senior leadership and specialised councils, as evidenced earlier in this report.

These councils are responsible for setting strategic priorities, monitoring compliance, and evaluating the performance of policies and initiatives. Regular internal audits and risk assessments are conducted to identify potential areas of improvement and ensure adherence to regulatory requirements. Additionally, CA promotes a culture of accountability and transparency by encouraging open communication and feedback from employees at all levels. This robust governance structure ensures that the firm's policies are not only well-designed but also effectively implemented and continuously improved.

Underpinning this, we will always consider our staff training and our client feedback to be the two most important pillars in assuring our processes are robust and – where either side feels improvements can be made – we take steps to address their concerns.

APPROVING THE REPORT

The production and responses in this report were overseen by members of the SII Council, DEI Council and Net Zero Think Tank. In line with our governance oversight of ESG related activities, the Report was presented to the Cambridge Associates Management Group for review, comment and ultimately approval. These layers of approval and review ensure that our reporting is fair, balanced and understandable.

Footnotes

[1] ILPA is the Institutional Limited Partners Association.

[2] iCI is Initiative Climat International.

[3] As of 25 April 2024

[4] Includes 11 other outside shareholders; the average stake held by this group is 4%, with none holding more than 20%. Includes a small equity stake held by the non-executive chair of the firm's Board of Managers.

[5] Includes a combination of direct equity as well as profits interests and long-term option programs for senior employees responsible for the firm's business results. Profit distribution will increase as grants are made to senior leaders on an ongoing basis, further aligning incentives with firm performance.

[6] As of 30 June 2024

[7] All employee data as at 31 December 2023, some team members may have retired or left the firm at the point of drafting in 2024.

[8] As of 31 December 2023.

[9] Data as of 31 December 2023. We define Sustainable & Impact Investing (SII) products as those focused on 1) Environmental Impact (investments in processes, products or services that reduce negative environmental impacts or create positive environmental impacts); 2) Social Impact (investments in processes, products or services that improve communities' social and/or economic wellbeing); or 3) Diversified/Other Impact (investments in processes, products or services that are diversified across sustainable, impact and ESG themes and opportunities that do not meet specific environmental or social impact definitions). "SII product" is a designation used in our proprietary database and is based on manager-submitted survey data that is not independently verified.

[10] Total 'Managers Tracked' will not equal the sum of the strategies below due to managers offering products across multiple strategies.

[11] Includes US Equity ex-Small Cap and US Small Company Equity.

[12] Includes Asia/Pacific Regional Equity, Emerging Markets Equity, European Regional Equity, Global Equity, Global Small Company, Global ex-Australia Equity, Global ex-US Equity, Global ex-US Small Company Equity, Global ex-UK Equity, Global Natural Resources, Latin America Regional Equity, Middle East & Africa Regional Equity and Single Country Equity.

[13] Includes Global Multi-Asset Class, UK Balanced and US Balanced.

[14] Includes Bank Loans, Cash Management, Convertible Bonds, High-Yield Bonds, Inflation-Linked Bonds, Municipal Bonds and US Bonds.

[15] Includes Asian Bonds, Emerging Markets Debt, Euro Bonds, European High-Yield, Global Bonds, Global ex-US Bonds, Global Inflation-Linked Bonds and UK Bonds.

[16] Includes Multi-Asset Charity, Multi Country Real Estate Investment Trust, UK Property and US Real Estate Investment Trust.

[17] Includes Buyouts and Growth Equity.

[18] Includes Credit Opportunities, Senior Debt, Specialty Finance and Subordinated Capital.

[19] Includes Real Estate, Infrastructure. Energy Upstream & Royalties, US and Non-US Private Equity Energy, Timber, Agriculture and Hard Assets Fund-of-Funds and Secondaries.

[20] As of 31 Devember 2023. CA does not benefit nor receive compensation for managers in negotiated situations. All economic benefits accrue to our clients directly. Does not reflect the complete scope of feedback and influence on terms; includes negotiations that are no longer actively available to new capital. Terms may not be available to all CA clients; may be contingent on certain criteria such as client type, investment amount or aggregate CA capital invested with a manager or in a specific product; and are subject to change at the manager's discretion. For CA clients with non-discretionary relationships, fee, access, minimum and other prefered terms are offerred at-will. Managers may cease any such concessions at any time unless formal documentation between the manager and the client(s) has been executed.

[21] Client tenure does not necessarily represent client satisfaction.

[22] Data based on client cound as of 31 December 2023. n=1,017. Percentages may not sum to 100 due to rounding.

[23] Includes a wide variety of non-profit organisations including, but not limited to, museums and libraries, independent schools, medical institutions, professional and research organisations, service organisations, religious institutions, performing arts institutions and settlement trusts.

[24] Includes individuals, families and family offices.

[25] Included public and government-related funds, superannuation funds and sovereign wealth funds.

[26] Further information about our approach is available in our NZICI Progress Report, 2023.