

## Investment Review / Responsible Approach

# A Responsible Approach



It is our view that a responsible approach to the environment, society and governance is key to long-term sustainable businesses. This guiding principle is embedded not only in our investment philosophy but in how we manage Asset Value Investors as a company.

AVI was one of the original 200 investment firms to support the 10,000 black interns programme

## Diversity of Workforce:



	2025 Number	2025 %
● Male	13	56.5
● Female	10	43.5

Employees with Equity Ownership in AVI:  
**33.3%**

We maintain a corporate website containing a wide range of information of interest to investors and stakeholders: [www.aviglobal.co.uk](http://www.aviglobal.co.uk)

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## OUR PURPOSE

Helping our clients to make the most of their financial future.

At Asset Value Investors, we are dedicated to drawing on our long heritage, stewardship principles, and investment expertise to make investing responsible, transparent, and rewarding for all – from individuals and families to institutions and both private and listed companies.

While delivering strong financial returns remains central to our purpose, we also recognise the responsibility that comes with our influence. Through active engagement and thoughtful stewardship, we seek to challenge and improve the practices of the companies we invest in, contributing to a more sustainable future.

## OUR PHILOSOPHY

We are fundamentally committed to supporting long-term sustainable businesses that will grow and participate in the prosperity of the economy, with a responsible approach to the environment, society, and governance.

We believe that the integration of ESG and broader sustainability considerations into our investment strategy is essential to gaining a full and nuanced understanding of each investment's potential to generate sustainable, long-term value. By incorporating these factors into our analysis, we are better equipped to identify both risks and opportunities that may not be apparent through traditional financial metrics alone.

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This approach supports our conviction that responsible investment is not only consistent with our fiduciary duty to clients but also fundamental to achieving enduring value creation.

## OUR PRINCIPLES

We are aligned with the PRI's belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation.

Such a system rewards responsible, long-term investment and ensures that the interests of investors are more closely aligned with the broader objectives of society. It encourages transparency, accountability, and resilience within financial markets and promotes corporate behaviour that supports environmental sustainability, social progress, and strong governance practices. By fostering these conditions, the financial system can contribute not only to sustained economic performance but also to the wellbeing of communities and the preservation of natural resources for future generations.

AVI became a signatory to the UN-supported Principles for Responsible Investment (PRI) on 9 April 2021. In doing so, we affirmed our belief in our duty to act in the best long-term interests of our beneficiaries and to advance a financial system that creates enduring value for both investors and society.

## OUR APPROACH

As research-driven value investors, we seek to truly understand each company in our portfolio and the context within which it operates on a case-by-case basis.

AVI has built ESG factors into its proprietary research database and established a structured framework to ensure that ESG considerations are embedded throughout the investment process. This integration begins at the research and due diligence stage, where ESG risks and opportunities are systematically assessed alongside traditional financial metrics. Insights gathered from this analysis inform investment decisions, portfolio construction, and ongoing monitoring.

In addition, AVI has developed processes to track and evaluate ESG performance over time, enabling us to identify areas for engagement and measure progress across our portfolio. By combining rigorous financial analysis with a thoughtful approach to sustainability and governance, we aim to make more informed, responsible investment decisions that enhance long-term value creation for our clients.

## DEFINING 'E', 'S' & 'G'

AVI has identified\* the factors that we believe are the most material and relevant to our investments and developed a bespoke ESG monitoring system to track the performance and progress of our portfolio companies against defined ESG metrics.

We define **environmental** sustainability within the context of:

- Environmental Impact
- Tackling Climate Change
- Sustainable Management

Our **social** focus is divided into:

- Dignity and Equality
- Wellbeing and Development
- Community Engagement

Our approach to **governance** includes:

- Quality of Governing Body
- Corporate Strategy
- Ethical Behaviour

The metrics within each of these areas provide a comprehensive view of a company's governance practices, environmental impact, and social performance. They enable us to assess how effectively these factors are being managed and improved over time, helping to identify both risks and opportunities that may influence long-term value creation. This framework also guides our engagement priorities, ensuring that dialogue with portfolio companies is focused on driving measurable progress, enhancing sustainability, and supporting enduring financial and societal outcomes.

## OUR STEWARDSHIP

Good stewardship should be viewed as a continuous practice and is essential to preserving and enhancing long-term value.

Active engagement is at the core of our investment strategy and our ESG monitoring system plays an important role in helping us to identify potential areas of engagement.

As long-term investors, our aim is to build constructive relationships with the boards and management of the companies in which we invest, addressing issues and offering suggestions to sustainably improve corporate value in consideration of all stakeholders and in the best long-term interest of our clients.

## Controversy Monitoring

Supported by ISS Norms Based Research, we also closely monitor any controversies and potential violations of international norms and standards associated with our universe. Whilst our hope is that controversies do not occur, they can be a marker of how well a company's policies are integrated into business operations and culture, highlighting vulnerabilities or structural problems and indicating where improvements can be made. Through constructive engagement, we encourage and expect investee companies to take meaningful action in addressing weaknesses in the context of long-term value creation.

## ACTIVE ENGAGEMENT

We seek to be constructive partners and continue to maintain an active dialogue with the boards and management of our portfolio companies.

The majority of our engagements take place behind closed doors, where we believe constructive, private dialogue is often the most effective way to drive change. We aim to build mutual understanding and trust with company boards and management, supporting long-term improvements in governance, strategy, and sustainability.

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However, when private engagement does not yield sufficient progress or when issues of significant shareholder importance are not addressed, we are prepared to raise our concerns publicly. This is done to increase transparency, mobilise broader shareholder support, and encourage meaningful, lasting change.

Our approach to engagement is highly bespoke and informed by in-depth research and analysis. ESG priorities are identified on a case-by-case basis, reflecting each company's unique context, risks, and opportunities. Rather than offering generic guidance, we focus on diagnosing the root causes of underperformance or governance weaknesses and provide targeted, practical recommendations. Through persistent, evidence-based dialogue – and, when necessary, public advocacy – we seek to enhance accountability, strengthen governance, and support the creation of enduring shareholder and stakeholder value.

## BESPOKE ENGAGEMENT

Every engagement is different. Not only do our engagements cover a broad range of topics, but we employ a wide variety of engagement methods to ensure our views are clearly understood and there is opportunity for constructive dialogue. During 2025, our team visited a number of companies for in-person meetings including Chrysalis Investments, Gerresheimer, and trips to our South Korean companies such as Amorepacific Holdings; meeting with several layers of the companies including chairperson, CEOs and external board members.

Whilst the majority of our engagements are long-distance, face-to-face discussions can be invaluable in strengthening collaborative relationships and deepening our engagements.

## COLLABORATIVE ENGAGEMENT

We recognise the value of collaborative engagement in addressing collective issues.

We continue to participate in CCLA's collaborative initiative to improve corporate approaches to workplace mental health globally. AVI joined the initiative in 2023, and since then LVMH (which AGT has exposure to through Christian Dior) has made notable progress in demonstrating its commitment to employee mental health. In FY25, AVI also joined the International Corporate Governance Network (ICGN) to collaborate on advancing corporate governance standards and sits on its Emerging Markets Working Group, reflecting our active stewardship and engagement in markets such as South Korea.



**ICGN MEMBER**  
Inspiring global governance standards  
[www.icgn.org](http://www.icgn.org)



## Pre-Investment

**Exclusionary screening** is not our guiding framework, however there are certain exceptions to this. AVI will not invest in a company with direct involvement\* in:

- Tobacco
- Controversial Weapons
- Pornography

Or companies that engage in child labour or human exploitation as defined by the relevant ILO conventions.

Prior to investment we:

Assess a company's **exposure to ESG risks and opportunities**, including climate-related risks and opportunities.

Identify whether the company is involved in any actual or potential violations of international norms and standards supported by **ISS<sup>^</sup> Norms-based Research**.

## Investment Period

**ESG monitoring system** built into our proprietary database to ensure ESG factors are considered alongside financial analysis.

**Ongoing ESG assessments** of portfolio companies' performance against defined ESG metrics. A scoring system is used to assess trends and highlight potential areas for engagement.

**Tailored questionnaires** sent to all companies based on our assessments to request additional ESG information and promote improved sustainability disclosure.

**Ongoing controversy monitoring** following a clear engagement pathway if companies are flagged.

**Constructive engagement** with boards and management to help sustainably increase corporate value by building resilience to ESG risks and promoting responsible business practices.

\* Whereby more than 5% of that company's NAV is derived from these activities.

<sup>^</sup> Institutional Shareholders Services group of companies.



Useful resources:

- [www.ccla.co.uk/mental-health](http://www.ccla.co.uk/mental-health)
- [www.assetvalueinvestors.com/process/esg-approach/](http://www.assetvalueinvestors.com/process/esg-approach/)
- [www.issgovernance.com/esg/screening/](http://www.issgovernance.com/esg/screening/)



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## HIGHLIGHTS FROM 2025

01. AVI published its first annual ESG Report, sharing both qualitative and annual quantitative insights into how we integrate ESG throughout our investment process
02. AVI joined the International Corporate Governance Network (ICGN), reinforcing its commitment to advancing global corporate governance standards and active stewardship
03. AVI celebrated one year of quarterly Stewardship and Sustainability Risk Committee meetings, chaired by our Director responsible for ESG
04. AVI has enhanced its proprietary ESG data collection, allowing AGT investment teams to better track and measure engagements and outcomes



Policies and reports can be found on our website: [www.assetvalueinvestors.com/agt/#responsibleinvesting](http://www.assetvalueinvestors.com/agt/#responsibleinvesting)

## AGT 2025 ENGAGEMENTS

Engagement Method	Number of Engagements	Number of Companies Engaged
Meeting	61	10
Letter	5	5
Collaborative Engagement	1	1
Presentation	4	4
Shareholder Resolution	1	1

## AGT 2025 PROXY VOTING RECORD\*\*

Total voted:

100%

100%\*

Voted against management:

9%

9%

Voted with management:

91%

91%

\* 9% of these votes were not officially counted for technical reasons.

\*\* As at 30 September 2025.

## ENGAGEMENT BREAKDOWN\*

Governance:

74%

74%

Social:

17%

17%

Environmental:

9%

9%

## WACOM

### Strengthening governance to unlock shareholder value

In May 2025, AVI launched the “Draw Wacom’s Future” ([www.drawwacomsfuture.com](http://www.drawwacomsfuture.com)) campaign, highlighting the need for stronger governance at Wacom Co., Ltd., Japan’s leading digital pen and tablet manufacturer. AVI, Wacom’s largest shareholder, has long engaged with the company to address concerns over board effectiveness, transparency, and strategic accountability.

Following extensive private engagement, AVI submitted shareholder proposals at Wacom’s 2025 AGM, calling for the establishment of a Transformation Plan Supervisory Committee, the appointment of an independent director with capital markets expertise, and amendments to the Articles of Incorporation to strengthen oversight. When these concerns were not adequately addressed, we launched the public campaign to promote enhanced governance and long-term value creation.

AVI are encouraged by shareholder engagement and Wacom’s receptiveness to our proposals. This campaign underscores the importance of strong corporate governance and demonstrates how targeted shareholder activism can drive accountability and support sustainable value creation.

\* % breakdown of total ESG engagements (82) during FY25.