

# Downing's Sustainability and Responsible Investment Report

2025



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# Foreword

At Downing, we are committed to operating responsibly and sustainably across all areas of our business. We understand that our decisions shape not only the financial future of our clients but also have a lasting impact on society and the environment.

This report reflects our ongoing journey—celebrating achievements, acknowledging challenges, and setting out our ambitions for the future. It provides an update on the factors we consider most material to the long-term sustainability of our business and investment portfolios, including how we support our people, communities, and stakeholders while driving sustainable growth.

This report reflects on Downing's FY25, which ran from 1 June 2024 – 31 March 2025.

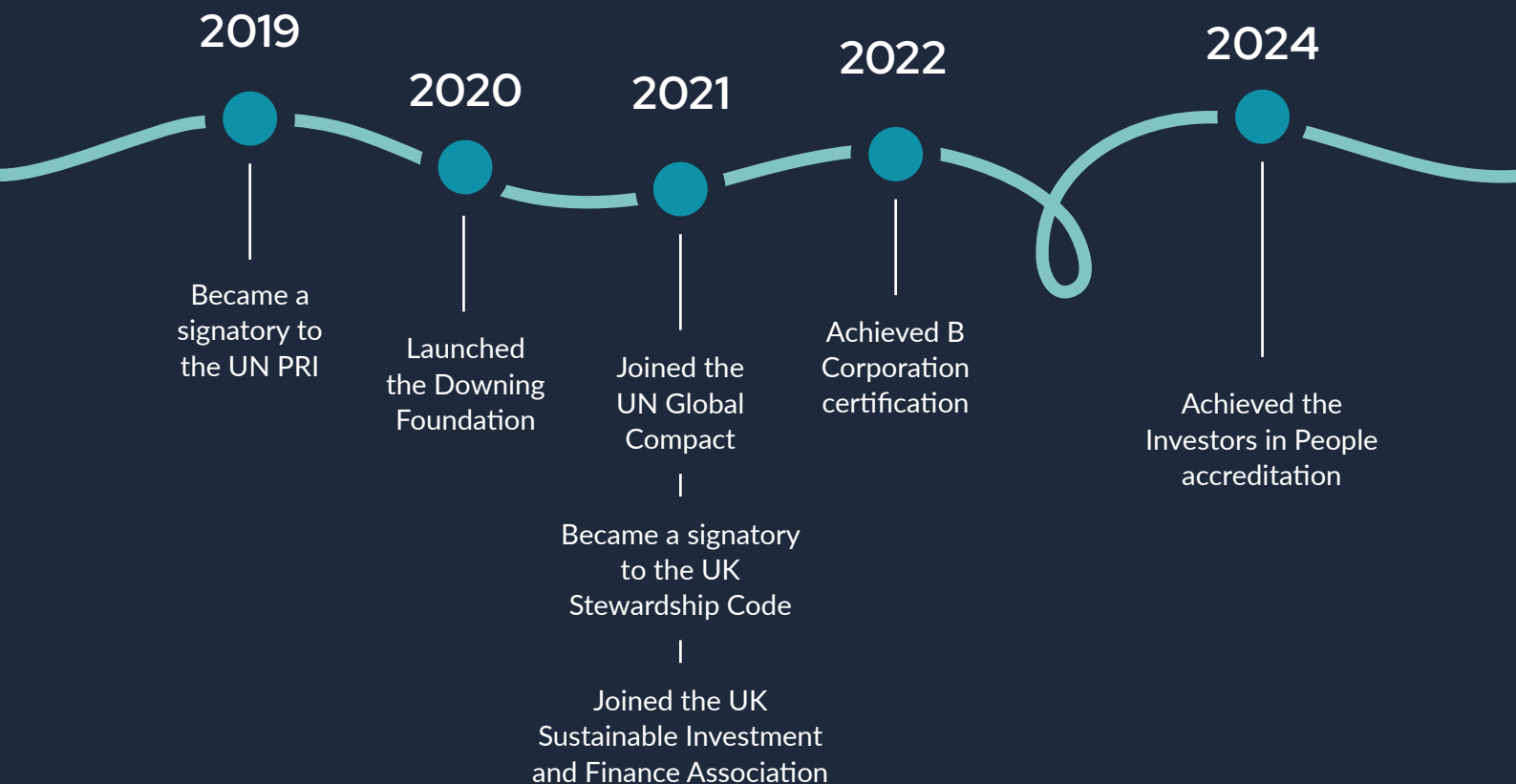


**James Weaver,**



COO and Co-Deputy CEO

## Journey so far





# Downing Group Sustainability Governance

Sustainability governance at Downing is fully integrated into our corporate governance framework. Oversight of the sustainability strategy is provided by Downing's Executive Management Team. We have appointed a member of the Executive Management Team (i.e. its COO and Co-Deputy CEO) to hold overall responsibility for Downing's sustainability strategy and oversight. A dedicated sustainability function at the highest level develops our Sustainability and Responsible Investment policies and strategies and supports the day-to-day processes that embed these principles across operations and investment activities.

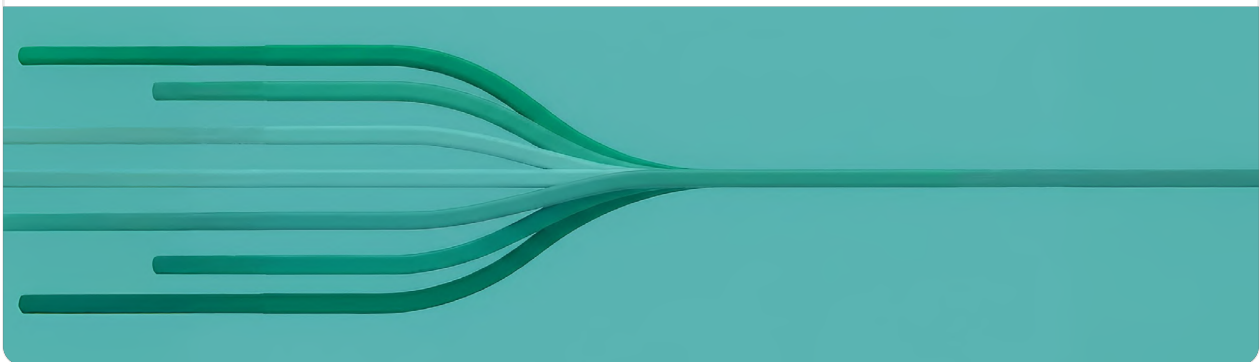
The relevant Board of Directors at Investment Fund and/or Portfolio Company level are ultimately responsible for ensuring effective governance and responsible decisions. The Boards delegate the day-to-day management of Responsible Investment processes and ESG risk to Downing in its role as Investment Manager. All Investment Partners are responsible for ensuring that the Responsible Investment Policy is embedded into their team processes.



## Driving ethical governance

We recognise that strong governance policies are material to the long-term sustainability of our business, ensuring ethical conduct, regulatory compliance, and stakeholder trust. During the period, Downing strengthened its Modern Slavery Commitment through a series of governance enhancements. A revised Modern Slavery Policy was approved by the Board in November 2024, reinforcing due diligence of our supply chains.

Looking ahead, we aim to embed sustainability principles even further by introducing standard ESG wording into our contractual agreements, ensuring our value chain is aligned with our values. This will help ensure that our partners and suppliers align with our values and commitments, creating a consistent approach to sustainability across our ecosystem.



## Information security

In December 2024, Downing completed a comprehensive five-day surveillance audit of its Information Security Management System (ISMS). This audit covered all aspects of our controls, governance processes, and operational practices relating to information security.

Through this exercise, our ISMS was formally aligned to the updated ISO/IEC 27001:2022 standard, marking an upgrade from our previous certification under ISO/IEC 27001:2013. As a result of Downing's certification, IT and security practices are managed in alignment with the ISO 27001 standard.

This achievement reflects our continued commitment to maintaining the highest standards of data protection, operational resilience, and regulatory compliance, ensuring that our information security practices remain robust, modern, and aligned with the evolving global standard.





# Our People

## Performance and development culture

At Downing, we believe that a skilled and supported workforce is essential to sustainable business success. That's why we place a strong emphasis on Continuing Professional Development (CPD). CPD not only ensures compliance with the FCA's requirements but also empowers individuals to grow professionally, stay current in their roles, and contribute to a culture of excellence. Senior managers, certified staff, and qualified professionals must complete 35 hours of CPD annually, including 21 structured hours and at least 2 hours focussed on sustainability. All other staff must complete 15 hours, including 9 structured hours and at least 2 hours focussed on sustainability. The Sustainability team provide guidance and create content to support the sustainability requirement. We are pleased that in FY25 we maintained our record of 100% of staff completing the full suite of annual compliance training.





## Leadership development and managerial excellence

Our line manager development programme focuses on cultivating emotionally intelligent, approachable leaders who balance challenge with support:

- Leadership Styles: Training explores laissez-faire, authoritarian, and achievement-led styles with focus on the latter for unlocking team potential.
- Leadership Principles: clear actionable principles to guide training and performance expectations.
- Insights Tools: Used to equip managers with the skills to foster high performance and wellbeing simultaneously.

## Employee satisfaction monitoring

Downing surveys staff on a quarterly basis to determine their engagement and satisfaction. The survey asks staff to give honest feedback on what Downing is doing well and could be doing better. As at 31 March 2025 the average engagement score was 4.2 out of 5. These insights have informed our approach to employee engagement, and we will continue to review progress and share updates in future reporting cycles.



“At Downing, we’re committed to creating meaningful, long-term employment. That means offering stable careers built on fair pay, safe working environments, and real opportunities for growth- both personally and professionally. We also recognise the importance of balance, which is why we support flexible working and hybrid arrangements to help our people thrive in and beyond the workplace.”

**Shruti Patel**

Partner, Head of People

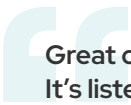
# Communities

## Supporting our clients

Customer satisfaction and trust are critical to our resilience and reputation. We take a proactive approach to client engagement, including tailored support for vulnerable customers and a commitment to accessible, respectful communication. Every interaction matters—from how we respond to queries, to how we gather and act on feedback. We regularly conduct satisfaction surveys and monitor feedback channels to identify areas for improvement. By maintaining client satisfaction, we safeguard our commercial resilience.

Using the Net Promoter Score (NPS) metric to monitor our customers’ experience provides a clear, standardised measure of client satisfaction and loyalty, helping to identify and drive targeted improvements. We’ve set key performance targets: 85% of emails will be answered on the day they are received, and 100% will be acknowledged within 48 hours. This reflects our dedication to timely and attentive service, and we track it closely as part of our operational performance. By maintaining responsiveness, we uphold the trust placed in us by our stakeholders.

KPI	FY24 Target	FY24 Result	FY25 Target	FY25 Result
Net Promoter Score	50	56	70	75

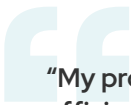


Great customer service is about being there—really being there. It’s listening with intent, responding with care, and making every client feel seen and valued. Satisfaction isn’t just about solving problems; it’s about building trust that lasts.

As Customer Service Director, I see client feedback as one of our most valuable assets. It gives us direct insight into what our customers truly need and expect. Every piece of feedback helps us refine our service, strengthen relationships, and deliver experiences that genuinely add value. Listening isn’t just good practice—it’s how we stay relevant, responsive, and committed to continuous improvement.

**Jane Hart**  
Customer Service Director

## Customer Feedback



“My problem was dealt with efficiently, promptly and with care and understanding, under the circumstances. I thank your colleague sincerely.”



“I sent an email at 15.05 expecting to receive the information possibly Monday, I have been sent it 15 minutes later. I am always impressed with the level of service I receive. Thank you.”



## Contributing to our local communities

The Downing Foundation remains central to Downing's culture and community engagement strategy. The Foundation continued its mission to support small charities that make a big difference in our local communities. We choose small to medium-sized charities where we can see the difference we are making and can give time as well as money.

During the reporting period, we donated over £100k to the listed charities and other causes. In addition, we are proud that sixty of our staff volunteered their time to support charity events, giving substantial hands-on support. The funds helped sponsor initiatives such as:

### Spread a Smile (London)

bringing joy, entertainment and support to seriously ill children and their families

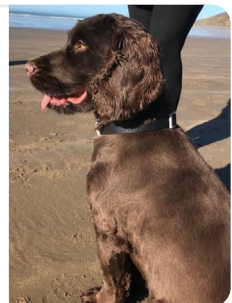
- Entertainers for Spread a Smile on Christmas/Boxing Day. At the Downing Christmas Party, we raised £2,395 to send five entertainers into London hospitals on Christmas Day and Boxing Day to bring smiles to the faces of seriously ill children and their families.
- Spread a Smile Zoo Day – Ten volunteers supported at London Zoo, guiding children and their families around the zoo as well as making masks, supporting colouring activities and helping with glitter tattoos.
- Christmas hamper packing – 20 volunteers went on separate days to pack hampers for seriously ill children and their families over the Christmas period.



### Hearing Dogs for Deaf People (London)

training dogs that transform the lives of people who are profoundly deaf, making everyday life safer and more accessible

- Hearing Dogs Puppy - Bailey, our first sponsored puppy, is progressing well in training. This year we funded a second puppy, who will come from an upcoming litter—we're excited to welcome them soon!



### Tibbs Dementia Foundation (London)

offering comfort, activities and support to people with dementia, and guidance for their families.

- We sponsored the creation of a rare dementia hub in Bedford, this has created a safe space for sufferers of Lewy Body, Temporal Lobe and early onset dementia and their carers to receive support from Tibbs and each other. Sharing stories, tips and research to enable them all to better deal with the symptoms of these types of dementia. Some of these families have never met another family who suffers in the same way.



### Eilidh Brown Memorial Charity (Glasgow)

Provides accommodation for children and families undergoing chemotherapy.



# Environment

## Office environment

Downing's office environments influence our ability to deliver long-term value and resilience because they shape resource use, employee wellbeing, and our ability to meet our goals.

While we have continued to strengthen practices across all sites, our FY25 initiatives were shaped by the relocation of our London head office and Glasgow regional office early in the year. The moves provided an opportunity to embed sustainability considerations into the design and operation of the new spaces, complementing efforts already underway in all offices.

Throughout the design and fit-out, we prioritised re-use and efficiency by retaining and repurposing most existing furniture, sourcing new desk chairs second-hand to extend product life cycles, and donating surplus items to charities to avoid waste. Where reupholstering offered limited benefit, selective new purchases were made with consideration of environmental impact. For example, new meeting spaces and outdoor areas were designed with circularity in mind: the meeting pods purchased are built from recycled steel and are fully recyclable at end-of-life, while London's terrace features astroturf from a supplier committed to responsible product specification and recyclability. These choices reflect our commitment to responsible procurement and resource stewardship.



In London, building operations are managed by the landlord, but we collaborated closely with the new building management team to implement some improvements. As a result, in February 2025 a new waste management system was introduced, featuring dedicated bins for mixed recycling, food waste, and non-recyclables. Additionally, water efficiency measures, including low-flush systems, have been incorporated.

We are mindful that responsible energy sourcing has the potential to directly reduce emissions and drive systemic change across energy supply chains. During FY25, all offices operated on 100% renewable energy tariffs. For the new London office, we are actively engaging with the landlord to align energy supply with our renewable standards.



## Emissions update

For FY25, we again commissioned Agendi to assess Downing's greenhouse gas emissions. Downing's corporate carbon footprint for FY25 was 32% lower than FY24, driven mainly by improvements in our spend-based emissions methodology. The shortened financial year has had minimal impact on emissions intensity.

KPI		FY23 tCO <sub>2</sub> e	FY24 tCO <sub>2</sub> e	FY25 tCO <sub>2</sub> e
Scope 1	Direct emissions from owned or controlled sources	6	4	0
Scope 2	Indirect emissions from the generation of purchased energy	80	63	68
Scope 3	Indirect emissions across our value chain			
	Scope 3 excluding category 3.15: Financed emissions	2,300	3,134	2,091
	Of which Category 1: purchased goods and services	1,827	2,628	1,383
	Of which Category 6: business travel	271	329	326
	Of which Category 7: employee commuting	132	135	47
Total corporate carbon footprint		2,386	3,201	2,159
Intensity	Corporate emissions per £mn revenue	39	68	49
	Corporate emissions per headcount	11.2	13.5	8.2
Scope 3	Category 3.15: Financed emissions		336,501	379,573

*Scopes and Categories follow the greenhouse gas inventory structure defined by the Greenhouse Gas Protocol, the global standard for measuring and reporting emissions.*

*FY25 was a shortened 10-month year running from 1 June 2024 – 31 March 2025.*

*Headcount means employees and partners.*

*Financed emissions numbers materially cover the Public Equity, Private Equity, Energy and Infrastructure portfolios.*

We have provided a breakdown of the Scope 3 categories that contributed most significantly to the overall total and / or offer interesting insights.

- Category 1 purchased goods and services remains the largest corporate emissions source at 1,384 tCO<sub>2</sub>e, representing 64% of Downing's footprint.
- Category 6 business travel is the second largest corporate emissions source at 326 tCO<sub>2</sub>e, representing 15% of Downing's footprint. The opening of our Finland office contributed to changes in business travel patterns.
- Category 7 emissions from employee commuting declined as more staff opted for public transport over car travel.

Financed emissions stand at 379,573 tCO<sub>2</sub>e, representing more than 99% of Downing's total emissions. These are listed separately as they relate to portfolio investments rather than Downing's own operations.

## Methodology development

For FY25 emissions reporting we have transitioned from the discontinued WRI/Quantis GHG Protocol Scope 3 Evaluator to the Comprehensive Environmental Data Archive (CEDA) emissions factor database. CEDA provides more granular and up-to-date data, improving the accuracy of our calculations. Historical figures remain consistent with the methodologies applied at the time of reporting.

We also refined our approach to employee commuting emissions by issuing a short staff survey to capture real-world commuting patterns. This enabled us to replace generic estimates with representative data, resulting in car-related emissions almost halving, as employees shifted from car travel to public transport.

For the first time, we achieved full coverage of private equity investments using a combination of available proxy data and average emissions intensities. We are exploring options to introduce a reporting platform to improve user experience and enable more comprehensive portfolio reporting.

These efforts reflect our commitment to continuous improvement in emissions measurement and to aligning our reporting practices with best-in-class standards.



Broken Scar Limited,  
Northumbria, UK



## A note on the development of our approach to net zero and climate risk

Over the past three years, we have continued to report our emissions and improved the quality and consistency of our data. However, reporting progress alone does not equate to readiness for Net Zero commitments. Achieving meaningful progress toward Net Zero requires far greater data availability and influence than we currently have. The Net Zero Asset Managers (NZAM) initiative has evolved to reflect regulatory uncertainty and practical challenges, which provides an opportunity for Downing to reassess its approach. Given these challenges, we are considering whether maintaining Downing's AUM within NZAM is appropriate. This discussion will be guided by our ability to deliver the commitment responsibly and transparently. Our priority is to build the confidence, capability, and data foundations needed before setting targets or making long-term commitments. We are doing this through development of our:

- Data Quality and Flow: Prioritising robust data collection and management to enable informed decision-making.
- Double Materiality Assessment: To evaluate whether climate risk is material to Downing's business.
- Climate Risk Monitoring: Introducing climate value-at-risk assessments at investment entry and throughout ownership.
- Enhanced TCFD Disclosures: Improving transparency on governance, strategy, and risk management.

In recent years, we have voluntarily published TCFD and TNFD disclosures to demonstrate our commitment to transparency on climate and nature-related risks. We are now focusing on strengthening our data-driven approach to climate-related financial disclosures to enable more informed decision-making and oversight. While we enhance methodologies and align processes, we continue to assess high-level climate risks at the point of entry for all direct investments. This decision does not affect any regulatory obligations, and we remain aligned with TCFD principles as we prepare for an enhanced disclosure in the future.

This approach ensures we remain proactive in understanding and managing climate-related risks while maintaining alignment with our fiduciary responsibilities.



Gabrielsberget Syd Vind ABFinland,  
Aspeå, Sweden

# SUSTAINABLE DEVELOPMENT GOALS

Downing uses the following UN Sustainable Development Goals as a framework to illustrate the broader societal relevance of our investments. How we contribute to these is illustrated below through some KPIs.

**3** GOOD HEALTH AND WELL-BEING



**4** QUALITY EDUCATION



**7** AFFORDABLE AND CLEAN ENERGY



**8** DECENT WORK AND ECONOMIC GROWTH



**11** SUSTAINABLE CITIES AND COMMUNITIES



## 3 GOOD HEALTH AND WELL-BEING

**890** specialist care beds funded\*\*

**1,100** funerals served\*\*

**2,838** elderly care beds funded\*\*

Emissions avoided (tCO<sub>2</sub>e) through renewable energy generated: **303,325\***

Lost Time Injury Frequency Rate in E&I portfolio: **0\***

## 4 QUALITY EDUCATION

**876** specialist education places funded\*\*

**626** early years education places funded\*\*

**14** educational events sponsored by E&I portfolio\*

## 7 AFFORDABLE AND CLEAN ENERGY

**289,311** homes powered by renewable electricity generated\*

**13,452** homes powered by renewable electricity generated\*

**30.6%** of E&I energy requirement using renewable sources\*

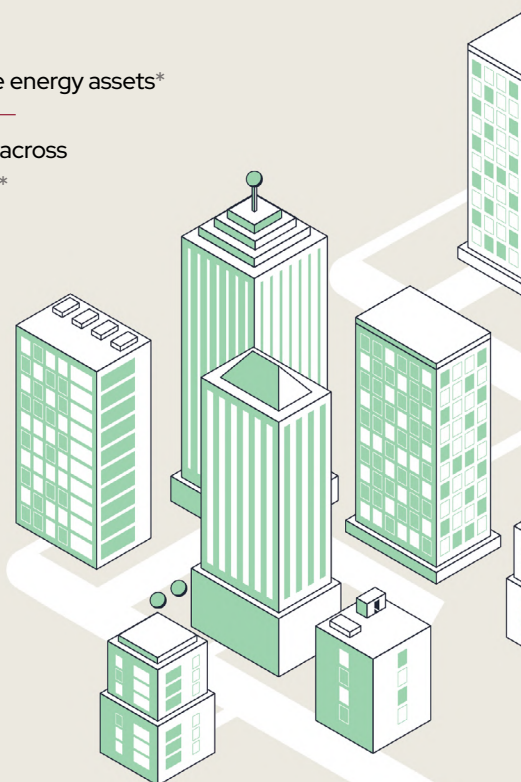
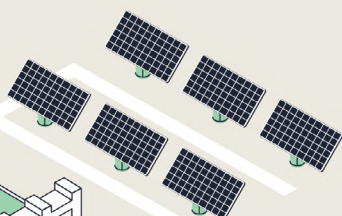
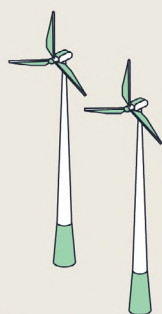
## 8 DECENT WORK AND ECONOMIC GROWTH

**66** jobs supported by renewable energy assets\*

**1:2.4** ratio of women on boards across E&I and Public Equity portfolios\*\*

## 11 SUSTAINABLE CITIES AND COMMUNITIES

**£58,018** community funding from E&I portfolio\*



\* Reporting period 1st of June 2024 – 31st of March 2025

\*\*Data as at 31st of March 2025



# Our Responsible Investment Framework

During FY25 we remained committed to ensuring that all investments managed by Downing are embedded within our Responsible Investment framework from the outset, so that decisions consistently reflect our commitment to sustainability. The framework is designed to encompass each investment product in a way that aligns with its specific strategy and objectives.

At the foundation level, Downing applies an exclusions list across all direct investments.

During FY25, our proprietary ESG Scorecard remained central to the direct investments under management. The ESG Scorecard is designed to ensure that ESG considerations, material to the long-term success of the investment, are identified and addressed in a structured and measurable manner. In the Public Equity market, we enhance our approach by combining our ESG Scorecard insights with third party ESG ratings data to strengthen robustness.

At Downing, active stewardship is considered essential for managing the most material ESG risks and opportunities. Since 2021, Downing has been a signatory to the UK Stewardship Code and continues to be committed to upholding high standards of accountability, transparency, and responsible ownership. We tailor our engagement style and methods to each investment type to influence meaningful outcomes.



## UN Principles for Responsible Investment

Downing has been a signatory to the UN PRI since August 2019. Our ongoing commitment to adhere to the Principles and participating in this assessment reflects our commitment to global responsible investment standards. We are pleased with our strong results in the latest PRI assessment, a performance which serves to signal to stakeholders that we appropriately integrate sustainability into decision-making, enhancing trust, attracting long-term investors, and reinforcing our commitment to ethical and resilient business practices.

Policy Governance and Strategy



Direct – Listed equity – Active fundamental



Direct – Private Equity



Direct – Infrastructure



# Strategy specific insights and outcomes

## Private Credit

### Building for the Future

Downing's Private Credit department continues to support residential development projects across the UK, partnering with experienced developers and contractors to deliver new homes and refurbishments. Our approach is grounded in responsible lending practices, including conservative loan-to-value ratios which support the resilience of both the borrower and the wider housing market. The selection of partners with proven track records help us ensure projects are delivered to a high standard, on time, and in compliance with regulations.

Recent projects include new homes in Gloucestershire, apartment developments in Birmingham, and the transformation of a former hospital site in Scotland into residential properties. These initiatives address local housing needs, contribute to land regeneration, and make efficient use of existing infrastructure—contributing to community development and sustainability objectives.

During FY25, certain loans qualified for an assessment where if specific ESG criteria were met, an interest rebate of up to 1% would be provided. The initiative was designed to promote sustainable construction practises and support projects that aim to deliver long-term environmental and social benefits.

### Case Study: Lending framework supporting responsible practises

During FY25, one residential development successfully met the framework's ESG criteria and demonstrated how responsible design and construction practices can be embedded into housing projects.

The development incorporated a range of measures to enhance energy efficiency and reduce carbon impact. Homes achieved an EPC rating of A, supported by the use of timber frames as a low-carbon construction option and 100% LED lighting across the site. Thermal bridging was carefully addressed, with calculated bridges delivering a 76% improvement on the minimum permitted standard. Additional energy-saving features included flue gas heat recovery, zonal heating controls, and photovoltaic panels, resulting in a 14% improvement over building regulations.

Water efficiency was prioritised through low-flow fittings and dual-flush toilets, while ecological responsibility was ensured via compliance with tree and protected species surveys. The development also utilised a brownfield site, reducing its environmental footprint.

This case demonstrates how targeted initiatives can recognise and encourage developments that adopt low-carbon construction methods, improve resource efficiency, and deliver tangible environmental benefits.





# Energy and Infrastructure

Downing's Energy and Infrastructure (E&I) department manages a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe, from development to pre-construction and mature operations. Areas of activity include:

- core renewables such as wind, solar photovoltaic and hydropower projects;
- energy storage; and
- grid projects

Our climate-friendly investments are helping to transition from fossil fuels to renewable energy.

On an annual basis since 2023, we have submitted a subset of the E&I portfolio to the Global Real Estate Sustainability Benchmark (GRESB) to understand how our approach compares to best practice and our peers. As at 31 March 2025, our Swedish hydropower portfolio held a 3-star GRESB rating, surpassing the GRESB average in all categories and ranking 2nd of the six hydropower generation managers assessed.

## Case Study:

### Approach to site selection and biodiversity in the UK

Downing Renewable Developments (DRD) is developing thousands of megawatts of solar, battery storage and onshore wind projects to help accelerate the UK's transition to Net Zero. We focus on utility-scale renewable energy projects that are environmentally responsible as well as technically and commercially viable.

### Land use & biodiversity commitment

Renewable energy infrastructure, whether it be solar, onshore wind or other technologies, requires careful land use planning to balance energy generation with environmental stewardship. Despite ambitious capacity targets, the total land footprint of renewables remains modest relative to energy output. For example, even with significant expansion, solar farms are projected to occupy less than 1% of UK land by 2050.

In line with the National Policy Statement for Renewable Energy (EN-3), DRD champions sustainable land stewardship across all renewable developments. By avoiding "Best and Most Versatile" (BMV) land where possible, it's ensuring that high-quality farmland remains available for agricultural use such as food production. The projects are temporary in nature, typically lasting 40 years, which allows for future land restoration or reuse. By allowing land to rest during this fallow period, the developments contribute to improved soil health and long-term land resilience.

Furthermore, in instances where agricultural land is utilised, its ongoing productivity can be preserved through the implementation of on-site sheep grazing. This approach ensures that the land continues to serve its agricultural purpose while accommodating the needs of the development.

DRD has always sought to maximise Biodiversity Net Gain on all projects, even prior to the mandatory 10% net gain requirement established in February 2024. As the Department for Energy, Food and Rural Affairs (DEFRA) highlights in their Food Security Report, climate change and biodiversity loss are among the greatest threats to long-term food security. DRD's projects address both, by contributing to the UK's legally binding Net Zero goals, whilst addressing loss in biodiversity.

## Case Study:

### Protecting habitats through passive conservation

Hammarby is a 0.56 MWp hydropower plant in central Sweden, acquired in 2024. It sits within a nature reserve and Natura 2000 area, established in 1976 to protect the region's diverse deciduous forests and historical land use. The hydropower plant itself was a key reason for the reserve's designation, due to its impact on the landscape and water flow since it was developed in 1905 to provide energy to support the local iron industry.

As responsible stewards of the land, the Asset Manager maintains the surrounding landscape through passive conservation and low intervention, facilitating natural development. This approach aligns with conservation practices across the Company's Swedish hydropower portfolio, which includes around two acres of wetlands and 40 acres of mixed forest. Letting these habitats evolve naturally enhances biodiversity, with aging forests becoming ecological hotspots and wetlands supporting water regulation and species richness.



Wetlands by Båthusströmmen hydropower plant

## Case Study:

### Local workforce help us optimise renewable energy generation

During FY25, the Swedish hydropower portfolio underwent a structural improvement, marked by a shift from large national O&M contractors to tailored partnerships with local specialists. This strategic move has enhanced operational agility and fostered stronger regional engagement across many of the power plants.

These local contractors mainly handle regular site checks, maintenance, and small improvement projects. There are currently 19 of them, and their dedication is clear—many live nearby, which helps cut down on travel time, emissions, and costs. Being close also means they can respond quickly, reducing downtime and maximising renewable energy production.

One example is Jan-Erik at Högforsen, who's been involved with the plant for 30 years and has deep family ties to the site. His grandfather owned the land before the plant was built in 1915. Jan-Erik says the community is very supportive and even helps monitor the plant, often calling him if something seems out of the ordinary.

Working with trusted locals like Jan-Erik helps build strong, collaborative community relationships and supports local jobs, contributing to the local economy.



# Private Equity

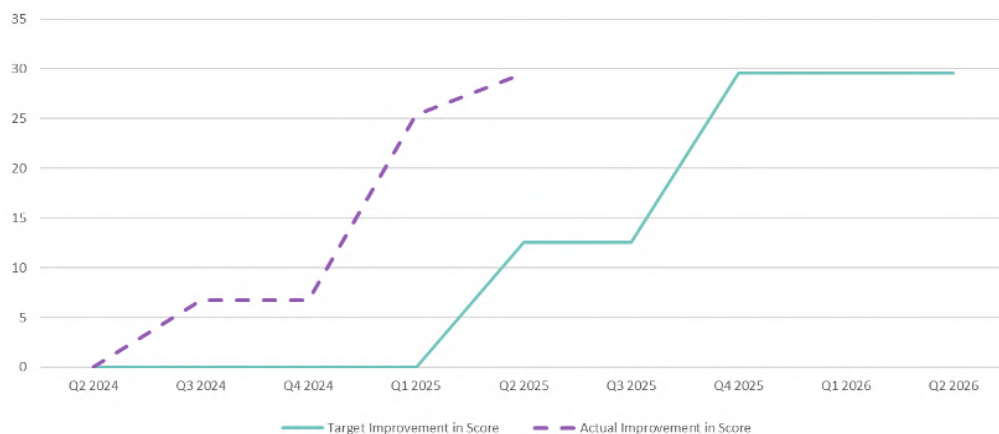
Downing's Private Equity strategy typically focuses on businesses with long-term, needs-driven demand with asset backing and/or social infrastructure characteristics. Each investment aligns with a consistent approach: backing resilient businesses that can deliver reliable returns and with potential to deliver meaningful community impact. We primarily focus on investing in the healthcare and education sectors, where we leverage our expertise to drive growth, improve quality, and create lasting impact. The strategy is delivered through disciplined capital allocation and active engagement with portfolio companies that support the delivery of reliable financial returns and operational improvement.

## Case Study: Partnering for resilience

When a high-quality early years education provider joined the portfolio, its operational standards were already strong, with all sites rated 'Good' or 'Outstanding' by Ofsted. Despite this, our ESG assessment revealed some gaps in governance and environmental reporting that posed potential risks to long-term value.

We have taken a proactive approach—working closely with the management team to strengthen oversight, transparency, and sustainability. Together, we have introduced board-level ESG accountability, built systems to measure and manage Scope 1 and 2 emissions, and implemented clear reduction targets. Governance was reinforced through the appointment of an independent Chair, and employee satisfaction and engagement has been bolstered by introducing training and feedback mechanisms.

All actions were completed ahead of the target timeframe. As a result, the business is now better equipped to manage ESG risks, with stronger governance, clearer environmental reporting, and a more resilient foundation for growth. These efforts protect the company and safeguard our investment.





# Public Equity

Downing Fund Managers (DFM) is the boutique, specialist investment arm of Downing that provides a distinctive suite of investments that differ from the mainstream.

DFM invests primarily in UK-listed companies and global funds - a deliberate choice that aligns with its governance-led approach to ESG. The UK's well-established corporate governance framework, anchored by the UK Corporate Governance Code maintained by the Financial Reporting Council, is globally recognised for promoting transparency, accountability and ethical leadership. This environment facilitates meaningful engagement with companies, particularly in the small and mid-cap space, where active stewardship can have the greatest impact.

DFM's investment philosophy centres on management quality, viewing governance as the cornerstone of sustainable business. Strong governance enables companies to manage environmental and social risks more effectively, while weak governance often signals short-termism and poor oversight. By prioritising board accountability, climate disclosure, and stakeholder engagement, DFM works to ensure ESG considerations are embedded in strategic decision-making—not treated as an afterthought.

This governance-first mindset is reflected in DFM's leadership. Judith MacKenzie, Head of DFM, served as Chair of the Quoted Companies Alliance (QCA), a key voice in shaping governance standards for smaller UK-listed firms. She continues to sit on the Board of the QCA. Her leadership provides DFM with a unique vantage point on evolving best practices, helping to protect investments from ESG risk while driving sustainable growth.

## Case Study:

### Strengthening leadership for long term success

DFM identified a UK-listed company within its portfolio that was underperforming and missing analyst forecasts, raising concerns about strategic oversight and leadership capability. Recognizing the need for stronger governance, DFM initiated a targeted engagement process aimed at improving board leadership and executive effectiveness to support long-term sustainable growth.

Although the engagement began in 2024, stewardship outcomes often take time to materialise. FY25 was a critical period where the benefits of these changes became evident, demonstrating the long-term impact of active ownership. Reporting these results aligns with best practice under the UK Stewardship Code, which encourages transparency on both actions and outcomes—even when they span multiple years.

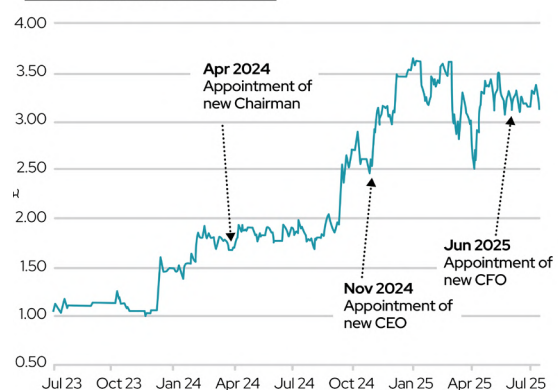
#### Engagement Timeline and Actions

- April 2024: Appointment of a new Chair to enhance board leadership and forecasting discipline.
- November 2024: Appointment of a new CEO to bring fresh strategic direction.
- June 2025: Appointment of a new CFO to strengthen financial oversight.
- Additional Board Oversight: A new Non-Executive Director was added to improve governance and accountability.

DFM's stewardship approach combined active dialogue with the company and leveraging its network to facilitate these changes. This engagement continued through FY25, ensuring governance improvements were embedded and aligned with shareholder interests.

By July 2025, the company's share price had risen from £1.00 (April 2024) to £3.00—a 74% increase—outperforming the broader index. While market factors also play a role, this improvement reflects the cumulative impact of strengthened leadership and governance achieved through sustained engagement.

#### Company A share price



# Closing Statement

As we reflect on FY25, Downing reaffirms its commitment to sustainable and responsible business practices that create long-term value for all stakeholders. This year's report demonstrates meaningful progress across our core pillars—governance, people, community, environment, and responsible investment—while also acknowledging areas for further growth and refinement.

We recognise that running a sustainable business requires ongoing reflection and adaptability to remain resilient in a changing market. By learning from both our successes and challenges, we remain committed to driving positive change for our clients, our people, our communities, and the planet.

Whitecross,  
Lincolnshire, UK

# Contact

If you would like to find out more, please get in touch using the details below:

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## Disclaimer

Downing does not provide advice or make personal recommendations and investors are strongly urged to seek independent advice before investing. Investments offered on our website carry a higher risk than many other types of investment and prospective investors should be aware that their capital is at risk and the value of their investment may go down as well as up. Any investment should only be made on the basis of the relevant product literature and your attention is drawn to the risk, fees and taxation factors contained therein. Tax treatment depends on individual circumstances of each investor and may be subject to change in the future. Past performance is not a reliable indicator of future performance. Downing is a trading name of Downing LLP. Downing LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 545025). Registered in England No. OC341575. Registered Office: 10 Lower Thames Street, London EC3R 6AF.