



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Thursday, 13th June 2024

**Committee:
Pensions Committee**

Date: Friday, 21 June 2024
Time: 10.00 am
Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury,
Shropshire, SY2 6ND

You are requested to attend the above meeting.
The Agenda is attached.

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting, please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated above.

The recording of the event will also be made available shortly after the meeting on the Shropshire Council YouTube Channel: [Here](#)

Tim Collard
Assistant Director – Legal and Governance

Members of the Committee:

Thomas Biggins
Roger Evans
Simon Harris
Brian Williams

Co-opted Members (Voting):

Carolyn Healy
Vacancy

Co-opted Members (Non-Voting):

Jean Smith (Pensioner Representative)
Byron Cooke (Employee Representative Telford & Wrekin Council)
Vacancy (Employee Representative Shropshire Council)

Substitute Members of the Committee:

Chris Schofield (SC)

Claire Wild (SC)

Mark Williams (SC)

Andy Burford (T&W)

Paul Watling (T&W)

Vacancy (Pensioner Rep)

Vacancy (SC Employee Rep)

Vacancy (T&W Employee Rep)

Your Committee Officer is:

Sarah Townsend Committee Officer

Tel: 01743 257721

Email: sarah.townsend@shropshire.gov.uk

AGENDA

1 Election of Chairman

To elect a Chairman for the forthcoming year.

2 Apologies and Substitutions

To receive apologies for absence and notification of any substitutions.

3 Appointment of Vice-Chairman

To appoint a Vice-Chairman for the forthcoming year.

4 Disclosable Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

5 Minutes of the Previous Meeting (Pages 1 - 8)

The minutes of the meeting held on 15th March 2024 are attached for confirmation, marked 5.

Contact: Sarah Townsend (01743 257721)

6 Public Questions

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5.00 p.m. on Monday, 17th June 2024.

7 Pensions Administration Monitoring (Pages 9 - 18)

The report of the Pensions Administration Manager is attached, marked 7.

Contact: Vicky Jenks (01743 252192)

8 Corporate Governance Monitoring (Pages 19 - 178)

The report of the Pensions Investment and Responsible Investment Manager is attached, marked 8.

Contact: Peter Chadderton (07990 086399)

9 Exclusion of Press and Public

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Items 10 to 17 shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

10 Exempt Minutes of the Previous Meeting (Exempted by Category 3) (Pages 179 - 182)

The exempt minutes of the meeting held on 15th March 2024 are attached for confirmation, marked 10.

Contact: Sarah Townsend (01743 257721)

11 T Rowe Price Performance Update (Exempted by Category 3) (Pages 183 - 216)

The exempt presentation of Mr Quentin Fitzsimmons and Mr Andrew Skeat, T Rowe Price, is attached, marked 11.

12 Investment Portfolio and Equity Protection Update (Exempted by Category 3) (Pages 217 - 234)

The exempt presentation of Mr Louis-Paul Hill, Aon, is attached, marked 12.

13 Investment Strategy Implementation Update (Exempted by Category 3) (Pages 235 - 258)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 13.

Contact: Peter Chadderton (07990 086399)

14 Investment Monitoring - Quarter to 31 March 2024 (Exempted by Category 3) (Pages 259 - 300)

The exempt report of the Head of Pensions – LGPS Senior Officer, is attached, marked 14.

Contact: Justin Bridges (01743 252072)

15 Ministerial Letter Update (Exempted by Category 3) (Pages 301 - 310)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 15.

Contact: Peter Chadderton (07990 086399)

16 Governance (Exempted by Category 3) (Pages 311 - 386)

The exempt report of the Pensions Administration Manager is attached, marked 16.

Appendix A to the report is 'to follow'.

Contact: Vicky Jenks (01743 252192)

17 New Employers (Exempted by Category 3) (Pages 387 - 390)

The exempt report of the Pensions Administration Manager is attached, marked 17.

Contact: Vicky Jenks (01743 252192)

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Pensions Committee

21 June 2024

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 15 MARCH 2024 9.30 AM - 11.55 AM

Responsible Officer: Sarah Townsend

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:

Councillor Thomas Biggins (Chairman), Roger Evans, Simon Harris and Chris Schofield (Substitute) (substitute for Brian Williams)

Co-Opted Members (Voting):

Councillors Nathan England and Carolyn Healy

Co-Opted Members (Non-Voting):

Byron Cooke (remotely via MS Teams), Helen Macmillan (remotely via MS Teams) and Jean Smith

50 Apologies and Substitutions

Apologies for absence were received from Councillor Brian Williams. Councillor Chris Schofield was in attendance as his substitute.

Members welcomed Mrs Vicky Jenks, Pensions Administration Manager, to her first meeting of the Pensions Committee.

51 Disclosable Interests

None were declared.

52 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the meeting held on 01 December 2023 be approved and signed by the Chairman as a correct record.

53 Public Questions

Six questions had been received from members of the public and the fifth public questioner was in attendance to ask her question in person. The other public

questioners were not in attendance and their questions were therefore read out on their behalf by the Pensions Investment and Responsible Investment Manager. The responses to each question were read out by the Head of Pensions – LGPS Senior Officer. A full copy of the questions and responses provided are attached to the web page for the meeting and also attached to the signed minutes.

54 Informing the Audit Risk Assessment for Shropshire County Pension Fund 2023/24

The Committee received the report of the External Auditor, Grant Thornton, which detailed responses received from the Fund's management in respect of a series of questions relating to the areas of General Enquiries of Management, Fraud, Laws and Regulations, Related Parties, Going Concern and Accounting Estimates. The Pensions Committee had been asked to consider whether the responses were consistent with its understanding and whether they had any further comments that they wished to make.

Mr Grant Patterson, Key Audit Partner, and Ms Mary Wren, Senior Audit Manager, were in attendance from Grant Thornton to present the report.

In responding to a question on the audit work that had been undertaken with regard to the journey to achieving Net Zero by 2050, it was explained that Grant Thornton audited the financial statements and therefore, they would audit any disclosures within the financial statements. This was not a specific risk that had been identified as part of their audit work.

It was further commented that considering the volume of reports that there are about the risk of climate and the effect that it may have on some of the portfolio, some of the management responses could have been more fully detailed, particularly on the following questions under the 'General Enquiries of Management' section of the report:

- Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they? (Question 2).
- Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they? (Question 5).

The Head of Pensions – LGPS Senior Officer commented that the points made had been taken on board but the responses did not need to be amended as the Fund has a separate Climate strategy and produces annual climate risk reports which deals with these issues.

55 Audit Plan for Shropshire County Pension Fund 2023/24

The Committee received the report of the External Auditor, Grant Thornton, which set out the Shropshire County Pension Fund Audit Plan for the year ending 31 March 2024.

Mr Grant Patterson, Key Audit Partner, and Ms Mary Wren, Senior Audit Manager, were in attendance from Grant Thornton to present the report. In particular, Members' attention was drawn to the two significant risks identified, Grant Thornton's approach to materiality and the audit timeline and the comments detailed therein.

There were no questions from Members.

56 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with monitoring information on the activities and performance of the Pensions Administration team.

A question was asked regarding the Pensions team having had a significant turnover of staff over the past year and the Pensions Administration Manager explained the various reasons behind this and how there was now only one vacancy within the team. It was noted that recruitment within Pension Fund teams was a national issue and that the Local Government Association were trying to address it by developing a new qualification for Pension staff.

Further information was sought regarding the percentage of calls answered by the helpdesk team in terms of the variety and length of calls and the Pensions Administration Manager explained that it was very difficult to report on this information. However, the team would shortly be moving onto a new system whereby this type of information would be more readily available.

With regard to responsible investment risks, the Pensions Investment and Responsible Investment Manager explained that conversations were constantly ongoing and formed part of the quarterly engagements held with investment managers. All investment managers were fully aware of the Funds policy to be Net Zero by 2050.

The Pensions Investment and Responsible Investment Manager confirmed that the wording 'periodically' within the Climate Change Risk Actions Column of the Business Plan (pages 81 and 82 of the agenda document pack) would be amended in order to make it more clearly defined.

Regarding My Pensions Online being replaced by 'Engage', the plan was to implement it towards the end of the year. It would help members have a better experience, for logging on and viewing their pension details.

A question was asked regarding Pensions Dashboards and the 600 plus records where a current address is not held. The Pensions Administration Manager confirmed that these people did exist and were predominantly Members of the Scheme that were no longer actively contributing and had moved away but had not kept the team up to date with their change of address. A tracing exercise would be run for these individuals.

In concluding this item, a question was asked regarding the high number of outstanding tasks as detailed within Appendix B of the report and the reasons behind this. It was acknowledged that McCloud and Pensions Dashboards were creating an enormous amount of extra work on top of the general day to day work required to administer the Fund.

RESOLVED:

1. That the position as set out in the report of the Pensions Administration Manager be accepted.

2. That the Business Plan 2024 – 2026 at Appendix A be approved.

57 Pension Fund Treasury Strategy 2024/25

The Committee received the report of the Head of Pensions – LGPS Senior Officer which explained that Shropshire Council as the Administering Authority maintains a small working cash balance for the Pension Fund that is invested separately to the Council's own cash and is managed under the defined Treasury Strategy as set out within the report.

RESOLVED:

1. That authority be delegated to the LGPS Senior Officer to manage the Pension Funds day to day cash balances.
2. That the Pension Fund Treasury Strategy be approved.
3. That the LGPS Senior Officer be authorised to place deposits in accordance with the Pension Fund's Treasury Strategy.
4. That authority be delegated to the LGPS Senior Officer to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Administering Authority's creditworthiness policy.

58 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of Corporate Governance and socially responsible investment issues arising in the quarter period 1st October 2023 to 31st December 2023.

A question was asked regarding voting alerts as LAPFF had issued a voting alert for BHP due to their various concerns.

Regarding the five companies removed from the Climate Stewardship Plan, it was confirmed that this was not a decision made by the Fund, rather it was a decision made by individual investment managers.

Regarding the five companies that were added to the Climate Stewardship Plan as they formed part of the top ten emitters at the time of the Climate Risk Report, it was noted that only one of them was a fossil fuel company. The need to engage not only with fossil fuel companies, but also those major users of fossil fuel and reliant energy was emphasised.

In addressing a question regarding the effectiveness of engagement, it was suggested that LGPS Central be asked to consider reintroducing face-to-face ESG seminars with companies such as BP and Shell being invited to attend in order that questions such as this could be addressed. The Head of Pensions – LGPS Senior Officer confirmed that an annual Responsible Investment Day with LGPS Central was being held on 5th June 2024 and all Pensions Committee and Pensions Board Members from all the eight partner funds would be invited to attend.

RESOLVED:

1. That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be accepted:
 - Manager Voting Reports from LGPS Central at Appendix A;
 - Legal & General Investment Management (LGIM) at Appendix B;
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix C; and
 - LAPFF Engagement Report at Appendix D.
2. That the changes to the Climate Stewardship Plan as a result of the Climate Risk Report presented in December 2023 be noted and accepted. (The revised plan was attached as Appendix E).

59 LGPS Central Limited Update

Members received a presentation from Mr Mark Davies, Ms Cara Forrest, Mr Nadeem Hussain and Mr Patrick O'Hara, LGPS Central, the purpose of which was to provide an LGPS Central Limited update, covering the following areas:

- Pooling – what it is, how it will continue to evolve and what it means for clients.
- LGPS Central's journey to date, in terms of various investment products and performance.
- Market Backdrop and Outlook.
- Private Markets Overview.
- Shropshire Investment Overview.
- LGPS Central Product Development
- Responsible Investment and Engagement.
- Priorities for 2024.

Further information was sought from Members regarding carbon offsetting and investing in local projects.

60 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 12 to 17, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

61 Exempt Minutes of the Previous Meeting (Exempted by Category 3)

RESOLVED:

That the exempt minutes of the meeting held on 01 December 2023 be approved and signed by the Chairman as a correct record.

62 Investment Strategy Implementation Update (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with an Investment Strategy update.

RESOLVED:

That the recommendations as set out in the exempt report by the Pensions Investment and Responsible Investment Manager be approved.

63 Equity Protection and Financial Markets Update (Exempted by Category 3)

The Committee received a presentation from Mr Louis-Paul Hill, Aon, which provided them with an equity protection and financial markets update.

64 Investment Monitoring - Quarter to 31 December 2023 (Exempted by Category 3)

The Committee received the exempt report of the Head of Pensions – LGPS Senior Officer which provided them with monitoring information on investment performance and managers for the quarter period to 31 December 2023 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the recommendations as set out in the exempt report by the Head of Pensions – LGPS Senior Officer be approved.

65 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with an update of regulatory and policy updates for Shropshire County Pension Fund and informed Members of regulatory breaches arising in the quarter 01 October 2023 to 31 December 2023 that had been recorded in the breaches log. Also reported were any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP).

RESOLVED:

That the recommendations as set out in the exempt report by the Pensions Administration Manager be approved.

66 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with details regarding new employer admissions to the Fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pensions Scheme Regulations 2013.

RESOLVED:

That the recommendations as set out in the exempt report by the Pensions Administration Manager be approved.

67 Mercer Training Session on Employer Investment Strategies

Once the meeting had formally ended, there was a training session for Members of the Pensions Committee on Employer Investment Strategies, presented by Ms Michelle Doman and Mr Mark Wilson from Mercer.

68 Mercer Training Session on the new TPR General Code / Cyber Security Policy

Once the meeting had formally ended, there was a training session for Members of the Pensions Committee on the new TPR General Code / Cyber Security Policy, presented by Mr Jonathan Perera from Mercer.

Signed (Chairman)

Date:

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<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	7
21 June 2024	<u>Public</u>
10.00am	

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer: Vicky Jenks
Email: vicky.jenks@shropshire.gov.uk
Tel: (01743) 252192

1. Synopsis

- 1.1. The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive summary

- 2.1. Detail is provided on team workloads and performance, and projects currently being undertaken, including McCloud, Dashboards, Annual Benefit Statement production and The Pensions Regulator new code checklist.
- 2.2. The assurance level following the completion of the 2023-24 Pension Administration Internal Audit remains good which is the highest rating.

3. Recommendations

- 3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. Risk Management
Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to.
- 4.2. Human Rights Act Appraisal
The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 4.3. Environmental Appraisal
There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

- 5.1. Managing team performance and collaborating with other administering authorities ensures costs to scheme employers for scheme administration are reduced.
- 5.2. We are currently in the process of procuring the additional software and data tools to meet the requirements for Pension Dashboards.
- 5.3. The Pensions Regulator's (TPR) new general code will also increase fund costs as we complete the checklist to confirm where we meet the requirements and where there are gaps. This work will be completed by the end of September and a work plan put in place for areas that require attention.

6. Climate change appraisal

- 6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

- 7.1. The 2023-24 Internal Audit has been completed and the final report shared with the Pensions Administration team. The assurance level remains Good with no change to the control environment noted. There were 6 recommendations requiring attention for which actions have already been taken to address these. These included ensuring that our procedures manual is kept up to date and review dates are updated when changes are made.
- 7.2. To demonstrate outstanding workloads and the performance of the team we have updated the way in which this information is shown. Previously the output and performance were shown in a chart that just indicated the outstanding volume of cases and cases that had been completed either on time or not.
- 7.3. As we head towards the next valuation in 2025, the team have been looking at areas of backlog which will need to be tackled to ensure data held on records is as accurate as it can be. We have a large number of cases where members have multiple records which need to be put together, this is created when a member moves from one post to another, often with the same employer. We also have a large volume of records that need to be processed because the member has left. A backlog of these has been created due to the requirement for employers to send through a form to confirm final pay information. For our larger employers they can have a significant number of leavers each month and leavers forms are not sent though or not received as quickly as we would like. We are looking at the removal of leavers forms for certain cases, as information required to process a record is sent through iConnect. This will help reduce backlog and the burden on employers to complete the majority of leavers forms. Further developments within iConnect are

required before we can do this, these are being looked at by our software provider.

- 7.4. **Appendix A** shows the 17 key performance indicators (KPIs) for cases processed by the Operations team, this shows the number of cases processed by the legal time scales. The fund's objective is to achieve 95% of cases being processed within the agreed time frame. These KPIs are recommended from the Annual Report guidance that has recently been updated. The fund has more ambitious targets set within the administration strategy, these will be reviewed and updated where it is felt that the target may be unachievable.
- 7.5. The graph shows that the volume of work is such that the team have more cases coming in each month than they can complete, certain cases are prioritised, i.e. retirements, which means other cases such as transfers can be delayed as they are not prioritised. However, delays with transfers have occurred due to outstanding guidance following the implementation of the McCloud remedy.
- 7.6. The impact of staff changes seen over the last 18 months has meant that the team's ability to manage the work coming in has reduced. This has been down to time spent training new staff and delays in recruiting to posts. A review of the structure of the team and a business case for additional resources is being finalised. Recruitment to posts where previous experience of working in Local Government Pension Scheme Administration is required has proven difficult. Therefore, we would like to look to 'grow our own' where we introduce more Pensions Assistants and create a career path so that individuals are ready when opportunities for promotion arise.
- 7.7. Since 1 April there have been several team changes on the systems team, we have created an additional part-time Senior Systems Officer to help support new developments in the software system. The existing Senior Systems Officer took flexible retirement reducing to 3 days and we have promoted a Systems Development Worker into the full-time role of Senior Systems Officer. We have also promoted a Pensions Assistant within the Systems team to backfill the Development Officer role. We are now recruiting for a Pensions Assistant on the Systems team. We have one vacancy on the Operations team for a Pensions Officer to which we are also currently recruiting.
- 7.8. Another change that has been implemented is the move of work on new employer admissions into the fund. This has been moved to the Systems team, consolidating this work on to one team rather than split across Systems and Communications and Governance teams.
- 7.9. On 15 May we held a team away day where training was provided by Mercer on The Pensions Regulator new code and the fund's Cyber Security Policy. This was followed by training on the Business Impact Analysis and Service Recovery Plan (BIA & SRP), these topics currently have a raised profile due to the increased national risk of Cyber Security

and the requirement in the new TPR code to have an individual Cyber Security Policy for the fund.

8. Communications and Governance

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system which are predominantly completed by the Operations team and reported with the wider team statistics in Appendix A.
- 8.2. The helpdesk received the highest number of telephone calls in April since May 2022, partly due to the on-going voluntary redundancy programme at Shropshire Council and cost of living crisis with more members seeking details on what their pensions are worth and a resulting increase in opt out requests. Despite the huge volume of calls, an answer rate of 94% was achieved.
- 8.3. Numbers of emails received also rose significantly in April 2024, again reflecting the issues of VR and the cost-of-living crisis with many seeking to bring their pension into payment before their Normal Pension Age.

	February 2024	March 2024	April 2024
Telephone calls received to helpdesk team	650	681	880
% of calls answered	97%	95%	94%
Emails received to pensions@shropshire.gov.uk	935	781	1,147
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	94	88	102
Member updates made through My Pension Online	503	306	552
Opt out requests directly dealt with by helpdesk	24	17	38
Incoming post received and indexed to the pensions administration system	3,361	2,585	3,218
1-2-1 video appointments held with scheme members	26	35	26
Users visiting the website	2,924	3,225	3,721

- 8.4. Work continues improving the pensions bot and it is now confident it can answer 67% of member questions. This work will be on-going as we seek to get more members to self-serve, and this is reflected in the increasing number of visitors to the website.

- 8.5. The fund monitors member take-up of its online area. As of April 2024, the percentage of members who have registered is:

52% active members

44% deferred members

52% Pensioner members

These numbers continue to increase slightly month on month, towards the end of this year we will be updating the online member platform and will be running a promotion campaign to encourage more members to sign up for this online facility.

9. Employer performance

- 9.1. In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions and lump sum deficit payment by the 19th of the month. Accompanying data must also be submitted via iConnect by this date. The below table shows the percentage of employers who have made payments by the deadline over the last quarter of 2023-24. This table also includes information about employers who make monthly deficit lump sum payments. Information about employers who did not meet these deadlines is covered in the governance report.

	January 2024	February 2024	March 2024
i-Connect data received on time	98%	97%	95%
Monthly contributions received on time	98%	99%	100%
Monthly deficit lump sum payments received on time	100%	98%	100%

Projects

10. McCloud

- 10.1. The team continue to work through the implementation of the age discrimination remedy, this has created additional work, with the need to spend more time checking records for members in scope.
- 10.2. We have now had contact from the Teachers Pensions Scheme about teachers who have both a full time and part time teaching post. There are different rules if a teacher holds a full-time contract and an additional part-time contract, for these purposes the additional part-time contract is referred to as 'excess service.' The Transition Protection changes which are being introduced will affect any excess service during the remedy

period. Where there is concurrent full-time and part-time teaching service, the part-time service is not pensionable in the Teachers' Pension Scheme. This excess teaching service will be pensionable in the Local Government Pension Scheme (LGPS). This means we will have to create records for these individuals.

- 10.3. The number of cases that will need to be reviewed to see if the underpin now applies for members that left in the remedy period have been identified:

These are split into the following categories:

Pensioner – 69

Deferred - 168

Death – 1

There are also 74 records with an underpin error where records have been processed to death status and need manual checking and recalculation.

- 10.4. We have also had to identify members who have reached the age of 65 in the remedy period and request final salary pay as at age 65, for these individuals from their employers. For this we have identified 730 cases split across 73 different employers. Information has been requested from employers and will be uploaded to each record so that the underpin check can be completed for these members.

11. Pension Dashboards

- 11.1. A work plan has been created for the Pension Dashboards and monthly meetings are held by the project team to record progress, decisions made and review next steps.
- 11.2. We are currently looking to procure the Integrated Service Provider (ISP) and data tools that will allow us to connect to dashboards and support our work in keeping data as clean and up to date as possible. This will mean that when members access the dashboards, they can have confidence in the information they can see regarding their pension benefits.
- 11.3. On 30 April 2024, the Pensions Dashboards Programme (PDP) published version 1.2 of the data standards. The data standards cover the data requirements for 'finding' and 'viewing' pensions information and are mandatory for providers and schemes connecting to the ecosystem. They are there to build a common set of message handling tools to receive and reply with data. Further guidance on connection and the technical, reporting and design standards will be published once tested and validated by the volunteer participants.

- 11.4. Following the work to secure the ISP and data tools, the fund will need to consider how we will manage the additional queries that are directed to the fund once Dashboards go live. We are anticipating that there will be a high-profile national campaign led by the Department for Work and Pensions that will promote the Dashboards. To try and manage additional work that may be created we will direct members to 'self-service' as much as possible using 'my pensions online' and to the fund's website where we have lots of information for scheme members.

12. Annual Benefit Statements

- 12.1 Work as now began on the creation of Annual Benefit Statements for all active and deferred members, which are to be received by members no later than 31 August 2024.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting March 2024 Pensions Administration Report

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

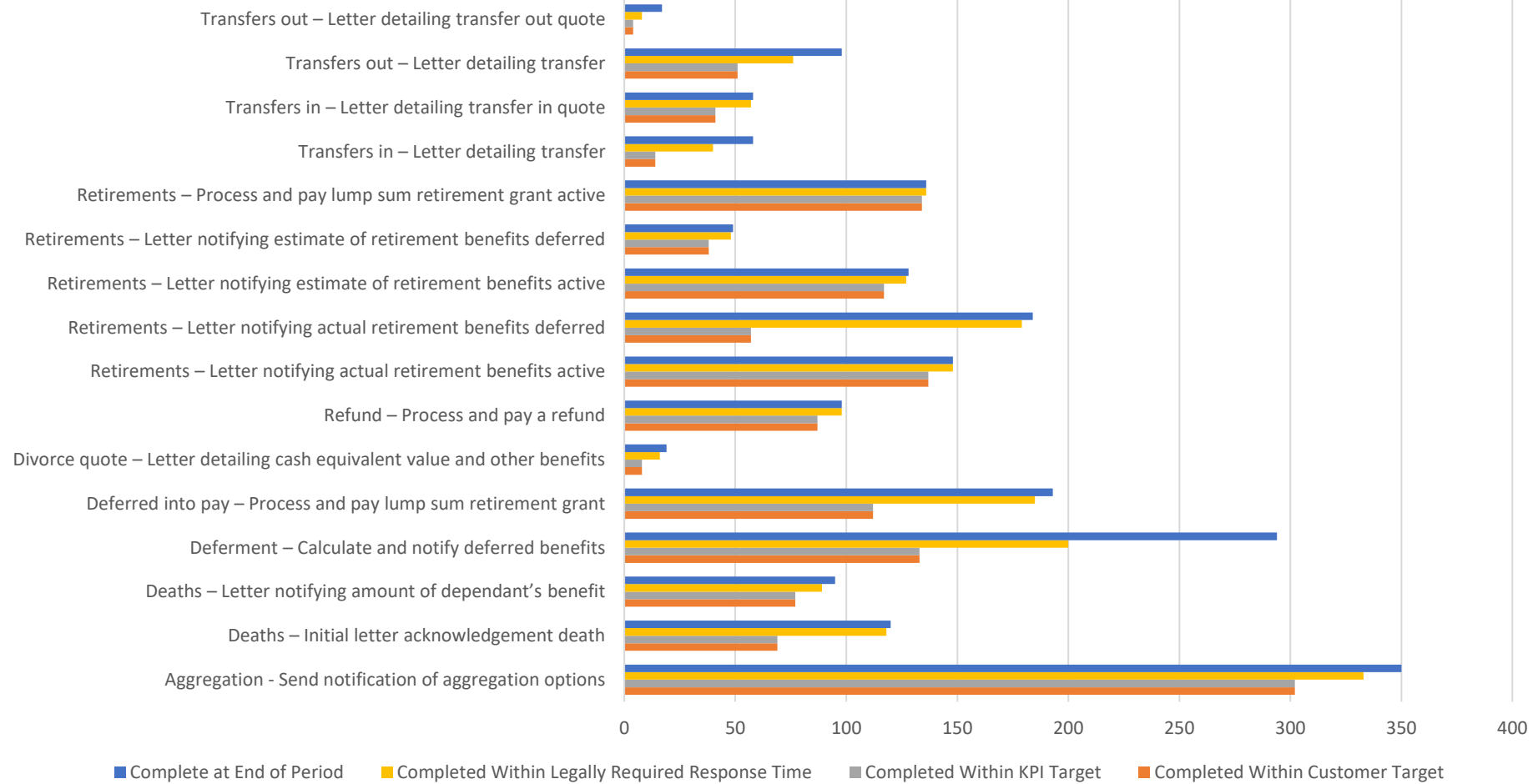
Appendices

Appendix A – KPI Chart

Appendix A

KPI Category	Complete at End of Period	Completed Within Customer Target	% Complete Within Customer Target	Completed Within KPI Target	% Complete Within KPI Target	Completed Within Legally Required Response Time	% Complete Within Legal Target
Aggregation - Send notification of aggregation options	350	302	86.3%	302	86.3%	333	95.1%
Deaths – Initial letter acknowledgement death	120	69	57.5%	69	57.5%	118	98.3%
Deaths – Letter notifying amount of dependant's benefit	95	77	81.1%	77	81.1%	89	93.7%
Deferment – Calculate and notify deferred benefits	294	133	45.2%	133	45.2%	200	68.0%
Deferred into pay – Process and pay lump sum retirement grant	193	112	58.0%	112	58.0%	185	95.9%
Divorce quote – Letter detailing cash equivalent value and other benefits	19	8	42.1%	8	42.1%	16	84.2%
Refund – Process and pay a refund	98	87	88.8%	87	88.8%	98	100.0%
Retirements – Letter notifying actual retirement benefits active	148	137	92.6%	137	92.6%	148	100.0%
Retirements – Letter notifying actual retirement benefits deferred	184	57	31.0%	57	31.0%	179	97.3%
Retirements – Letter notifying estimate of retirement benefits active	128	117	91.4%	117	91.4%	127	99.2%
Retirements – Letter notifying estimate of retirement benefits deferred	49	38	77.6%	38	77.6%	48	98.0%
Retirements – Process and pay lump sum retirement grant active	136	134	98.5%	134	98.5%	136	100.0%
Transfers in – Letter detailing transfer	58	14	24.1%	14	24.1%	40	69.0%
Transfers in – Letter detailing transfer in quote	58	41	70.7%	41	70.7%	57	98.3%
Transfers out – Letter detailing transfer	98	51	52.0%	51	52.0%	76	77.6%
Transfers out – Letter detailing transfer out quote	17	4	23.5%	4	23.5%	8	47.1%
Grand Total	2,086	1,383		1,383		1,893	

Completion Within Review Period - 01/02/2024 to 30/04/2024





<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	8
21 June 2024	Public
10.00am	

CORPORATE GOVERNANCE MONITORING

**Responsible
Officer**

Peter Chadderton

e-mail: peter.chadderton@shropshire.gov.uk Tel:(07990) 086399

1. Synopsis

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in the quarter, 1st January 2024 to 31st March 2024.

2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report in respect of voting and engagement activity.
- Stewardship Update at Appendix A and Manager Voting Reports from LGPS Central at Appendix A1,
 - Legal & General Investment Management (LGIM) at Appendix B,
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix C and
 - LAPFF Engagement Report at Appendix D.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 3.4 There are no direct Equalities or Community consequences.

4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5. Climate Change Appraisal

- 5.1 The Fund takes responsible investment very seriously and has a Climate Change Strategy in place committing to net zero by 2050 in line with the Paris accord on climate change adopted in 2015.
- 5.2 Responsible investment is a key process the investment managers go through before investing and something the fund considers as part of investment opportunities. Thorough due diligence is undertaken considering all risks including climate change. The investment managers vote where applicable on the Fund's behalf, Columbia Threadneedle Investments engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which undertakes engagements on behalf of all LGPS members.
- 5.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.
- 5.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2023 reports is publicly available on our website.

6. Background

- 6.1 The Shropshire County Pension Fund has been actively voting for over sixteen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by individual Fund Managers on all equity portfolios.
- 6.2 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. Columbia Threadneedle Investments provides this responsible engagement overlay on the Fund's global equities portfolios.

7. Manager Voting Activity

- 7.1 Details of managers voting activity during the quarter relating to equity portfolios are attached:
Appendix A LGPS Central Stewardship Report Q4 2023/24 including examples of engagement action.
Appendix A1 LGPS Central Voting statistics
Appendix B LGIM – Voting summary and key examples.

- 7.2 Both the LGPS Central and Legal and General Investment Management (LGIM) reports are generic report across all their investment activity and not specific to the funds in which the Fund is invested. Examples that relate to the Fund's portfolio as at 31st March 2024 in the LGPS Central Report include updates on Shell and Apple and engagement case studies on BHP and Kinder Morgan, Examples that relate to the Fund's portfolio as at 31st March 2024 in the LGIM Report include Skandinaviska Enskilda Banken, DR Horton, Nestle, Apple and Bayer.

8. Responsible Engagement Activity

- 8.1 During the last quarter Columbia Threadneedle Investments have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix C in the REO Activity report. This report covers companies across all the Fund's equity portfolio's.
- 8.2 In addition to the public overview Columbia Threadneedle Investments also produce a confidential report on an ongoing engagement which can be shared with Committee members on request.
- 8.3 In addition to the service provided by Columbia Threadneedle Investments, the Fund is also a member of the LAPFF (Local Authority Pension Fund Forum). The LAPFF use the combined power of LGPS Members to engage with companies on behalf of the LGPS. An update on the engagement activities of the LAPFF for the quarter is attached at Appendix D.
- 8.4 As with the earlier reports at Appendix A & B, the LAPFF engagement is not specific to companies in the Fund's portfolio. The LAPFF use Pension Fund share holdings at an aggregate level to determine engagement companies. Examples of some of the companies within the Shropshire portfolio on 31st March 2024 include under banks and climate, Barclays and HSBC and ABB under climate. Under company products in conflict zones companies including Caterpillar BAE Systems and Thales.

9. LGPS Central Stewardship Themes

- 9.1 There have been no changes to the LGPS Central engagement themes for 2024 to 2027, which are:
- Climate Change
 - Natural Capital
 - Human Rights Risk
 - Sensitive and Topical Issues

- 9.2 As reported in December in addition to revising the stewardship themes LGPS Central have devised revised measures of engagement that will assist transparency in the success and impacts of engagement.

The engagement response will be measured across 4 levels:

- Level 0 No progress has been made as a result of engagement.
- Level 1 Minimum expectations have been met.
- Level 2 Moderate progress.
- Level 3 Successful outcome.

- 9.3 LGPS Central are continuing to work on the definitions for success across the four themes but as an example the following would apply to climate change:

Level 0 No progress or a failure by the company to engage.

Level 1 Companies disclosing data to facilitate carbon performance assessment.

Level 2 Progress observed in Climate Action100+ Benchmark Framework,

Companies improving on TPI (Transition Pathway Initiative) quality ladder,

Companies partly aligning with LGPS Central Net Zero Strategy.

Level 3 Complete and demonstratable alignment to LGPS Central Net Zero Strategy.

- 9.4 LGPS Central have confirmed the revised strategy will be brought in for the period from 2024 to 2027 and we should start to see enhanced reporting from the middle of 2024 (September Committee Papers).

10. DLUHC TCFD Consultation

- 10.1 As reported in December 2022, the Fund has formally responded to this consultation alongside our pooling company LGPS Central. At the time of writing there has been no response from the DLUHC in response to the consultation which ended on the 24 November 2022. The latest update on the Government website is that DLUHC are still analysing feedback received. It is expected that the policy will come into place in 2024 and the Fund in consultation with LGPS Central continues to produce reports based on the expected outcomes. The Scheme Advisory Board (SAB) have raised the consultation with the minister for Local Government earlier this

year. The Fund is supportive of transparency and consistency in this area.

11. DLUHC Local Government Pension Scheme: Next Steps on Investments

- 11.1 The government published its response to the consultation on the next steps on investments as part of the Chancellor's Autumn statement and a summary of the key outcomes was reported to the December Committee.
- 11.2 The Fund still awaits detailed guidance in respect of some of the points raised in the consultation though it is believed that the LGPS Central model meets the Governments criteria in that the pool are responsible both for manager selection within funds and the strategy adopted by those managers to achieving both the required investment returns and the appropriate ESG (Environmental, Social and Governance) outcomes.
- 11.3 Upon receipt of the revised guidance the Fund will work with LGPS Central and the other seven LGPS funds in the Central pool to work through the proposals within the response in more detail.
- 11.4 The consultation response will require updates to the Funds Annual Report for 2023/24 and we are working through the SAB guidance as we complete the 2023/24 Annual Report.
- 11.5 The Fund have also received a request for comment from Simon Hoare Minister for Local Government on efficiencies in the LGPS and this is covered in more detail in a separate agenda item.

12. Climate Stewardship Plan

- 12.1 The climate Climate Stewardship Plan was updated in March 2024 to reflect the latest climate risk report and covers the following 10 companies:

Taiwan Semiconductor Manufacturing Co. Ltd

Lafargeholcim

Next Era Energy

Royal Dutch Shell

CRH PLC

Iberdrola

Conocophillips

Linde PLC

Micron Technology Inc

L’Air Liquide

- 12.2 To date LGPS Central have provided an update on their Engagements with Royal Dutch Shell (Shell) and these are also covered in their stewardship report at Appendix A.
- 12.3 Since March 2024 LGPS Central have continued to try and engage with Shell on their Energy Transition Strategy. No response was received which resulted in LGPS Central voting against the strategy at Shell’s AGM. In total 21.97% of shareholders voted against the strategy and as this exceeds the 20% threshold set out in section 1.4 of the UK Corporate Governance Code, which now requires Shell to engage with Shareholders on this topic. LGPS Central are expecting to meet with the Chair or Deputy Chair from Shell in the near future and an update will be provided at the next Committee.
- 12.4 LGPS Central intend to provide an update on engagements with all the other companies included in the Climate Stewardship Plan for the September Committee.

13. Net Zero Strategy

- 13.1 In October 2023 LGPS central launched a Net Zero Strategy the policy is consistent with the Funds stated aim of achieving net zero by 2050 and achievement of the goals of the Paris Agreement on climate change.
- 13.2 The Funds own Climate Strategy is due for review in December 2024. Given the outcomes of the DHLUC consultation, the next steps on investments in emphasising the requirement for Investments to be through LGPS Central as the Funds pooling company, it makes sense that the two documents should be aligned. LGPS Central’s strategy in achieving net zero will be a key driver in ensuring the Fund achieves net zero.
- 13.3 A training session with LGPS Central to run through the main drivers in their net zero policy and the expected timelines will be arranged to facilitate discussion prior to redrafting the existing strategy. This will be arranged prior to the September Committee meeting.

14. Responsible Investment Summit

- 14.1 LGPS Central held a virtual responsible investment summit on the 5th June for officers and Committee Members. The training day was recorded and a copy of the video is available to all members if they were unable to attend on the day.
- 14.2 The event included presentations on the following areas.
 - Artificial Intelligence: The Cultural Climate Change.
 - The State and Outlook for the Net Zero Transition.

Macro uncertainty: Managing geopolitical risk in the year of global elections.

Global Oil Major BP International Oil Company to International Energy Company

Climate Scenario Analysis : To model or not to model

What is effective stewardship

Where next with responsible investment

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Corporate Governance Monitoring report, Pensions Committee 24 June 2023

Corporate Governance Monitoring report, Pensions Committee 15 September 2023

DLUHC Consultation Update, Pensions Committee 15 September 2023

Corporate Governance Monitoring report, Pensions Committee 1 December 2023

TCFD Report, Pensions Committee 1 December 2023

Climate Risk Report, Pensions Committee 1 December 2023

Corporate Governance Monitoring report, Pensions Committee 15 March 2024

Cabinet Member

N/A

Local Member

N/A

Appendices

A. LGPS Central Quarterly Stewardship Report

A1. LGPS Central Manager Voting Activity Reports

B. LGIM Manager Voting Activity Report

C. Columbia Threadneedle Responsible Engagement Overlay Reports

D. LAPFF Quarterly Engagement Report

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Stewardship Update

FOURTH QUARTER · 2023-24 (JANUARY - MARCH 2024)



Responsible Investment & Engagement:

LGPS Central's approach



LGPS Central's approach to Responsible Investment & Engagement carries two objectives:

OBJECTIVE #1

Support investment objectives

OBJECTIVE #2

Be an exemplar for RI within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:



This update covers LGPS Central's *stewardship* activity. Our stewardship efforts are supplemented by global engagement and voting services provided by EOS at Federated Hermes. For more information, please refer to our Responsible Investment & Engagement Framework and Annual Stewardship Report.

ADDITIONAL DISCLOSURES

Responsible Investment & Engagement Framework



TCFD Report



Annual Stewardship Report



Voting Principles



Voting Disclosure



Voting Statistics



Signatory of:



01 A summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

ENVIRONMENTAL AND SOCIAL ISSUES IN THE 2024 US PROXY SEASON:

The 2024 proxy season is expected to take on a new intensity this year. As ESG-related shareholder proposals are being perceived as a threat worthy of court battles (i.e. Exxon Mobil lawsuit). Shareholder proposals filed at US AGMs hit a record high last year and are expected to break records in 2024. Say on climate proposals, which require companies to submit their climate transition plans for shareholder approval, have been popular and will likely continue to be so. Unsurprisingly, there is a split between European and US asset managers in respect of their willingness to support environmental and social proposals. European managers are more likely to support environmental and social proposals compared to their US counterparts. (This is expected due to the politicisation of ESG in the US). We can expect continued tensions between companies and shareholders on climate and human rights issues. New notable proposals requesting companies to report on their use of AI and nature protection are increasing in prominence for the US proxy season. Shareholder resolutions filed in 2024 thus far are similar to previous years; roughly one-third on environmental topics, 30 percent on diversity and human rights, and 17 percent on corporate political influence. Anti-ESG proposals account for roughly 10 percent of total shareholder resolutions. For further details on the shareholder resolutions at the 2024 proxy season, see [analysis](#) published by Harvard Law School Forum on Corporate Governance.

SPOTLIGHT ON CORPORATE GOVERNANCE REFORMS IN ASIA:

A lack of shareholder value, conflicts of interest, limited board independence and poor internal controls have contributed to high-profile scandals in both South Korea and Japan, however regulators are now trying to boost shareholder value by addressing some longstanding corporate governance issues. The Asian financial crisis of the 1990s prompted policymakers and market participants to address the underlying weaknesses in governance structures. Policymakers, regulatory bodies, and industry stakeholders have embarked on initiatives aimed at enhancing transparency, accountability, and investor protection within Asian companies. We look at reforms in 3 Asian markets:

- **Japan:** Japanese Boards are often male dominated and characterised by combined Board Chair and CEO roles, and employees who have mostly spent their entire career at the company. The widespread practice of cross-shareholding (where companies hold shares in each other) can lead to entrenchment of management and reduced accountability to shareholders. Japan's Corporate Governance Code was established in 2015 and revised in 2018 and 2021. Board size and cross shareholdings have now significantly reduced, and board independence at prime market listed companies has increased. The appointment of at least one female director to the board is expected, and in June 2023, the government adopted a policy for women to account for over 30% of directors on the boards of Japanese companies listed on the Tokyo Stock Exchange's prime market by 2030. The regulator has also taken steps to boost shareholder value, with companies urged to achieve a price-to-book ratio of above one. This approach

has led to a genuine drive by many companies to improve capital management practices, as evidenced by an increase in share buybacks by companies with inefficient balance sheets. EOS met with the Tokyo Stock Exchange and the Ministry of Economy, Trade, and Industry to express expectations for improved capital allocation practices, board independence and director skills. They also co-signed an open letter pushing for higher requirements on board gender diversity which was followed by a change in policy.

- **South Korea:** Family-controlled companies (known as chaebols) have significant influence in the economy. Complex ownership structures and interlocking business relationships can lead to conflicts of interest and undermine transparency and accountability. Continued scandals generated by chaebols have cemented concerns about corporate governance and shareholder rights in South Korea. The latest iteration of South Korea's Corporate Governance Code (issued in 2022) introduced several amendments to strengthen board independence and enhance transparency and disclosure. We have seen an increase in companies with a majority-independent board and the appointment of women to boards, which is now a requirement for large companies. Recent proposals to address the Korea discount¹ by initiating a "Corporate Value-up Programme", and a requirement for stricter disclosure obligations on a company's handling of treasury shares, demonstrates positive momentum. It is not yet clear whether regulatory initiatives in South Korea will be sufficient to drive a sustained improvement in corporate governance practices and therefore a lessening of the Korea discount.
- **China:** State-owned enterprises (SOEs) dominate the Chinese corporate landscape which introduces complexities in governance. State interference may compromise optimal decision making and lead to inefficiencies and opacity. The protection of shareholder rights is a key issue in China as

some companies operate with a dual class share structure and shareholders are unable to vote on director elections. Changes in corporate governance practices in China and Hong Kong have been aimed at enhancing transparency and strengthening investor confidence. The Chinese Securities Regulatory Commission has identified the improvement of corporate governance as a priority, and the development and revision of Company Law in China has helped to address the issues of related-party transactions and effective board governance. The publication and revision of the Corporate Governance Code in Hong Kong has also contributed to the increase in independent board directors and women on boards, with one-third independence a requirement.

EXXON MOBIL LAWSUIT:

ExxonMobil announced that it will be suing 2 of its shareholders, Dutch activist Follow This and the US asset manager Arjuna Capital, due to repeat shareholder resolutions requesting medium term emissions reduction targets. In January Exxon Mobil had filed a lawsuit to block the shareholder measure from being voted on at its annual meeting. In response Follow This and Arjuna Capital withdrew the shareholder proposal, however Exxon Mobil stated that they would continue with the suit. The actions of the company represent a broader threat to shareholder rights amid concerns over the company's climate risk (i.e., misalignment with the goals of the Paris agreement, continued greenfield development, and lack of scope 3 emissions targets) and have opened debate on what constitutes legitimate debate between a public company and its shareholders. Recently another US investor, Wespath Benefits and Investments, has urged shareholders to vote against the re-election of the CEO and the Lead Director in response to the hostile treatment of shareholders. The CEO and Lead Director were targeted because they were deemed to have primary responsibility for the oversight of the decision to litigate.

¹ The Korea discount refers to a tendency for South Korean companies to have lower valuations compared to international peers due to factors such as low dividend payouts, and the dominance of opaque conglomerates (chaebols).



Below is a high-level summary of key engagements and AGM votes that have taken place during Q4 of the financial year 2023-24. These and other engagements and voting examples will be covered in more detail later in this update. We will aim to cover companies that are included in our Engagement and Voting Priority Lists.

ENVIRONMENTAL

In Q1 2024, we withdrew a shareholder resolution requesting **Barclays** to disclose the risks of stranded assets associated with the financing of oil and gas infrastructure. This followed an extensive engagement with Barclays's senior leadership team. Subsequently the Company updated their Oil and Gas lending policy and committed to stop directly financing new upstream expansion projects. We are pleased that escalating our concerns has resulted in the better management of climate-related risk at Barclays. In line with the new approach to measuring the effectiveness of engagements we have classified this engagement as Green (where 70%+ of the engagement KPI's have been met). We look forward to building on our constructive dialogue with the Company and plan to re-engage with Barclays in H2 2024 to gain assurances that the updated policy is being implemented effectively.

BHP is represented on our Engagement Priority List under both the Climate Change and Human Rights stewardship themes. We have set an objective for the Company to enhance disclosure in relation to the Just Transition. Through Climate Action 100+, we had a call with the company to discuss the closure of the Mt Arthur thermal coal mine which will close in 2030, putting over 2000 jobs at risk. We engaged with the company over the lack of adequate disclosure in relation to the firm's approach to the Just Transition.

We co-signed a private letter to a **Mining Company** requesting them to commit to develop a best practice aligned approach to methane emissions management. The commitment should encompass the comprehensive measurement of methane emissions, setting a robust strategy to reduce emissions, and to disclose lobbying activities in relation to methane abatement. In the firm's 2023 climate report they made improvements to the transparency of their abatement approach to methane, however we would like the company to consider going further. We requested a meeting with

the company in advance of its AGM to discuss the letter in further detail. At the AGM the Chairman confirmed that they had read the letter and agreed there is more they need to do. The Chairman committed to produce greater disclosure on their approach to methane measurement and abatement before the end of 2024.

Shell retracted its 2035 carbon intensity emissions reduction goal due to uncertainty around the pace of change in the energy transition. However, they are still maintaining their 2050 net zero goal. The Company is planning to keep oil production flat and grow its gas business by 30% by 2030, whilst being more selective on the type of low carbon products it sells. It effectively goes against the IEA's scenario that no new oil and gas investment is compatible with a 1.5C pathway. Even before this announcement a Dutch court ruled that Shell's original climate targets were not ambitious enough and instructed the company to cut absolute emissions (Scope 1, 2, and 3) by 45% by 2030. The Company has appealed against the ruling, and the outcome of this appeal is expected in Autumn 2024. Back in December 2023 we engaged with Shell requesting the company give LGPSC the opportunity to provide feedback on its Energy Transition Strategy before it is published. Unfortunately, this opportunity was not provided to us. We will seek to re-engage with the company in Q2 2024 on the updated Energy Transition Strategy.

LGPS Central joined PRI and investor members of the Collaborative Sovereign Engagement Federal Government Working Group with lead officials from **Australia's Department of Industry, Science and Resources (DISR)**. The purpose of the meeting was to discuss the group's response to the Australian government's consultation on its Future Gas Strategy, which lays out plans to continue exploring new gas fields as a near to medium term "crutch" for the economy as it transitions towards net zero. Investor members highlighted that the viability of this strategy and its compatibility with the Paris Agreement would hinge on new policy measures



to reduce Australian demand for gas and scale up clean energy solutions. The importance of monitoring and reducing methane emissions was also raised. We were pleased that the Australian government plans are largely aligned to investor expectations. This was the second time the Working Group had met with DISR and further engagement with the government is planned pending the publication of the Australian government's future gas strategy.

SOCIAL

Following the AGM of **Apple** we sent a letter to the company outlining our rationale for dissenting against management recommendations. We supported two shareholder resolutions (1) requesting the company to report on Median Gender and Racial Pay Gap, (2) requesting the company to report on the use of Artificial Intelligence. Investors would benefit from having a view of how discrimination may affect differences in opportunities. The reports would provide investors with transparency and comparability across time and organisations and promotes the better management of ESG risks and opportunities. Investors would also benefit from transparency on the use of AI as it would help to better evaluate the risks associated with it. We welcomed the opportunity to engage with Apple on these issues.

We have an engagement objective with a **Telecommunications Company** to fully adopt the UNGPs in their business practices. In Q1 2024, we sent the company a letter following up on a previous engagement with the firm in 2023. We were unable to secure a follow-up meeting with the company. The company deems

its own human rights approach as satisfactory (although not compliant with the UNGPs). We have escalated our concerns by informing the company that it is likely that a dissent vote will be cast against the Chair of the company at the next AGM due to inadequate engagement progress. We will also raise this matter with our external managers holding the stock on our behalf.

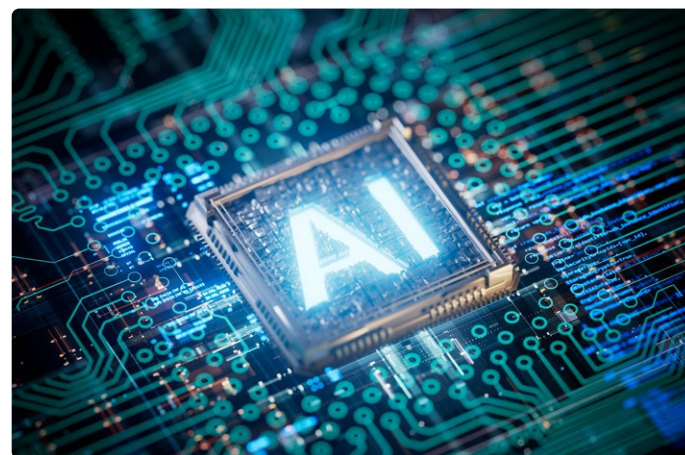
Following an explosion in a mine in Kazakhstan in 2023 which resulted in 46 fatalities we sent a letter to **Arcelor Mittal** raising our concerns regarding the effective implementation of their Health and Safety policy. We welcome the opportunity to engage with Arcelor Mittal on this matter.

GOVERNANCE

We have committed to sharing our rationale behind dissenting from LAPFF's voting recommendations with Partner Funds. In Q1 2024 we shared our rationale behind dissenting from LAPFF voting recommendations at **Apple Inc's** and **Bayer AG's** AGM.

As responsible investors we continue to be vocal on the need for fair remuneration. In Q1 2024, we also voted against roughly 40% (19 out of 47) resolutions requesting shareholders to approve remuneration policies. We also voted against roughly 33% (109 out of 332) of the remuneration reports that companies put forward during the period. For example, we voted against an advisory vote to ratify the executive officer's compensation at **Fair Isaac Corporation (FICO)** due to a pay-for-performance misalignment for the year in review.

Voting highlights:



metro

METRO INC

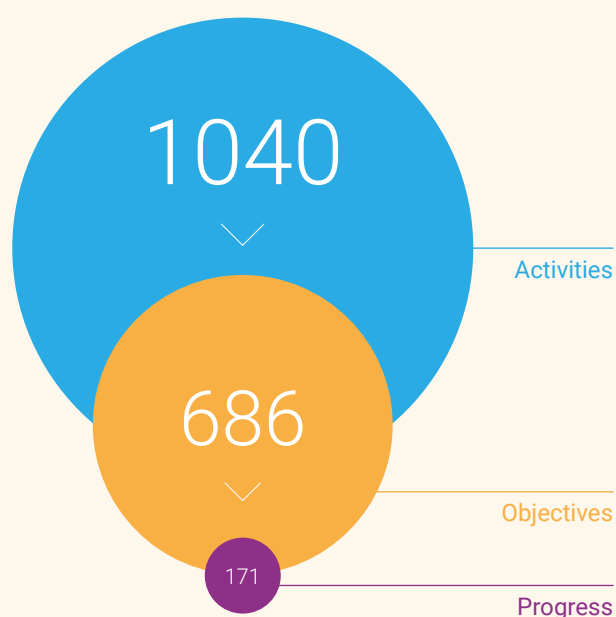
We supported a shareholder proposal, which passed, requesting the company to hold hybrid style (In-person and virtual) AGMs. Whilst virtual meetings enable potentially greater participation there are also concerns about eroding shareholder rights as it makes it easier for management to marginalise investors and avoid difficult questions. Due to the end of the COVID-19 public health emergency and the absence of any other compelling reason to continue holding virtual AGMs, we decided to support this resolution. See further detail on page 15.



APPLE, INC:

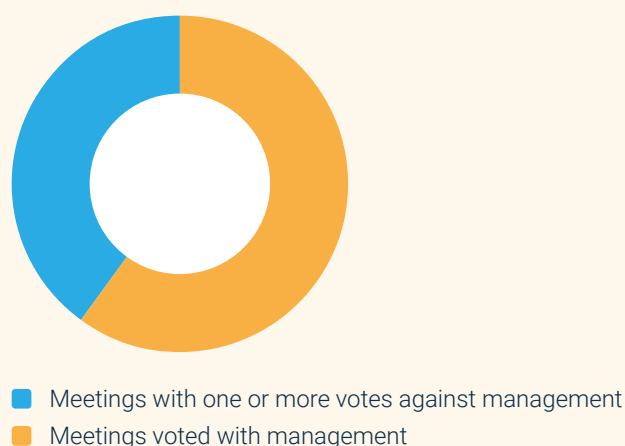
We supported a shareholder resolution filed at Apple's AGM requesting the company prepare a transparency report on its use of artificial intelligence (AI) in its business operations and to disclose any ethical guidelines that the company has adopted regarding AI technology. The adoption of AI into business operations raises significant risks including human resourcing decisions, automation of jobs, and the dissemination of false information. Investors would benefit from increased transparency which would enable the proper evaluation of the risks associated with Apple's use of AI. See further detail on page 15.

ENGAGEMENT ACTIVITIES DURING THE QUARTER

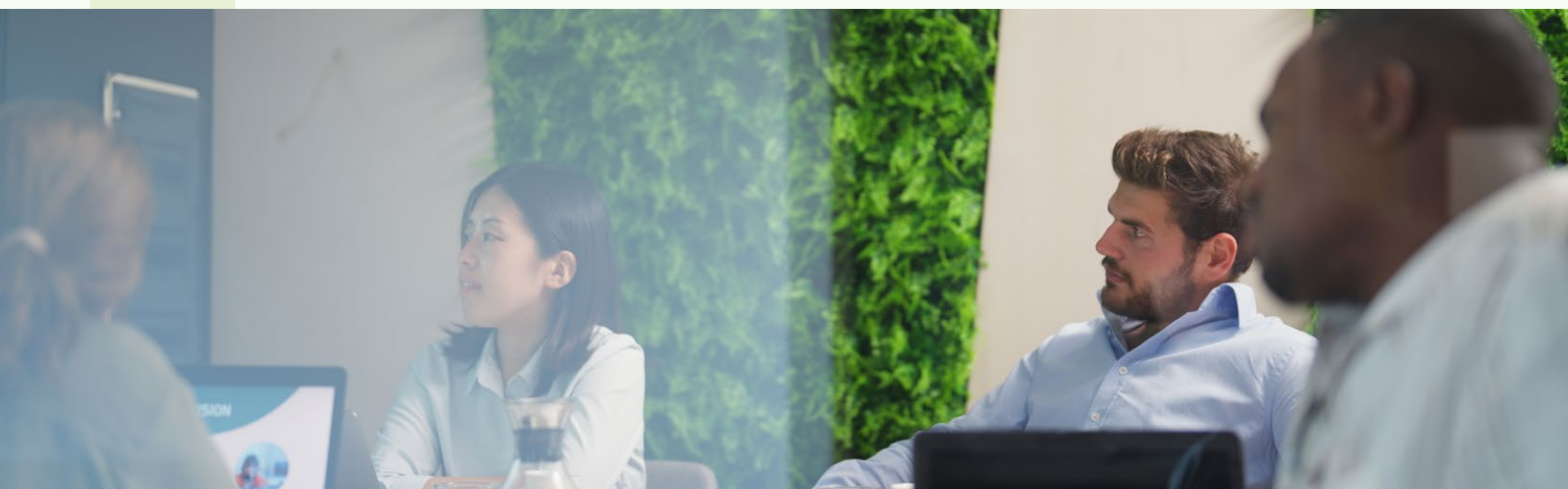


GLOBAL VOTING

We voted at **394** meetings during the quarter under review



02 Engagement case studies



Below, we give more detailed examples of ongoing or new engagements which relate to the four Stewardship Themes that have been identified in collaboration with our Partner Funds.



ENGAGEMENT SET² COMPRISED 639 COMPANIES	ENGAGEMENT ACTIVITY ON 1040 ISSUES AND OBJECTIVES ³
THERE WERE 686 OBJECTIVES	ACHIEVEMENT OF SOME OR ALL ON 171 OBJECTIVES

This quarter our engagement set² comprised 639 companies. There was engagement activity on 1040 engagement issues and objectives.³ Against 686 specific objectives, there was achievement of some or all on 171 occasions. Most engagements were conducted through letter issuance or remote company meetings, where we, our partners or our stewardship provider in a majority of cases met or wrote to the Chair, a Board member or a member of senior management.

² This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider.

³ There can be more than one engagement issue per company, for example board diversity and climate change.

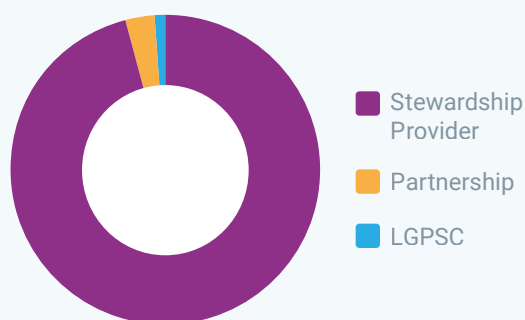


CLIMATE CHANGE ENGAGEMENTS

This quarter, our climate change engagement set comprised 212 companies with 322 engagement issues and objectives.⁴ There was progress on 34 specific engagement objectives.

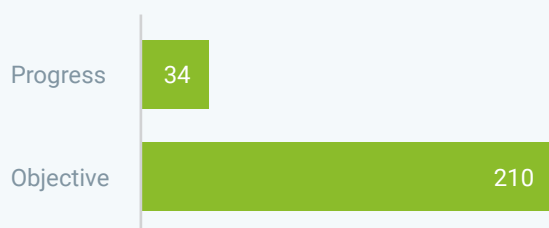


ENGAGEMENT VOLUME BY TYPE



- 322 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



BHP

Theme: Climate Change (Just Transition)

RAG Status: RED

Objective: Enhanced disclosure on Just Transition

Engagement: Through CA100+ LGPSC met with BHP regarding the closure of the Mt Arthur thermal coal mine which was due to close in 2045 but will now close in 2030. There are roughly 2,200 employees at risk of job loss. Although BHP have committed to the responsible closure of the mine in 2030 we wanted reassurances from the company about how they intend to meet this commitment.

The company confirmed that they have setup the Tomorrow, Together initiative which aims to support BHP employees to identify a pathway post closure most appropriate for each individual's circumstances. When we questioned the company regarding progress of the Tomorrow, Together initiative the company confirmed that they have assigned costs to re-training and re-deployment. However, the company has not disclosed these costs outside of the usual rehabilitation costs. BHP explained that consultations have taken place with

⁴ There can be more than one climate-related engagement issue and/or objective per company.

employees to consider appropriate levels of re-training and re-deployment. While considerations regarding contract workers are being managed from their agencies. The company confirmed that they want to give workers the opportunity to think and change their mind over where they want to move after the mine closure. The company redirected us to review their disclosures on the Just Transition, however it lacked adequate transparency outside of the usual rehabilitation costs.

Outcome: The company admitted that they saw the point on public disclosures not including specific measures of the Tomorrow, Together initiative. We plan on re-engaging with the company on the further disclosures regarding their approach to the Just Transition.

KINDER MORGAN INC

Theme: Climate Change

Objective: To report on how it manages its relationships with trade associations regarding their positions on climate change.

Engagement: In early 2019, EOS began engaging with US pipeline operator Kinder Morgan on climate lobbying. EOS shared a climate lobbying report best practice example and asked the company to demonstrate that it is governing its membership of trade associations robustly. Through EOS's co-lead role of the Kinder Morgan Climate Action 100+ collaborative engagement, they laid out their top priorities consistent with achieving a goal of net-zero emissions by 2050, which included trade association alignment. In response to the feedback, the company included information on political contributions and lobbying expenses in its 2020 ESG report. In 2021, we urged the company to build on its recent lobbying disclosure by adding how it manages its relationships with trade associations, particularly when they do not align with the company's position on climate change. EOS followed up on this in 2022, asking the company to disclose trade association public policy actions related to the US Environmental Protection Agency (EPA) proposed methane rule.

Outcome: In a recent engagement with a director, the company clarified that it does not have a public position on the goals of the Paris Agreement, but its trade associations reflect its positions and do not oppose the Paris Agreement or methane regulations. The director added that the company leaves trade associations that do not align with its positions and that it chairs the Interstate Natural Gas Association of America. This has an aspirational industry commitment to net zero by 2050 for Scopes 1 and 2

emissions. We will continue engaging with the company on enhancing its climate lobbying disclosures to include its recent improvements on trade association alignment.

DRAX GROUP PLC

Objective: To understand the company's business model, associated risk and sustainability of the supply chain for wooden pellets for combustion at Drax Power Station.

Engagement: Since the last AGM the Chair has been replaced as expected given the tenure. LAPFF is arranging to meet the new Chair. LAPFF had responses to the consultation from the Department of Energy Security and Net Zero on prolonging the subsidies to Drax. LAPFFs response covered the evidence that Drax supplies of wood are not carbon neutral or sustainable as a supply source, due it being dependent on US imports. Drax claims to source wood pellets from sustainable sources however a BBC investigation has shown that Drax has been cutting Canadian trees located in rare forests rather than from managed plantations.

Outcome: LAPFF is awaiting a meeting with the new Chair and is following government policy in this area closely. In March 2024, the government announced that new gas plants will be needed for intermittent supply of energy when there is insufficient generation from renewables. This is relevant to the medium to long-term future of Drax. We expect that LAPFF will raise this issue with the company in future engagements.

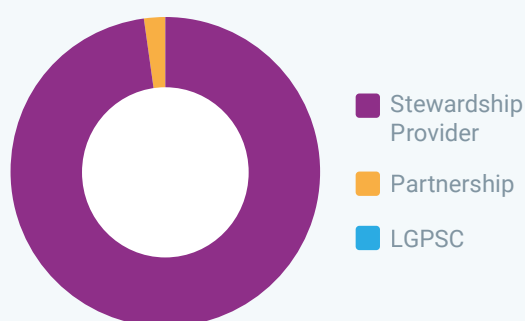


NATURAL CAPITAL

This quarter our natural capital-related engagement set comprised 105 companies with 188 engagement issues and objectives. There was progress on 20 specific engagement objectives.

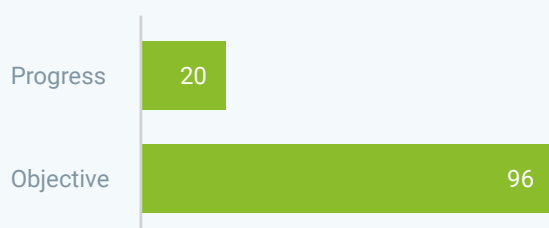


ENGAGEMENT VOLUME BY TYPE



- 192 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



UNITED UTILITIES

Theme: Natural Capital

Objective: To reduce sewage overflows and increase overall financial resilience of the company.

Engagement: LAPFF met with the chief financial officer at United Utilities to discuss the company's plans for reducing storm overflows. In October, water utility companies set out their plans under Ofwat's price review process. These plans include investment strategies for improving environmental performance (regulated by the Environment Agency) such as overflow reductions. The meeting therefore spent some time discussing United Utilities' investment plans under the price review. LAPFF wanted to discuss delivering value for money and ensuring affordability for customers given the additional investment and higher prices needed. The meeting discussed adaptive planning, supply chain capacity, consultation, and support for the plans from their customers, and financial assistance for lower income households. The meeting also discussed gearing levels and implications for United Utilities. This covered the definition of gearing: the traditional debt to equity versus debt to assets, which is used by the regulator, and that the Ofwat definition is less sensitive to increasing debt than the traditional one. The situation at Thames Water was also discussed as was the differences between publicly listed and private equity run firms.

Outcome: As additional funding comes into the sector to address storm overflows, LAPFF will engage with water utilities to ensure that plans are being delivered, overflows are being reduced, and the investment represents value for money for shareholders and stakeholders.



SENSITIVE AND TOPICAL ACTIVITIES

This quarter, our sensitive and topical activities engagement set comprised 1 company with 1 engagement objectives.



- 1 engagement during the quarter

ARCELOR MITTAL

Theme: Health and Safety

Objective: To raise our concerns about the methane explosion in a coal mine in Kazakhstan.

Engagement: Following a methane explosion in a coal mine located in Kazakhstan in 2023 which resulted in 46 fatalities, we sent the company a letter raising our concerns. In the letter we outline several concerns including; (1) Limited availability of published data relating to learnings from Arcelor Mittal's past incidents. We proposed targeted efforts aimed at enhancing safety protocols and mitigating potential risks, (2) lack of adequate emergency response plans and post incident medical care protocols. Additional info on this would be welcomed, (3) lack of effective implementation of the H&S policy within the operations in Kazakhstan, (4) decrease of incentives relating to the H&S component in the company's executive pay package.

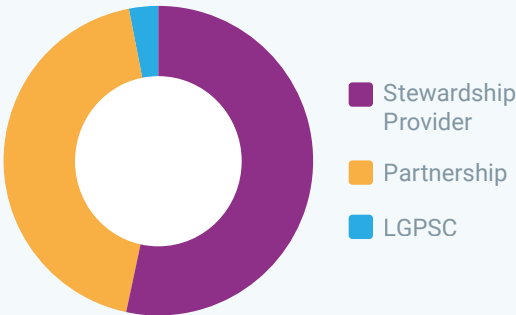
Outcome: We have proposed to schedule a call with the company to further discuss our concerns. We await the company's response.



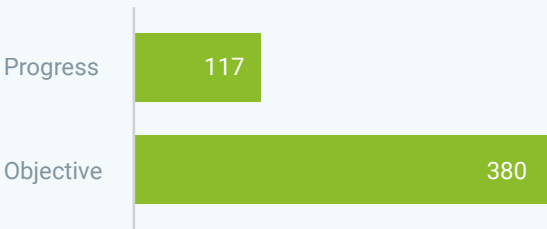
HUMAN RIGHTS

This quarter our human rights related engagements comprised 321 companies with 525 engagement issues and objectives. There was progress on 117 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



• 525 engagements during the quarter



especially considering the significant impact FTSE AIM companies can have through a variety of supply chains. LGPSC has endorsed this initiative by signing letters to 18 companies.

Outcome: We will continue to monitor the progress of the companies closely.

LUXURY GOODS COMPANIES

Objective: To address the risks associated with human rights violations such as forced labour, child labour, unsafe working conditions, and inadequate wages.

Engagement: During the quarter, LAPFF engaged with five luxury goods companies, several of which were new engagements for the Forum. Meetings were held with key industry players: Richemont SA, Kering SA, and Louis Vuitton Moet Hennessy. Prior to these meetings, it was recognised that LAPFF’s requests would need to be varied due to the differing levels of disclosure and transparency regarding human rights programmes, risk management, and supply chain due diligence among the companies. These engagements provided LAPFF with valuable opportunities to initiate dialogues, aiming to establish good relationships and gain a deeper understanding of the companies’ current practices. Moreover, these discussions allowed LAPFF to present an investor’s perspective on why enhanced disclosures are critical, demonstrating a company’s commitment to mitigating legal and reputational risks associated with human rights issues.

Outcome: LAPFF has calls scheduled with Moncler and Burberry for Q2 of 2024 and will also aim to build upon the initial engagements held with companies in Q1 in the upcoming months to ensure robust human rights risk management is viewed as a company responsibility, but also a key factor in safeguarding the companies’ long-term value and reputation. LAPFF will continue to monitor these companies’ practices and disclosures, providing feedback and recommendations as necessary to ensure that human rights considerations are being adequately addressed and integrated into their business models and supply chain operations.

VOTES AGAINST SLAVERY (VAS)

(Lancashire Holdings Limited, J D Weatherspoon Plc, Apax Global Alpha Limited, Big Yellow Group Plc, Bytes Technology Group Plc, Personal Assets Trust Public Limited Company, Wizz Air Holdings Plc, Ascential Plc, Aston Martin Lagonda Global Plc, Discoverie Group Plc, Empiric Student Property Plc, Octopus Renewables Infrastructure Trust Plc, ME Group International Plc, TUI AG, Petershill Partners Plc, Pagegroup Plc, Petershill Partners Plc, Fresnillo Plc)

Progress: Red

Objective: To publish updated modern slavery statements annually on their UK websites.

Engagement: Rathbones has taken the lead on addressing modern slavery through Votes Against Slavery (VAS) initiative. The initiative focuses on addressing and reducing modern slavery practices by targeting non-compliant companies within the UK’s FTSE 350, and starting from 2024, the FTSE AIM markets. This expansion reflects an effort to encompass a broader range of companies,

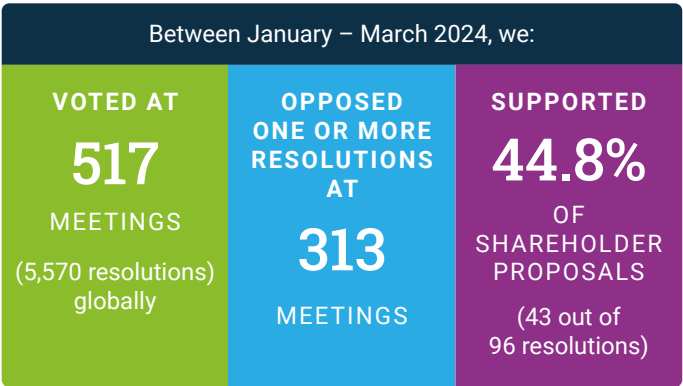
03 Voting



POLICY

For UK listed companies, we vote our shares in accordance with a set of bespoke LGPSC UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor, EOS at Federated Hermes.

COMMENTARY



A full overview of voting decisions for securities held in portfolios within the Company’s Authorised Contractual Scheme (ACS) – broken down by market, issues and reflecting number of votes against and abstentions – can be found on our website [here](#).

EXAMPLES OF VOTING DECISIONS



Company: Apple Inc

Theme: Artificial Intelligence (AI)

Rationale: LGPSC supported a shareholder resolution filed at Apple's AGM requesting the company prepare a transparency report on the its use of artificial intelligence (AI) in its business operations and to disclose any ethical guidelines that the company has adopted regarding AI technology. The adoption of AI into business operations raises significant risks including human resourcing decisions, automation of jobs, and the dissemination of false information. We support the proponent's notion that the adoption of an ethical framework for the use of AI technology will strengthen Apple's position as a leading responsible user of AI, improve the firm's financial position, and build trust amongst stakeholders.

The Board asserts that they already provide transparency on the company's approach to AI and that existing guidelines, policies, and procedures sufficiently address the concerns raised.

Whilst we agree that the existing guidelines and practices broadly address topics mentioned in the shareholder proposal, they do not specifically identify potential risks resulting from the use of AI. Apple's peers have committed to mitigate risks posed by AI, and given the company's lack of disclosure, especially regarding AI's potential adverse effects on labour-related issues and the spread of misinformation, there are concerns regarding shareholders' ability to properly evaluate the risks associated with the use of AI or the actions the company is potentially taking to mitigate those risks. This is of particular concern given these issues have become increasingly contentious and may pose significant reputational and social risks. Improved transparency surrounding the company's use of AI within its business operations and the disclosure of an ethical guideline specifically related to AI will help to alleviate our concerns surrounding Apple's use of AI.

Result: The vote received 31.0% support which sends a strong message to the Board that investors would like to see improved greenhouse gas disclosures, in line with peers.



Company: Metro Inc

Theme: In-person AGMs

Rationale: We supported a shareholder proposal requesting the company to hold hybrid style (In-person and virtual) AGMs. Whilst conducting shareholder meetings via electronic means provides shareholders with potential benefits of enabling shareholder participation, there are also concerns about moves to eliminate physical shareholder meetings, arguing that virtual-only meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable

questions and therefore marginalising shareholders resulting in an erosion of shareholder rights. In light of the fact that the COVID-19 public health emergency was declared to have ended in May 2023, the company has not provided a compelling reason for continuing to hold virtual-only AGMs. In the absence of other extenuating circumstances preventing the company from holding an in-person meeting we decided to support this resolution.

Result: The proposal passed and received 53.8% support.



Walgreens Boots Alliance

Company: Walgreens Boots Alliance Inc

Theme: Corporate Governance

Rationale: We voted for a shareholder proposal requesting the company appoint an independent Board Chair. Shareholders would benefit from more independent board oversight in the form of an independent Chair. The company has underperformed peers by a significant margin over the short and long term. Moreover, whilst we take comfort from the fact that there is a lead independent director role, the lead independent director must effectively act as a counterweight to both a CEO and an executive chairman. In this case, an independent Chair policy would simplify the current board leadership structure, which could promote more effective independent oversight and streamline responsibilities. In consideration of these factors, support for this non-binding proposal is warranted.

Result: The proposal received 31.5% support which is considered a significant vote. Whilst the resolution failed to pass, we expect the company to take note of investor concerns on this matter and expect the company to address the issue identified.



Company: Mitchells & Butlers Plc

Theme: Board Diversity

Rationale: We voted against the re-election of Bob Ivell, the Board Chair. The Board Chair is ultimately responsible for corporate governance standards on the Board. The composition of the Board and key committees falls short of the FCA's expectations to have 40% of women on the Board, currently Mitchells & Butlers Plc has 22% female representation.

The UK Corporate Governance Code's recommends a tenure limit for the Chair of 9 years. Bob Ivell has served on the Board for 12 years with no indication of succession planning coming from the company.

Result: Dissent against management's recommendation was significant at 29.6%, which sends a clear signal to the company on investor expectations with regards to Board composition and succession planning.

LGPS CENTRAL LIMITED'S

Partner Organisations

LGPS Central actively contributes to the following investor groups





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All information is prepared as of **21/05/2024**.

This document is intended for **PROFESSIONAL CLIENTS** only.

LGPS Central Limited is authorised and regulated by the Financial Conduct Authority.

Registered in England. Registered No: 10425159.

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Q1 2024

LGPS Central - ACS

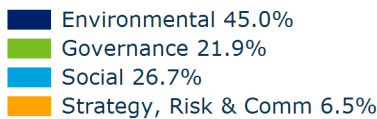
EOS at Federated Hermes

Engagement by region

We engaged with 363 companies held in the LGPS Central - ACS portfolio on a range of 1354 environmental, social and governance issues and objectives

Global

We engaged with 363 companies



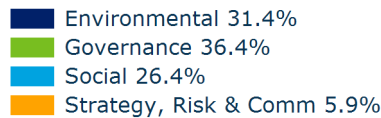
Australia & New Zealand

We engaged with eight companies



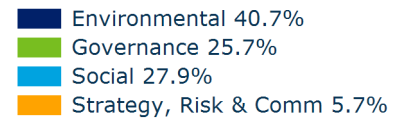
Developed Asia

We engaged with 50 companies



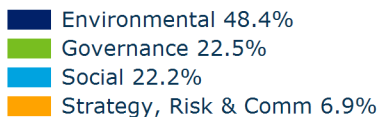
Emerging & Developing Markets

We engaged with 32 companies



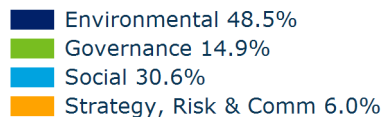
Europe

We engaged with 97 companies



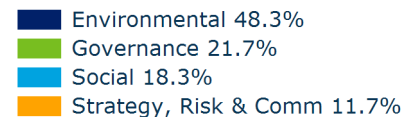
North America

We engaged with 156 companies



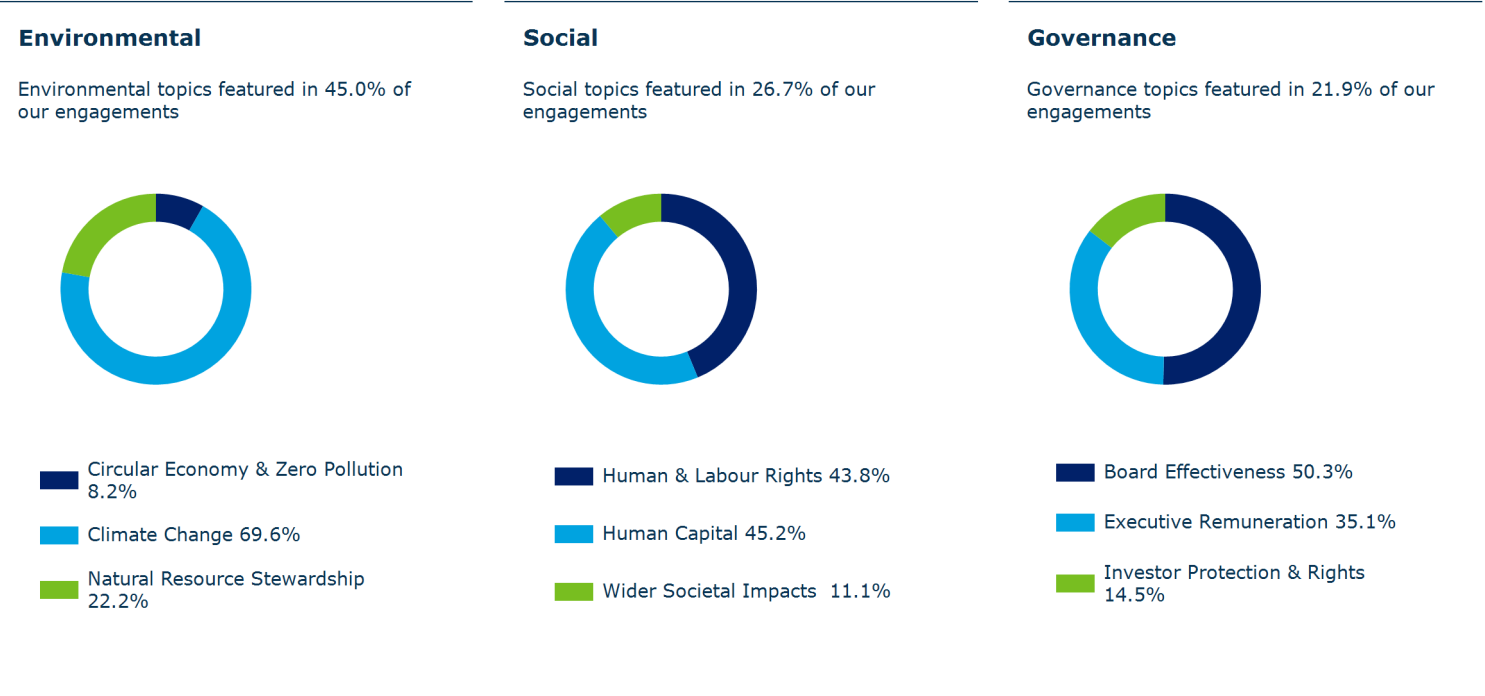
United Kingdom

We engaged with 20 companies



Engagement by Meta theme

We engaged with 363 companies held in the LGPS Central - ACS portfolio on a range of 1354 environmental, social and governance issues and objectives



Q1 2024

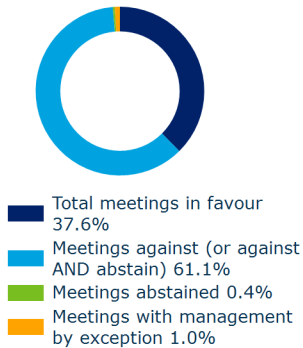
LGPS Central - ACS

EOS at Federated Hermes

Over the last quarter we made voting recommendations at 511 meetings (5,565 resolutions). At 312 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at five meetings and abstaining at two meetings. We supported management on all resolutions at the remaining 192 meetings.

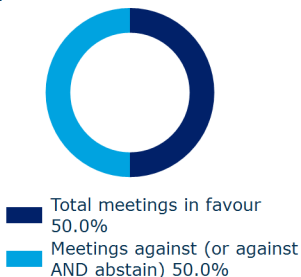
Global

We made voting recommendations at 511 meetings (5,565 resolutions) over the last quarter.



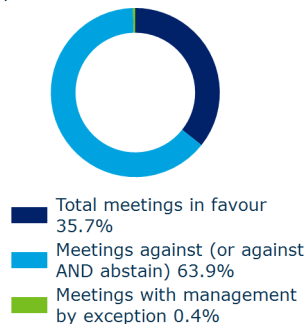
Australia & New Zealand

We made voting recommendations at two meetings (11 resolutions) over the last quarter.



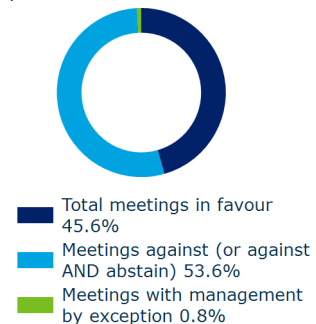
Developed Asia

We made voting recommendations at 227 meetings (1,948 resolutions) over the last quarter.



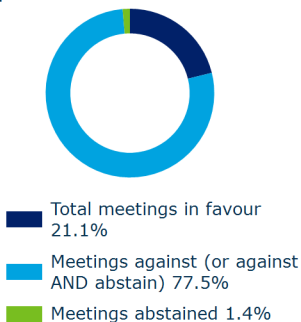
Emerging & Developing Markets

We made voting recommendations at 125 meetings (895 resolutions) over the last quarter.



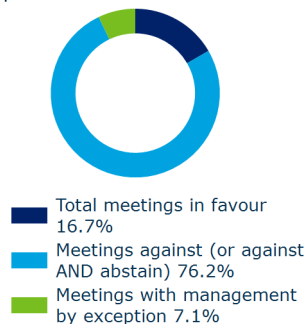
Europe

We made voting recommendations at 71 meetings (1,572 resolutions) over the last quarter.



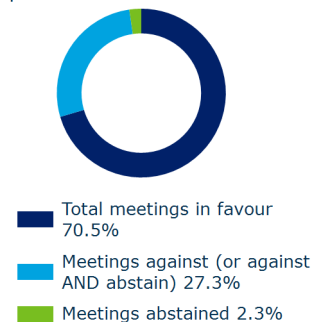
North America

We made voting recommendations at 42 meetings (523 resolutions) over the last quarter.



United Kingdom

We made voting recommendations at 44 meetings (616 resolutions) over the last quarter.



The issues on which we recommended voting against management or abstaining on resolutions are shown below.

Global

We recommended voting against or abstaining on 788 resolutions over the last quarter.



Board Structure	58.5%
Remuneration	20.9%
Shareholder Resolution	5.1%
Capital Structure + Dividends	1.6%
Amend Articles	3.6%
Audit + Accounts	6.1%
Other	4.2%

Australia & New Zealand

We recommended voting against or abstaining on two resolutions over the last quarter.



Board Structure	50.0%
Remuneration	50.0%

Developed Asia

We recommended voting against or abstaining on 331 resolutions over the last quarter.



Board Structure	73.1%
Remuneration	8.2%
Shareholder Resolution	3.9%
Capital Structure + Dividends	0.3%
Amend Articles	3.0%
Audit + Accounts	11.5%

Emerging & Developing Markets

We recommended voting against or abstaining on 172 resolutions over the last quarter.



Board Structure	51.2%
Remuneration	18.0%
Shareholder Resolution	2.3%
Capital Structure + Dividends	2.9%
Amend Articles	9.9%
Audit + Accounts	4.1%
Other	11.6%

Europe

We recommended voting against or abstaining on 184 resolutions over the last quarter.



Board Structure	48.4%
Remuneration	39.1%
Shareholder Resolution	0.5%
Capital Structure + Dividends	3.8%
Amend Articles	0.5%
Audit + Accounts	0.5%
Other	7.1%

North America

We recommended voting against or abstaining on 82 resolutions over the last quarter.



Board Structure	40.2%
Remuneration	30.5%
Shareholder Resolution	26.8%
Audit + Accounts	2.4%

United Kingdom

We recommended voting against or abstaining on 17 resolutions over the last quarter.



Board Structure	47.1%
Remuneration	52.9%



Notices:

LGPS Central Limited is committed to disclosing its voting record on a vote-by-vote basis, including where practicable the provision of a rationale for votes cast against management.

The data presented here relate to voting decisions for securities held in portfolios within the company's Authorised Contractual Scheme (ACS).

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
31/01/2024	China Overseas Land & Investment Ltd.	Special	All For		
24/01/2024	Sekisui House Reit, Inc.	Special	All For		
25/01/2024	Park24 Co., Ltd.	Annual	Against	1.1,1.4,1.6	Lack of independence on board
30/01/2024	Kobe Bussan Co., Ltd.	Annual	Against	1.1 2.2	Lack of independence on board Lack of independence on board Concerns related to inappropriate membership of committees
16/02/2024	OSG Corp. (6136)	Annual	All For		
28/02/2024	Kewpie Corp.	Annual	Against	1.2 1.10 1.1	Concerns about overall performance Lack of independence on board Lack of independence on board Concerns about overall performance
28/02/2024	Money Forward, Inc.	Annual	Against	3.1	Concerns related to approach to gender diversity Concerns about overall performance
16/03/2024	THK CO., LTD.	Annual	Against	3.2 3.8	Concerns related to approach to board gender diversity Lack of independence on board
18/03/2024	Taisho Pharmaceutical Holdings Co., Ltd.	Special	Against	1.2	Concerns to protect shareholder value
21/03/2024	GMO Internet Group, Inc.	Annual	Against	1.1 2.2,2.3 2.1	Concerns related to approach to board gender diversityLack of independence on boardPoison pill/anti-takeover measure not in investors interests Concerns related to succession planning Lack of independence on board
21/03/2024	Yamaha Motor Co., Ltd.	Annual	Against	2.1,2.6,2.10	Lack of independence on board
22/03/2024	ASICS Corp.	Annual	All For		
22/03/2024	Dentsu Soken, Inc.	Annual	Against	2.3	Concerns related to succession planning
22/03/2024	Japan Tobacco, Inc.	Annual	All For		
22/03/2024	Kao Corp.	Annual	Against	2.1 2.8	Concerns related to approach to board gender diversity Lack of independence on board
22/03/2024	Kubota Corp.	Annual	Against	1.1	Concerns related to approach to board gender diversity
22/03/2024	Kyowa Kirin Co., Ltd.	Annual	Against	3	Concerns about overall board structure
23/03/2024	Horiba Ltd.	Annual	Against	1.3	Concerns related to board gender diversity
24/03/2024	MonotaRO Co., Ltd.	Annual	Against	2.3	Concerns related to succession planning
26/03/2024	Asahi Group Holdings Ltd.	Annual	All For		
26/03/2024	Bridgestone Corp.	Annual	Against	2.3,2.4,2.5	Concerns related to succession planning
26/03/2024	Coca-Cola Bottlers Japan Holdings, Inc.	Annual	Against	2.1	Concerns about overall performance
26/03/2024	Ezaki Glico Co., Ltd.	Annual	Against	2.1 2.2 2.5,2.6 2.8 4,6,7	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity Concerns related to succession planning Lack of independence on board SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
26/03/2024	Hulic Co., Ltd.	Annual	Against	3.1,3.3 2.1,2.2 2.6,2.7,2.8 2.9	Concerns about overall board structure Concerns about overall performance Concerns related to succession planning Lack of independence on board
26/03/2024	INPEX Corp.	Annual	Against	2.1 2.6	Concerns related to approach to board gender diversity Lack of independence on board
26/03/2024	Kagome Co., Ltd.	Annual	All For		
26/03/2024	McDonald's Holdings Co. (Japan) Ltd.	Annual	Against	3.2 2.3 4	Concerns about overall board structure Concerns related to attendance at board or committee meetings Pay is misaligned with EOS remuneration principles

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/03/2024	Nabtesco Corp.	Annual	All For		
26/03/2024	Renesas Electronics Corp.	Annual	All For		
26/03/2024	Resonac Holdings Corp.	Annual	Against	2.1,2.2 2.6	Concerns about overall performance Lack of independence on board
26/03/2024	Shiseido Co., Ltd.	Annual	All For		
27/03/2024	Canon Marketing Japan, Inc.	Annual	Against	3.2,3.3 2.1	Concerns about overall board structure Concerns related to approach to board gender diversity
27/03/2024	Ebara Corp.	Annual	All For		
27/03/2024	Frontier Real Estate Investment Corp.	Special	All For		
27/03/2024	HOSHIZAKI Corp.	Annual	All For		
27/03/2024	Kuraray Co., Ltd.	Annual	All For		
27/03/2024	NEXON Co., Ltd.	Annual	Against	1.1 2.2,2.3 3	Concerns related to approach to board gender diversity Concerns related to succession planning Pay is misaligned with EOS remuneration principles
27/03/2024	Nippon Paint Holdings Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board gender diversity
27/03/2024	OTSUKA CORP.	Annual	Against	2.1	Concerns about overall board structure
27/03/2024	Peptidream, Inc.	Annual	Against	1.1	Concerns about overall performanceConcerns related to approach to board gender diversity
27/03/2024	Shimano, Inc.	Annual	Against	2.2	Concerns related to approach to board gender diversity
27/03/2024	Suntory Beverage & Food Ltd.	Annual	All For		
27/03/2024	Tokyo Tatemono Co., Ltd.	Annual	All For		
27/03/2024	Toyo Tire Corp.	Annual	Against	2.1 2.2 2.7	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity Lack of independence on board
27/03/2024	Unicharm Corp.	Annual	All For		
28/03/2024	AGC, Inc. (Japan)	Annual	Against	2.1 2.2	Concerns about overall performance Concerns about overall performanceConcerns related to approach to board gender diversity
28/03/2024	Canon, Inc.	Annual	Against	2.1	Concerns related to approach to board gender diversity
28/03/2024	Chugai Pharmaceutical Co., Ltd.	Annual	All For		
28/03/2024	Dentsu Group, Inc.	Annual	Against	1.2 1.7	Concerns about overall performance Lack of independence on board
28/03/2024	DIC Corp.	Annual	Against	2.1	Concerns about overall performance
28/03/2024	DMG MORI CO., LTD.	Annual	All For		
28/03/2024	GungHo Online Entertainment, Inc.	Annual	Against	1.1	Concerns related to approach to board gender diversity
28/03/2024	Kirin Holdings Co., Ltd.	Annual	All For		
28/03/2024	Kobayashi Pharmaceutical Co., Ltd.	Annual	Against	1.4	Concerns related to succession planning
28/03/2024	KOKUYO CO., LTD.	Annual	Against	3.8	Concerns about overall performance
28/03/2024	KOSE Corp.	Annual	All For		
28/03/2024	Lion Corp.	Annual	Against	1.1,1.2	Concerns about overall performance
28/03/2024	Mabuchi Motor Co., Ltd.	Annual	All For		
28/03/2024	Nippon Electric Glass Co., Ltd.	Annual	Against	2.1,2.2 2.6	Concerns about overall performance Lack of independence on board
28/03/2024	Nippon Express Holdings, Inc.	Annual	Against	2.5,3.2	Lack of independence on board
28/03/2024	Otsuka Holdings Co., Ltd.	Annual	Against	1.2,1.10,1.11	Lack of independence on board
28/03/2024	Pigeon Corp.	Annual	All For		
28/03/2024	Pola Orbis Holdings, Inc.	Annual	All For		
28/03/2024	Rakuten Group, Inc.	Annual	Against	3.1 2.1 2.12	Concerns about overall board structure Concerns about overall performance Concerns related to succession planning
28/03/2024	Sapporo Holdings Ltd.	Annual	Against	2.1	Concerns about overall performance
28/03/2024	Skylark Holdings Co., Ltd.	Annual	Against	1.1,1.2	Concerns about overall performance
28/03/2024	SUMCO Corp.	Annual	Against	2.2,2.3	Concerns related to succession planning
28/03/2024	Sumitomo Forestry Co., Ltd.	Annual	Against	2.1,2.2	Concerns about overall performance
28/03/2024	Sumitomo Heavy Industries, Ltd.	Annual	Against	2.1,2.8	Lack of independence on board
28/03/2024	Sumitomo Rubber Industries, Ltd.	Annual	Against	2.8 2.12	Concerns related to succession planning Lack of independence on board

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/03/2024	The Yokohama Rubber Co., Ltd.	Annual	Against	2.1 2.2 2.7 2.9 3	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity Concerns related to succession planning Lack of independence on board Lack of independence on board Concerns related to inappropriate membership of committees
28/03/2024	Tokai Carbon Co., Ltd.	Annual	Against	4.1	Concerns related to approach to board gender diversity
28/03/2024	TOKYO OHKA KOGYO CO., LTD.	Annual	All For		
28/03/2024	Trend Micro, Inc.	Annual	Against	4,5,6	Pay is misaligned with EOS remuneration principles
28/03/2024	Yamazaki Baking Co., Ltd.	Annual	Against	2.1 3.3 4 2.8,2.9,2.10,3.2	Concerns about overall performance Lack of independence on board Concerns related to approach to board gender diversity Inadequate management of deforestation risks Concerns related to succession planning Insufficient/poor disclosure Lack of independence on board
23/01/2024	Frasers Logistics & Commercial Trust	Annual	All For		
28/03/2024	DBS Group Holdings Ltd.	Annual	Against	6	Concerns related to inappropriate membership of committees
21/02/2024	Korea Electric Power Corp.	Special	Against	1	Lack of independence on board Concerns related to approach to board gender diversity
15/03/2024	Amorepacific Corp.	Annual	All For		
15/03/2024	AmorePacific Group, Inc.	Annual	All For		
15/03/2024	Kia Corp.	Annual	Against	4	Inadequate management of climate-related risks
15/03/2024	SAMSUNG BIOLOGICS Co., Ltd.	Annual	All For		
15/03/2024	Samsung C&T Corp.	Annual	Against	4.1.1,5 1.2.1 1.2.2,3	Concerns about overall performance Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes efficient capital allocation
15/03/2024	Yuhan Corp.	Annual	Against	3.3 2.3,2.4	Concerns related to approach to board gender diversity Concerns related to shareholder rights
19/03/2024	Korea Zinc Co., Ltd.	Annual	Against	3.8 2.5 2.2	Concerns about overall performance Concerns related to shareholder rights Issue of equity raises concerns about excessive dilution of existing shareholders
20/03/2024	Hyundai GLOVIS Co., Ltd.	Annual	Against	3.2,4 3.4	Concerns related to approach to board gender diversity Lack of independence on board
20/03/2024	Hyundai Mobis Co., Ltd.	Annual	Against	3.2 5 3.1,4	Concerns related to approach to board gender diversity Concerns to protect shareholder value Lack of independence on board Lack of independent representation at board committees
20/03/2024	L&F Co., Ltd.	Annual	Against	3.1	Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity
20/03/2024	Lotte Chilsung Beverage Co., Ltd.	Annual	Against	5	Pay is misaligned with EOS remuneration principles
20/03/2024	Samsung Card Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board gender diversity
20/03/2024	Samsung Electro-Mechanics Co., Ltd.	Annual	All For		
20/03/2024	Samsung Electronics Co., Ltd.	Annual	All For		
20/03/2024	Samsung Electronics Co., Ltd.	Annual	All For		
20/03/2024	Samsung Fire & Marine Insurance Co., Ltd.	Annual	Against	3	Concern about his independence
20/03/2024	Samsung SDI Co., Ltd.	Annual	All For		
20/03/2024	SAMSUNG SDS CO., LTD.	Annual	All For		
21/03/2024	BGF Retail Co., Ltd.	Annual	Against	3.2	Concerns related to approach to board gender diversity
21/03/2024	Cheil Worldwide, Inc.	Annual	Against	4,5	Pay is misaligned with EOS remuneration principles
21/03/2024	DI E&C Co., Ltd.	Annual	All For		
21/03/2024	GS Retail Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board gender diversity
21/03/2024	HANJIN KAL Corp.	Annual	Against	3.2 2.2	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity
21/03/2024	HANWHA LIFE INSURANCE Co., Ltd.	Annual	All For		
21/03/2024	Hanwha Ocean Co., Ltd.	Annual	Against	3	Concerns related to approach to board gender diversity
21/03/2024	HOTEL SHILLA Co., Ltd.	Annual	Against	3 4	Lack of independence on board Concerns related to inappropriate membership of committees Lack of independence on board Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity
21/03/2024	HYUNDAI ENGINEERING & CONSTRUCTION Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board gender diversity
21/03/2024	Hyundai Motor Co., Ltd.	Annual	All For		
21/03/2024	Korean Air Lines Co., Ltd.	Annual	Against	2.3,3.2	Concerns about overall performance

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
21/03/2024	LG Innotek Co., Ltd.	Annual	Against	3.2,3.3	Concerns related to approach to board gender diversity
21/03/2024	LG Uplus Corp.	Annual	All For		
21/03/2024	LOTTE Fine Chemical Co., Ltd.	Annual	Against	3.4,4.2	Concerns related to potential conflict of interests 2- Concerns related to inappropriate membership of committees
21/03/2024	ORION Corp. (Korea)	Annual	Against	5	Pay is misaligned with EOS remuneration principles
21/03/2024	POSCO Holdings Inc.	Annual	Against	4.2	Concerns related to board gender diversity 2- Inadequate management of climate-related risks 3- Inadequate management of climate-related risks from exposure to coal
21/03/2024	S-1 Corp. (Korea)	Annual	Against	3.4	Concerns related to approach to board gender diversity
21/03/2024	Samsung Engineering Co., Ltd.	Annual	Against	2	Concerns related to approach to board gender diversity
21/03/2024	Samsung Heavy Industries Co., Ltd.	Annual	Against	3.1	Concerns related to approach to board gender diversity
21/03/2024	Samsung Life Insurance Co., Ltd.	Annual	Against	2.2,2.2.2.3	Concerns related to approach to board gender diversity
21/03/2024	Samsung Securities Co., Ltd.	Annual	Against	2.3,2.4	Concerns related to approach to board gender diversity
21/03/2024	Shinsegae Co., Ltd.	Annual	Against	3.2	Concerns related to approach to board gender diversity
22/03/2024	BNK Financial Group, Inc.	Annual	Against	3.1	Concerns related to approach to board gender diversity
22/03/2024	COWAY Co., Ltd.	Annual	All For		
22/03/2024	COWAY Co., Ltd.	Special	All For		
22/03/2024	DB Insurance Co., Ltd.	Annual	Against	4	Concerns related to approach to board gender diversity
22/03/2024	DL Holdings Co., Ltd.	Annual	Against	2.2	Concerns related to shareholder rights
22/03/2024	DONG SUH Companies Inc.	Annual	Against	2.1	Concerns related to inappropriate membership of committees
22/03/2024	Hana Financial Group, Inc.	Annual	Against	1	Inappropriate bundling of election of directors on a single vote
22/03/2024		Annual	Against	2.1,2.2,2.6,3.1,4.1	Concerns about overall performance
22/03/2024	HTEJINRO Co., Ltd.	Annual	All For	2.7	Concerns related to approach to board gender diversity
22/03/2024	HYUNDAI MARINE & FIRE INSURANCE Co., Ltd.	Annual	All For		
22/03/2024	KB Financial Group, Inc.	Annual	All For		
22/03/2024	Kumho Petrochemical Co., Ltd.	Annual	Against	3.4.2	Concerns to protect shareholder value
22/03/2024		Annual	Against	1.2,1.2.2,4.1,5.1,5.2,6.1,6.2,7	EOS manual override. See analyst note. Concerns to protect shareholder value
22/03/2024	LG Display Co., Ltd.	Annual	All For		
22/03/2024	MERITZ Financial Group, Inc.	Annual	All For		
22/03/2024	Nongshim Co., Ltd.	Annual	Against	2.2,4	Concerns related to approach to board gender diversity
22/03/2024		Annual	Against	2.1	Concerns related to approach to board gender diversityConcerns related to inappropriate membership of committees
22/03/2024	Paradise Co., Ltd.	Annual	Against	7	Pay is misaligned with EOS remuneration principles
22/03/2024	Seegene, Inc.	Annual	Against	3.1	Concerns regarding audit quality 2- Concerns about candidate's experience/skills
22/03/2024		Annual	Against	5	Pay is misaligned with EOS remuneration principles
22/03/2024	Woori Financial Group, Inc.	Annual	Against	3.1,3.2	Concerns about overall performance
22/03/2024		Annual	Against	2.1,2.2,2.3	Concerns about overall performance Concerns related to approach to board gender diversity
25/03/2024	CJ Logistics Corp.	Annual	All For		
25/03/2024	Cosmo AM&T Co., Ltd.	Annual	All For		
25/03/2024	Doosan Bobcat, Inc.	Annual	All For		
25/03/2024	HD Hyundai Infracore Co., Ltd.	Annual	All For		
25/03/2024	HYUNDAI MIPO DOCKYARD Co., Ltd.	Annual	Against	4	Concerns related to inappropriate membership of committees Lack of independence on board
25/03/2024		Annual	Against	3	Lack of independence on board
25/03/2024	kakaopay Corp.	Annual	Against	2.3	Concerns related to shareholder rights
25/03/2024	LG Chem Ltd.	Annual	All For		
25/03/2024	LG Energy Solution Ltd.	Annual	All For		
25/03/2024	Lotte Energy Materials Corp.	Annual	Against	5	Pay is misaligned with EOS remuneration principles
25/03/2024	POSCO Future M Co., Ltd.	Annual	Against	3.5	Concerns related to approach to board gender diversity
25/03/2024		Annual	Against	3.2	Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
25/03/2024	POSCO INTERNATIONAL Corp.	Annual	Against	3.1,1.3,1.2	Concerns related to approach to board gender diversityConcerns related to inappropriate membership of committees
25/03/2024	SK bioscience Co., Ltd.	Annual	All For		
26/03/2024	Alteogen, Inc.	Annual	All For		
26/03/2024	Celltrion Pharm Inc.	Annual	All For		
26/03/2024	Celltrion, Inc.	Annual	All For		
26/03/2024	CJ ENM Co., Ltd.	Annual	All For		

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/03/2024	Doosan Enerbility Co., Ltd.	Annual	Against	5	Pay is misaligned with EOS remuneration principles
26/03/2024	Ecopro BM Co., Ltd.	Annual	All For		
26/03/2024	HANWHA AEROSPACE Co., Ltd.	Annual	All For		
26/03/2024	HANWHA SOLUTIONS CORP.	Annual	All For		
26/03/2024	HD Hyundai Heavy Industries Co., Ltd.	Annual	Against	2.2	Lack of independence on board
26/03/2024	HL Mando Co., Ltd.	Annual	All For		
26/03/2024	Hyundai Department Store Co., Ltd.	Annual	Against	3.6,4.2 3.2,3.3	Concerns about overall performance Concerns related to approach to board gender diversity
26/03/2024	Hyundai Steel Co.	Annual	Against	2.3,3.4	Concerns about overall performance 2- Concerns to protect shareholder value
26/03/2024	Industrial Bank of Korea	Annual	Against	2.3	Pay is misaligned with EOS remuneration principles
26/03/2024	Korea Electric Power Corp.	Annual	All For		
26/03/2024	KRAFTON, Inc	Annual	Against	4.1,5.1	Concerns about overall performance
26/03/2024	LG Electronics, Inc.	Annual	Against	3	Concerns related to approach to board gender diversity
26/03/2024	LG H&H Co., Ltd.	Annual	All For		
26/03/2024	Lotte Chemical Corp.	Annual	Against	3.1,4.1 3.4	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity
26/03/2024	Lotte Shopping Co., Ltd.	Annual	All For		
26/03/2024	Mirae Asset Securities Co., Ltd.	Annual	Against	3	Concerns about overall performance Concerns related to approach to board gender diversity
26/03/2024	NAVER Corp.	Annual	All For		
26/03/2024	OTTOGI Corp.	Annual	Against	3.2	Lack of independence on board Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
26/03/2024	Shinhan Financial Group Co., Ltd.	Annual	Against	2.2,2.3,2.4,2.5,2.6,3.4,1.4,2	Concerns about overall performance
26/03/2024	SK Biopharmaceuticals Co., Ltd.	Annual	All For		
26/03/2024	SK Chemicals Co. Ltd.	Annual	All For		
26/03/2024	Sk le Technology Co., Ltd.	Annual	Against	2	Lack of independence on board
26/03/2024	SKC Co., Ltd.	Annual	All For		
27/03/2024	CJ CheilJedang Corp.	Annual	Against	2.1,4	Pay is misaligned with EOS remuneration principles
27/03/2024	Hanmi Pharmaceutical Co., Ltd.	Annual	All For		
27/03/2024	LG Corp.	Annual	All For		
27/03/2024	NH Investment & Securities Co., Ltd.	Annual	Against	2.3 4	Concerns about overall performance Concerns about overall performance Concerns related to inappropriate membership of committees
27/03/2024	Pan Ocean Co., Ltd.	Annual	Against	2	Concerns related to approach to board gender diversity
27/03/2024	SK hynix, Inc.	Annual	Against	6	Concerns about overall performance
27/03/2024	SK Networks Co., Ltd.	Annual	Against	4	Concerns about overall performance
27/03/2024	SK, Inc.	Annual	Against	2.2	Concerns about overall performance
28/03/2024	CJ Corp.	Annual	All For		
28/03/2024	Daewoo Engineering & Construction Co. Ltd.	Annual	All For		
28/03/2024	DB HITEK Co., Ltd.	Annual	Against	4.2 6.2	Concerns related to approach to board gender diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
28/03/2024	DGB Financial Group Co., Ltd.	Annual	Against	3.2,3.4,4 3.3	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity
28/03/2024	E-Mart, Inc.	Annual	Against	1.3 2.2,2.3	EOS manual override. See analyst note. Lack of independence on board Concerns related to approach to board gender diversity
28/03/2024	ECOPRO Co., Ltd.	Annual	All For		
28/03/2024	F&F Co., Ltd.	Annual	Against	3.5	Inappropriate bundling of election of directors on a single vote
28/03/2024	FILA Holdings Corp.	Annual	Against	5	Pay is misaligned with EOS remuneration principles
28/03/2024	Green Cross Corp.	Annual	Against	6	Pay is misaligned with EOS remuneration principles
28/03/2024	GS Holdings Corp.	Annual	Against	3.4	Lack of independence on board
28/03/2024	HANKOOK TIRE & TECHNOLOGY Co., Ltd.	Annual	Against	3.2,2.3,2.3 3.2.1 3.1.3 6	Concerns about overall performance Concerns about overall performance Concerns related to approach to board gender diversity Concerns about overall performance Concerns related to inappropriate membership of committees Pay is misaligned with EOS remuneration principles
28/03/2024	Hanmi Science Co., Ltd.	Annual	Against	2.7,2.11,3.4 2.1,2.3,2.5,3.2	SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation Lack of independence on board
28/03/2024	Hanon Systems	Annual	Against	2.3	Inappropriate bundling of election of directors on a single vote

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/03/2024	HMM Co., Ltd.	Annual	Against	4.3 3.2,3.5	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Lack of independence on board
28/03/2024	Hyundai WIA Corp.	Annual	Against	2.2	Concerns related to approach to board gender diversity
28/03/2024	Kakao Corp.	Annual	Against	3.1,3.3	Concerns about overall performance
28/03/2024	Kakao Games Corp.	Annual	Against	2	Issue of equity raises concerns about excessive dilution of existing shareholdersConcerns related to shareholder rights
28/03/2024	KakaoBank Corp.	Annual	Against	3.2	Concerns related to approach to board gender diversity
28/03/2024	Kangwon Land, Inc.	Annual	Against	2	Pay is misaligned with EOS remuneration principles
28/03/2024	KCC Corp.	Annual	Against	1.3,2,3 1.2 6	Concerns about overall performance Concerns related to approach to board gender diversity Concerns about overall performance Pay is misaligned with EOS remuneration principles
28/03/2024	KEPCO Plant Service & Engineering Co., Ltd.	Annual	Against	2,3	Pay is misaligned with EOS remuneration principles
28/03/2024	KOREA AEROSPACE INDUSTRIES Ltd.	Annual	All For		
28/03/2024	Korea Gas Corp.	Annual	Against	2	Pay is misaligned with EOS remuneration principles
28/03/2024	KT Corp.	Annual	All For		
28/03/2024	KT&G Corp.	Annual	Against	3.1,3.2,4 3.3	Cumulative/slate voting in favour of individual candidates/slates SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
28/03/2024	Lotte Corp.	Annual	Against	3.5,3.6,3.7,4.1,4.2 3.4 3.2 3.1	Concerns about overall performance Concerns related to approach to board gender diversityConcerns about overall performance Concerns related to inappropriate membership of committeesConcerns about overall performance Concerns to protect shareholder value
28/03/2024	LS Corp.	Annual	Against	2,3 5	Concerns about overall performance Pay is misaligned with EOS remuneration principles
28/03/2024	NCsoft Corp.	Annual	Against	3.2	Concerns related to inappropriate membership of committees
28/03/2024	Netmarble Corp.	Annual	All For		
28/03/2024	S-Oil Corp.	Annual	Against	6.1 3.1,3.3,3.5 3.4 3.2	Concerns related to inappropriate membership of committees Inadequate management of climate-related risks Concerns related to inappropriate membership of committees Lack of independence on board Concerns related to inappropriate membership of committees Lack of independence on board Inadequate management of climate-related risks Lack of independence on board
28/03/2024	SD Biosensor, Inc.	Annual	All For		
28/03/2024	SK Innovation Co., Ltd.	Annual	Against	3.1	Concerns about overall performance
28/03/2024	SK Square Co., Ltd.	Annual	Against	3.1,3.2,4,5.1,5.2 1	Concerns about overall performance 2- Concerns to protect shareholder value Concerns to protect shareholder value
28/03/2024	Solus Advanced Materials Co., Ltd.	Annual	All For		
28/03/2024	SSANGYONGC&E Co., Ltd.	Annual	Against	2.1 3	Concerns related to approach to board gender diversity Inadequate management of climate-related risksConcerns related to approach to board gender diversity
29/03/2024	GS Engineering & Construction Corp.	Annual	All For		
29/03/2024	HD HYUNDAI Co., Ltd.	Annual	All For		
29/03/2024	HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	Annual	Against	5	Pay is misaligned with EOS remuneration principles
29/03/2024	HLB Co., Ltd.	Annual	All For		
29/03/2024	HYBE Co., Ltd.	Annual	Against	4 2	Concerns related to approach to board gender diversity Concerns related to shareholder rights
29/03/2024	Korea Investment Holdings Co., Ltd.	Annual	Against	2.2	Concerns related to inappropriate membership of committees
29/03/2024	OCI Holdings Co. Ltd.	Annual	All For		
29/03/2024	PearlAbyss Corp.	Annual	Against	6	Pay is misaligned with EOS remuneration principles
29/03/2024	Wemade Co., Ltd.	Annual	Against	4,5	Pay is misaligned with EOS remuneration principles
14/03/2024	Qisda Corp.	Special	All For		
01/02/2024	Nufarm Limited	Annual	All For		
22/02/2024	Aristocrat Leisure Limited	Annual	Against	1,3	Pay is misaligned with EOS remuneration principles
05/01/2024	Huabao International Holdings Limited	Special	Against	1	Concerns to protect shareholder value
27/03/2024	Credicorp Ltd.	Annual	All For		
24/01/2024	Telefonica Brasil SA	Extraordinary Shareholders	All For		
02/02/2024	Banco do Brasil SA	Extraordinary Shareholders	All For		
21/02/2024	Hypera SA	Extraordinary Shareholders	All For		

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
11/03/2024	Banco Bradesco SA	Annual	Abstain	8	Cumulative/slate voting in favour of individual candidates/slates
			Against	4,6,7,1,7,2,7,3,7,4,7,5,7,6,7,7,8,7,9,7,10,7,11	Insufficient/poor disclosure
				10	Insufficient/poor disclosure
				9	Lack of independence on board
				5,3,5,9,5,10	Lack of independence on board Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
				5,1	Lack of independence on board Concerns related to inappropriate membership of committees
				5,2,5,4,5,5,5,11	
11/03/2024	Banco Bradesco SA	Annual	Against	1	
11/03/2024	Banco Bradesco SA	Annual	Against	1	
11/03/2024	Banco Bradesco SA	Extraordinary Shareholders	All For		
28/03/2024	Porto Seguro SA	Annual	Abstain	6,9,10,1,10,2,10,3,10,4,10,5,10,6,10,7	Insufficient/poor disclosure
			Against	7	Inappropriate bundling of election of directors on a single vote Lack of independence on board Concerns related to inappropriate membership of committees
				8	Insufficient/poor disclosure
				12	Pay is misaligned with EOS remuneration principles
28/03/2024	Porto Seguro SA	Extraordinary Shareholders	Against	1	Pay is misaligned with EOS remuneration principles
28/03/2024	TIM SA (Brazil)	Annual	Against	6	Insufficient/poor disclosure
				3	Lack of independence on board
				8	Pay is misaligned with EOS remuneration principles
28/03/2024	TIM SA (Brazil)	Extraordinary Shareholders	Against	2	Pay is misaligned with EOS remuneration principles
12/01/2024	C&D International Investment Group Limited	Extraordinary Shareholders	All For		
06/02/2024	AAC Technologies Holdings, Inc.	Extraordinary Shareholders	All For		
23/02/2024	C&D International Investment Group Limited	Extraordinary Shareholders	All For		
04/01/2024	Jiangxi Copper Company Limited	Extraordinary Shareholders	All For		
05/01/2024	WuXi AppTec Co., Ltd.	Extraordinary Shareholders	All For		
05/01/2024	WuXi AppTec Co., Ltd.	Special	All For		
15/01/2024	Shenzhen YUTO Packaging Technology Co., Ltd.	Special	All For		
16/01/2024	China Yangtze Power Co., Ltd.	Special	Against	2	Concerns related to shareholder rights
16/01/2024	Fuyao Glass Industry Group Co., Ltd.	Extraordinary Shareholders	Against	4.01	Concerns related to approach to board gender diversity
				3.02	Lack of independence on board Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
18/01/2024	Yantai Jereh Oilfield Services Group Co. Ltd.	Special	All For		
29/01/2024	Midea Group Co. Ltd.	Special	Against	6	Concerns related to shareholder rights
30/01/2024	Agricultural Bank of China Limited	Extraordinary Shareholders	All For		
02/02/2024	By-health Co., Ltd.	Special	Against	1,2,3	Concerns to protect shareholder value
				4,1,4,2	Insufficient/poor disclosure
06/02/2024	YTO Express Group Co., Ltd.	Special	Against	3,4,5,6,7	Insufficient/poor disclosure
23/02/2024	The People's Insurance Company (Group) of China Limited	Extraordinary Shareholders	All For		
26/02/2024	Bank of China Limited	Extraordinary Shareholders	Against	1	Lack of independence on board
28/02/2024	Bank of Communications Co., Ltd.	Extraordinary Shareholders	Against	1	Insufficient/poor disclosure
29/02/2024	China Pacific Insurance (Group) Co., Ltd.	Extraordinary Shareholders	Against	5,5	Concerns related to inappropriate membership of committees
				1	Concerns related to shareholder rights
29/02/2024	Industrial and Commercial Bank of China Limited	Extraordinary Shareholders	Against	1	Lack of independence on board and gender diversity on the board
29/02/2024	ZhongAn Online P&C Insurance Co., Ltd.	Extraordinary Shareholders	All For		
07/03/2024	China Everbright Bank Company Limited	Extraordinary Shareholders	Against	1	Concerns related to approach to board gender diversity
				3	Lack of independence on board
18/03/2024	Bank of Beijing Co., Ltd.	Special	Against	1	Concerns related to approach to board gender diversity
19/03/2024	CRRC Corporation Limited	Extraordinary Shareholders	All For		
10/01/2024	Ecopetrol SA	Extraordinary Shareholders	All For		
22/03/2024	Ecopetrol SA	Annual	All For		
06/01/2024	Alkem Laboratories Ltd.	Special	All For		
09/01/2024	HDFC Bank Ltd.	Special	All For		
09/01/2024	Hindustan Unilever Limited	Special	All For		
18/01/2024	Larsen & Toubro Limited	Special	All For		
20/01/2024	Samvardhana Motherson International Limited	Special	All For		
25/01/2024	Tata Steel Limited	Court	All For		
28/01/2024	Bharti Airtel Limited	Special	All For		

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09/02/2024	Tata Steel Limited	Court	All For		
13/02/2024	Bajaj Auto Limited	Special	All For		
13/02/2024	Siemens Limited	Annual	Against	5 6	Concerns related to approach to board gender diversity Pay is misaligned with EOS remuneration principles Overboarded/Too many other time commitments
14/02/2024	Dr. Reddy's Laboratories Ltd.	Special	All For		
20/02/2024	Infosys Limited	Special	All For		
22/02/2024	ICICI Lombard General Insurance Company Limited	Special	All For		
25/02/2024	Shriram Finance Limited	Special	All For		
01/03/2024	HDFC Asset Management Company Limited	Special	All For		
02/03/2024	Colgate-Palmolive (India) Limited	Special	All For		
02/03/2024	Tata Steel Limited	Special	All For		
05/03/2024	Bajaj Auto Limited	Special	Against	1	Overboarded/Too many other time commitmentsConcerns about overall performance
05/03/2024	Hindustan Unilever Limited	Special	Against	1,2	Pay is misaligned with EOS remuneration principles
06/03/2024	HCL Technologies Limited	Special	All For		
08/03/2024	Persistent Systems Limited	Special	All For		
12/03/2024	Kotak Mahindra Bank Limited	Special	Against	3	Concerns related to approach to board gender diversity
15/03/2024	Angel One Limited	Extraordinary Shareholders	All For		
15/03/2024	Maruti Suzuki India Limited	Special	Against	1,2	Lack of independence on board Concerns related to approach to board gender diversity
19/03/2024	Bajaj Finance Limited	Special	Against	7 3	Insufficient disclosure Overboarded/Too many other time commitments
21/03/2024	DLF Limited	Special	Against	1	Concerns related to attendance at board or committee meetings
23/03/2024	Bajaj Finserv Limited	Special	Against	2	Insufficient disclosure
26/03/2024	Aurobindo Pharma Limited	Special	All For		
27/03/2024	Bharat Petroleum Corporation Limited	Special	All For		
27/03/2024	ICICI Bank Limited	Court	All For		
29/03/2024	HDFC Bank Ltd.	Special	All For		
30/03/2024	SBI Life Insurance Company Limited	Special	Against	1	Concerns related to succession planning Concerns related to approach to board gender diversity
01/03/2024	PT Bank Rakyat Indonesia (Persero) Tbk	Annual	Against	7	Insufficient/poor disclosure
04/03/2024	PT Bank Negara Indonesia (Persero) Tbk	Annual	Against	5	Insufficient/poor disclosure
07/03/2024	PT Bank Mandiri (Persero) Tbk	Annual	Against	4 7,8	Concerns related to Non-audit fees Insufficient/poor disclosure
14/03/2024	PT Bank Central Asia Tbk	Annual	All For		
04/01/2024	Bank Leumi Le-Israel B.M.	Special	Against	A,B1,B2	Administrative declaration
08/01/2024	Plus500 Ltd.	Special	Against	1A,2A,3A	
07/02/2024	Israel Discount Bank Ltd.	Special	Against	A,B1,B2	Administrative declaration
20/02/2024	Mizrahi Tefahot Bank Ltd.	Special	Against	A,B1,B2	Administrative declaration
21/02/2024	Kuala Lumpur Kepong Berhad	Annual	Against	2,3 1	Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity
19/03/2024	Coca-Cola FEMSA SAB de CV	Annual	Against	5	Lack of independence on board
21/03/2024	Arca Continental SAB de CV	Annual	Against	5	Lack of independence on boardConcerns related to approach to board gender diversityConcerns related to inappropriate membership of committeesInappropriate bundling of election of directors on a single vote
21/03/2024	Arca Continental SAB de CV	Extraordinary Shareholders	All For		
21/03/2024	Corporacion Inmobiliaria Vesta SAB de CV	Annual	All For		
21/03/2024	Corporacion Inmobiliaria Vesta SAB de CV	Extraordinary Shareholders	Against	2	Issue of equity raises concerns about excessive dilution of existing shareholders
22/03/2024	CEMEX SAB de CV	Annual	Against	5.E,5.F 6.B,7.A,7.B,8.A 5.D 5.G	Concerns related to succession planning Concerns related to succession planning, EOS manual override. See analyst note. Concerns related to succession planning, EOS manual override. See analyst note. Overboarded/Too many other time commitments
22/03/2024	Fomento Economico Mexicano SAB de CV	Annual	Against	4,g	Overboarded/Too many other time commitments
11/01/2024	Santander Bank Polska SA	Special	Against	5	Pay is misaligned with EOS remuneration principles
24/01/2024	Dino Polska SA	Special	Against	5	Insufficient/poor disclosure
02/02/2024	Powszechna Kasa Oszczednosci Bank Polski SA	Special	All For		
06/02/2024	ORLEN SA	Special	Against	6	Insufficient/poor disclosure
13/02/2024	KGHM Polska Miedz SA	Special	All For		
15/02/2024	Powszechny Zaklad Ubezpieczen SA	Special	All For		

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/02/2024	CD Projekt SA	Special	All For		
11/01/2024	Saudi National Bank	Ordinary Shareholders	All For		
21/03/2024	Bupa Arabia for Cooperative Insurance Co.	Extraordinary Shareholders	Against	1	Concerns related to shareholder rights
24/03/2024	Al Rajhi Bank	Annual	Against	10,12,14	Concerns related to shareholder rights
01/02/2024	Clicks Group Ltd.	Annual	All For		
21/02/2024	Spar Group Ltd.	Annual	Against	2	Pay is misaligned with EOS remuneration principles
22/02/2024	Tiger Brands Ltd.	Annual	Against	6	Annual vote provides for greater shareholder oversight 2- Concerns about reducing shareholder rights
29/01/2024	Thai Beverage Public Company Limited	Annual	Against	5.1.2 10 5.1.6	Concerns related to approach to board gender diversity Insufficient/poor disclosure Overboarded/Too many other time commitments Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
25/03/2024	Advanced Info Service Public Co. Ltd.	Annual	Against	5.1 8	Concerns related to approach to board gender diversity Insufficient/poor disclosure
24/02/2024	Nuh Cimento Sanayi AS	Annual	Against	8,9,12	Insufficient/poor disclosure
22/03/2024	Akbank TAS	Annual	Against	5,9,10,13	This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
26/03/2024	Is Real Estate Investment Trust	Annual	Against	9 10 8	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST is warranted because the name of the proposed auditor is not disclosed. A vote AGAINST this item is warranted, as the company has not disclosed all the names of the director nominees in a timely manner.
26/03/2024	Türk Traktor ve Ziraat Makineleri AS	Annual	Against	9 7 11	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST this item is warranted, as the board does not meet the one third board independence requirement. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
26/03/2024	Türkiye Sise ve Cam Fabrikaları AS	Annual	Against	7 8	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST this item is warranted, as the company has not disclosed all the names of the director nominees in a timely manner.
27/03/2024	Otokar Otomotiv ve Savunma Sanayi AS	Annual	Against	9 11	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
27/03/2024	Türkiye Garanti Bankası AS	Annual	Against	12 5 9 13	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST the prolongation of the authorized capital is warranted because the proposed ceiling allows the company to increase the share capital without preemptive rights by more than 20 percent. A vote AGAINST this item is warranted, as the board and the audit committee do not meet the minimum independence requirements. In addition, the audit committee includes a director who has been reclassified as executive. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
28/03/2024	Aksa Akrilik Kimya Sanayii AS	Annual	Against	7 15	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST the prolongation of the authorized capital is warranted because the proposed ceiling allows the company to increase the share capital without preemptive rights by more than 20 percent.
28/03/2024	Eregli Demir ve Çelik Fabrikaları TAS	Annual	Against	9 13	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
28/03/2024	İskenderun Demir ve Çelik AS	Annual	Against	9 11 8 13	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST is warranted because the name of the proposed auditor is not disclosed. A vote AGAINST this item is warranted, as the company has not disclosed all the names of the director nominees in a timely manner. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
28/03/2024	Pegasus Hava Tasimacılığı AS	Annual	All For		
28/03/2024	Tofaş Türk Otomobil Fabrikası AS	Annual	Against	10 5,8 12	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST this item is warranted, as the board does not meet the one third board independence requirement. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
29/03/2024	Enka İnşaat ve Sanayi AS	Annual	Against	9 7	A vote AGAINST is warranted because the name of the proposed auditor is not disclosed. A vote AGAINST this item is warranted, as the company has not disclosed all the names of the director nominees in a timely manner.

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/03/2024	OYAK Cimento Fabrikalari AS	Annual	Against	9 11 13	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST because the name of the proposed auditor is not disclosed. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
29/03/2024	TAV Havalimanlari Holding AS	Annual	All For		
29/03/2024	Türkiye İs Bankasi AS	Annual	Against	6 9	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST this item is warranted as the company has failed to comply with the board independence requirement.
29/03/2024	Yapi ve Kredi Bankasi AS	Annual	Against	8 6 5 13	A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. A vote AGAINST this item is warranted because:- The board does not meet the one-third board independence requirement.- The company's audit committee includes two non-independent directors who are up for re-election. A vote AGAINST this proposal is warranted because the board would be able to issue shares up to 77.6 percent of the issued share capital without pre-emptive rights. This item warrants a vote AGAINST due to a lack of disclosure on the resolution.
21/02/2024	Emirates NBD Bank (P.J.S.C)	Annual	All For		
27/02/2024	Dubai Islamic Bank PJSC	Annual	All For		
29/02/2024	Abu Dhabi Islamic Bank	Annual	All For		
07/03/2024	Abu Dhabi Commercial Bank	Annual	All For		
13/03/2024	ADNOC Drilling Co. PJSC	Annual	Against	9	Insufficient/poor disclosure
19/03/2024	Aldar Properties PJSC	Annual	Against	7	Insufficient/poor disclosure
27/03/2024	Abu Dhabi National Oil Co. for Distribution PJSC	Annual	Against	11	Insufficient/poor disclosure
21/03/2024	Andritz AG	Annual	Against	8 10.1,10.2	A vote AGAINST the remuneration report is warranted because:- Significant shareholder dissent on the previous year's remuneration report has not been addressed. At the 2023 AGM, only 57 percent of shareholders overall supported the 2022 remuneration report. Of this, the free float approval rate was only 16 percent.- There is insufficiently robust disclosure in regard to the EUR 4.3 million in termination payments granted to one executive. Although part of this represents a legal obligation under the Austrian Salaried Employees Act, the company does not provide a further breakdown of the severance pay and the basis for the variable components. Votes AGAINST these items are warranted because:- These items concern additional instructions from the shareholder to the proxy in case new or amended voting items are introduced at the meeting by shareholders (Item 10.1) or the management and/or supervisory boards (Item 10.2); and- The content of these new items or counterproposals is not known at this time. Therefore, it is in shareholders' best interest to vote against these items on a precautionary basis.
08/01/2024	TCS Holding IPJSC	Extraordinary Shareholders	No Action Taken	1,2,3,4,5,6,7,8,9,10,11,12,13 14,15,16	
28/02/2024	Ringkjøbing Landbobank A/S	Annual	All For		
04/03/2024	Novonosis AS Novozymes AS	Extraordinary Shareholders	Abstain	3.c	Overboarded/Too many other time commitments
05/03/2024	Orsted A/S	Annual	Abstain	6.2	Pay is misaligned with EOS remuneration principles
			Against	3	Pay is misaligned with EOS remuneration principles
06/03/2024	Demant A/S	Annual	Abstain	6.a,6.b	Lack of independence on board Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity Pay is misaligned with EOS remuneration principles
			Against	4	
11/03/2024	Carlsberg A/S	Annual	Abstain	6.f 6.b,6.h 6.i	Concerns related to inappropriate membership of committees Concerns to protect shareholder value Over-boarded/Too many other time commitments
			Against	5.A	Pay is misaligned with EOS remuneration principles
13/03/2024	Genmab A/S	Annual	Abstain	5.f	Concerns related to inappropriate membership of committees
			Against	4.7.a,7.d	Pay is misaligned with EOS remuneration principles
14/03/2024	A.P. Moller-Maersk A/S	Annual	Abstain	6.5	Overboarded/Too many other time commitmentsSH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
			Against	8.5	
14/03/2024	DSV A/S	Annual	Against	5	Use of share options misaligned with EOS policy
14/03/2024	Pandora AS	Annual	All For		
20/03/2024	H. Lundbeck A/S	Annual	Against	4	Pay is misaligned with EOS remuneration principles
21/03/2024	Danske Bank A/S	Annual	Against	4,5	Pay is misaligned with EOS remuneration principles
21/03/2024	Novo Nordisk A/S	Annual	All For		
21/03/2024	Tryg A/S	Annual	All For		

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29/02/2024	Kone Oyj	Annual	Against	14.a,14.f 14.d 19 10,11	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders Pay is misaligned with EOS remuneration principles
07/03/2024	Wartsila Oyj Abp	Annual	All For		
20/03/2024	Orion Oyj	Annual	Against	11 14	A vote AGAINST this item is warranted due to a lack of disclosure in key areas of remuneration such as variable remuneration caps and severance terms. A vote AGAINST this proposal is warranted for the following reasons: - Candidate Henrik Stenqvist is considered overboarded. Additionally, it is noted that the company maintains a share structure with unequal voting rights. At this moment, there are no shareholder representatives on the board.
20/03/2024	Stora Enso Oyj	Annual	Abstain Against	13 10	A vote ABSTAIN on this proposal is warranted for the following reasons:- The chairman of the audit committee is non-independent.- The company maintains a share structure with unequal voting rights.A vote AGAINST this item is warranted because:- The company has provided only a limited and insufficient rationale for the choice to deviate from the policy regarding the new CEO's variable pay.- The company does not disclose achievement per performance criteria for both STIP and LTIP- There is insufficient specificity in the disclosure of relative weights for the performance metrics in the STIP, and no disclosure of relative weights for the LTIP(s).As such, the company's disclosure practices when viewed in their entirety are not in line with minimum expectations.
21/03/2024	Nordea Bank Abp	Annual	All For		
21/03/2024	Valmet Corp.	Annual	Against	11 10	A vote AGAINST this item is warranted because:- The level of disclosure for STIP and LTIP are below market practice.- The performance period for the LTIP is one year for 75 percent of the plan's weight. A vote AGAINST this item is warranted due to the presence of an uncapped discretionary mandate in the policy.
25/03/2024	Fortum Oyj	Annual	Against	10 11	Insufficient disclosure A vote AGAINST this item is warranted because the proposed remuneration policy is below par in relation to market practice, particularly with regards to the lack of disclosure of a short-term bonus cap, and overall poor disclosure of long-term incentive plans.
26/03/2024	Kesko Oyj	Annual	Against	12 11 15	A vote AGAINST this item is warranted because the performance share plan, in which the CEO participates, has performance periods of less than three years. A vote AGAINST this item is warranted because:- The performance share plan, in which the CEO and Deputy CEO participate, has performance periods of less than three years;- Lack of disclosure regarding the weights and the performance targets attached to the short-term incentive plan for the CEO;- There are concerns relating to pay-for-performance alignment. A vote AGAINST this proposal is warranted for the following reasons:- There is a lack of gender diversity on the board;- The new nominee is a representative of a shareholder benefitting from a share structure with unequal voting rights.
27/03/2024	Neste Corp.	Annual	Against	11,14	A vote AGAINST this proposal is warranted because candidate Pasi Laine is considered overboarded.
30/01/2024	Sodexo SA	Ordinary Shareholders	All For		
26/03/2024	Sartorius Stedim Biotech SA	Annual/Special	Against	13 19,20,21 5,6,7,9,11,24,25 16,18,22	Concerns about remuneration committee performance Issue of equity raises concerns about excessive dilution of existing shareholdersPoison pill/anti-takeover measure not in investors interests Pay is misaligned with EOS remuneration principles Poison pill/anti-takeover measure not in investors interests
02/02/2024	thyssenkrupp AG	Annual	Against	6	Pay is misaligned with EOS remuneration principles
08/02/2024	Siemens AG	Annual	Against	6,7	Pay is misaligned with EOS remuneration principles
13/02/2024	TUI AG	Annual	Against	3,1 9,10	Lack of independent representation at board committees Pay is misaligned with EOS remuneration principles
23/02/2024	Infineon Technologies AG	Annual	Against	10	Pay is misaligned with EOS remuneration principles
26/02/2024	Siemens Energy AG	Annual	Against	6	Pay is misaligned with EOS remuneration principles
21/03/2024	Carl Zeiss Meditec AG	Annual	Against	8 9	Lack of independence on boardProposed term in policy exceeds appropriate limit Pay is misaligned with EOS remuneration principles
28/03/2024	Sartorius AG	Annual	Against	4 5 6	Concerns related to inappropriate membership of committeesLack of independent representation at board committees Insufficient/poor disclosure Pay is misaligned with EOS remuneration principles
24/01/2024	Motor Oil (Hellas) Corinth Refineries SA	Extraordinary Shareholders	Against	1	Insufficient/poor disclosure
07/02/2024	Jumbo SA	Extraordinary Shareholders	All For		
13/02/2024	GEK Tema SA	Extraordinary Shareholders	All For		
27/03/2024	Mytilineos SA	Extraordinary Shareholders	All For		
31/01/2024	Accenture Plc	Annual	All For		
13/03/2024	Johnson Controls International Plc	Annual	All For		
07/03/2024	Yandex NV	Extraordinary Shareholders	No Action Taken	1,2,1,2,3,4,5,6	

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15/03/2024	Pepco Group NV	Annual	Against	6c 6b,6f 2b,8,9	Concerns about overall board structure Concerns related to inappropriate membership of committees Pay is misaligned with EOS remuneration principles
26/03/2024	Randstad NV	Annual	Against	2c	Pay is misaligned with EOS remuneration principles
20/03/2024	Gjensidige Forsikring ASA	Annual	Against	7 10.a	A vote AGAINST this item is warranted because of the company's practice to bundle the weights and not disclosing the targets or achievement of the individual KPIs utilized in the STIP. A vote AGAINST this proposal is warranted because less than half of the members on the remuneration committee are considered independent.
14/03/2024	Banco Bilbao Vizcaya Argentaria SA	Annual	Against	6	Pay is misaligned with EOS remuneration principles
15/03/2024	Mapfre SA	Annual	Against	4.1 4.2	Insufficient/poor disclosure Pay is misaligned with EOS remuneration principles
20/03/2024	Enagas SA	Annual	Against	6.1	Concerns related to inappropriate membership of committees
21/03/2024	Banco Santander SA	Annual	Against	3.G,6.A,6.F	Pay is misaligned with EOS remuneration principles
21/03/2024	Bankinter SA	Annual	Against	10.1,12	Pay is misaligned with EOS remuneration principles
21/03/2024	CaixaBank SA	Annual	All For		
19/03/2024	Skandinaviska Enskilda Banken AB	Annual	Against	14a2,14a9 14a11,14b	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments
20/03/2024	Axfood AB	Annual	Against	15.1,15.3 12	Concerns related to inappropriate membership of committees Pay is misaligned with EOS remuneration principles
20/03/2024	Svenska Handelsbanken AB	Annual	Against	19.1,19.5,19.8,19.9,20	Overboarded/Too many other time commitments
21/03/2024	Essity AB	Annual	Against	12.i 15.16	Concerns to protect shareholder value Pay is misaligned with EOS remuneration principles
22/03/2024	Svenska Cellulosa AB SCA	Annual	Against	12.9,13 12.1,12.8,15	Overboarded/Too many other time commitments Pay is misaligned with EOS remuneration principles
26/03/2024	SKF AB	Annual	Against	14.4,14.9 14.1,15 16	Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments Concerns related to approach to board gender diversity Pay is misaligned with EOS remuneration principles
26/03/2024	Swedbank AB	Annual	All For		
26/03/2024	Volvo Car AB	Annual	Against	12.b,12.k 12.c 11.a,14	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments Pay is misaligned with EOS remuneration principles
27/03/2024	Electrolux AB	Annual	Against	13.a 13.h 16,17	Concerns related to inappropriate membership of committees Concerns to protect shareholder value Concerns to protect shareholder value Pay is misaligned with EOS remuneration principles
27/03/2024	Skanska AB	Annual	Against	14b 14e	Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments Overboarded/Too many other time commitments
27/03/2024	Volvo AB	Annual	Against	14.3,14.11,15	Overboarded/Too many other time commitments
05/03/2024	Novartis AG	Annual	Against	5.3,10	Pay is misaligned with EOS remuneration principles

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12/03/2024	Roche Holding AG	Annual	Against	6.1,6.7,6.14 6.11,6.12 6.2 6.3 11 7 3.2 3.1 2.1	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committees Concerns to protect shareholder value Concerns related to inappropriate membership of committees Concerns to protect shareholder value Votes AGAINST Joerg Andre Hoffmann is warranted because they are beneficiaries of the company's unequal voting structure. Concerns related to inappropriate membership of committees Concerns to protect shareholder value Votes AGAINST Joerg Duschmale is warranted because they are beneficiaries of the company's unequal voting structure. Insufficient/poor disclosure Pay is misaligned with EOS remuneration principles Pay is misaligned with EOS remuneration principles. A vote AGAINST this item is warranted because there are insufficient ex-post disclosures to explain the amount requested, which raises concern considering that the former board chair only held office until the 2023 AGM. Pay is misaligned with EOS remuneration principles. A vote AGAINST this item is warranted because there are insufficient ex-post disclosures to explain the amount requested, which raises concern considering the c. 15 percent increase in the new CEO's bonus compared with his predecessor. Pay is misaligned with EOS remuneration principles. There are insufficient ex-post disclosures to explain performance achievements underlying STI payouts, as well as the vesting of LTI awards. Both STI and LTI awards are made on a discretionary basis and the report does not explain the underlying considerations behind decisions taken in the past year. The new CEO's compensation package has not been well explained and the base salary appears to significantly exceed the ISS-selected peer median level. Moreover, there are concerns regarding the pay for performance alignment with respect to realized CEO pay versus TSR performance. The former board chair received both STI pay and pension benefits in the past year, and the incumbent chair will continue to receive pension benefits.
12/03/2024	Roche Holding AG	Annual	All For		
13/03/2024	TE Connectivity Ltd.	Annual	Against	1h 8,9 1e	Concerns about remuneration committee performance High variable pay ratioTotal pay targets a range above peer medianOptions/PSUs vest in less than 36 monthsExcessive CEO payHigh CEO to average NEO pay Inadequate management of climate-related risks
19/03/2024	Schindler Holding AG	Annual	Abstain Against	6.4 8 6.3 6.2.1,6.2.3 6.2.5,6.2.7 6.2.6,6.2.8,6.6 5.1,5.2	Lack of independence on board Insufficient/poor disclosure Lack of independence on board Lack of independence on board Concerns related to inappropriate membership of committees Concerns related to approach to board gender diversity Concerns to protect shareholder value Lack of independence on board Concerns related to inappropriate membership of committees Concerns to protect shareholder value Lack of independence on board Concerns to protect shareholder value Pay is misaligned with EOS remuneration principles
19/03/2024	Swiss Prime Site AG	Annual	Against	7 2	Insufficient/poor disclosure Pay is misaligned with EOS remuneration principles
21/03/2024	ABB Ltd.	Annual	Against	11	Insufficient/poor disclosure
21/03/2024	Givaudan SA	Annual	Against	6.1.5 8 6.1.6.6.1.7	Concerns related to approach to board gender diversity Insufficient/poor disclosure Overboarded/Too many other time commitments
25/03/2024	BELIMO Holding AG	Annual	Against	9.1.3.9.3.1 9.1.2.9.1.7,9.2.1,9.2.2 10	Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees Insufficient/poor disclosure
26/03/2024	DKSH Holding AG	Annual	Against	9 6.1.9 5.3	Insufficient/poor disclosure Overboarded/Too many other time commitments Pay is misaligned with EOS remuneration principles
26/03/2024	SGS SA	Annual	Against	7 4.1.4.4.3.2 1.3	Insufficient/poor disclosure Over-boarded/Too many other time commitments Pay is misaligned with EOS remuneration principles
26/03/2024	Sika AG	Annual	Against	7	Insufficient/poor disclosure
27/03/2024	Swisscom AG	Annual	Against	4,6,5,5 9 1.2	Concerns related to inappropriate membership of committees Insufficient/poor disclosure Pay is misaligned with EOS remuneration principles
05/01/2024	Zscaler, Inc.	Annual	Against	3	Insufficient action taken on low say-on-pay results
17/01/2024	D.R. Horton, Inc.	Annual	Against	1b 1f 2	Concerns about remuneration committee performance Concerns related to succession planning Concerns related to approach to board gender diversity Concerns related to approach to board diversity Low shareholding requirement High variable pay ratio Excessive CEO pay
18/01/2024	Costco Wholesale Corporation	Annual	All For		

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
18/01/2024	Intuit Inc.	Annual	Against	1g 2 6	Concerns about remuneration committee performance High variable pay ratio Total pay targets a range above peer median Options/PSUs vest in less than 36 months SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
18/01/2024	Micron Technology, Inc.	Annual	Against	1a 2	Concerns about remuneration committee performance Excessive CEO pay 2- High variable pay ratio 3- Low shareholding requirement
23/01/2024	Becton, Dickinson and Company	Annual	Against	1.4 3	Concerns about remuneration committee performance High variable pay ratioOptions/PSUs vest in less than 36 monthsHigh CEO to average NEO pay
23/01/2024	Visa Inc.	Annual	Against	1h 2	Concerns about remuneration committee performance High variable pay ratio Options/PSUs vest in less than 36 months
24/01/2024	Jacobs Solutions, Inc.	Annual	Against	6	Shareholder proposal promotes enhanced shareholder rights
25/01/2024	Air Products and Chemicals, Inc.	Annual	Against	2 1c	Excessive severance 2- High variable pay ratio 3- Total pay targets a range above peer median Concerns about remuneration committee performance
25/01/2024	Catalent, Inc.	Annual	Against	1d	Concerns related to approach to board gender diversityConcerns related to approach to board diversity
25/01/2024	Walgreens Boots Alliance, Inc.	Annual	Against	7 6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks Shareholder proposal promotes appropriate accountability or incentivisation
26/01/2024	WestRock Company	Annual	All For		
30/01/2024	Aramark	Annual	Against	1a 3	Concerns about remuneration committee performance Options/PSUs vest in less than 36 months High CEO to average NEO pay
30/01/2024	Hormel Foods Corporation	Annual	Against	4	EOS manual override. See analyst note.
30/01/2024	Metro Inc.	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
31/01/2024	CGI Inc.	Annual	Against	1.8 4 3	Concerns related to shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
06/02/2024	Emerson Electric Co.	Annual	Against	5 1d 2 1a 6	Concerns regarding Auditor tenure Concerns related to approach to board gender diversityConcerns about overall board structureConcerns about remuneration committee performanceInadequate management of climate-related risksConcerns regarding Auditor tenure High variable pay ratioHigh CEO to average NEO pay Inadequate management of climate-related risks Shareholder proposal promotes enhanced shareholder rights
06/02/2024	Franklin Resources, Inc.	Annual	Against	1j 1k 3	Concerns about remuneration committee performance Concerns related to approach to board gender diversity Inadequate management of deforestation risks Pay is misaligned with EOS remuneration principles
06/02/2024	Rockwell Automation, Inc.	Annual	Against	A.1 A.2 B	Concerns about overall board structure Concerns about remuneration committee performance High variable pay ratio Options/PSUs vest in less than 36 months High CEO to average NEO pay
07/02/2024	Atmos Energy Corporation	Annual	Against	1g 1i 3	Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity Low shareholding requirementExcessive CEO payHigh CEO to average NEO pay
07/02/2024	Pioneer Natural Resources Company	Special	Against	2	Pay is misaligned with EOS remuneration principles
08/02/2024	Tyson Foods, Inc.	Annual	Against	1e 1j 5 3,4,6	Concerns about human rights 2- Concerns about reducing shareholder rights 3- Lack of independent representation at board committees EOS manual override. See analyst note. Concerns about remuneration committee performance EOS manual override. See analyst note. SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
14/02/2024	Fair Isaac Corporation	Annual	Against	1g 2	Concerns about remuneration committee performance High variable pay ratioOptions/PSUs vest in less than 36 monthsExcessive CEO payHigh CEO to average NEO pay
14/02/2024	PTC Inc.	Annual	All For		
21/02/2024	Healthpeak Properties, Inc.	Special	All For		
22/02/2024	Raymond James Financial, Inc.	Annual	Against	1b 1f 2	Concerns about remuneration committee performance Concerns related to approach to board gender diversity High variable pay ratio Excessive CEO pay High CEO to average NEO pay

Meeting Date	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/02/2024	Apple Inc.	Annual	Against	7 1d,3,6	Support is warranted as increased disclosure on this matter would enable investors to assess how the company is addressing associated risks. Shareholder proposal promotes better management of SEE opportunities and risks
28/02/2024	Apple Inc.	Annual	Against	7 3,6	Support is warranted as increased disclosure on this matter would enable investors to assess how the company is addressing associated risks. Shareholder proposal promotes better management of SEE opportunities and risks
28/02/2024	Deere & Company	Annual	Against	1a,3 6	Concerns regarding Auditor tenure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
05/03/2024	QUALCOMM Incorporated	Annual	All For		
07/03/2024	Applied Materials, Inc.	Annual	Against	1f 2 5	Concerns about remuneration committee performance High variable pay ratioHigh CEO to average NEO pay Shareholder proposal promotes better management of SEE opportunities and risks
07/03/2024	Hologic, Inc.	Annual	Against	1d 2	Concerns about remuneration committee performance Low shareholding requirementHigh variable pay ratioTotal pay targets a range above peer medianOptions/PSUs vest in less than 36 monthsExcessive CEO payHigh CEO to average NEO pay
07/03/2024	TransDigm Group Incorporated	Annual	Against	3	Excessive CEO pay 2- Executive salary increases without robust justification 3- Insufficient action taken on low say-on-pay results
12/03/2024	Cencora, Inc.	Annual	All For		
13/03/2024	Analog Devices, Inc.	Annual	Against	1e 2 4	Concerns about remuneration committee performance Excessive CEO pay. Low shareholding requirement Shareholder proposal promotes enhanced shareholder rights
13/03/2024	Starbucks Corporation	Annual	Against	4	EOS manual override. See analyst note. SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
14/03/2024	Agilent Technologies, Inc.	Annual	Against	1,2 1,1 2 4	Concerns about overall board structure 2- Concerns related to below-board gender diversity Concerns about remuneration committee performance High variable pay ratio 2- Options vest in less than 36 months 3- High CEO to average NEO pay SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes enhanced shareholder rights
14/03/2024	F5, Inc.	Annual	Against	1d	Concerns related to approach to board gender diversity
15/03/2024	HEICO Corporation	Annual	Against	2	Excessive CEO pay 2- High variable pay ratio 3- Insufficient disclosure 4- Total pay targets a range above peer median
19/03/2024	The Cooper Companies, Inc.	Annual	Against	1,1 3	Concerns about remuneration committee performance Low shareholding requirement High CEO to average NEO pay Excessive severance
21/03/2024	Keysight Technologies, Inc.	Annual	Against	1,1 7	Concerns related to approach to board gender diversityConcerns about overall board structure Shareholder proposal promotes enhanced shareholder rights
27/03/2024	APA CORPORATION	Special	All For		
08/01/2024	Personal Assets Trust PLC	Special	All For		
11/01/2024	JPMorgan Japanese Investment Trust PLC	Annual	All For		
15/01/2024	Mondi Plc	Special	All For		
17/01/2024	Diploma Plc	Annual	Against	3	Concerns related to ethnic and/or racial diversity Concerns related to below-board gender diversity Failure to provide DEI disclosures in line with UK listing rule
23/01/2024	Finsbury Growth & Income Trust PLC	Annual	All For		
23/01/2024	Mitchells & Butlers Plc	Annual	Against	8 4 3	Concerns related to succession planningConcerns related to approach to board gender diversity Lack of independent representation at board committees Pay is misaligned with EOS remuneration principles
25/01/2024	Britvic Plc	Annual	Abstain	11	
26/01/2024	Avon Protection Plc	Annual	All For		
26/01/2024	WH Smith Plc	Annual	Against	10 2	Lack of independent representation at board committees Pay is misaligned with EOS remuneration principles
30/01/2024	AJ Bell Plc	Annual	All For		
30/01/2024	Auction Technology Group Plc	Annual	Against	3	Overboarded/Too many other time commitments
30/01/2024	SSP Group Plc	Annual	All For		
31/01/2024	Imperial Brands Plc	Annual	Against	5 3	Concerns related to below-board gender diversity Pay is misaligned with EOS remuneration principles
31/01/2024	Schroder AsiaPacific Fund PLC	Annual	All For		
01/02/2024	The Sage Group plc	Annual	All For		
02/02/2024	Amdocs Limited	Annual	Against	1,2	Concerns related to approach to board gender diversityConcerns related to approach to board diversityConcerns related to succession planning
06/02/2024	QinetiQ Group plc	Special	All For		
07/02/2024	Future Plc	Annual	All For		

Q1 2024

Quarterly engagement report

Global engagement that seeks
to deliver positive change

Our mission

We aim to use our influence to ensure:



1. Companies integrate environmental, social and governance (ESG) factors into their culture and everyday thinking



2. Markets and regulators create an environment in which good management of ESG factors is valued and supported

In doing so, we seek to fulfil LGIM's purpose: to create a better future through responsible investing.

Our focus

Holding boards to account

To be successful, we believe companies need to have people at the helm who are well-equipped to create resilient long-term growth. We aim to safeguard and enhance our clients' assets by engaging with companies and holding management to account for their decisions. Voting is an important tool in this process, and one which we use extensively.

Creating sustainable value

We believe it is in the interest of all stakeholders for companies to build sustainable business models that are also beneficial to society. We work to ensure companies are well-positioned for sustainable growth, and to prevent market behaviour that destroys long-term value. We engage directly and collaboratively with companies to highlight key challenges and opportunities, and support strategies that can deliver long-term success.

Promoting market resilience

As a long-term investor for our clients, it is essential that markets are able to generate sustainable value. We aim to use our influence and scale to address issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change.



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Action and impact

This quarter, we shine a spotlight on our Nature Framework and new Health Policy, give an update on our Climate Impact Pledge engagement, and discuss corporate governance in South Korea.

Environmental | Society | Governance

ESG: Environment: Climate and Nature



Nature

Our Nature Framework

We believe nature-related risks could have significant macroeconomic implications and lead to risks to financial institutions and financial stability. We support the Kunming-Montreal Global Biodiversity Agreement’s mission of taking urgent action to halt and reverse nature loss by 2030, and the vision of living in harmony with nature by 2050. Protecting and restoring nature across markets will be hugely complex, requiring both public and private sector commitment, collaboration, and urgent action.

Nature is one of LGIM’s strategic investment stewardship themes. We have structured our [Nature Framework](#) across four key sub-themes: natural capital management; deforestation; circular economy; and water, with a highlight on ‘agriculture’. These themes are focused on addressing the five direct drivers of nature loss,¹ as identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).²

LGIM’s Nature Framework			
Natural Capital Management	Deforestation	Circular Economy	Water

In our recently published [Nature Framework](#), we set out our approach to addressing the issues of nature change and biodiversity loss, including the commitments we have made, key stakeholders with whom we will engage, and more detail on each of our nature sub-themes.



1. Climate Change; Land / Freshwater/ Ocean use change; Natural resource use; Pollution; and Invasive Alien Species

2. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) is an independent intergovernmental body established by States to strengthen the science-policy interface for biodiversity and ecosystem services for the conservation and sustainable use of biodiversity, long-term human well-being and sustainable development. It was established in Panama City, on 21 April 2012 by 94 Governments. It is not a United Nations body. However, at the request of the IPBES Plenary and with the authorization of the UNEP Governing Council in 2013, the United Nations Environment Programme (UNEP) provides secretariat services to IPBES.



Climate

SEC Climate Rule: Policy update

The US Securities and Exchange Commission (SEC) announced its [final rule](#) to enhance and standardise climate-related disclosures by public companies. LGIM welcomes this rule and has [advocated for mandatory climate disclosure from the US](#) to improve data consistency and comparability across markets. We view this as an important first step in the US market to help level the playing field for investors and companies alike, ensuring investors have better information to help make long-term decisions.

The SEC rule will require certain issuers to disclose, where material, Scope 1 and 2 emissions, information on identified climate-related risks, climate-related targets and goals, approach to scenario analysis, and oversight of climate risks by the board and management, among other details. The rule also requires independent assurance on Scope 1 and 2 emissions, further enhancing the quality of reported data to investors. The rule, however, leaves the determination of materiality up to the issuer rather than investors, and does not go as far as mandatory disclosures in other jurisdictions that require disclosure of value chain emissions.

LGIM believes that climate change carries significant risks to society and long-term financial stability and has been calling for increased transparency and disclosure on what we consider to be material climate-related information through the [LGIM ESG Scores](#) and the [Climate Impact Pledge](#) (CIP). While we support the disclosures required by the SEC rule, we believe there is additional climate-related information that is material to investors as they make informed decisions on climate-related risks. This includes disclosures on relevant Scope 3 emissions and the alignment of a company's lobbying activities with the goals of the Paris Agreement, which we advocate for through both our CIP engagements and the [ESG Score methodology](#).

We applaud the important initial step by the SEC to require climate-related disclosures, and LGIM will continue to raise the bar on the disclosures that investors expect from companies to address the climate crisis.



Methane emissions: from corporate collaboration to policy pressure

In our last [Quarterly Engagement Report](#), we shared an update on our collaborative work with the Environmental Defense Fund (“EDF”), encouraging oil and gas companies to be more transparent about the actions they are taking to measure and reduce methane emissions in the oil and gas sector as part of ongoing efforts to address the long-term climate risks in our clients’ portfolios.

Turning to policy level engagement on this front, building on the momentum across global jurisdictions to increase standards on methane emissions monitoring and reporting in recent years, the Canadian government’s environmental agency, Environment and Climate Change Canada (ECCC) released its [draft methane emissions standards rules](#) at the end of 2023. LGIM America continued its advocacy for setting robust standards aimed to tackle methane emissions more meaningfully by signing [a joint letter](#) with other North American investors, sent to the Minister for of Environment and Climate Change, to support and strengthen the ECCC’s rule. While we support these initial steps, we believe that swift implementation, narrower exceptions, and broader compliance would help reduce methane emissions and limit the effects of climate change, thereby also helping us as investors to limit the impact of climate change on our portfolios.

Climate Impact Pledge engagement update

LGIM’s Climate Impact Pledge is our climate engagement programme, targeting companies in 20 ‘climate-critical’ sectors around the world, to help them transition to net zero and to hold them accountable for their progress.³

During the quarter, we finalised our 2023-2024 climate engagement cycle with 100+ ‘dial-mover’ companies; ‘dial-mover’ companies are chosen for their size and potential to galvanise action in their sectors. We had an approximate 85% response rate as at end of March 2024 and held engagements with approximately 76% of the companies we selected. Full results of our Climate Impact Pledge engagement programme will be published on [our dedicated website](#) in our annual update report in June.

Setting absolute minimum standards for emission-intensive sectors

LGIM’s [Climate Impact Pledge score](#) includes a quantitative data-driven assessment that analyses over 5,000 companies across a range of metrics, based on the TCFD framework. As part of its biannual update, we have introduced absolute minimum standards that will drive climate voting for emissions-intensive sectors. Where a company fails to meet these, they may be subject to a vote against the chair of the board. This will be applicable from this AGM season.

3. For full information about the Climate Impact Pledge programme, please visit our dedicated website, here: [Climate Impact Pledge | Climate change | LGIM Institutional](#)

Absolute minimum standards apply to the following sectors:

Sector	Data point	Data provider
Oil and Gas*	Disclosure of methane emissions	Bloomberg
Mining	No expansion of thermal coal mining capacity	Urgewald
Utilities**	No expansion of thermal coal power generation capacity	Urgewald

* Climate Impact Pledge oil and gas sector except oil and gas refining and marketing sub-industry

** Climate Impact Pledge electric utilities and multi-utilities sectors, except water and gas utilities sub-industries

We expect oil and gas companies to have disclosed methane emissions at least at some point over the past three years. This is because methane emissions, while shorter lived than carbon emissions, are more potent contributors to climate change and, we believe, should be a company’s responsibility to calculate and manage; yet methane disclosure globally can be much improved.⁴ In both this edition and previous editions of this report,⁵ we have provided updates of our engagements specifically on methane emissions disclosures.⁶

We expect mining companies and electric utilities to refrain from making new investments in thermal coal mining or power generation expansion, as this is

incompatible with achieving net-zero by 2050 under the International Energy Agency’s (IEA’s) net zero emissions scenario.⁷

Refreshing our minimum standards

The range of data points by which we rate companies under the Climate Impact Pledge varies according to sector. Some data points are also considered minimum standards.⁸ We identify a company for vote sanctioning where it does not meet sufficient minimum standards, depending on where it is listed, and whether it is above the median market cap size of its sector.

This quarter, as part of our biannual update, we have added new minimum standards, reflecting the expectations outlined in our published [net-zero sector guides](#), on which our direct engagement is based. New additions include assessment of climate lobbying activities for all companies and methane emissions reduction trajectory for oil and gas companies, among other metrics such as sustainable agriculture and recycling of materials.

Until now, our threshold for Japanese companies has been limited to meeting one minimum standard. In 2024, with the rate of progress in Japan having accelerated over the past few years, we have raised our expectation of the number of minimum standards to be met from one to three.

All of LGIM’s voting activity can be viewed on our [vote disclosure website](#), listed by company. Voting data is available one day after the conclusion of the relevant meeting. As stated above, we will be providing a full update of our Climate Impact Pledge results in our annual report, to be published in June.

4. [Methane and climate change – Global Methane Tracker 2022 – Analysis - IEA](#)
5. For example, [Q4 2023 Quarterly engagement report \(lgim.com\)](#)
6. We would draw attention particularly to our collaborative work with EDF: chosen for their size and potential to galvanise action in their respective sectors.
7. International Energy Agency: [Net Zero Emissions by 2050 Scenario \(NZE\) – Global Energy and Climate Model – Analysis - IEA](#)
8. For more information about our scores and rankings, please visit this page: [LGIM Climate Impact Pledge score](#)

Significant votes

Company name	Skandinaviska Enskilda Banken AB*
ISIN	SE0000120784, SE0000148884
Market cap	US\$29 billion (Source: Skandinaviska Enskilda Banken (SEB-A.ST) - Market capitalization (companiesmarketcap.com) 08 April 2024)
Sector	Banks
Issue identified	The banking sector has a significant role to play in the global transition to net zero, given its position in financing not only those activities which may worsen climate change, but also those which stand to mitigate its effects.
Summary of the resolution	Resolution 23: Instruct Board of Directors to Revise SEB Overall Strategy to be in Line with the Paris Agreement Goals AGM date: 19 March 2024
How LGIM voted	Against the resolution (i.e. in line with management)
Rationale for the vote decision	A vote against this proposal was applied following detailed consideration and internal discussion. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 greenhouse gas ('GHG') emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. We consider the principles of the proposal to be broadly supportable. However, the drafting of the proposal and demand for a climate strategy that seeks to immediately halt new fossil fuel extraction is too vague and does not consider the nuances in an orderly transition to a net-zero emissions economy.
Outcome	LGIM will continue to monitor the bank's activities and progress against its published targets. ⁹
Why is this vote 'significant'?	This vote is significant due to its subject matter of climate (one of our global stewardship themes), and how we consider shareholder resolutions. We would also direct readers towards our 2024 pre-declaration blog for more information about our voting on climate change .

9. Please note that at the time of publishing, the meeting results have not yet been made available.

* For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.



Case studies Climate: APA*

Identify

APA is Australia's largest energy infrastructure business. Under our Climate Impact Pledge campaign, we have been engaging with the company directly since 2022; as one of our selected 'dial mover' companies, we believe it has the scale and influence across its industry and value chain for its actions to have positive reverberations beyond its direct corporate sphere.

In our engagements with them, which are guided by our qualitative assessment criteria as set out in our [multi-utilities sector guide](#), in terms of 'red lines' the company was identified as lagging our expectations on climate-related lobbying activities.¹⁹

Engage and escalate

In early 2022, we set out our expectations for [management-proposed 'Say on Climate' votes](#) and the criteria we consider in assessing whether to support them. [Say on Climate: empowering shareholders to drive positive change \(lgim.com\)](#).

We expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

As a consequence, when APA Group brought its climate transition plan to a vote, we were unable to support it: although the plan presented Scope 1 and 2 goals for the medium and long term on a path to achieving net zero emissions by 2050, no Scope 3 targets were included. The company noted that these would be finalised no later than 2025.

We initiated engagement with the company after this vote, and met with them for the first time in early 2023 as part of our Climate Impact Pledge engagement, and we have continued to build the relationship, setting out our expectations as per our net zero guide, and working with the company to understand the hurdles it faces and the challenges to meeting these expectations.



Outcome

We were very pleased that, in our meeting with them in early 2024, APA confirmed that they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outlined their proposed Scope 3 reduction pathway. The company noted that feedback from the 20% of investors, including LGIM, who voted against their proposed Climate Transition Plan in 2022, had solidified their decision to commit to a Scope 3 target.

This demonstrates the effect of our engagement strategy, fully aligned with our voting policy, to encourage progress towards decarbonisation. We look forward to continuing our engagement with the company on their decarbonisation pathway and journey to net zero.

Climate: GREGs deep dive: the auto industry and electric vehicles

As one of the 'climate-critical' sectors captured within the [Climate Impact Pledge](#), and a sector to which LGIM has exposure in its portfolios, our Global Research and Engagement Groups ('GREGs') have been delving deeper into our investment and stewardship research on the future of electric vehicles, which have an important role to play in the transition to net zero.

Overview

The global electric vehicles ('EV') market has been facing several headwinds; while growth continues, it is at a slower pace than previously anticipated.

At the same time, overcapacity, particularly in China, has led to pressure on margins: companies that were early adopters and moved heavily into EVs have been the most impacted, as have those with larger exposure to China, where EV pricing pressure is especially acute and where the internal combustion engine (ICE) market may be moving away from growth.

Original equipment manufacturers that have pursued a more hybrid-heavy strategy and have moved more slowly to EV roll-out appear to be better positioned in the current environment.

Overall, this may mean slower EV uptake and roll-out (outside China), and an extended life for more hybrid-heavy strategies.

It raises the question as to what the short-to-mid-term market environment means for the sector's climate transition and for LGIM's expectations of companies in this regard.

Conclusions and next steps

The GREG team's conclusion was that the long-term direction of travel remains intact – vehicle emissions standards are still on the tightening trajectory (albeit with some uncertainty in the US, in the run-up to elections) and a pivot away from the corporate strategies and investments laid out for electrification over the long-term is unlikely to be the answer.



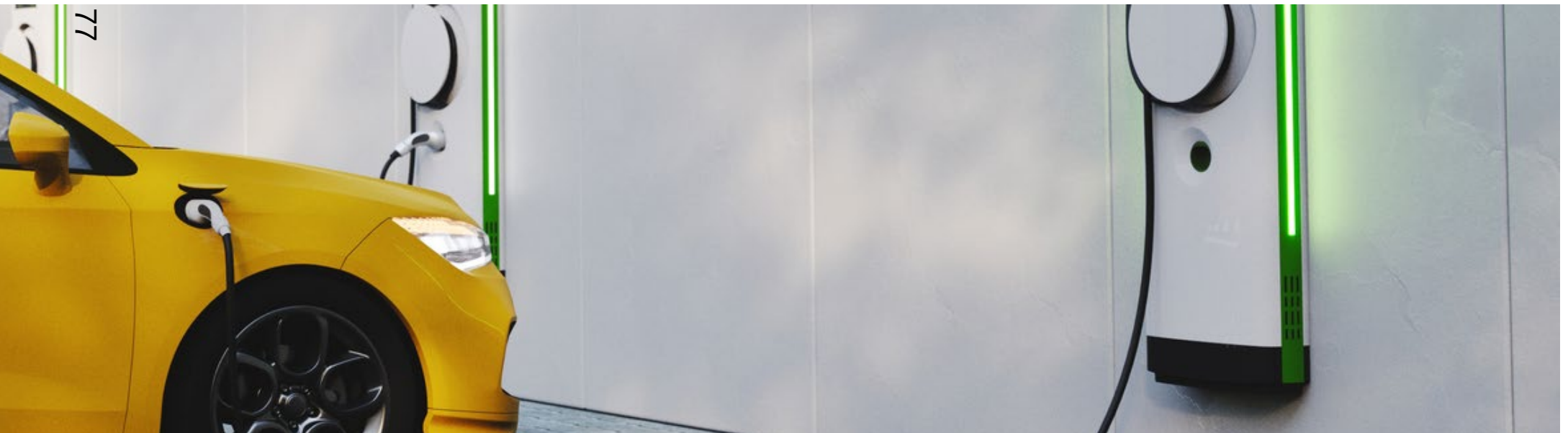
That said, a ‘stronger hybrid market for longer’ in our view has the potential for both positive and negative climate outcomes – and this very much depends on how cars are driven and their real-world emissions. Which is why, as a result of this deep-dive and to help inform our judgement on the future role of hybrids, we will be exploring with companies whether there is greater scope for disclosure of real-world emissions data. Our current expectations of the autos sector are set out in our [net zero guide](#).

We will also be seeking assurances from automotive companies that any shifts in company strategy or product portfolios do not jeopardise objectives relating to reduction in fleet emissions.

There are two public policy considerations that we come away with:

- First, infrastructure and affordability are two key obstacles to the next stage of EV roll-out. While the sector may still be able to support affordability improvements, infrastructure should be a top priority for any government that wants to reach 100% vehicle electrification – more needs to be done
- Secondly, there is a fine balancing act between protectionism and market access: government objectives to accelerate the EV transition may be harmed by policies that look to restrict the inflow of more affordable imports.

As the geopolitical landscape becomes more complex, we will increase our focus on corporate lobbying disclosure and activity, seeking transparency and alignment between climate commitments and action.





Environmental | Society | Governance

People: diversity, health, human capital management, human rights and modern slavery

Diversity

Racial equity audits: an AGM update

We believe that racial equity audits (sometimes called 'civil rights audits') can help companies mitigate the risks of discriminatory practices and realise the opportunities of a more diverse workforce and customer base. Such proposals remain primarily a US phenomenon, and we expect once again to see shareholder proposals filed at companies, requesting that they undertake a racial equity audit.

LGIM's voting stance

Last year, we published a [blog](#) setting out our supportive stance on proposals of this type: Our view is that racial equity audits can be a positive tool for identifying and ameliorating racial inequities in a business. We also believe that conducting a racial equity audit is a smart business practice in the sense that companies are only relevant to the extent that they serve and benefit the communities in which they operate. It is crucial to consider racial equity when developing products and services for an increasingly diverse customer base, in addition to an increasingly diverse workforce.

This year, we have seen more convergence of views in terms of what a racial equity audit should be – while shareholder proposals have broadly requested these reports, there has been little real consensus about what they should contain. While there is still a degree of variation in the reports that companies produce in response to these requests, we are seeing business practices emerge in terms of what constitutes a robust racial



equity audit. As with audits of other business areas, we would expect due diligence to be thorough and independent, and we would anticipate that as more companies undertake these practices, greater commonality and comparability will continue to develop.

Third-party recognition

We are pleased to have been [recognised by Majority Action](#) for our voting stance on racial equity audits. Having published our [diversity policy](#) in late, setting out our expectations of companies, we will continue to exercise voting rights in line with our policies, to broaden the reach of our direct campaign work with companies and other stakeholders.

Health:

Our health policy

We believe there is a strong link between social health and economic health. Every year, poor health costs approximately 15% of global GDP in the form of premature deaths and the lost productivity potential of workers.¹⁰ Poor worker health is projected to cost US employers alone US\$575 billion a year in lost productivity due to chronic illnesses and injuries. Further, the health-related, but often hidden, costs of the global food system, relating to the impacts of obesity and undernutrition, pollution, pesticides and antimicrobial resistance, are estimated to amount to US\$6.6 trillion.¹¹

LGIM has identified two key areas of health – AMR and nutrition – which we deem as systemic risks; we will therefore initially prioritise these two areas as ‘sub-themes’ within our overall ‘Health’ theme. This does not prevent us from considering other areas that impact human health, that may also raise systemic risks, and that may potentially have a negative effect on our clients’ assets.¹²

In our recently published [Health Policy](#), we set out our approach to how we as investors aim to use our influence to mitigate risks in these important areas, including the sectors we plan to focus on and the stakeholders with whom we will engage.



10. McKinsey Global Institute, Prioritizing health: A prescription for prosperity, July 2020. Available here: <https://www.mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperity#/> and also cited here: <https://shareaction.org/what-we-do/unlocking-the-power>

11. Growing Better: Ten Critical Transitions to Transform Food and Land Use, The Global Consultation Report of the Food and Land Use Coalition, September 2019, pp 13, 24, 38, 181; available here: <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>

12. E.g. In Q4 2023 LGIM joined the Investor Initiative on Hazardous Chemicals (IIHC). Further, we explore and consider the interlinkages between health and our other strategic priority themes such as climate change and nature.



AMR: updates BEAM Alliance, Basel

A member of our team was invited to speak on a panel on the topic of ‘*The true value of antimicrobial products*’, joining economists, representatives from the pharmaceuticals and healthcare industries, and NGOs as part of this annual conference, bringing together a wide range of participants to [discuss strategies and challenges related to innovation in the field of AMR](#).

Participation in these high-profile international events reflects LGIM’s leading position among investors on this issue and enables us to share our perspective as investors on AMR and the risks it presents, and to explore solutions with stakeholders from a range of industries and organisations.

WHO consultation on antimicrobial manufacturing effluent guidance

In line with the World Health Assembly [global action plan on AMR](#), the World Health Organisation sought feedback on its draft guidance on “waste and wastewater management in pharmaceutical manufacturing with emphasis on antibiotic production”. LGIM responded to this [consultation](#), as we believe that appropriate management of pharmaceutical processes for manufacturing antibiotics is a crucial step in tackling the spread of AMR.

Significant votes

Company name	DR Horton Inc*
ISIN	US23331A1097
Market cap	US\$51.66 billion (source: https://companiesmarketcap.com/dr-horton/marketcap/ 02 April 2024)
Sector	Consumer, cyclical: Home builders
Issue identified	A lack of gender diversity on the executive committee. LGIM's diversity policy for UK FTSE100 companies and US S&P500 companies includes gender diversity expectations for the executive committee, as well as the company board: LGIM's diversity approach and expectations - policy document - categorisation .
Summary of the resolution	Resolution 1f: Elect Director Benjamin S. Carson, Sr. AGM date: 17 January 2024
How LGIM voted	We voted AGAINST resolution 1f (i.e. against management recommendation).
Rationale for the vote decision	As part of our campaign on gender diversity at executive leadership team level, we had written to DR Horton in 2023, setting out our expectations and the vote escalation we would apply against the chair of the board, should our expectations not be met. Since 2022, our policy has stated that we will vote against FTSE 100 and S&P 500 companies that have all-male executive leadership teams. Therefore, a vote against was applied due to the lack of gender diversity on the company's executive leadership team, which LGIM expects to include at least one woman.
Outcome	86% of shareholders voted for the resolution. LGIM will continue to engage with companies on gender diversity, and to implement our global and regional voting policies on this issue.
Why is this vote 'significant'?	This vote is significant as it relates to the escalation of our activities on one of our core stewardship themes, gender diversity, more information can be found in our diversity policy .

* For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.



Case studies

Nutrition: Nestlé*

Identify

As the largest food company in the world,¹³ Nestlé sets an example for the rest of the industry in terms of driving positive change and raising market standards.

There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which will have negative impacts on the economy and, ultimately, on our clients' assets.

Engage

In the fourth quarter of 2022 we co-signed, with our peers, letters to 12 food and beverage manufacturers, under the leadership of ShareAction's Healthy Markets Initiative. Nestlé was among the companies we wrote to. In the individually tailored letters, we encouraged the companies to do more in several areas. These included, for example, transparency around their nutrition strategy, demonstrating progress on their nutrition strategy, committing to disclosures around the proportion of the company's portfolio and sales associated with healthy food and drinks products (using government-endorsed nutrient-profiling models), and setting targets to increase the proportion of these sales. We also praised companies for the positive steps taken so far.

Following the letter, together with the Healthy Markets Initiative, we met with Nestlé several times. In late 2022, Nestlé announced that they would report on their global portfolio using the nutrient profiling system Health Star Rating (HSR) – we were pleased to see this development. We continued to meet with Nestlé as part of this collaboration during 2023 to discuss our ongoing concerns, particularly regarding their plans not just to monitor but also actively to increase their sales of healthier products.

In September 2023, Nestlé announced a new nutrition target which we believe is not ambitious enough. Our views, as part of ShareAction's response at the time, are detailed [here](#).

Our main concerns are:

- Nestlé's new target is broadly in line with the company's current overall growth guidance, meaning if sales of unhealthier products increase in line with this guidance, there would be no improvement linked to consumer health and diets
- Some of the products counted as 'nutritious' by Nestlé are outside the scope of government-endorsed nutrient profile models (including commercial baby foods and coffee).¹⁴ By increasing sales of out-of-scope products classified by Nestlé as nutritious, the company could meet its target without having any positive impact on public health

Escalate

Reflecting our shared concerns with ShareAction, we agreed in early 2024 to co-file a shareholder resolution at Nestlé's AGM, calling on the company to:

- Set key performance indicators (KPIs) regarding the absolute and proportional sales figures for food and beverage products according to their healthfulness, as defined by a government-endorsed Nutrient Profiling Model
- Provide a timebound target to increase the proportion of sales derived from these healthier products

These requests are intended to address our main concerns and strengthen the link between Nestlé's targets and real-world impact by increasing the proportion of healthier food available in consumer markets.

We will monitor the company's response and actions, and continue our engagement with them on this crucial issue.

13. [The 10 largest food manufacturers in the world by revenue - FoodIndustry.Com](#)

14. See application of the Health Star Rating, section 2, introductory paragraph, here: [HSR System Calculator and Style Guide v8.pdf \(healthstarrating.gov.au\)](#) or here: [Health Star Rating - How to use Health Star Ratings](#)

Environmental | Society | Governance

ESG: Governance

ACGA Korea Working Group delegation: Seoul

As members of the Asian Corporate Governance Association ('ACGA'), we attended the Korea Working Group delegation visit to Seoul in March 2024.

Our membership enables us to broaden our stewardship reach in countries and regions where, historically, corporate governance has taken place behind closed doors, and where the number of controlling shareholders is high. Here, we provide a high-level summary of activities and discussions, demonstrating the value of collaborative engagements with both corporate, regulators and other non-corporate stakeholders, in terms of understanding the key drivers of market improvements, and where we can most effectively aim to use our influence as an asset manager.

AGM attendance

For international investors, in-person attendance at South Korean AGMs is challenging: paperwork, attendance formalities and permissions are complex, and instructions on how to attend often lack necessary details. Additionally, meetings have been traditionally held in Korean and often with no interpreter present, unless a large delegation of foreign investors has requested to attend, adding to the potential challenges for international investors to exercise shareholder rights during AGMs.

Through this delegation, we were able to secure attendance at some Korean company AGMs, a new experience for us, and one which provided valuable insights into governance behaviours and the relationship between companies and their shareholders.

Corporate Value-up Program

The South Korean government's Corporate Value-up Program is intended to enhance the value of listed companies by improving market transparency, improving accessibility to capital markets, and strengthening protections for shareholders.¹⁵ As part of the ACGA

delegation, we were able to witness how companies are implementing their own 'Value-up' programmes as part of this initiative, and to better understand the hurdles blocking progress in areas such as disclosures and high levels of family ownership of corporates, and also to understand what incentives might help shift behaviour to embrace greater transparency and desire to align more closely to accepted international market standards.

Policy and regulatory engagement

After two days of meetings discussing with industrial associations, NGO and academics about capital market reform in South Korea and the Corporate Value-up Program, we met with various government authorities, including:

- The Financial Supervisory Service (FSS) that was established in 1999 as a fully integrated supervisory authority with the mandate of financial supervision across the entire financial sector
- The Financial Services Commission (FSC) which is a government agency with the statutory authority over financial policy and regulatory supervision
- The Commercial Legal Affairs Division of the Ministry of Justice (MOJ) that works closely with the FSC in implementing and enforcing financial policies and regulations in the Korean capital market
- The Korea Exchange (KRX), which is the leading agency driving the Corporate Value-up Program and also setting ESG disclosure guidance for the listed market

Government authorities and other affiliates appear to be very focused on restoring investors' confidence in the South Korean market, increasing accessibility of international investors to the South Korean capital market, promoting reform in protecting general shareholders, and promoting corporate value-up protect shareholder values.

15. [Press Releases - Financial Services Commission \(fsc.go.kr\)](https://www.fsc.go.kr/eng/press-releases)

Company engagements

During the delegation trip, we also took the opportunity of scheduled collaborative engagements with two South Korean-listed companies. The opportunity to meet with them in person provided us not only the chance to further our engagement discussions, but also an avenue for us to strengthen our relationship with the companies. We believe a solid relationship is essential, in particular to enhancing the foundation of ‘engage-ability’ of our investee companies in the region.

Our membership of the ACGA enables us to broaden our stewardship reach in countries and regions where, historically, corporate governance has taken place behind closed doors, and where the number of family majority-owned businesses is high.

Transparency:

Mandatory English corporate disclosures in Japan

The Tokyo Stock Exchange (TSE) is proposing a revision to the listing rules to introduce mandatory disclosure of certain Japanese and English corporate documents from April 2025.¹⁶ The documents within scope are the earnings reports and timely disclosure information. The TSE’s proposal would require also that the English translation is published at the same time as the Japanese version, with a preference for full disclosure but also accepting excerpts or summaries.

LGIM’s view

We believe corporate disclosures and transparency are crucial for investors to be able to accurately price in risk.

The availability of timely and accurate information is a necessity, and where information is only available in part or after a delay, we believe that this impedes not only the efficiency of investment decision-making, but also the dialogue between a company and its shareholders. We also believe that disparities in translation and the timings of release of translated materials may place some shareholder groups at a disadvantage.

LGIM’s actions

We attended a meeting with TSE representatives in London to provide feedback on this issue directly. In our meeting with them we also took the opportunity to discuss other stewardship topics that are currently in the spotlight for us in Japan, including gender diversity, board independence and tenure, and climate change.

We also provided formal written comments on the proposal. We are fully supportive of increased disclosures in English and would advocate for the goal of even more comprehensive bilingual disclosures. We particularly advocate for expanding the scope of the rules for simultaneous English disclosures to include the Corporate Governance Report without delay and the annual securities report (Yuho) over time.

We believe translating the Corporate Governance Report would not be overly burdensome but understand that of the Yuho (only one out of five Prime-listed companies providing any English translation and merely 5% translating the report in full) may require a phased approach. In this regard, we would be keen to see a proposed timeline, so that companies have sufficient time to prepare.

We also continue to highlight the long-standing issue regarding the timing of the Yuho publication (in its original Japanese form, regardless of translation). Investors need to have access to the Yuho well ahead of the AGM to make informed voting decisions. To address this issue, we would be supportive of regulatory changes, such as streamlining the disclosure requirements for the pre-AGM business report and financial statements, and extending the AGM window, as we have [outlined previously](#).

Ultimately, we believe that timely, transparent information is vital for investors, and this proposal goes to the heart of the matter. We believe these proposed rules would improve dialogue and understanding between companies and investors, and enable investors to make more accurate, timely decisions, and to challenge management more effectively.

16. [u5j7e500000029ja.pdf \(jpx.co.jp\)](https://www.tse.go.jp/eng/ir/2024/04/240101.pdf)

Significant votes

Company name	Apple Inc.*
ISIN	US0378331005
Market cap	US\$2.6 trillion (Source: https://companiesmarketcap.com/apple/marketcap/ 08 April 2024)
Sector	Technology
Issue identified	In line with our published expectations , we believe companies like Apple should be transparent in their uses of AI and their risk management processes.
Summary of the resolution	Resolution 7 – Report on Use of AI AGM date: 28 February 2024
How LGIM voted	For resolution 7 (against management recommendation)
Rationale for the vote decision	We met with the company to discuss these topics, and it did not commit to increasing transparency and disclosures around AI at this time. Apple is among several companies that have outsized influence on the integration of AI into our economy. We pre-declared our vote intention on our 2024 pre-declaration blog . Our rationale for the vote decision was that a vote in favour of the proposal was warranted, as we believe investors would benefit from further disclosure and transparency on the company’s use of and internal governance over artificial intelligence.
Outcome	37.5% shareholders voted in favour of this proposal.
Why is this vote ‘significant’?	This vote is significant as it relates directly to one of our six global stewardship themes: Digitisation. We published our expectations of companies regarding governance of AI on our blog last year.



GREGs case study: Bayer*: litigation risks and management changes

Identify

As a leading pharmaceuticals and crop science company, Bayer plays a significant role in global food production and security. However, Bayer faces meaningful reputation risks regarding ongoing glyphosate litigation related to its Roundup herbicide product. Since 2018, following the closure of its acquisition of Monsanto, Bayer has faced over US\$16 billion total charges or payments related to glyphosate litigation,¹⁷ litigation which remains ongoing and poses still meaningful risks to Bayer's ability to deleverage its balance sheet while investing for future growth in its pharmaceuticals business.

Bayer's recently appointed new CEO has embarked on a programme to revamp and simplify Bayer's internal governance, and he has made clear his comfort with potentially restructuring the business mix of Bayer.

How Bayer manages the ongoing litigation and how it implements changes to its business structure have profound implications for its investors. As Bayer potentially faces not only litigation risks but also diminished growth prospects in its core pharmaceuticals business, LGIM has sought to guide Bayer away from a path that eschews, we believe, investing for long-term growth in exchange for short-term equity gains.



17. [Bayer's Roundup Costs Could Top \\$16 Billion as Provisions Mount - Bloomberg](#)



Engage

LGIM's Stewardship and Investment teams have met with members of Bayer's supervisory board (December 2021, January 2024), with its ESG team (January 2023), and its new CEO (May 2023, March 2024). We also met with Bayer multiple times in 2019 and 2020, illustrating our history of engagement with the company. Additionally, we have engaged with Bayer's investor relations and treasury teams via numerous email exchanges.

In our meetings, we have sought to ascertain how Bayer will fund and manage ongoing litigation risks. This would include soliciting its views regarding employing controversial legal strategies like the 'Texas Two Step'.¹⁸ We have always made clear that Bayer cannot settle its legal challenges in a manner that creates long-lasting harm to its balance sheet in exchange for potentially short-term gains for its shareholders.

Specific to our meetings with the Bayer CEO, we made clear our views that a break-up of Bayer that does not support a growing pharmaceuticals business would make little sense and that the balance sheet should be deleveraged.

Escalate

LGIM used a recent bond deal marketing call as an opportunity to advocate for a clearer message from Bayer regarding its view of what its 'core' business is.

LGIM remains engaged with Bayer, and the company's capital markets day held March 2024 affirmed our expectations that the crop science business and the pharma business should not be broken up.

18. [Texas Two-Step Bankruptcy: Meaning, Criticism, Example \(investopedia.com\)](#)



Regional updates

Global - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (Total)	12782	3756	299	76%	22%	2%
Director Election	4634	1248	285	75%	20%	5%
Audit Related	591	110	12	83%	15%	2%
Compensation	1132	868	0	56%	43%	0%
Capitalization	1186	112	0	91%	9%	0%
Routine Business	1716	501	0	77%	23%	0%
Strategic Transactions	417	74	0	85%	15%	0%
Company Articles	774	186	0	81%	19%	0%
Director Related	1648	432	1	79%	21%	0%
Social	55	22	0	71%	29%	0%
Takeover Related	95	6	0	94%	6%	0%
Non-Routine Business	370	61	0	86%	14%	0%
No Research	13	118	1	7%	64%	1%
Mutual Funds	10	0	0	100%	0%	0%
Miscellaneous	115	17	0	87%	13%	0%
E&S Blended	26	0	0	96%	0%	0%
Environmental	0	1	0	0%	100%	0%

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.

Source: LGIM, as at 31.03.2024.

Global - Q1 2024 voting summary

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Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	369	188	5	66%	33%	1%
Director Election	187	102	5	64%	35%	2%
Audit Related	67	4	0	94%	6%	0%
Miscellaneous	66	23	0	74%	26%	0%
E&S Blended	2	5	0	29%	71%	0%
Social	14	4	0	78%	22%	0%
Environmental	3	9	0	25%	75%	0%
Compensation	3	3	0	50%	50%	0%
Company Articles	3	16	0	16%	84%	0%
Non-Routine Business	4	4	0	50%	50%	0%
Routine Business	5	0	0	100%	0%	0%
Director Related	7	18	0	28%	72%	0%
Corporate Governance	8	0	0	100%	0%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	13151	80%
Against	3944	81%
Abstain	304	90%

Number of	Values
Resolutions	17477
AGM Resolutions	13039
EGM Resolutions	4438
AGMs	1205
EGMs	1088
Meetings	2293

Number of companies where LGIM voted:	Values
In Total	2001
For in all resolutions	572
Against or Abstain in at least one resolution	1429



 UK - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (Total)	1185	56	3	95%	4%	0%
Routine Business	138	1	0	99%	1%	0%
Compensation	88	9	0	91%	9%	0%
Director Election	433	26	3	94%	6%	1%
Audit Related	139	0	0	100%	0%	0%
Social	22	0	0	100%	0%	0%
Capitalization	256	14	0	95%	5%	0%
Takeover Related	53	0	0	100%	0%	0%
Mutual Funds	8	0	0	100%	0%	0%
Strategic Transactions	33	2	0	94%	6%	0%
Company Articles	5	1	0	83%	17%	0%
No Research	0	3	0	0%	50%	0%
Miscellaneous	9	0	0	100%	0%	0%
Non-Routine Business	1	0	0	100%	0%	0%

 UK - Q1 2024 voting summary

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	1185	96%
Against	56	98%
Abstain	3	100%

Number of	Values
Resolutions	1247
AGM Resolutions	1162
EGM Resolutions	85
AGMs	73
EGMs	49
Meetings	122

Number of companies where LGIM voted:	Values
In Total	106
For in all resolutions	72
Against or Abstain in at least one resolution	34

Voting data shown is “For” and “Against” the resolution. Please note that for shareholder resolutions, a vote “For” the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients’ investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 31.03.2024.



Europe ex UK - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	2569	654	56	78%	20%	2%
Routine Business	624	50	0	92%	7%	0%
Director Related	646	59	0	91%	8%	0%
Audit Related	183	19	5	88%	9%	2%
Director Election	483	188	51	66%	26%	7%
Compensation	222	260	0	46%	53%	0%
Capitalization	212	37	0	85%	15%	0%
Non-Routine Business	33	4	0	89%	11%	0%
Social	11	18	0	38%	62%	0%
Strategic Transactions	17	4	0	81%	19%	0%
Company Articles	81	8	0	91%	9%	0%
E&S Blended	24	0	0	96%	0%	0%
No Research	10	1	0	91%	9%	0%
Miscellaneous	23	6	0	79%	21%	0%

Europe ex UK - Q1 2024 voting summary

Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	14	62	0	18%	82%	0%
Audit Related	0	1	0	0%	100%	0%
Miscellaneous	1	12	0	8%	92%	0%
Environmental	0	5	0	0%	100%	0%
Social	3	1	0	75%	25%	0%
Director Election	6	34	0	15%	85%	0%
Company Articles	0	1	0	0%	100%	0%
Director Related	4	8	0	33%	67%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	2583	79%
Against	716	81%
Abstain	56	89%

Number of	Values
Resolutions	3381
AGM Resolutions	3123
EGM Resolutions	258
AGMs	188
EGMs	58
Meetings	246

Number of companies where LGIM voted:	Values
In Total	223
For in all resolutions	32
Against or Abstain in at least one resolution	191

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.
Source: LGIM, as at 31.03.2024.



 North America - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	1145	699	8	62%	38%	0%
Director Election	832	402	0	67%	33%	0%
Audit Related	97	73	7	55%	41%	4%
Compensation	50	213	0	19%	81%	0%
Capitalization	34	1	0	97%	3%	0%
Strategic Transactions	39	2	0	95%	5%	0%
Takeover Related	40	3	0	93%	7%	0%
Director Related	22	2	0	92%	8%	0%
Miscellaneous	3	0	0	100%	0%	0%
No Research	3	1	1	60%	20%	20%
Mutual Funds	2	0	0	100%	0%	0%
Company Articles	10	0	0	100%	0%	0%
Routine Business	12	2	0	86%	14%	0%
Non-Routine Business	1	0	0	100%	0%	0%



North America - Q1 2024 voting summary

Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	30	16	0	65%	35%	0%
E&S Blended	2	5	0	29%	71%	0%
Social	11	3	0	79%	21%	0%
Environmental	3	4	0	43%	57%	0%
Compensation	1	3	0	25%	75%	0%
Routine Business	3	0	0	100%	0%	0%
Audit Related	2	0	0	100%	0%	0%
Company Articles	0	1	0	0%	100%	0%
Corporate Governance	7	0	0	100%	0%	0%
Director Related	1	0	0	100%	0%	0%

Number of	Values
Resolutions	1898
AGM Resolutions	1755
EGM Resolutions	143
AGMs	178
EGMs	57
Meetings	235

Number of companies where LGIM voted:	Values
In Total	232
For in all resolutions	26
Against or Abstain in at least one resolution	206

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	1175	63%
Against	715	63%
Abstain	8	75%

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.

Source: LGIM, as at 31.03.2024.



● Japan - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	1497	212	0	88%	12%	0%
Routine Business	102	0	0	100%	0%	0%
Director Election	1175	152	0	89%	11%	0%
Company Articles	38	5	0	88%	12%	0%
Audit Related	1	1	0	50%	50%	0%
Strategic Transactions	2	1	0	67%	33%	0%
Takeover Related	0	3	0	0%	100%	0%
Compensation	61	17	0	78%	22%	0%
Director Related	115	32	0	78%	22%	0%
Capitalization	1	1	0	50%	50%	0%
Non-Routine Business	2	0	0	100%	0%	0%

 Japan - Q1 2024 voting summary

Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	7	4	0	64%	36%	0%
Non-Routine Business	3	3	0	50%	50%	0%
Routine Business	2	0	0	100%	0%	0%
Compensation	2	0	0	100%	0%	0%
Audit Related	0	1	0	0%	100%	0%

Number of	Values
Resolutions	1720
AGM Resolutions	1700
EGM Resolutions	20
AGMs	159
EGMs	6
Meetings	165

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	1504	88%
Against	216	88%
Abstain	0	0%

Number of companies where LGIM voted:	Values
In Total	165
For in all resolutions	45
Against or Abstain in at least one resolution	120

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 31.03.2024.



Asia Pacific ex Japan - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	4143	1529	3	76%	22%	2%
Director Election	1361	331	3	75%	20%	5%
Capitalization	453	33	0	83%	15%	2%
Routine Business	262	402	0	56%	43%	0%
Company Articles	427	142	0	91%	9%	0%
Director Related	537	255	0	77%	23%	0%
Non-Routine Business	212	35	0	85%	15%	0%
Compensation	518	257	0	81%	19%	0%
Strategic Transactions	263	57	0	79%	21%	0%
Social	3	3	0	71%	29%	0%
Miscellaneous	51	9	0	94%	6%	0%
Audit Related	55	5	0	86%	14%	0%
No Research	0	0	0	7%	64%	1%
Takeover Related	1	0	0	100%	0%	0%

Asia Pacific ex Japan - Q1 2024 voting summary

Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	259	53	0	83%	17%	0%
Director Election	148	35	0	81%	19%	0%
Audit Related	44	1	0	98%	2%	0%
Miscellaneous	63	9	0	88%	12%	0%
Company Articles	2	4	0	33%	67%	0%
Non-Routine Business	1	1	0	50%	50%	0%
Director Related	1	3	0	25%	75%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	4402	76%
Against	1582	76%
Abstain	3	100%

Number of	Values
Resolutions	6006
AGM Resolutions	3214
EGM Resolutions	2792
AGMs	457
EGMs	671
Meetings	1128

Number of companies where LGIM voted:	Values
In Total	1010
For in all resolutions	311
Against or Abstain in at least one resolution	699

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 31.03.2024.



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Rest of World - Q1 2024 voting summary

Management proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	2243	606	229	72%	19%	7%
Strategic Transactions	63	8	0	89%	11%	0%
Director Election	350	149	228	48%	20%	31%
Compensation	193	112	0	63%	37%	0%
No Research	0	113	0	0%	80%	0%
Capitalization	230	26	0	90%	10%	0%
Non-Routine Business	121	22	0	85%	15%	0%
Audit Related	116	12	0	91%	9%	0%
Routine Business	578	46	0	93%	7%	0%
Director Related	328	84	1	79%	20%	0%
Miscellaneous	29	2	0	94%	6%	0%
Company Articles	213	30	0	88%	12%	0%
Social	19	1	0	95%	5%	0%
Takeover Related	1	0	0	100%	0%	0%
E&S Blended	2	0	0	100%	0%	0%
Environmental	0	1	0	0%	100%	0%

Rest of World - Q1 2024 voting summary

Shareholder proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder	59	53	5	50%	45%	4%
Director Election	33	33	5	46%	46%	7%
Audit Related	21	1	0	95%	5%	0%
Director Related	1	7	0	12%	88%	0%
Miscellaneous	2	2	0	50%	50%	0%
Company Articles	1	10	0	9%	91%	0%
Corporate Governance	1	0	0	100%	0%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	2302	86%
Against	659	84%
Abstain	234	87%

Number of	Values
Resolutions	3225
AGM Resolutions	2085
EGM Resolutions	1140
AGMs	150
EGMs	247
Meetings	397

Number of companies where LGIM voted:	Values
In Total	265
For in all resolutions	86
Against or Abstain in at least one resolution	179

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.

Source: LGIM, as at 31.03.2024.

Global engagement summary

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In Q1 2024, the Investment Stewardship team held

193



engagements

with

154



companies

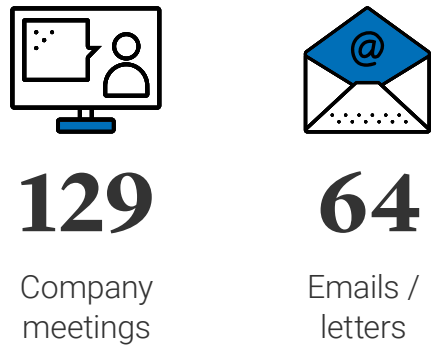
(vs. 481 engagements with 421 companies last quarter)

Breaking down the engagement numbers - Q1 2024

Breakdown of engagement by themes



Engagement type



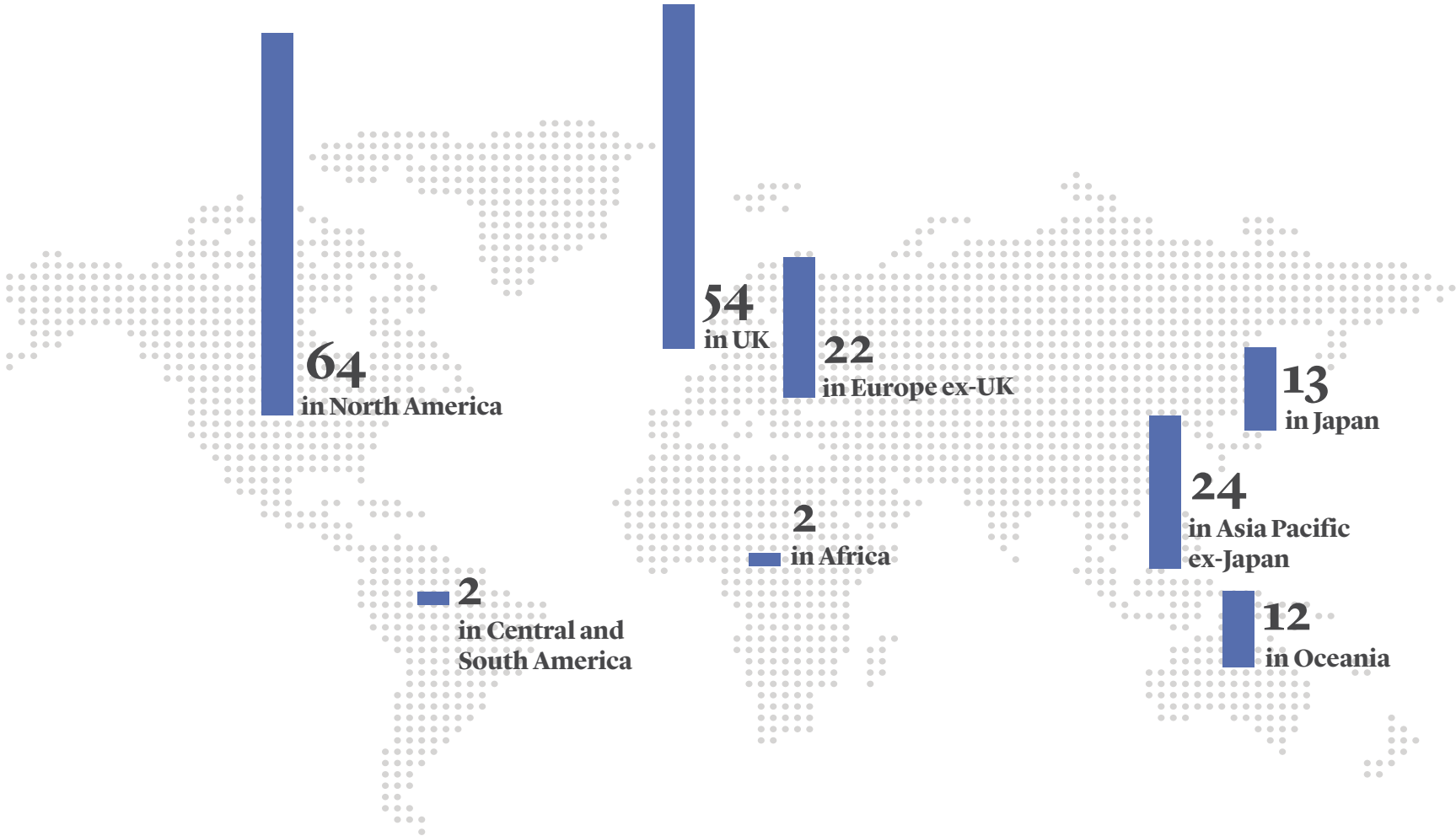
Top five engagement topics*



*Note: an engagement can cover more than a single topic

Regional breakdown of engagements

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Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



*For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

Key Risks

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested.

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USA: Legal & General Investment Management Ltd. (a U.K. FCA authorized adviser), LGIM International Limited (a U.S. SEC registered investment adviser and U.K. FCA authorized adviser), Legal & General Investment Management America, Inc. (a U.S. SEC registered investment adviser)

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The LGIM Stewardship Team acts on behalf of all such locally authorized entities.

reo[®] engagement report

Shropshire County Council
– 1st Quarter 2024

Enabling stewardship
for over 20 years

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A woman with dark hair tied back, wearing a green long-sleeved polo shirt and blue safety glasses, is smiling as she sorts through a large white bag filled with clear plastic bottles. She is wearing black gloves. The background shows a warehouse or recycling facility with metal shelving and other bags of waste.

“Responsible investment is an ethos that sits central to our investment capabilities and processes. Its position together with the emphasis we place on innovation in this area allows us offer a wide range of dedicated ESG solutions to meet a host of client needs.”

Richard Watts, Global Chief Investment Officer



Introduction

The purpose of our **reo**® service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. Our depth of expertise, industry knowledge and significant scale gives us the opportunity to talk directly with key company decision makers and bring about positive change. The **reo**® approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

This report sets out detailed information about how we have engaged with companies on your behalf over 2024. In addition, the report details outcomes from engagement recorded as milestones and case studies. Furthermore, to provide a required level of transparency for clients, we include an engagement progress tracker section which provides detail on the engagement objective, the status of that engagement and whether the company is responsive to our engagement efforts on that particular issue.

120
engagements

27
milestones

103
companies engaged

17
countries covered

Engagement in Review

The intense focus on research and engagement seen in the last quarter of 2023 has continued in the first quarter of 2024, with engagement activity encompassing over 380 issuers having taken place in Q1. Over 30% of the year's priority issuers have been engaged on topics across the ESG risk spectrum. Active dialogue has also begun covering themes for 6 of the 10 thematic projects for 2024, including coal phase out, sustainable food systems and deforestation. Given the vital role that sound corporate governance plays in the running of an effective business, we touched on this theme in over 160 engagements, diving into issues such as board oversight, gender diversity, succession planning and the nominations process including skills assessment for new directors. We also engaged with regulators on the topic of governance, a case in point being our meetings with Taiwanese securities market regulators to discuss issues including the prohibition placed on foreign investors to cast live votes and the permitting of legal entities to be elected as company directors. The financially material issue of business ethics was also addressed - poor practices, bribery and corruption scandals and controversies, for example relating to responsible marketing and sales, can weigh on company performance long after the root cause is addressed. We engaged with companies in the European telecoms, media and technology sectors specifically to discuss these issues. In particular in our discussion with Publicis on responsible marketing, we were pleased to note that the company is proactively striving to become an industry leader in standard setting to address this challenging and complex topic following its \$350 million settlement for claims around its involvement in marketing of drugs during the opioid crisis.

A key topic in the quarter from an environmental perspective has been engaging with companies on their approach to mitigating water stress – an issue that poses a significant risk to manufacturers, particularly in drought-prone regions where local communities are already suffering from acute water scarcity. With lithium being a key mineral in the global transition to electric vehicles, we engaged to understand how major lithium miners were implementing effective responsible water management, both in their operational use and in protecting local communities.

Finally, when considering regulation, the EU took a noteworthy step in being the first region globally to approve legislation on AI, shining an even brighter spotlight on the topic of Responsible AI. We have been engaging with issuers on this topic for many years from both a risk and opportunities perspective and continued to do so in Q1. Responsible AI is still in its infancy, and we will continue to examine its potential for positive innovation while ensuring effective guardrails are constructed as the technology and its uses continues to evolve.

Water risk in the lithium triangle – engaging with miners on sustainable water practices and community relations

Water stress poses a pressing risk to lithium miners operating in drought-prone regions, like the “lithium triangle” spanning Chile, Argentina, and Bolivia. Prolonged drought and resource pressures are already driving acute water stress in local communities. Climate projections show the region becoming even warmer and drier, exacerbating water scarcity issues. As the world transitions to electric vehicles and demand for lithium surges, responsible water management will be critical.

We engaged over a series of four calls with two major lithium miners, **Arcadium Lithium (Arcadium)** and **Albemarle**. Both have recently been involved in controversies related to water withdrawal and impact on their operating sites (Albemarle in Chile and Arcadium in Argentina). Our goal was to better understand how increasing regional water stress could impact their operations and expansion plans, and what Albermarle and Arcadium are doing to maintain sustainable practices and protect the local community.

For miners the main operational risk is the potential withdrawal of current - or lack of approval of new - water licences. Risk to water licencing stems from both environmental and social pressures . Our conversations reveal that for both Albemarle and Arcadium the main pressure is currently social - although over-extraction remains a concern, the main threat the miners face is negative public perception and strained community relations. This is a finding corroborated by third-party auditing of Albemarle’s Chilean operation, finding that while freshwater withdrawal is significantly below the government’s limits, the perception of water use in the community is negative. With local populations already suffering from acute water scarcity, any additional stress from mining operations can become a flashpoint. In our view, even the most sustainable operations will face heightened scrutiny in water-stressed regions.

This illustrates the importance of maintaining robust community engagement for miners operating in drought-prone areas. Where community relations are stressed, legal and regulatory challenges frequently follow, regardless of actual water usage rates. We believe that miners who proactively invest in their communities will gain a strategic advantage in securing licenses to expand production – as such we stressed to both Arcadium and Albermale the value in conducting transparent social and environmental auditing, such as through the Initiative for Responsible Mining Assurance (IRMA) certification scheme.

Bad business ethics is bad for business

We consider business ethics to be a financially material issue and an integral part of companies’ social license to operate. There are many key elements encompassed within this topic from responsible marketing and sales to bribery and corruption, and during this quarter, we engaged with companies in the TMT sector specifically to discuss these.

We engaged with **Publicis** following a \$350 million settlement for claims around involvement in marketing of drugs during the opioid crisis. We believe that the company is taking this topic seriously with board level oversight and more frequent discussions being held internally on responsible marketing. It already has processes in place to review new business and clients as well as monitor ongoing clients. While responsible marketing is challenging and complex, it is clear the company is proactively working on ways to move ahead of the industry through developing its own responsible marketing standard and key performance indicators to demonstrate assurance and efforts beyond legal compliance.

Companies’ proactive response to government investigations also plays a key part in mitigating their financial and reputational risks. With this in mind, we engaged with **SAP** following a \$222 million settlement on US bribery charges in seven countries. The US Department of Justice spoke very highly of SAP’s compliance with the investigation and awarded the company a 40% reduction in the penalty. Following the incident, we were encouraged to note that the company has strengthened its compliance culture, improved the oversight of subsidiaries in high-risk areas, increased its compliance communication and training and moved its whistleblowing mechanism externally.

Our engagements with companies focussed on a “lesson learned” approach to ensure they took adequate remediation measures and strengthened the existing process to ensure that similar incidents and fines do not happen again. We will continue to monitor and engage with companies that are responding to controversies as well as proactively engaging with our broader investee companies to fortify and maintain a robust approach to business ethics.

Addressing AI risks and opportunities

In March 2024, the European Union gave final approval to the first legislative proposal on AI globally, categorising AI systems into four tiers of risk. This significant step forward in the regulation of AI has brought greater attention to the topic of Responsible AI. We engaged with **Amazon** and were encouraged by the operationalisation of Responsible AI in its Amazon Web Services division. However, we encouraged further disclosure on other divisions and its risk assessment process to support investors in understanding the company's approach more fully.

Continuing this theme, we also spoke with **MercadoLibre**, a Latin American e-commerce business. While the company lacks public disclosure on its Responsible AI approach, it is clear that the company is focusing on the topic internally, with a cross functional central AI unit team that is responsible for setting internal rules and overseeing AI governance. We were encouraged by its high level discussion on how it tracks and monitors gender and ethnicity bias among its AI-based scoring systems for consumers' credit lines.

We also engaged with **SAP SE** which outlined its AI governance process and the responsibilities of its internal steering committee and external advisory council. The onus of AI ethics falls with the developer. We view it as positive to incorporate ethics in the design of AI tools. The development teams conduct risk assessments, and they are reviewed by the steering committee. It highlighted that it had one or two use cases of AI that it assessed as potentially being harmful (therefore the company did not go forward with them) which involved concerns around data protection and bias of consumers.

In light of the opportunities AI presents to a range of companies, we also engaged to understand the upside potential of AI from solving complex problems to driving efficiency gains. We engaged with **Riken Keiki**, a Japanese gas detection and measurement equipment company who discussed the potential use of AI to improve performance in its gas detectors. In addition, we spoke with **NSD Co Ltd**, a system services and real estate rental business who is using generative AI to automate its programming processes, enabling the company to expand the amount of work it can do.

Responsible AI is still in its infancy as AI experts, scientists, governments and other stakeholders continue to grapple with how to safeguard AI risks while ensuring that innovation is not compromised. We will continue to engage with companies on the topic to inform our research and engagement approach.

Refreshing boards to improve effectiveness

During this quarter, we engaged with over 27 US companies regarding board effectiveness. There are many key elements encompassed within this topic, including consistent board refreshment, which encourages strong board composition and oversight, and shareholder responsiveness. Board refreshment is an integral part of ensuring overall board effectiveness, as thoughtful refreshment ensures an appropriate mix of backgrounds, experience, and skills as companies grow and evolve. Board refreshment isn't a one-and-done or flip of the switch process; it takes many years and significant planning. We have seen many companies undergo board refreshment over the past few years, and during our engagements we expect companies to explain board dynamics, what skills and backgrounds they are prioritizing, and how they manage their talent pipeline.

For example, we engaged with **NetApp** around their ongoing board refreshment. Similar to many other companies, they find former CEO experience valuable, and we were encouraged to note that they continue to prioritize diversity, not just in experience but also in gender and ethnicity.

Appropriate shareholder responsiveness is also key to board effectiveness. Responsive boards conduct engagement both before a meeting and during the off-season to understand shareholders' points of view. Where a company has received significant dissent on a proposal, or support of a shareholder proposal, we expect companies to engage with shareholders directly on those topics. For example, we engaged with **Lumentum** to discuss the outcome at their previous AGM, where the say-on-pay item did not receive majority support. The company wanted to understand our compensation expectations, communicate broader investor feedback they had received, and explain their focus and potential changes for 2024.

Our engagements with US companies on board effectiveness highlight how crucial companies view the role of the board and the continued focus companies place on ensuring a strong, empowered board with the appropriate range of skills and background is in place. We will continue to support companies in bolstering the skills and effectiveness of their board.

Disclosure – a key tool in assessing climate ambition

In Q1, we engaged with multiple companies across the oil & gas, utilities, and coal value chain on material ESG issues, particularly around climate change strategy and emissions reductions. Some key focus areas of engagement centered around emissions disclosure, target setting, and decarbonization strategy.

We engaged **ExxonMobil** on its climate strategy and investments in low-carbon solutions, discussing its plans for its carbon capture and storage business, and assessing potential customer demand and economic viability. With **Occidental Petroleum**, we discussed its plans for direct air capture - a key element in achieving its ambitious net zero emissions targets. We also engaged with European utilities such as **RWE**, and **Veolia** on their coal phase-out plans, emissions reduction targets, and overall decarbonization strategies, focusing our asks specifically on enhanced disclosure around decarbonization levers, allocation of capital expenditures, and more granular coal phase-out timelines.

More broadly in light of the importance of disclosure in understanding a company’s approach to transition and mitigation, we also provided recommendations regarding disclosure, emphasizing the importance of transparency for investors to assess credibility of net zero commitments. Where relevant going forward, we will continue to encourage urgent, ambitious action from energy companies to decarbonize.

Stewardship Codes

Stewardship codes can help investors define and discharge their ownership and governance responsibilities. Recent years have seen the emergence and growth of stewardship codes globally. While codes occasionally take the form of binding regulation, more often they involve voluntary standards. Below is an overview of countries which have adopted stewardship codes or an equivalent.



Public policy submissions this quarter

South Korea Month: January Issue: Corporate governance and capital management Initiative: Asian Corporate Governance Association (ACGA) works towards the implementation of effective corporate governance practices throughout Asia Our position: We participated in a collaborative engagement through ACGA with the Chair of the Board of Samsung Electronics to discuss the Board's priorities on oversight, the inclusion of more independent directors, and how the Group Chair contributed to the company.	UK Month: February Issue: Incentivisation of UK water utilities Initiative: The Investor Forum supports stewardship activities and collaboration among institutional investors in UK equities Our position: We participated in a small group meeting with Ofwat to discuss the performance incentives for UK water utilities, including indicators related to serious pollution incidents, biodiversity, and water quality. We also discussed and share views on their approach to the upcoming reviews of company proposed business plans.	UK Month: February Issue: Shareholder rights Initiative: International Corporate Governance Network (ICGN) focuses on achieving high corporate governance standards and investor stewardship Our position: We co-signed an investor statement alongside 52 asset managers and asset owners raising concerns with changes to UK Corporate Governance standards and shareholder protections as we seek to uphold the highest standards of corporate governance in the UK.	Taiwan Month: March Issue: Corporate governance and shareholder rights protection Initiative: Taiwan Stock Exchange (TWSE) and the Financial Supervisory Commission (FSC – the securities markets regulator in Taiwan) Our position: We engaged with the regulators on governance issues including the prohibition placed on foreign investors to cast live votes, the lack of election integrity in the cumulative voting system and the permitting of legal entities to be elected as company directors, as well as the delay of ESG report publication.
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Priority Companies and Your Fund

The table below highlights the companies on our annual priority engagement list with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. Priority companies are selected through a detailed analysis of client holdings, proprietary ESG risk scores, engagement history and the Responsible Investment team's judgement and expertise. Each priority company has defined engagement objectives set at the beginning of each year. Engagement activity levels for priority companies are more intensive than for companies where we engage more reactively. For full details of our engagements with companies please refer to the online **reo**® client portal.

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Amazon.com Inc	Consumer Discretionary	●	Good			●	●			
Analog Devices Inc	Information Technology	●	Good			●			●	
Barclays PLC	Financials	●	Good	●						
Citigroup Inc	Financials	●	Good		●	●	●		●	●
CRH PLC	Materials	●	Good	●	●				●	
Deutsche Bank AG	Financials	●	Good				●		●	
Freeport-McMoRan Inc	Materials	●	Good	●	●	●			●	
Koninklijke Philips NV	Health Care	●	Good				●	●		
Lowe's Cos Inc	Consumer Discretionary	●	Good		●	●	●		●	
LVMH Moët Hennessy Louis Vuitton SE	Consumer Discretionary	●	Adequate	●	●		●		●	
Mercedes-Benz Group AG	Consumer Discretionary	●	Good	●						
Shell PLC	Energy	●	Good	●			●		●	
Tesla Inc	Consumer Discretionary	●	Good		●	●	●			
Volkswagen AG	Consumer Discretionary	●	Good	●		●	●			
Wells Fargo & Co	Financials	●	Good		●		●			

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagements and Your Fund: Red rated

The table below highlights the companies with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Amazon.com Inc	United States	Consumer Discretionary	✓			●	●			
Cloudflare Inc	United States	Information Technology							●	
Intuitive Surgical Inc	United States	Health Care							●	
Koninklijke Philips NV	Netherlands	Health Care	✓				●	●		
Liberty Broadband Corp	United States	Consumer Discretionary							●	
Makita Corp	Japan	Industrials		●					●	
Meta Platforms Inc	United States	Information Technology				●		●		
Volkswagen AG	Germany	Consumer Discretionary	✓	●		●	●			
Wells Fargo & Co	United States	Financials	✓		●		●			

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagements and Your Fund: **Orange** rated

The table below highlights the companies with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
A O Smith Corp	United States	Industrials		●					●	
Aflac Inc	United States	Financials							●	●
Bank Mandiri Persero Tbk PT	Indonesia	Financials							●	
Deutsche Post AG	Germany	Industrials		●						
General Motors Co	United States	Consumer Discretionary		●	●	●	●			
Larsen & Toubro Ltd	India	Industrials							●	
Lennar Corp	United States	Consumer Discretionary		●						
MercadoLibre Inc	Uruguay	Information Technology		●			●		●	●
Ralph Lauren Corp	United States	Consumer Discretionary			●	●				
Schaeffler AG	Germany	Consumer Discretionary		●	●					
Stellantis NV	Netherlands	Consumer Discretionary		●						
Tesla Inc	United States	Consumer Discretionary	✓		●	●	●			
Toyota Motor Corp	Japan	Consumer Discretionary		●	●		●		●	
Walmart Inc	United States	Consumer Staples					●		●	

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagements and Your Fund: Yellow rated

The table below highlights the companies with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Air Liquide SA	France	Materials								
Albemarle Corp	United States	Materials								
Align Technology Inc	United States	Health Care								
Apple Inc	United States	Information Technology								
Arcadium Lithium PLC	United Kingdom	Materials								
Bank of America Corp	United States	Financials								
Bayer AG	Germany	Health Care								
BYD Co Ltd	China	Consumer Discretionary								
Citigroup Inc	United States	Financials	✓							
Dover Corp	United States	Industrials								
Electricite de France SA	France	Utilities								
Freeport-McMoRan Inc	United States	Materials	✓							
Glencore PLC	Switzerland	Materials								
Lockheed Martin Corp	United States	Industrials								
LVMH Moët Hennessy Louis Vuitton SE	France	Consumer Discretionary	✓							
Mercedes-Benz Group AG	Germany	Consumer Discretionary	✓							
Nestle SA	Switzerland	Consumer Staples								
Occidental Petroleum Corp	United States	Energy								
OSB Group PLC	United Kingdom	Financials								
Prologis Inc	United States	Real Estate								
Sanofi SA	France	Health Care								
Severn Trent PLC	United Kingdom	Utilities								
Take-Two Interactive Software Inc	United States	Information Technology								
Treasury Wine Estates Ltd	Australia	Consumer Staples								
Vinci SA	France	Industrials								

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Visa Inc	United States	Information Technology								
Vodafone Group PLC	United Kingdom	Communication Services								
Zebra Technologies Corp	United States	Information Technology								

Governance

Social

Environmental

Introduction

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagements and Your Fund: **Green rated**

The table below highlights the companies with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Alimentation Couche-Tard Inc	Canada	Consumer Staples		●						
Amgen Inc	United States	Health Care						●	●	
Analog Devices Inc	United States	Information Technology	✓			●			●	
Applied Materials Inc	United States	Information Technology		●			●			●
AXA SA	France	Financials		●			●			●
Barclays PLC	United Kingdom	Financials	✓	●						
Bayerische Motoren Werke AG	Germany	Consumer Discretionary		●	●	●				
BHP Group Ltd	Australia	Materials		●						
Broadcom Inc	United States	Information Technology							●	
Cigna Group/The	United States	Health Care					●	●	●	
CNH Industrial NV	United Kingdom	Industrials							●	
Contemporary Amperex Technology Co Ltd	China	Industrials		●						
CRH PLC	Ireland	Materials	✓	●	●				●	
Daikin Industries Ltd	Japan	Industrials		●						
Deutsche Bank AG	Germany	Financials	✓				●		●	
Edenred SE	France	Information Technology							●	●
Electronic Arts Inc	United States	Information Technology					●		●	
Equinor ASA	Norway	Energy		●						
EssilorLuxottica SA	France	Health Care							●	
GSK PLC	United Kingdom	Health Care		●	●			●	●	
Halma PLC	United Kingdom	Information Technology		●			●			
Holcim AG	Switzerland	Materials		●						
Hoya Corp	Japan	Health Care		●	●	●	●			
HSBC Holdings PLC	United Kingdom	Financials		●						
ICON PLC	Ireland	Health Care							●	

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
IQVIA Holdings Inc	United States	Health Care						●		
Land Securities Group PLC	United Kingdom	Real Estate							●	
Legal & General Group PLC	United Kingdom	Financials							●	
Linde PLC	United States	Materials		●					●	
Lonza Group AG	Switzerland	Health Care		●					●	
Lowe's Cos Inc	United States	Consumer Discretionary	✓		●	●	●		●	
Mitsui & Co Ltd	Japan	Industrials		●		●			●	
Mowi ASA	Norway	Consumer Staples		●	●					
National Grid PLC	United Kingdom	Utilities		●			●			
NatWest Group PLC	United Kingdom	Financials		●					●	●
NetApp Inc	United States	Information Technology		●	●		●		●	
Nintendo Co Ltd	Japan	Information Technology							●	
Phoenix Group Holdings PLC	United Kingdom	Financials							●	
PulteGroup Inc	United States	Consumer Discretionary		●					●	
Quanta Services Inc	United States	Industrials		●			●		●	
RB Global Inc	United States	Industrials							●	
Rentokil Initial PLC	United Kingdom	Industrials							●	
Samsung Electronics Co Ltd	South Korea	Information Technology			●				●	
SAP SE	Germany	Information Technology			●	●				●
Shell PLC	United Kingdom	Energy	✓	●			●		●	
Starbucks Corp	United States	Consumer Discretionary					●			
Tesco PLC	United Kingdom	Consumer Staples		●	●		●	●		
Unilever PLC	United Kingdom	Consumer Staples							●	
Xylem Inc/NY	United States	Industrials		●	●					

Governance

Social

Environmental

Introduction

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagements and Your Fund: Unrated

The table below highlights the companies with which we have engaged on your behalf in 2024 and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online **reo**® client portal.

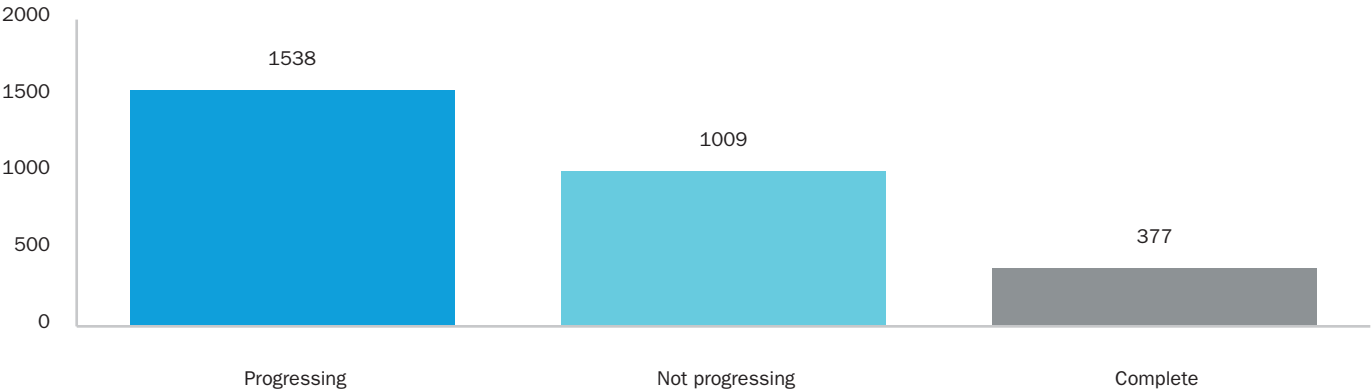
Name	Country	Sector	Priority Company	Themes engaged						
				Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
Corebridge Financial Inc	United States	Financials							●	
MSCI Inc	United States	Financials							●	
Spotify Technology SA	Sweden	Information Technology							●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagement Objective Progress Tracker

This section of the report provides an overview on the status of all engagement objectives. The table reports on the status for each live engagement objective per priority company in your portfolio and provides an assessment of whether the engagement objective is progressing in a reasonable manner. For full details of our engagements with companies please refer to the online **reo**® partner portal.

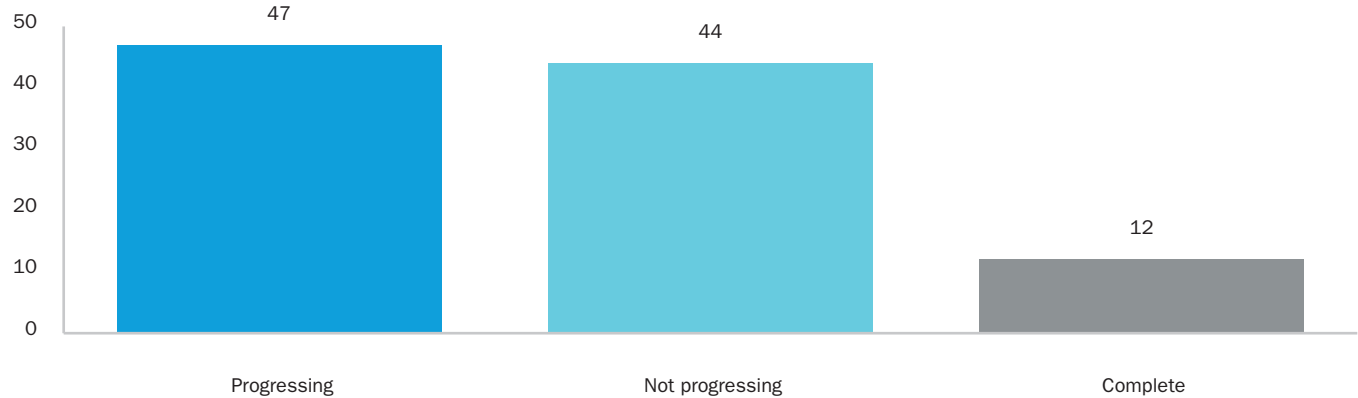
All Engagement Objectives and their progress



Source: Columbia Threadneedle Investments

The above chart outlines the status for all engagement objectives*

Quarterly Engagement Objectives and their progress



Source: Columbia Threadneedle Investments

The above chart outlines the status for all engagement objectives on companies in your portfolio that have been updated this quarter.

* Engagement Objectives active since inception Jan-20

Name	Engagement Objective Name	Status	
Alibaba Group Holding Ltd	Published updated ESG report		
	Improve human capital management strategy		
	No executive sits on the nomination committee		
	Update the 2014 Corporate Governance Guidelines		
Amazon.com Inc	Implement human rights policy		
	Human capital management		
	Monitor facial recognition technology to detect algorithmic bias		
	Conduct client due diligence for purchase of facial recognition technology		
	Workforce Disclosure Initiative participation		
	Increase access to board of directors for engagement		
	Strengthen human rights policies and due diligence efforts		
	Enhanced social disclosure		
	Strengthen and Disclose Responsible AI approach		
	Demonstrate effective grievance mechanisms are in place and access to remedies		
	Disclose accuracy of facial recognition technology		
	Carbon emissions management		
	Enhanced senior management and workforce diversity		
	Public commitment to ethical AI		
Analog Devices Inc	Conduct gender and ethnicity pay gap assessment		
	Tie ESG metrics to executive compensation		
	Improve reporting on supplier audits		
	Conduct human rights due diligence assessment		
	Improve reporting on grievance mechanism metrics		
Barclays PLC	Link executive pay to ESG metrics		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

	Consult on executive pay		
	Understand board functioning during lockdown		
	Understand positioning on the shareholder resolution		
	Set ambitious climate strategy		
	Update Human Rights Policy		
	Consideration of biodiversity in its risk management		
	Improve ESG and climate target disclosure		
	Strengthen human rights program		
Chevron Corp	Strengthen Paris-aligned short and medium term targets		
	Increase CapEx for low carbon transition		
	Improve disclosures on offsetting and CCS strategy		
	Set biodiversity targets and improve disclosure		
	Improve alignment of executive compensation		
	Improve disclosures on climate lobbying		
	Improve disclosures around human rights assessments		
	Improve disclosures around engagement with indigenous populations		
Citigroup Inc	Enhance climate risk management		
	Workforce Disclosure Initiative participation		
Costco Wholesale Corp	Disclose to the CDP initiative		
	Payment of living wage		
	Enhance "social" disclosure		
	Engagement on human rights due diligence and disclosure		
	Alternative protein strategy		
	Workforce Disclosure Initiative participation		
CRH PLC	Pension contributions		
	Become living wage employer		

Key

- Engagement suspended Set/Not yet engaged Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern Evidence of issuer change - Milestone
- Progressing Not progressing

	Extend physical risk assessment to 100% of group level revenue		
	Disclose biodiversity strategy and targets		
	Capex aligned with 1.5C		
	Physical risk disclosure		
	Biomass procurement policy		
Deutsche Bank AG	Workforce Disclosure Initiative participation		
	Enhanced corporate diversity		
Freeport-McMoRan Inc	Set scope 3 emissions target		
	Publish biodiversity strategy		
	Set targets on water consumption		
	Improve disclosure on Indonesian operations		
	Letter to encourage support on the new global tailings standard body		
Fresenius SE & Co KGaA	Enhanced corporate diversity		
	Workforce Disclosure Initiative participation		
	Integrate AMR into environmental risk management strategy		
	Enhance human rights supply chain due diligence efforts		
	Enhance disclosure on measures to mitigate product safety and quality risks		
	Increase transparency about environmental initiatives in manufacturing		
	Use a scorecard system to assess key suppliers' sustainability performance		
	Set quantitative access-related targets		
	Disclose examples of human rights issues uncovered by audits		
	Participation in the Workforce Disclosure Initiative's 2022 survey		
HDFC Bank Ltd	Improve digital expertise at board level		
	Strengthen approach to climate change management		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

Lasertec Corp	Increase representation of women in the workforce		
	Improve board gender diversity		
	Publish first standalone ESG report		
	Disclose climate targets		
	Develop a policy or grievance mechanism on sexual harassment		
	Establish process to engage with suppliers to manage its Scope 3 emissions		
	Enhance disclosure of human capital metrics.		
	Understand supply chain due diligence process including publishing audit results		
	Establish formal programmes to advance women in management roles and in hiring		
	Improve board gender diversity above 13.5%		
Lowe's Cos Inc	Conduct social supply chain audit and improve H&S disclosure		
	Disclose Human Rights Due Diligence Framework		
	Human Rights Risk Assessment		
	Improve health and safety performance		
LVMH Moët Hennessy Louis Vuitton SE	Publish gender/racial pay gap information		
	Realise Living Wages in direct operations and supply chain		
	Disclose human rights policy		
Mercedes-Benz Group AG	Disclose living wage policy		
	Enhanced corporate diversity		
	Strengthen management of deforestation risks from leather & rubber sourcing		
	Disclose approach to human rights due diligence		
	Workforce Disclosure Initiative participation		
	Publish climate lobbying disclosures		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

	Publish review of association memberships and their alignment with Paris		
	Strengthen climate risk management		
	Strengthen approach to upstream Scope 3 emissions		
	Enhance alignment of capital allocation process with climate commitments		
Microchip Technology Inc	Increase board gender diversity		
PACCAR Inc	Publish net zero CapEx plan		
PPG Industries Inc	Reducing plastic waste		
	Enhancing product stewardship		
	Setting Net Zero GHG emissions target across entire value chain		
Procter & Gamble Co/The	Strengthening human rights due diligence		
	Develop biodiversity strategy		
	Develop a strategy to address plastic pollution		
Reliance Industries Ltd	Separate CEO and Chairman		
	Incorporate climate-related goals in management remuneration plans		
	Set up and disclose air and carbon emissions reduction targets		
	Enhance climate-related skills at board and management level		
	Improve climate-related disclosures		
	Appoint new independent directors		
	Improve board independence		
	Disclose climate-related lobbying		
	Set biodiversity net gain target and improve biodiversity performance		
	Strengthen decarbonisation roadmap		
	Align CAPEX with climate goals		
Ross Stores Inc	Develop human rights due diligence framework		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

Shell PLC	Develop strategy for net zero emissions by 2050		
	Become living wage employer		
	Improve TCFD disclosures		
	Strengthen community relations approaches and disclosures		
	Improve disclosures on offsetting and CCS strategy		
	Improve biodiversity disclosure and set targets		
	Nigeria: improve bribery and corruption prevention		
	A revised decarbonisation strategy given the court order and the new IEA net zer		
	Clarify and strengthen the climate elements in remuneration		
	Improve GHG targets to align with 1.5C		
Southern Water Services Finance Ltd	Disclose information about any AMR-related work being undertaken		
	Disclose in line with TCFD		
	Improve performance on sewage overflows		
	Disclose on CapEx committed to sewage overflow		
Taiwan Semiconductor Manufacturing Co Ltd	Improve approach to gender diversity		
	Set science-based emissions reduction target		
	Develop and share CEO succession plans		
	Improve remuneration disclosure		
	A comprehensive plan to achieve its 60% replacement water rate by 2030		
	Disclose a feasible plan to achieve 100% renewable energy by 2040		
	Successfully find or develop an alternative substance of FPAs.		
Tesla Inc	Workforce Disclosure Initiative participation		
	Enhanced human rights due diligence		
	Commitment to social dialogue, and freedom of association		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

	Improve Board diversity and independence		
	Improve climate disclosures		
	Improve diversity, equity and inclusion disclosures		
	Conduct an independent review of labour management		
Volkswagen AG	Enhanced corporate diversity		
	Workforce Disclosure Initiative participation		
	Strengthen climate lobbying disclosures		
	Strengthen approach on human rights due diligence		
	Align Scope 3 targets with 1.5 degree trajectory		
	Disclose detailed decarbonisation strategy and capital expenditure plans		
	Publish climate lobbying report		
Waste Connections Inc	Improve independence of key committee		
	Improve climate disclosure by participating in the CDP		
	Improve disclosure of sustainability performance		
	Set SBTi emissions reduction targets		
	Participation in the Workforce Disclosure Initiative		
	Commit to set science based emissions reduction targets		
Wells Fargo & Co	Enhance disclosure on company culture and regulatory compliance		
	Establish appropriately aligned compensation for new CEO		
	Improve disclosure on diversity and pay-equity within the business		
	Workforce Disclosure Initiative participation		

Key

- Engagement suspended
- Set/Not yet engaged
- Expectation/concern raised with issuer
- Issuer committed to consider expectation/concern
- Evidence of issuer change - Milestone
- Progressing
- Not progressing

Engagement case studies

CRH PLC
Confidential (Held)

Mailing Country: Ireland	Sector: Materials	Priority Company: ✓
ESG Risk Rating: ●	Response to Prior Engagement: Good	Theme: Climate Change; Corporate Governance
Engagement Case Study Name: Preparing for leadership transition while advancing sustainability strategy		
13 CLIMATE ACTION 13.2		

Background

CRH is the leading provider of building materials solutions. It has transitioned to a US primary listing on the New York Stock Exchange after receiving overwhelming shareholder approval, as North America accounts for approximately 75% of Group EBITDA and the US is expected to be a key driver of future growth given economic expansion, population growth, and significant construction needs. According to CRH, the US listing will bring increased commercial, operational and acquisition opportunities. We reached out to speak to the Board Chair to understand what this pivot means for the company's ESG strategy, in particular its ambitions on climate change and decarbonisation.

Action

We engaged with the company's Board Chair ahead of its 2023 AGM to discuss latest developments, including its recent primary listing change from London to New York. We also briefly spoke to the CFO on the implications of the re-listing in a separate meeting. Key topics included CEO succession planning, growth strategy and capital allocation priorities. We also discussed the company's climate solutions business, which develops water and energy efficiency products. On succession planning, the Chair explained this remains a key focus area for the Board with the current CEO's contract expiring in 2024, although renewal is likely. On M&A, the company will continue to focus on value-enhancing deals, particularly in the US, expecting the US to account for 75-80% of total business (vs 65% currently). Regarding innovation, the Chair highlighted a \$250 million corporate venturing fund targeting areas like AI for leak detection in water infrastructure. This signals the importance of climate solutions and emerging technologies. However, it is yet not clear how CRH will maintain its ambitious climate strategy, particularly in the US where legislated carbon taxation burden is lower.

Verdict

We were encouraged by the constructive dialogue on the leadership transition and growth strategy. Succession planning to maintain the company's operational excellence will be important. We also welcome the focus on new climate solutions, which we will monitor and engage further on from a sustainability perspective. Overall, our dialogue with CRH have been positive, outlining Board priorities as CRH continues expanding its US presence.

ESG Risk Rating:	Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
	Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client's portfolio

Stellantis NV

Public (Held)

Mailing Country: Netherlands

Sector: Consumer Discretionary

Priority Company: X

ESG Risk Rating: ●

Response to Prior Engagement: Good

Theme: Climate Change

Engagement Case Study Name: Material progress towards climate aligned lobbying activities



13.2

Background

Stellantis are one of the largest automakers in the world, with a presence in over 130 countries and over 300,000 employees. Stellantis was formed in 2021 by a merger between the Italian-American conglomerate Fiat Chrysler Automobiles (FCA) and the French PSA Group. Stellantis has been slow to provide investors with more transparency on its positioning on public policies, and its lobbying on climate related policies directly and through industry associations. Many peers have published lobbying reports, including Volkswagen, General Motors, Ford, Mercedes, BMW, Volvo and Toyota. This lack of transparency is especially concerning given the mixed record that the company has on its lobbying around vehicle emissions standards in the US, UK and EU.

Action

We have engaged FCA and PSA bilaterally and through CA100+ on this topic since 2019, and began engaging Stellantis on this topic in 2022. In 2022, together with the other CA100+ co-leads, we spoke to Stellantis' Heads of Public Affairs, Head of CSR and investor relations representatives to discuss the company's approach to climate lobbying. We reiterated that progress on climate lobbying was a priority in a call with investor relations in 2023, and provided the company with further guidance on what we considered to be good practice. In March 2024 we had another collaborative call with Stellantis' head of European public affairs and IR, where we asked for the company to establish and disclose a monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities are consistent with its proclaimed climate targets. Stellantis recognised that it had work to do to on its lobbying disclosures compared to peers, and committed to evaluating the steps that it could take to improve disclosure.

Verdict

In mid-March the company sent us a letter signed by the CFO in which it committed to provide investors with an initial work plan for its lobbying disclosures by the end of June, with a view to preparing an initial disclosure by the end of 2024. This is a positive step, and shows that the company is proactive and open to productive conversations with investors. We will continue to work with the company on its work plan, and to ensure that Stellantis' disclosures align with the best practices outlined in the Global Standard on Responsible Climate Lobbying.

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Response to engagement:

Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.

(Not held) (Held)

This mark indicates whether the company is held in client's portfolio

Exxon Mobil Corp
Confidential (Not held)

Mailing Country: United States	Sector: Energy	Priority Company: ✓
ESG Risk Rating: ●	Response to Prior Engagement: Good	Theme: Climate Change
Engagement Case Study Name: Positive strides in energy transition strategy but approach remains conservative		
13 CLIMATE ACTION  13.2		

Background

As one of the world’s largest oil and gas majors, we have engaged ExxonMobil (Exxon) for many years, encouraging a more proactive and transparent approach to the energy transition. It now has emissions reduction targets for 2030, and plans to invest over \$20 billion in low carbon solutions through to 2027. However, the business remains primarily focused on fossil fuels, particularly following the \$60bn acquisition of Pioneer Natural Resources, the Texas-based exploration & production company - and compared with European peers, its diversification into cleaner energies is modest.

Action

We met with Exxon’s Chief Financial Officer in London and discussed her views on the company’s Low Carbon Solutions business. We discussed the competitiveness of low carbon projects, the role of policy support – particularly the Inflation Reduction Act – progress on carbon capture and storage (CCS), and plans for lithium production. Exxon’s acquisition of CCS specialist Denbury has significantly increased its capacity; it believes its scale to be an advantage as it gains industrial customers. The lithium business also appears promising, with the company stating that it believes the low environmental footprint of its operation will give it a competitive edge in this area as demand expands with the roll-out of electric vehicles. However, material earnings from these businesses still remain some distance into the future. We also asked about Exxon’s decision to take court action against the two co-filers of a shareholder resolution on climate change (the ‘Follow This’ resolution), rather than taking the usual path of applying to the SEC to disallow it. Exxon told us that their motivation is to challenge the current stance of the SEC on such resolutions, which has become more accommodating, and it wants this to be a test case to force a change in approach.

Verdict

Exxon is on track to achieve its Scope 1 & 2 emissions targets, and has made significant improvements in its disclosure and - following investor engagement – also on reporting on its energy transition strategy. Its strength in large project implementation positions the company well to capitalise on those low-carbon opportunities it has identified. Yet the scale of capex in these areas is dwarfed by the capital put into both organic and inorganic growth in its core oil and gas business. In our view, despite the improvements, the company’s transition strategy remains unambitious relative to peers in Europe in particular.

ESG Risk Rating:	Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
	Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client’s portfolio

Koninklijke Philips NV

Public (Held)

Mailing Country: Netherlands

Sector: Health Care

Priority Company: ✓

ESG Risk Rating: ●

Response to Prior Engagement: Good

Theme: Climate Change; Labour Standards; Public Health

Engagement Case Study Name: Corporate ESG Targets on Track but Employee Morale Still an Issue



Background

Philips is a Dutch healthcare conglomerate which offers a range of products across different business divisions: diagnosis and treatment, connected care and personal health. The company is still working to recover from the global recall of Philips Respironics and Respiratory Care Devices linked to potential health risks in 2021 which resulted in a loss of two-thirds of its value and multiple lawsuits. Philips invited us to a one-on-one meeting as part of their most recent ESG roadshow in order to update us on the latest ESG developments following the release of their 2023 Annual Report.

Action

We were encouraged to note that Philips is on track to achieve its 2025 ESG targets and has already exceeded its target to use 75% renewable energy in its operations by 2025, having reached 78% in 2023. In its 2023 double materiality assessment, Philips' most financially material topic was product responsibility and safety, which is not surprising in light of the global recall which continues to negatively impact the company's reputation. Philips shared that internal research concluded that approximately 70% of historic issues around product safety and quality partly originated in the design phase. This insight is helping them in redesigning the R&D process, a tangible example of lessons learned as a result of the recall that we welcome. Finally, we noted that the 2023 employee engagement outcomes had worsened slightly as employees have generally been less favourable about the company (73% vs 77% in 2022) and more explicitly unfavourable (10% vs 8% in 2022). However, Philips believes employee favourability will begin to improve with the progression of its corporate re-organisation. We will be monitoring this metric with interest going forward.

Verdict

We continue to appreciate Philips' transparency around the product recall and their actions to recover from it. Their progress on renewable energy is commendable, nonetheless, our concerns remain regarding employee engagement outcomes which are directly linked to the company's re-organization as a result of the recall and financial losses. We will continue our conversations with the company on how they aim to address this point given the uncertainty that the re-organisation has caused.

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Response to engagement:

Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.

(Not held) (Held)

This mark indicates whether the company is held in client's portfolio

Engagement projects

This section reports on priority engagement projects where we have made progress in 2024. For full details of our engagements with companies in these projects please refer to the online **reo**® client portal.

Project: Deforestation

Category: Environmental

Project Objective

Deforestation is a major driver of the twin crises of biodiversity loss and climate change. The destruction and fragmentation of forests is the biggest driver of extinctions across the world, and the deforestation and forest degradation contribute up to 15% of the carbon dioxide emissions caused by human activity. This is primarily linked to the production of commodities including palm oil, soy, cattle products, timber, cocoa, coffee and rubber. We have developed a bespoke tool to appraise the quality of deforestation management of issuers involved in soft commodity value chains. We combine datasets from sources including Forest 500, CDP Forests, ZSL SPOTT, Forests & Finance and MSCI to identify holdings with material exposure to deforestation impact and risk with poor quality management. Through our analysis we have discovered that the most common criteria which issuers fail against are on targets and traceability. We ask issuers to commit to no conversion of natural ecosystems and or zero deforestation, and to trace at least 90% of the total production/consumption volume of all high-risk commodities down to the relevant production site or processing facility level. We will also engage issuers on policy and procedures, certification, due diligence, indigenous and smallholder support and risk assessments.

Progress Summary

Through the deforestation project we are engaging a set of companies that we have identified as being material drivers of deforestation impacts with sub-standard deforestation management systems. We aim for these companies to commit to no conversion of natural ecosystems and/or zero deforestation, and to strengthen traceability to be able to trace at least 90% of the total production/consumption volume of all high-risk commodities such as cattle products, rubber and palm oil down to the relevant production site or processing facility level. So far in Q1 we have engaged seven companies as part of this project. Notable takeaways from individual company calls were that Adient disclosed in its sustainability report that last year it engaged with 100% of both controlled and directed tier 1 leather suppliers in relation to deforestation. The company also progressed towards our engagement ask of strengthening its supplier expectations on deforestation. We will continue engaging with the company to further strengthen its management of deforestation risks, but these are welcome improvements. Banco do Brasil was also noteworthy for having enhanced their sustainability disclosures and climate risk management, meeting the central banks climate stress testing and broader climate risk management regulation. Their environmental and social due diligence efforts to ensure no deforestation and no negative human rights or indigenous rights impacts appear robust, but there remains some areas we would welcome more clarity such as a clearer view on how the Bank will utilise new state and national deforestation traceability systems. Looking ahead, we have been contributing to the annual planning of the Investor Policy Dialogue on Deforestation initiative (IPDD). At Columbia Threadneedle Investments within the Brazil IPDD working group we will be leading on engagements with the Ministry of Management, subnational governments and Brazilian finance entities. The key focus of these engagements will be around traceability and access to deforestation data that allows Brazil to effectively implement its Forest Code. Within the Consumer Country IPDD working group we will be leading on engagements with various UK government stakeholders, EU Directors for international partnerships and environment, and the German Ministry for the Environment and Nature (BMU).

Project: Sustainable Critical Mineral Supply Chains

Category: Environmental

Project Objective

The energy transition requires substantial amounts of metals such as copper, nickel, cobalt, aluminium, lithium, rare earth elements (REEs) as well as steel with lower embodied carbon. This could result in mismatches between supply and demand for several of these transition metals, with cross value chain collaboration needed to invest in supply, improve efficiency and substitute where possible. There are also substantial social risks associated with the mining and refining of these minerals. In this project we intend to engage both the demand side (automakers and utilities) as well as the supply side (mining) to evaluate the consistency in their identification of minerals that may become supply constrained over different timeframes. On the demand side we intend to explore whether automotive and utilities companies have secured sufficient supply of the metals they need to deliver the energy transition they are targeting. We will also evaluate the ability of companies to substitute or increase the efficiency with which they use minerals that may be supply constrained, and to conduct due diligence of their critical mineral suppliers to minimise social impacts and risks. On the supply side, our aim is to engage mining companies on their plans to expand the production of minerals that will be critical to the energy transition while minimising impacts on local communities and indigenous populations.

Progress Summary

Our critical minerals project aims to engage both the demand side (automakers and utilities) as well as the supply side (mining) to evaluate the consistency in their identification of minerals that may become supply constrained over different timeframes. On the demand side we are exploring whether automotive and utilities companies have secured sufficient critical mineral supply to deliver the energy transition, and evaluating their due diligence of their critical mineral suppliers to minimise social impacts and risks. On the supply side, our aim is to engage mining companies on their plans to expand the responsible production of minerals that will be critical to the energy transition. In Q1 we have engaged 11 companies as part of this project - BMW, Mercedes, General Motors, Toyota, Stellantis, Freeport-McMoRan, Barrick Gold, Arcadium Lithium, Albemarle, Glencore and Rio Tinto. There is a divide between the miners and automakers concerning mining sustainability standards. BMW and Mercedes are particularly adamant that they will only enter direct offtake agreements from mines that are certified against the Initiative for Responsible Mining Assurance (IRMA) standard. Miners like Glencore argue that this standard is overly complex and arduous, while Albemarle and Arcadium – both of who's main commodity is lithium (direct supply to battery applications) – are more open to applying a rigorous standard. We are also seeing a divide among the automakers in their eagerness to enter direct mineral offtake agreements. BMW and Mercedes are taking a more cautious approach and have only entered a handful of upstream contracts, while General Motors and Stellantis have entered dozens of agreements including making several direct investments. Companies which are slower moving could be more exposed to sourcing constraints and fluctuating prices. Particularly notable takeaways from individual company calls were: General Motors informed us it has now locked in its critical mineral needs through 2025, and has about 50% of its supply for 2025-2030 secured. It plans to direct source 75% of minerals by 2030. BMW has relatively low volumes of lithium, nickel and cobalt secured through direct offtake agreements with miners compared to other auto peers (e.g. c9% lithium supply compared to 25-75% for other OEMs). Toyota has weaker environmental and social risk management of its purchased minerals than Western OEMs – it only requires weaker Responsible Mining Initiative (RMI) certification rather than more advanced IRMA standard. Glencore is reluctant to pursue IRMA certification, as demand is not high enough yet.

For some critical metals like copper they see limited potential for greenfield expansion due to a lack of social and environmental licence. For Q2 we will focus on expanding the scope of our engagement activities to include utility companies and consolidating our sense of best practice for automakers, utilities and miners.

Project: Coal phase-out 2.0

Category: Environmental

Project Objective

Throughout 2021-22 we focused on engaging with issuers in key countries on the importance of phasing out thermal coal (coal hereafter) in the energy system. Now that the key countries involved have all set net zero targets and are starting to implement energy transition policies we are focusing on engagement with issuers facing the greatest transition risks due to them still planning on expanding coal mining or power capacity or earning over 30% of their revenue from coal. Additionally, issuers with a high proportion of revenue from thermal coal must develop pathways for responsibly phasing out their coal assets and identifying alternative ways of returning value to shareholders. Issuers will also be encouraged to develop plans for a just transition.

Progress Summary

The coal phase-out 2.0 project looks to continue our previous engagement efforts with both utilities and miners to understand the transition risks associated with the phase-out of thermal coal for power generation as governments across the world bring forward their phase-out dates. The second phase of this project seeks to focus on companies across Asia which generate significant electricity and revenue from thermal coal, with a total list of 30 companies targeted for engagement throughout the year. Companies are employing a range of approaches in order to phase-out thermal coal-fired generation. These include focusing on a managed phase-out to decommission thermal coal-fired power plants, a focus on retrofitting or conversion of thermal coal units to alternative generation technologies, or even selling their thermal coal assets. During Q1, we have conducted 9 engagements with 5 Asian utilities which have focused on their decarbonisation efforts, including how they are managing the phase-out of thermal coal. We have engaged 4 Japanese utilities: Electric Power Development (J-Power), Chubu Electric Power, Kansai Electric Power, and Tokyo Electric Power (TEPCO). Several of these utilities are looking to phase-out inefficient thermal coal-fired power through retrofitting and converting existing coal units with ‘advanced coal technologies’, including the co-firing of ammonia and the reliance on carbon capture, utilisation and storage while J-Power is exploring the use of integrated coal gasification. Several research organisations, such as Bloomberg New Energy Finance (BNEF) highlighted significant concerns over the costs, efficiencies, and importantly the lifecycle emissions reduction potential of these technologies. We have engaged with these companies seeking to understand how they manage these risks and for further disclosure of the outcomes of their feasibility studies on these technologies. While we have seen disclosure of these companies’ decarbonisation strategies improve through the course of our engagement, disclosure of the emissions reduction potential and feasibility of these ‘advanced coal technologies’ remains limited. Many of these utilities are also looking to increase the co-firing of biomass, creating some additional ESG risks. For example, in January a fire broke out at a thermal coal plant owned by JERA, the thermal generation joint venture between Chubu Electric and TEPCO, partly caused by increased dust from biomass wood fibre, raising health & safety concerns. This also raises questions on the sourcing of this biomass, and we have asked these utilities to consider developing public sustainable biomass sourcing policies. We will continue to follow up on the development of these policies. More broadly going forwards, we will look to engage a wider set of Asian utilities on the impact of increasing nuclear generation on the utilisation and economics of thermal coal generation, and the implications for their coal phase-out plans. We will also look to engage with some mining companies on the implications of the thermal coal phase-out on their operations and workforce.

Project: Sustainable food system

Category: Environmental; Social

Project Objective

The food and beverage industry is facing a number of social and environmental risks, while needing to provide food for a growing population. We aim to take a system approach to challenges including addressing plastic pollution, reducing GHG emissions, managing water stress and soil depletion, securing working conditions in operations and supply chains, and eliminating deforestation in raw material sourcing.

Progress Summary

The project aims to deepen analysis of and identify best practice in the approaches taken by the food and beverage industry in mitigating key social and environmental risks stemming from their operations such as nature impacts and dependencies, working conditions, food nutrition and public health. This quarter we focused our attention on nature impacts and dependencies in the food system, engaging with corporates and experts as well as further developing our engagement framework. We also undertook internal presentations to investment teams to discuss the importance of consideration of nature capital degradation in long-term investment analysis and company engagement. From engagement with Nestle we recognised that some aspects of reducing climate and nature impacts are increasingly being seen as competitive advantages, for example insights into interventions aimed at reducing GHG emissions from dairy farming - including specific measures targeting enteric methane from cows - were considered too commercially sensitive to disclose at this stage. As part of this project, we also conducted site visits to increase our practical understanding of food production and provide further context in company engagements. At Leckford Farm in Hampshire, we listened to experts and farmers working directly to implement regenerative practices for nutrient circularity, soil quality, and water retention. A discussion on government incentives and the role of customer commitments provided practical examples of the economic and financial challenges the farming sector is facing and consequently the need for changing purchasing practices on the part of food producers and retailers. This point was underscored during our recent visit to Cranswick's poultry processing site. The company has relatively long contracts, typically between five and ten years with suppliers which can then leverage this projected income as collateral to secure bank financing for a range of projects, including for improved sustainability measures. A key conclusion was the challenge facing companies in identifying effective and scalable metrics for natural capital risks while avoiding drowning in data. We will take these insights into Q2 as we increase the intensity of engagement targeting US and European food and beverage producers and retailers.

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in 2024 and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects or enhances investor value. For full details of our engagements which led to one star milestones please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
★★★★											
Bank Mandiri Persero Tbk PT	Indonesia	Financials		●	●	●					
Barclays PLC	United Kingdom	Financials	✓	●	●						
Freeport-McMoRan Inc	United States	Materials	✓	●		●					
HSBC Holdings PLC	United Kingdom	Financials		●	●						
Norfolk Southern Corp	United States	Industrials		●	●						
★★★★											
Bank Mandiri Persero Tbk PT	Indonesia	Financials		●	●	●					
Barclays PLC	United Kingdom	Financials	✓	●		●					
DBS Group Holdings Ltd	Singapore	Financials		●	●						
Lonza Group AG	Switzerland	Health Care		●	●						
Stellantis NV	Netherlands	Consumer Discretionary		●	●						
★											
Bank Mandiri Persero Tbk PT	Indonesia	Financials		●	●						
Bank Rakyat Indonesia Persero Tbk PT	Indonesia	Financials		●		●					
Toyota Motor Corp	Japan	Consumer Discretionary		●	●						

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Milestones in detail

Bank Mandiri Persero Tbk PT

Country: Indonesia	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★
 13.2		

Milestone Detail:

Bank Mandiri have disclosed the absolute financed emissions associated with their lending activities, this is broken down by sector and also by financing activity/asset class. This shift to go beyond operations and include financing is an important step in managing climate risk, and is an area we have engaged with the company on several times. They highlight that this covers 44% of their loan book and that this is aligned with the Partnership for Carbon Accounting Financials (PCAF) methodology.

Bank Mandiri Persero Tbk PT

Country: Indonesia	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Environmental Stewardship	Milestone Rating: ★★
 12.6		

Milestone Detail:

The company have provided significantly improved E&S due diligence disclosures and enhanced their process for conducting this due diligence. In their latest sustainability report, they highlight that they have expanded their sectoral E&S credit policies to 7 new sectors, now covering a total of 12 sectors. They have also significantly increased the level of disclosure in these policies, providing more detail on the scope of clients and activities included in the policy, more granularity on the specific E&S criteria that they assess for each sector and whether these are requirements or encouraged. They have also enhanced the disclosure of the process for conducting this due diligence. We have engaged a number of times with the company on their E&S due diligence, with an initial focus on the palm oil and coal policies. Most recently we re-iterated our engagement objectives to the company highlighting that we would like to see more detail disclosure of their E&S due diligence process and policies.

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Barclays PLC

Country: United Kingdom	Sector: Financials	Priority Company: ✓
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★
13CLIMATE ACTION 13.2		

Milestone Detail:

The company provide significantly enhanced climate risk management in their latest climate updates. The company introduced additional financed emissions targets for agriculture, commercial real estate, and aviation. They also provided updates to their residential real estate target. The company became the first UK bank to publish a transition finance framework. They also updated their climate change statement introducing restrictions and tightened conditions for financing to the oil and gas sector. This is significant as Barclays have lagged in this specific area and faced reputational risks as a result. We have engaged several times with Barclays on their climate risk management, including as a co-lead investor through the IIGCC bank working group.

Freeport-McMoRan Inc

Country: United States	Sector: Materials	Priority Company: ✓
ESG Risk Rating: ●	Milestone Theme: Environmental Stewardship	Milestone Rating: ★★
15LIFE ON LAND 15.1		

Milestone Detail:

As part of its International Council on Mining and Metals (ICMM) membership, FCX has committed to being nature positive by 2030. This is a topic we have engaged on with FCX on several occasions and are pleased to see it now has a 2030 target in place. We will continue to engage on the execution of this strategy.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

HSBC Holdings PLC

Country: United Kingdom	Sector: Financials	Priority Company: ×
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★★★★
13CLIMATE ACTION  13.2		

Milestone Detail:

In January 2024, HSBC become the first UK bank to publish a climate transition plan, aligned with the UK Government Treasury’s Transition Plan Taskforce guidelines for banks. This was a comprehensive report, providing more detail on their decarbonisation strategy and climate risks management. Through this, they were one of the first banks to set facilitated emissions reduction targets for the oil and gas sector and the utilities sector, including these within their broader financed emissions targets for these sectors. We have engaged with the company several times on their climate risk management and strategy.

Norfolk Southern Corp

Country: United States	Sector: Industrials	Priority Company: ×
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★★★★
13CLIMATE ACTION  13.2		

Milestone Detail:

Norfolk Southern Corporation released its inaugural Climate Transition Plan. This document outlines how the company will look to achieve its climate targets, as well as including a detailed assessment of the risks that the company faces under different climate scenarios. We are pleased that the company has published this document, as this has been one of our key engagement asks.

ESG Risk Rating: Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Bank Mandiri Persero Tbk PT

Country: Indonesia	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★
13CLIMATE ACTION 13.2		

Milestone Detail:

Bank Mandiri's latest sustainability report includes significantly enhanced disclosure of the process for conducting climate stress testing of their loan book, as well as their climate scenario analysis. This includes the process for conducting this, the scenarios used, and the implementation of these to assess potential transitions and physical climate risks. The bank also disclose how they have assessed flood and forest fire risk in Indonesia, but provide less info on how they are using this assessment. This is an important part of effective climate risk management, and we have engaged with the bank a number of times on this.

Bank Mandiri Persero Tbk PT

Country: Indonesia	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Environmental Stewardship	Milestone Rating: ★★
15LIFE ON LAND 15.2		

Milestone Detail:

In their latest sustainability report, Bank Mandiri provides significantly more detail on their sectoral lending policies, including for the plantation/palm oil sector. They have introduced a much more detailed, standalone policy for the sector, which among other things explicitly highlights that prospective debtors are required to meet a range of criteria, including 'Having internal policies related to Zero-Deforestation, No Exploitation (NDPE) which include land clearing, preservation of High Conservation Value (NKT) areas, and Peatland'. We have had a several discussions with the company regarding their palm oil lending policy, seeking to encourage the company to have 100% of their clients covered by a certification scheme, as well as to require clients to have a no deforestation, no peat, and no exploitation (NDPE) policy.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Bank Mandiri Persero Tbk PT

Country: Indonesia	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Environmental Stewardship	Milestone Rating: ★★
12 RESPONSIBLE CONSUMPTION AND PRODUCTION  12.6		

Milestone Detail:

The company's latest 2023 sustainability report represents a significant improvement on previous reports. The latest report is well aligned with the GRI standards, SASB, and in particular this report is more aligned with the TCFD recommendations. This alignment was less obvious in previous sustainability reporting. We have engaged several times with the company on the need to enhance their ESG reporting and more closely align with international standards.

Barclays PLC

Country: United Kingdom	Sector: Financials	Priority Company: ✓
ESG Risk Rating: ●	Milestone Theme: Environmental Stewardship	Milestone Rating: ★★
15 LIFE ON LAND  15.2		

Milestone Detail:

Barclay's latest annual report highlights continued progress on their efforts to enhance their approach to biodiversity risk management with a comprehensive update to their forestry and agricultural commodities statement, with significantly enhanced criteria for the sector regarding deforestation. They have also started to pilot the TNFD framework and assessment for certain sectors, and have actively contributed to the TNFD consultation. We have previously discussed this topic with them through meetings, and followed up with them to share our biodiversity best practices and findings from engagement with other banks.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

DBS Group Holdings Ltd

Country: Singapore	Sector: Financials	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★
13CLIMATE ACTION  13.2		

Milestone Detail:

DBS updated their thermal coal financing policy, providing more transparency on the revenue thresholds applied and explicitly highlighting a goal of the policy to support the early retirement of coal in Asia. We have previously engaged with the company regarding their thermal coal policy, particularly regarding transparency over their revenue thresholds that they apply and the rationale for these, as well as their involvement and views on the managed phase-out and early retirement of thermal coal. These previous thresholds appeared very lenient, but the company’s updated thermal coal policy provides more context that they will not finance expansion of thermal coal and the thresholds are designed to enable them to support the managed phase-out. They appear to be the first bank to have explicitly highlighted this within their coal policy.

Lonza Group AG

Country: Switzerland	Sector: Health Care	Priority Company: ✕
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★
13CLIMATE ACTION  13.2		

Milestone Detail:

Lonza announced in July 2023 that it had submitted a letter of commitment to the Science-Based Targets initiative (SBTi) with plans to reduce absolute scope 1 and 2 GHG emissions by more than 40% by the end of 2030 (from a 2021 base year). This is a positive development, as it will enable the avoidance of an upwards emissions trajectory as the business grows. Prior to this, we had encouraged the company to publicly disclose their absolute emissions reduction targets and commit to the SBTi to have their reduction targets externally verified.

ESG Risk Rating: Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Stellantis NV

Country: Netherlands	Sector: Consumer Discretionary	Priority Company: X
ESG Risk Rating: ●	Milestone Theme: Climate Change	Milestone Rating: ★★

13 CLIMATE ACTION

13.2

Milestone Detail:

The company has committed to provide investors with an initial work plan for its lobbying disclosures by the end of June, with a view to preparing an initial disclosure by the end of 2024. We have engaged together with other investors in the Climate Action 100+ initiative on Stellantis improving its climate lobbying activities since 2022. In recent months we have had concentrated sessions with IR and the head of public affairs on this topic, and we flagged to Stellantis that it was one of the only European automakers not to be completing this kind of disclosure.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagement case studies

Amazon.com Inc
Public (Held)

Mailing Country: United States	Sector: Consumer Discretionary	Priority Company: ✓
ESG Risk Rating: ●	Response to Prior Engagement: Poor	Theme: Human Rights
Engagement Case Study Name: Still reluctant to shed light on Responsible AI		



Background

Amazon is a leading online retailer and web service provider that offers a range of products and services to customers from electronic devices, media content and on-demand technology services. The company is part of our Responsible Governance of Artificial Intelligence (AI) project as it uses AI across its operations from personalised product recommendations, Alexa voice shopping, powered search to optimization in the warehouse. It’s encouraging the company has also outlined AI opportunities particularly how it is using AI to advance its sustainability goals from reducing packaging use to identifying damaged items to prevent waste.

Action

We had an in-person meeting to discuss the company’s approach to Responsible AI in further detail. We gained further insight to the Board’s oversight and scope of responsibilities with respect to Responsible AI. The whole Board is well aware of the interest in Responsible AI and the Nominating Governance committee has oversight of the topic. It was encouraging to note that a few members of the Board including the Lead Independent Director has policy experience which helps with monitoring policies and regulations around Responsible AI. While there is no specific Responsible AI committee as the company has various different use cases, there is a group of people from different disciplines (including the Legal department) who provide their insight and views on the topic. The company also states that it conducts risk assessments, although it did not elaborate further, stating that nothing is currently publicly disclosed. We encouraged enhanced disclosure in order to support investors in understanding the company’s approach more fully. We learnt that these risk assessments or ‘vulnerability’ mechanisms are not limited to cybersecurity and are designed to cover broader ethical issues, although no specifics were divulged. Amazon has not disclosed any safety issues but asserts that it is an iterative process and the company is conducting a significant amount of testing.

Verdict

Amazon has made progress with its public commitments to Responsible AI such as the White House Voluntary AI commitments signed in 2023. It has a Responsible AI policy and model scorecards that is limited to Amazon Web Services but we are optimistic that there will be more disclosure on the operationalization of Responsible AI principles beyond this division. This is important to enhance wider customer trust and adoption to scale AI. We also encouraged publication of further information on its human rights impact assessment process on Responsible AI, and the consideration of quantitative impact measurements to demonstrate how its use of AI can drive sustainable outcomes. We will continue to monitor progress on its Responsible AI framework and process.

ESG Risk Rating:	Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc. Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client’s portfolio

Inner Mongolia Yili Industrial Group Co Ltd

Public (Not held)

Mailing Country: China

Sector: Consumer Staples

Priority Company: ✓

ESG Risk Rating: ●

Response to Prior Engagement: Good

Theme: Labour Standards

Engagement Case Study Name: Solid progress towards more effective supply chain due diligence



8.7

Background

Yili is a global producer mainly of dairy products based in Hohhot, in China's Inner Mongolia province. It sources raw milk primarily from suppliers on the Chinese mainland. We engaged to assess the oversight of supply chain labour standards and advocate for increased robustness. The agriculture sector is at high risk of labour exploitation due to its informal and fragmented nature and low visibility. In addition, China is itself considered a high-risk area. Yili is a signatory to the UN Global Compact, but is lacking disclosure on how it operationalises the Principles. A clear due diligence program to identify materials risks, implement monitoring, and prepare to proactively support suppliers would provide safeguards and transparency on expectations relating to labour standards.

Action

We wrote to the company in 2022 to advocate for disclosure of its supplier labour standards requirements, a robust due diligence process, and mechanisms that can provide remedy in case of breaches of human or labour rights. The initial response was formulaic and did little to address the issues raised. In 2023 we continued to ask for disclosure and progress towards supply chain monitoring, providing examples by peers and our publicly available Viewpoint on due diligence. In the January 2024 call, we were able to meet the new sustainability director who has demonstrably strengthened the company's know-how. It also demonstrates how long-term and supportive engagement can provide access to operational specialists which can deepen our understanding. We learnt that Yili had joined Sedex, a respected supply chain transparency platform, and started labour standards audits at key suppliers. Internally, the sustainability team had increased its engagement with the sourcing team and started looking at reducing supplier numbers which could increase monitoring effectiveness.

Verdict

Looking back to the response to our 2022 letter asking for disclosure of policy and due diligence, Yili has come a long way both in terms of action taken and the richness of dialogue. Drawing upon direct supply chain experience on our team, we could discuss practical approaches and support the process towards identifying a workable way forward. Joining the Sedex platform is not a panacea, but still a very important step towards formalising supply chain monitoring and continuing the learning process. While we hope to see more public disclosure on policy and outcomes, we believe the monitoring now commenced will lead to greater confidence in what is achievable for suppliers in the short-term.

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Response to engagement:

Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.

(Not held) (Held)

This mark indicates whether the company is held in client's portfolio

Koninklijke Philips NV
Public (Held)

Mailing Country: Netherlands		Sector: Health Care	Priority Company: ✓	
ESG Risk Rating: ●		Response to Prior Engagement: Good	Theme: Climate Change; Labour Standards; Public Health	
Engagement Case Study Name: Corporate ESG Targets on Track but Employee Morale Still an Issue				
7 AFFORDABLE AND CLEAN ENERGY 7.2	8 DECENT WORK AND ECONOMIC GROWTH 8.5	3 GOOD HEALTH AND WELL-BEING 3.8		

Background

Philips is a Dutch healthcare conglomerate which offers a range of products across different business divisions: diagnosis and treatment, connected care and personal health. The company is still working to recover from the global recall of Philips Respironics and Respiratory Care Devices linked to potential health risks in 2021 which resulted in a loss of two-thirds of its value and multiple lawsuits. Philips invited us to a one-on-one meeting as part of their most recent ESG roadshow in order to update us on the latest ESG developments following the release of their 2023 Annual Report.

Action

We were encouraged to note that Philips is on track to achieve its 2025 ESG targets and has already exceeded its target to use 75% renewable energy in its operations by 2025, having reached 78% in 2023. In its 2023 double materiality assessment, Philips’ most financially material topic was product responsibility and safety, which is not surprising in light of the global recall which continues to negatively impact the company’s reputation. Philips shared that internal research concluded that approximately 70% of historic issues around product safety and quality partly originated in the design phase. This insight is helping them in redesigning the R&D process, a tangible example of lessons learned as a result of the recall that we welcome. Finally, we noted that the 2023 employee engagement outcomes had worsened slightly as employees have generally been less favourable about the company (73% vs 77% in 2022) and more explicitly unfavourable (10% vs 8% in 2022). However, Philips believes employee favourability will begin to improve with the progression of its corporate re-organisation. We will be monitoring this metric with interest going forward.

Verdict

We continue to appreciate Philips’ transparency around the product recall and their actions to recover from it. Their progress on renewable energy is commendable, nonetheless, our concerns remain regarding employee engagement outcomes which are directly linked to the company’s re-organization as a result of the recall and financial losses. We will continue our conversations with the company on how they aim to address this point given the uncertainty that the re-organisation has caused.

ESG Risk Rating:	Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc. Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client’s portfolio

Engagement projects

This section reports on priority engagement projects where we have made progress in 2024. For full details of our engagements with companies in these projects please refer to the online **reo**® client portal.

Project: Sustainable food system

Category: Environmental; Social

Project Objective

The food and beverage industry is facing a number of social and environmental risks, while needing to provide food for a growing population. We aim to take a system approach to challenges including addressing plastic pollution, reducing GHG emissions, managing water stress and soil depletion, securing working conditions in operations and supply chains, and eliminating deforestation in raw material sourcing.

Progress Summary

The project aims to deepen analysis of and identify best practice in the approaches taken by the food and beverage industry in mitigating key social and environmental risks stemming from their operations such as nature impacts and dependencies, working conditions, food nutrition and public health. This quarter we focused our attention on nature impacts and dependencies in the food system, engaging with corporates and experts as well as further developing our engagement framework. We also undertook internal presentations to investment teams to discuss the importance of consideration of nature capital degradation in long-term investment analysis and company engagement. From engagement with Nestle we recognised that some aspects of reducing climate and nature impacts are increasingly being seen as competitive advantages, for example insights into interventions aimed at reducing GHG emissions from dairy farming - including specific measures targeting enteric methane from cows - were considered too commercially sensitive to disclose at this stage. As part of this project, we also conducted site visits to increase our practical understanding of food production and provide further context in company engagements. At Leckford Farm in Hampshire, we listened to experts and farmers working directly to implement regenerative practices for nutrient circularity, soil quality, and water retention. A discussion on government incentives and the role of customer commitments provided practical examples of the economic and financial challenges the farming sector is facing and consequently the need for changing purchasing practices on the part of food producers and retailers. This point was underscored during our recent visit to Cranswick's poultry processing site. The company has relatively long contracts, typically between five and ten years with suppliers which can then leverage this projected income as collateral to secure bank financing for a range of projects, including for improved sustainability measures. A key conclusion was the challenge facing companies in identifying effective and scalable metrics for natural capital risks while avoiding drowning in data. We will take these insights into Q2 as we increase the intensity of engagement targeting US and European food and beverage producers and retailers.

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in 2024 and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects or enhances investor value. For full details of our engagements which led to one star milestones please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
★ ★											
Barclays PLC	United Kingdom	Financials	✓	🟢			🟡				
Japan Exchange Group Inc	Japan	Financials		🟡				🟡			
Starbucks Corp	United States	Consumer Discretionary		🟢				🟡			
★											
Amazon.com Inc	United States	Consumer Discretionary	✓	🔴				🟡			
Koninklijke KPN NV	Netherlands	Telecommunication Services		🟢				🟡			
Tractor Supply Co	United States	Consumer Discretionary		🟢				🟡			

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Milestones in detail

Barclays PLC

Country: United Kingdom

Sector: Financials

Priority Company: ✓

ESG Risk Rating: ●

Milestone Theme: Human Rights

Milestone Rating: ★★



8.7

Milestone Detail:

The company's latest disclosure highlight good improvements on their approach to human rights due diligence. In 2023 they have conducted a human rights saliency assessment for their corporate and investment bank, highlight key human rights risks for this business, have used this to inform the Feb 2024 updates to their human rights statement, and have a developed a work programme for future areas to enhance their human rights approach. This include plans to extend saliency assessment to all areas of the bank, exploring further approaches to provide access to remedy, and enhancing their human rights due diligence process. This remains an important topic to minimise human rights impacts of their activities. We have engaged with the bank on human rights, seeking for them to update their HR statement and enhance their due diligence.

Japan Exchange Group Inc

Country: Japan

Sector: Financials

Priority Company: ✕

ESG Risk Rating: ●

Milestone Theme: Labour Standards

Milestone Rating: ★★



5.5

Milestone Detail:

In 2023, JPX announced revisions to the listing rules for companies on the TSE prime market to strive to have at least one female director by 2025 and to aim to increase the ratio of female directors to at least 30% by 2030. This is an area that we have historically engaged with the company on, including collaboratively through the ACGA, as well as through individual dialogues. This is a positive step in enhancing the gender diversity of corporate Japan.

ESG Risk Rating:

Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Starbucks Corp

Country: United States	Sector: Consumer Discretionary	Priority Company: X
ESG Risk Rating: ●	Milestone Theme: Labour Standards	Milestone Rating: ★★
8 DECENT WORK AND ECONOMIC GROWTH  8.8		

Milestone Detail:

The company has agreed to start discussions with the Workers United labour union to develop a framework designed to achieve both collective bargaining agreements for represented stores and partners, and the resolution of litigation between the union and the company. Furthermore, the company has reversed its position on benefits for unionised partners to include them equally, including credit card tipping. While we recognise that this is just a first step, we believe that it is a critical and meaningful change of approach to industrial relations. We have engaged the company multiple times on this issue since early 2022, including speaking with the chief executive, supporting a shareholder proposal requesting an independent assessment of the company's adherence to freedom of association, and in the run-up to the halted proxy contest.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Engagement case studies

CRH PLC

Confidential (Held)

Mailing Country: Ireland	Sector: Materials	Priority Company: ✓
ESG Risk Rating: ●	Response to Prior Engagement: Good	Theme: Climate Change; Corporate Governance
Engagement Case Study Name: Preparing for leadership transition while advancing sustainability strategy		



13.2

Background

CRH is the leading provider of building materials solutions. It has transitioned to a US primary listing on the New York Stock Exchange after receiving overwhelming shareholder approval, as North America accounts for approximately 75% of Group EBITDA and the US is expected to be a key driver of future growth given economic expansion, population growth, and significant construction needs. According to CRH, the US listing will bring increased commercial, operational and acquisition opportunities. We reached out to speak to the Board Chair to understand what this pivot means for the company's ESG strategy, in particular its ambitions on climate change and decarbonisation.

Action

We engaged with the company's Board Chair ahead of its 2023 AGM to discuss latest developments, including its recent primary listing change from London to New York. We also briefly spoke to the CFO on the implications of the re-listing in a separate meeting. Key topics included CEO succession planning, growth strategy and capital allocation priorities. We also discussed the company's climate solutions business, which develops water and energy efficiency products. On succession planning, the Chair explained this remains a key focus area for the Board with the current CEO's contract expiring in 2024, although renewal is likely. On M&A, the company will continue to focus on value-enhancing deals, particularly in the US, expecting the US to account for 75-80% of total business (vs 65% currently). Regarding innovation, the Chair highlighted a \$250 million corporate venturing fund targeting areas like AI for leak detection in water infrastructure. This signals the importance of climate solutions and emerging technologies. However, it is yet not clear how CRH will maintain its ambitious climate strategy, particularly in the US where legislated carbon taxation burden is lower.

Verdict

We were encouraged by the constructive dialogue on the leadership transition and growth strategy. Succession planning to maintain the company's operational excellence will be important. We also welcome the focus on new climate solutions, which we will monitor and engage further on from a sustainability perspective. Overall, our dialogue with CRH have been positive, outlining Board priorities as CRH continues expanding its US presence.

ESG Risk Rating:	Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc. Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client's portfolio

Unilever PLC
Confidential (Held)

Mailing Country: United Kingdom	Sector: Consumer Staples	Priority Company: X
ESG Risk Rating: ●	Response to Prior Engagement: Good	Theme: Corporate Governance
Engagement Case Study Name: Response to shareholder revolt on remuneration		

Background

Unilever is one of the world’s largest consumer goods companies. It has one of the most established brands across 190 countries in 4.4million retail stores and a turnover of €59.6bn (2023). At the company’s AGM last year, 68% of shareholders who voted opposed the company’s remuneration report. This was primarily down to the level of the incoming CEO’s salary being set at a significantly higher level than his predecessor.

Action

At the AGM we abstained on the remuneration vote and sought change in the company’s approach to remuneration through subsequent engagement. During engagement, the company highlighted that it has listened to investor concerns and took action by freezing the CEO’s salary for two years. We also discussed pay benchmarking and the mix of companies used by the company to compare pay levels. The company highlighted the addition of luxury groups to emphasise the importance of brand recognition as a competitive feature. In addition, beverage companies were also seen as a comparator given Unilever also operates within a fast-moving consumer sector and there is broad overlap. Lastly, the company explained that these companies operated in the same space when competing for talent. In feeding back on the performance metrics governing incentive schemes, we were mostly supportive, emphasising the focus on returns and cash flow measures. We also discussed the simplification in the sustainability measures being used, including net zero and living wage. The company informed us that these measures will be an integral part of the strategy and long-term performance of the business.

Verdict

Overall, we welcomed the changes by the company to address shareholder concerns. However, a key determinant of our support at future AGMs will be the robustness of the performance conditions attached to these schemes, which we will monitor alongside the company’s overall execution of strategy. We look forward to further details being disclosed in this area.

ESG Risk Rating:	Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
	Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client’s portfolio

Analog Devices Inc
Public (Held)

Mailing Country: United States	Sector: Information Technology	Priority Company: ✓
ESG Risk Rating: ●	Response to Prior Engagement: Good	Theme: Corporate Governance
Engagement Case Study Name: Compensation improvements enhance pay for performance link		

Background

Analog Devices Inc (Analog) is a multinational semiconductor company that designs and manufactures analog, mixed signal, and Digital Signal Processor (DSP) integrated circuits used for data conversion, signal processing, and power management. It is headquartered in Wilmington, Massachusetts and has customers globally across industries, including communications, automotive, and consumer electronics. Ahead of Analog’s 2024 AGM, we had a meeting to continue our dialogue from last year on executive compensation and discuss the changes made by the company.

Action

We have met with Analog Devices annually the past few years, either off-season or prior to the company’s AGM, to discuss ESG topics. Executive compensation has been a focus in the past year, having met with the compensation committee chair in 2023, and following up with the head of total rewards in March 2024 to understand Analog’s compensation philosophy and provide our views on best practice. The company stressed that attracting and retaining talent was important, and that tying compensation to performance with rigorous metrics was an area of focus. During our discussions ahead of the 2024 AGM, they highlighted positive changes to the executive compensation program, including an increase to the target payout under the total shareholder return metric of the long-term incentive plan to the 55th percentile and an increase in the percentage of performance-based grants to the CEO. In our view, both of these changes better align CEO and other named executive officers to Analog’s performance and strategy execution and illustrated that the company had been responsive to our earlier feedback.

Verdict

We welcomed the opportunity to engage with Analog and were encouraged by the changes made to executive compensation. We felt that through our conversations, the company proved responsive to our feedback and was able to comprehensively articulate their compensation philosophy and how it was reflected throughout their organization.

ESG Risk Rating:	Rating of a company’s ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc. Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●
Response to engagement:	Our assessment of how constructively the company is responding to our engagement. The ratings are Good/Adequate/Poor.
(Not held) (Held)	This mark indicates whether the company is held in client’s portfolio

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in 2024 and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects or enhances investor value. For full details of our engagements which led to one star milestones please refer to the online **reo**® client portal.

Name	Country	Sector	Priority Company	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Human Rights	Labour Standards	Public Health	Corporate Governance	Business Conduct
★ ★											
Canon Inc	Japan	Information Technology		●							●
★											
Applied Materials Inc	United States	Information Technology		●							●
Microchip Technology Inc	United States	Information Technology	✓	●							●
Nintendo Co Ltd	Japan	Information Technology		●							●
Waste Connections Inc	Canada	Industrials	✓	●							●

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Milestones in detail

Canon Inc

Country: Japan	Sector: Information Technology	Priority Company: ×
ESG Risk Rating: ●	Milestone Theme: Corporate Governance	Milestone Rating: ★★
5 GENDER EQUALITY ♂=♀ 5.5		

Milestone Detail:

Company improved its board gender diversity from 0% to 10%. We engaged with the company at the end of 2022 through a letter and explained our minimum expectation of gender diversity ratio on the board is 13.5%. The company announced in September 2023 that it will add its first female director after the March 2024 AGM. It will bring the gender diversity ratio from 0% to 10%. We will continue actively monitoring the gender diversity ratio in the future given it is still below our expectations.

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Appendix: Viewpoints

October



Interpreting climate data for investment portfolios
Quick view: Climate change and the energy transition will impact the long-term performance of investment portfolios. Here we look at how investors should interpret climate data for managing investment portfolios.

<https://bit.ly/4ap4lIT>

November



Investing in a Just Transition
Quick view: It's essential we consider the social dimension as we transition to a low carbon world. We explore the investment implications of a Just Transition.

<https://bit.ly/3PloqO3>

January



Diversity in clinical trials
Quick view: Despite a clear scientific and commercial imperative, a significant gap between patient and trial populations persists. We explain why diversity in clinical trials matters to investors and explore our engagement with companies.

<https://bit.ly/3U3XQI2>

Appendix: Viewpoints

March



The cost of gender disparity in Asian companies

Quick view: We've been engaging with 26 of Asia's most influential companies on this topic.

<https://bit.ly/43law4y>



The skills factor: greening the workforce to deliver net zero

Quick view: As we move towards net zero, the number of people with skills useful in transforming the economy is growing more slowly than the job vacancies requiring these skills. What might this mean for various sectors critical to the transition?

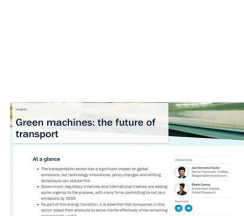
<https://bit.ly/3U3MUUT>



A brief review of the 2023 US proxy season and what to expect in 2024

Quick view: 2023 saw a record number of shareholder proposals going to a vote but what can we expect in 2024? And what will be the impact of artificial intelligence on boardrooms and businesses? Read more in our latest ESG Viewpoint.

<https://bit.ly/49oE3I0>



Green machines: the future of transport

Quick view: The transportation sector has a significant impact on global emissions, but technology innovations, policy changes and shifting behaviours can reduce this. How are the different modes progressing?

<https://bit.ly/430suCt>



Emerging responsible investment trends in Asia

Quick view: The appetite for responsible investing is growing in Asia, as regulations evolve and client demand increases.

<https://bit.ly/4cKfK8l>

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Quarterly
Engagement
Report

January-March
2024

Local
Authority
Pension
Fund
Forum

HSBC, Barclays, Water Stewardship, Luxury Goods

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BANKS AND CLIMATE:

Barclays and HSBC

Objective: Banks have a significant role to play in addressing climate change, through providing finance to the energy transition and by moving capital away from the fossil fuel sector, as well as using their influence more widely as lenders to support and encourage companies to transition. From the perspective of the banks, financing the energy transition represents a significant and growing business opportunity, while lending to the fossil fuel sector carries with it the risks of “stranded assets” and potential reputational damage.

LAPFF’s objective in engaging with the sector is to see banks developing and implementing clear policies, together with evidence of progress, in the following areas:

- Support for the energy transition through financing activities supporting renewable and clean energy, energy

efficiency and other climate solutions.

- Managing and scaling down exposure to the fossil fuel industry, particularly in regard to long term and new projects and activities.
- A clear commitment to assessing all relevant client businesses on their exposure to climate change, assessment, and support on developing transition plans and activities, including appropriate assessment of key risk areas.

LAPFF’s priority in the banking sector has been the two UK banks HSBC and Barclays, as they have significant exposure to the fossil fuel sector and are among the world’s largest lenders to the infrastructure and energy sectors.

This quarter LAPFF met with HSBC and has an upcoming meeting with Barclays. LAPFF engaged with both Barclays and HSBC extensively in 2023,

with climate change being a key focus.

It was therefore reassuring to see that both banks have made progress this year, with HSBC publishing its latest transition report in January and Barclays publishing in February 2024 an updated Climate Change Statement covering, in particular, its lending to the fossil fuel industry together with its updated transition plan.

HSBC’s 2024 transition plan was generally very strong, with a clear understanding of climate change and the energy transition, and significant commitment on climate lending and integrated climate assessment in lending. The company is clearly interested in the potential of financing the energy transition, particularly in Asia where there are very significant lending opportunities. The tone and approach was notably positive, providing some reassurance of the company’s general

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commitment.

Barclays has faced particular criticism, including from the Forum, for its ongoing lending to the fossil fuel industry and its lack of meaningful policies in this area. This has resulted in calls for consumer boycotts, as well as a shareholder resolution organised by ShareAction. In response to this external pressure, including multiple engagements by LAPFF, the company issued and updated its climate change statement, which goes some way to addressing these concerns. The statement is clearly aiming to show Barclays is taking account of the IEA's (International Energy Agency) net zero energy scenario, which states there is no need for new oil and gas projects if we are to achieve net zero by 2050. Key highlights include:

- A commitment to provide no project finance or other direct finance to oil and gas companies for new upstream oil and gas "expansion" projects or related infrastructure.
- From 2025, a provision that Barclays will only provide financing (new or renewal) by exception for existing upstream oil and gas clients where more than 10% of their total planned oil and gas capital expenditure is for new long lead projects.
- A commitment to withhold financing to new oil and gas clients if more than 10% of their total planned oil and gas capital expenditure is for new upstream projects.
- Requirements for oil and gas companies to commit to reducing their own emissions, including having 2030 methane reduction targets, a commitment to end all routine / non-essential venting and flaring by 2030, and near-term net zero aligned Scope 1 and 2 targets by January 2026.
- Various more specific restrictions for new energy clients engaged in expansion, on-diversified energy clients engaged in long lead expansion, and on unconventional oil and gas, including Amazon and extra heavy oil.
- An expectation for oil and gas clients to produce transition plans or decarbonisation strategies by January 2025.

The statement is a major step forward for the company and helps address some of our key concerns, in particular recognising that financing new oil

and gas exploration infrastructure is unacceptable, given that the IEA has stated such projects are not compatible with achieving net zero. The NGO ShareAction has, as a result, withdrawn its shareholder resolution on climate, which was likely to have attracted significant support from shareholders, including LAPFF.

In Progress: Although the banks have made significant progress on addressing climate risk, LAPFF seeks to encourage further action in the following areas:

- Stronger restrictions on lending to the fossil fuel sector, covering the oil majors and ensuring full compatibility with the limitations on investment in new oil and gas envisaged in the IEA net zero scenario.
- Proper disclosure and analysis of transition plans, so we can be assured the banks are mitigating climate risk and supporting the energy transition, and not being taken in by incomplete or unrealistic transition plans, particularly where companies need to transform more than transition. Caution over the use of expensive, high risk approaches to solving climate risk, such as carbon capture and storage (CCS), both in direct lending exposure and wider analysis of risk.
- Robust commitments to financing the energy transition, involving the deployment of new funds to new projects.

With Barclays, LAPFF would like to see further progress in its climate statement and will be pressing the company to such effect. The current statement is complex and opaque and has many loopholes and exceptions – notably its exclusion of oil majors from any specific restrictions as long as they have a rudimentary transition plan. LAPFF would like significant tightening of the restrictions so that Barclays is not directly or indirectly funding new oil and gas projects. LAPFF also expects to see a steady decline in the actual levels of lending to the sector.

On transition plans Barclays will need to demonstrate it can adequately scrutinise them and hold companies to account where it decides to lend. Transparency around its assessment of oil and gas companies will be crucial. LAPFF will also monitor its involvement in some of the technological so-called climate

solutions which the Forum considers expensive and high risk, such as CCS. LAPFF will pressing these points in an upcoming meeting.

HSBC is better placed to address climate risk and appears to have a broader appreciation of climate change and the profound transformation it entails. LAPFF would still like to see the company strengthen its restrictions over oil and gas lending, backed up by evidence of further action on reduced lending. LAPFF will also monitor the rate of lending to fund the energy transition and HSBC's use and understanding of transition plans.

Alongside engagement with Barclays and HSBC, after a review of the global banking sector LAPFF has decided to expand its activity and has approached five Canadian banks to discuss their transition plans and climate related lending. This included Toronto Dominion, Royal Bank of Canada, Bank of Montreal, Scotia Bank and CIBC. These have been selected because the Canadian banks can be seen as laggards on climate action, with several having increased their lending to the oil and gas industry in recent years. LAPFF has significant holdings in these banks and there is ongoing shareholder activity that can provide a platform for engagement.

CLIMATE

Objective: Decarbonising power needs to be a major contributor to reducing global carbon emissions. Limiting global warming to 1.5C requires a rapid shift away from carbon emitting processes.

LAPFF engaged with Drax this quarter as there are questions about the time scale over which new growth of trees will compensate for the >10MT of CO₂ Drax emits each year. The Forum sought to understand the company's business model, associated risks and sustainability of the supply chain for wood pellets for combustion at Drax Power Station, which are mainly imported, and their cost, considering that gas and renewables offer cheaper alternatives.

Achieved: Since their last AGM the chair has been replaced as expected given his tenure and the Forum is arranging

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a meeting with the new chair. LAPFF responded to the consultation from the Department of Energy Security and Net Zero on prolonging the subsidy to Drax.

LAPFF's response to the consultation covered the evidence that Drax's supplies of wood are not carbon neutral, nor sustainable as a supply source (being dependent on US imports). Just after the LAPFF submission, BBC Panorama had its second exposé of Drax's activities. Drax claims to source its wood pellets from sustainable sources by way of waste material. However, the BBC investigation showed that not only has Drax been cutting and using whole trees, but that the trees cut were from rare forest wood, rather than managed plantations. .

The consultation also states the DESNZ position that subsidised biomass burning (in the case of Drax, wood), will increase the cost of electricity and displace renewables.

In progress: LAPFF is awaiting a meeting with the new chair and is following government policy in this area closely. In March 2024, the government announced that new gas plants will be needed for intermittent supply of energy when there is insufficient generation from renewables. That would seem to be relevant to the medium to long-term future of Drax.

ABB

Objective: Transport is a major contributor to global carbon emissions. Limiting global warming to 1.5C requires a rapid shift away from internal combustion engine vehicles towards electric vehicles. To support this transition, adequate charging infrastructure is required to overcome charging anxiety. LAPFF sought to understand progress in scaling up charging infrastructure and the challenges of delivering charging points for a charging point producer.

Achieved: LAPFF met with an ABB E-mobility representative to discuss electric charging infrastructure. The Swedish-Swiss company is a major player in charging infrastructure and describes itself as the world's number one in EV charging solutions. The meeting covered the likely trajectory of EV take-up, demand for charging infrastructure, and the use case for different charging



ABB is a Swedish-Swiss multinational corporation headquartered in Zurich, Switzerland

solutions. The engagement covered the impact of regulation in the EU and US, which was starting to increase the requirements on charging, the impact on demand of the price of EVs, future-proofing technology, and how the interoperability of connectors was becoming less of a barrier. The meeting also discussed challenges for charging infrastructure, including around software. At the meeting LAPFF also raised the issue of human rights in its supply chain.

Progress: LAPFF will continue to engage those in the EV charging infrastructure sector given its critical role to the decarbonisation of surface transport. This will cover consistency and coverage of services.

WATER STEWARDSHIP

United Utilities

Objective: Over the past two years, LAPFF has been engaging UK water utility companies on sewage overflows. These engagements have sought to ensure companies are reducing storm overflows and thus reducing the investment risks, including those

associated with reputational damage and regulatory intervention. As the sector has acknowledged that more needs to be done and has started to outline plans, LAPFF's focus has expanded to ensure overflows are being reduced against targets and to look more closely at how companies are seeking to deliver future improvements. At the same time, LAPFF has also been engaging the publicly listed companies on the financial resilience of the sector given the situation at Thames Water.

Achieved: LAPFF met with the chief financial officer at United Utilities to discuss the company's plans for reducing overflows. In October, water utility companies set out their plans under Ofwat's price review process. These plans include investment strategies for improving environmental performance (regulated by the Environment Agency) such as storm overflow reductions. The meeting therefore spent some time discussing United Utilities' investment plans under the price review.

The last round of engagements with water companies included discussion around investment needed in infrastructure. An important area LAPFF wanted to follow up on was delivering value for money and ensuring affordability for customers given the additional investment and higher prices needed. The meeting discussed adaptive planning, supply chain capacity,

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consultation and support for the plans from their customers, and financial assistance for lower income households.

The meeting also discussed gearing levels and implications for United Utilities. This covered the definition of gearing: the traditional debt to equity versus debt to assets, which is used by the regulator, and that the Ofwat definition is less sensitive to increasing debt than the traditional one. The situation at Thames Water was also discussed as was the differences between publicly listed and private equity run firms.

In progress: As additional funding comes into the sector to address storm overflows, LAPFF will engage with water utilities to ensure that plans are being delivered, overflows are being reduced, and the investment represents value for money for shareholders and stakeholders.

Louis Vuitton Shop in Paris France

HUMAN RIGHTS

Luxury goods

Objective: Legislation globally is increasingly incorporating human rights considerations, including potential fines for companies found to have forced labour or other human rights abuses in their supply chains. Managing such human rights risks is a crucial component of sustainable company practices and increasingly a financially material issue for investors, especially in a sector reliant on branding and reputation. There can be a common misconception that paying a premium for luxury items directly translates into better wages and working conditions for workers. However, the luxury goods sector, like many others, is not immune to the challenges and risks associated with human rights violations, such as forced labour, child labour, unsafe working conditions, and inadequate wages, which are prevalent in industries and supply chains worldwide.

Achieved: During the quarter, LAPFF engaged with five luxury goods companies, several of which were new engagements for the Forum. Meetings were held with key industry players: Richemont SA, Kering SA, and Louis Vuitton Moët Hennessy. Prior to these meetings, it was recognised that LAPFF's requests would need to be varied due to the differing levels of disclosure and transparency regarding human rights programmes, risk management, and supply chain due diligence among the companies. These engagements provided LAPFF with valuable opportunities to initiate dialogues, aiming to establish good relationships and gain a deeper understanding of the companies' current practices. Moreover, these discussions allowed LAPFF to present an investor's perspective on why enhanced disclosures are critical, demonstrating a company's commitment to mitigating legal and reputational risks associated with human rights issues.

In Progress: LAPFF has calls scheduled with Moncler and Burberry for Q2 of



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2024 and will also aim to build upon the initial engagements held with companies in Q1 in the upcoming months to ensure robust human rights risk management is viewed as a company responsibility, but also a key factor in safeguarding the companies' long-term value and reputation. LAPFF will continue to monitor these companies' practices and disclosures, providing feedback and recommendations as necessary to ensure that human rights considerations are being adequately addressed and integrated into their business models and supply chain operations.

MINING & HUMAN RIGHTS

Objective: The financial materiality of human rights impacts and mining cannot be overstated. Continuing its work with mining companies and affected communities, one of the main objectives of LAPFF's work on mining and human rights is to make other investors and stakeholders aware of these financial risks.

Achieved: To this end, LAPFF had its report on its visit to Brazilian communities affected by tailings dams translated into Portuguese. This translation took place on calls from Brazilian investor and community partners who explained that it would help to mobilise Brazilian investors on this issue. A press release of the report was issued during the quarter.

LAPFF also attended the 2024 African Mining Indaba in Cape Town, South Africa this quarter. The Indaba takes place annually in South Africa and brings together the international mining community to discuss mining as it relates to the African context. While it was heartening to hear the attention paid to issues such as health and safety, there were two areas of concern from LAPFF's perspective. First, there were almost no mine workers and no affected community members included in the conference panels. Generally, these voices are heard at an alternative Indaba that takes place alongside the main Indaba. LAPFF pointed conference participants to its reports on mining and human rights



Israeli Armored CAT Caterpillar D9 armored bulldozer in Gaza border Israel

to highlight the financial materiality of human rights for investors. Second, the main line in relation to climate change was renewables plus coal, rather than a discussion about how to move away from coal and a timeline for doing so. Although LAPFF accepts that there must be a managed decline of coal, the emphasis on use of coal and 'clean uses' for coal were a worry. LAPFF also would have expected a clear timeline to transition away from coal. There were discussions about a just energy transition (JET) at the Indaba, but LAPFF would have liked to hear more concrete plans for this transition and more evidence that it is being taken seriously.

In Progress: LAPFF submitted a response to the UN Working Group's consultation on investors and ESG, which included the submission of its reports and work with affected community members. This focus appears to be of interest at the international level, and LAPFF will continue to work with the UN Working Group and other stakeholders to inform best practice on mining and human rights, while linking the work to financial materiality for investors.

COMPANY PRODUCT USE IN CONFLICT ZONES

Caterpillar, RTX Corp, BAE Systems, Lockheed Martin, Thales

Objective: LAPFF sought engagement with several defense and manufacturing companies regarding humanitarian and human rights impacts in high-risk and conflict-affected areas such as Gaza. These engagements are important for companies operating in or providing products and services involved in conflicts have heightened risks and responsibilities when it comes to upholding human rights standards.

LAPFF aims to ensure companies are implementing robust human rights due diligence practices and are adhering to international standards. Failure to do so could leave a company open to reputational damage, erosion of public trust, and legal liabilities.

Achieved: In letters sent to Caterpillar, RTX Corp, BAE Systems, Lockheed Martin and Thales, LAPFF sought to better understand how these companies manage human rights risks associated

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with use of their products, particularly in the context of conflict zones.

LAPFF received responses to these letters RTX Corp, Lockheed Martin, and Caterpillar, who provided links to their respective human rights policies but did not provide substantive responses on the issue. LAPFF will be discussing the issues at an upcoming meeting with BAE, but at the time of writing, Thales has failed to respond to LAPFF's request for engagement.

In Progress: LAPFF is continuing to engage and develop its approach to sectors that operate in conflict-affected and high-risk areas. Through these engagements LAPFF seeks greater transparency around companies' human rights policies, encourages companies to prevent or mitigate human rights violations, and urges compliance with international humanitarian laws and the UN Guiding Principles on Business and Human Rights (UNGPs). Companies have a responsibility to undertake heightened human rights due diligence in high-risk conflict areas.

WORKERS' RIGHTS



Starbucks update headline

Last year, LAPFF recommended a vote in favour of a shareholder proposal at Starbucks, which sought a review of workforce practices at Starbucks and was co-filed by LAPFF member Merseyside Pension Fund. This resolution passed with 52% voting in favour.

Over the past year, LAPFF has

witnessed significant improvement in employment relations at the company. Starbucks and the Workers United Union have begun work on a "foundational framework" which they say will deliver collective bargaining agreements, and a fair process for organising. After a period of friction within the company, LAPFF welcomes a more collaborative approach.

Apple voting alert

LAPFF has been engaging technology companies on their governance and human rights practices for a number of years. LAPFF policy is to encourage companies to adopt human rights policies and management practices in line with the UNGPs, and it believes these policies and practices should be disclosed to shareholders. Technology companies have a great potential impact on human rights, including the rights to privacy and freedom of expression. Their reach is wide, and they are well-known and used globally, so any mis-steps raise operational, reputational, legal, and consequently financial concerns for investors. Given the financial materiality of their human rights practices, LAPFF routinely issues voting alerts for some of these companies, including Apple.

At the company's 28 February 2024 AGM, LAPFF recommended a vote in favour of two shareholder resolutions that received significant shareholder support. These were resolution 6 requesting racial and gender pay gaps reporting which received 30.85% support, and resolution 7 calling for a report on the use of AI, which received 36.49% support. Whilst these resolutions did not pass, the significant investor support for these resolutions provides a clear signal from shareholders.

COLLABORATIVE ENGAGEMENTS

30% Club Investor Group Global Workstream – KKR & Co

LAPFF remains an active member of the 30% Club Investor Group, taking the lead with companies through the

Group's Global Workstream, which aims to increase gender diversity on corporate boards and in senior leadership positions at companies outside of the EU and UK.

Through this workstream, LAPFF met with KKR & Co in January, an American global investment company. LAPFF asked the company questions regarding potential targets on gender diversity, as well as what it might be setting for its portfolio companies. Across the US, it is clear that the ESG backlash and the Fair Admissions v. Harvard case at the US Supreme Court, is causing mounting pressure on companies to stop or reduce DE&I programmes and activities. LAPFF will seek to navigate this environment when engaging with US companies on this issue, and can continue to seek for disclosures such as pay gap reports where companies may be currently cautious to set targets on diversity.

WBA: Calls with Occidental and Equinor over Climate

Objective: The transition to net zero may have a range of positive and negative impacts for workers, communities, supply chains and consumers. The negative impacts, such as loss of employment or loss of a large employer from a local economy, pose risks to company reputations, could lead to operational disruption, and could delay the transition to net zero. Indeed, the decarbonisation of business will require retraining and redeployment of existing skills.

As such, if a climate transition plan is to be credible it will need to consider the social implications of the transition. However, to date, many of the companies that will need to decarbonise have not clearly set out just transition plans or integrated these into climate transition plans. The World Benchmarking Alliance's study of the oil and gas sector found companies falling short on just transition expectations, such as their engagement with stakeholders on the issue, retraining and reskilling workers, and outlining just transition plans. On the back of the study, collaborative engagements have been undertaken seeking to ensure progress in these areas.

Achieved: In the quarter, LAPFF joined calls with Occidental and Equinor. In the meeting with Occidental, the

ENGAGEMENTS

company outlined its approach to the just transition. The company has made a commitment to a just transition and has identified four groups its pathway will support: energy workers, energy-producing communities, communities susceptible to climate impacts and low-income consumers. The company's commitment to a just transition was positive to hear, whilst the meeting also provided investors the opportunity to outline where they wanted to see further progress. Occidental's transition to net zero is reliant on CCS and direct air capture technologies. These are technologies that LAPFF and a growing number of investors have questions about. This approach therefore raises questions not only about the feasibility of net zero plans, but the impact on workers and communities if these technologies are not scalable.

In another meeting as part of the same WBA initiative, LAPFF joined a collaborative call with Norwegian energy company, Equinor. This followed on from a meeting with the company in October last year which explored how Equinor's just transition policy commitment was being implemented. This meeting involved the company's people and organisation team and focused on the workforce dimension to the transition. The details about their approach to the just transition were more granular than provided in some just transition meetings. As Equinor still has progress to make, it was encouraging that they mapped out how the company was developing its just transition plans further. The discussion touched on social dialogue in Norway and its approach in other countries, the consultation process when decommissioning operations, skills training, and its just transition strategy and metrics.

In progress: LAPFF will be closely following oil and gas companies' progress on just transition planning, including engagement with the workforce, metrics and targets, and overarching plans.

Rathbones Votes Against Slavery

The Votes Against Slavery (VAS) initiative, spearheaded by Rathbones, focuses on addressing and reducing modern slavery practices by targeting non-compliant



Cry for help, sewn into a piece of clothing, made in Bangladesh

companies within the UK's FTSE 350 and, starting from 2024, the FTSE AIM markets. This expansion reflects an effort to encompass a broader range of companies, especially considering the significant impact FTSE AIM companies can have through a variety of supply chains.

LAPFF has endorsed this initiative by signing all letters and has committed to further engagements with companies where LAPFF may have larger holdings. This collaborative approach has proved successful in the past, with good success rates across target companies.

Taskforce on Social Factors – Final Guidance

This quarter saw the launch of the final report of the DWP-backed Taskforce on Social Factors at an event with the pensions minister, Paul Maynard MP. The taskforce was chaired by Luba Nikulina, Chief Strategy Officer at IFM Investors, and LAPFF's chair, Cllr Doug McMurdo, was a member of the groundbreaking initiative.

While the focus on social factors in the pensions industry is not as advanced as on climate change, for LAPFF this has been a core area of work since it was founded over 30 years ago. Indeed, LAPFF's response to a DWP consultation that led to the formation of the taskforce highlighted the extensive work LAPFF has undertaken to address social risks. It is therefore a sign of good progress and a notable outcome for LAPFF that after

pushing over the decades for companies and investors to pay due attention to social factors that the taskforce was established and that the guidance has been produced.

The final report highlights why social factors matter to pension funds, fiduciary duties and social factors, data and materiality assessments, and how funds can address social risks. The report makes recommendations to pension fund trustees but also the government on an area that can often pose systemic and market-wide risks. Alongside the main report, DWP published on its website a series of guides, including a quick start for trustees. As the pensions minister emphasised at the launch, social factors are of real importance for pension funds. He also noted that the guide provides practical assistance to the industry in considering and integrating social factors into investment strategies.

CONSULTATION RESPONSES

MEDIA COVERAGE

Water management

Insurance Journal: [Rio Tinto Faces Pressure From Investors Over Water Contamination Claims \(insurancejournal.com\)](#)

Sahm: [Mining Giant Rio Tinto Caught Into Water Nightmare At Two Mines: Report \(alsahm.com\)](#)

Social factors

Pensions Expert: [Start work on social and nature risks now, TPR urges - Law & Regulation - Pensions Expert \(pensions-expert.com\)](#)

Bloomberg Law: [Corporate Investors Target Labor, Political Spending in 2024 \(bloomberglaw.com\)](#)

Climate

Yahoo: [UK banks may be holding too little capital for climate risks, investors tell BoE \(yahoo.com\)](#)

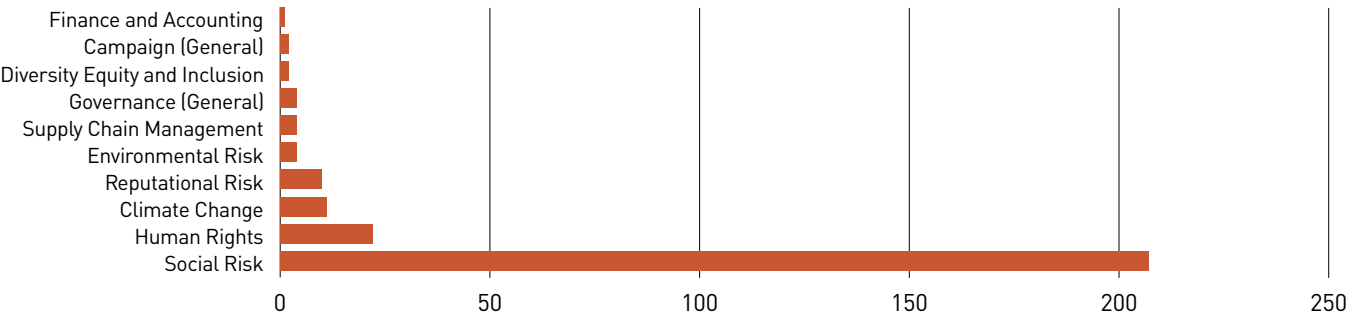
COMPANY PROGRESS REPORT

148 companies were engaged over the quarter. This includes letters signed by LAPFF and sent by Rathbones to companies in the FTSE350 and AIM indexes regarding compliance with s54 of the Modern Slavery Act. Excluding this engagement, 42 were Companies engaged over the quarter. The table below reflects those 42 companies engaged and does not include correspondence related to the Rathbones' Votes Against Slavery engagement.

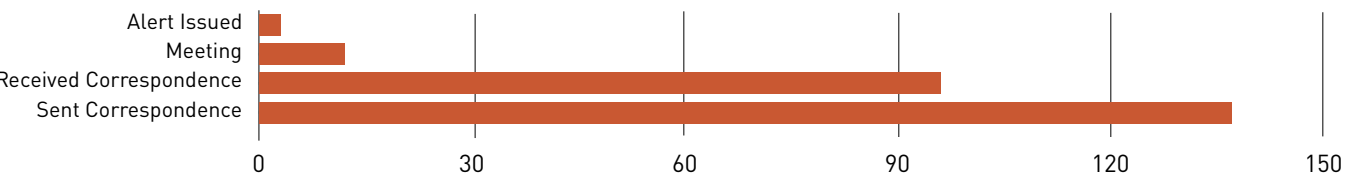
Company/Index	Activity	Topic	Outcome
ABB LTD	Meeting	Campaign (General)	Dialogue
ABBVIE INC	Sent Correspondence	Environmental Risk	Awaiting Response
AP MOLLER - MAERSK AS	Sent Correspondence	Human Rights	Dialogue
APPLE INC	Alert Issued	Human Rights	No Improvement
BAE SYSTEMS PLC	Sent Correspondence	Human Rights	Awaiting Response
BANK OF MONTREAL	Sent Correspondence	Climate Change	Awaiting Response
BANK OF NOVA SCOTIA	Sent Correspondence	Climate Change	Awaiting Response
BURBERRY GROUP PLC	Sent Correspondence	Human Rights	Awaiting Response
CANADIAN IMPERIAL BANK OF COMMERCE	Sent Correspondence	Climate Change	Awaiting Response
CATERPILLAR INC.	Received Correspondence	Human Rights	No Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Meeting	Human Rights	Change in Process
EQUINOR ASA	Meeting	Climate Change	Small Improvement
FUJITSU LTD	Sent Correspondence	Governance (General)	Awaiting Response
HERMES INTERNATIONAL	Sent Correspondence	Human Rights	Awaiting Response
HSBC HOLDINGS PLC	Meeting	Climate Change	Dialogue
J SAINSBURY PLC	Meeting	Campaign (General)	Dialogue
KERING SA	Sent Correspondence	Human Rights	Awaiting Response
KKR & CO INC	Meeting	Diversity Equity and Inclusion	Dialogue
LENNAR CORPORATION	Alert Issued	Climate Change	No Improvement
LOCKHEED MARTIN CORPORATION	Received Correspondence	Human Rights	No Improvement
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Dialogue
MONCLER SPA	Sent Correspondence	Human Rights	Awaiting Response
NATIONAL GRID PLC	Meeting	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Dialogue
OCCIDENTAL PETROLEUM CORPORATION	Meeting	Climate Change	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	Dialogue
ROYAL BANK OF CANADA	Sent Correspondence	Climate Change	Awaiting Response
RTX CORP	Received Correspondence	Human Rights	No Improvement
SHINHAN FINANCIAL GROUP LTD	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
STARBUCKS CORPORATION	Sent Correspondence	Human Rights	Awaiting Response
THALES	Sent Correspondence	Human Rights	Awaiting Response
THE BOEING COMPANY	Sent Correspondence	Governance (General)	Dialogue
THE TORONTO-DOMINION BANK	Sent Correspondence	Climate Change	Awaiting Response
TYSON FOODS INC	Sent Correspondence	Human Rights	Awaiting Response
UNITED UTILITIES GROUP PLC	Meeting	Finance and Accounting	Dialogue

ENGAGEMENT DATA

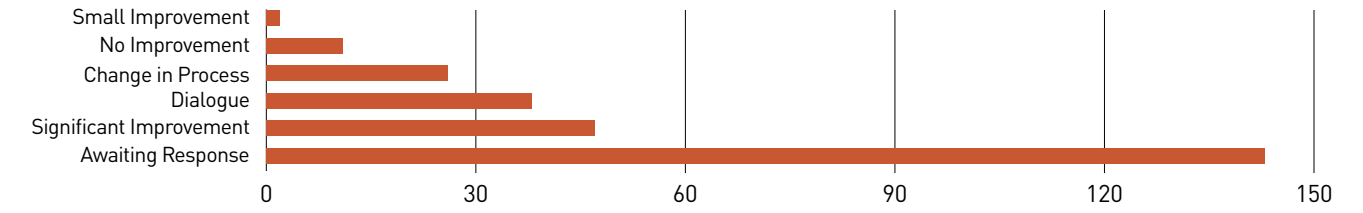
ENGAGEMENT TOPICS



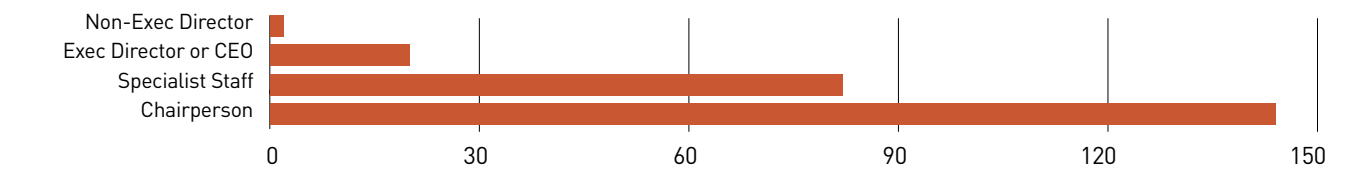
ACTIVITY



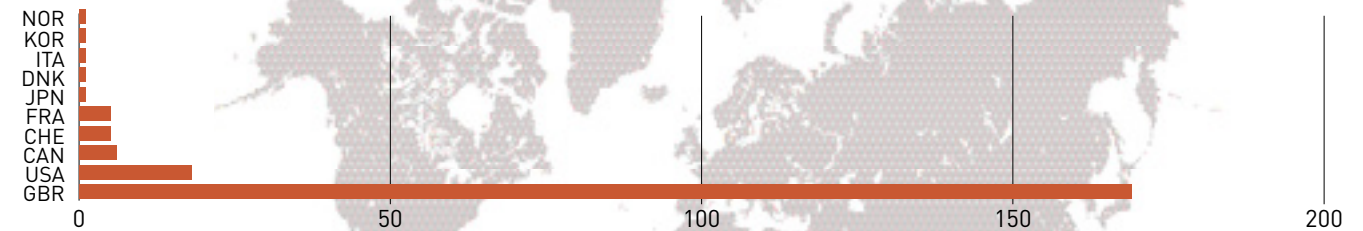
MEETING ENGAGEMENT OUTCOMES



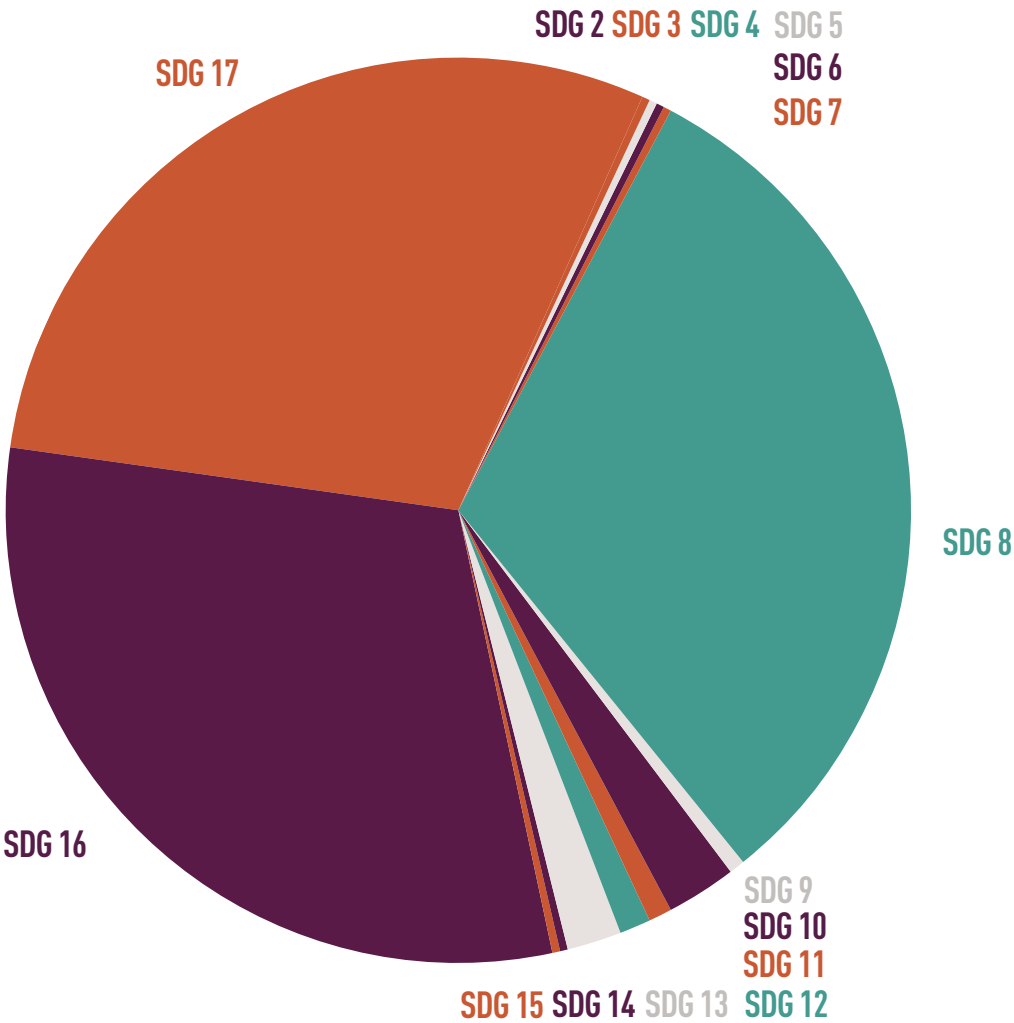
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	2
SDG 4: Quality Education	0
SDG 5: Gender Equality	2
SDG 6: Clean Water and Sanitation	1
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	220
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	18
SDG 11: Sustainable Cities and Communities	6
SDG 12: Responsible Production and Consumption	7
SDG 13: Climate Action	13
SDG 14: Life Below Water	2
SDG 15: Life on Land	3
SDG 16: Peace, Justice, and Strong Institutions	213
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	206

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund	Environment Agency Pension Fund	Lincolnshire Pension Fund	Swansea Pension Fund
Barking and Dagenham Pension Fund	Essex Pension Fund	London Pension Fund Authority	Teesside Pension Fund
Barnet Pension Fund	Falkirk Pension Fund	Lothian Pension Fund	Tower Hamlets Pension Fund
Bedfordshire Pension Fund	Gloucestershire Pension Fund	Merseyside Pension Fund	Tyne and Wear Pension Fund
Berkshire Pension Fund	Greater Gwent Pension Fund	Merton Pension Fund	Waltham Forest Pension Fund
Bexley (London Borough of)	Greater Manchester Pension Fund	Newham Pension Fund	Wandsworth Borough Council Pension Fund
Brent (London Borough of)	Greenwich Pension Fund	Norfolk Pension Fund	Warwickshire Pension Fund
Cambridgeshire Pension Fund	Gwynedd Pension Fund	North East Scotland Pension Fund	West Midlands Pension Fund
Camden Pension Fund	Hackney Pension Fund	North Yorkshire Pension Fund	West Yorkshire Pension Fund
Cardiff & Glamorgan Pension Fund	Hammersmith and Fulham Pension Fund	Northamptonshire Pension Fund	Westminster Pension Fund
Cheshire Pension Fund	Haringey Pension Fund	Nottinghamshire Pension Fund	Wiltshire Pension Fund
City of London Corporation Pension Fund	Harrow Pension Fund	Oxfordshire Pension Fund	Worcestershire Pension Fund
Clwyd Pension Fund (Flintshire CC)	Havering Pension Fund	Powys Pension Fund	
Cornwall Pension Fund	Hertfordshire Pension Fund	Redbridge Pension Fund	Pool Company Members
Croydon Pension Fund	Hillingdon Pension Fund	Rhondda Cynon Taf Pension Fund	ACCESS Pool
Cumbria Pension Fund	Hounslow Pension Fund	Scottish Borders Pension Fund	Border to Coast Pensions Partnership
Derbyshire Pension Fund	Isle of Wight Pension Fund	Shropshire Pension Fund	LGPS Central
Devon Pension Fund	Islington Pension Fund	Somerset Pension Fund	Local Pensions Partnership
Dorset Pension Fund	Kensington and Chelsea (Royal Borough of)	South Yorkshire Pension Authority	London CIV
Durham Pension Fund	Kent Pension Fund	Southwark Pension Fund	Northern LGPS
Dyfed Pension Fund	Kingston upon Thames Pension Fund	Staffordshire Pension Fund	Wales Pension Partnership
Ealing Pension Fund	Lambeth Pension Fund	Strathclyde Pension Fund	
East Riding Pension Fund	Lancashire County Pension Fund	Suffolk Pension Fund	
East Sussex Pension Fund	Leicestershire Pension Fund	Surrey Pension Fund	
Enfield Pension Fund	Lewisham Pension Fund	Sutton Pension Fund	

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