East Sussex Pension Fund

Environmental, Social & Governance Statement

Voting and engagement report

Q2 2024

1 April – 30 June 2024

Executive summary

Responsible Investment ("RI") is a subject that the East Sussex Pension Fund's (ESPF or the Fund) Pension Committee ("the Committee") take seriously. Environmental, social and governance factors are considered throughout the Committee's decision-making process.

This report sets out voting and engagement activity carried out during the last quarter.

Investment strategy

Generating sustainable long term investment returns is the Fund's primary objective and it does so by investing across a range of asset classes such as equities, bonds, property, and infrastructure using both active and passive management styles. Asset allocation is expected to be the Fund's main driver of returns and risk over the long term. The Fund's Investment Strategy Statement describes the high-level principles governing the investment decision-making and management of the Fund.

The Fund believe that Responsible Investment (RI) supports the purpose of the Scheme – the provision of retirement income for individuals. RI is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns.

Investment managers

The Fund uses mostly active managed strategies, with the Committee seeking to achieve a balance between cost and return. Active and passive managers have a duty to act as responsible investors and are expected to act as good stewards for the companies they invest in or lend to.

All the Funds' managers are required to report their engagement activity on a regular basis and exercise the voting rights in relation to the Funds' investments as far as practical. This report summarises those activities.

Policies and approach

The Fund have policies detailing our Investment Strategy and approach to Responsible Investment. These policies are available on the Fund's website.

Collaboration

The Fund believes a philosophy of engagement is the most effective approach in addressing ESG concerns and driving long lasting change. To be effective, it is best done in conjunction with other parties. Participation in collaborative engagements enables the Fund to increase its ability to influence positive action among the companies it invests in. By utilizing combined size of investors' assets makes it harder for companies to dismiss our concerns and does accelerate those companies targeted with making meaningful change to their business practices such as their transition to a sustainable pathway.

East Sussex Pension Fund Engagement

East Sussex Pension Fund Commitments

As an advocate of responsible investment, the Fund is a member of the following organisations:

- Institutional Investors Group on Climate Change (IIGCC)
- Local authority Pension Fund Forum (LAPFF)
- Principles for Responsible Investment (PRI)
- Pensions for Purpose
- UK Sustainable Investment and Finance Association (UKSIF)

In addition, the Fund has committed to reporting under the following initiatives:

- Financial Reporting Council (FRC) Stewardship Code 2020
- Taskforce on Climate Related Financial Disclosure (TCFD).

In addition to being members of these groups the Fund demonstrates is commitment to RI by actively participating via representation in:

- LAPFF Officer Member of LAPFF Executive
- Membership of the IIGCC Corporate Programme Advisory Group

The Funds' Investment Managers will also have a number of memberships which are shown in the report below.

LAPFF Engagement Activity

All engagement activities completed in Q2 2024 through LAPFF are available here

Sample engagement updates

UK water utility companies

Objective: LAPFF has been engaging with water utilities since 2022 following concerns about the pollution of rivers and coastal areas caused by storm overflows. Storm overflows are used to ensure at times of high rainfall that sewage does not back up into homes. Under government plans to 2050, the number of overflow incidents is expected to fall over time and delivered by additional investment. As a highly regulated sector, this additional investment has to go through a review process with Ofwat every five years. Meeting environmental objectives set under the five-year plans not only has reputational impacts but, as a regulated system, these performance outcomes also result in either financial awards or penalties. As part of its engagements, LAPFF wants to ensure that progress is being made to reduce the number of overflows and that the next five-year business plans will be delivered cost-efficiently while meeting broader environmental and social commitments. This year's engagements took place against the backdrop of significantly wetter weather resulting in an increase in overflows. Nevertheless, LAPFF wanted to understand whether the companies were on track to meet their targets of reaching average of no more than 20 incidents per overflow per year by 2025.

Achieved: In the quarter LAPFF met the chair of United Utilities and the chief executive and chair of Pennon Group.
LAPFF continued its productive dialogue with United Utilities' chair, Sir David Higgins, about the environmental and financial challenges that persist in the water utilities sector. LAPFF discussed with the company its plans to meet its 2025 overflow target and its stretching 60% overflows reduction goal by 2030. Meeting this longer-term ambition will be contingent on the increased capital expenditure which will need to be approved by the regulator alongside increased prices for its customers. To deliver value for money, the company outlined the need for long term pragmatic engineering in the sector.
In the quarter, LAPFF also met with Pennon Group's chair, Gill Rider, and Group CEO, Susan Davy. Pennon Group, which owns South West Water, has some significant challenges regarding its environmental performance, including storm overflows, bathing waters and the Environment Agency's assessment of the company.
LAPFF had sought to engage with the company previously, so it was positive that we were able to meet with both the chair and CEO. Despite its challenges, the company were positive when pushed about its plans as well as providing historical context. The meeting covered the impact of wetter weather, meeting 2025 targets, data on overflows, engagement with customers, their focus on bathing waters, the group's 2025-2030 business plan and its approach to improving its environmental performance rating, which has been below expected levels for several years in a row.

In progress: LAPFF will continue to engage the companies to ensure that progress is being made against their targets on overflows. LAPFF will also be following the final determinations by the regulator and ensuring that plans will be delivered cost efficiently to the benefit of shareholders and their wider stakeholders.

Further information on the Funds activities and polices can be found on our investment page.

Engagement with policy Makers

IIGCC

As a member of IIGCC, policy engagement undertaken in the quarter includes:

Investor expectations of EU sustainable finance to help deliver 2030 climate goals
May 2024

Sustainable finance regulation in the EU is at an important crossroads. In 2018, the EU's High-Level Expert Group published its landmark report, which threw into stark relief the scale of investment needed to support the EU's climate goals. The report made clear that achieving this was beyond the capacity of public finance alone, and set out a vision for a comprehensive and ambitious sustainable finance agenda to accelerate private investment in the transition.

Six years later, the Commission has translated many of that report's key recommendations into reality.

Read the full letter here.

European electric utilities: A decade to decarbonise
June 2024

Electric utilities in Europe must quickly adapt to some of the world's most ambitious decarbonisation policies. We explore how investors can use IIGCC's Cumulative Benchmark Divergence metric with regional pathways to identify potential transition risks.

The International Energy Agency's Net Zero Emissions (IEA NZE) by 2050 scenario requires the sector to reach net zero emissions in advanced economies by 2035, with other economies to achieve the same by 2040 or shortly after. That doesn't leave long to transition.

Read more in the article here

Bonn talks underline crucial role of private capital ahead of COP29
June 2024

Finance took centre stage at Bonn climate meetings, with negotiations on the new global climate finance goal featuring heavily. The next set of Nationally Defined Contributions (NDCs) were also a reoccurring theme: private capital is pivotal to the success of both.

Over 8,000 delegates joined talks in Bonn from 3-13 June, with the New Collective Quantified Goal (NCQG) on climate finance core to every discussion. It is expected to replace the previous USD100bn per year by 2020 commitment agreed at COP15 in 2009, aimed at helping developing countries respond to, and mitigate the effects of, climate change. The NCQG will likely be a defining issue of COP29 in Baku.

Read more in the article here

LAPFF

As a member of LAPFF, policy engagement undertaken in the quarter includes the following:

The landmark EU nature restoration law was passed in June which will require EU countries to restore one-fifth of natural habitats by the end of 2030. Member states will be required to develop national restoration plans. The adoption of this plan was supported by European companies who wrote a letter to the council to ensure final adoption. LAPFF is already engaging companies on biodiversity and nature restoration as part of the NatureAction 100 initiative, no doubt this law will raise the issue further in companies.

United Nations Principles of Responsible Investment (UNPRI)

As a member of UNPRI, policy engagement undertaken in the quarter includes:

United Kingdom

The PRI welcomes the committee's interest in the Modern Slavery Act's impact and effectiveness. We make recommendations to strengthen the implementation of the Act's provisions (especially Section 54 on transparency), through mandatory disclosures, a stronger monitoring and accountability mechanism, and considering a move towards human rights due diligence requirements.

The PRI welcomes the Transition Finance Market Review as an opportunity to explore how the UK can become a market leader on the transition. The PRI's response covers the scope of transition finance, links to broader sustainable finance tools, barriers to transition finance, opportunities on transition finance, and global leadership.

European Union

No EU specific engagements undertaken in quarter.

Global

The PRI published a joint sign-on statement calling for regulatory adoption of the ISSB standards in collaboration with LSEG, UN SSE, WBCSD and 120 undersigned investor, companies and other organisations.

The PRI welcomes the revised ICGN Global Stewardship Principles (the Principles) which recognise stewardship as a fundamental aspect of an investor's fiduciary duty. We value the ICGN's efforts to take stewardship principles to the next level, contributing to the advancement and effectiveness of stewardship globally.

Global Investor Statement

To tackle the climate crisis, seven major groups have collaborated to pull together and elevate the best investor guidance on tackling the climate crisis. Together, these groups have formed the Investor Agenda, a common leadership agenda on the climate crisis that is focused on accelerating investor action for a net-zero emissions economy. Since creation this year, the Fund and half of its fund managers have signed the statement.

More details around the Global Investor Statement can be found here

Activities and training undertaken directly by the Fund.

The Fund has undertaken the following activities during Quarter 2 of 2024.

Fund manager meetings

During the quarter, the fund met with the below fund managers to discuss areas of concern. Priority areas that are discussed at these meetings are:

- Fund Performance (including risks to the fund and inflationary pressures)
- ESG (including management overview and follow ups to prior period engagements)
- Voting (what happens where votes contradict LAPFF guidelines, and challenge around votes taken)
- Others if applicable (e.g., fossil fuels, carbon intensity, portfolio emissions, and biodiversity)

1.	Ruffer	Absolute Return
2.	Bluebay	Total Return Credit
3.	Storebrand	Global Equity
4.	Pantheon	Infrastructure
5.	Baillie Gifford	Global Equity
6.	Wellington	Global Equity

Industry meetings, events, and training

- PLSA Local Authority Committee Intro (16 Apr)
- LAPFF Business Meeting (17 Apr)
- Officer Working Group (18 Apr)
- Israel Webinar (18 Apr)
- LGPS Pooling Conference (23-24 Apr)
- Pensions for Purpose Systemic Stewardship Webinar (24 Apr)
- Harbourvest LGPS Learning Exchange (1 May)
- ACCESS Practitioners Meeting (7 May)
- PMI – Effective Scheme of Governance (16 May)
- LGPS Liquidity Roundtable (16 May)
- Brightalk climate change webcast (21 May)
- LGPS collaboration meeting (28 May)
- PLSA Local Authority Conference (28 May)
- ACCESS joint committee (10 June)
- PLSA Conference (11-13 June)
- PLSA Webinar (18 Jun)
- Waystone Investor Day (26 June)

Third party supplier commitments

Along with its investment managers, the Fund also encourages its third-party providers to part take in the industry relevant responsible investments activities and groups, to promote and consider these items. An example of the supplier commitments and activities is provided below

Barnett Waddingham (Fund Actuary)

As our fund actuary, Barnet Waddingham is responsible for performing high level calculations on our behalf, covering areas such as our valuation or IAS19 reports, and analysing the financial costs of risk and uncertainty.

Barnett Waddingham – Sustainability page available here

Barnett Waddingham is a founding signatory of the Net Zero Investment Consultants Initiative and is a member of the Pensions Climate Risk Industry Group (PCRIG). They also have a net zero pledge, with details on all the above being found under the attached link. BW have been net zero on scope 1 and 2 emissions since 2021.

ISIO (investment advisory service)

Isio is responsible with providing us with investment advice, as well as reporting on our current investment and strategy. They also provide us with an annual ESG impact report to be able to see how our investments are performing from an ESG viewpoint.

Sustainability Beliefs can be found here: Sustainability Beliefs Pension investment consultants | Isio

Isio have adopted the Impact Investing Institute Impact Investing Principles for Pensions

Northern Trust (Custodian)

Northern trust is responsible for taking care of the funds cash, alongside the money it has invested.

Northern Trust - Social Responsibility page - available here
Northern Trust - Latest Corporate Social responsibility report – available here

Northern trust have made the commitment to be net-zero carbon by 2050
See "Selected memberships and initiatives" page for external engagement.

Eversheds (Lawyers)

Eversheds provide us with legal advice around all matters of the fund.

Evershed's - sustainability page – available here

Eversheds has committed to reducing its scope 1,2 and 3 emissions by 50% by 2030. In addition, they recently became a founding member of the Net Zero Lawyers Alliance, alongside being the first global law firm to be accredited by the good business charter. This charter is formed of ten commitments including Environmental Responsibility and Diversity & Inclusion

LGPS Pooling

East Sussex are part of the ACCESS pool and all investment managers the fund invests in through the ACCESS pool need to comply with the ACCESS voting guidelines. Link to Access website here.

Link to Access Responsible Investment guidelines and summary report here.

Examples of what should be voted for and against below:

Vote for:

- Adoption of Report and Accounts unless Auditors Report is qualified.
- The annual report should include a separate section that describes the work of the Audit Committee.
- All directors should be subject to regular re-election, at least every three years.
- Long term incentive schemes should be based on challenging performance targets over a consecutive period of at least three years. Therefore, performance targets for minimum rewards should be based on at least producing median performance for the industry or average market returns.
- All political donations should be fully disclosed and justified. Any political donations should be subject to a separate vote.
- The company should publish a formal statement setting out its approach to dealing with environmental issues.

Vote against:

- The Report and Accounts are not considered to present a true and fair view of the company's financial position.
- The re-appointment of the auditors where the fees for non-audit work are material and exceed the fee for audit work.
- The election of an executive director, who is not subject to re-election by rotation at least every three years.
- Election of a chairman where the candidate combines the roles of Chairman and Chief Executive, unless there are exceptional circumstances e.g., a temporary arrangement, pending separation of the posts.
- Proposed dividend and special dividends which are not covered by earnings and the company offers no explanation of policy.
- Annual report, where significant environmental risks in relation to the company's activities are not disclosed or reported on or reporting is considered poor or inadequate.

Manager Engagement and Voting Activity

Longview (Active listed equity) Part of Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- FRC Stewardship Code 2020
- Institutional Investors Group on Climate Change (IIGCC)
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
21	309	111	183	14	120	189

1 vote made was date related
Note: All data displayed is fund specific, not at fund manager level

Engagement

Longview Partners - Responsible Investment & Engagement Policy

Longview currently send tailored ESG reports to ESPF each Quarter. Anonymised Q2 24 engagement examples provided to us are below:

Company A

In May 2024, Longview held a call with members of Company A's management and investor relations teams for an update on governance and other sustainability themes. Company A explained that they are taking action in several key areas to refocus the business on sport. As of June 2023, two new individuals serve as co-presidents of the Company A's brand, emphasising innovation and supply chain integration.

Company A stated that their strategy is overseen by a board with diverse skills, backgrounds and expertise. They continuously develop relationships with potential board candidates. They believe that appointing four new directors in the past five years has helped refresh the board and strengthen its alignment with the company's strategy. Longview enquired into Company A's approach to achieving diversity on the board. Company A explained that the board is 54% diverse, with 38% female and 31% racially or ethnically diverse members. They do not aim for specific quotas but value a diverse range of experiences, including age, race, ethnicity, and gender; they do not assume that diversity will be achieved organically.

Regarding oversight of sustainability matters, their Corporate Responsibility, Sustainability, and Governance Committee is responsible for risks and opportunities related to Company A's purpose, environmental and supply chain sustainability, and monitors progress toward the company's Diversity, Equity and Inclusion (DEI) objectives. The committee works with senior executives to monitor and assess environmental and social risks.

Company A acknowledged that shareholders are focused on the dual-class capital structure. Class A shareholders elect 75% of board directors while Class B shareholders elect 25%, ensuring governance protection for Class B shareholders. By way of background, Class A and Class B shares have identical voting and economic rights, except that each class votes separately for director elections. Class A shareholders are entitled to elect 75% of the board despite only accounting for around 20% of outstanding common stock. Class A shares are primarily held by an entity that was formed by Company A's co-founder in 2015 to hold the majority of their shares. The company explained that board directors are committed to representing all shareholders and are attentive to Class B interests, frequently discussing shareholder engagements.

Company A also discussed the company's Long-Term Incentive Programme (LTIP) for fiscal 2024 including their People & Planet modifier, as part of overall executive compensation. The modifier can adjust payouts by +/-20% based on quantitative and qualitative metrics reported in the company's Impact Report. These metrics include progress on purpose goals and engagement surveys, with flexibility for future plans.

On the call, Longview sought to verify that Company A is on track to increase its corporate diversity and inclusivity disclosures by 2024, following a shareholder resolution on the topic. Company A clarified that their updated disclosures will be informed by investor engagement and shareholder requests for more information regarding the company's hiring and promotion practices in relation to gender and ethnic statistics. They intend to publish these disclosures by December 2024.

Lastly, Longview proposed scheduling a separate discussion to delve into Company A's approach to assessing modern slavery risks across its operations and supply chain. Company A agreed that such a discussion would be beneficial and confirmed they would include the relevant experts. Longview will follow up to arrange the call in due course.

Newton (Diversified Growth Fund /Absolute Return) Part of Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- Climate action 100+
- FRC Stewardship Code 2020
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- UN Global Compact
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
48	827	720	104	3	732	95

Note: All data displayed is fund specific, not at fund manager level

Engagement

Newton – Responsible investment page - available here

Newton – Quarterly Reports - available here

Example ESG Engagement

Newton confirmed that no engagements took place during the quarter for the Real Return Portfolio, though engagements did occur covering holdings in other portfolios they manage.

Ruffer (Diversified Growth Fund /Absolute Return) Part of Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- Climate action 100+
- FRC Stewardship Code 2020
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Sustainability Accounting Standards Board (SASB)
- Transition Pathway Initiative
- United Nations Principles for Responsible Investment (UNPRI)

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
22	438	396	37	5	404	34

Note: All data displayed is fund specific, not at fund manager level

Ruffer – Quarterly Reports available here

Engagement

Amazon

No direct engagement took place with companies within the Absolute return fund this quarter. Below is an example of engagement through proxy voting.

As in 2023, 14 shareholder resolutions were on the slate at Amazon's 2024 AGM. Ruffer voted consistently with last year, supporting proposals for reports on customer due diligence, lobbying policies and payments, gender and racial pay gaps, and risks associated with the use of the company's Rekognition computer vision platform. Ruffer voted in favour of two proposed third-party assessments: one on the company's commitment to freedom of association and collective bargaining; and another on working conditions.

Ruffer supported environmental resolutions pushing for better disclosure of all material Scope 3 carbon emissions, the impact of the company's climate strategy through the lens of a Just Transition, and Amazon's efforts to reduce plastics use.

Ruffer did not support requests for the adoption of a policy for Board members to disclose political and charitable donations, the establishment of a Board Committee on artificial intelligence or corporate financial sustainability, or a report on viewpoint discrimination as, in its opinion, the company disclosures on these matters are satisfactory.

All of the shareholder resolutions on the 2024 proxy statement failed to receive a majority of votes, but the resolutions requesting additional reporting on warehouse working conditions and handling of collective bargaining rights garnered between 30% and 40% support. There was also notable support for the proposals related to gender and racial pay gaps, packaging materials and lobbying. Although none of the shareholder resolutions received a majority vote, Ruffer believe that continuing to show their support for the issues raised at the AGM should ensure management keeps these issues front of mind.

Baillie Gifford Global Alpha Paris Aligned (Active listed equity) Part of the Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- FRC Stewardship Code 2020
- Climate Action 100+
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
63	849	783	60	4	642	207

2 votes made were date related
Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in quarter.

Baillie Gifford – Governance and sustainability (LGPS) – available here

Baillie Gifford voting policies and guidelines

Baillie Gifford - Stewardship & Climate Documents – available here

Engagement

Baillie Gifford - ESG information available here

Baillie Gifford - Quarterly reports available here

Examples of engagement in quarter (as per Quarterly report)

Moderna, Inc.

Objective: Ahead of Moderna's 2024 AGM, Baillie Gifford had a call with the company's chief legal officer and her team to better understand the board's approach to refreshment and executive compensation. Baillie Gifford have been advocating for compensation alignment, longtermism, and board refreshment for several years, and they again were able to ask about the board's plans in these areas.

Discussion: While there have been recent rotations between board committees, Moderna informed Baillie Gifford that they can expect board refreshment within the next 12 months. Following an external board review, it is looking for pharmaceutical expertise and is interested in experience in responsible AI and government affairs. Baillie Gifford agreed that more expertise in these areas will be essential for the company's ambitions in the next five years. Again, Baillie Gifford expect to see further improvement and long-termism in executive compensation in the next plan. Finally, Baillie Gifford discussed Moderna's approach to equal pay, ESG, and its work with suppliers to reduce their emissions. Baillie Gifford questioned its approach to climate risk, on which it has done a company-wide assessment in 2023.

Outcome: Baillie Gifford continue to support Moderna's long-term shareholders and look forward to any announcement of new board directors. On the call, they queried whether Moderna would consider a more differentiated and simplified approach to its compensation plan. Baillie Gifford plan to discuss this again before the company sets future plans.

Adyen N.V.

Objective: This quarter, Baillie Gifford held two meetings with Adyen's sustainability team and chief financial officer. One focused on our ongoing climate engagement, specifically on Adyen's emissions reduction targets and downstream emissions progress. In the second meeting, Baillie Gifford provided input into Adyen's materiality exercise to identify the most significant ESG issues for the business.

Discussion: Regarding climate, Baillie Gifford encouraged Adyen to take a bottom-up approach to target setting. It is taking a thoughtful approach, and Baillie Gifford hope to see targets soon. Disappointingly, it has rolled back its work on engaging customers on emissions after seeing little demand for its offset at the point of payment trial. Baillie Gifford suspect this has also been influenced by the criticism it received for previously offering low-quality offsets through the consultant Southpole.

This was the second year Baillie Gifford provided an investor perspective on Adyen's ESG materiality exercise. Baillie Gifford were encouraged to see the company respond to the feedback they offered last year. The backdrop to this request is the EU's latest sustainability disclosure regulation, the Corporate Sustainability Reporting Directive (CSRD), which requires companies to assess and prioritise ESG issues for reporting purposes against the two dimensions of impact (defined as 'how the company affects people and the environment') and financial materiality (described as 'effects that flow through to the company's bottom line'). CSRD introduces complex and onerous reporting requirements, so Baillie Gifford were eager to understand how internal processes have adapted in response.

Outcome: Baillie Gifford’s climate engagement improved our knowledge of Adyen's emissions reduction approach, and Baillie Gifford provided the company with guidance on what they think is best practice. Baillie Gifford welcome the opportunity to continue supplying Adyen with their input in their CSRD materiality exercise.

Storebrand Global ESG Plus (Passive listed equity)

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
497	7369	6779	506	77	6713	656

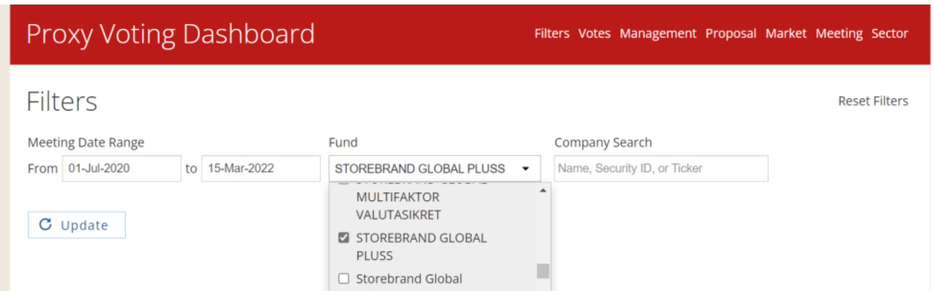
**7 votes made were date related*

Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in the quarter:

Storebrand – Proxy voting dashboard – available here

Note: Please select 'Storebrand Global Plus' in the 'Fund' dropdown box



Storebrand voting guidelines and policies:

Storebrand – Proxy voting policy – available here

Engagement

Storebrand – Sustainability page available here

Storebrand – Quarterly Reports available here

Amazon

Over several years, Storebrand has been engaging Amazon on various aspects of its management of human rights, given what they perceive as a gap between the company's stated commitments, and their implementation. These gaps can constitute a reputational and operational risk that may negatively impact Amazon's long-term performance. Storebrand's work on this issue continued in several areas during the second quarter.

Co-filed shareholder resolution

At Amazon.com's recent annual general meeting (AGM) Storebrand co-filed a shareholder resolution asking the company's Board to assess how it respects international human rights law regarding workers freedom of association (FOA) including the right to associate in organized labour unions. In the proposal Storebrand asked Amazon.com to launch an independent assessment of how it was implementing its own stated commitment to workers' freedom of association and collective bargaining rights, as detailed in the company's Global Human Rights Principles. This was a follow-up, a re-filing of a proposal previously sought in 2022 and 2023.

Unfortunately, the resolution fell short of success, as it received 31.8 per cent of the votes of shareholders (equating to 37 per cent of non-insider votes, as Amazon founder and executive chairman Jeff Bezos owns 10.8 percent of voting power among shareholders). It was also notable that this resolution received the most support of all the shareholder resolutions submitted at the AGM.

Supported joint investor letter on union rights

Furthermore, in June, Storebrand was part of a group of 50 investors and advisers that submitted a joint letter to Amazon, in defence of worker's collective bargaining rights in the UK.

In the letter, organized by CLA Investment Management, the group expressed concerns regarding reports of Amazon's conduct in the issue of trade union membership at its warehouse facility in Coventry, UK. The investors stated that they believed Amazon may be taking actions inconsistent with its stated commitments to implementing globally recognised human rights principles.

The joint letter resulted in a response from Amazon.com, which the group of investors finds to be unsatisfactory, as the company's response continues to suggest that it views union membership as conflicting with its ability to engage directly with workers. The company's actions since the letter was sent also included publicly documented actions which arguably constituted interferences with workers' rights to freedom of association, as defined by International Labour Organisation (ILO) standards.

Consequently, Storebrand consider the company's responses and actions to be still unsatisfactory. Storebrand are assessing the issue and expect to take further action on the issue during the third quarter.

Wellington (Active listed equity – impact fund)

Fund Manager collaborate engagement groups - links on page 41.

- FRC Stewardship Code 2020
- Climate Action 100+
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
50	607	569	32	1	567	40

*5 votes made were date related

Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in the quarter:

Wellington – Global proxy voting disclosure – available here

Wellington voting guidelines and policies:

Wellington – Global proxy voting policy 2023 – available here

Wellington Sustainability related investment Disclosures October 2022 – available here

Fund Overview

Actively managed equity fund which seeks to understand the world's social and environmental problems. The fund looks to identify and invest primarily in the equities of companies that Wellington believe are addressing these needs in a differentiated way through their core products and services. Through the investments, the fund seeks to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change. The Wellington fund focuses on investing in the world you want to live in: focusing on investments that aim to achieve a positive social or environmental impact.

Engagement

Over the past six months, wellington have leaned on their access, ability to engage, and strong, long-term relationships with management teams amid an elevated number of short seller reports targeting companies in their portfolio, including Adtalem (Education and Job Training, US) in the first quarter, and Globe Life (Financial Inclusion, US) and PowerSchool (Education & Job Training, US). While Wellington have been frustrated by these attacks on the company's credibility, in each instance they acted quickly and in the best interest of clients to preserve value in these positions. Wellington's understanding of Adtalem's demographically challenged student population helped them to quickly identify the short seller's inappropriate logical reaches; for example, the criticized low graduation rates without acknowledging that time to graduate should be longer for a non-traditional part-time student population. Wellington added on weakness and subsequently benefitted from a strong rebound in the second quarter. In the case of Globe Life, Wellington quickly reduced their position size on the initial news, preserving value before shares continued to tumble. After engaging with management, and once wellington felt the heightened risk had eased, they began adding back to their position. The stock has continued to recover. When PowerSchool was attacked by a short seller for alleged financial, accounting, management, and privacy concerns, Wellington quickly assessed the claims and gained comfort that they were misleading, and the shares were oversold. Wellington added to their position on the weakness. Later in the quarter it was announced that Bain Capital will take the company private in a deal valued at $5.6 billion, or 37% higher than the unaffected deal price. In each of these cases, Wellingtons deep understanding of the companies and their high level of engagement with management allowed them to act decisively with conviction in the midst of heightened volatility.

WHEB (Active listed Equity – Impact fund)

Fund Manager collaborate engagement groups - links on page 41.

- Access to Medicines Foundation
- B Corps
- British Standards Institute
- Carbon Disclosure Project
- Chemical Footprint Project
- Climate action 100+
- EUROSIF
- FRC Stewardship Code 2020
- Future Fit Business
- Global Impact Investing Network
- Impact Management Project
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Net Zero Carbon 10
- The Big Exchange
- UKSIF
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Additional Information

WHEB were awarded Best ESG Global Equity Fund 2023 by MainStreet Partners, an ESG advisory and portfolio analytics firm

WHEB utilizes analysis tools to inform investors of the beneficial aspects of their investments. As of 30th June 2024, east Sussex has £229.8m invested in WHEB, which has resulted in:

73,996 MWh of renewable energy generated (equivalent to 6,434 European households)
48,488 tons of CO_2 emissions avoided (equivalent to the average yearly electricity use of 24,359 houses)
344.7m litres of water use avoided (equivalent to the water used by 5.6m showers)

Voting

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
40	658	516	131	8	514	144

Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in the quarter:

WHEB – detailed voting record – available here

WHEB voting guidelines and policies:

WHEB – Stewardship and Engagement policy – available here
WHEB – RI policy – available here

Engagement

[WHEB – Quarterly Reports available here]

[WHEB – Impact report available here]

Engagement example: STMicroelectronics

Objective

The overall objective is for STMicroelectronics to achieve Net Zero Carbon (NZC) emissions across Scopes 1, 2 & 3 by 2050 at the latest.

The interim objective is for the company to set targets validated by the Science Based Targets initiative (SBTi) and to focus on improving transparency on Scope 3 emissions data.

Background

STMicroelectronics has set an ambitious goal of achieving carbon neutrality by 2027 for scope 1 and scope 2 emissions and partially for scope 3. The company has developed interim targets to reduce emissions and has recognized the importance of data collection regarding its supply chain. Scope 3 emissions reporting currently only cover the transportation of goods and employee commuting. While STM acknowledges the challenges it faces in collecting comprehensive data from its approximately 6,000 suppliers, which vary in their maturity regarding sustainability reporting, it has nonetheless resisted including these emissions in their targets. The company will therefore only include the transportation of goods and employee commuting in its current targets.

Actions

WHEB engaged in dialogue with STM to discuss the company's progress regarding scope 3 data collection and the potential announcement of a NZC target encompassing all three emission scopes (scope 1, scope 2, and scope 3). WHEB also sought to understand the company's intermediary targets for reducing scope 1 and scope 2 emissions by 2025, as certified by the Science Based Targets initiative (SBTi).

Outcome

STM outlined its commitment to carbon neutrality, targeting 2027 for scope 1 and scope 2 emissions, while also addressing scope 3 emissions to some extent. The company noted that it is actively assessing challenges within its supply chain, especially upstream, and is working to expand its scope 3 data collection beyond its current limitations. STM indicated it has around 6,000 to 7,000 suppliers, varying in their maturity regarding sustainability reporting, which complicates comprehensive data collection. It did however confirm that there are no plans to commit to SBTi targets covering scope 3 emissions.

In terms of emissions reduction strategies, it plans to install a perfluorocarbon (PFC) abatement system to significantly reduce scope 1 emissions. The company also aims to decrease energy consumption per unit of production by 20% from 2016 to 2025 and is currently on track with a 17% reduction achieved. Furthermore, STM is progressing toward a 100% renewable energy target by 2027, with 71% of its electricity currently sourced from renewables, supported by Power Purchase Agreements (PPAs) with wind and solar utilities.

STM also discussed its approach to managing emissions from transportation and mentioned that while it plans to implement carbon offsets for unavoidable emissions, it has no current offsetting projects included in its reports. Overall, the company emphasised its commitment to transparency in reporting and stated that it would only disclose data that meets robust standards, promising to update its long-term goals regularly.

Atlas (Infrastructure listed equity)

Fund Manager collaborate engagement groups - links on page 41.

- FRC Stewardship Code 2020
- Climate Action 100+
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
18	244	236	7	1	238	6

Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in the quarter:

Atlas do not provide underlying quarterly voting information or their voting policy on their website. If required, this information should be requested directly from the fund manager.

Atlas – Environmental, social and governance – available here

Atlas voting guidelines and policies:

Atlas – Responsible investment policy – available here

Engagement

Atlas - ESG Page available here

Engagement Example taken from annual report:

American Electric Power Company

Opened 11th October 2023

Environment - Climate Mitigation: ATLAS assesses the alignment of expected company emissions with Paris Agreement goals of limiting global warming to Below 2 Degrees and ideally, to within 1.5 degrees. Our initial assessment for AEP suggested misalignment on both measures.

Engagement status:

Open

Engagement objectives:
ATLAS' management requests:
• A commitment toward mitigating the expected increase in emissions from 2022-26 through resource procurement or system management. Ideally reducing emissions within the B2DS budget
• Continue to commit to, and invest for, retirement of coal plants between 2026-38. Demonstrate commitment with plans and investments for required alternatives

Engagement outcomes:
On 20th November 2023, ATLAS joined a CA100+/CERES led engagement meeting to speak with AEP management regarding their new annual emissions guidance to 2040 given at EEI 2023, and their public comments submission on the US EPA's proposed new power plant emissions rules. AEP does not expect to be materially affected by the EPA's proposed rules. The new annual emissions guidance results in around -38% cumulative emissions over 2024-40 by ATLAS estimates. This would bring the company -6% within a 2030 B2DS emissions pathway. ATLAS has incorporated these assumptions to the model base case but retained the engagement as open pending further confirmatory signals from regulatory filings and approvals.

Investment impact / next steps:
ATLAS considering exiting the engagement group and closing the engagement following exit from the position in Q1 2024

UBS Osmosis Resource Efficient Core Equity (ex- Fossil Fuels) (Passive listed Equity) Part of the Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- FRC Stewardship Code 2020
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
367	5748	5185	535	20	5278	470

8 votes made were date related
Note: All data displayed is fund specific, not at fund manager level

Resolutions voted on in the quarter:

[UBS – voting record (Q1 2024) – available here]

UBS Osmosis Achieved Environmental fund of the year 2021 for their listed equity portfolio.

Engagement

[UBS Sustainability page available here]

[UBS Annual Report available here]

Chevron

Topic: AGM, Climate change

At the AGM held on 29th May UBS elected to withhold support for the election of the Chair of the Sustainability Committee.

On decarbonization, Chevron is now an outlier relative to other integrated oil & gas majors. The company' net zero target is for upstream only. Their 2028 targets have already been met, and there have been no updates.

The company did not previously participate in OGMP 2.0 or sign the Global Decarbonization Accelerator at COP28, despite wide industry participation. UBS engaged with Chevron in 2023 to discuss these gaps. In 2024, the company joined OGMP 2.0. UBS continued our engagement with the company in 2024 to assess progress on additional gaps. The company was unable to commit to any timeline to update its targets.

UBS continue to monitor the credibility of its climate transition plan and will follow up to discuss gaps in the plan.

The Walt Disney Company

Topic: AGM, Board changes

This year's Disney's AGM saw two different set of shareholders challenging the Company's Board and management and proposing their own nominees to the Board.

Trian: Trian challenged Disney's on the basis of the Company's poor performance and the board's inability to effectively oversee the CEO succession. Trian nominated Nelson Peltz (CEO and founder of Trian Management) and Jay Rasulo (former CFO at Disney).

Blackwells: Blackwells stated its support for Disney's Board and management but believed that the Board needed to add skills and independence. While Blackwells challenge had its merits UBS had the impression that their parallel contest followed an inconsistent arc.

Having met with Disney's CFO and with Trian UBS reached the conclusion that the addition of Trian's two dissident nominees could sharpen the Board's focus on delivering a more effective strategy and better returns to investors, as well as overseeing the succession to Mr Iger's role as CEO.

Following extensive discussion UBS voted to support Trian's slate and the elections and of Mr Rasulo, UBS withheld support for the re-elections of longstanding members of the Nomination and Governance Committee, Maria Elena Lagomasino and Derica W. Rice. UBS did not vote the Company's slate and Blackwell's slate.

Almost 2/3 of the shares voted the Management slate. All management nominees were elected, however Nomination Committee member Elena Lagomasino failed to receive support from 37% of the shares voted. Mr Peltz election was supported by 31% of shares voted. Mr Rasulo by 12% of shares voted.

Following the vote, UBS continue to engage with the company and monitor the Board's progress on delivering a successful strategy, particularly on streaming and content creation, as well as planning the succession to Bob Iger as the CEO.

UBS Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- FRC Stewardship Code 2020
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Engagement

UBS Sustainability page available here

UBS Annual Report available here

Phoenix Wind Topic: Sustainability

Background and goals

Phoenix Wind Repower, LLC (Phoenix) owns and operates the 198 MW Trinity Hills, 132 MW Sherbino Mesa 2 and 53 MW Silver Star wind projects in Texas. UBS acquired the business with the aim of repowering the wind farms to add value to the asset.

Action

As part of their sustainability program, UBS sought to explore the opportunity to classify Phoenix as a 'Sustainable Investment' under the EU Taxonomy. UBS drew on expertise from an external consultant to complete a deep dive sustainability assessment. At the time, although the asset substantially contributed to climate change mitigation by virtue of generating renewable energy, it did not fully meet the 'do no significant harm' technical screening criteria.

To fully align with the EU Taxonomy and meet the 'do no significant harm' technical screening criteria, UBS developed an action plan which involved close collaboration between their Sustainability specialists, Portfolio Managers and Phoenix's management.

For climate change adaptation, UBS completed a physical risk assessment to ensure that any high risks had adequate controls in place. For sustainable use and protection of water and marine resources, and pollution prevention and control, there were no adverse impacts.

For protection of biodiversity and ecosystems, Phoenix conducted a Phase I Environmental Site Assessment (ESA), Spill Prevention, Control, and Countermeasure which covers oil spill risks and protected species (birds and bats). No major risks were identified, and none of the sites were deemed to be in areas defined as biodiversity-sensitive.

For circular economy, Phoenix had to assess the availability of and aim to use components of high durability and recyclability. Phoenix's repowering activity in 2020 involved maximizing recycling of the decommissioned units. Electrical wire, copper, and other valuable components were stripped by electrical contractors and sent for recycling. Oil was drained and recycled or sent for energy recovery, and all fiberglass was recycled.

UBS also had to ensure there were minimum social safeguards in place and that good governance was being applied in the broadest sense. UBS worked with the Phoenix management team to consider how this could be implemented.

Outcome

As part of UBS's value creation activities, they successfully completed Phoenix's repowering with Vestas in 2020. This involved dismantling the blades and replacing them with newer blades that were almost 15% larger, as well as raising the height of the hubs by nearly 8%. These investments extended the project's lifespan, increased efficiency and supported more power generation over time. After repowering, the portfolio had a total capacity of 383 MW.

To support their goals around Sustainable Investments, UBS developed and implemented a strategy that qualifies Phoenix as a 'Sustainable Investment' under the EU Taxonomy. This means Phoenix meets advanced technical criteria for its approach to sustainability, with a substantial contribution to climate change mitigation.

Schroders (Property)

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- Institutional Investors Group on Climate Change (IIGCC)
- Net Zero Asset Managers Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)
- Financial Reporting Council

Engagement

Schroders - Sustainability page available here

Schroders - Quarterly sustainable reports available here

All Assets

OHF is a UK healthcare investment strategy focussed on Elderly Care Homes and Specialist Healthcare. It primarily targets purpose-built real estate held as either freehold or long leasehold tenure.

Initiative: Each asset entering the OHF portfolio is assessed by Octopus' sustainability consultant, Envision, and certified against the BREEAM In-Use (BIU) assessment. The certification is used as a baseline to monitor the asset, as well as the Fund's performance and progress towards its target of by the end of 2025, 95% of the portfolio obtaining BREEAM 'Very Good' (or better), 25% of the portfolio to achieve BREEAM 'Excellent' and a first 'Outstanding' BREEAM asset. The BREEAM report is also shared with the asset Operator.

The engagement started with a Building Research Establishment target which was to ensure that all the homes were certified in the portfolio in 2020. There have been two updates to this target since. By the end of 2023 - 75% of the portfolio to obtain BIU Very Good (or better) and 10% to achieve BIU Excellent target. By the end of 2025 target (as mentioned above) - 95% of the portfolio to obtain BIU Very Good (or better), 25% to achieve BIU Excellent and a first Outstanding asset.

Outcome:

Progress towards the BIU target as at the end of Q2 2024:

BREEAM In-Use Target	Q1 24 Percentage	Q2 24 Percentage
Outstanding	0%	0%
Excellent	29%	28%
Very Good	62%	66%
Good	1%	1%
In Progress	6%	2%
Not Rated	2%	2%

Very Good or Better	91%	94%

The next target for the Fund by 2030 is to maintain the same percentage of ratings whilst adapting from Version 6 currently to Version 7 BIU.

Obtaining its first BREEAM 'Outstanding' asset will be an achievement for the Fund. Information gathered in these assessments is added to the Octopus Real Estate Heat Map Tool. This map identifies and assesses climate-related risks and opportunities in relation to each asset, both in terms of physical climate risk and transition risk. Several care homes have conducted some suggested improvements, the most popular being to convert lighting to LED, and several are looking to install solar photovoltaics (PV) panels.

Infracapital (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- Climate-wise Disclosures
- Financial Reporting Council
- ILPA Diversity in Action Initiative
- Institutional Investors Group on Climate Change (IIGCC)
- Investors Forum
- UK Sustainable Finance and Investment Association

Engagement

Infracapital - Responsible Investment approach including ESG engagement available here

ESG Update taken from Q2 2024 Management Report

Infracapital Partners III investment recharge, the market leader for public electric vehicle charging in the Nordics, has published two annual publicly available sustainability reports outlining their commitments, and progress to date, across material and business-relevant environmental, social and governance factors. Such commitments include an aspiration to reach net-zero by 2035 and the development of a green financing framework. The business has hired a sustainability manager to lead the integration of sustainability across its operations. Further information on the progress the business has made to date and aspirations going forward can be found online.

Pleasingly, Infracapital agreed the sale of Infracapital Partners II investment in Eteck in July. Eteck is the market leader in the provision of decentralised energy solutions, deploying heating and cooling systems to residences and commercial buildings in the Netherlands. Over our holding period, Infracapital positioned the business to be at the forefront of the Dutch energy transition and is now the fastest growing heat company with the largest and most diversified Season Thermal Energy Storage ("STES") portfolio in the Netherlands

Infracapital continue to evolve their approach to sustainability integration of which one focus has been the way in which nature-related issues are integrated into their investment process. Infracapital have undertaken an internal and initial high-level screening of impacts and dependencies across its portfolio. Looking ahead, Infracapital are aiming to launch a proof of concept with an external expert in nature management which will focus on undertaking a deeper dive into sectors where nature is particularly material. Given the recommendations of the task force for nature related financial disclosures (TNFD) and the interlink between nature and climate, Infracapital aim for this piece of work to further aid the integration of nature-related issues into its investment decision-making process with a view to mitigating adverse environmental impacts and enhancing the resilience and sustainability of its assets.

Pantheon (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 41.

- Initiative Climate International (iCI)
- RepRisk
- Sustainability Accounting Standards Board (SASB)
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)
- Global Investor Statement

Engagement

Pantheon - ESG Page available here

Pantheon - ESG Reports available here

Pantheon do not produce quarterly engagement reports; however, they do have a strict ESG Monitoring process both in securing investments and afterwards, including maintaining a log of ESG issues that are not dependent on themselves finding the issue, Customized monitoring on portfolio companies to track adverse ESG publicity, and utilization and provision of ESG metrics.

In addition, Pantheon are currently working to be able to report quarterly engagement through regular reporting. Engagement updates should be available later in 2024.

IFM Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 41.

- United Nations Principles for Responsible Investment (UNPRI)
- Institutional Investors Group on Climate Change (IIGCC)
- Climate action 100+
- Global Real Estate Sustainability Benchmark (GRESB)
- Financial Reporting Council
- Net Zero Asset Managers Initiative

Engagement

Sustainability Reports available here

Engagement Example: Naturgy

Topic: Environment – Climate Change

Rationale: Naturgy represents c.30% of IFM's 2030 decarbonisation target of 2.02m tCO2e across infrastructure equity, including the IFM Global Infrastructure Fund. This target will be updated when IFM's 2023 Climate Change report is released.

As a reminder, IFM is targeting Net Zero across all asset classes, including GIF by 2050.

What have IFM done: An 11% stake in Naturgy was acquired in October 2021, growing to 16% as of 30 September 2024.

IFM engages with Naturgy through its active management approach, either at the Board level where they have one seat, or through frequent direct interactions with Naturgy management.

Naturgy has set targets so that by 2025, Naturgy is targeting to reduce its Scope 1 and 2 emissions by 48% compared to a 2017 baseline and transition to a 60% renewable energy generation mix.

As part of its long-term climate strategy, the company is seeking to increase the installed capacity of renewable generation, supporting the development of biomethane and green hydrogen as new products, developing storage systems and improving value chain energy efficiency.

Outcomes & Next Steps: Naturgy covers an extended value chain in the gas and electricity businesses, from power generation and LNG activities to the distribution, transmission and supply of gas and electricity, as well as their procurement to end customers. Additionally, Naturgy has been recognised as a key player in the Energy Transition by replacing higher carbon content fossil fuels with low-carbon fuels, being the first utility in Spain to exit coal in 2020, and by growing its existing 6.6 GW footprint of renewables assets.

Naturgy is preparing a new 2025-30 Strategic Plan, positioned by the company as 'an ambitious and attractive vision addressed to all stakeholders, focusing on growth and value creation while committing to progress in the energy transition'. The Plan is expected to be finalised and presented to the market before the end of the year.

In Q3 2024, Naturgy reached 6.6 GW of renewable capacity, adding 100 MW compared to the end of 2023. The group has currently c.2.2 GW of renewable capacity under construction, out of which 800 MW is expected to become operational in 2024. "

M&G (Fixed Income) Part of the Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- Carbon Disclosure Project
- Climate action 100+
- Climate-wise Disclosures
- Diversity in Action Initiative
- Financial Reporting Council
- Institutional Investors Group on Climate Change
- Investors Forum
- UK Sustainable Finance and Investment Association
- Net Zero Asset Managers Initiative

Engagement

M&G - Sustainability page available here

M&G - Responsible Investment & Reports available here

Engagement Example – Hiscox LTD

Engagement Objective – As part of a wider discussion around UK-listed insurer Hiscox's climate strategy, to encourage the company to have its near-term GHG reduction targets approved by SBTi. M&G also initiated discussion on consideration of wider biodiversity issues in its underwriting activities (the current plan is to phase out coal, oil sands and arctic exploration by 2030).

Engagement Result – Hiscox currently has targets to reduce its scope 1 and 2 emissions by 50% by 2030, against a 2020 adjusted baseline, and to reduce its operational Scope 3 emissions by 25% per FTE by 2030, against the same baseline. The company has been undertaking a data exercise to fully understand its emissions profile, and said having its targets SBTi validated was being considered, but no timelines were provided. M&G will continue to engage on this issue. In terms of wider bio-diversity considerations, Hiscox has engaged with its top 20 shareholders as part of its materiality assessment, and biodiversity was not currently at the top of the agenda. M&G will further pursue this, given the nature of project underwriting and potential biodiversity impacts.

Action Taken – M&G met with the company's sustainability manager, its group communications manager and members of the investor relations team.

Trafford Centre Finance LTD

Engagement Objective - As part of a wider NH (Not Held) ask relating to the borrower seeking REIT status in the future, M&G as in a committee of NHs had the perfect opportunity to secure improved reporting/better disclosure on financial performance of the underlying loan security (a shopping centre). The previous owner of the centre entered administration in June 2020 resulting in the subordinate lender while supporting the centre's post covid recovery, as new owners they'd be disappointingly unreceptive to attempts to engage with us (CMBS noteholders).

Engagement Result - Improved reporting from the Trafford Centre that will supplement the existing and very weak financial disclosure (pre 2019 securitization Regs) that is currently received. The reporting going forward will include a public interactive investor quarterly noteholder call and six-monthly detailed presentation, containing performance update, asset management business plan/ESG projects, updated valuation analysis, recent financial performance and debt service & overview of P&L account and balance sheet for the borrower. All of which will help investors now have a better-informed view on the underlying risks than they did previously.

Action Taken - Requested that the borrower establish a regular line of communication to NHs and be given as much visibility as possible to the Centre going forward. After interaction with a borrower representative including the asset manager, NHs/M&G's legal advisors a borrower information undertaking letter was signed.

Bluebay (Total Return Credit) Part of the Access Pool

Fund Manager collaborate engagement groups - links on page 41.

- Climate action 100+
- Global Impact Investing Network
- IFRS Sustainability Alliance
- Responsible Investment Association
- UK Stewardship Code
- United Nations Principles for Responsible Investment (UNPRI)

Engagement

Bluebay Responsible Investment and Climate Change policies available here

Engagement Example – Brazil

The Fund has had investment exposure to Brazil on and off for many years and conducts ongoing engagements including on ESG–related matters, with the government and other related stakeholders.

2023 example: sustainable finance: The government has started to issue ESG-labelled debt. In Sept. 2023, Bluebay met with representatives from the Brazilian Finance Ministry on their new Sustainable Bond Framework. Bluebay heard directly from the Debt Management Office (DMO) how they intend to deploy the framework to issue a use-of-proceeds bond to fund environmental and social projects. Their first priority is on green spending, particularly the elimination of illegal deforestation, but they have also identified social spending that could be allocated to reach a benchmark issuance size.

Key features of the included alignment of the framework with industry best practice (such as the ICMA principles), having an external second party opinion provider, and annual impact reporting which would also be externally verified. A permanent Sovereign Sustainable Finance Committee (SSFC) will plan, implement and monitor any green, social or sustainability bonds issued under the framework. Ahead of any issuance, the SSFC will publish details of the budget line items that are going to be financed with the proceeds.

2024 example: deforestation: In Q1 2024 Bluebay engaged with the Head of the Department for Deforestation and Fire Control Policies at Brazil's Environment Ministry. Bluebay noted his team's success in bringing down deforestation in the Amazon in 2023, estimated to be by c.50%. But Bluebay engaged on actions to reverse the opposite trend in the Cerrado, where deforestation climbed by a comparable amount the previous year.

Bluebay welcome efforts by Brazil to tackle deforestation, having continued to warn them of the importance of this for their ability to secure future financing. Improving enforcement actions and resulting improvement deforestation rates, along with greater policy focus on climate and nature will likely strengthen Brazil's ESG credentials.

Adams Street (Private Equity)

Fund Manager collaborate engagement groups - links on page 41.

- Initiative Climate International (iCI)
- RepRisk
- Science based targets Initiative
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)

Engagement

Adams Street - Responsibility page available here

2023 ESG Report available here

Every investment decision Adams Street makes is based on a careful analysis of both risk and opportunity. By integrating ESG considerations at every stage of the investment life cycle — from deal sourcing, through investment due diligence, to portfolio construction, and reporting and monitoring — they can better identify opportunities for risk mitigation and long-term value creation in their investments.

During the quarter, Adams Street engaged with 107 GPs to which East Sussex currently has exposure through their Adams Street portfolio. The nature of these interactions were as follows:

- 22 due diligence calls
- 9 operational due diligence calls
- 18 advisory board meetings
- 24 LPAC meetings
- 6 portfolio reviews

Harbourvest (Private Equity)

Fund Manager collaborate engagement groups - links on page 41.

- Diverse Alternative Investment Industry Statement
- Diversity in Action Initiative
- Initiative Climate International (iCI)
- Taskforce on Climate Related Financial Disclosure
- United Nations Principles for Responsible Investment (UNPRI)

Engagement

Harbourvest – Annual ESG report available here

Harbourvest – TCFD progress report available here

Engagement Update (from 2023 ESG Reports)

Business Type: Fertilizers & Agricultural Chemicals

ESG Category: Environmental

Through Harbourvest's standard RepRisk incident monitoring process, they were made aware of an NGO report making allegations against, amongst others, a portfolio company which is a European sustainable agricultural solutions provider. The report claimed the portfolio company owns a plot of land nearby, and therefore is potentially infringing upon, large areas of indigenous territory in South American rainforests. Harbourvest reached out to the GP to understand more about these allegations and the GP's view on the portfolio company's potential link to adverse human rights impacts. Upon Harbourvest's engagement, the company's internal Audit and Risk team conducted a thorough investigation, supported by external advice. The investigation concluded that the allegations are misleading and that there is no evidence of wrongdoing or land infringement by the portfolio company. The GP confirmed that the plot of land in question is not in fact owned by the portfolio company but has instead been kept by former shareholders of an acquired subsidiary. Furthermore, the investigation confirmed that the plot of land is close to two indigenous reserves, but that the land is duly licensed and authorized by public bodies, is not subject to any agricultural exploitation, and is 8 km away from the area declared of interest by a Brazilian governmental protection agency for the rights of indigenous people. Harbourvest appreciated the detailed investigation conducted by the GP and portfolio company, and accepted the conclusions of the investigation that there is no evidence of irregularity, which is also consistent with the initial due diligence performed at the time of the subsidiary acquisition.

Fossil Fuel Exposure by Fund Manager

The fund actively monitors the fossil fuel exposure of its fund managers to allow for engagement when we feel that these values are of concern. The below table lists fossil fuel exposure as of 30th June 2024

Fund	Mandate	Exclusion	% Fund Assets	% Fossil fuel exposure of total fund value
UBS Osmosis	Equity - Passive - Resource Efficient	Fossil Fuel free	8%	0.0%
Longview	Equity - Global		10%	0.0%
WHEB	Equity - Sustainable Global	Fossil Fuel free	5%	0.0%
Baillie Gifford	Equity - Global	Fossil Fuel free	4%	0.0%
Wellington	Equity - Sustainable Global	Fossil Fuel free	5%	0.0%
Storebrand	Equity - Passive - ESG Plus	Fossil Fuel free	10%	0.0%
Harbourvest	Private Equity		4%	0.0%
Adams Street	Private Equity		4%	0.1%
Ruffer	Absolute Return		9%	0.4%
Newton	Absolute Return		7%	0.2%
Schroders	Property		7%	0.0%
ATLAS	Infrastructure Equity		2%	0.1%
Pantheon	Infrastructure		2%	0.0%
UBS	Infrastructure		1%	0.1%
M&G	Infrastructure		1%	0.0%
M&G	Fixed Income - Private Debt		1%	0.0%
M&G	Fixed Income - Multi Asset Credit		4%	0.0%
M&G	Fixed Income - Corporate Bonds		3%	0.0%
Bluebay	Total Return Credit		3%	0.0%
UBS - Over 5 Year IL Gilt	Fixed Income - Passive Index Linked Gilts		5%	0.0%
IFM	Infrastructure		5%	0.3%
Cash	Cash		0%	0.0%
Total Assets			**100%**	**1.3%**

Engagement Group Links

Access to Medicines Foundation

B Corps

British Standards Institute (BSI)

Chemical Footprint Project

Climate Action 100+ (CA100+)

European Sustainable Investment & Finance Association (EUROSIF)

Financial Reporting Council Stewardship Code (FRC)

Future Fit Business

Global Impact Investing Network

Global Real Estate Sustainability Benchmark (GRESB)

ILPA Diversity in Action Initiative

Impact Management Project

Initiative Climate International (iCI)

Investors Forum

Local Authority Pension Fund Forum (LAPFF)

Net Zero Carbon 10

Net Zero Asset Managers Initiative

RepRisk

The Big Exchange

Transition Pathway Initiative (TPI)

Sustainable Accounting Standards Board

UK Sustainable Investment & Finance Association (SIFA)

UN Global Compact

United Nation Principals for Responsible Investment (UNPRI)