Implementation Statement

Cushon Master Trust

1 January 2024 to 31 December 2024

Contents

Introduction

This statement is the Annual Implementation Statement (the "Statement") of the Cushon Master Trust (the "Scheme") covering the Scheme year from 1st January 2024 to 31st December 2024. This Statement should be reviewed in conjunction with the Scheme's Climate Change report in line with the Taskforce on Climate-related Financial Disclosures ("TCFD"), the Scheme's Statement of Investment Principles ("SIP") and the Scheme's Responsible Investing ("RI") policy. These documents are available on the NatWest Cushon website.

The purpose of this Statement is to advise how responsible stewardship has been carried out by the Trustees of the Cushon Master Trust. This is achieved through:

- Advising of any changes within the Scheme year to either the SIP or the RI policy.
- Informing of how the SIP and RI policy have been adhered to throughout the Scheme year.
- Describing how the Trustees have engaged with stewardship requirements through utilising its voting powers inherent in those investments held by the Scheme throughout the Scheme year.

This Statement is intended to meet the requirements under the Occupational Pension Schemes (Investment & Disclosure) (Amendment) Regulations 2019, which were introduced on 1st October 2020. The Trustees intend to demonstrate adherence to the SIP and RI Policy by detailing:

- Actions the Trustees have taken to manage the financially material risks and implement the key policies within the SIP;
- The steps in place to ensure the default investment strategies remain in the best interest of Scheme members;
- The current approach to Environmental, Social and Governance ("ESG") factors (including actions taken by the fund managers to mitigate ESG risks on behalf of the Trustees);
- The extent to which the Trustees have followed policies on engagement covering engagement actions with their fund managers, and in turn the engagement activity of those fund managers with the companies within their investment funds;
- The most significant votes cast on behalf of the Scheme between 1st January 2024 and 31st December 2024;
- How the Scheme's fund managers have voted in line with the Trustees' stewardship priorities.

Executive Summary

The Trustees' objective is to maximise returns for their members, adjusted for risk and inflation, regardless of when they take their benefits. The Trustees also recognise their duty to invest responsibly, taking into consideration the risks and opportunities linked to ESG factors.

To direct the investing, voting and engagement, and governance of the Scheme, the Trustees apply the SIP, RI policy and Stewardship Policy. The Trustees confirm that the policies set out within these policies have been appropriately followed throughout the Scheme year to the 31st December 2024.

During the period covered by this Statement, the Trustees have approved a new Stewardship Policy, which sets out the Trustees' Stewardship expectations more formally and expands on areas such as exclusions and manager monitoring. The Trustees also made changes to the SIP to reflect the consolidation of the Workers Pension Trust ("WPT") into the Cushon Master Trust. Since the end of the last Scheme year former WPT members have been transitioned to Cushon investment strategies. Finally, the Trustees established a new policy on Private Markets. These changes are discussed in more detail below. These policies are being updated again in 2025 and the Trustees will report on these changes within the Implementation Statement of the applicable Scheme year.

Additionally in the last Scheme year, the Trustees have achieved their interim scope 1 & 2 carbon intensity reduction targets (reflected in the Trustees' 2024 Climate Change report), agreed in principle to invest in a

Natural Capital mandate (with a commitment subsequently made to the Aviva Investors Carbon Reduction Fund made after the end of the last Scheme year on 21st May 2025), and undertaken engagement activity on voting rights. Significant votes and engagements are highlighted within this Statement as well as details of overall voting and engagement statistics for the Scheme year.

Roger Mattingly (Chair)
For and on behalf of the Trustees of Cushon Master Trust

Reviews and updates of policies within the Scheme year

This Statement covers the latest updates to the policies included in the SIP and RI Policy which were in force during the Scheme year (latest version dated February 2024). The Trustees have updated the SIP again in 2025. The latest version can be found here: Cushon Master Trust SIP. The Trustees are also in the process of updating the RI Policy again for 2025, but this has yet to be finalised at the time of publishing this Statement.

The Trustees' policies cover the following areas in order to comply with relevant regulations:

- Policies for managing financially material considerations including ESG factors and climate change;
- Policies and priorities on the stewardship of the investments;
- An explanation of how the default investment strategies are in the best interest of members.

The Trustees regularly review the Scheme's policies to ensure that these documents align to the current economic climate and the positioning of the investment strategy (incorporating a future economic outlook). Based on these reviews the Trustees determine if any updates are required in order to permit the Trustees to discharge their fiduciary duty.

During the Scheme year to 31st December 2024, the Trustees established a new Stewardship Policy, consolidated Workers Pension Trust members into the Cushon Master Trust, and established a new policy for investments in private market assets. As a result, the following key changes were implemented in the SIP, RI policy and newly introduced Stewardship Policy during the reporting period:

The new Stewardship policy covers The Trustees expectations of managers with regard to voting and engagement, the Trustees approach to exclusions across the default investment strategies, and details of how managers will be reviewed on an ongoing basis.

The consolidation of the Workers Pension Trust required a new alternative default investment strategy. This was for ex-WPT members who had not made specific investment choices. This strategy was the same as the Workers Pensions Arrangement default strategy.

To reflect the inclusion of WPT, various policies in the SIP were updated to reflect their specific considerations, including investment beliefs, policies and stewardship. The Trustees will continue to review these approaches in the future.

A new policy on private market assets has been established that details the Trustees' considerations towards unlisted and private assets. This policy aims to ensure sufficient liquidity for the targeted allocations, and highlights how associated risks are mitigated.

As a result of the separate Stewardship Policy being created, the sections on stewardship in the RI policy were removed.

Other changes included minor changes to the wording to improve readability, and improve clarity around responsibilities (highlighting Trustees, Scheme Funder, and advisers where appropriate).

To implement the changes within the Trustees' policies, advice was sought from the Trustees' Investment Adviser to confirm that changes were in line with the Trustees' investment strategy. Prior to this, documents were discussed by the Trustees with Cushon MT Limited (the Scheme Funder) and the Trustees' legal adviser. Following these engagements, updates were approved by the Trustees and implemented in February 2024. The RI Policy was further amended in October 2024 to reflect the introduction of the new Stewardship Policy at the same time.

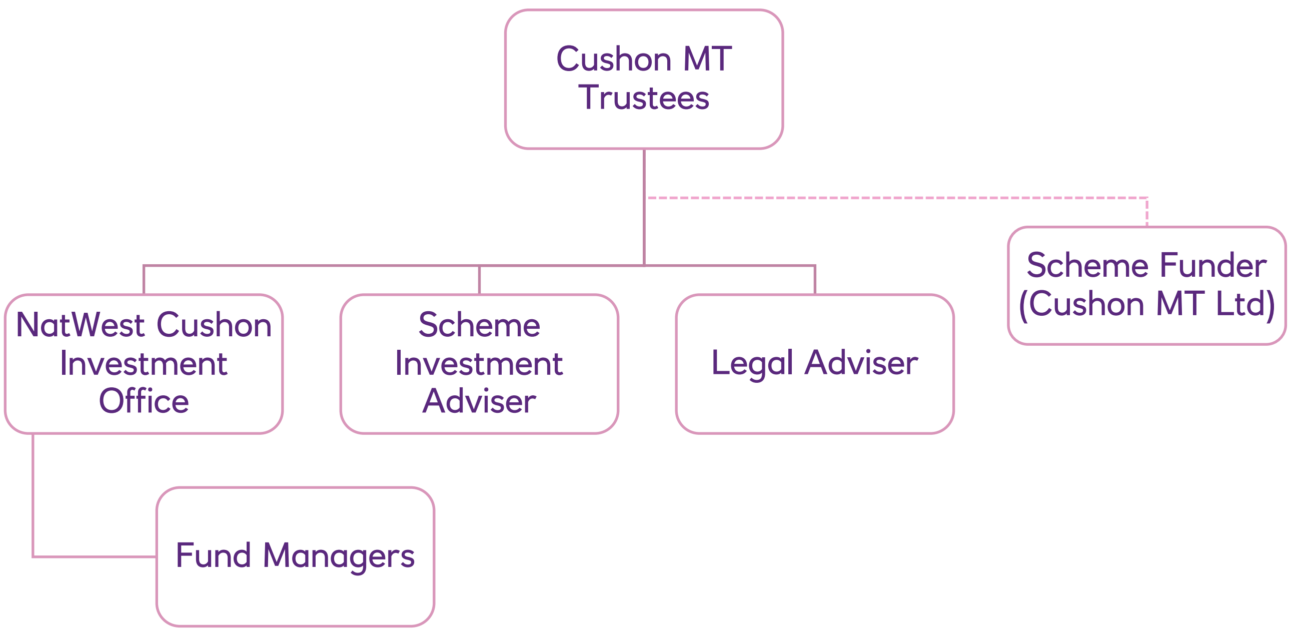
Further changes have been implemented to the SIP in May 2025, but as these changes occurred outside of the applicable Scheme year the Trustees will report on them in the subsequent Implementation Statement.

Adherence to the SIP and RI Policy through the Scheme year

It is the opinion of the Trustees that they have adhered to the SIP, RI policy and Stewardship Policy. The below sections of this Statement provide detail on what processes and controls have been implemented throughout the Scheme year to ensure this adherence has occurred.

Governance

The Trustees are responsible for the governance and investment of the Scheme's assets and are required to make important decisions on the investment strategy, with support from the NatWest Cushon Investment Office and advice from their Investment Adviser and Legal Adviser as appropriate. Day-to-day aspects are delegated to fund managers or advisers as appropriate, and the Scheme Funder is consulted when reviewing investment strategy issues. The diagram below provides a high-level overview of the governance structure:



The Trustees have effectively utilised this governance structure in the Scheme year to prepare climate risk reporting in line with the recommendations from the TCFD (the "Climate Change Report"). This report outlines how climate risks and opportunities are considered across the Scheme, including governance activities, strategy and risk management. The Climate Change Report has led to the creation of climate targets which are included in the Trustees' Investment Beliefs (see below).

During the Scheme year, the Trustees have also exercised their responsibilities, as outlined in the SIP, RI Policy and Stewardship Policy to assess the performance of advisers/fund managers, communicate with members and review the investment strategy for the Scheme. The Trustees perform these duties via monthly meetings focused on investment considerations and at least quarterly meetings for formal decision making.

The Trustees' Investment Adviser and NatWest Cushon Investment Office attend all these meetings, whereas fund managers, legal advisers and the Scheme Funder attend as required.

Investment Beliefs

The Trustees formulated a set of investment beliefs in 2022 to be considered when developing the investment strategy. These are explained in detail within the SIP. These beliefs are reviewed annually and, where known, the Trustees take members' views and preferences into consideration when developing their investment beliefs over time, to the extent that to do so does not conflict with their legal obligations and fiduciary duties as pension scheme Trustees. During the 2024 Scheme year the Trustees' investment beliefs were reviewed but no changes were suggested. The Trustees expect to review their investment beliefs in more detail in 2025 alongside a review of the Trustees' climate targets.

To guide investments, the NatWest Cushon Investment Office prepare proposals in accordance with these beliefs, and the Trustees' Investment Adviser creates in depth due diligence that addresses the specific requirements outlined in the SIP.

The due diligence prepared by the Investment Adviser includes an analysis of a broader market including a range of opportunities that operate in different markets and use different styles. Responsible investment is incorporated into the analysis and the Trustees have invested in opportunities that increase the exposure to responsible investment factors. The Trustees have also followed the investment governance reporting framework to monitor the implementation and management of the investment funds.

Ultimately investments have been selected which maximise returns for members adjusted for risk and inflation. Risk considerations include responsible, sustainable and social factors, which reflects the Trustees' belief that responsible investment factors can be rewarded when properly considered. The Trustees' evidenced this belief in 2024 by making a decision in principle to include a Natural Capital allocation for the Cushon Sustainable Investment Strategy default arrangement. The Trustees have since made a formal commitment to the Aviva Investors Carbon Removal Fund on 21 May 2025.

Underpinning the responsible investment considerations are the Trustees' climate targets which were established in 2023. These are:

1. For the carbon footprint (scope 1 & 2) to be at least 80% lower than the 2022 baseline[1] by 30 Sep 2030.
2. Achievement of net zero well in advance of 2050.

As noted in the latest iteration of the Climate Change Report published alongside this statement, the Trustees have achieved the 80% reduction target for their portfolio. The Trustees expect their carbon footprint to fluctuate and as such this target has been maintained for 2025. The Trustees are reviewing their approach to climate targets and will provide an update on their approach in the 2025 Climate Change Report.

The Trustees have also continued to survey member views. In the Scheme year the Trustees received reporting on members' expressed preferences on selected voting resolutions for investee companies submitted via the NatWest Cushon App.

[1] The 2022 baseline is defined as the weighted average carbon footprint (scope 1 & 2) of broad market indices weighted by the Cushon Sustainable investment strategy's growth phase asset allocation. These are: 90% Solactive GBS Global Markets Large and Mid-Cap, 2.5% Bloomberg Global Aggregate, 4.3% Bloomberg Global Aggregate Corporates and 3.2% 50 / 50 ICE BoA Global High Yield / Global Investment Grade.

Investment Options

The Trustees have established default investment strategies which have been selected in the best interest of the majority of members and beneficiaries. These are managed on the Mobius Life Limited investment platform by underlying fund managers (as detailed in the SIP).

During the Scheme year to 31st December 2024 the Trustees introduced a new default investment strategy and self-select investment options to reflect the consolidation of WPT into the Scheme. Members of the WPT were given the option to make a specific investment choice, and the new default investment strategy was introduced for members who did not make a specific investment choice. The new default investment strategy included a growth fund, a volatility reduction fund and a capital reduction fund. This reflected the prior investment strategies within the WPT. Since the end of the last Scheme year former WPT members have been transitioned into Cushon investment strategies from April 2025.

There were no new funds added to the investment options in 2024.

Trustees' Policies

Within the SIP the Trustees outline policies which they follow to support investment management (including realisations and security of assets), ESG considerations, responsible investment and stewardship. Within the Scheme year to 31st December 2024, the Trustees adhered to these policies and amended them to reflect the inclusion of the WPT investment strategies. The Trustees also established a new policy around investment in private market assets.

The new policy on private market assets is an evolution of the liquidity management process established by the Trustees in 2023. This new policy sets out the Trustees' stance towards unlisted assets, and outlines the processes followed in order to manage associated risks. This includes rigorous due diligence and liquidity monitoring processes.

In accordance with policies around ESG, the Trustees have continued to engage with members via surveying members' preferences on selected voting resolutions in the NatWest Cushon App. Additionally, the Trustees continue to make available appropriate self-select options to allow members to invest their pension pot to express different beliefs.

The RI policy was updated during the 2024 Scheme year in accordance with the Trustees' policy on the matter. The Trustees' Investment Adviser and the NatWest Cushon Investment Office both supported the review process.

As mentioned above, the Trustees also established a separate Stewardship Policy which provides more detail about the Trustees' approach to exclusions, and the expectations of their fund managers. The Trustees' Investment Adviser and the NatWest Cushon Investment Office supported the Trustees to establish this Policy.

Stewardship Priorities

During the 2024 Scheme year the Trustees maintained their stewardship priorities. These priorities were communicated with fund managers to provide clear direction on the Trustees' expectations around voting and engagement. These priorities are as follows:

1. Climate alignment – decarbonising and minimising emissions
2. Climate adaptation
3. Biodiversity risk and management
4. Labour rights incl. modern slavery
5. Diversity and inclusion (on boards in particular)

The Trustees have also established a new process in which fund manager's stewardship capabilities are assessed on an annual basis. As this process is performed the Trustees will engage with the fund managers, typically via their Investment Adviser, on proposed areas of improvement if necessary. Details of each fund manager's stewardship activities are included within the Voting and Engagement sections of this Statement.

The Trustees shared their new Stewardship Policy with their fund managers and provided details of the assessment that would be undertaken. The fund managers were supportive and provided the Trustees with details that have been used in the Voting and Engagement sections of this Statement.

Monitoring & Fees

In accordance with this section of the SIP, the Trustees have:

- Monitored the performance of the fund managers in accordance with the criteria specified in the SIP
- Monitored the advice received from their advisers
- Assessed their Investment Adviser against the investment objectives
- Reviewed and updated the SIP as described above
- Maintained relevant records of decisions they have taken
- Reviewed fees charged by the fund managers and investment platform provider
- Documented conclusions around value for members in the Scheme's annual report and accounts.

Risks

As a part of the Trustees' fiduciary duty, the Trustees are responsible for ensuring that any financially material risks and opportunities are considered. As such, the Trustees have identified a number of key risks which are detailed within the SIP. These have been monitored quarterly as part of a Trustees' Risk Register with necessary actions tracked routinely.

The implementation of the default investment strategies and the actions taken within normal governance provide the Trustees with the structure to effectively manage the risks which have currently been identified. The changes detailed within this Statement demonstrate the Trustees' ongoing commitment to manage the Scheme in a way that mitigates these risks in an appropriate manner.

A key component in managing the identified risks is the advice received from the Trustees' advisers. The Trustees will continue to assess their Investment Adviser on an annual basis against their investment objectives. During the 2024 Scheme year this assessment was completed in March 2024. The latest assessment was completed in January 2025.

The table below provides details of all the risks that are monitored by the Trustees, and specific considerations which were considered during the 2024 Scheme year. For each risk there are a number of sub-risks that the Trustees use to help track specific areas and the Trustees assess the likelihood and impact of each risk pre and post mitigation:

Risk	Considerations During the Scheme Year
Fraud	This risk is managed via 4 sub-risks covering the Trustees' bank arrangements/payments and members' benefits. Controls include various procedures that protect bank transfers, ensure correct settlement of benefits, and help to make members aware of possible scams. During the 2024 Scheme year, a new risk was identified around an incorrect transfer of assets between funds and/or investment platforms. To manage this risk, new controls were introduced that require special instructions for non-administrative transactions. Also, a new control was introduced that aims to prevent benefits being settled to ineligible persons.
Funding & Investment	This risk is managed via 9 sub-risks covering the investment approach, advice received, financial sustainability and ESG risks. Controls include procedures that ensure the Trustees are appropriately reviewing their Investment Adviser and maintain processes that mitigate risks facing the Scheme's investments. During the 2024 Scheme year: - The Trustees are aware that there is always the risk of receiving unsuitable advice so to mitigate such a risk, controls were established to ensure advisers are reviewed on an ongoing basis. - Reputational risks were embedded into other risks across this area of consideration. - A new risk was identified relating to climate change not being adequately factored into investment strategies. Controls were identified around climate change reporting and specialist advice received.
Compliance/ Regulatory	This risk is managed via 4 sub-risks covering the Pensions Regulator ("TPR") and HM Revenue & Customs ("HMRC") requirements as well as other regulatory reporting. Controls detail processes that ensure timely production of Scheme documents and the Scheme's business plan and continuity strategy. During the 2024 Scheme year, additional controls were introduced that covered processes maintained with the Scheme Funder around reporting requirements and details of support from the Scheme administrators.
Operational/ Administration of Connected Parties	This risk is managed via 18 sub-risks covering benefit calculations, audits, member communications, contributions, cyber security/data requirements, systems & processes and Scheme documentation. Controls include a number of policies that the Trustees maintain and agreements with the Scheme administrators. During the 2024 Scheme year: - Risks were expanded on around audit, member communications, cyber security and complaints handling to better describe the risks facing the Scheme. - Controls were introduced around the administration platform that improve the Trustees' oversight of operations. - New policies were introduced regarding Data Protection and Data Incident Response which serve as cyber security and data protection controls. - A new risk was identified regarding Scheme systems and processes not being adhered to, and controls introduced around the Trustees' Governance Plan, oversight of the Scheme administrators and external audits.

Scheme Management	This risk is managed by 10 sub-risks that could impact the management of the Scheme, from loss of service from advisers/service providers to a lack of Trustee succession planning considerations which could lead to poor Trustee oversight. Controls include agreements in place with appointed advisers that set out service level standards, and policies that ensure the Trustees have suitable training and duly consider Equality, Diversity and Inclusion ("ED&I") best practice. During the 2024 Scheme year, new controls were identified including the Trustees' training and fitness and proprietary checks conducted by the TPR. The Scheme Funder has also established a policy that governs the selection, appointment and removal of a Trustee to ensure ongoing management of the Scheme. Also during the Scheme year, an ED&I questionnaire was issued to advisers and service providers as part of a new control to mitigate ED&I risks.
Risks Relating to Ongoing Projects	This area of the Risk Register changes regularly and is used to assess and mitigate risks surrounding ongoing projects linked to the running of the Scheme. During the 2024 Scheme year, risks relating to completed projects were retired and new risks tracked surrounding the administration migration and planned investment transition for the former WPT members.

Engagements (including significant engagements)

The Trustees delegate engagement activities to the underlying fund managers and they communicate their voting and engagement expectations of fund managers via their Stewardship Policy. The Trustees have requested details on engagement actions from the fund managers of all the funds within the default investment strategies for 2024.

The Trustees have elected to use the Engagement Reporting Guide from the Investment Consultants Sustainability Working Group ("ICSWG") to facilitate transparent reporting and create comparable data between fund managers. The use of this guide also assists the Trustees in reviewing the stewardship approaches of the underlying fund managers.

With regard to engagement data:

- Any new fund managers that are added to the Scheme must confirm compliance with these reporting requirements prior to appointment, in line with the Scheme's procurement process.
- The Trust Deed and Rules states that the Trustees have the power to delegate their investment powers and may appoint investment managers (fund managers), custodians or nominees to hold assets on their behalf.
- The sum of engagements shown in the table below may not add up to the "total engagements" total as some engagements may fall under more than one of the Environmental, Social, Governance and 'Other' categories.

Below is a breakdown of engagements by fund manager, for details of each fund manager's approach to stewardship please see the Appendix.

Cushon Sustainable Investment Strategy and Cushon Core

Cushon White-Labelled fund	Underlying fund	Number of entities engaged	Total number of engagements	Climate-related engagements	Social-related engagements	Governance-related engagements
Cushon Global Equity	Macquarie Sustainable True Index	161	235	180	99	132
Cushon Multi Asset Growth	Schroders Climate +	44	71	39	1	31
Cushon Global Bonds	Lombard Odier TNZ Global IG Corporate	7	7	6	1	0
Cushon Global Bonds	Wellington Global Impact Bond Fund	88	259	70	100	529
Cushon Global Bonds	Ninety One Global Total Return Credit	16	19	n/a	n/a	n/a
Cushon Global Bonds	LGIM Future World Corporate	145	366	264	80	291
Cushon Inflation-Linked Government Bonds*	LGIM Over 5 year Index Linked Gilts	n/a	n/a	n/a	n/a	n/a
Cushon Sterling Cash	LGIM AR Cash Fund	4	12	8	0	9

*There is no data available for the Cushon Inflation-Linked Government Bonds fund as LGIM does not record data for some governance bond funds.

Cushon Self Select Options

Cushon White-Labelled fund	Underlying fund	Number of entities engaged	Total number of engagements	Climate-related engagements	Social-related engagements	Governance-related engagements
Cushon Sustainable Global Equity	L&G Future World Global Equity Index Fund	1281	2027	1473	488	793
Cushon Sustainable UK Equity	L&G Future World UK Equity Index Fund	179	351	199	92	333

Cushon Sustainable Europe (ex UK) Equity	L&G Future World Europe (ex UK) Equity Index Fund	177	311	200	77	118
Cushon Sustainable Japanese Equity	L&G Future World Japan Equity Index Fund	80	130	116	26	30
Cushon Sustainable North American Equity	L&G Future World North America Equity Index Fund	306	531	352	165	238
Cushon Sustainable Pacific ex Japan Equity	L&G Future World Asia Pacific (ex-Japan) Developed Equity Index Fund	76	129	104	19	45
Cushon Sustainable Emerging Markets Equity	L&G Future World Emerging Markets Equity Index Fund	473	596	513	117	39
Cushon Global Impact	Baillie Gifford Positive Change Fund	28	64	19	10	94
Cushon Sustainable UK Corporate Bonds	L&G CCAT Future World GBP Corporate Bond Index Fund	145	366	264	80	291
Cushon Index-Linked Gilts*	L&G Y All Stocks Index-Linked Gilts Index	n/a	n/a	n/a	n/a	n/a
Cushon Fixed Interest Gilts*	L&G AA All Stocks Gilt Index	n/a	n/a	n/a	n/a	n/a
Cushon Shariah	HSBC Islamic Global Equity Index Fund	40	70	56	50	29

Cushon Cash	LGIM AR Cash Fund	4	8	12	0	9

*There is no data available for the Cushon Index-Linked Gilts and Cushon Fixed Interest Gilts fund as LGIM does not record data for some government bond funds.

Following communication of the Trustees' five stewardship priorities, fund managers have identified the following engagements as significant in line with these priorities. Where possible, the Trustees have detailed the results of these engagements.

Case Study: Macquarie Engagement with National Australia Bank

Target company	National Australia Bank Ltd.
Rationale for Engagement	This was a material holding across portfolios and hence identified as a target for engagement. The material topics identified were human capital development, GHG emissions and privacy & data security. In particular in this engagement, Macquarie were focused on NAB's transition plan assessment framework (an issue that had been raised in a shareholder resolution proposed at an upcoming AGM).

Actions taken	Macquarie have held a number of previous engagements with NAB, including attendance at company roundtables and one-on-one meetings with the board. This was the attendance at a company-organised roundtable with bank executives
	• NAB released a Supplementary Climate Disclosure Report detailing new targets and updates on their strategy and held a roundtable for investor feedback. Key updates that were identified are included in the next three bullet points.
	  ○ Addition of 5 new sector decarbonisation targets in real estate and transport.
	  ○ Inclusion of capital markets activities in the transition plans for power generation, oil and gas, and metallurgical coal customers.
	  ○ Development of a transition plan assessment methodology.
	• NAB acknowledged ongoing challenges in monitoring capital expenditure alignment and measuring Scope 3 emissions.
	• NAB communicated improvements to the level of detail in their assessment methodology through the identification of assessment criteria for specific emissions scenarios.
	• NAB highlighted that they prefer engagement with customers over divestment and will use annual monitoring and reporting to track customer transition plan progress.
	• Agriculture was discussed as being the only sector without a specific target, pending government plans and methodologies suitable for the Australian context.

Outcomes and Next Steps	Improvements identified by NAB during this engagement included disclosure of what actions arise from transition maturity assessments such as how NAB determines if a reduction in exposure is necessary; and the provision of further details on NAB's transition plan assessment framework (which were both previously flagged by MSI as areas requiring uplift). While improvement in an investee company may be observed following an engagement, it can be difficult to draw a direct correlation between MSI's engagement activities and a target company's actions as MSI generally makes small, non-controlling investments. The below expectations were also communicated to NAB during the engagement, and Macquarie will continue to engage on this topic: • Expanded Scope 3 emissions coverage in sector targets from 2026

Case Study: Lombard Odier Engagement with Volkswagen

Target company	Volkswagen
Rationale for Engagement	Lombard Odier Investment Management (LOIM) started to engage with a Volkswagen in 2024 alongside other investors as a part of collective engagement in the Investor Alliance for Human Rights. The aim was to tackle Uyghur forced labour issues in the automotive industry. They joined the Volkswagen, Tesla, BYD and Toyota investor group, with an active participation but no lead role. This supported LOIM's aims to seek to address controversies as a part of their engagement strategy.
Actions taken	A letter was sent in February 2024 explaining the importance of addressing human rights issues in their value chain and more specifically in the Xinjiang Uyghur Autonomous Region. The objectives for Volkswagen are the following: • Request to undertake a complete mapping of its value chain to identify all/any business relationships that are connected with the Xinjiang region • Demonstrate steps to disengage from any business relationships with suppliers operating in the Uyghur region • Publicly disclose efforts & progress on the above including how Volkswagen is working with affected people in determining remedy. After a reminder, the company acknowledged receipt of their letter and agreed to an initial meeting. In the meantime, the company conducted its own review of the situation through a third party organization, but the credibility of the latest review was strongly criticized. In their first discussion with the company, LOIM aimed to understand human rights challenges beyond audits.
Outcomes and Next Steps	Volkswagen has begun increasing transparency and communicated its plan to exit the Xinjiang Uygur Autonomous Region. However, their dialogue with the company remains challenging, as the investor relations team struggles to address their concerns about board oversight on human rights issues. Consequently, in late December, LOIM decided, along with the investor group, to escalate the matter by sending a letter directly to the board and supervisory board.

Case Study: Schroders Engagement with Greencoat Solar Assets

Target company	Greencoat Solar Assets
Rationale for Engagement	This investment was identified as a large part of the portfolio, and the topic aligned with key objectives for the investment strategy. As part of their commitment to sustainable renewable energy development, Schroders recognise the importance of balancing solar infrastructure expansion with the protection of biodiversity and ecosystems. While solar energy plays a key role in achieving net-zero targets, it is essential to assess and mitigate its potential environmental impact. Their approach prioritises responsible land stewardship, ensuring that biodiversity conservation is integrated into asset management strategies. The engagement aligns with SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), and SDG 15 (Life on Land), by ensuring that renewable energy expansion is balanced with biodiversity protection and sustainable land management.
Actions taken	An engagement was conducted and a summary of the discussion is below: • Prior to the reporting year, a comprehensive biodiversity baseline assessment was conducted across all of the company's solar assets to better understand habitat health and ecological value. • This involved collaboration with ecologists who evaluated biodiversity based on habitat type, land use and species distribution. • The study also identified tree-related risks, assessed on soil health, and quantified the natural capital value of each site. • Following on from this, Schroders developed a geographical information system, which

	supported ongoing monitoring and adaptive management. This tool provides an interactive map that captures key environmental data for each asset.
Outcomes and Next Steps	The biodiversity assessments and GIS mapping have facilitated structured data collection and visualization, ensuring that habitat types and environmental risks are clearly documented. This initiative establishes a strong foundation for biodiversity net gain strategies, enabling targeted conservation actions and sustainable land-use planning. Moving forward, Schroders aim to integrate biodiversity-focused management plans across the portfolio, enhancing the resilience of ecosystems while supporting the continued growth of renewable energy infrastructure.

The Trustees recognise that while Greencoat Solar Assets is a distinct company it is part of the Schroders group of companies.

Voting (including significant votes)

As with engagement activities, the Trustees delegate voting activities to underlying fund managers, and the Trustees communicate their voting expectations via their Stewardship Policy. Voting activities only occur in the direct equity and multi-asset funds within the default investment strategies and self-select funds. In general holders of debt instruments do not have voting rights. The Trustees have requested details from relevant fund managers and examples of the most significant votes.

The investments with voting rights were in pooled funds during the 2024 Scheme year. The fund managers therefore hold all voting rights for these funds and the Trustees hold no voting rights. However, the Trustees have communicated their stewardship priorities to fund managers and provided examples of votes they deem to be significant (via their Stewardship Policy).

Below is a high-level overview of voting activity performed on behalf of the Trustees during the 2024 Scheme year:

Cushon Sustainable Investment Strategy and Cushon Core

Cushon White-Labelled fund	Underlying fund	No. of meetings eligible to vote at	No. of resolutions eligible to vote on	% of resolutions voted on for which were eligible	% voted with management	% voted against management	% abstained from voting
Cushon Global Equity	Macquarie Sustainable True Index	1,306	17,759	98.79%	91.91%	7.99%	0.1%

Cushon Self Select Options

Cushon White-Labelled fund	Underlying fund	No. of meetings eligible to vote at	No. of resolutions eligible to vote on	% of resolutions voted on for which were eligible	% voted with management	% voted against management	% abstained from voting
Cushon Sustainable Global Equity	L&G Future World Global Equity Index Fund	5516	55469	99.79%	80.96%	18.16%	0.88%
Cushon Sustainable UK Equity	L&G Future World UK Equity Index Fund	382	6160	100%	94.09%	5.86%	0.05%

Cushon Sustainable Europe (ex UK) Equity	L&G Future World Europe (ex UK) Equity Index Fund	403	7287	99.64%	81.6%	17.84%	0.56%
Cushon Sustainable Japanese Equity	L&G Future World Japan Equity Index Fund	299	3720	100%	90.91%	9.09%	0%
Cushon Sustainable North American Equity	L&G Future World North America Equity Index Fund	536	7338	98.73%	63.95%	35.16%	0.9%
Cushon Sustainable Pacific ex Japan Equity	L&G Future World Asia Pacific (ex-Japan) Developed Equity Index Fund	154	1196	100%	79.35%	20.65%	0%
Cushon Sustainable Emerging Markets Equity	L&G Future World Emerging Markets Equity Index Fund	3742	29768	100%	81.05%	17.68%	1.27%
Cushon Global Impact	Baillie Gifford Positive Change Fund	32	321	100%	95%	4%	1%
Cushon Shariah	HSBC Islamic Global Equity Index Fund	103	1,677	94%	77%	22%	0%

Note: Percentages may not add to 100% due to rounding.

Given the Trustees' stewardship priority of climate change, and the Trustees' carbon emission targets, the following votes have been identified which support the Trustees' emission reduction targets.

Cushon Sustainable Investment Strategy

Cushon White-Labelled fund	Underlying fund	No. of meetings eligible to vote at	No. of resolutions eligible to vote on	% of resolutions voted on for which were eligible	% voted with management	% voted against management	% abstained from voting
Cushon Global Equity	Macquarie Sustainable True Index	70	101	94%	45%	55%	0%

Topic of votes: Approval of climate transition or action plans, adoption of GHG reduction targets, environmental policies, disclosure of emissions, lending policy for fossil fuels, just transition, climate risk and opportunities and others.

Similar to the engagement activities, following communication of the Trustees' five stewardship priorities, the fund managers have identified the following vote examples as significant, as they are in line with these priorities.

Case Study: Macquarie and Bank of America Corporation

Investment Manager	Macquarie Asset Management (MAM)
Target company/sector	Bank of America Corporation
Approximate size (%) of holding	0.40%
Date of Resolution	24/04/2024
Resolution	Report on the company's clean energy supply financing ratio. This looks at the proportion of the Bank's total financing that is related to clean energy supply. It helps measure a bank's total commitment to clean energy transition financing.
Vote submitted	FOR
Rationale	A vote FOR this resolution is warranted. Measuring and disclosing this statistic will give shareholders increased information on how the bank is progressing on its goal to align its financing activities with a net zero by 2050 pathway.
Outcomes and Next Steps	Fail (74% against). Continued monitoring of progress.

Case Study: Legal & General and Unilever

Investment Manager	Legal & General (L&G Future World UK Equity Index)
Target company/sector	Unilever plc
Approximate size (%) of holding	5.7%
Date of Resolution	01/05/2024
Resolution	Approve climate transition plan
Vote submitted	FOR
Rationale	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. LGIM voted for as this was deemed to meet their minimum expectations. 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 a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM notes that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.
Outcomes and Next Steps	Pass. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Case Study: Macquarie and Microsoft Corporation

Investment Manager	Macquarie Asset Management (MAM)
Target company/sector	Microsoft Corporation
Approximate size (%) of holding	4.30%
Date of Resolution	10/12/2024
Resolution	Report on risks of operating in countries with significant human rights concerns. This would demonstrate a company's assessment of the challenges, risks and impacts of conducting business in regions where human rights violations are prevalent.
Vote submitted	FOR
Rationale	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.
Outcomes and Next Steps	Fail (68% For).

The Trustees recognise that there are some instances in which fund managers may choose to vote against resolutions relating to climate targets which do not go far enough or may be unachievable by the investee company.

As the Scheme's fund managers hold voting rights on behalf of the Trustees, there may be instances in which fund managers file resolutions on behalf of the Trustees as part of their engagement processes. The below is one such example of a resolution filed by LGIM that was in support of the Trustees' emission reduction targets:

Case Study: LGIM and McDonalds on Antimicrobial Resistance

Issue Identified	Antimicrobial resistance ('AMR') is the damaging effect of disease-causing microorganisms (e.g. bacteria, viruses, fungi and parasites) increasing their resistance to antibiotics. AMR is one of our global systemic engagement themes. The World Health Organization (WHO) describes AMR as one of the top 10 global public health threats facing humanity today. The World Bank estimated in 2016 that AMR could result in a 3.8% loss in global GDP, an impact comparable to that of the 2008 financial crisis. McDonald's is one of the largest beef purchasers and a major buyer of pork; LGIM believe that animal husbandry standards across their supply chain have the potential not only to mitigate AMR directly across large sections of the value chain, but also to have a 'knock-on' impact upon the food sector more broadly, on account of the company's scale and influence.
Engagement performed	LGIM co-filed a shareholder resolution at the company in 2023, under the umbrella of the Shareholder Commons, asking McDonald's to comply with World Health Organization (WHO) guidelines on the use of medically-important antimicrobials in food-producing animals throughout its supply chain. The resolution sought adherence to the WHO guidelines throughout the full supply chain, including beef, chicken and pork. This resolution gained 18% support from shareholders. Following a lack of action by McDonald's, LGIM co-filed the same resolution in their 2024 AGM, together with our industry peer Amundi and The Shareholder Commons. However, their 2024

	resolution was subject to a 'no-action' ruling by the SEC, a mechanism by which the company is allowed to unilaterally remove proposals from its proxy statement if they are judged to have already substantially implemented the resolution demand. They were disappointed by both the step taken and the decision announced, as they believe that McDonald's should be adhering to the WHO Guidelines on use of antibiotics across all the meat that they produce, not just certain types of meat.
Escalation	The Benedictine Sisters of Boerne, Texas, successfully filed their AMR-related resolution calling upon the company to adopt an enterprise-wise policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains. LGIM voted in favour of this resolution, which received 15% votes in favour. LGIM have broadened their collaborative engagement by joining FAIRR's collaborative investor engagement on Antibiotic Use in the Quick-Service Restaurant Sector in North America. This engagement stream covers fast-food restaurant companies, including McDonald's, Yum! Brands* (owner of KFC and Pizza Hut), and Restaurant Brands International* (owner of Burger King). By working with like-minded peers and stakeholders, they aim to broaden their engagement on the issue of antimicrobial resistance with companies that, they believe, could have a substantial effect in mitigating AMR by changing their supply chain practices. LGIM will continue to exercise their votes on AMR-related shareholder resolutions in line with their Health Policy.

Appendix

Below is a summary of stewardship approaches of each fund manager within the default investment strategies plus HSBC in relation to the Cushon Shariah self-select fund.

Macquarie Asset Management (MAM)

Macquarie use the PRI's definition for engagement, referring to interactions between the investor and current or potential investee company's on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients. Communicating with the company to gain information, attending regular analyst calls or sending letters with no response would not qualify as engagement.

Most engagements are conducted with board directors, senior management, subject specialists, or investor relations at individual issuers. Identifying key personnel at target companies and establishing mutually respected and professional relationships with them is valuable in achieving success through engagements. MAM is involved in a number of standards, initiatives, and frameworks of which are summarised below:

- Principles for Responsible Investment (PRI): MAM has been a signatory to the UN Principles for Responsible Investment since 2015. As signatories to the PRI, we utilise the principles as a source of possible actions for incorporating ESG issues into our investment practices.
- CDP: Macquarie Group Limited ("Macquarie"), the holding company of MAM, has been a signatory to CDP since 2008 and communicates publicly about climate change via the CDP's website.
- Global Reporting Initiative (GRI): Macquarie also reports annually on its approach to ESG — and how it affects investments and financial products — in its Annual Financial Report. The ESG disclosures in Macquarie's Annual Financial Report have been prepared in accordance with the GRI Standards.
- Task Force on Climate-related Financial Disclosures (TCFD): Macquarie has been supporting the important work of the TCFD since 2018, becoming a formal supporter in 2019, and has been actively implementing the TCFD recommendations. We have been reporting on progress annually since the release of Macquarie's first TCFD implementation progress and scenario analysis report in May 2019. The latest update is available in Macquarie's Net Zero and Climate Risk Report. Further, since 2020, PRI signatories, of which MAM has been one since 2015, have been required to report to the PRI on several indicators regarding their management of risks and opportunities related to climate change. These indicators are modelled on the disclosure framework of the Financial Stability Board's Task Force on Climate-related Disclosures (TCFD).
- FRS Sustainability Alliance: The public markets business of MAM was an original member of the Sustainability Accounting Standards Board (SASB) Alliance, now the IFRS Sustainability Alliance, having been a signatory since 2017. Members share the belief in the benefits of a coherent and comprehensive system for corporate disclosure and a more integrated approach to the way organisations, plan and disclose their approach to value creation. Furthermore, Macquarie's FY2023 ESG Report has been prepared with reference to the guidance of select SASB Standards.
- Climate Action 100+ (CA100+): MAM became a member of Climate Action 100+ in July 2020. As a member of Climate Action 100+, we have an obligation to collaboratively engage with companies that emit a high level of greenhouse gas emissions or have significant opportunities to drive the clean energy transition and achieve the goals of the Paris Agreement.
- Transition Pathway Initiative (TPI): MAM has been a supporter of TPI since 2020, which is an asset-owner led initiative that assesses companies' preparedness for the transition

to a low carbon economy.

- Net Zero Asset Managers initiative (NZAMi): MAM joined the NZAMi in March 2021. NZAMi is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner.
- World Benchmarking Alliance (WBA): MAM joined the WBA in April 2021, a collective of organisations working at global, regional, and local levels to shape the private sector's contributions to achieving the SDGs. As an Ally, MAM is committed to WBA's mission, vision, and values, and believes in the power of benchmarks and cross-sector partnerships to drive systematic progress on the UN SDG's. Since joining, we have been actively involved in two collaborative engagements: sustainable supply chains in food and agriculture, and digital inclusion/ethical AI.
- Global Impact Investing Network: As of February 2022, MAM is an active member of the Global Impact Investing Network. In addition to providing members with more details on their public catalogue of IRIS+ metrics (including ability to have input as new metrics are developed), they offer a community of best practices. This includes new regulations and standards like SFDR, impact frameworks and what others in the industry are doing in managing and communicating their positive impact and networking events.
- UK Stewardship Code: The ValueInvest Global Equity Team, which is a part of MAM, has been a signatory to the UK Stewardship Code since April 2015. MAM as a whole has been a signatory to the UK Stewardship Code since September 2022. As a signatory, we submit an annual report to the Financial Reporting Council (FRC) covering how we apply the 12 Principles of the Code.
- Institutional Investors Group on Climate Change (IIGCC): MAM has been a member of the IIGCC since 2020. The mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future. This will be achieved through capital allocation decisions, stewardship and successful engagement with companies, policy makers and fellow investors. MAM is also a member of the Investor Group on Climate Change (IGCC), a collection of Australian and New Zealand investors, which supports IIGCC.
- GRESB: MAM has been a member of GRESB since 2016. GRESB is a mission-driven and industry-led organisation that provides actionable and transparent environmental, social and governance (ESG) data to financial markets.
- Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) Macquarie joined in 2023. The IAST APAC initiative is an investor-led, multistakeholder project. It was established in 2020 to engage with companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains. Investors can achieve greater impact working collaboratively and drawing on various sources of knowledge and expertise to assess and address modern slavery risk in operations and supply chains.

As part of their fiduciary duty and PRI signatory requirements, the MSI team undertakes targeted direct company engagement. Not only is engagement a responsibility, but it aims to maximise the value of common economic, social and environmental assets, on which financial returns and clients' and beneficiaries' interests depend*. A key part of our engagement approach is to ensure that we clearly communicate our expectations of companies as a method for managing ESG risks and opportunities. We have developed a clear and consistent set of guidelines for companies. These are communicated during a meeting, generally one-on-one, or in follow-up correspondence. Guidelines provide an anchor from which we can measure success and hold companies to account through further engagement.

Lombard Odier Investment Management (LOIM)

The Manager defines an engagement as the sum of all interactions with a single company on a single, defined main issue. The Manager defines an interaction as an exchange with a company during a short period.

The Manager's engagement strategy is part of its fundamental investment process. The Manager prioritises engagement with companies in line with its two stewardship objectives:

1. promoting alignment with the sustainability transition: in line with LO sustainability framework, through engagement the Manager promotes:
   - higher ambition and credibility in companies' sustainability transitions;
   - better & improved overall disclosures/practices; and
   - seek to address controversies.
2. promoting green alpha: through engagement the Manager support companies as they reposition themselves with shifting profit pools which arise from the sustainability transition.

Ninety One

Engagement for Ninety One is communication with purpose and an identifiable outcome. They break this down into three different types of engagement; strategic, general and advocacy:

- Strategic: Strategic engagements focus on critical issues with entities they believe they can influence. These can cover sustainability, business-model and operational issues. They believe these engagements enhance their understanding of sustainability risks and can provide the opportunity to improve outcomes.
- General: General engagements form part of the investment process, focusing on engagement goals that are not prioritised for strategic engagement, including particularly corporate governance.
- Advocacy: They identify a limited number of advocacy projects relating to themes that are relevant to our clients and the firm, which often involves collaboration and information sharing with NGOs, industry organisations and policymakers.

Wellington

As a firm with a long history of conducting independent fundamental research, direct engagement with company management teams on a range of issues, including ESG, has always been a core part of Wellington's investment process. The majority of their company research is the result of direct contact with company management, both in their offices and onsite, as well as contacts with company suppliers, customers, and competitors. Each year, Wellington Management participates in more than 18,500 meetings with company management teams from around the world. Portfolio managers, industry analysts, and ESG analysts all take part in ongoing dialogues with companies, conducting ~500 ESG focused engagements a year. Maintaining this ongoing dialogue is central to how they discharge stewardship responsibilities on behalf of clients.

As active fixed income impact investors, Wellington believe engagement with issuers can derive meaningful insights related to their achievement of impact, progress against sustainability targets, and ongoing improvements to ESG practices. Engagement enables Wellington to identify and assess investment risks and opportunities while also helping ensure that issuers generate meaningful impact year after year. The goal of engagement activities is to support decisions that they believe will both maximise the long-term value of securities and achieve impact objectives. The Global Impact Bond Team works with

Wellington's ESG Research Team to carry out engagements targeted towards four key priorities:

1. Understand causes for and plans to improve impact KPI underperformance
2. Understand the causes for and plans to improve poor ESG practices
3. Encourage outsized contributors to the portfolio's carbon footprint to improve carbon emissions disclosures and set science-based reduction targets
4. Assist issuers with sustainable labelled bond structure and deal development

Wellington's engagements and agenda are coordinated with their ESG Team, who are as a shared resource of the firm across both equity and fixed income asset classes and serve as a partner to PM teams. ESG Analysts help to inform understanding of the ESG risks and opportunities to which issuers are exposed and utilize sector-based materiality frameworks to inform the topics discussed during engagements. Engagements can take the form of an agenda on a regular investor call or a focused communication regarding a particular issue and can include meeting with company boards, speaking to non-executive directors, carrying out proxy voting (broader impact team manages both equity and bond strategies), or participating in stakeholder dialogues.

Engagement remains a key focus of the team and they believe engagement with issuers can derive meaningful insights related to issuer achievement of impact, progress against sustainability targets, and ongoing improvements to ESG practices. Engagement enables Wellington to identify and assess investment risks and opportunities while also helping ensure that issuers generate meaningful impact year after year.

Over the past 12 months, they have expanded the scope of engagements, with an increased focus on non-corporate entities. As impact investors investing across the spectrum of public market fixed income sectors, they see it as essential to engage with a variety of stakeholders in order to best promote improved standards and behaviour in the industry, with the ultimate goal of magnifying the scope of their impact and adding value for clients. During this period, our engagements have spanned sovereign issuers, government-sponsored enterprises, development banks and structured finance issuers. As non-corporate entities can often make up a large part of the Fund, this is a significant step in enhancing their stewardship capabilities.

Schroders

At Schroders Capital, their ambition is to provide excellent investment performance to clients through active management and responsible stewardship. In private assets, active ownership and stakeholder engagement is fundamental to their regular business activity acting as a responsible manager of the assets, particularly where they invest directly in real estate and infrastructure businesses. The nature of engagement and active ownership, as well as its intended outcomes, differ from one asset to the other to meet this essential goal. It is their belief that better management of sustainability factors can improve returns; for example, through discovering new sources of growth and/or reducing risks such as increasing resilience to ongoing political and regulatory changes. A growing evidence base shows the benefits of enhanced sustainability profiles in private markets, such as more stable returns in private equity, and enhanced occupier appeal and reduced operating expenses for early sustainability movers in real estate.

Schroders regard the concept of active ownership and acts of engagement as an important component of their fiduciary duty and responsibilities as asset managers. Private assets investment strategies have distinct characteristics including typically longer investment horizons, the provision of capital for tangible assets and a greater ability to operate and enhance assets. These features can provide Schroders with an opportunity to build operational and financial value from origination to exit along all the different steps of their investment process.

The active selection, management and monitoring of assets over the long-term means Schroders proactively engage with key stakeholders throughout the investment life cycle. By doing this, they can mitigate investment risks and optimise portfolios to capture future growth potential leading to enhanced financial and sustainability performance. Schroders can add value by screening, assessing and capturing the right investment opportunities and improving the profile of their investments over their lifetimes, either directly or indirectly, through the boards and management of assets. This requires extensive sector expertise, a strong footprint on the ground, entrepreneurial spirit, and a long-term lens.

At Schroders Capital, they seek to deliver S&I investment at scale. For sustainable investing strategies, the focus is to improve assets' sustainability practices and characteristics. For impact-driven strategies, it means contributing financial and non-financial support to enhance impact through products and services in line with the strategy's theory of change. Schroders account for the progress made in achieving this ambition in their Annual Sustainability and impact report.

Schroders have set out an engagement blueprint for their private markets portfolio which explains in detail how engagement is factored into the life cycle of private markets investments. This includes escalations and iterative steps for different asset classes such as private equity and real estate. This blueprint can be found at the following link: https://mybrand.schroders.com/m/67cc46846449900f/original/schroders-capital-private-markets-engagement-blueprint.pdf

LGIM

LGIM agree with the Trustees definition of engagement which is: Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.

LGIM believe effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities – as well as collaborating with investment experts to identify future challenges. As a large index investor, GIM take a 'universal owner' approach to stewardship and engagement, seeking to improve ESG factors across the markets in which their clients are invested.

The policy dialogue for LGIM in 2023 spanned a range of issues globally, covering multilateral policy in markets including the US, UK, Japan, Brazil, and Europe. LGIM believe in collaboration and regularly work with peers, industry groups, NGOs, academia and civil society. They look forward to continuing engagements with a broad range of third parties. By joining forces with collaborative organisations, they aim to broaden their reach. LGIM is a member or supporter of multiple associations and initiatives working on sustainability themes, including the CA100+, the Asian Corporate Governance Association and the Institutional Investors Group on Climate Change, the 30% Club (including regional chapters), the Platform for Living Wage Financials, and the Access to Nutrition Initiative.

In line with their 'universal owner' approach, they focus stewardship activities on 6 global stewardship themes (with 21 underlying sub-themes), which represent areas of financial materiality for their clients and where LGIM as an investment manager can use its influence. These themes are climate, nature, people, health, governance and digitisation. In seeking to drive market-level change, they engage not only with companies, but also in policy dialogue. LGIM's global policy dialogue is aimed at helping to create an appropriate regulatory backdrop by removing policy and structural barriers to reform on ESG issues; it is a vital counterpart to their global corporate engagement. In selecting companies for direct engagement, LGIM aim to identify those which are not yet leaders on ESG but through their improvement, are likely to have a positive effect on their broader industry and supply chains as a whole, on account of their scale and influence. Additionally, they use LGIM ESG Score (covering roughly 17,000 companies) and Climate Impact Pledge Scores (covering roughly 5,000+ companies) help rank companies more broadly on their E, S and G credentials and to identify 'dial mover' companies for engagement. LGIM's focus on improving systemic areas of ESG risk differentiates them from a company-level focused approach.

HSBC Asset Management

HSBC AM defines engagement as purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.

HSBC AM engages with a range of stakeholders including corporates, governments, financial counterparties, regulators and industry bodies. In 2023, their engagements, numerically speaking, were mainly with corporate issuers and counterparts. The focus was on individual improvements on climate-related strategies, governance structure and social issues (management of workforce and addressing human rights violation risks). Some of their most impactful change comes from their engagement with groups such as stock exchanges, investor groups, and regulators.

HSBC AM believes that engaging for positive change/impact with an individual issuer is equally as important as market-wide or system risks, and in fact the two are largely inter-related. Often, we need to achieve change at both levels to achieve overall market-wide change on a particular issue. An example of seeking to improve market-wide risks includes their ongoing involvement with the Carbon Disclosure Project. For more information, please see their Annual Responsible Investment Review Report available on their website: https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies

NatWest
cushon

TOMORROW BEGINS TODAY