Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 5

7th September 2022

Investment Update

Purpose of Report:

To provide the Committee with an investment update including a summary of:

- investment performance to 30th June 2022
- portfolios as at 31st July 2022
- the Investment Advisory Panel meeting of 11th August 2022 and
- stewardship activity during Quarter 2 2022.

Recommendations:

The Committee is asked **to NOTE** the contents of this report.

Ward No(s): Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

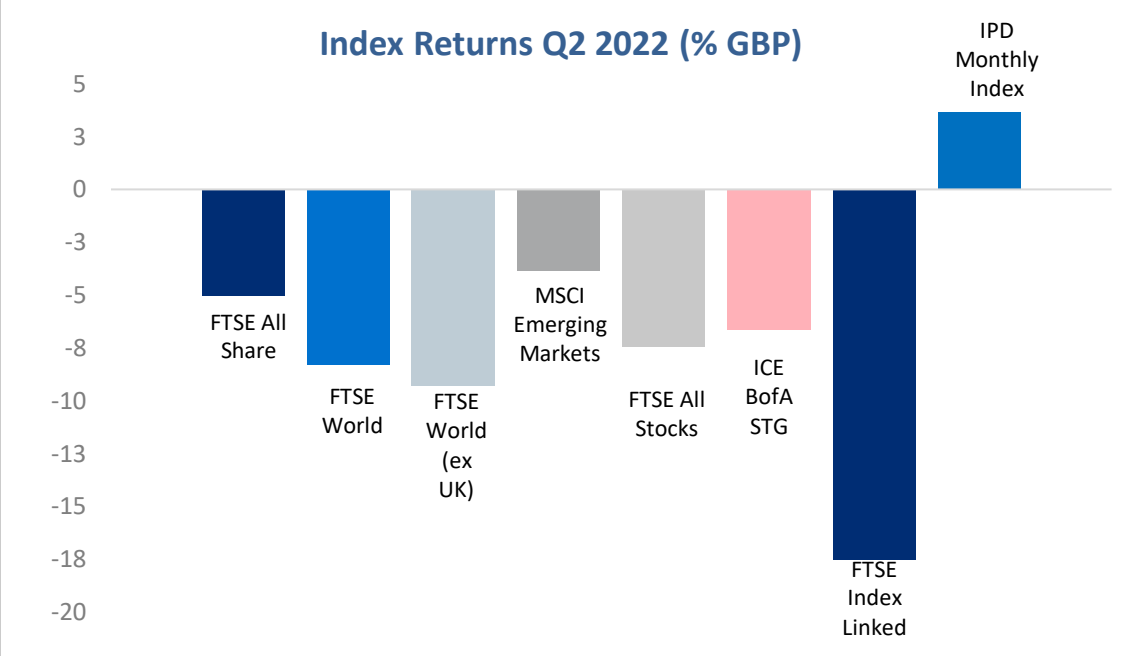
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1 Investment Market Performance

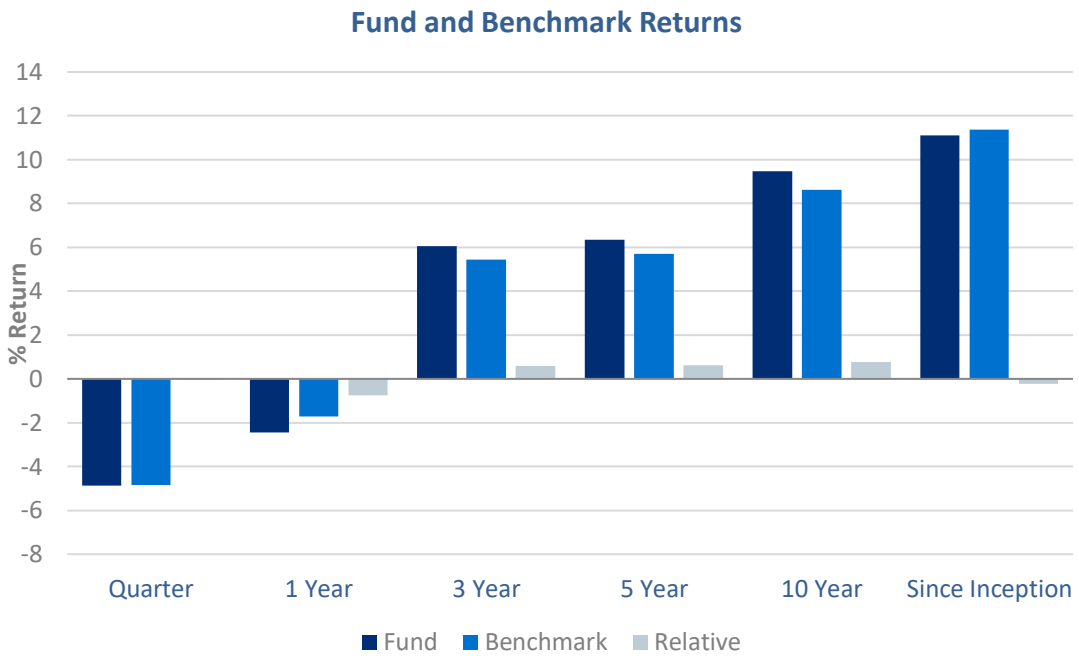
Developed and emerging market equity indices fell sharply in the second quarter as a result of increasing risks to economic growth, and rising inflation. The US market recorded its worst half-yearly return in 50 years as investors feared recession, while in Europe investors were concerned about the impact of tightening natural gas supplies from Russia for industry. UK, Japan and Emerging Markets indices also fell, though to a lesser extent than in the US and Europe.



- The **FTSE All Share** Index returned **-5.0%,** the **FTSE World ex UK** index **-9.3%** and the **MSCI Emerging Markets** index -**3.9%**, compared with Q1 returns of +0.5%, -2.2% and -4.3% respectively.
- The **FTSE All Stock Index** returned **-7.4%**. The Bank of England raised interest rates by 25bps at its June meeting, the fifth consecutive rise. Inflation is now forecast to be over 9% in the coming months – spiking to 11% in October - and GDP growth is slowing.
- **Sterling** fell by **-1.8%** against the euro and by **-7.8%** against the dollar.
- The **MSCI All property monthly return index** rose +**3.6%** over the quarter, driven by capital returns across all sectors.

2 Total Fund Performance

The **Fund's total return** for Quarter 2 2022 was **-4.9**%, marginally behind the benchmark return of **-4.8%.**



The **Fund's value** at 30th June 2022 was **£26,818m**. (Fund value at 31st March 2022 was **£28,185m**).

3 Performance Analysis

Further performance analysis is set out in **Appendix 1**.

4 Portfolio Summary as at 31st July 2022

As at 31st July, the Fund's value had increased to **£27,630m**.
A summary of investment manager portfolios as at 31st July is set out in **Appendix 2**.

5 Investment Advisory Panel

The Fund's Investment Advisory Panel met on 11th August 2022. A note of the Panel's meeting is set out in **Appendix 3**.

6 Stewardship: Responsible Investment

A summary of responsible investment activity is included **at Appendix 4**.
Highlights include:

- SPF joined the **Paris Aligned Investment Initiative (PAII)** during the quarter as previously agreed.
- A report from the Fund's Real Estate Debt manager **ICG Longbow** on how it integrates Climate Change considerations into its investment process and across investment strategies.
- SPF's lead role in the **Carbon Disclosure Project's (CDP)** deforestation disclosure engagements with 2 UK companies, in addition to continued active participation in other CDP initiatives.
- SPF's co-signature of a **Farm Animal Investment Risk and Return Initiative (FAIRR)** global investor letter to the **Food and Agriculture Organization of the United Nations (FAO)** urging them to set a roadmap for how the food system can align with the Paris Agreement goal of limiting global warming to 1.5°C.

- Preparation and submission of the Fund's annual Stewardship Report for 2021 to the Financial Reporting Council (FRC) in line with the requirements of the new **UK Stewardship Code.**
- Conclusion of a class action case against **Bank OZK,** in which the Fund acted as lead plaintiff**,** with a class settlement of USD$45m.

In addition, a summary of the Fund's engagement with managers in response to the Russian invasion of Ukraine is included.

7 Stewardship: Climate Change Strategy

A summary assessment of energy company holdings as at 31st March 2022, as agreed by the SPF committee at its March meeting, is included at **Appendix 5.** Of the 24 energy companies held, none was rated red, 3 were rated amber and 7 green, with a further 14 rated grey due to insufficient data.

8 Policy and Resource Implications

Resource Implications:	
Financial:	None
Legal:	None
Personnel:	None
Procurement:	None
Council Strategic Plan:	Strathclyde Pension Fund aligns with the theme of a well governed city.
Equality and Socio Economic Impacts:	
Does the proposal support the Council's Equality Outcomes 2021-25	Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.
What are the potential equality impacts as a result of this report?	No specific equalities impacts.
Climate Impacts:	
Does the proposal support any Climate Plan actions? Please specify:	N/A. Monitoring report. Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.

What are the potential climate impacts as a result of this proposal?	N/A.
Will the proposal contribute to Glasgow's net zero carbon target?	N/A.
Privacy and Data Protection impacts:	None.

9 RECOMMENDATIONS

The Committee is asked to **NOTE** the contents of this report.

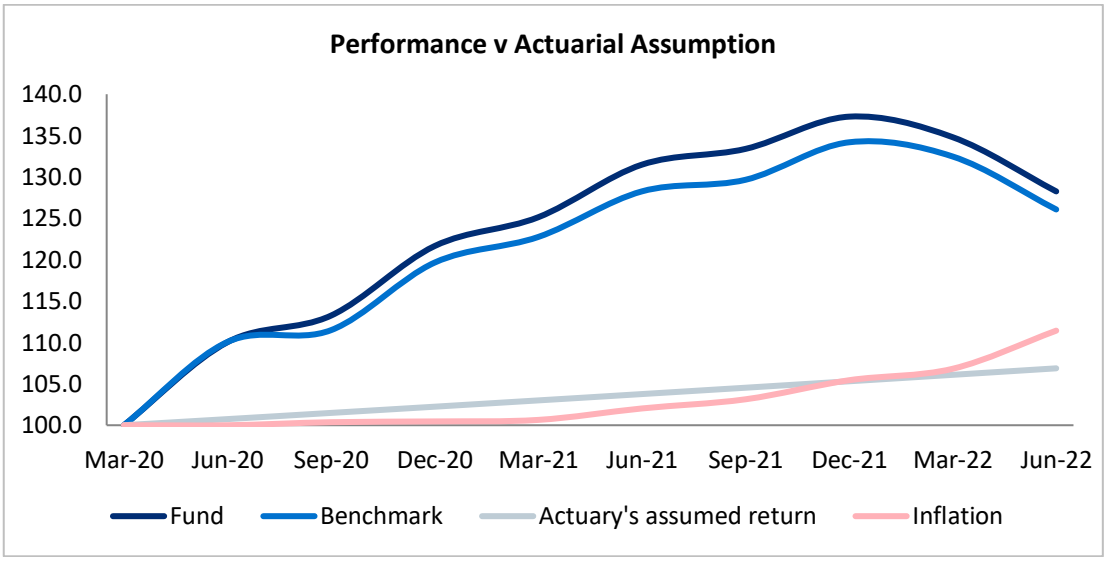
Appendices

Appendix 1 Performance Analysis
Appendix 2 Portfolio Summary as at 31st July 2022
Appendix 3 Note of Investment Advisory Panel meeting on 11th August 2022
Appendix 4 Stewardship: Summary of Responsible Investment Activity
Appendix 5 Stewardship: Summary Assessment of Energy Company Holdings

Appendix 1

Performance Analysis

1 Investment Performance vs Actuarial Assumption



Despite a downturn in performance in Q2, the Fund has achieved a return significantly greater than the actuarial assumed return of **+3.0%** per annum since the 31st March 2020 valuation. The Fund's cumulative return to date remains comfortably ahead of rapidly rising inflation.

2 Performance by Asset Category

Asset Class	Latest Quarter			1 Year		
	Fund %	Bench mark %	Relative %	Fund %	Bench mark %	Relative %
Equity	(7.7)	(9.2)	1.7	(6.4)	(6.7)	0.3
Hedging & insurance[1]	0.2	(19.8)	25.0	0.3	(19.1)	24.0
Credit	(8.4)	(8.4)	(0.0)	(15.7)	(15.7)	0.1
Short term enhanced yield	(2.8)	(0.0)	(2.8)	(2.7)	1.2	(3.9)
Long term enhanced yield	3.2	4.1	(0.9)	17.6	14.8	2.4

[1]This Hedging and Insurance portfolio was invested in passive index-linked gilts >5 years until June 2021. In June 2021, the index-linked portfolio was divested, with the proceeds held in cash funds. Benchmark for hedging and insurance remains FTSE Index-Linked Gilts >5 years.

3 Performance by Investment Managers

Each of the Fund's investment managers has an individual portfolio benchmark. In Quarter 2:

- 9 managers outperformed their benchmark; and
- 12 managers underperformed.

Equity returned **-7.7%,** ahead of the benchmark of **-9.2%**. Only the **Pantheon** and **Partners Group** private equity portfolios achieved positive absolute and relative returns, although **Lazard**, **Oldfield Partners** and **Veritas** returns were ahead of benchmark. **Baillie Gifford, Lombard Odier, JP Morgan** and **Active Emerging Markets** all underperformed.

Short term enhanced yield returned **-2.8%**, in line with the benchmark. The main detractors over the quarter were **Barings** (multi-asset credit), **Oak Hill**, **Ashmore** and **Ruffer**. Private debt portfolios **Alcentra, Barings** and **ICG Longbow** were the strongest performers.

Long term enhanced yield returned **+3.2%** over the quarter, underperforming the benchmark of **+4.1%**. All 3 managers (**DTZ, Partners Group Real Estate and JP Morgan IIF**) underperformed their benchmarks. In absolute terms, the strongest performer was **Partners Group**.

4 Direct Investment Portfolio (DIP)

As at the end of June 2022, DIP comprised **55** investment commitments, totalling **£1,816m.** During Quarter 2 2022, **net distributions** from DIP amounted to **£28m.** These brought the **Net Asset Value** of DIP to **£1,219m** at the end of the quarter.

Portfolio performance to 30th June is as follows.

	Q4 2021 (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.)
DIP	3.6	12.8	5.5	5.7	7.6
DIP Benchmark*	2.9	8.8	5.7	4.1	2.2
SPF Total Fund	(4.9)	(2.5)	6.0	6.4	11.1

Source: Northern Trust
* CPI +3% pa from 2019; previously LIBOR

Quarterly performance was positive mainly due to improving performance from the generally larger and more numerous LTEY investments.

Overall, the portfolio has performed well as have a majority of its individual investments. On a RAG analysis:

- **49** investments are rated **green** (increase of 1)
- **3** are **amber** (no change) and
- **None red**.
- **3** are in legals

Appendix 2

Portfolio Summary as at 31st July 2022

	Equity		Hedging & Insurance		Credit		Short Term Enhanced Yield		Long Term Enhanced Yield		Total		Target
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	%
L&G	7,107	*25.7%*	347	*1.3%*	1,477	*5.3%*					**8,932**	***32.3%***	*31.5%*
Baillie Gifford	2,014	*7.3%*									**2,014**	***7.3%***	*7.5%*
Lazard	899	*3.3%*									**899**	***3.3%***	*2.5%*
Oldfield	765	*2.8%*									**765**	***2.8%***	*2.5%*
Veritas	855	*3.1%*									**855**	***3.1%***	*2.5%*
Lombard Odier	397	*1.4%*									**397**	***1.4%***	*1.0%*
JP Morgan	828	*3.0%*							866	*3.1%*	**1,694**	***6.1%***	*6.5%*
Active EM Equity	348	*1.3%*									**348**	***1.3%***	*1.5%*
Pantheon	1,537	*5.6%*									**1,537**	***5.6%***	*5.0%*
Partners Group	918	*3.3%*					243	*0.9%*	507	*1.8%*	**1,669**	***6.0%***	*6.0%*
PIMCO							1,046	*3.8%*			**1,046**	***3.8%***	*4.0%*
Ruffer							538	*1.9%*			**538**	***1.9%***	*2.0%*
Barings (multi-credit)							666	*2.4%*			**666**	***2.4%***	*2.8%*
Oak Hill Advisors							474	*1.7%*			**474**	***1.7%***	*1.8%*
Barings (private debt)							481	*1.7%*			**481**	***1.7%***	*1.3%*
Alcentra							363	*1.3%*			**363**	***1.3%***	*1.3%*
ICG Longbow							262	*0.9%*			**262**	***0.9%***	*1.0%*
Ashmore							420	*1.5%*			**420**	***1.5%***	*2.5%*
DTZ									2,732	*9.9%*	**2,732**	***9.9%***	*10.0%*
DIP	93	*0.3%*					119	*0.4%*	1,014	*3.7%*	**1,226**	***4.4%***	*6.0%*
Cash							312	*1.1%*			**312**	***1.1%***	*1.0%*
Total	**15,763**	**57.0%**	**347**	**1.3%**	**1,477**	**5.3%**	**4,924**	**17.8%**	**5,119**	**18.5%**	**27,630**	**100.0%**	**100.0%**
Target		**52.5%**		**1.5%**		**6.0%**		**20.0%**		**20.0%**		**100.0%**	

Appendix 3

Investment Advisory Panel Meeting 11th August 2022

PRESENT:	**Richard McIndoe**	Director
	Prof. Geoffrey Wood	Investment Advisor
	Iain Beattie	Investment Advisor
	Alistair Sutherland	Investment Advisor
	David Walker	Hymans Robertson
	Nell McRae	Hymans Robertson
	Jacqueline Gillies	Chief Investment Officer
	Richard Keery	Investment Manager
	Ian Jamison	Investment Manager
	Lorraine Sweeney	Assistant Investment Manager
	Richard Bell	Convenor, SPF Committee

1. Minutes from Last Meeting & any Matters Arising

The minutes of the Panel meeting on 12th May 2022 were agreed to be an accurate record.

At its March meeting, the SPF Committee approved the Panel's recommendation that the Fund should switch its investment from the PIMCO PARS 3 fund to the PIMCO Dynamic Bond Fund. Officers are working with PIMCO to manage the transition between the 2 funds which is taking place over 3 tranches, 2 of which have completed, with the final tranche due to take place at the end of August 2022.

2 Monitoring

2.1 Market and Inflation Update

The Panel reviewed investment market and inflation updates from Hymans Robertson. Overall, the Panel acknowledged the difficult market conditions but agreed that the Fund is well diversified, and that this diversification should continue to be beneficial. A review of investment strategy will take place alongside the Fund's next actuarial valuation (31st March 2023).

2.1 Quarterly Investment Performance Review (Main Fund)

The Fund's return for Q2 2022 was negative **(-4.9%)**, and marginally below benchmark (-**4.8%)**. Performance for the year to 30th June 2022 was negative **(-2.5%)** and below benchmark (**-1.7%)**. Both absolute and relative performance are positive over the three and five-year periods.

2.2 Manager Ratings

Current officer assessments of the Fund's investment managers had been circulated, together with Hymans Robertson's manager update. The Panel discussed the ratings. On a Red, Amber, and Green (RAG) analysis:

- 17 of the Fund's managers were rated green
- 4 rated amber
- None red

The investment period of the Fund's separately managed account with Alcentra had been suspended in September 2021 following the departure of key personnel from the firm. During Q2 2022, Alcentra announced

- the sale of the business by its parent company, BNY Mellon, to Franklin Templeton (May 2022) and
- that they would not be recruiting a new lead portfolio manager for direct lending, with responsibilities instead split between 3 existing team members (June 2022).

The Alcentra portfolio is currently above its target weight. Officers and Hymans Robertson continue to keep developments at the firm under review and the Panel will re-visit the suspension decision at its November meeting.

2.3 Direct Impact Portfolio Monitoring Report

The Panel reviewed the quarterly monitoring report for the Direct Impact Portfolio (DIP). Overall the portfolio and most of its investments are progressing well. On a Red, Amber, Green (RAG) analysis:

- 48 investments were rated green
- 3 amber and
- None red.

2.4 Investment Manager Annual Fee Review

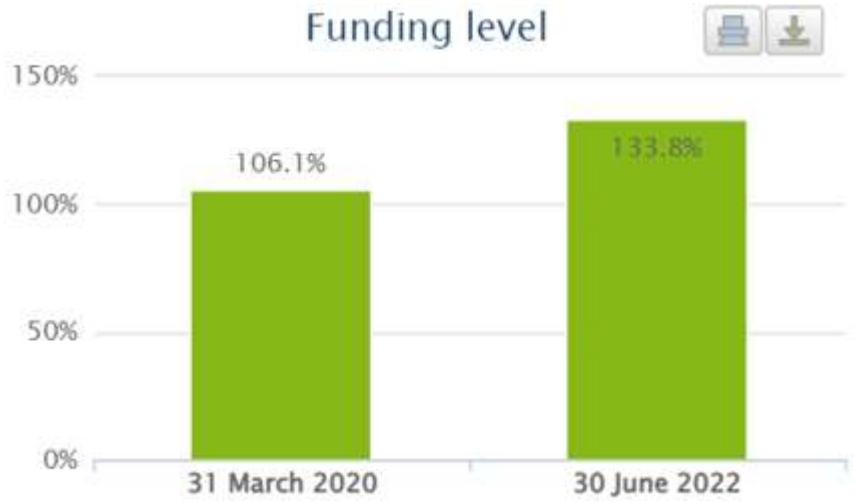
The Panel reviewed a summary of investment manager fees and costs for the financial year 2021/22 together with 1 and 5 year manager performance data.

Total expenses for 2021/22 were £167.8m (*2020/21: £204m*) in line with the Fund's accounts. Expenses included all invoiced fees, together with estimates of pooled fees, performance fees, transaction costs and other expenses in accordance with CIPFA guidance. The total represented **0.57%** of average investment value (*2020/21: 0.81%*). The allocation of the Fund's investments has shifted in recent years, in line with strategic objectives, to include greater exposure to asset classes with higher fees. The Fund's value had increased over the year (£28.2bn at 31/03/22 vs £26.2bn at 31/03/21), but total costs had decreased because the level of performance fees payable on some mandates reduced in 2021/22.

Overall, the Panel was comfortable that the fees and costs incurred in 2021/22 were largely as expected for a fund of Strathclyde's size and structure and reassured to see that there was some correlation between fees and performance - that is that higher fees were only paid for higher performance.

2.5 Estimated Funding Levels

Hymans Robertson provided the following estimates of the funding levels as at 30th June 2022. The funding level had increased significantly since the 31st March 2020 actuarial valuation.



3 Allocation

3.1 Private Market Allocations

The Panel reviewed a schedule of estimated cash flows for the Fund's private market investment programmes - private equity, global real estate, the Direct Impact Portfolio, and private debt commitments. Totals at 30th June 2022 were as follows.

	2022 Estimate (£m)	**2022 Actual YTD (£m)**
Distributions	817	390
Calls	-876	-462
Net	**-60**	**-72**

In 2022, projected drawdowns to private market programmes are expected to exceed distributions by -**£60m:**

- Private debt managers Partners Group and ICG Longbow continue to build their portfolios towards the Fund's strategic target allocation. Drawdowns to these investments, and to the Direct Impact Portfolio, are expected to exceed distributions from them.
- Drawdowns to the Partners Group private real estate mandate will exceed distributions as the manager commits the funds required to bring the portfolio back in line with the Fund's target allocation.
- The Pantheon private equity and the Partners Group private equity are mature portfolios and distributions will exceed drawdowns in the year.
- The Barings private debt portfolio is above target allocation and is now returning capital back to the Fund.
- The investment period for the Alcentra SMA has been suspended; Distributions from this portfolio, and Alcentra EDL II and III, will exceed drawdowns.

The Fund's central cash balance at 30th June 2022 was £270m. This represented a net increase of £11m in the quarter as:

- £187m was draw down to, and £156m distributed from, private market programmes.
- £70m was divested from the Legal and General market cap portfolio, half of the Fund's additional commitment to the JP Morgan global infrastructure fund, which is expected to be drawn down in H2 2022.
- £4m was transferred to the DTZ account to top up funds required for the purchase of a new asset.

The remaining difference (-£24m) is accounted for by foreign currency gains and timing differences between the receipt of distributions into individual manager accounts and transfers back into central cash.

The Fund continued to hold the proceeds of the sale of its index-linked gilt holdings (£346m) in cash with L&G throughout the quarter in accordance with the relative value framework.

3.2 Rebalancing Strategy

The Panel reviewed a re-balancing report at 30th June 2022.

- Equity allocation is above target weight (55.5% vs 52.5%) but within the upper target range (42.0% to 63.0%). At levels 2 and 3, all mandates are within their target ranges.
- The Fund's allocation to Credit is under target (5.3% vs 6%) but within target range.
- The Fund's allocation in STEY is under target weight (17.1% vs 20%) but within the target range for this asset class when central cash balances are taken into account. At level 2, the Fund's allocation to emerging market debt (1.8% vs 2.5%) is below target and below the lower target range.
- The Fund's allocation in LTEY is below target weight (18.5% vs 20%). At level 3, the Fund's allocation to global real estate (Partners group) is below target weight (1.5% vs 2.5%) and outwith target range.

The Panel discussed current allocations and agreed

- that it would not be appropriate to allocate more money to emerging market debt due to poor performance of the mandate.
- New commitments should bring the Partners Group real estate portfolio back within target range.

3.3 Relative Value Framework

The relative value framework has been introduced to generate additional value and reduce the risk of capital losses by varying implementation of the 7.5% allocation held in protection assets. Decisions to move away from the strategic – or neutral - allocation of 6% Credit (50/50 UK/US investment grade) and 1.5% Hedging and Insurance (index-linked gilts) allocation are based on pre-defined metrics.

The quarterly relative value report from Hymans Robertson provided the

following summary assessment of metrics at 30th June 2022:

- Sterling A grade credit spreads were above long-term median levels, indicating that the Fund should retain its credit holdings.
- Falling real growth and high inflation, alongside a fall in implied inflation perhaps provides grounds for a more constructive view on index-linked gilts, but a large inflation premium persists between 10 and 25 years.
- Implied interest rates look at least fairly priced out to 15 years or so, with the framework suggesting a preference for gilts over cash.

The Panel discussed the report's assessment of the latest metrics and agreed that the Fund should retain its credit holdings and switch its cash holding at L&G into UK gilt fund.

4. Investment Strategy and Structure

4.1 Energy Company Analysis

The SPF Committee has agreed a climate change strategy for the Fund focussed on achieving net zero by 2050. In March 2022, the Committee agreed a minimum standards framework to support the climate change strategy by identifying companies that the Fund holds within the Energy sector which are not adequately considering climate change risk, the impact of climate change on their business, and how to transition towards a low carbon economy, recognising the potential for ongoing policy and regulatory change.

In addition to agreeing the framework, the Committee agreed the following timeline for its application:

- Hymans Robertson apply the assessment to current Fund holdings – March/April
- IAP reviews outcomes - May
- Officers implement actions or instruct managers to do so – June to September
- Director reports results back to the committee – September/December

Hymans had completed the assessment of Fund holdings at end March 2022:

- 2 holdings were rated 'amber' overall
- One further holding was rated 'red' against one TCFD pillar
- 4 holdings were rated 'amber' against at least one TCFD pillar
- 14 holdings were rated 'grey due to lack of data

Officers forwarded details of the assessment to portfolio managers during May and requested initial comments on:

- the business case for companies with an overall rating of amber
- how to address specific areas of weakness identified and
- improving data availability for those companies rated grey.

Investment manager responses had been collated and circulated to the Panel for review. After giving due consideration to the responses, the Panel agreed that the framework had been implemented as agreed by Committee and that there were no further queries or actions relating to the holdings rated amber overall or the holding that was rated red in one sub sector.

Officers will continue to engage with managers and Hymans Robertson on holdings rated grey to obtain sufficient data to complete scoring.

4.2 Net Zero Investment Framework

At its meeting in March 2022, the SPF Committee agreed that the Fund should join the Paris Aligned Investment Initiative (PAII) and use the IIGCC Net Zero Investment Framework as the basis for producing a climate action plan that would meet an interim target for carbon reduction of at least 45% from the Fund's baseline by 2030. The production of a climate action plan for approval by Committee in Q1 2023 is a priority in the 2022/23 SPF business plan.

The Fund joined PAII during Q2 2022 and the IIGC's Net Zero Investment Framework Implementation Guide had been circulated to the Panel for review, together with a paper from Hymans Robertson summarising their approach to a net zero strategy consistent with the IIGC framework and examples of other clients' targets and implementation of net zero plans.

The Panel discussed both papers at length and agreed that the Fund should discuss potential approaches further with Hymans Robertson as it progresses preparation of its own climate action plan.

4.3 Investment Strategy and Structure Review 2023/24

A review of investment strategy will be carried out in conjunction with the actuarial valuation of the Fund as at 31st March 2023.

Implementing a net zero investment strategy will be a key focus of this review. The Panel will discuss this, and any other potential areas for consideration, in greater detail at its November meeting.

5. Governance

5.1 IAP Objectives

In 2019, as a response to a Competition and Markets Authority (CMA) order, a set of strategic objectives was agreed for the Investment Advisory Panel. These had been reviewed by the Panel in May and an updated set of objectives, including reference to the following, had been circulated:

- Funding Level Monitoring
- Relative Value Framework
- Responsible Investment Strategy
- Climate Change Strategy and Energy Company Assessment Framework
- DIP

The updated set of strategic objectives was discussed and agreed by the Panel.

5.2 Strathclyde Pension Fund Committee.

The Panel noted the draft agenda for the next committee meeting on Wednesday 7th September 2022.

Appendix 3

Investment Advisory Panel Meeting 11th August 2022

6 Manager Reviews

The following investment managers attended the Investment Advisory Panel:

- **Legal and General**
- **JP Morgan**

Performance of each of the managers was reviewed.

Legal and General

The Legal and General multi-asset passive portfolio is currently valued at £8,502m, or 31.7% of total Fund, versus a target weight of 31.5%. Legal and General provided an update on the current portfolio and performance including the recent transition from the RAFI Fundamental Global Reduced Carbon Pathway fund to the RAFI Fundamental Global Low Carbon Transition Fund. Legal and General also provided the Panel with an outline of its approach to climate change and net zero.

JP Morgan

JP Morgan currently manage two portfolios for the Fund:

- A global small cap equity portfolio, which is currently valued at £770m, or 2.9% of total Fund, versus a target weight of 3.0% and
- A global infrastructure portfolio, which is currently valued at £848m, or 3.2% of total Fund, versus a target weight of 3.5%.

JP Morgan provided an update on both mandates and performance.

Appendix 4

Stewardship: Responsible Investment Activity Q2 2022

A summary of activity against each of the six United Nations Principles for Responsible Investment is provided below.

1. We will incorporate Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes

In quarter 2, the Fund's Real Estate Debt manager **ICG Longbow** provided a report on how it integrates Climate Change considerations into its investment process and across investment strategies.

Key takeaways from the report include:

- ICG is committed to supporting the goal of Net Zero GHG emissions by 2040 or sooner, in line with global efforts to limit warming to 1.5°C; and is a signatory to the Net Zero Asset Managers initiative. This commitment is supported by an ambitious emissions reduction targets which have been approved and validated by the Science Based Targets initiative (SBTi).
- Ensuring 100% of relevant investments have SBTi- approved science-based targets by 2030, with an interim target of 50% by 2026.
- Reduce ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year.
- ICG's bespoke Climate Risk Assessment is mandatory for each investment opportunity and forms part of ICG's standard ESG Screening Checklist. For opportunities with higher risk exposure, additional climate risk analysis is completed.
- Monitoring climate metrics across investment strategies in line with TCFD and SFDR.
- Working with industry peers through PRI and the Net Zero Asset Managers initiative to enable a robust and consistent focus on the decarbonisation across investment portfolios.
- Adoption of enhanced ESG screening checklist with an assessment of alignment to the UN Sustainable Development Goals.

2. We will be active owners and incorporate ESG issues into our ownership policies and practices

2.1 Voting

Managers' voting activity during the quarter to 30th June 2022 is summarised as follows.

Voting activity to 30th June 2022		
		(%)
Total meetings	**3,898**	
Votes for	41,334	80
Votes against	9,525	18
Abstentions	515	1
Not voted	389	1
No. of Resolutions	**51,763**	**100**

Voting activity in the quarter included:

- **Legal & General** opposed management at **Exxon Mobil** by supporting shareholder proposals calling for a credible net zero plan in alignment with the 1.5°C trajectory. Legal & general supported this resolution in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. Legal & general expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. (27% of investors supported the resolution). In the UK proposals to set targets for emissions associated with the use of their products were also voted at oil majors **BP** and **Shell**. At BP Legal & General supported a resolution accepting management's 'Net Zero – from ambition to action' report. Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments (resolution approved). Legal & general voted against Shell's Energy Transition Progress Update. While the company has made substantial progress in strengthening its operational emissions reduction targets by 2030, Legal & General remain concerned about the disclosed plans for oil and gas production (resolution approved). At Swiss building materials company **Holcim** Legal & general voted in favour of the company's Climate Report. This vote reflects Holcim's industry-leading position and its efforts made in setting a science-based target initiative-approved (SBTi-approved) net-zero target. Its extensive disclosure of scope 1, 2 and 3 emissions, improved level of scenario analysis, and green capital expenditure targets (resolution approved). In the US Legal & General supported a series of shareholder resolutions at banks requesting that they adopt financing policies in line with the IEA's 'Net Zero 2050 Scenario'. Legal & General considered each shareholder resolution on a case-by case and supported the proposals at **Citigroup, Wells Fargo, JP Morgan Chase** and **Bank of America**. (Citigroup gained 13% support, Wells Fargo 11% support, and JP Morgan Chase 10% support) Also in the US, Legal & General voted against the election of director Maria Singer at **Universal Health Services Inc.** due to a lack of ethnic diversity on the company board. LGIM began engaging on ethnic diversity with the largest companies in the UK and US in September 2020, with the expectation for one ethnically diverse person to be added to the board by the end of 2021. As part of the campaign, they set out that they would vote against the chair of the board or the chair of the nomination committee from 2022 where this expectation had not been met. Therefore, a vote against was applied because of a lack of progress on ethnic diversity on the board. 63% of shareholders voted against Singer's election, however, the board refused to remove her stating that that she brings [gender] diversity and relevant expertise to the board. In

Japan, Legal & General supported two shareholder proposals at **Mitsubishi UFJ Financial Group** calling for the company to adopt and disclose plans to align its businesses with the goals of the Paris Agreement and to disclose measures to be taken to make sure that the company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure. (support for the resolutions was 27% and 10% respectively).

- **Baillie Gifford** supported shareholder resolutions at **Amazon.com** relating to freedom of association, lobbying and gender/racial pay gaps. association. In light of several recent high profile controversies regarding freedom of association Baillie Gifford believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights (resolution received 39% support). Baillie Gifford believe that the company's political expenditures and lobbying disclosure is lagging that of its peers, and greater transparency would enable shareholder to assess alignment with Amazon's values and corporate goals. (resolution received 47% support). With women and minorities underrepresented in leadership positions compared with the broader workforce reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. (resolution received 29% support). Baillie Gifford also supported a range of shareholder proposals at **Meta Platforms Inc. (Facebook)** including calling for a report on child exploitation and resolutions regarding lobbying, equal voting rights, risks of the use of concealment clause and a resolution requesting a report covering failures of community standards enforcement (None of the resolutions passed). Baillie Gifford also unsuccessfully supported shareholder resolutions for reports on lobbying payments and policy at **Netflix Inc**. and **Charles Schwab.** Baillie Gifford opposed the executive compensation policy at multinational insurer **AJ Gallagher & Co** because they did not believe the performance conditions to be sufficient (resolution received 92% support). At **Booking Holdings Inc.** executive compensation was opposed due to concerns with adjustments made to the plan and the granting of retention awards (resolution received 68% support). At US pharmaceutical and biotechnology company, **Moderna Inc.**, Baillie Gifford opposed a shareholder resolution to commission a third-party report analysing the feasibility of transferring intellectual property. Moderna's leadership has deeply explored the feasibility of safely licensing its technology in consultation with stakeholders, such as the WHO. Baillie Gifford do not believe that there is a requirement for a third-party report into this (resolution received 24% support). Baillie Gifford opposed the climate action plan at Anglo-Australian multinational metals and mining corporation **Rio Tinto**. Baillie Gifford believe the company should make more ambitious commitments, including on its scope 3 emissions.

- **Oldfield Partners** voted against remuneration for executive officers at **Bayer** in response to inappropriate short-term incentives, excessive

pension entitlements for certain executives and LTI targets and performance metrics that are not sufficiently challenging. In the US Oldfield supported a shareholder proposal at **Berkshire Hathaway** for a report on Climate-Related Risks and Opportunities. An assessment of the company's management of climate-related risks and opportunities would allow shareholders to better understand how the company is managing systemic risks posed by climate change and the transition to a low carbon economy. Oldfield also supported a second shareholder resolution for a report on Effectiveness of Diversity Equity and Inclusion Efforts and Metrics. Also in the US Oldfield supported a shareholder proposal for a report on Respecting Indigenous Peoples' Rights at **Citigroup** and in the Netherlands Oldfield voted against remuneration for executive officers at industrial software provider **Exor** due to inappropriate pay packages and LTI awards.

- In the US, **Veritas** supported a shareholder proposal at **Alphabet Inc.** to commission third party assessment of company's management of misinformation and disinformation across platforms. An independent assessment would help shareholders better evaluate the company's management of these human rights risks. Also in the US, Veritas voted for a shareholder proposal to report on effectiveness of diversity, equity and inclusion efforts and metrics at **Charter Communications Inc** and at the **Unilever** AGM in the UK Veritas voted against the re-election of Nils Andersen as they are unhappy with how the business is performing and believe the executive management needs to be replaced.

- **Lombard Odier** voted against executive remuneration at **SThree Plc.** due material governance failings in respect of executive severance practices and remuneration committee oversight. The remuneration report was opposed at **The Restaurant Group Plc.** where targets have been lowered materially compared to previous years and there is no disclosure of the non-financial element. Payments are excessive given shareholder returns. At **Sporttech Plc.** Lombard Odier opposed accepting the financial statements and statutory reports including the remuneration report because certain executive directors received transaction-related bonuses during the year. The financial statements and statutory reports were also opposed at **Savannah Resources Plc.** as the Company has not disclosed any performance conditions. The remuneration policy **IP Group Plc**. was opposed because it included inappropriate rewards for zero NAV growth over the next 3 years. Lombard Odier also opposed remuneration at **PureTech Health Plc.** disclosures remain opaque and significantly lagging market practice for a FTSE 250 firm.

2.2 Engagement

Engagement highlights during the quarter include the following.

- **Baillie Gifford** engaged with **the Amazon.com**. head of ESG engagement to discuss a broad range of ESG topics including climate strategy, unionisation and employee health and safety. Baillie Gifford were encouraged to learn that work to progress Amazon's climate strategy is ongoing. This work includes a plan to publish a science-based target later this year and expand carbon labelling on products and delivery choices. Unionisation is a high-profile issue, and the recent successful vote at a New York facility was discussed as well as employee engagement efforts. On a related note, Amazon spoke about the company's recently disclosed health and safety statistics. This is an area where Baillie Gifford have been encouraging enhanced disclosure for several years and it is pleasing to see the company has responded positively to their requests. The data shows a positive year-on-year trend in employee injury rates, although these remain average relative to the broader industry. Going forward, Baillie Gifford will continue to monitor the company's interaction with employees and their efforts to unionise, as well as supporting the business to lead the industry in workplace health and safety. Baillie Gifford engaged with Dublin based building materials business **CRH Plc. Group, Inc.** to discuss the company's climate strategy. Baillie Gifford feel strongly that CRH has a key role to play in decarbonising cement - one of the company's building materials which accounts for 16 per cent of its sales but 82 per cent of its carbon emissions. Baillie Gifford explained that they believed the company's targets were limited in scope but were pleased to see that earlier this year the company announced broader and more ambitious carbon targets. CRH advised that that various parts of the business have developed their own decarbonisation strategies to implement the new targets. Executive remuneration has also been amended and decarbonisation now represents 5 per cent of the long-term incentive plan. The company has also announced an innovation fund to encourage those within the business to think about the solutions needed to decarbonise at scale. Ensuring the company finds a solution to decarbonise at scale is vital to ensure a competitive advantage and the sustainability of revenues. This will continue to be the key focus of the engagement At US pharmaceutical and biotechnology company, **Moderna Inc**., Baillie Gifford discussed the company’s target to reach net zero across its value chain emissions by 2030 and to request more information on Moderna's approach to vaccine equity. While Moderna's direct footprint is low, it can have a tangible impact on the creation of sustainable manufacturing by demonstrating the demand for sustainable chemicals. Baillie Gifford had a good discussion on these issues, including some sharing of practice around emissions boundaries and physical risk disclosure. Moderna will continue to add to its climate disclosures and provide detail on its pathways to net zero. The meeting reinforced Baillie Gifford’s view that Moderna's leadership has deeply explored the feasibility of safely licensing its technology and to whom, in consultation with stakeholders, such as the World Health Organisation. It also helped them understand that the main bottlenecks to ending the

pandemic are no longer in vaccine supply but in last-mile distribution. Baillie Gifford also heard about the commendable steps Moderna is taking to support the equitable distribution of vaccines. Baillie Gifford share the goal of supporting vaccine equity and will continue to encourage Moderna's efforts to achieve this its plan to manufacture vaccines in Kenya, in addition to the company engaging with stakeholders in global health. Baillie Gifford had a first discussion with the incoming chairperson of **Rio Tinto Group**, Dominic Barton, to discuss strategic priorities that are likely to shape his stewardship of the business, including mine building and operating performance, China, and culture and workplace practices. Baillie Gifford also discussed Rio Tinto's climate strategy and board composition. Baillie Gifford also spoke to current chairperson Simon Thompson about Rio Tinto's Climate Action Plan. The company has strengthened its decarbonisation targets for scope 1 and 2 emissions in the last year, aiming to reduce its operational footprint by 50 per cent by 2030. Baillie Gifford commended the company for this work but also outlined concerns that it is not doing enough to address the large scope 3, downstream emissions in its value chain. These emissions represent approximately 95 per cent of Rio Tinto's carbon footprint, the majority of which is attributed to its steel manufacturing customers. While the difficulties in addressing indirect emissions are understandable, the company can show more ambition and greater urgency in its climate strategy. In addition to developing partnerships and funding research, the company should consider setting scope 3 emissions targets and greater financial investment to futureproof this part of the business. Baillie Gifford did not support the Climate Action Plan at the AGM and communicated the rationale to the company. Dialogue with the company will continue. Baillie Gifford engaged with **Tesla Inc.** to understand the board's perspective on issues of racial discrimination, supply chain management, ongoing governance changes and Chief Executive Officer Elon Musk's bid to acquire Twitter. Across two separate engagements conversations Tesla outlined the increasing investment dedicating to human capital management and the board's process for monitoring employee grievances. Tesla were restricted in the information they were able to discuss but gave clear zero-tolerance commitments for harassment and discrimination while highlighting that minorities make up the majority of Tesla's workforce. Regarding CEO Musk's bid for Twitter, the board is not concerned that it will serve as a distraction. It is confident that Tesla remains a priority. Finally, planned changes to Tesla's corporate governance were discussed which include partial declassification of the board and elimination of supermajority voting requirements. These amendments reflect the maturity of the business and a view from the board that the need for protective provisions is reduced. Baillie Gifford were reassured that the company takes accusations of harassment and discrimination seriously and that the board is taking appropriate steps to develop Tesla's human capital management. The board is acting as a responsible steward in how it manages and develops the company's broader corporate governance.

- **Sustainalytics** provided a report on concluded engagement with the chemical company **Dow Inc.** The company was involved in several controversies related to the health impacts of its crop protection and other products, including the pesticide chlorpyrifos. The chemical is classed as a potential carcinogen and has been subject to several class actions because of its presence (at significant levels) in drinking water at several locations in the US.
  The overall objective of the engagement was to understand from the company how it addressed the environmental and health legacies associated with the long-term production, marketing and associated use of its chlorpyrifos chemical. Furthermore, the engagement was to focus on an understanding of what changes it had introduced to its research and development protocols to mitigate the potential impacts of future products.
  Sustainalytics reports that Chlorpyrifos is no longer produced nor purchased by Dow, resulting in a complete removal of the risks associated with its production and usage, as well as potential impacts arising from the disposal of waste products associated with its production. Waste effluents are monitored and the concentration at which chemicals are discharged from their production processes are lower than those approved by the regulator. Dow has also committed to producing chemicals that are 'sustainable for people and our planet', meaning that it is focusing on the production of benign chemicals, which although still posing a risk, indicates a move towards a greater degree of awareness and responsibility for managing hazardous chemicals. The company employs strong product stewardship. Decision making for the release of new chemicals involves a number of company 'gatekeepers', with sustainability being one of the key measures. The company monitors exposure of its products to end users and trains suppliers in safe usage. Restrictions are imposed on the use of more hazardous chemicals to members of the public through prevention of sale.
  Sustainalytics reported that engagement with **DuPont de Nemours, Inc.** had also been concluded. The company had been involved in the systematic under-reporting of several long-term pollution incidents arising from their operational practices, which might have adversely affected the health of residents near a plant in West Virginia, US. Similar pollution issues were reported at the Chamber Works factory in southern New Jersey, US and overseas in Netherlands, where three local authorities are seeking compensation from Chemours and DowDuPont over pollution of soil and water sources with PFOA.
  The overall objective of the engagement was to understand from the company how it addressed the legacy environmental and health issues arising from contamination at several its sites. Additionally, the objective aimed to learn what measures the company was taking to ensure responsible stewardship of the chemicals in production.
  Sustainalytics has been in dialogue with DuPont since 2018, the original engagement being with DowDuPont, which became DuPont De Nemours (DuPont) following the de-merger. A number of conference

calls were attended by representatives of the company and whilst being facilitated by investor relations, the meetings were chaired by its legal counsel, with a number of technical managers in support.
Sustainalytics reports that the company confirmed that Chemours is responsible for all legacy contamination liabilities. Furthermore, the company does not produce PFAS, the main family of chemicals of concern. The company disclosed a strong internal 'responsible care management system' that is externally audited. It has also adopted an internal risk screening process to evaluate and screen out products that are considered to have an unacceptable impact on the environment and human health.

- **Oldfield Partners** engaged with US Oilfield services and equipment provider **NOV Inc**. regarding board diversity. Following identification that only two of NOV's ten board directors were women, Oldfield engaged to outline what they believe to be global best practice, encouraging NOV to accelerate their move towards 30% female representation. Oldfield were assured that this is an objective that the company is working towards, and dialogue will be maintained to understand the actions being taken, and the timeframe to achieve this.

2.3 We will seek appropriate disclosure on ESG issues by the entities in which we invest

Improved disclosure is a recurring theme of engagements with portfolio companies by investment managers and Sustainalytics.

- **Sustainalytics** reported that it will engage with **Tesla Inc.** (Baillie Gifford) to seek disclosure around allegations of workplace racial discrimination and harassment. Over the past few years, employees from Tesla's Fremont, California plant in the US have accused the company of repeated workplace racial discrimination and harassment. Workers have reported discrimination in job assignments, discipline, pay and promotion. There are also individual lawsuits alleging female workers experienced sexual harassment. In August 2021, a former employee at the plant won a court ruling and received more than USD 1 million, after claiming that his supervisors had regularly referred to him using a racial slur. In October 2021, a jury ruled that Tesla must pay USD 137 million to a contractor who said he had suffered racist abuse while working at the plant in 2015 and 2016. In February 2022, following an investigation, the California Department of Fair Employment and Housing (DFEH) said it had received complaints from hundreds of workers and found evidence that Tesla's Fremont plant is a 'racially segregated workplace.' As a result, the agency filed a lawsuit against Tesla alleging systematic racial discrimination and harassment.
  Tesla is expected to have the incidents investigated by an independent third party with which it should fully participate. Tesla should reinforce anti-discrimination policies by conducting related sensitization training to move towards a culture of gender equality, diversity and inclusion. The

company should also enact a grievance mechanism and appoint senior-level anti-discrimination and human resource experts.
Sustainalytics will request a meeting with Tesla to discuss the discrimination issues and changes the company should make.

- **Baillie Gifford** met with multinational metals and mining corporation **Martin Marietta Materials, Inc.** to learn more about the company's developing climate strategy. The company continues to improve its sustainability disclosures and in the last year has set decarbonisation targets for its scope 2 emissions. Baillie Gifford discussed how the company intends to achieve objectives, including potential bottlenecks on the pathway to net zero. Baillie Gifford encouraged the company to report to the Carbon Disclosure Project and commit to the Science-Based Target initiative. It was pleasing to hear the company acknowledges the positive role investors have played in supporting the progress made to date. The company was also congratulated for achieving another excellent year for employee safety. Furthermore, the company has increased retirement benefits for employees. Baillie Gifford believe Martin Marietta is a responsible operator, demonstrating tangible progress in its sustainability strategy. The company should continue to explore options to accelerate its decarbonisation efforts and continue discussions with investors. Baillie Gifford engaged with **Microsoft Corp.** to obtain disclosure on its approach to data privacy, as it is an ESG risk that, if compromised, could significantly impact Microsoft's long-term business prospects and trust in management. The engagement provided insights into the rules, processes and teams that determine decisions related to artificial intelligence (AI) at Microsoft - which, as a subset of data privacy, helps understand human rights issues in development and data storage. It also offered examples of Microsoft's advocacy in regulating this space. However, while it provided evidence of independent analysis of human rights risks at Microsoft, Baillie Gifford were not reassured fully on its management of conflicts of interest between short-term business gains and data privacy concerns. Microsoft is demonstrating a lot of leadership in the data privacy and human rights arena - its reporting, governance structures, expertise and examples of turning down government requests to protect customers are strongly indicative of a company taking its responsibility seriously. However, given how dynamic this ESG risk is, Baillie Gifford will continue to monitor the company's approach.

2.4 We will promote acceptance and implementation of the Principles within the investment industry

- Currently all the Fund’s investment managers are signatories to the principles and 32 of the 33 managers within the Direct Impact Portfolio

are also signatories. The Fund strongly encourages managers to become signatories and to adhere to the principles. However, for some this will be less appropriate due to the specialised nature of their activities.

- The Fund is a signatory the new **UK Stewardship Code** (2020). The new Code is a substantial and ambitious revision to the 2012 edition of the Code and sets high stewardship standards for signatories. The Fund also encourages its external investment managers and service providers to demonstrate their commitment to effective stewardship by complying with the UK Stewardship Code. Currently twelve of the Fund's investment managers and consultants Hymans Robertson and Sustainalytics are signatories. The full list of signatories to the Code is available at: https://www.frc.org.uk/investors/uk-stewardship-code/uk-stewardship-code-signatories.

2.5 We will work together to enhance our effectiveness in implementing the Principles

The Fund seeks to improve the effectiveness of company engagement and voting by acting collectively with other institutional investors, charities, and interest groups. Working with ShareAction and others, the Fund has carried out direct collaborative engagement across a range of initiatives. It is also a member of industry collaborative forums including the Local Authority Pension Fund Forum, the Institutional Investors Group on Climate Change and the Carbon Disclosure Project (CDP). In addition, SPF joined the Paris Aligned Investment Initiative during the quarter.

- SPF is an active supporter of the **CDP Non-Disclosure Campaign.** This is a global investor-led campaign to drive enhanced corporate transparency around climate change, deforestation and water security. CDP's Non-Disclosure Campaign targets those companies that continually decline to disclose, as well as providing a tangible process in which they can contribute to driving corporate action and broadening the coverage of environmental data. The 2022 campaign was launched in June with a record 263 financial institutions from 29 countries, representing US$31 trillion in assets, signed up to this campaign and selected to engage 1,400+ companies on CDP disclosure. These companies represent over US$24 trillion in market capitalization and emit more than 4,800 megatonnes of carbon dioxide annually. The campaign has seen an average 38% year-on-year growth in participation from financial institutions, since inception in 2017, with a 57% uplift compared to last year. This year's campaign also saw significant growth in the number of companies requested to disclose to CDP's water and forest questionnaires, with a 51% and 37% rise in the number of companies engaged on these themes compared to last year.

This year the Fund was selected to lead the initiative's deforestation disclosure engagement with two UK companies. In quarter 2 the Fund organised collaborative letters to pet supplies retailer, **Pets at Home** and logistics provider **Stobart**, encouraging them to provide information by completing the CDP Forests questionnaire. The letter reminded them that addressing deforestation and forest degradation, which account for approximately 10-15% of the world's annual greenhouse gas emissions, is a key component of climate change mitigation and that commitments to end deforestation were announced in Glasgow, at COP26, where world leaders promised to end and reverse deforestation by 2030. As both companies declined to disclose in the past, to support our request, 41 investors representing US$7.5 trillion in AUM co-signed the letters.
The Fund also co-signed letters on climate and water disclosures to eight companies including **NIKE Inc.**, **BP**, **Shell** and **Reliance Industries**. Further details are available on the CDP website: https://www.cdp.net/en

- In quarter 2 the Fund co-signed a **Farm Animal Investment Risk and Return Initiative (FAIRR)** global investor letter to the **Food and Agriculture Organization of the United Nations (FAO)** urging them to set a roadmap for how the food system can align with the Paris Agreement goal of limiting global warming to 1.5°C. The letter, signed by 33 investors representing over US$6.7 trillion, as well as the UN-convened Net-Zero Asset Owner Alliance (NZAOA), also targets other financially material risks presented by the global food system in its current form, such as deforestation and biodiversity loss, malnutrition, and antimicrobial resistance. The call echoes the net-zero roadmap for the energy sector published by the International Energy Agency (IEA) in May 2021. However, unlike in the energy sector, there is a lack of consensus on what a pathway to 1.5°C looks like for the agriculture and land-use sector. The letter is a follow up to a FAIRR global investor statement presented to the **COP26 UN Climate Change Conference** in Glasgow calling on G20 nations to disclose specific targets for reducing agricultural emissions. The statement asked all G20 nations to disclose specific targets for emissions reduction in agriculture within or alongside their NDC commitments at COP26.
  The statement and letter are available on the FAIRR website at: https://www.fairr.org/article/investor-letter-fao-roadmap/

- In support of **ShareAction's** Good Work investor coalition the Fund co-signed letters to the leading UK Supermarkets including **Aldi, Asda, Co Op, Iceland, McColls, Waitrose** and **Lidl** regarding real Living Wage and workers' rights. This is the second round of letters to Supermarkets, the Fund supported similar letters in 2021 to **Sainsbury's, Tesco, Morrisons, M&S** and **Ocado**. Supermarkets are one of the largest employers of low paid workers in the UK – with 45% of supermarket worker's earning less than the real Living Wage. ShareAction's Good Work investor coalition have been engaging with supermarkets on the topic of the Living Wage since 2013 and over the last two years it has been a key focus sector. The coalition have raised the topic of the Living

Wage through AGM questions, letters, meetings as well as hosting a sector roundtable earlier this year. Through this engagement we have seen some supermarkets make movement towards the Living Wage rates, but no supermarket has accredited. The letters argue that many low paid workers have played a critical role in ensuring that society continues to function during the COVID-19 crisis at great personal risk and that paying a real Living Wage with basic rights and benefits is long overdue. The Good Work investor coalition represents 38 investors with over £4.6 trillion in assets under management.
The Fund also co-signed Good Work Coalition letters on Living Hours to several large UK based employers including **GSK**, **ITV**, **Smith & Nephew** and **Ashtead Group** asking them to consider accrediting to the **Living Wage Foundation** Living Hours accreditation standard. The standard presents an opportunity for Living Wage employers to go further and commit to providing security and stability for their workers and those working for their businesses on behalf of third-party contractors.

- In quarter 2 the Fund supported a **Sustainalytics** and **Fairphone** collaborative letter to the European Parliament and the European Commission calling on the EU to include living wage and income in the EU corporate sustainability due diligence directive (EU CSDDD). Earlier this year the European Commission adopted a proposal for a Directive on corporate sustainability due diligence. The aim of this Directive is to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe. In the draft Directive, living wage is mentioned explicitly as a human right. In particular, the draft Directive states companies are to ensure that "an adequate living wage" is not withheld, including in their supply chains. The European Parliament is now further developing this legislation. The signatories called on the Members of the European Parliament, the European Commission and the member states to ensure living wages and incomes are included as a human right in the final Directive and not to compromise on the definitions of living wage and income. The letter was supported by 63 companies, investors and initiatives of different industries, countries and sizes, including Unilever, L'Oréal and Nestlé as well as initiatives such as UN Global Compact and Fairtrade.
  The letter is available at: https://www.fairphone.com/wp-content/uploads/2022/05/Letter-Inclusion-Living-Wage-Income-in-EU-CSDDD.pdf

- The Sustainalytics thematic engagement initiative, **Feeding the Future**, is a three-year engagement targeting approximately twenty companies in the food sector with the focus on how companies are transforming their business models to address the new realities for production and consumption. To date conference calls and meaningful written

exchanges have taken place with the majority of the 20 target companies. The interactions demonstrated a general openness and willingness to enter into dialogue with investors on how companies are transforming their business models. Unfortunately, three of the target companies, **Beyond Meat Inc**., **Want Want China Holdings Ltd** and **PT Astra Agro Lestari Tbk** did not respond to requests for engagement. To apply pressure on these companies the Fund signed collaborative letters to each company expressing investor concern that all three businesses had received an overall rating of low in a recent Sustainalytics Feeding the Future report, and therefore have a lot of room for improved governance, practices and disclosure in this area. The letters also expressed concern at the lack of engagement and requested that they engage with the Sustainalytics initiative without delay.

- The Sustainalytics thematic engagement initiative, **Climate Change - Sustainable Forests and Finance**, which advocates for reductions in direct and indirect emissions in the context of global forest systems, also faced reluctance to engage from several target companies. To encourage engagement the Fund signed collaborative letters to each company expressing our concern at their lack of response to dialogue requests and asking that they engage with the initiative. Letters were sent to **Target Corp., Golden Agri-Resources, PepsiCo Marfrig, Kuala Lumpur Kepong, Banco Bradesco** and **Morgan Stanley**.

- The Local Authority Pension Fund Forum (LAPFF) provided a Quarterly Engagement Report. The report highlights include:

    - Continued engagement with mining companies, **Vale, Rio Tinto** and **Glencore,** to discuss governance, climate, and human rights. A special LAPFF report on the mining sector is available on the LAPFF website at: https://lapfforum.org/wp-content/uploads/2022/04/LAPFF-Mining-and-Human-Rights-Report.pdf
    - Engagement with **Standard Chartered** to determine how the company was progressing its work with clients on carbon emission reductions and aligning them with its approach to the energy transition.
    - Continued engagement with **BP** and **Shell** to highlight the need for Paris-aligned transition plans.
    - Engagement with **HSBC** to determine progress on climate transition planning, given the commitment to publish a bankwide plan in 2023.
    - Engagement with **Barclays** to better understand progress made on the company's climate change strategy, as well as how the company was addressing identified gaps.

Stewardship: Responsible Investment Activity Q2 2022

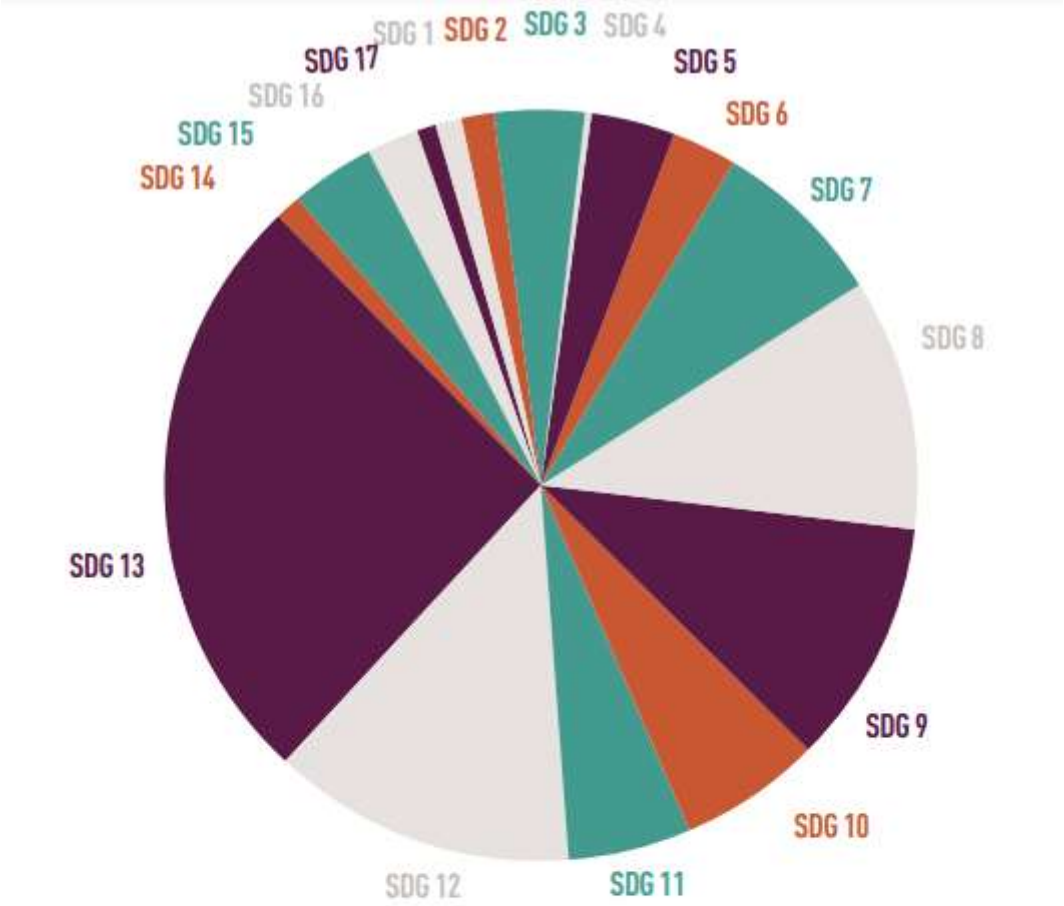
- Engagement with **Booking Holdings** and **General Mills** to continuing to push for them to undertake and publish human rights impact assessments with regards to the Occupied Palestinian Territories (OPT).
- Engagement with car manufacturers, **BMW** and **Mercedes-Benz** to discuss their approaches to raw material sourcing and how they ensure that this is done in a responsible manner.
- LAPFF met with **Sainsbury's** to discuss a resolution filed at its AGM in relation to the company becoming accredited by the Living Wage Foundation.
- Having secured a 'Say on Climate' resolution at the **National Grid** AGM, LAPFF and other lead CA100+ investors had two meetings to assess progress in the company's climate transition plan.
- LAPFF met with the **London Stock Exchange Group** to gain a better perspective of how the company can shape and promote the adoption of best practice Climate Transition Plans and to provide challenge on targets for 'real zero' for the group and for companies in its influence.
- LAPFF attended the **ArcelorMittal** AGM, in its role as joint lead investor with CA100+, to ask about company ambitions for a carbon emissions reduction target aligned with a 1.5°C scenario, for a commitment to a short-term reduction target, and to put the zero-carbon strategy to shareholders for approval at the 2023 AGM.
- Engagement with **Novartis** to understand if and how the Covid pandemic has changed its business strategy and model. The company's approach to the war in Ukraine was also discussed.
- LAPFF has started to engage water companies on having credible plans to minimise the release of raw sewage as well as how companies are seeking to reach net zero given the sector contributes 1% to the UK's total emissions.
- LAPFF joined an **As You Sow** collaborative call with **Nestle** to discuss the company's approach to plastic packaging and how it was working to reduce environmental impacts.

The LAPFF Quarterly Engagement Report is available at: https://lapfforum.org/publications/category/quarterly-engagement-reports/

LAPFF map their quarterly engagement cases to the **United Nations Sustainable Development Goals** (**SDGs)** as illustrated in the chart below.

Appendix 4

Stewardship: Responsible Investment Activity Q2 2022



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	4
SDG 2: Zero Hunger	5
SDG 3: Good Health and Well-Being	13
SDG 4: Quality Education	1
SDG 5: Gender Equality	12
SDG 6: Clean Water and Sanitation	10
SDG 7: Affordable and Clean Energy	25
SDG 8: Decent Work and Economic Growth	37
SDG 9: Industry, Innovation, and Infrastructure	36
SDG 10: Reduced Inequalities	21
SDG 11: Sustainable Cities and Communities	18
SDG12: Responsible Production and Consumption	44
SDG 13: Climate Action	88
SDG 14: Life Below Water	4
SDG 15: Life on Land	12
SDG 16: Peace, Justice, and Strong Institutions	8
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	2

The **2030 Agenda for Sustainable Development**, adopted by all United Nations Member States in 2015, recognised the private sector as a key agent in addressing global challenges such as climate change, poverty, environmental degradation and inequality. Meaningful SDG strategies

aligned with companies' business plans can link profit with sustainability and contribute to a more stable and sustainable world.

LAPFF also provided responses to consultations and calls for evidence during the quarter including:

- a response to the US government's consultation on its 2016 National Action Plan (NAP) on Responsible Business Conduct (RBC). Among suggestions from LAPFF include a request that the US clarify the extent to which it will use hard law legislative initiatives versus soft law voluntary initiatives to create an enabling environment for RBC. There is also a suggestion to make environment and climate change more integral parts of the NAP; to date, environment has been tangential to the NAP and climate has not featured at all.
- LAPFF responded to the Climate Change Committee's call for evidence. Following on from its 2020 report 'Role of Business in Delivering the UK's Net Zero Ambition', the Committee is looking to develop a more in-depth study and has asked for feedback from concerned parties.
- LAPFF responded to the Department for Transport's consultation on ending the sale of new, non-zero emission buses, coaches and minibuses. LAPFF strongly supports ending the sale of new non-zero emission busses, coaches and minibuses by 2025. The response sets out the view that the switch to electric vehicles should support a fair and just transition to a net zero carbon economy.

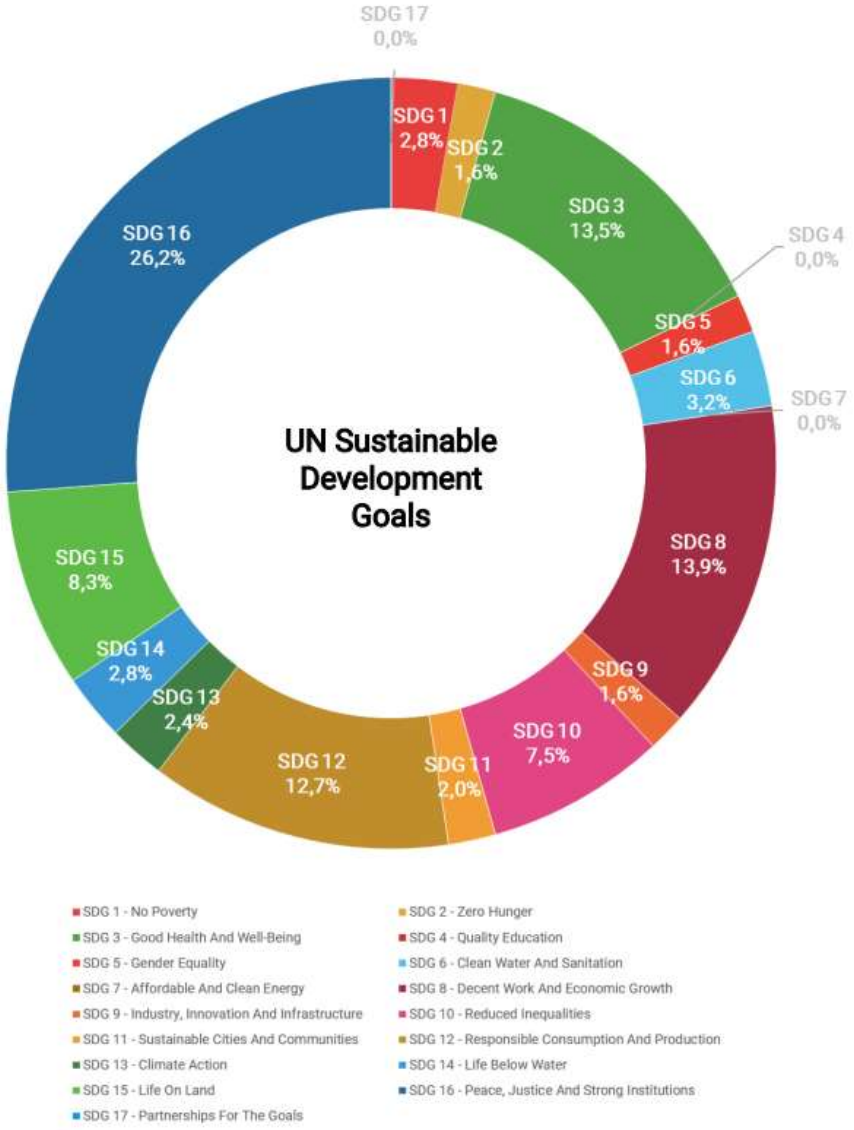
2.6 We will report on our activities and progress towards implementing the Principles

- Legal & General, Lazard, Baillie Gifford, JP Morgan, Lombard Odier, Veritas and Oldfield Partners provided reports on ESG engagement during the quarter. Sustainalytics provided a full engagement report for the quarter and an engagement progress update on individual portfolio companies.

- In quarter 2 the Fund submitted an annual Stewardship Report for 2021 to the Financial Reporting Council (FRC) in line with the requirements of the new **UK Stewardship Code**. Organisations wanting to become signatories to the Code are required to produce an annual Stewardship Report explaining how they have applied the Code in the previous 12 months. The FRC will evaluate the Reports and those that meet the reporting expectations will be listed as signatories to the Code.

- **Sustainalytics** Quarterly Engagement Report summarizes the shareholder engagement activities performed on behalf of investor clients during the quarter and includes updates on individual portfolio companies, examples of which are detailed in earlier sections of this report. Sustainalytics map these Global Standards Engagement cases

with relevant **SDGs** (UN Sustainable Development Goals) and engagement dialogue aims to work toward achieving the sustainable outcomes. Engage and Resolved cases in quarter 2 can be attributed to the following SDGs (as percentage of total cases).



- **Sustainalytics** issued its biannual reports for the thematic engagements: **Climate Change - Sustainable Forests and Finance, Governance of the Sustainable Development Goals (SDGs), Feeding the Future** and **Responsible Cleantech.**

    - **Climate Change - Sustainable Forests and Finance** thematic engagement addresses climate risk and advocate for reductions in direct and indirect emissions in the context of global forest systems. Building on insights gained from Sustainalytics' Climate Transition engagement (2018 to 2021), this theme targets companies throughout forestry-linked value chains to promote science-based emissions reduction strategies, transparent

climate-related disclosure and sustainable practices to mitigate impacts from climate change.

This first bi-annual report covers the period of engagement following the publication of the baseline report in September 2021. Sustainalytics has been actively pursuing company participation in this initiative, through introductory and initial engagement meetings. The focus of initial engagement calls was on understanding the respective companies' current practices and clarifying their disclosure, advising in relevant cases investor expectations on developing material issues, on climate, nature and deforestation. Many companies were keen to hear an investor's perspective and were receptive to suggestions.

Throughout the engagement, Sustainalytics assesses the engaged companies on 5 key performance indicators (KPIs) that cover, disclosure and governance, strategy, forests & mitigation, physical risk, natural resource management. Sustainalytics have observed some improvement in scoring across the board, it was largely driven by increased disclosure, announcements and commitments in the run-up to and during COP 26 last November, with three companies laying out strategies for reaching climate targets, while another increased the ambition of its science-based target. Sustainalytics also seen increases in ambition and strategic direction on tackling the issue of deforestation in engaged companies through collaborative efforts, via initiatives such as the **Soft Commodities Forum (SCF)**. Looking ahead this engagement will focus on deepening the dialogue with the companies and wider stakeholders and to enlist the participation of further companies. In particular, the dialogue will be focusing on science-based targets, including targets relating to deforestation and importantly how companies will establish transparent strategies to achieve such targets.

This thematic engagement seeks to directly contribute to the Sustainable Development Goals. SDG 12 on Responsible Consumption and Production, SDG 13 on Climate Action, SDG 15 on Life on Land and SDG 17 Partnerships for the Goals. It is indirectly connected to several others. Further detail is available at:

https://www.sustainalytics.com/investor-solutions/stewardship-services/engagement-services/thematic-engagement

- **Governance of the Sustainable Development Goals (SDGs)** is a three-year engagement on the Governance of SDGs with 21 companies in the financial services, consumer goods and ICT sectors. The objective of this engagement is to encourage companies to clearly identify which SDGs are the right ones for them to prioritise, demonstrate that their decision-making considers SDG impacts, guides culture and maintains their

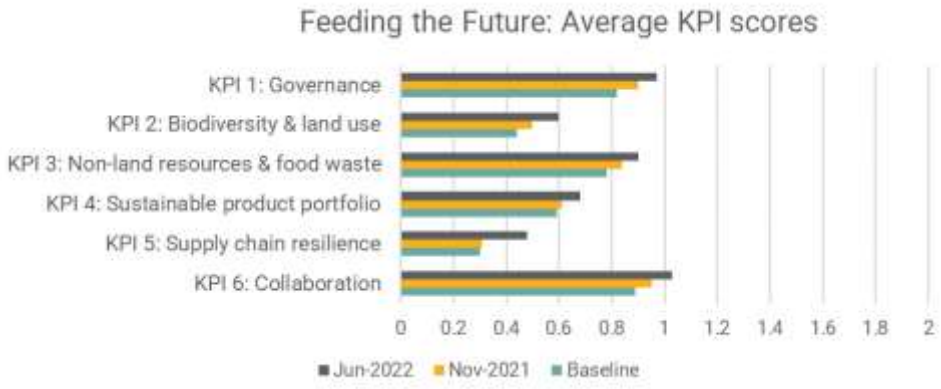
license to operate, and is geared towards achieving concrete impacts.

The biannual report provides an update on Sustainalytics' conversations with the selected companies and outlines their progress against the key performance indicators and towards the change objective. Since the last biannual update in September 2021, Sustainalytics has continued conversations with all the companies in the programme through meetings, calls and emails. The financial and ICT sectors continue to be responsive and open to discussing various aspects of SDGs. However, consumer goods companies remain the least eager to agree to meetings on this topic. The most positive developments relate to increasingly enhanced Climate-related efforts and disclosures (SDGs 7, 12 and 13). The Task Force on Climate-related Financial Disclosures (TCFD) recommendations seem to have become a universal reporting standard. The effects of the COVID-19 pandemic and response to the crisis continue to be included in conversations with engaged companies. However, the discussion around how the pandemic has impacted companies' risk assessments and materiality analyses has not been an easy topic on which to engage; most of the companies are still assessing those impacts. Overall, there have been numerous positive developments across the sectors. The total score of all companies in the programme improved to 8.1 from 6.8 at the beginning of the engagement in April 2020 (the maximum being 10). Sustainalytics are confident that pushing for accelerating SDG efforts will continue to yield results against the outcomes framework of the engagement. Further information is available at: https://connect.sustainalytics.com/thematic-engagement-governance-of-sdgs

- **Feeding the Future** is a three-year engagement targeting 20 companies in the food sector with the focus on how companies are transforming their business models to address the new realities for production and consumption. The objective of this engagement programme is to encourage food companies to embark on a transition towards more sustainable practices and develop holistic responses to the environmental challenges and contribute to a more sustainable trajectory for the future of food. The measures companies are expected to implement cover contingency planning (including science-based scenario analysis), responsible stewardship of land and other natural resources, eliminating food waste, aligning with shifting consumer trends and supporting a sector-wide transition to more sustainable business models.

  In the first half of 2022 Sustainalytics has sought to continue and/or commence dialogue with all 20 companies in the engagement programme. They have exchanged 229 emails,

made 16 telephone calls and sent two investor letters, resulting in 12 introductory and content-based calls with engagement companies. There has been an improvement in the average score for all KPIs in the framework, as illustrated in the chart below.



The three KPIs demonstrating the best performance are governance (1), non-land resources and food waste (3) and collaboration (6), which all have a medium average score. Sustainalytics are seeing encouraging examples of high-level commitments to sustainable agriculture, which are in turn linked to board-level responsibility and executive pay structures. Similarly, companies are taking a proactive approach to GHG management, Collaboration is the best-performed KPI, suggesting that companies are seeing the benefits of working with stakeholders in multiple categories, such as civil society organizations and sectoral peers, to deal with the complexities of sustainable food production. Biodiversity and land use (2), sustainable product portfolio (4) and supply chain resilience (5) all exhibit a low average score. March 2022 saw the publication of the beta version of the **Taskforce on Nature-related Financial Disclosures (TNFD)** framework and it is anticipated that this framework will help to drive transparency, which should in turn incentivize improvements to systems for monitoring and managing biodiversity impacts. Supply chain resilience remains the most under-performed KPI on the framework, indicating that companies have up till now prioritized the sustainability of their own operations.

Looking ahead to the next six months, Sustainalytics will continue the established dialogues and, where appropriate, move from broad-based information-gathering to a deeper exploration of specific, material topics and recommendations for improvement. They will also track emerging currents, such as responses to the TNFD beta, and gather further examples of stakeholder collaboration.

This thematic engagement seeks to directly contribute to the Sustainable Development Goals. SDG 2 on Zero Hunger, SDG 6 on Clean Water and Sanitation, SDG 12 on Responsible

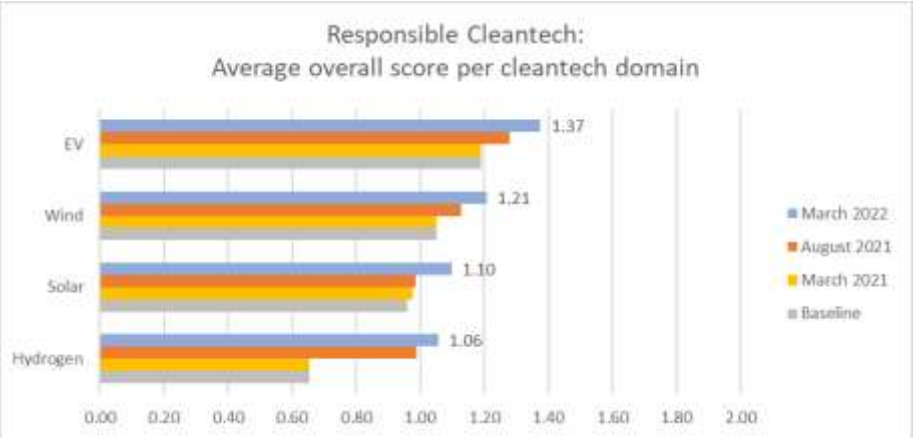
Consumption and Production, SDG 13 on Climate Action, SDG 14 on Life Below Water and SDG 15 on Life on Land. It is indirectly connected to several others. Further detail is available at:https://www.sustainalytics.com/investor-solutions/stewardship-services/engagement-services/thematic-engagement

- **Responsible Cleantech** is a three-year engagement aiming to strengthen target companies' strategic management of environmental and social considerations related to the processes around cleantech products. Increased investment in cleantech is essential to meet the climate and energy-access ambitions set out in the Paris Agreement and the Sustainable Development Goals (SDGs). At the same time, the rapidly growing demand for these products poses new environmental and social challenges. By encouraging and enabling the cleantech industry to grow in a more responsible manner, investors can contribute to multiple Sustainable Development Goals. This engagement addresses both the environmental and social implications of the growth of selected cleantech domains – electric vehicles, wind turbines and solar panels.

  This third biannual report accounts for the progress made between September 2021 and March 2022. There has been active dialogue with 18 companies including **Ford Motor**, **Johnson Matthey**, **Vestas Wind Systems** and **Tesla**. The engagement program has yielded specific insights about the environmental and social challenges of each of the selected cleantech domains. Throughout the engagement, Sustainalytics assesses the engaged companies on five key performance indicators (KPIs) that cover governance, operational management, supply chain management, circularity, and stakeholder engagement. A scoring scale from 0.00 up to 2.00 is used for this purpose. The chart below illustrates how the EV domain continues to lead, followed by the wind domain. The solar domain reduced its backlog (mainly resulting from one company having published its first sustainability report). The hydrogen domain is singled out here for the first time. The underlying scores at the company level mainly serve to structure the dialogues.

Appendix 4

Stewardship: Responsible Investment Activity Q2 2022



Sustainalytics' Responsible Cleantech engagement aligns with multiple Sustainable Development Goals, namely: SDG 7 Affordable and clean energy, SDG 8 'Decent work and economic growth', SDG 9 'Industry, innovation and infrastructure', SDG 12 'Responsible consumption and production', and 13 'Climate action'. Further detail is available at: https://connect.sustainalytics.com/thematic-engagement-responsible-cleantech

- Over the quarter, following the Russian invasion of Ukraine, the Fund reviewed all holdings and their direct and indirect exposure to Russia. Where exposure was identified, SPF instructed the relevant investment manager to explore companies' policies and planned actions in light of the war and international sanctions. At the outset of the conflict the Fund owned shares in two Russian companies within one of its global equity portfolios. These holdings were quickly reduced as a result of sales activity and market movements minimizing the impact to the Fund. As at close on 30th June, the combined value of these two positions was less than £0.1m. Russian shares are now suspended from trading and therefore effectively have zero value.

- An important part of the Fund's active ownership is shareholder litigation aimed at companies whose illegal activities have resulted in financial losses. SPF believes that exercising litigation rights, including seeking monetary redress and governance reforms via legal action when defrauded or otherwise harmed by financial misconduct is an essential in effective stewardship. The Fund has recovered over GBP£9m since 2007 and concluded its first case as lead plaintiff in 2018 by obtaining a class settlement of USD$25.9m against **PlyGem Holdings Inc**. In quarter 2 the Fund concluded a case as lead plaintiff against **Bank OZK** with a class settlement of USD$45m. Details of this action are publicly available at: http://www.ozksecuritiesclassaction.com/

Appendix 5

Stewardship: Climate Change Strategy
Energy Company Assessment as at 31st March 2022

Overall Assessment

Holdings	Companies	Score (%)
0	-	-
3	Bloom Energy	35
	NextEra	33
	IOG	32
7	ENI	72
	Equinor	62
	TotalEnergies	64
	BP	51
	Royal Dutch Shell	63
	Prysmian	76
	Nexans	55
Co.s with insufficient data coverage		**Data Coverage (%)**
14	I3 Energy	30
	Reliance Industries	30
	Matador	15
	Capital Ltd.	15
	National Oilwell Varco	10
	Shoals Technologies	10
	Cactus	10
	Solaria Energia	10
	Towngas	10
	Pharos Energy	10
	Lamprell	0
	Active Energy	0
	Harland & Wolff	0
	Max Petroleum	0

Summary

- **24** companies were held at 31st March 2022. **5** companies previously held (in July 2021 when a preliminary assessment was carried out as part of the development of the framework) were no longer held. **7** new companies had been added to portfolios.
- Almost all (**7/8**) of the companies' scores had improved scores from the preliminary assessment
- Of the companies rated green overall: **4** rated amber in at least one category; **one** rated red in one category.
- As previously, over half the companies have poor data coverage and could not be properly assessed.

Engagement with Investment Managers

Officers forwarded details of the assessment to portfolio managers during May and requested initial comments on:

- the business case for companies with an overall rating of amber

- how to address specific areas of weakness identified and
- improving data availability for those companies rated grey.

Investment manager responses in respect of the amber and grey rated companies are summarised below.

Baillie Gifford

Holdings	
0	BG first purchased **Reliance** (G) for clients in January 2019. The investment thesis is based on the company investing the proceeds from its highly cash generative refining and petrochemicals business into new avenues of growth, namely retail, telecommunications and green hydrogen. Reliance has a highly ambitious plan to be net carbon zero by 2035, a plan that will see it pivot away from fossil fuels and invest $10bn in clean energy over the next three years. Reliance is India's largest 'organised' retailer, with leading positions in consumer electronics, grocery and fashion. It is digitising independent shops and stalls by installing electronic point of sale (EPOS) terminals and connecting the country's stores through a nationwide network. The services it is providing are undoubtedly helpful to the many millions of small shops (known as kiranas) across the country. Its telecommunications business offers vast growth potential. Jio, Reliance's mobile communications subsidiary, has gained more than 400m subscribers, over a third of the entire Indian market and is on track to reach 500m subscribers, more than half of the working population. Once it has them it will start to offer a full range of digital services on top, from ecommerce and payments, through media and entertainment, to education and telemedicine. In BG's view, ESG scores attributed to Reliance miss the company's potential to be a positive social and economic force, improving hundreds of millions of lives.
0	
0	
1	

JP Morgan

Holdings	
0	**Bloom Energy** (A) is a leading manufacturer of fuel cells for stationary power applications and is likely on this list due to their current product using natural gas as a primary fuel input. Over the next few years, BE will begin selling their green-hydrogen enabling products of fuel cells and electrolyzers, which will be an important part of solving some of the most difficult to decarbonize areas of the economy (heavy industry, marine transportation, long-duration energy storage). JPM think that on a forward-looking basis, BE's green credentials will prove to be very strong and a contributing enabler of clean power. JPM acknowledge that companies rated grey (G) do need to improve disclosures, and they will engage with companies on this. These companies include some which are not obviously high-risk (leading provider of electrical balance-of-system (EBOS) componentry and design to the utility-scale solar array market; a Spanish listed renewable power company with operations in solar and wind power)
1	
2	
5	

	together with some whose role in the energy transition is more complex.

Lazard

Holdings
0
1
4
1

NextEra Energy (A) started out as a utilities company that handles energy generation, transmission, and distribution. As it began to decarbonize its electricity generation footprint, the company built out its wind, solar, and storage capabilities and is now the largest developer in the US. Held in the manager's Energy Transitions theme, NextEra is a world leader in utility scale renewable energy development. Subsequent to the Energy Company Assessment Nextera announced formal Net Zero targets at their capital markets day in June 2022. NextEra's Real Zero target does not rely on any emission offset and can be considered as a stricter target than Net Zero, which allows purchases of carbon offsets. Lazard consider that some of the issues raised in the assessment do represent additional topics for engagement, and will look to incorporate them into their next contacts with the company.

Reliance Industries (G) Held within the manager's Empowered Consumer theme. Reliance is a conglomerate with multiple divisions today, including legacy energy sector businesses. As an Indian conglomerate Reliance represents a challenge due to both cultural factors and business complexity. The company is investing behind business opportunities from the energy transition and has provided a broad framework around net zero. Disclosure is low, however, particularly vs. developed market peers. Reliance is committed to a US$10bn capex investment into solar, battery, fuel cells and electrolyzer manufacturing with a target of establishing 100GW of Solar by 2035. Lazard are in the process of engaging with Reliance on further details of future strategy. The manager also acknowledges that the assessment identifies multiple topics for future engagement including further disclosure.

Lombard Odier

Holdings
0
1
0
7

IOG Plc(A) is a UK based gas developer and producer in the Southern North Sea, in basins where gas has been produced since the 1960s. The stock is LO's largest investment in the energy sector, representing **2.3%** of the SPF portfolio. Oil and Gas still have an important role to play in the energy transition for the global economy and in transitioning away from coal in Emerging Markets. Russia's invasion of Ukraine has forced recognition of the importance of energy security, and acknowledgement of the role lighter carbon sources, particularly gas, have to play as a transition energy. IOG project their emissions intensity to be around 5% of the UK offshore average at c.1 kgCO2e/boe. The IOG platforms have very low power demand, do not require any routine flaring or venting and have no permanent offshore personnel, processing or compression activities. IOG is believed to be

	the first London listed E&P company to commit to Scope 1 and 2 Net Zero status from 2021. The company does not qualify for mandatory TCFD reporting but has undertaken to comply with TFCD and is aiming to make an initial TCFD disclosure as part of a fuller inaugural ESG report in the second half of 2022. LO have already exited two of the companies rated grey (G). Another is a dead legacy asset carried at zero. LO believe that 3 of the other companies are misclassified from a GICS (MSCI Global Industry Sector) perspective.

Oldfield

Holdings	
0	**NOV (G)** is a leading US oil services company providing equipment and consumables to the oil and gas exploration and production industry. It also has a rapidly growing business in offshore wind turbine installation vessels. Oldfield have raised a number of questions around the process for obtaining and verifying sufficient additional data to complete the scoring. These will require further discussion.
0	
1	
1	

Veritas

Holdings	
0	Veritas hold no energy sector stocks.
0	
0	
0	

Engagement with the investment managers and with Hymans Robertson and Sustainalytics on the various issues raised will be ongoing.

The assessment will be repeated as at 31st March 2023.