MINERVA ANALYTICS

Smart Pension

Sustainable Stewardship Report

01 JUL 2024 to 30 JUN 2025

1 Sustainable Stewardship

Stewardship is one of the ways in which asset managers fulfil their fiduciary responsibilities to their clients. Shareholder voting and engagement is focused on supporting companies' long-term ability to generate sustainable financial returns through the management of material environmental, social and governance risks and opportunities.

Institutional investors in pooled funds have historically relied on the investment manager to execute a voting policy for the pooled fund. However, when investor preferences have diverged from the manager's policy, they have been forced to accept the votes placed by the manager. With the Sustainable Stewardship Service operated by Minerva Analytics, global companies will now receive shareholder votes from the AMX DWS pooled funds aligned with investor preferences where possible on key topics such as climate change, executive compensation, and board diversity.

The **Three Pillars** of the Fund's sustainable stewardship activities comprise:

1. Shareholder Voting.
2. Engagement Dialogue.
3. Reporting & Transparency.

1.1 Exercising Ownership Rights

Voting rights allow shareholders to participate in key decisions such as electing the board of directors, approving mergers and acquisitions, and setting executive remuneration. The responsible exercise of voting rights can help ensure management remains accountable to the owners of the company, serve to protect shareholder interests and ensure that the company's strategies align with their expectations and values.

Voting for the Fund launched in September 2023 with the first meeting voted occurring on 25 September 2023. During the reporting period, the Fund voted at a total of 1,541 meetings and 19,855 resolutions, with the majority of these occurring in 2025 Q2.

Table: Events and Resolutions Voted

	01 July to 30 Sept 2024	01 Oct to 31 Dec 2024	01 Jan to 31 Mar 2025	01 Apr to 30 Jun 2025
Total number of meetings voted	113	195	228	1,005
Total number of resolutions voted	1,307	1,467	2,603	14,478

1.2 Voting Policy and Process

Voting rights for Smart Pension are exercised in line with the AMX/DWS Low Carbon Stewardship Fund Global ESG Proxy Voting Guidelines. The Guidelines provide a general framework for the Fund's stewardship responsibilities, and they apply globally; however, they permit the discretion to reflect local laws or standards where applicable.

The Voting Guidelines are reviewed on an annual basis and updated based on emerging good practice, regulatory developments, results from engagement activity undertaken by Engagement International, and input from the Fund's underlying clients (in this instance, Smart Pension).

Voting activity is undertaken by the Fund's appointed voting agent, Minerva, in line with the Voting Guidelines. The Voting Guidelines address a broad range of issues, and a summary of the topics covered is detailed below:

Audit & Reporting	Board Composition	Capital Management	Remuneration	Shareholder Rights	Sustainability & Risk Management
Financial Reporting Quality and Internal Controls External Auditor Independence Accounting for Climate Change	Board Independence Board Diversity Combined CEO and Chair roles Board Committees Effectiveness and Evaluation Attendance and Commitment Director Election Process Director Discharge	Capital Allocation Strategy Share Issue Authorities and Pre-Emption Share Buyback Authorities M&A and Related Party Transactions	Annual Say on Pay Strategy and ESG alignment Disclosure & Transparency Malus & Clawback Director Shareholding Discretion & One-off Awards Contracts & Severance Pay Non-executive remuneration	One-Share One-Vote Anti-Takeover Provisions Entrenchment Devices Virtual-only Meetings Voting at Meetings Shareholder Proposals	Transparency & Reporting Board Oversight for Sustainability Sustainability Risk Assessment Climate Governance & Net Zero Strategy Nature & Biodiversity Responsible Tax Political Donations

2025 Voting Policy Update – Selected Highlights

Risk Management: Strengthened expectations on board oversight of risk management, internal controls, audit processes and sustainability-related risks.

Diversity, Equity & Inclusion: Expanded DEI expectations beyond gender and ethnicity to include cultural and socio-economic diversity and increased board gender diversity expectations.

Shareholder Rights: Strengthened protections for minority shareholders, including on dual-class shares, entrenchment devices, related party transactions and shareholder proposal rights.

Sustainability Oversight: Expanded expectations on board oversight of material sustainability risks, ISSB-aligned reporting, climate transition plan disclosure, nature and biodiversity risk management, responsible tax, and sustainability-linked executive pay.

2 Voting activities in 2024/25

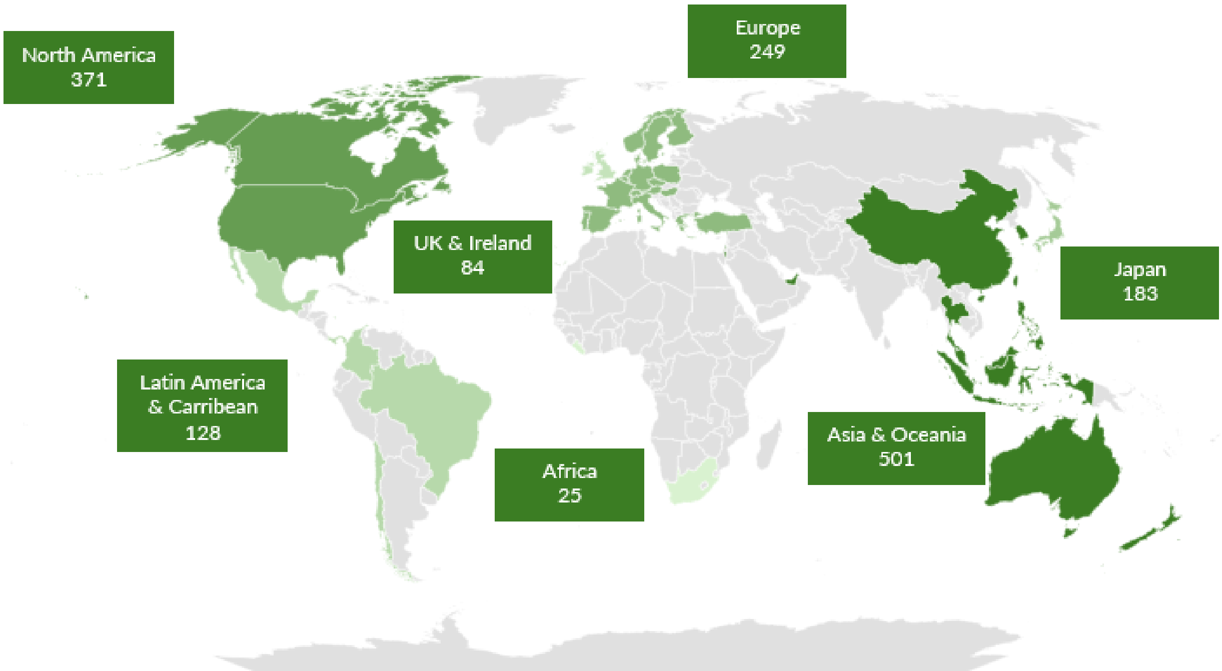
During the reporting period 01 July 2024 to 30 June 2025, the Fund exercised votes at a total of 1,541 shareholder meetings of 1,257 investee companies.

Table: Shareholder Meeting Types Voted

AGM	Class	Court	EGM	GM	OGM	SGM	SSM
1,252	35	4	237	2	2	9	0

Column Headings explained in Section 7. Glossary

Figure: Shareholder Meetings Voted by Region



Companies have approximately 1.1 to 1.2 meetings per year on average. The majority of meetings at which investors vote during the year are AGMs, at which there is legally defined mandatory business which must be put to shareholders. These items will vary by market and are a function of local company law. Regular business includes voting on: Receiving of the annual report and accounts; Director (re)elections; Director remuneration; Approval of annual dividend; and Reappointment and remuneration of auditors.

What counts as mandatory business varies between jurisdictions. For example, the discharge of board members from liabilities for their acts or omissions in the past financial year is a regular item on the agenda of AGMs of German companies but is not a feature of UK AGMs. AGM business will often also contain resolutions to approve the issue of new share capital up to a certain maximum (for example in the UK this is usually two-thirds of current issued share capital, along with an accompanying request for the disapplication of pre-emption rights). Therefore, AGMs have a significantly larger number of resolutions on average than other types of meetings.

Table: Shareholder Meetings and Investee Companies Voted by Region

Region	Shareholder Meetings	Investee Companies	Countries
Africa	25	24	Liberia, South Africa
Asia & Oceania	501	306	Australia, China, Hong Kong, Indonesia, Israel, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates
Europe	249	218	Austria, Belgium, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey
Japan	183	183	Japan
Latin America & Caribbean	128	85	Brazil, Cayman Islands, Chile, Colombia, Mexico, Panama
North America	371	365	Bermuda, Canada, United States of America
UK & Ireland	84	76	Ireland, Isle of Man, Jersey, United Kingdom

2.1 Voting at a Glance

In line with the Fund's commitment to sustainable stewardship an integrated approach is applied to voting and engagement which takes account of the particular circumstances of each company, as well as the wider market. Votes may be cast against the management of a company where:

- A company's disclosure and/or practices does not meet the expectations set out in the Voting Guidelines.
- Engagement with a company has not delivered sufficient improvements in environmental, social and governance standards.

In 2024/25, the Fund voted against the management of its investee companies at least once at **85.79%** of meetings in which the Fund voted.

1,541

shareholder meetings voted

30%

of all resolutions were voted against management

19,264

management-proposed resolutions voted

29%

of management-proposed resolutions were voted against

591

shareholder-proposed resolutions voted

51%

of shareholder-proposed resolutions were supported

Figure: Voting Breakdown (All Resolutions)

Resolution Category	Proportion of Against Votes
Audit & Reporting	19.87%
Board	45.13%
Capital	6.86%
Charitable Activity	0.03%
Corporate Actions	0.03%
Other	0.54%
Political Activity	0.30%
Remuneration	22.42%
Shareholder Rights	2.10%
Sustainability	2.72%

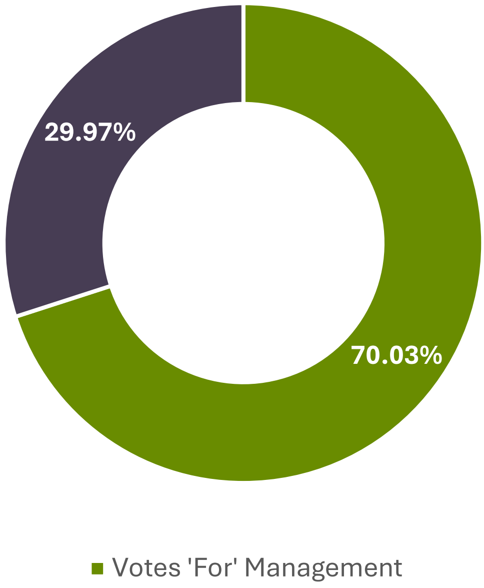
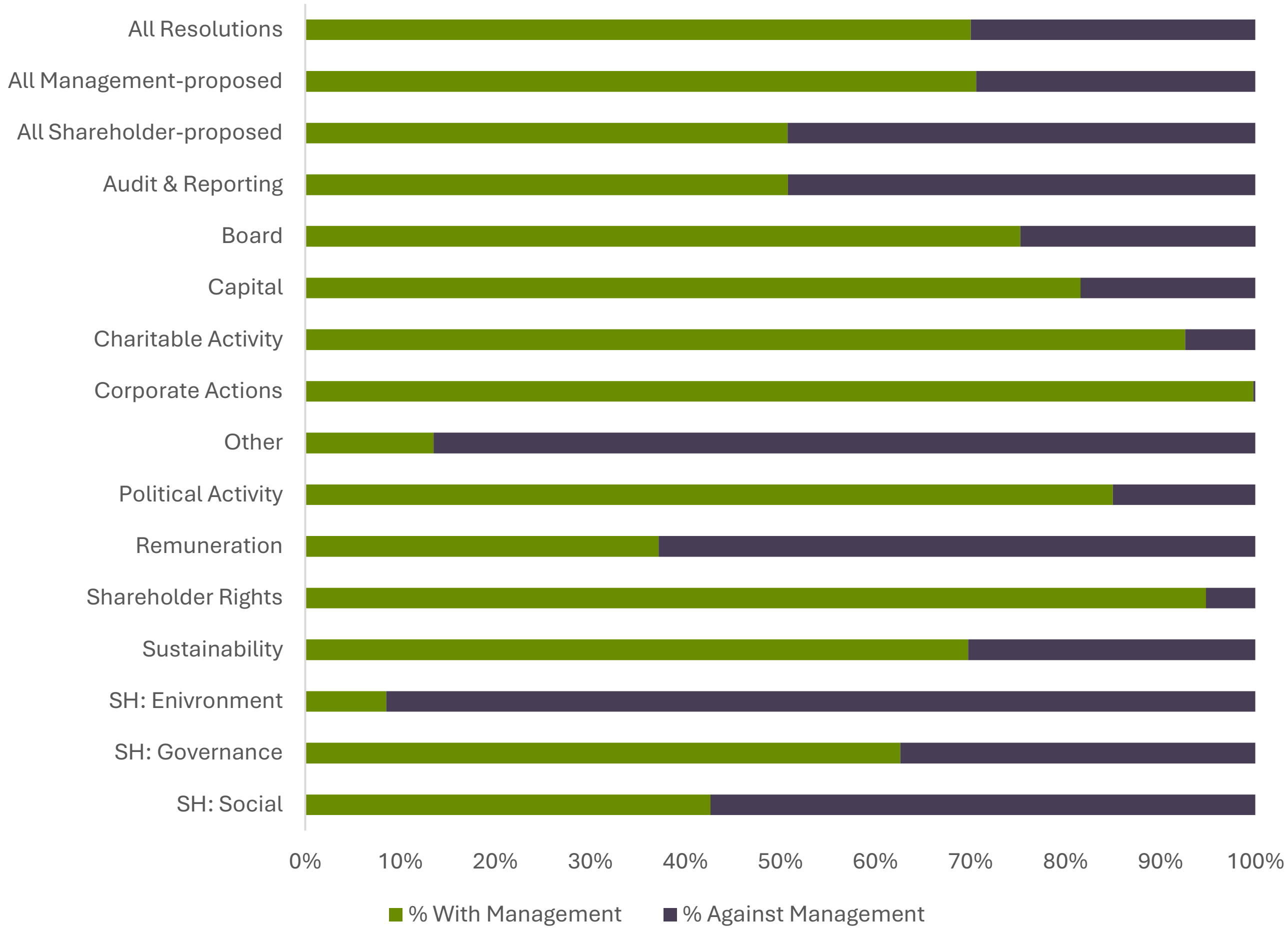


Figure: Votes Against Management by Resolution Category and Proponent



3 Voting and climate change

Climate change presents material financial risks and opportunities for businesses and investors[1]. The Fund's Voting Guidelines therefore set out an expectation for investee companies to work towards mitigating climate change by making efforts to reduce carbon emissions and transition to a low-carbon economy.

Shareholder voting rights are used to encourage investee companies to provide disclosure on climate-related issues, including on governance, strategy, risk management, and metrics and targets. In particular, companies are encouraged to provide reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (since superseded by IFRS Sustainability Disclosure Standards (IFRS S1 and S2) and to report on internationally recognised sustainability frameworks such as the UN Sustainable Development Goals.

Climate considerations in shareholder voting encompasses:

- **Holding the Chair of the Board accountable** for sustainability-related disclosures and/or **voting against the annual report & accounts**. Key sustainability disclosure considerations include whether a company has used an internationally recognised sustainability reporting standard in its disclosures, evidence of board-level oversight of sustainability issues and whether material sustainability risks have been incorporated into the board's risk review process.
- Voting **against the (re-)appointment of external auditors** where there is no evidence the auditor considered climate-related risks in its audit report and review of financial statements and accounting processes.
- Voting **against executive remuneration policies and reports** where a company has not incorporated sustainability-related risks and opportunities in incentive pay.
- Voting on **environmental-related shareholder proposals and management transition plans** (Say on Climate).

3.1 Say on Climate Votes

Say on Climate votes are resolutions put forward by a company seeking shareholder approval of the company's climate strategy and transition plan. The Fund voted on a total of eight Say on Climate resolutions in 2024/25. When voting on Say on Climate resolutions, the Fund considers a range of climate disclosure and governance factors and will vote against the resolution if the transition plan is assessed as being insufficiently aligned with the goals of the Paris Agreement.

The Fund voted against all Say on Climate resolutions. The common contributing disclosure concerns behind the Fund's votes against Say on Climate included:

Lobbying	No disclosure of a statement setting out an expectation for trade association advocacy to be aligned with the goals of the Paris Climate Agreement.
CapEx	No commitment to align capital expenditures with the goals of the Paris Climate Agreement.
Targets	No adoption of short-term absolute Scope 1 and 2 greenhouse gas (GHG) emission targets, and no verification of emission targets as science based.

[1] https://greenfuturessolutions.com/news/no-time-to-lose-report-uss-university-of-exeter/

Case Study: AVIVA plc
At UK insurance firm Aviva plc's 2025 AGM, the board put forward a resolution seeking shareholder approval of Aviva's climate-related financial disclosure. The Fund expects companies to adopt short-, medium- and long-term emissions reduction targets covering Scope 1, 2 and 3 greenhouse gas emissions, aligned with the goals of the Paris Agreement. It also encourages companies to disclose how their capital expenditure plans and trade association memberships are aligned with those goals. The Fund voted against the resolution due to concerns that Aviva's emissions reduction targets were not sufficiently robust, and because the company did not provide explicit disclosure on commitments to align capital expenditure and trade association activity with the Paris Agreement. The resolution received 87.6% shareholder support and therefore passed; however, the 12.4% dissent rate was notably higher than average for a management-proposed resolution of this type.

3.2 Board Accountability

Holding individual board members accountable for sustainability-related disclosures is an important engagement tool. The Fund considers that the Chair of the Board ultimately has responsibility in leading the Board in overseeing governance processes, reporting and oversight of material sustainability issues. Additionally, the resolution to approve the annual report and accounts (financial statements) is a regular AGM agenda item and provides shareholders with an opportunity to consistently voice concerns, particularly in years when the Chair of the Board is not up for re-election or there are no sustainability-focused items on the meeting agenda (such as a Say on Climate).

The Fund did not support the re-election of the Chair of the Board at 17 companies and voted against the approval of the annual report and accounts at 179 companies, due to concerns regarding the level and range of sustainability-related disclosures provided.

3.3 Environmental-related Shareholder Proposals

The Fund will support reasonable shareholder proposals that encourage companies to recognise, evaluate, adapt to and report on climate-related risks and opportunities, including those related to biodiversity loss and natural capital depletion.

In 2024/25, the Fund voted on 82 shareholder proposals related to climate change and other environmental issues, including biodiversity, water risk management, plastics and waste practices. The Fund supported 93% of these proposals. The Fund voted against six environmental-related shareholder proposals, either because of concerns about the intent of the proposal, such as a request for United Parcel Service to scale back its climate commitments, or because the proposal was considered overly prescriptive. The Fund supported proposals across a wide range of topics, including nature and biodiversity, the circular economy and plastics/recycling, climate lobbying, climate transition and strategy reporting, emissions reduction targets, emissions disclosure, and financed emissions disclosure at financial institutions.

Table: Key Environmental Votes Case-Studies

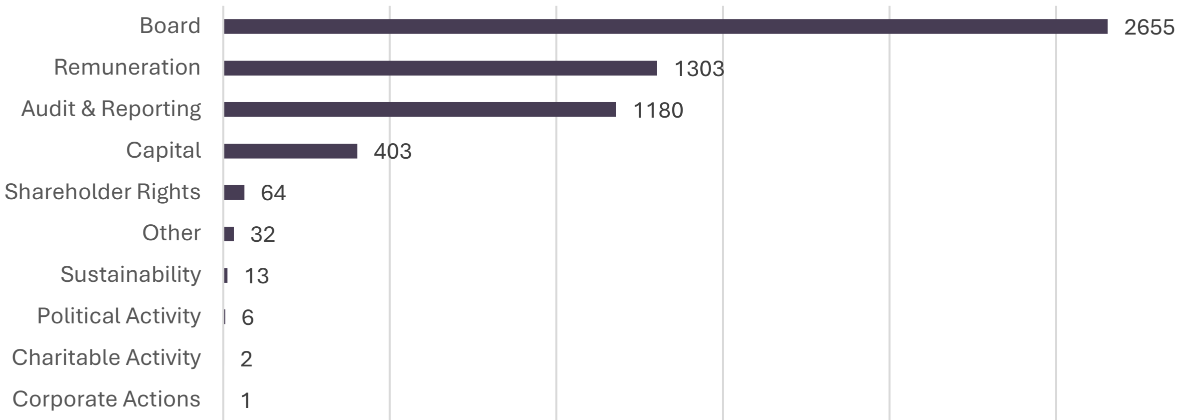
CENTENE Corporation	CHUBB	TD
Issues: Science-based targets	**Issues: Scope 3 reporting**	**Issues: Energy Supply Ratio**
Company: Centene Corp **Sector**: Health Care **Country**: United States of America **Resolution**: (Item 5) Report on plans to reduce its total contribution to climate change	**Company:** Chubb Ltd **Sector**: Financials **Country**: Switzerland **Resolution**: (item 13) Proposal on Scope 3 greenhouse gas emissions reporting	**Company:** Toronto-Dominion Bank **Sector**: Banks **Country:** Canada Resolution: (item 4) Disclose Energy Supply Ratio annually
Proposal Analysis The proposal requested that Centene issue a report describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement's ambition of limiting global temperature rise. The Fund is supportive of the adoption of science-based targets and transition plans setting out the actions a company intends to take to achieve the targets and therefore supported the proposal. A similar proposal was proposed at the 2024 AGM, which was supported by the Fund.	**Proposal Analysis** The proposal requested that Chubb issue a report disclosing the GHG emissions from its underwriting, insuring, and investment activities. The Fund is supportive of disclosure of Scope 1 and 2 GHG emissions and material Scope 3 emissions and voted in favour as it was considered enactment would enhance disclosure and transparency. A similar proposal was proposed at the 2024 AGM, which was supported by the Fund.	**Proposal Analysis** The proposal requested that TD annually disclose an Energy Supply Ratio comparing its financing of low-carbon versus fossil-fuel energy, including equity underwriting, debt underwriting, and project finance, and potentially lending if methodologically sound. The proposal also requested that TD explain its methodology and classifications while avoiding disclosure of confidential information. The Fund is supportive of the disclosure of banks' finances of low-carbon energy versus fossil-fuel energy.
Fund Vote: For **Management Recommendation**: Against **Resolution Outcome**: Defeated **Vote Result**: For 22.84%; Against 76.19%; Abstain 0.96% **Next Steps**: The Fund has initiated engagement with the company on the issue of climate change management.	**Fund Vote**: For **Management Recommendation**: Against **Resolution Outcome**: Defeated **Vote Result:** For 13.83%; Against 85.36%; Abstain 0.81% **Next Steps**: The Fund will continue to assess the company's climate-related disclosures through its voting decisions at future AGMs.	**Fund Vote:** For **Management Recommendation**: Against **Resolution Outcome**: Defeated **Vote Result:** For 38.25%; Against 61.53%; Abstain 0.22% **Next Steps**: The Fund has initiated engagement with the company on the issue of climate change management.

4 Management-proposed resolutions

The majority of resolutions voted at shareholder meetings are filed by management and relate to core governance matters, including director elections, capital management, director remuneration, and the appointment of external auditors. These issues are central to how companies are directed, overseen and held accountable.

The Fund's Voting Guidelines reflect the view that strong governance is a key driver of long-term sustainable value creation. Effective governance frameworks support transparency, accountability, independent oversight and appropriate checks and balances, helping to ensure that companies are run in the long-term interests of their shareholders. The Fund may therefore vote against management-proposed resolutions where a company's disclosures and/or practices fall short of the expectations set out in the Voting Guidelines.

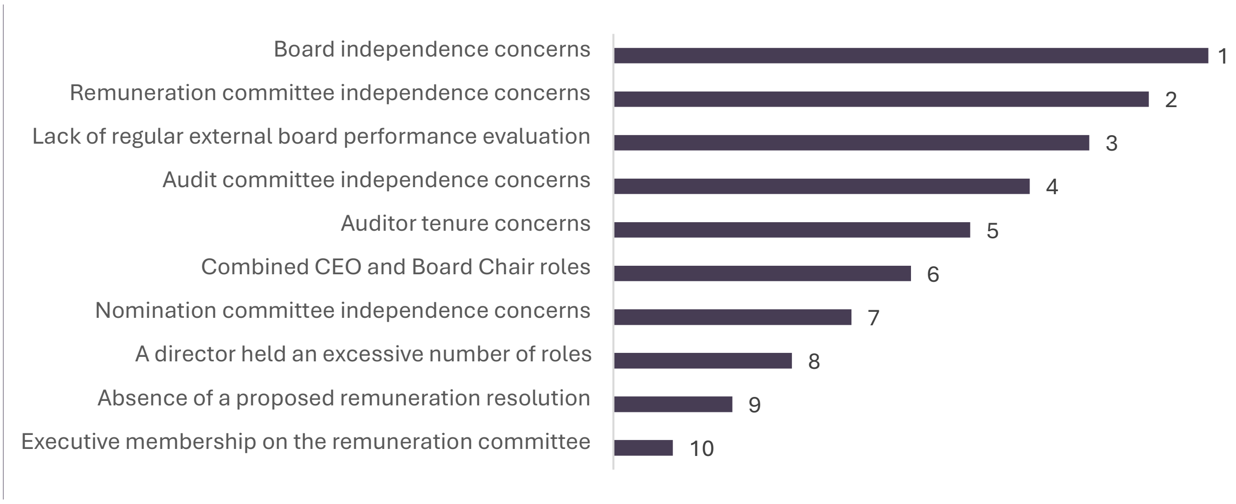
Figure: Votes Against Management-Proposed Resolutions by Resolution Category



During the reporting period, the Fund voted against management on 29.38% of management-proposed resolutions. Looking only at management-proposed resolutions, board-related items, including director elections, accounted for almost half of the Fund's votes against management (46.92%).

The Fund's Voting Guidelines set out expectations for boards to demonstrate sound governance that supports long-term sustainable value creation and effective risk management. To this end, the Guidelines encourage companies to adopt well-composed and effective board structures and support voting against management where concerns are identified. The most common issue that caused the Fund not to support director elections was where concerns were held with the level of independent oversight on the board and/or key committees.

Figure: Top 10 Policy Concerns Expressed on Director Elections



Board Independence and Effective Oversight

In a period marked by heightened geopolitical tensions, inflationary pressures, supply chain volatility and accelerating regulatory change, board effectiveness and independence have come under increased scrutiny. These conditions have reinforced the importance of good governance as a foundation for long-term sustainable value creation. Well-composed, effective and genuinely independent boards are better positioned to oversee strategy, challenge management, manage risk and support companies through periods of uncertainty.

The Fund's voting outcomes reflected this focus. A significant proportion of votes against management were driven by concerns relating to board and committee composition, and the strength of oversight structures. The Fund expects boards to demonstrate that key committees, particularly audit, remuneration and nomination committees, are fully independent, appropriately skilled and able to provide objective oversight in complex operating environments.

Common policy concerns driving votes against management-proposed directors included non-independent directors serving on key committees, excessive external commitments, and insufficient disclosure on board evaluation and refreshment processes. The Fund considers these governance features to be essential safeguards for accountability, effective stewardship and the protection of long-term shareholder value. During the reporting period, the Fund voted against 2,473 management-proposed director election resolutions.

Remuneration is an important mechanism for aligning the interests of shareholders and management, and various factors are taken into account when voting on executive pay. Key important issues for shareholders are whether the right metrics are being used to drive behaviour, the level of disclosure provided and the alignment of pay outcomes with corporate performance, together with overall quantum. Executive pay continues to be a hotly debated topic in Europe, particularly with recent discussions over the ability of companies to attract and retain executive talent when competing with US companies who can offer much higher packages. This executive concern needs to be sensitively balanced with the social context of firms, notably the consideration of reputational risks and potential impact on inequality with negative social and economic consequences.

The Fund's Voting Guidelines set out expectations on remuneration structure and disclosure. Overall, the Fund voted against 1,303 remuneration-related items proposed by management at 870 investee companies. The five most common contributing factors for votes against director remuneration were:

Performance Linkage	Insufficient link between the performance measures used in the incentive pay elements and a company's reported key performance indicators.
LTIP Disclosure	Incomplete forward-looking disclosure on the performance conditions applicable to long-term incentive awards to be granted in the coming year.
LTIP Performance	Performance period and/or vesting period for long-term incentive periods was considered too short.
Bonus Disclosure	Poor disclosure of the quantitative targets used to determine the directors' annual bonus for the year under review.
LTIP Participation	Poor disclosure/no limits on individual upper limit

Top 10 markets where the Fund voted against remuneration resolutions (Number of companies)				
311 USA	**54** South Korea	**49** Japan	**36** Sweden	**35** Canada
35 United Kingdom	**32** Australia	**28** China	**23** Germany	**23** South Africa

5 Shareholder-proposed resolutions

The filing of resolutions by shareholders at AGMs is an important stewardship mechanism through which minority shareholders can hold boards accountable and communicate their views to company management. Shareholder resolutions can focus investor attention on a clear call to action and provide a transparent indication of the level of shareholder support for that issue. This can be particularly valuable where emerging material risks and opportunities are not yet fully captured by legal, regulatory or market disclosure frameworks.

The Fund has a comprehensive shareholder proposal evaluation framework designed to ensure a consistent, principle-based voting strategy. The framework considers the aim and intent behind the proposal, the materiality of the topic to the company and its sector, whether the request is proportionate and appropriately targeted, whether it is overly prescriptive or burdensome, and whether it would strengthen company practice, disclosure or accountability in support of long-term sustainable value creation.

During the 2024/25 voting season, the Fund voted on 591 shareholder-proposed resolutions and supported 301, representing 50.9% of the total. In most cases, company boards recommended that shareholders vote against these proposals. The Fund voted against the management recommendation on 49.2% of shareholder proposals; this figure is slightly lower than the overall support rate because, in a small number of cases, boards either made no recommendation or supported the shareholder proposal.

Much of the recent debate around shareholder proposals has centred on the US market, where shareholder proposals remain more common than in many other jurisdictions. However, in the context of regulatory uncertainty, political pressure and rising anti-ESG sentiment, the number of shareholder proposals filed in the US has declined, particularly those focused on environmental and social issues.

At the same time, “anti-ESG” shareholder proposals seeking to scale back company initiatives on issues such as DEI and climate change have increased. These proposals generally failed to gain meaningful support. During the reporting period, the Fund voted against 51 such proposals, representing 8.6% of all shareholder proposals voted, as their intent was inconsistent with the Fund’s Voting Guidelines, which support reasonable requests addressing material sustainability risks and long-term sustainable value creation. These proposals received average shareholder support of only 1.9%.

While momentum behind environmental and social proposals moderated in 2025, governance-related proposals saw a rebound in support. The Fund supported 18 shareholder proposals that received majority shareholder backing during the reporting period, all of which related to governance matters. Their success highlights that targeted and well-framed proposals can still attract broad shareholder support, particularly where they seek to strengthen shareholder rights, board accountability and core governance protections.

Table: Successful Shareholder Proposals Supported by the Fund

Category	Type of Shareholder Proposal	Successful Proposals Supported
Governance	Adopt annual director elections	6
	Remove supermajority voting provisions	6
	Shareholder right to call special meetings	2
	Article amendments	2
	Political expenditure transparency	1
	Written consent	1

6 Engagement Dialogue

Whilst the Fund uses its voting rights to signal concerns to the boards of the companies it is invested in, the Fund's stewardship activity does not stop here. Through engagement dialogue with companies, the Fund seeks to influence change and complement voting activity.

In order to enhance the long-term value of assets, Minerva Analytics and its stewardship partner, Engagement International, undertake outcome-based engagement dialogues oriented to achieve real-world impacts through supporting sound governance practices, effective sustainability risks management, and acceleration of net zero transition.

6.1 Engagement process

Minerva and Engagement International have developed a Low Carbon Stewardship Engagement Policy which sets out the overall approach and sits alongside the Voting Guidelines.

In addition to influencing companies to effect positive outcomes, engagement is a key tool to complement and influence voting activity. A specific feature of the Fund is that we seek to "join the dots between voting and engagement" rather than taking a siloed approach. As per the Fund's Engagement Strategy, an engagement may inform voting decisions as part of the Fund's stewardship escalation structure. Conversely, voting activity may also inform engagements as an escalation to voting activity. Together, Minerva and Engagement International regularly review the engagement outcome status of engagements and the Fund's voting activity to inform the implementation of the Escalation Strategy.

Whilst the engagement strategy is focused on joining the dots between voting and engagement, given the volume of meetings and resolutions voted on it is not feasible to engage on every voting action the Fund undertakes. Accordingly, a vote against management may be considered a suitable stewardship tool to raise concerns to management without further engagement. Engagement as a tool to complement and influence voting activity will be prioritised on companies in line with the processes and principles outlined in the Fund's Engagement Policy to encourage high-quality effective engagements.

The engagement framework covers all listed equities in the Fund and prioritises the following three engagement approaches:

Proactive Climate Net Zero Engagement
Focused on those companies that contribute with the highest absolute amount of Scope 1 and 2 GHG emissions and in total at least 70% of the Fund's aggregated GHG emissions from investee companies in high impact sectors.
Reactive Climate Net Zero Engagement
Typically, those companies where the Fund has voted against management due to climate-related factors, such as by supporting a shareholder proposal seeking to improve a company's net zero climate strategy which received more than 20% shareholder support.
General Environmental, Social and Governance Engagement
Where other material environmental, social and governance issues have informed the voting activity of the Fund, such as natural capital depletion and biodiversity. This approach is initially linked to shareholder voting and not a part of the first engagement rounds.

6.2 Engagement Outcomes

6.2.1 Selecting Engagement Priorities

The engagement strategy for the Fund primarily focuses on investee companies with the highest absolute amount of Scope 1 and 2 GHG emissions and in total at least 70% of the Fund's aggregated GHG emissions from investee companies in high-impact sectors[2]. The **targeted climate engagement strategy** is aligned with the investment strategy of the Fund to promote environmental characteristics and alignment with the EU Paris-Aligned Benchmark standards and the Net Zero Investment Framework, developed by The Institutional Investor Group on Climate Change (IIGCC).

In this approach, companies are identified for proactive engagement based on consideration of GHG footprint and the Net Zero Alignment criteria. Companies with the highest emissions in the portfolio which are lagging behind peers in implementing effective climate strategies may pose the biggest risk to the Fund and society and thereby constitute the highest engagement potential.

This approach identified companies with the highest Scope 1 and 2 emissions and assessing the companies against a set of climate milestones, according to Engagement International's Net Zero Alignment Model. This identified 38 companies for proactive engagement, as some of the highest emitters had already fully committed to science-based reduction targets and demonstrated commitment to addressing climate risks, therefore excluding them from the engagement universe. In addition, reactive climate net zero engagements are conducted as a follow up and/or escalation, building on the Fund's voting activity regarding e.g. Say on Climate resolutions, climate-related shareholder proposals, climate governance, and other relevant concerns. 10 companies were identified for reactive engagement and one further company met the criteria for both reactive and proactive engagement.

In 2025, engagement focused on Proactive Climate Net Zero Engagement and Reactive Climate Net Zero Engagement at 49 companies. This round of engagement did not cover other ESG issues, as it has been agreed to focus on climate Net Zero engagement in the initial stages of engagement.

Figure: Engagement by Region

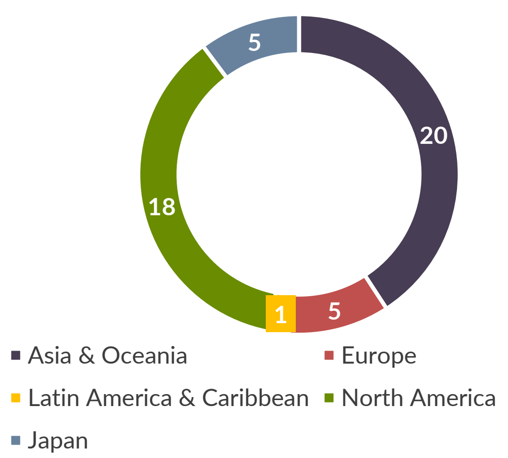
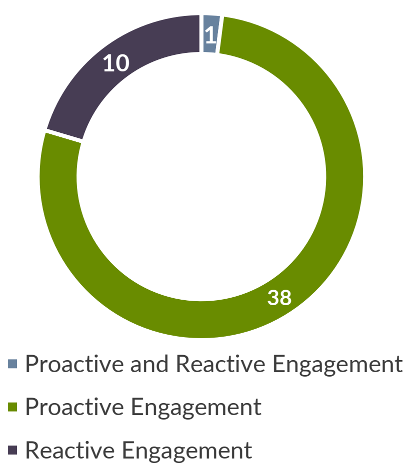


Figure: Engagement by Strategy



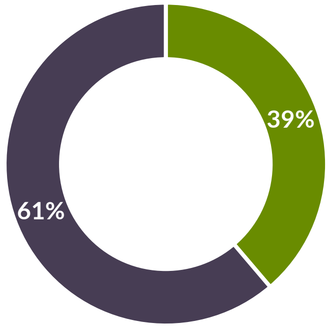
[2] This is defined as the investee companies' total aggregated emissions and not the Fund's financed emissions.

6.2.2 Engagement in Practice

In the first half of 2025, ten engagements were undertaken via conference calls and 20 via written correspondence. Disappointingly, 17 companies did not respond to invitations to dialogue, despite several emails and conference call reminders. Two of the 49 targeted engagement companies explicitly declined to participate; however, they remain part of the engagement and reporting process.

The positive engagement response rate of 61% is lower than the usual engagement statistics of around 70-80%. However, normally the response rate improves after some engagement and reporting rounds.

Figure: Engagement Response Rate



Depending on the level of net zero alignment of the company, engagements are grouped into two blocks:

- **Level 1 Engagement**: Due to their relatively low level of net zero alignment, 36 companies were selected for Level 1 engagement, focusing on **three basic milestones**: Net Zero Commitment, GHG Reduction Targets and GHG Emissions Disclosure.
- **Level 2 Engagement**: Due to a higher level of net zero alignment, 13 companies were selected for Level 2 engagement, focusing on **five milestones**, including Net Zero Commitment, GHG Reduction Targets, GHG Emissions Disclosure, Climate Strategy, and Capital Allocation, as well as GHG Emissions Performance.

6.2.3 Monitoring engagements

Net Zero Alignment: Of the 49 engaged companies, 16 were assessed as "Climate Laggards" due to the absence of a clear net zero commitment by 2050 or sooner. A further 25 had made a net zero commitment but remained classified as "Climate Laggards" due to gaps in GHG reduction targets and/or emissions disclosure. Eight companies were assessed as Net Zero Aligning and were therefore engaged on additional milestones relating to climate strategy, capital allocation and net zero performance. None of the engaged companies were assessed as Net Zero Aligned or Net Zero Achieved.

Climate Engagement Progress: 19 companies demonstrated Positive (B) Climate Engagement Progress, reflecting both milestone progress and responsiveness to engagement dialogue. A further 15 were assessed as Moderate (C), while 15 showed Negative (D) progress.

Climate Engagement Signal: Overall, 21 companies received a Moderate (C) Climate Engagement Signal, indicating that they are making some progress towards alignment with net zero and the Paris Agreement, but not at sufficient pace. The remaining 28 received a Negative (D) signal, indicating that significant improvements in climate management are needed. These companies may therefore warrant further voting-related escalation or other stewardship steps.

Vote Escalation: In the 2024/25 voting season, the Fund applied escalation votes for the first time, voting against director elections and/or other relevant resolutions where engagement had not delivered sufficient improvements in net zero commitments or climate management. Escalation votes were applied to 11 companies:

Air China	Centene	Expeditors International of Washington	Old Dominion Freight Line
Archer-Daniels-Midland	China State Construction Engineering Corp	Markel Group	Quest Diagnostics
BYD Company		Nutrien	Skyworks Solutions

Table: Engagement Case-Studies

<table>
<tr><th>Company</th><th>Engagement Action</th><th>Climate Risk Exposure</th><th>Net Zero Alignment</th><th>Climate Engagement Progress</th><th>Climate Engagement Signal</th></tr>
<tr><td>LG Chemical Ltd</td><td>Written</td><td>High (B)</td><td>Committed to Align</td><td>Positive (B)</td><td>Moderate (C)</td></tr>
<tr><td colspan="6">LG Chemical Ltd, a South Korean chemical company, was selected for proactive engagement due to its high climate risk exposure. The company responded in writing to inquiries and stated that it is on track to complete measurement of both domestic and international Scope 3 emissions by 2026. LG Chemical indicated that its next step will be to incorporate Scope 3 emissions into its reduction targets and climate strategy.

For Scope 1 and 2 emissions, LG Chemical aims to achieve carbon-neutral growth by 2030 through the use of low-carbon fuels, sustainable raw materials and renewable energy sources. The company also plans to begin disclosing preliminary estimates for additional relevant Scope 3 categories in its upcoming sustainability report. LG Chemical acknowledged the challenges of setting science-based targets in the petrochemical industry but expressed an intention to align with the Science Based Targets initiative once sector-specific criteria are finalised. Its Net Zero Alignment Status is assessed as Committed to Align, reflecting its net zero commitment, Scope 1 and 2 carbon reduction targets and externally verified carbon emissions disclosures.

The company's Climate Engagement Progress was assessed as Positive (B), reflecting its constructive response to invitation to dialogue and the climate-related initiatives it has taken and plans to undertake. Overall, its Climate Engagement Signal was assessed as Moderate (C), reflecting its high climate risk exposure, Committed to Align net zero status and Positive (B) Climate Engagement Progress.</td></tr>
<tr><td>Air Products & Chemicals Inc</td><td>Declined</td><td>High (B)</td><td>Aligning</td><td>Negative (D)</td><td>Negative (D)</td></tr>
<tr><td colspan="6">Engagement with Air Products & Chemicals, a US chemical company and one of the world's largest industrial gas companies, was first initiated in the first half of 2024. The company initially acknowledged Engagement International's invitation to engage but declined to participate in further dialogue in 2025, citing resource constraints.

Air Products & Chemicals demonstrates a relatively advanced level of net zero management, reflected in its Aligning net zero alignment status. The company has committed to net zero and disclosed relevant greenhouse gas emissions data. However, its emissions reduction targets remain limited and require further development. The company also needs to strengthen its disclosures on climate strategy and capital allocation.

No notable recent developments or new relevant climate-related disclosures were identified during the reporting period. The company's Climate Engagement Progress was therefore assessed as Negative (D), reflecting its lack of recent progress, limited responsiveness to engagement, and the absence of new relevant climate initiatives. Overall, Air Products & Chemicals' Climate Engagement Signal was assessed as Negative (D), reflecting its high climate risk exposure, Aligning net zero status and Negative (D) Climate Engagement Progress.</td></tr>
<tr><td>BYD Company Ltd</td><td>No Response</td><td>High (B)</td><td>Committed to Align</td><td>Moderate (C)</td><td>Negative (D)</td></tr>
<tr><td colspan="6">BYD was selected for proactive engagement because it is among the companies with the highest Scope 1 and 2 emissions in the Fund. In the first half of 2025 BYD, a Chinese electric vehicle manufacturer, was invited to participate in a Level 1 engagement meeting. However, the company did not respond, despite several attempts to contact it.

BYD has made progress in disclosing its climate strategy. However, its current emissions reduction target relates only to its own operations. In the automotive sector, Scope 3 emissions, including emissions associated with vehicle use, are a material part of decarbonisation, including for electric vehicle manufacturers. It should also be noted that electric vehicles are not BYD's only business line; the company also operates in electronics, battery storage and rail transit, each of which presents distinct climate-related challenges.

BYD's Net Zero Alignment Status is assessed as Committed to Align. The company has committed to achieving carbon neutrality across its full value chain, including Scope 1, 2 and 3 emissions, by 2045. It has also set one medium-term emissions intensity reduction target for its own operations and discloses Scope 1, Scope 2 and limited Scope 3 emissions for the previous three years, with third-party assurance. However, it is not clear whether the company's carbon accounting methodology follows the GHG Protocol Standard.

The company's Climate Engagement Progress was assessed as Moderate (C). Although BYD did not respond to inquiries, it has made some progress over the last 12 months. Its overall Climate Engagement Signal was assessed as Negative (D), reflecting its high climate risk exposure, Committed to Align net zero status and only moderate engagement progress.</td></tr>
</table>

Table: Companies Engaged in the Reporting Period

Company Name	Country	Engagement Category
Air China Ltd	China	Proactive Engagement
Air Products & Chemicals Inc	United States	Proactive Engagement
Archer-Daniels-Midland Co	United States	Proactive Engagement
BYD Company Ltd	China	Proactive Engagement
Carnival Corp	Panama	Proactive Engagement
Centene Corp	United States	Reactive Engagement
China Railway Group Ltd	China	Proactive Engagement
China State Construction Engineering Corporation Ltd	China	Proactive Engagement
China Steel Corp	Taiwan	Proactive Engagement
Chubb Ltd	Switzerland	Reactive Engagement
Constellation Brands Inc	United States	Reactive Engagement
COSCO Shipping Holdings Co Ltd	China	Proactive Engagement
Darden Restaurants Inc	United States	Reactive Engagement
Dow Inc	United States	Proactive Engagement
Evergreen Marine Corp (Taiwan) Ltd	Taiwan	Proactive Engagement
Expeditors International of Washington Inc	United States	Reactive Engagement
FedEx Corp	United States	Proactive and Reactive Engagement
Hapag-Lloyd AG	Germany	Proactive Engagement
Industries Qatar QPSC	Qatar	Proactive Engagement
Japan Airlines Co Ltd	Japan	Proactive Engagement
Korean Air Lines	South Korea	Proactive Engagement
LATAM Airlines Group SA	Chile	Proactive Engagement
LG Chemical Ltd	South Korea	Proactive Engagement
Lotte Chemical Corp	South Korea	Proactive Engagement
Markel Group Inc	United States	Reactive Engagement
Mitsubishi Chemical Group Corp	Japan	Proactive Engagement

Company Name	Country	Engagement Category
Nippon Sanso Holdings Corp	Japan	Proactive Engagement
Norsk Hydro ASA	Norway	Proactive Engagement
Nucor Corp	United States	Proactive Engagement
Nutrien Ltd	Canada	Proactive Engagement
Oji Holdings Corp	Japan	Proactive Engagement
Old Dominion Freight Line Inc	United States	Reactive Engagement
Petronas Chemicals Group Bhd	Malaysia	Proactive Engagement
Indah Kiat Pulp & Paper PT Tbk	Indonesia	Proactive Engagement
Qantas Airways Ltd	Australia	Proactive Engagement
Quest Diagnostics Inc	United States	Reactive Engagement
Samsung Electronics Company Ltd	South Korea	Proactive Engagement
Shin-Etsu Chemical Company Ltd	Japan	Proactive Engagement
Singapore Airlines Ltd	Singapore	Proactive Engagement
SK Hynix Inc	South Korea	Proactive Engagement
Skyworks Solutions Inc	United States	Reactive Engagement
Southwest Airlines Co	United States	Proactive Engagement
Taiwan Semiconductor Manufacturing Company Ltd	Taiwan	Proactive Engagement
Toronto-Dominion Bank	Canada	Reactive Engagement
Turk Hava Yollari AO	Turkey	Proactive Engagement
Turkiye Sise Ve Cam Fabrikalari AŞ	Turkey	Proactive Engagement
United Parcel Service Inc	United States	Proactive Engagement
Wanhua Chemical Group Co Ltd	China	Proactive Engagement
Wilmar International Ltd	Singapore	Proactive Engagement

7 Appendix – Category Taxonomy

AGM	The Annual General Meeting of shareholders, normally required by law.
Class	A Class Meeting is held where approval from a specific class of shareholders is required regarding a business item.
Court	A Court Meeting is where shareholders can order an annual meeting or a special meeting from a court, or where a meeting is called by a Court of Law to approve a scheme of arrangement.
EGM	An Extraordinary General Meeting of shareholders is where a meeting is required to conduct business of an urgent or extraordinary nature. Such business may require a special quorum or approval level.
GM	A General Meeting is a term often used interchangeably with the terms EGM and OGM, depending on the term used by the company in question.
OGM	An Ordinary General Meeting is a term often used interchangeably with the terms EGM and GM, depending on the term used by the company in question.
SGM	A Special General Meeting of shareholders is where a meeting is required to conduct special business, often which requires a special quorum or approval level.
SSM	A Scheme Meeting is a court-convened meeting where shareholders of a company vote on a proposed scheme of arrangement.
Audit & reporting	Resolutions concerning the appointment and remuneration of auditors, the appropriation of profits and the approval of report & accounts.
Board	Resolutions concerning the composition and structure of the board including director elections, director discharge and board committees.
Capital	Resolutions concerning authorisations to issue and/or repurchase shares, dividends and amendments to capital structure.
Charitable activity	Resolutions concerning charitable donations.
Corporate actions	Resolutions involving significant transactions and other investment decision-related items.
Other	Resolutions that are non-routine and do not fall under other categories.
Political activity	Resolutions concerning political donations and lobbying.
Remuneration	Resolutions concerning remuneration policies and reports, equity plans, non-executive remuneration, say on pay frequency votes and golden parachutes.
Shareholder rights	Resolutions concerning the articles of association, anti-takeover provisions, the rights of shareholders and general meeting procedures.
Sustainability	Resolutions concerning environmental and social issues, such as climate change and the workforce.

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