



Environmental, Social & Governance Statement

Voting and engagement report
Q2 2025

1 April – 30 June 2025



Executive summary

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

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

Investment strategy

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

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

Investment managers

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

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

Policies and approach

The Fund have policies detailing our Investment Strategy and approach to Responsible Investment. These policies are [available on the Fund’s website](#).

Collaboration

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

East Sussex Pension Fund Engagement

East Sussex Pension Fund Commitments

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

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

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

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

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

- Membership of the IIGCC Corporate Programme Advisory Group

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

LAPFF Engagement Activity

All [engagement activities completed in Q2 2025 through LAPFF are available here](#)

Sample engagement updates

Proctor & Gamble - Nature

Objective: ArcelorMittal is a Luxembourg headquartered steelmaker and is the second largest globally. Conventional steel production is a significant emitter of carbon dioxide. Steel (iron) requires removing oxygen (reduction) from the ore, iron oxide. Blast furnaces use coke (a coal-derived fuel) as the reducing agent, which causes CO₂ emissions.

There is no commercial-scale model for capturing CO₂ emissions from a steel blast furnace. But there is an alternative reducing agent, hydrogen, which releases the oxygen of the oxide as water. The issue regarding net zero and steelmaking is the source of hydrogen. Hydrogen is often classified by “colour” to indicate its carbon footprint. “Grey” is hydrogen from methane without capture of CO₂ emissions. “Blue” is hydrogen from methane with capture of CO₂ emissions. “Green” is hydrogen from the electrolysis of water, using electricity from renewable sources.

Steel can also be made by recycling scrap, such as rail lines, ships, pipes and demolished buildings, using electric-arc furnaces (EAFs). In this route, the main variable is the carbon intensity of electricity that powers the furnaces. There is also variance in the quality of the steel that is produced.

LAPFF’s approach to decarbonisation has been to deal with other disadvantages with fossil fuels, such as price volatility and geopolitical risk.

Achieved: LAPFF has engaged with ArcelorMittal for several years and most recently met with the Arcelor in June 2025. The Forum noted a significant change in approach. There is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways.

LAPFF heard that there is pressure for fast progress on short-term 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. What is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity

In Progress: ArcelorMittal outlined its decarbonisation pathway, but critical timing gaps remain. CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an EAF role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with EAFs. LAPFF will continue to press for clear timelines, fuller disclosure of community-engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

[Further information on the Funds activities and polices can be found on our investment page.](#)

Engagement with policy Makers

IIGCC

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

UK real estate: Ambitious and stable regulation key to decarbonisation and growth

April 2025

Investors outlining the importance of stability and predictability in UK real estate regulation received a warm welcome from Sarah Jones MP, Minister of State for the Department for Energy Security and Net Zero (DESNEZ), and fellow policymakers in a ministerial roundtable.

Key asks raised included the importance of regulation to level the playing field and to bring up the 'dirty tail' of inefficient buildings; more consistent data and KPIs to help unlock capital; and a system-level approach to facilitate access to renewables. Potential tax incentives, such as reduced VAT on retrofitting, were also suggested to facilitate action.

Investor recommendations were well received, with IIGCC set to follow up with a letter to the Minister outlining the key asks and reiterating their support.

[Read the full article here.](#)

Mind the data gap: Are investors getting what they need?

June 2025

High-quality data is essential for investors as they develop strategies and set climate targets. However, the recent EU omnibus proposals have raised concerns that access to corporate data could be significantly reduced as part of a broader efforts to streamline reporting. Using voluntary disclosure frameworks developed by IIGCC as a reference point, we have reviewed the main climate disclosure frameworks, including ESRS, to assess the extent to which they provide investors with the information necessary to meaningfully evaluate corporate transition efforts.

[Read more in the article here](#)

LAPFF

No policy engagement undertaken in the quarter.

United Nations Principles of Responsible Investment (UNPRI)

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

United Kingdom

No UK Policy engagement in quarter

Global

The PRI has responded to the Convention on Biological Diversity (CBD) Secretariat consultation requesting views on options for enhanced policy coherence between the Rio Conventions.

The PRI welcomes the development by the Brazilian Ministry of Finance of the Sustainable Taxonomy (TSB), including the development of an index to measure and promote gender and racial equality.

On 2 May, the European Commission launched a call for evidence on revision of EU rules on sustainable finance disclosure, aiming to improve legal clarity and alignment across the sustainable finance framework.

The PRI, together with 14 signatories - representing over €2.6 trillion of assets under management - as well as more than 150 businesses, investors and associations, has co-signed a letter calling for an ambitious EU 2040 climate target.

Global Investor Statement

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

[More details around the Global Investor Statement can be found here](#)

Activities and training undertaken directly by the Fund.



The Fund has undertaken the following activities during Quarter 1 of 2025.

Fund manager meetings

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

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

1. Storebrand	Equity
2. BlueBay	Credit
3. Baillie Gifford	Equity
4. Pantheon	Infrastructure
5. Adam's Street	Private Equity
6. Wellington	Equity
7. IFM	Infrastructure
8. Atlas	Infrastructure

Industry meetings, events, and training

- LGPS Local investing & pooling day (30th April)
- LGPS Pooling Symposium (6th – 7th May)

Please note that a large number of meetings relating to new pension pool arrangements occurred within this quarter, which cannot be recorded here due to confidentiality reasons.

Third party supplier commitments

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

Barnett Waddingham (Fund Actuary)

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

[Barnett Waddingham – Sustainability page available here](#)

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

Hymans (investment advisory service)

Isio is responsible with providing us with investment advice, as well as reporting on our current investment and strategy. They took over from our previous investment advisors (ISIO) at the start of the year.

Responsible Investment Updates can be found here: [Hymans News & Views](#)

Northern Trust (Custodian)

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

[Northern Trust - Social Responsibility page - available here](#)

[Northern Trust - Latest Corporate Social responsibility report – available here](#)

Northern trust have made the commitment to be net-zero carbon by 2050

See “Selected memberships and initiatives” page for external engagement.

Eversheds (Lawyers)

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

[Evershed's - sustainability page – available here](#)

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

LGPS Pooling

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

[Link to Access Responsible Investment guidelines and summary report here.](#)

Examples of what should be voted for and against below:

Vote for:

- Adoption of Report and Accounts unless Auditors Report is qualified.
- The annual report should include a separate section that describes the work of the Audit Committee.
- All directors should be subject to regular re-election, at least every three years.
- Long term incentive schemes should be based on challenging performance targets over a consecutive period of at least three years. Therefore, performance targets for minimum rewards should be based on at least producing median performance for the industry or average market returns.

- All political donations should be fully disclosed and justified. Any political donations should be subject to a separate vote.
- The company should publish a formal statement setting out its approach to dealing with environmental issues.

Vote against:

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

Manager Engagement and Voting Activity

Longview (Active listed equity) Part of Access Pool

Fund Manager collaborate engagement groups - links on page 44

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
22	333	121	198	14	125	208

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

Engagement

[Longview Partners - Responsible Investment & Engagement Policy](#)

Longview currently send tailored ESG reports to ESPF each Quarter. Anonymised Q2 25 engagement examples provided to us are below:

Company A

In May and June 2025, Longview engaged with Company A in response to recent developments that raised operational, social and governance concerns. The engagement began with an initial call in May involving Company A’s Vice President of Investor Relations, Vice President of Sustainability, and Senior Associate General Counsel. Shortly after this call, we sent a formal letter to the CEO copying the CFO and Board of Directors requesting the company to take swift and decisive action to address the issues reported. In June, we held a follow-up call with a group of Company A’s leadership team, including the President and CFO, Chief Legal Counsel, Executive Vice President of Corporate and External Affairs, and Vice President of Investor Relations to further discuss the company’s response.

Company A’s operational issues relate primarily to a higher-than-expected level of care activity in their Medicare Advantage (MA) businesses which is affecting margins at two business segments. In April, Company A reduced their full year 2025 earnings per share guidance by 12% to reflect this before fully withdrawing the guidance a month later, citing further increases in care activity. This represents a significant execution misstep by the company, but we expect to see profitability recover in 2026 when the company will be able to reprice most of its MA business to reflect the higher costs. The company expects to reinstate guidance along with their second quarter earnings release at the end of July.

Along with the withdrawal of guidance, Company A announced that the CEO had stepped down ‘for personal reasons’ and would be succeeded by the Chair who had previously served as CEO from 2006 to 2017.

In addition to the operational issues and CEO change, several allegations of malpractice were made against the company in the quarter. The day after the announcement of the CEO change and guidance withdrawal, the Wall Street Journal alleged that the US Department of Justice had opened a criminal Medicare fraud investigation into Company A's MA business. A week later, The Guardian alleged that Company A had incentivised nursing homes to reduce patient transfers to hospitals, potentially compromising patient care.

Company A formally responded to each allegation, stating that it 'has not been notified by the DOJ of the supposed criminal investigation' and that The Guardian's allegation had been the subject of a multi-year DOJ investigation which 'demonstrated the significant factual inaccuracies in the allegations' and that the DOJ had declined to pursue the matter.

In our initial call in May, the company provided additional context regarding the operational issues. The company highlighted that a significant part of the cost issue stems from members that had transferred to Company A plans for 2025 from competitors that exited the MA market. These enrollees have turned out to be much higher risk than their previous risk-coding suggested, and Company A took on a disproportionate number of them. Company A also noted their higher than peer exposure to public sector group MA members who have seen greater premium increases which has spurred care utilisation increases.

On the social issues, we asked the company for details on the steps they were taking to root out any malpractice and ensure that their policies and procedures were robust enough. The company emphasised the rigour of internal controls and the wide-reaching external audits and regulatory reviews. Following this discussion, we followed up with a formal letter to the CEO, copying the CFO and Board of Directors, outlining our perspective and requesting the company to take swift and decisive action to address the issues reported. We also arranged a call with senior management to discuss the contents of our letter.

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

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
48	641	553	85	3	545	96

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

Engagement

[Newton – Responsible investment page - available here](#)

[Newton – Quarterly Reports - available here](#)

Example ESG Engagement

Mizuho Financial Group Inc

Relevance

S - Cyber security / Data Privacy = External verification of cyber security systems provides investors comfort that an added layer of independent review has assessed critical systems thereby reducing the risk of costly data breaches, helping companies identify and address vulnerabilities and ensuring overall business continuity.
 G - Minority shareholder treatment = Cross-shareholdings can lead to inefficient allocation of resources and potential conflict of interest among companies with intertwined ownership structures which can negatively impact minority shareholders and shareholder value in general.

Key Takeaways

S - Cyber security / Data Privacy = Context:

While the bank's overall disclosures are adequate especially in the market context, we could not ascertain if the bank undertakes third party review or has relevant external certifications such as the ISO 27001 for its cyber security systems. Consequently, we wanted to engage with the bank on the same.

Takeaways:

- The bank highlighted that internally it has relevant checks and balances in place to maintain a robust cyber security program. Further, it has based key programs on strong external guidance. Further, it maintains communication and information-sharing structures regarding cyber security with government institutions, regulatory authorities, law enforcement agencies, the Financial Services Information Sharing and Analysis Center.
- However, it acknowledged how third party review adds an added layer of robustness to its overall cybersecurity policies.

G - Minority shareholder treatment = Context:

Mizuho historically has had high levels of cross-shareholdings (amount of cross-shareholdings based on market value was c. 30% of net assets around three years ago). However, it has been reducing this and also had committed to reduce the cross-holdings further by JPY 300 bn from FY23 to FY25.

Takeaways:

- We highlighted to the bank that we were appreciative of its actions and targets it had set. However, communicated we would want the bank to continue this further as even after achieving the JPY 300 bn target, there are still considerable cross-shareholdings remaining.
- The bank highlighted it is on-track on achieving its current target by FY25 and highlighted that it is likely to continue on winding down these cross-shareholdings further.

Engagement Outcome

S - Cyber security / Data Privacy = While there are no material concerns with respect to cybersecurity currently, evidence of third-party review or external certifications would provide investors with further comfort. We deemed the bank's acknowledgment of the issue as appropriate and understand it has improved its internal framework over time.

G - Minority shareholder treatment = We are comfortable with the bank's actions and approach going forward. We believe, the bank, in line with positive market developments on corporate governance, recognizes that unwinding the cross-shareholdings (especially holdings which are not aligned with the financial growth of the bank - the bank assesses the profitability of the shareholding during its assessments to unwind these positions) would improve the corporate governance profile and positively impact shareholder value.

Next Steps

S - Cyber security / Data Privacy = We will monitor the bank's disclosures and assess if its cyber security program and policies have strengthened and engage accordingly.

G - Minority shareholder treatment = We will monitor the rate at which the bank is unwinding its cross-shareholding and/or is setting further targets for the same and engage accordingly.

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

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
99	1413	1121	282	8	1190	223

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

[Ruffer – Quarterly Reports available here](#)

Engagement – from Quarterly Responsible Investment Report

ArcelorMittal

OBJECTIVE: an updated European Climate Action Report

One of the CA100+ key engagement objectives for 2024 was for ArcelorMittal to update its Climate Action Report for its European business. Its failure to do so contributed to our decision to table a letter at the AGM.

A detailed climate transition action plan gives investors valuable information, lending credibility to carbon reduction targets and perhaps deeper insight into strategies to protect and grow shareholder value. We note that policy uncertainty is a key reason the report has not been updated and, to meaningfully lower carbon emissions, the company will need to make a final investment decision on large capital expenditure projects – mainly decommissioning blast furnaces and replacing them with electric arc furnaces (EAFs) and direct reduced iron (DRI) processes. That said, the company retains its guidance of \$4.5-5 billion of capital for these projects.

In our discussions with ArcelorMittal, we have suggested two ways to give investors comfort on its pathway to Net Zero: disclosing a marginal abatement cost curve (MACC); and a qualitative discussion or scenario analysis expanding on its dependencies (such as reliable supply of economically priced hydrogen), uncertainties and challenges.

In response to the CA100+ questions, ArcelorMittal outlined its near-term and longer-term actions.

Near term

1. Securing and diversifying metallics supply: high-quality iron ore represents only about 4% of global iron ore supply, and scrap is a scarce resource in many regions, but recycling scrap avoids 1.3 tonnes of CO2 emitted per tonne of scrap (a material reduction)

2. Increasing energy efficiency and clean energy sourcing, by securing renewable electricity for its steel producing sites in France
3. Transitioning to EAFs: effectively liquifying recycled metals using renewable electricity (rather than natural gas)

Beyond 2030

1. Transition to lower-emission ironmaking (DRI): relies on (affordable, reliable and sufficient) hydrogen
2. Carbon capture, utilisation and storage (CCUS): ArcelorMittal is part of the Ghent Carbon Hub, amongst other CCUS projects

OBJECTIVE: updated carbon reduction targets

ArcelorMittal's [2024 sustainability report](#) acknowledged it is unlikely to achieve its 2030 carbon emissions reduction targets. Ruffer (and other stakeholders) would benefit from ArcelorMittal resetting expectations, with targets it believes are achievable, particularly if its Net Zero by 2050 target is also jeopardised. We think ArcelorMittal may publish revised targets in its 2025 sustainability report or in an update of its Climate Action Report, which we do not expect this calendar year.

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

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
67	161	824	64	6	686	223

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

Resolutions voted on in quarter.

[Baillie Gifford – Governance and sustainability \(LGPS\) – available here](#)

Baillie Gifford voting policies and guidelines

[Baillie Gifford - Stewardship & Climate Documents – available here](#)

Engagement

[Baillie Gifford - ESG information available here](#)

[Baillie Gifford - Quarterly reports available here](#)

Examples of engagement in quarter (as per Quarterly report)

AppLovin Corporation

Objective: We met with management twice during the quarter. The first call - with the firm's chief financial officer (CFO) and chief legal officer (CLO) - focused on governance and compensation. Adam Foroughi, the firm's founder and chief executive officer (CEO), joined the second call which touched on a variety of topics including strategic growth drivers, product roadmap, and the firm's approach to acquisitions.

Discussion: During the first call we explained that we are supportive of the firm's dual-class share structure at this point in time given Foroughi's active involvement in the business. Management noted that while the

CEO does retain a controlling interest, fully independent board committees serve as an important check and balance. Moving to compensation, we queried the firm's unconventional approach to executive pay, which favours annual equity awards over equivalents which vest over multiple years. The CLO explained that this approach had been adopted to reduce the risk of complacency during a period of rapid share price growth. The CFO added the firm is not focused on retaining employees via compensation structures, and that they want people to stay because of the culture.

On the second call, Foroughi emphasised that growth will be driven by continued yield uplift and expansion into non-gaming verticals such as e-commerce and online services. He added that e-commerce has not been fully rolled out while attribution integrations mature. Wider self-serve rollout will follow only when performance is comparable to what has been achieved for gaming advertisers. From a product development perspective, the company is prioritising generative AI ads, with improved tooling for advertisers expected next year. This will be an important step towards self-reinforcing creative optimisation. On culture and the prospect of acquisitions, Foroughi once again stressed that lean, performance-centric operations are non-negotiable. The firm will only proceed with the mooted TikTok merger if he retains the control required to establish AppLovin's efficiency standards. Beyond TikTok, broader merger and acquisition (M&A) appetite remains low.

Outcome: Both conversations reinforced our view that management remain steadfastly focused on execution and that Foroughi's controlling interest is a source of edge. We are encouraged by the long-term growth runway and will monitor any developments relating to a potential deal with TikTok.

Netflix, Inc.

Objective: We met with Netflix executives to better understand their plans to balance growth through users who receive advertising with those who don't. The discussion aimed to clarify Netflix's potential scale and profitability over the coming decade.

Discussion: Netflix emphasised significant investments in developing its own advertising technology stack rather than relying on third-party solutions. The executives highlighted that past reliance on fragmented technology was an obstacle, particularly for effectively targeting audiences. Building its own technology allows Netflix to personalize ads, introduce interactive ad formats, and use AI to creatively combine Netflix's intellectual property with advertiser content. They believe these capabilities will uniquely differentiate Netflix's advertising business, attracting premium advertiser spending over time.

Netflix acknowledged that shifting to advertising-supported revenue will take time to scale effectively. Management anticipates revenue per user parity between advertising-supported and fully paid subscribers in the next three years. While Netflix expects ad revenue to double this year, it expects revenue growth to initially lag behind user growth, especially internationally, due to complexities around monetizing a diverse, global audience.

Outcome: Our meeting provided important clarity on Netflix's approach and timing expectations for its advertising initiatives. We will closely track Netflix's ongoing efforts to scale its advertising business globally. Netflix enjoys continued substantial growth potential as it scales driven by greater user reach and a diverse and deepening content library.

Storebrand Global ESG Plus (Passive listed equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
505	6223	5738	409	71	6205	18

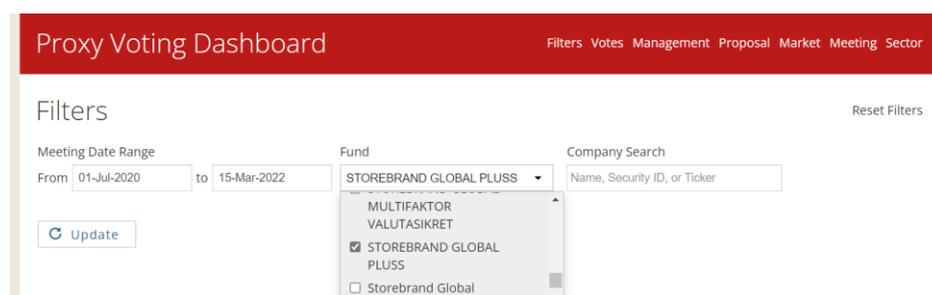
1 vote made was date related

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

Resolutions voted on in the quarter:

[Storebrand – Proxy voting dashboard – available here](#)

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



The screenshot shows the 'Proxy Voting Dashboard' with a navigation bar containing 'Filters', 'Votes', 'Management', 'Proposal', 'Market', 'Meeting', and 'Sector'. The 'Filters' section includes:

- Meeting Date Range:** From 01-Jul-2020 to 15-Mar-2022, with an 'Update' button.
- Fund:** A dropdown menu currently showing 'STOREBRAND GLOBAL PLUS'. The dropdown list includes:
 - MULTIFAKTOR VALUTASIKRET
 - STOREBRAND GLOBAL PLUS
 - Storebrand Global
- Company Search:** A text input field with the placeholder 'Name, Security ID, or Ticker'.

A 'Reset Filters' link is located in the top right corner of the filters section.

Storebrand voting guidelines and policies:

[Storebrand – Proxy voting policy – available here](#)

Engagement

[Storebrand – Sustainability page available here](#)

[Storebrand – Quarterly Reports available here](#)

Engagement Example: Tesla

Following efforts from an investor group in July, including Storebrand AM, the board of Tesla finally scheduled an annual general meeting for the company. The group had sent a letter to the board urging the automaker to set a date for its annual shareholder meeting this year, citing legal obligations and growing governance concerns.

Tesla had been close to missing a legal deadline for scheduling this year's annual shareholder general meeting (AGM). Under the law in the US state of Texas where Tesla is incorporated, shareholders can ask a court to require the company to hold its annual meeting, if it had not done in the previous 13 months. In Tesla's case, the company had last held an annual shareholder meeting in June 2024. Furthermore, in April the company had announced a delay in filing its annual proxy statement as the board had not decided on a date for the annual shareholder meeting.

The investor action on the AGM followed a related move at end of May, when a group of investors, including Storebrand AM, had issued a formal letter to the Chair of the carmaker Tesla's board of directors, Robyn Denholm, demanding corporate governance reforms. Among the demands from the investors was one demanding that Tesla CEO Elon Musk returns to working at least 40 hours per week for the company, before any new compensation plan is approved.

In the letter, the investors questioned the state of management and oversight at the company, noting, "The current crisis at Tesla puts into sharp focus the long-term problems at the company stemming from the CEO's absence, which is amplified by a Board that appears largely uninterested and unwilling to act in the best interest of all Tesla shareholders by demanding Mr. Musk's full-time attention on Tesla".

The letter, prompted by a variety of problems faced by the company, was signed by 12 institutional investors that together represent approximately US\$ 950 billion in Assets under Management (AuM), including Storebrand Asset Management, Akademiker Pension, AP Pension, and the New York City Comptroller.

[Read more in the quarterly report available here](#)

Wellington (Active listed equity – impact fund)

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
47	650	626	22	1	621	13

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

Resolutions voted on in the quarter:

[Wellington – Global proxy voting disclosure – available here](#)

Wellington voting guidelines and policies:

[Wellington – Global proxy voting policy 2023 – available here](#)

[Wellington Sustainability related investment Disclosures October 2022 – available here](#)

Fund Overview

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

Engagement

During the quarter, Wellington visited sprouts farmers market headquarters and met with much of the management team, including the CEO, CFO, Chief Marketing Manager, Development Officer, and product sourcing team. Sprouts farmers Market (sustainable agriculture and nutrition, US) is a predominantly US west coast natural and organic food market, providing better access to quality nutrition and promoting healthy eating habits. Through their visit Wellington sought to understand how the new management team is executing a more focussed and deliberate growth strategy targeting smaller stores and a sharper new unit growth strategy that aligns distribution with customer demand and the company’s ability to distribute their unique and differentiated product assortment. Wellington believes clear product differentiation aligned with burgeoning consumer preference for healthier products will drive loyalty and command durable higher margins and prolonged unit growth. These insights supported Wellington’s initiation of the stock during the quarter.

WHEB (Active listed Equity – Impact fund)

Fund Manager collaborate engagement groups - links on page 44.

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

Additional Information

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

WHEB utilizes analysis tools to inform investors of the beneficial aspects of their investments. As of 30th June 2025, East Sussex has £202.8m invested in WHEB, which has resulted in:

98,170 MWh of renewable energy generated (equivalent to 8,519 European households)
 145,430 tons of CO2 emissions avoided (equivalent to the average yearly electricity use of 72,613 houses)
 243.4m litres of water use avoided (equivalent to the water used by 3.9m showers)

Voting

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
28	428	327	92	7	334	94

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

Resolutions voted on in the quarter:

[WHEB – detailed voting record – available here](#)

WHEB voting guidelines and policies:

[WHEB – Stewardship and Engagement policy – available here](#)

[WHEB – RI policy – available here](#)

Engagement

[WHEB – Quarterly Reports available here](#)

[WHEB – Impact report available here](#)

Engagement example: Linde

WHEB's Objective

Limiting material negative social or environmental impacts associated with Linde's GHG emissions and mitigating potential restrictions on the company's profitability and growth.

Company Objective

For Linde to commit to electrifying 100% of steam-driven ASUs by 2035 to reduce Scope 1 and 2 emissions and ultimately achieve a Paris-Aligned net zero carbon target.

Desired Outcome

Development and implementation of a comprehensive strategy to decarbonise Linde's operations.

Background

WHEB invests in Linde because of the positive impact that is associated with several applications of industrial gases. This includes the use of oxygen in manufacturing as well as in healthcare (as highlighted above). Linde also produces hydrogen which has the potential to play a key role in decarbonising heavy industry such as steel manufacturing as well as in agriculture and can also be produced with a low carbon footprint (so-called blue and green hydrogen). Unfortunately, operating air separation units (ASUs) that produce gases like oxygen and nitrogen use enormous amounts of energy. Most hydrogen production is also currently heavily dependent on natural gas (so-called grey hydrogen) which also generates significant greenhouse gas (GHG) emissions.

Engagement Activity

For these reasons Linde has been a key focus of our engagement work since at least 2019. Over that time, following vigorous engagement by us alongside other investors, the company has made significant progress in first establishing a Board-level sustainability committee and then in publishing a net zero carbon target which it subsequently had validated by the Science-based Targets Initiative (SBTi).

In recent years we have joined other investors in encouraging a yet more ambitious carbon reduction timetable. This includes working with the IIGCC's Net Zero Engagement Initiative and with the British NGO ShareAction and typically involves annual or biannual meetings with the company. During the Summer 2025 we also had an opportunity to attend the company's Annual General Meeting and question the CEO and Chairman on the need to accelerate efforts to decarbonise the company's remaining ASUs that rely on fossil fuels and to accelerate efforts to source renewable power through dedicated power purchase agreements (PPAs).

Engagement Outcome

M3 - Company develops or commits to develop an appropriate method or strategy to manage the issue.

The company disclosed that of the more than 500 ASUs that they operate, approximately a dozen are still operated using fossil fuels, all of which are in China. Of these 12, two have already been converted to use electricity with another two being converted “in the near term”. The CEO stated that electrifying the remaining units is central to the company’s plan to reduce the company’s absolute scope 1 and 2 emissions by 35% by 2035. The CEO also stated that the company “greatly prefers” to agree PPAs to source renewable energy over alternative methodologies (such as purchasing renewable energy certificates or offsetting).

Atlas (Infrastructure listed equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
17	252	243	6	3	239	13

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

Resolutions voted on in the quarter:

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

[Atlas – Environmental, social and governance – available here](#)

Atlas voting guidelines and policies:

[Atlas – Responsible investment policy – available here](#)

Engagement

[Atlas - ESG Page available here](#)

Engagement Example taken from annual report:

RWE

Opened and Closed August 2024

Background:

During 2024, RWE was a holding in the Global Strategy portfolio. RWE is a German renewable generation business and has historically been the largest coal-fired power generator in Europe but has moved into renewable energy in recent years. In August RWE was rumoured to be looking to acquire gas-fired generation assets in the US owned by Calpine, the largest owner of GFG in the country. Our analysis suggested that this acquisition would make RWE's emissions trajectory misaligned with the Paris Agreement goals (Tier 4 – Misaligned) and contradict our investment thesis by increasing merchant power price exposure.

Engagement objectives:

To deter RWE management from increasing RWE's exposure through the acquisition of Calpine to fossil fuel and merchant power price electricity generation assets

Engagement outcomes:

After an initial meeting with the CFO, we updated our financial model to reflect greater merchant risk and higher forecast emissions. This increased the risk of loss signals and worsened the Paris Alignment outlook in our Decision Support.

- In combination with changes in the ranking of other prospective investments the investment committee decided to reduce the position in RWE, which was communicated to company management.
- Following ATLAS' engagement with management and broader market criticism of the rumoured deal, RWE CEO Markus Krebber announced in late September that RWE was now unlikely to acquire US gas assets.

Investment impact / next steps:

ATLAS continues to monitor the Science Based Targets of RWE and the alignment of the business with Paris Agreement targets

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

Fund Manager collaborate engagement groups - links on page 44.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
344	5339	4719	582	34	4771	568

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

Resolutions voted on in the quarter:

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

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



Engagement

[UBS Sustainability page available here](#)

[UBS Annual Report available here](#)

Antofagasta

Topic: CEO Succession Planning, Decarbonisation strategy

Context

Antofagasta is a UK-listed, pure-play copper mining company with operations concentrated in Chile. Our engagement spans three years and has covered water risk, board effectiveness, and climate strategy.

Recently, we prioritized two high-impact areas:

– Electrification of mine haulage trucks, which account for up to 80% of Scope 1 emissions.

– Leadership continuity, given the strategic importance of succession planning in a capital-intensive, operationally complex sector.

Actions taken

Decarbonization: We met with the chief decarbonization officer for a deep dive into mining-sector technologies. We emphasized the need for a clear roadmap, interim targets, and mine-specific design constraints that affect feasibility.

Governance: We met with the senior independent director to review progress on CEO succession planning and discussed workforce composition.

Outcomes

Decarbonization: Antofagasta conducted pre-feasibility studies across multiple mines to assess the viability of battery electric vehicle (BEV) haulage trucks.

Findings:

- Smaller trucks are economically feasible; larger trucks face challenges due to battery weight and charging speed.
- Mine depth significantly affects BEV suitability—shallow pits are more adaptable.
- Electrification could double Chile’s mining energy demand, prompting collaboration with government and industry peers (e.g., Codelco, BHP) to expand grid infrastructure.
- Interim solutions such as hybrid and trolleyassist systems are being trialed.

These findings directly impact capital planning, operational efficiency, and long-term cost structure. Electrification investments will require significant infrastructure upgrades and coordination with external stakeholders, affecting both timelines and returns.

Governance:

- Antofagasta completed a CEO succession planning exercise, identifying internal candidates and implementing a longer notice period and interim leadership protocols.
- The board also reviewed its skill matrix to align with strategic priorities.

Robust succession planning mitigates leadership transition risk, supports strategic continuity, and enhances investor confidence – particularly important in a sector where operational disruptions can materially affect performance.

Next steps

We will continue to engage with Antofagasta to:

- Encourage enhanced disclosure of decarbonization-related capital expenditure and investment timelines.
- Monitor implementation of succession planning and board refreshment.
- Assess progress on workforce diversity and governance modernization.

UBS Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[UBS Sustainability page available here](#)

[UBS Annual Report available here](#)

Glencore (taken from latest annual sustainability report)

Case study results: In early-2024, Glencore published an updated climate action transition plan with expanded discussion on the strategy for its coal business, and a data provider upgraded its assessment of the management of community relations at Cerrejon Coal.

Next step: Continued engagement on the climate action transition plan and further improvement of community relations in Colombia.

Purpose of engagement: In recent years, our engagement with Glencore has covered a range of topics and we have seen a number of positive changes at the company. These have included board and senior management changes, the introduction of a new internal compliance system in response to bribery and corruption charges, and an overall enhancement in sustainability performance. One key operational improvement has been the reduction in fatalities in the company's mining operations. As a result of these changes, our engagement focus has steadily shifted to two additional topics. First, climate: Glencore published a transition action plan nearly three years ago and we are engaging to gain clarity into the company's strategy, with a particular focus on the managed decline of its thermal coal mining business. Second, community relations: Glencore's acquisition of full ownership of Cerrejon Coal in Colombia has brought longstanding community relations issues within the direct scope of the group. Here, our engagement is focused on ensuring good management of community relations in a complex social situation.

Action: We have been engaging with Glencore on climate change issues for more than three years. This has included discussions with the board chair, the head of sustainability and investor relations. In 2021 we supported Glencore's Say on Climate reflecting the overall depth and detail of its first climate transition action plan which incorporated targets for a significant reduction in scope 1, 2 and 3 emissions. Since then we have continued to engage with a focus on the strategy for the coal division, and especially for greater transparency into Glencore's plans to manage a reduction in overall thermal coal production. During this period, discussion has been against the backdrop of Glencore's purchase of a full interest in Cerrejon Coal, the proposed merger with Teck Resources and the recent announced acquisition of Teck's metallurgical coal assets.

With regards to community relations at Cerrejon Coal, we engaged with the chair and head of sustainability, and have met with the Cerrejon Coal CEO and her team. In November 2023, alongside UBS-AM colleagues, we also met with community representatives and civil society organizations to discuss the situation.

Outcomes: Glencore will present its revised climate transition action plan for shareholder approval at its AGM in the first half of 2024. In our engagements the company has highlighted actions it has been taking to review its plan, and we expect that greater detail on implementation, just transition and policy advocacy will be provided. Glencore verbally confirmed its intention to wind down its thermal coal assets while the pace of the reduction will be determined by global policy, the stability of the global energy system and pricing.

Our meetings with Glencore and community representatives, as well as our broader research, confirm the complexity of the social situation in the La Guajira province which is the location of Cerrejon Coal. It is clear that community relations reached a nadir around six years ago and that action has been spurred by the intervention of the Constitutional Court. More recently, our research indicates an improvement in the approach to community relations, although legacy grievances remain and frustrations are ongoing.

Status and next steps: Engagement on both the group climate change plans and the community relations in Colombia are ongoing. Glencore's openness to receiving feedback from investors and its dialogue on both topics provides a constructive backdrop to our engagement.

We will engage further with Glencore on the details of the climate transition plan. The extent to which the plan contains further information, especially on the direction of the coal business, will be a factor in determining our position on the upcoming Say on Climate vote.

Since late-2022, we have taken the view that Glencore was making sufficient progress in managing the community issues in Colombia to allow us to assess the company as demonstrating credible corrective action in line with our SI Exclusion Policy. In March 2024, one of the major ESG rating agencies upgraded its view, removing its indication of a violation of the United Nations Global Compact principles, following a reassessment of Glencore's role and actions.

We are continuing to engage with Glencore on community relations in Colombia. This includes incorporating the insights from our recent contact with communities into our engagement dialogue with the company. We are especially interested in how Glencore progresses with Cerrejon's community consultation and agreements, and how the subsidiary implements the recent update of the human rights impact assessment.

CBRE IM (Property)

Fund Manager collaborate engagement groups - links on page 44.

- United Nations Principles for Responsible Investment (UNPRI)
- Institutional Investors Group on Climate Change (IIGCC)
- Sustainability Accounting Standards Board (SASB)

Engagement

[CBRE - Sustainability page available here](#)

We assess the maturity of physical climate risk management for all our active investments in scope and engage with all operating partners on the physical risks of climate change with a particular focus on the assets they manage which fall into the high or critical risk categories.

This quarter, following the integration of our new physical climate risk assessment tool Climate X into our investment processes, CBRE IM Indirect started to apply Climate X Spectra screening for any new investments as well as portfolio acquisitions in existing majority-stake ventures as part of our due diligence process on physical climate-related risk management.

In addition, the results of Climate X were reviewed and presented to our clients in the 2024 Annual Sustainability reports. In late Q2 2025, we designed a guide to inform engagement focus on physical climate risk screening for a prioritized set of holdings where high potential risk exposures were flagged by Climate X, which will be part of our semi-annual Investment Oversight Committee review over next quarter. The teams will use the screening results throughout the remainder of 2025 to prioritize future engagement, in order to drive improvements in physical climate risk resilience planning by our operating partners.

Infracapital (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[Infracapital - Responsible Investment approach including ESG engagement available here](#)

Responsible Investment Update taken from Q2 2025 Management Report

Infracapital is committed to accurately measuring sustainability metrics and setting targets across its portfolio. Zenobe, an Infracapital Greenfield Partners II Investment, recently published its sustainability report, showcasing its progress and commitment to sustainable practices across the UK, Europe, North America, Canada, Australia and New Zealand. Over the past year, Zenobe developed an ESG framework and strategy based on three pillars: Accelerating renewables and electrification, supporting customers, communities and people, and ensuring good governance. The report follows the Global Reporting Initiatives (GRI) Universal Standard 2021 guidelines.

On climate reporting:

Infracapital has been engaging with its parent company M&G on a RfP to select a new vendor for physical climate risk analysis. The new provider will enhance monitoring of climate risks across the portfolio by utilising updated temperature scenarios aligned with climate science and tracking weather events and physical climate factors. The new analysis will include regional assessments for potential investments. These results will be presented in our TCFD-aligned reports next year, further embedding climate risk in the investment appraisal process.

Pantheon (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[Pantheon - ESG Page available here](#)

[Pantheon - ESG Reports available here](#)

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

Engagement in the East Sussex portfolio

The key topics of engagement remain in line with our key stewardship priorities around availability and coverage of GHG data and decarbonization.

1. GHG Data Reporting

- As part of our enhanced engagement process with Infrastructure managers on GHG emissions data, we requested a mandatory call with a US GP due to the delayed timing and NAV coverage of its submitted data. The GP's data was provided one month later than its peer group and showed very low NAV coverage. During the engagement, we provided feedback and discussed plans to strengthen future data submissions, with a particular focus on improving Scope 3 emissions coverage.
 - Scope 1 and 2: Data coverage was 17%, compared to a peer median of above 96%.
 - Scope 3: Data coverage was 2%, compared to a peer median of above 66%.

2. Climate Maturity and Decarbonisation Progress

- Both managers in scope have exposure to a top emitter within the Pantheon platform. As in previous years, we held discussions on the emissions profiles of these companies.
- We encouraged one manager to set portfolio-level emissions reduction targets, in line with 51% of its peers.
- We discussed the Private Markets Decarbonisation Roadmap (PMDR) and encouraged both managers to provide PMDR mapping. We are in the process of finalising this year's data exercise, and both managers are expected to submit the relevant PMDR information for their portfolios.

3. Industry Engagement

- As a member of the BVCA's ESG Committee, Pantheon's Global Head of Sustainability participated in a roundtable in September 2025 hosted by the BVCA and including the Department for Business and Trade (DBT) and the Department for Energy Security and Net Zero (DESNZ). The session focused on the Government's package of consultations on sustainability reporting (UK Sustainability Reporting Standards), assurance and transition planning.

- The roundtable provided an opportunity for Pantheon to share perspectives with UK regulators on how these proposals might affect the private capital industry, both as preparers and users of sustainability information. We emphasised a pragmatic approach for private markets to ensure any resulting mandatory disclosures would help inform investment and capital allocation decisions.

IFM Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[Sustainability Reports available here](#)

Engagement Example: Atlas Arteria

Topic: Social - Environmental

Rationale: IFM is targeting Net Zero across all asset classes, including GIF by 2050.

IFM engages with our assets through our active management approach, either at the Board level via our Board seats, or through frequent direct interactions with management.

What have IFM done: During Q2 2025, Atlas Arteria released its 2024 Sustainability Report.

Outcomes & Next Steps: Key highlights include: achieving its target 25% reduction in total scope 1 and 2 greenhouse gas emissions (from a 2019 baseline) one year ahead of schedule; 100% renewable energy usage by all wholly and majority owned businesses and corporate offices during the year; and reducing electricity usage by 10% compared to the 2019 baseline.

Atlas Arteria was also admitted as a member of the Dow Jones Sustainability Australia Index due to strong ESG industry ratings received during the year, joining the top 30% of companies in the S&P/ASX 200 based on long-term Sustainable Investment (SI) criteria.

Engagement Example: Mersin International Port

Topic: Social

Rationale: Our Infrastructure team has a strong track record of working closely with investee companies to drive and continuously improve safety performance.

What have IFM done: IFM continues to support the structuring and steering of a cost and operational efficiency review at Mersin International Port.

The initiative consists of evaluating Mersin International Port's core profitability drivers and related processes to identify potential headroom for efficiencies and optimisation. Some optimisation levers have already been identified, and an implementation plan is currently being developed. This includes a headcount review, as part of the agreed rationalisation plan with the new CLA.

Outcomes & Next Steps: IFM is also working closely with MIP on the delivery of its Safety Remedial Actions as well as with the set-up of its longer term Safety Culture Transformation Program.

In 2024, Mersin International Port continued to improve its safety culture, as evidenced by a further decrease in Lost Time Injury Frequency (“LTIF”) rate by 19% versus pcp, to a reduced level of 4.43 per one million working hours.

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

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[M&G - Sustainability page available here](#)

[M&G - Responsible Investment & Reports available here](#)

Engagement Example – ANGLIAN WATER SERVICES FINANCING PLC

Objective Description – Anglian Water has been identified as not meeting the MSCI's biodiversity "Do No Significant Harm" criteria, prompting an engagement to encourage the company to improve its biodiversity disclosures. This enhancement aims to align Anglian Water with MSCI's requirements, thereby qualifying it as a sustainable investment suitable for Article 9 bond funds.

To identify ways to remediate the issues raised by MSCI, internal research was undertaken alongside an assessment against Nature Action 100's benchmark indicators. As a result, it was asked that the company provide an updated, more comprehensive Biodiversity Strategy or Policy by June 2026, detailing how the company is:

- Managing biodiversity and reducing its impact of operations on biodiversity?
- Providing information about the extent of programmes to protect ecosystems e.g. disclosure stating that preservation is focused on more than one type of species?
- Provide information about mitigating the risk associated with operating in areas that affect IUCN Red list species?
- Provide information about managing deforestation
- Protecting and enhancing biodiversity on its own land
- Investing in conservation partnership and nature-based solutions in the wider catchment

Meeting Outcome – M&G met with the Head of IR, the assistant treasurer and the Climate and Biodiversity lead. Anglian Water acknowledges its unique treatment by MSCI, particularly in relation to revenue thresholds from water distribution. While the company recognises the penalties linked to their transparency, they continue to uphold a commitment to ethical practices and openness, summarised by the principle of "doing the right thing."

Furthermore, Anglian Water clarified that operations impacting endangered species are regulated by the Environment Agency, and is necessary for essential service provision. They indicated that achieving significant environmental benefits would require further investment.

As a result of the impact of COVID-19 and strategic restructuring, Anglian Water postponed updates to its 2020 biodiversity strategy in favour of broader environmental goals. They noted difficulties in meeting sustainable regulation demands via consolidated reports and are exploring narrative disclosures to better articulate their initiatives and strategies.

Despite these obstacles, Anglian Water is hopeful that the actions requested by M&G, are achievable within a year. The company also explained its biodiversity exposure, especially concerning wetlands, with pollution incidents being the most concerning. Nonetheless, they highlighted improvements following investment efforts, though they face public perception challenges due to media narratives.

While upcoming 2025 disclosures are anticipated to show progress from the previous year, full compliance with DNSH standards may not yet be achieved and consequently, the objective remains targeted for the 2026 reporting cycle.

BlueBay (Total Return Credit) Part of the Access Pool

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[BlueBay Responsible Investment and Climate Change policies available here](#)

Engagement Example – Moroccan Phosphate miner OCP

BlueBay views and engagement

The OCP Group is a Moroccan state-owned phosphate rock miner, phosphoric acid manufacturer and fertilizer producer. The company is state-owned and has grown to become the world's largest producer of phosphate and phosphate-based products. One of the large ESG data providers has a 'red flag' on OCP.

In 2024, we met the company in Casablanca to further examine a data provider's red flag over controversies to do with the phosphate mine in the south of Morocco. The reason the company is a 'red flag' is partly concerns expressed by human rights groups over phosphate mining in Western Sahara.

We set out our 3 asks/suggestions: 1) clarification of the materiality of their Western Sahara operations for the overall business; 2) suggestion that they consider an independent evaluation of the benefits for the local community of the mine; 3) greater transparency in general around the above, and specifically that they engage with the ESG data provider to urge them to review the justification for the red flag.

The company pushed back on the suggestion that their operations in the Southern Provinces (as the region is known officially in Morocco) are not transparent. The company argue they are fully compliant with UN criteria for operating there and disagree with the ESG data provider. The company want greater dialogue with the ESG data provider.

The mine in question is less than 2% of the company's reserves in Morocco. However, the company is the largest operator in the area, and closing the mine would impact over 2,000 direct employees, and 15,000 people via ecosystem. At the mine 80-85% of employees are local.

We agreed to explore the red flag reasoning further with the ESG data provider.

Adams Street (Private Equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[Adams Street - Responsibility page available here](#)

[2023 ESG Report available here](#)

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

We can confirm that over the course of Q2 2025, Adams Street engaged with 89 GPs to which East Sussex currently has exposure through their Adams Street portfolio. The nature of these interactions were as follows:

- 7 due diligence calls
- 3 operational due diligence calls
- 31 advisory board meetings
- 18 LPAC meetings

Harbourvest (Private Equity)

Fund Manager collaborate engagement groups - links on page 44.

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

Engagement

[Harbourvest – Annual ESG report available here](#)

[Harbourvest – TCFD progress report available here](#)

Engagement Update (from 2024 ESG Report)

Climate Solutions: A case study

2023 witnessed a surge in the global deployment of clean technologies: For the first time, wind and solar added more to the global energy mix (in Exajoules) in 2023 than any other source. Continued advancement of renewable technologies in terms of cost efficiencies, driven by natural maturation of business models as well as by government incentives, have driven record capital inflows to clean technologies.

Notably, the first wave of projects into which private infrastructure investors have deployed capital have begun to reach operational maturity, and the earliest GPs to raise funds dedicated to the sector have begun to reach their harvesting stages. As a secondary investor, the opportunity set to deploy capital alongside these GPs, often in the form of continuation funds or co-investments, has never been more attractive.

As an example, in March 2024, the HarbourVest Infrastructure team invested in a multi-asset secondary portfolio of seven utility-scale solar and storage projects in the southwestern United States through Quinbrook Infrastructure Partners.

Investment characteristics

- A compelling mix of operating and de-risked near-term development opportunities.
- Generating low-cost renewable electricity in the U.S. Desert Southwest where the resource is abundant and capacity factors are highest in the country.
- Management team has a combined 28 years of experience operating utility-scale solar plus battery storage assets.
- Changes to tax regulations resulting from the Inflation Reduction Act (IRA) allowed for the conversion of investment tax credits (ITCs) to production tax credits (PTCs), which are expected to result in an additional \$60 million value uplift in 2024, enhancing returns for the investment.
- At the time of underwriting, the portfolio was expected to represent 2,707 MW of solar power generation capacity and 8,280 MWh of storage capacity.

One of the benefits to investing in the energy transition via secondaries is the ability of an investor to monitor the development of the underlying business over several months, sometimes years. In this case, HarbourVest was able to monitor the construction of the investment from 2022 to 2024, gain confidence in the eventual execution of PPAs for several of the underlying solar and storage platforms, and ultimately transact at a valuation that was favourable to buyers relative to the interim appreciation the team observed.

Fossil Fuel Exposure by Fund Manager

The fund actively monitors the fossil fuel exposure of its fund managers to allow for engagement when we feel that these values are of concern. The below table lists fossil fuel exposure as of 30th June 2025

Fund	Mandate	Exclusion	% Fund Assets	% Fossil fuel exposure of total fund value
UBS Osmosis	Equity - Passive - Resource Efficient	Fossil Fuel free	9%	0.0%
Longview	Equity - Global		10%	0.0%
WHEB	Equity - Sustainable Global	Fossil Fuel free	4%	0.0%
Baillie Gifford	Equity - Global	Fossil Fuel free	5%	0.0%
Wellington	Equity - Sustainable Global	Fossil Fuel free	5%	0.0%
Storebrand	Equity - Passive - ESG Plus	Fossil Fuel free	9%	0.0%
Harbourvest	Private Equity		3%	0.0%
Adams Street	Private Equity		3%	0.0%
Ruffer	Absolute Return		9%	0.2%
Newton	Absolute Return		6%	0.0%
CBRE	Property		7%	0.0%
ATLAS	Infrastructure Equity		2%	0.1%
Pantheon	Infrastructure		1%	0.0%
UBS	Infrastructure		1%	0.1%
M&G	Infrastructure		1%	0.0%
M&G	Fixed Income - Private Debt		1%	0.0%
M&G	Fixed Income - Multi Asset Credit		4%	0.1%
M&G	Fixed Income - Corporate Bonds		3%	0.0%
BlueBay	Total Return Credit		3%	0.0%
UBS - Over 5 Year IL Gilt	Fixed Income - Passive Index Linked Gilts		7%	0.0%
IFM	Infrastructure		5%	0.3%
Cash	Cash		2%	0.0%
Total Assets			100%	0.9%

Engagement Group Links

[Access to Medicines Foundation](#)

[B Corps](#)

[British Standards Institute \(BSI\)](#)

[Chemical Footprint Project](#)

[Climate Action 100+ \(CA100+\)](#)

[European Sustainable Investment & Finance Association \(EUROSIF\)](#)

[Financial Reporting Council Stewardship Code \(FRC\)](#)

[Future Fit Business](#)

[Global Impact Investing Network](#)

[Global Real Estate Sustainability Benchmark \(GRESB\)](#)

[ILPA Diversity in Action Initiative](#)

[Impact Management Project](#)

[Initiative Climate International \(iCI\)](#)

[Investors Forum](#)

[Local Authority Pension Fund Forum \(LAPFF\)](#)

[Net Zero Carbon 10](#)

[Net Zero Asset Managers Initiative](#)

[RepRisk](#)

[The Big Exchange](#)

[Transition Pathway Initiative \(TPI\)](#)

[Sustainable Accounting Standards Board](#)

[UK Sustainable Investment & Finance Association \(SIFA\)](#)

[UN Global Compact](#)

[United Nation Principals for Responsible Investment \(UNPRI\)](#)