Environmental, Social & Governance Statement

Voting and engagement report

Q1 2024

1 January – 31 March 2024

Executive summary

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

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

Investment strategy

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

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

Investment managers

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

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

Policies and approach

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

Collaboration

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

East Sussex Pension Fund Engagement

East Sussex Pension Fund Commitments

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

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

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

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

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

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

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

LAPFF Engagement Activity

All [engagement activities completed in Q1 2024 through LAPFF are available here]

Sample engagement updates

Occidental / Equinor

Objective: The transition to net zero may have a range of positive and negative impacts for workers, communities, supply chains and consumers. The negative impacts, such as loss of employment or loss of a large employer from a local economy, pose risks to company reputations, could lead to operational disruption, and could delay the transition to net zero. Indeed, the decarbonisation of business will require retraining and redeployment of existing skills.
As such, if a climate transition plan is to be credible it will need to consider the social implications of the transition. However, to date, many of the companies that will need to decarbonise have not clearly set out just transition plans or integrated these into climate transition plans. The World Benchmarking Alliance's study of the oil and gas sector found companies falling short on just transition expectations, such as their engagement with stakeholders on the issue, retraining and reskilling workers, and outlining just transition plans. On the back of the study, collaborative engagements have been undertaken seeking to ensure progress in these areas.

Achieved: In the quarter, LAPFF joined calls with Occidental and Equinor. In the meeting with Occidental, the company outlined its approach to the just transition. The company has made a commitment to a just transition and has identified four groups its pathway will support: energy workers, energy-producing communities, communities susceptible to climate impacts and low-income consumers. The company's commitment to a just transition was positive to hear, whilst the meeting also provided investors the opportunity to outline where they wanted to see further progress. Occidental's transition to net zero is reliant on CCS and direct air capture technologies. These are technologies that LAPFF and a growing number of investors have questions about. This approach therefore raises questions not only about the feasibility of net zero plans, but the impact on workers and communities if these technologies are not scalable.
In another meeting as part of the same WBA initiative, LAPFF joined a collaborative call with Norwegian energy company, Equinor. This followed on from a meeting with the company in October last year which explored how Equinor's just transition policy commitment was being implemented. This meeting involved the company's people and organisation team and focused on the workforce dimension to the transition. The details about their approach to the just transition were more granular than provided in some just transition meetings. As Equinor still has progress to make, it was encouraging that they mapped out how the company was developing its just transition plans further. The discussion touched on social dialogue in Norway and its approach in other countries, the consultation process when decommissioning operations, skills training, and its just transition strategy and metrics.

In Progress: LAPFF will be closely following oil and gas companies' progress on just transition planning, including engagement with the workforce, metrics
and targets, and overarching plans.

[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:

Scope 3 explained: Helping investors take action on the value chain emissions of investments
January 2024

A new paper from IIGCC highlights the nuance and importance of addressing scope 3 emissions within investment portfolios, as well as the barriers to doing so and the limitations of that data.

Read the full letter here.

Fiduciary duties report offers clarity to asset owners on climate risk
February 2024

A new report from the Financial Markets Law Committee (FMLC), commissioned by the UK government, seeks to clarify a legal position on a pension fund trustee's fiduciary duty when considering sustainability and climate change.

'Pension Fund Trustees and Fiduciary Duties: Decision-making in the context of Sustainability and the subject of Climate Change' explores pension fund trustee obligations today and how they will change over time. This paper is for pension fund trustees, but for that reason it is also relevant to advisers (including legal advisers and investment consultants) and investment or fund managers as the question of fiduciary duty is considered.

Read more in the article here

Updated Net Zero Investment Framework offers investors 'a map of good ideas'
March 2024

An updated version of the Net Zero Investment Framework (NZIF) is now open for consultation until 24 April. NZIF has become the most widely used guidance by investors that have set voluntary net zero commitments since it was first released in 2021.

Informed by our members and supported by fellow networks in the USA, Asia and Oceania, 'NZIF 2.0' aims to make life easier for investors by bringing together the wide range of resources available to them all in one place.

Each element supports a unifying goal - to support real economy emissions reductions.

Read more in the article here

LAPFF

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

The US State Department has issued an advisory statement for businesses and individuals operating in Russia. It notes three risks in particular that might translate to UK businesses and individuals: exposure to sanctions, export controls, import prohibitions, money laundering vulnerabilities, and corruption; being implicated in the Government of Russia's violations of international law, including war crimes and crimes against humanity, and human rights abuses; and measures authorising expropriation in certain instances or detentions based on spurious grounds.

United Nations Principles of Responsible Investment (UNPRI)

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

United Kingdom

The PRI supports the scope and intention of the rule, which is part of a package of measures implemented under the Sustainability Disclosure Requirements (SDR) Policy Statement. The guidance could benefit from further elaboration on interoperability, terminology, stewardship, and a monitoring and review approach.

The PRI welcomes the committee's interest in understanding barriers around fiduciary duties and consideration of climate change risks in pension scheme investments. We make recommendations to clarify that the requirement to consider ESG risks includes an obligation to consider pursuing sustainability impact goals and the need for guidance on how pension funds can assess sustainability risks and impacts and how to set and pursue sustainability impact goals.

European Union

The PRI, in collaboration with IIGCCC, Eurosif, the Interfaith Center on Corporate Responsibility (ICCR) and the Investor Alliance for Human Rights (IAHR), reiterate their support for the agreement reached between the Council and European Parliament on the Corporate Sustainability Due Diligence Directive (CSDDD). We strongly encourage Member States to maintain their commitment to support this directive in the vote on Friday.

The PRI signed a joint letter with over 100 businesses and investors calling on the EU to set a greenhouse gas emissions reduction target of at least 90% by 2040. A robust climate target and sectoral roadmaps and decarbonisation pathways will improve the EU's resilience to shocks, energy security and competitiveness.

Global

The PRI published a response to EFRAG's consultation on draft implementation guidance for the European Sustainability Reporting Standards (ESRS), setting out recommendations to improve the decision-usefulness of ESRS reporting for investors.

The PRI welcomes the efforts by the IAIS to promote a globally consistent approach to address greenwashing issues in the insurance industry and to develop guidance on the use of climate-related scenario analysis in the insurance sector. Our comments are related to the investment aspects of the insurance industry.

Global Investor Statement

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

Activities and training undertaken directly by the Fund.

The Fund has undertaken the following activities during Quarter 1 of 2024.

Fund manager meetings

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

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

1. Longview Global Equity
2. WHEB Active Impact Equity

Industry meetings, events, and training

- LAPFF January 2024 Executive Meeting
- Barnet Waddingham Burns Conference
- SPS Local Authority Pension Day
- APPG LGPS with Pensions Minister (21 Feb)
- ISIO climate roundtable (26 Feb)
- UKSIF Ownership Day
- LGC Investments Conference (13-15 Mar)
- Rethinking Stewardship (30 Jan)
- Pension Fund Service Roundtable

Third party supplier commitments

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

Barnett Waddingham (Fund Actuary)

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

Barnett Waddingham – Sustainability page available here

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

ISIO (investment advisory service)

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

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

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

Northern Trust (Custodian)

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

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

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

Eversheds (Lawyers)

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

Evershed’s - sustainability page – available here

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

LGPS Pooling

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

Link to Access Responsible Investment guidelines and summary report here.

Examples of what should be voted for and against below:

Vote for:

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

Vote against:

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

Manager Engagement and Voting Activity

Longview (Active listed equity) Part of Access Pool

Fund Manager collaborate engagement groups - links on page 42.

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

Voting

Number of Voteable meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
3	52	32	20	0	33	19

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 Q1 24 engagement examples provided to us are below:

Company A

In 2023, Longview had asked Company A about specific measures taken to address the workplace safety concerns raised by the US Occupational Safety and Health Administration (OSHA). Company A had explained that efforts were underway to address the root causes of these issues. They had highlighted relaxed operational procedures during Covid-19 and shifts in supply and demand that put significant strain on the supply chain, as contributing factors. In January 2024, Longview followed up with Company A's Head of Investor Relations for an update on the business. During this discussion, Longview enquired into specific operational matters with the aim of assessing the progress being made in addressing the above safety concerns.

Longview first asked about the changes introduced since the return of the former CEO in October 2023. Company A explained that the CEO had been an active board member since his retirement in November 2022. He transitioned from the role of senior advisor to consultant in April 2023 but had remained on the board. His focus has been on execution discipline while adapting the business to the post-COVID landscape.

Longview was interested in the performance of the supply chain, store standards and employee turnover since its last update with the company in late 2023. Company A noted that challenges persisted with the supply chain and that efforts were focused on achieving on-time and in-full truck deliveries, with plans to simplify work for their store teams as rates improved. Temporary warehousing was still being used, although to a lesser extent, and expected to be phased out into 2024. The supply chain is nearly restored to normal, but the final stages of improvement will take time. There are variations between facilities, with some facing more challenges, such as those serving larger store footprints, premium stores or where the labour force was more under pressure.

Store manager turnover is improving but remains higher than desired. Longview enquired about measures taken to address this issue, especially considering that previous discussions with Company A suggested that store manager turnover would improve. Longview questioned why the recovery has been slower than expected. Company A explained that one reason for the higher turnover is the disruption in the supply chain, which has made store management more challenging. In addition to supply chain improvements, Company A is addressing this by rationalising stock-keeping units (SKUs) and increasing labour in the store.

Longview enquired about the reasoning behind the change in leadership for Store Operations and the decision to allocate an additional $150 million in labour to stores instead of implementing the concept of Smart Teams as originally planned. Company A clarified that the $150 million investment translates to approximately $7,500 per store across 20,000 stores, with varying allocations of staff to different locations. Smart Teams were initially intended to be sent to underperforming stores to prevent decline, however, this was disbanded in favour of investing in permanent front-of-house staff which they believe will improve store standards and help reduce shrink.

Longview asked about the current level of shrink compared to previous recessionary periods. Company A noted that shrink is likely higher than in previous recessionary environments due to various factors, including consumer struggling and decreased law enforcement against theft. Self-checkout systems have also contributed to increased opportunities for theft and errors.

Whilst Company A has made some notable improvement in its supply chain and store standards, they remain below Company A's targets. Longview plans to continue closely monitoring Company A's handling of its workplace safety improvements and OSHA's citations and penalties in ongoing discussions with the company.

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

Fund Manager collaborate engagement groups - links on page 42.

- 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
3	29	23	6	0	24	5

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

Shell PLC (25 January 2024)

E - Climate transition risk and net zero strategy

Relevance for Investors

Scope 3 is the largest source of emissions for the company (similar to other O&G producers). The absence of an absolute Scope 3 reduction target raises questions on the credibility of its transition plan. While Newton recognize the continuing need for conventional fuel, it is imperative for large oil majors to demonstrate how and where they can invest in clean energy alternatives in order to establish credibility for their transition plans.

Key takeaways

Newton reiterated to the company that a Scope 3 target in absolute terms, at least for the proportion of emissions that it directly controls, would help investors in assessing the credibility of its climate transition plan and would align its transition plan to some of its EU peers helping transition the company to the low-carbon world.

Engagement outcomes

It seems increasingly unlikely that Shell announced a significant absolute Scope 3 reduction in its plan this year. There is no clear progress around green capex disclosure and ambition. Announcements during the Capital Markets and the ESG Days will be important to understand if: ambition is going to increase and if disclosure will be made more straightforward by only including renewable energy in the green mix (and excluding food and non-food product sold at gas stations for example).

Next steps

Monitor announcements at the ESG Day and vote accordingly on the transition plan resolution to be submitted to shareholders at the 2024 annual general meeting. However, the engagement objective is at-risk given the current lack of appetite for new major announcement by the company.

Shell PLC (07 February 2024)

E - Climate transition risk and net zero strategy

Relevance for Investors
Planning and actively managing the transition to a low carbon economy for Shell can unlock opportunities and help in preparing the workforce by re-skilling and up-skilling, which can ultimately reduce labour costs and unlock value if done at early stages of the transition

Key takeaways
Newton met for the second time collectively with other investor members of the World Benchmarking Alliance Just Transition engagement group with Shell. In a previous meeting, Newton presented the investor business case on the materiality of the just transition to the company's business operations.

Engagement Outcomes
Company is still in early stages of thinking and disclosure. It seems focused on the customer angle (vs. communities, workers) and affordability, which allows to push the narrative for an increased demand in oil and a slow transition. However, it seems keen to meet investors halfway, and do already does a lot to focus on supply chain and sustainability of low carbon solutions. Newton do not expect the company to move away easily from anecdotes and case studies in 2024, however, the increased operational accountability for just transition reporting that was evidenced by the technical participation in this engagement meeting is positive and Newton believe can be credited in part to their engagement effort with Shell.

Next Steps
Attend next ESG day in March to see if any developments around highlighting the importance of the just transition in its strategy and any executive acknowledgment are announced. Continue partnership with the company to most comprehensive content for any future disclosures around the Just Transition against best standards, notably the WBA.

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

Fund Manager collaborate engagement groups - links on page 42.

- 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
1	12	12	0	0	12	0

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

[**Ruffer – Quarterly Reports** available here]

Engagement

BP

OBJECTIVE Sustainability reporting – to request additional reporting on low carbon or transition growth engines and financial reporting by business segment for greater transparency.

OUTCOME Sustainability reporting – the CFO clarified that Ruffer is not the only shareholder (or stakeholder) asking BP to give greater insight and perhaps re-segment the financial reporting to strip the low-carbon or transition growth engines away from the traditional oil segment. She cautioned that, given the scale and scope of BP and its existing asset base (some of which will be re-purposed for sustainable aviation fuel or biofuels), the company would consider this topic over the coming 12 to 18 months before announcing anything to the market

NEXT STEPS In Ruffer's next meeting with the company, They plan to clarify some of the points raised by the CFO: the possibility of revised segment reporting; the key performance indicators for measuring the speed and trajectory of the energy transition; and the broad topic of capital allocation – asking how we as shareholders can gain comfort that the board and management are deploying capital in the best interests of the company. Since the CFO met with Ruffer and other investors, BP has released its annual report materials (reiterating its carbon reduction ambitions) and released additional communication which address the points about the likely total returns from renewable assets versus traditional oil and gas assets

OBJECTIVE Health and safety – to understand how the remuneration committee were factoring fatalities into executive compensation; to ask whether management are concerned about upticks in safety metrics.

Energy transition – to question BP's recent performance against its stated Net Zero aims.
Sustainability reporting – to reiterate Ruffer's request for additional disclosure.

OUTCOME Health and safety – the BPX fatality resulted in a five-point downward adjustment to the annual cash bonus plan. BP agreed safety was always a concern and that it takes time to integrate a new business into BP's culture and systems. The company is measuring employee engagement through annual surveys and more frequent, sampling-based pulse surveys. Energy transition – BP argued it's a timing issue, with investments starting to deliver operational efficiency and sustainable emissions reductions. A key deliverable for 2023 was moving from a calculated to a measurement approach for methane, which was completed in major facilities and will result in a more robust estimate. Sustainability reporting – BP took our comments on board but had no further updates following Ruffer's last meeting.

NEXT STEPS We look to continue our dialogue with Anja-Isabel Dotzenrath, BP's Executive Vice-President of gas and low carbon energy. Ruffer are keen to explore further the metrics BP uses to signal and measure the speed of the transition, anything further that can be shared on hurdle rates, carbon pricing assumptions, capital allocation decisions and maximising value post integration.

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

Fund Manager collaborate engagement groups - links on page 42.

- 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
8	119	112	7	0	111	8

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)

Tesla

Objective: Baillie Gifford spoke with Tesla's Vice President of Global Supply Chain Management, Karn Budhiraj, to learn about the company's supply chain management strategies in China. Baillie wanted to understand how Tesla mitigates risks associated with upstream forced labour and human rights abuses. They also sought an update on ongoing union issues affecting its Nordic operations.

Discussion: Budhiraj outlined Tesla's approach to managing its supply chain in China, highlighting the challenges of ensuring transparency and traceability amid stringent Chinese regulations. The company's proactive measures include investing in its supply chain team and insisting on international standards for direct suppliers outside China. However, the Counter-Espionage law in China has posed significant obstacles, limiting Tesla's ability to conduct audits and gather necessary supplier information. Despite these challenges, Tesla is committed to sourcing responsibly and engaging diligently with its Chinese supply chain partners. It is also exploring alternatives to reduce reliance on high risk regions by nearshoring critical mineral procurement and setting up refining operations in the US.

Baillie Gifford also discussed Tesla's handling of labour union issues. The company remains focused on direct communication with employees, with local management taking the lead in resolving problems ongoing in the Nordics. Baillie Gifford were told that the majority of Tesla's workforce in Sweden doesn't want to strike or unionise, reflecting confidence in the company's employee relations approach.

Outcome: This discussion provided valuable insights into Tesla's approaches to supply chain management in China. It reinforced our belief that the company is committed to operating responsibly by finding solutions to regulatory and manufacturing challenges. Understanding ongoing developments in the company's dialogue with employees and labour unions was also helpful. Baillie Gifford believe these issues are material for the long-term investment case and plan to monitor progress in the future.

Storebrand Global ESG Plus (Passive listed equity)

Fund Manager collaborate engagement groups - links on page 42.

- 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
64	932	859	65	4	865	67

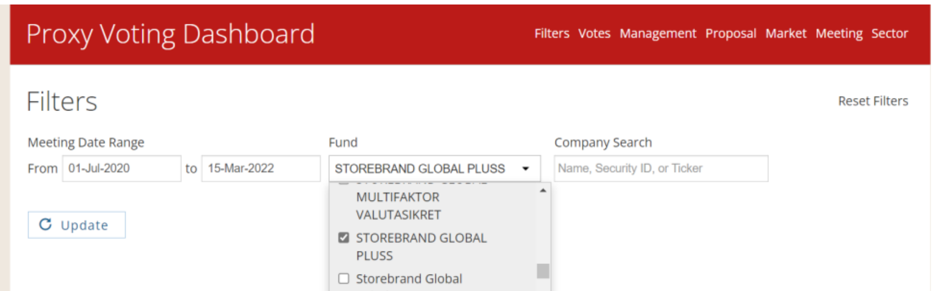
***4 votes made were date related** → **4 votes made were date related*

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

Resolutions voted on in the quarter:

Storebrand – Proxy voting dashboard – available here

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



Storebrand voting guidelines and policies:

Storebrand – Proxy voting policy – available here

Engagement

Storebrand – Sustainability page available here

Storebrand – Quarterly Reports available here

Bunge Global

Bunge Global SA, a leading global agribusiness company, has agreed to report on deforestation and conversion risks in its supply chain and take immediate corrective action to protect tropical ecosystems. The commitment came in response to a shareholder proposal from six investors — Green Century Capital Management, AXA Investment Managers, Nordea Asset Management, Schroders, Storebrand Asset Management and UBS Asset Management — asking the company to address deforestation risks driven by its current policies.

In exchange for withdrawal of the proposal, Bunge also committed to 100% geospatial monitoring for soy and enhanced disclosure of traceability for indirect suppliers (where soy is mixed from multiple farms). The report will cover both legal and illegal deforestation, as well as native vegetation conversion, or the repurposing of wild land for agriculture.

In 2021, Storebrand and Green Century filed a shareholder resolution asking Bunge to accelerate efforts to eliminate conversion from its supply chain, which received a 98% majority vote with support from the board. Although the company had already committed to eliminate deforestation by 2025, investors remained concerned that its 2025 "cut-off date", which allows the company to buy crops from land deforested through the end of 2025, effectively incentivizes a race to deforest until that date.

"Bunge's 2025 target is fine, but without a cut-off date in the past, there is a risk that farmers will rush to clear forests for new fields before the deforestation ban kicks in," notes Vemund Olsen, senior sustainability analyst at Storebrand Asset Management. "We're glad to see that Bunge has committed to report on the risk of inadvertently incentivizing deforestation and we hope the company will take appropriate corrective action."

Deforestation and native vegetation conversion degrade ecosystems such as the Cerrado savanna in Brazil that are critical to preserving biodiversity and mitigating climate change. Soy production is a leading cause of negative vegetation conversion in South American habitats and contributes to a broader decline of South American wilderness.

The agreement marks a new phase in the multi-year deforestation engagement with Bunge. The investor group plans to continue its dialogue with the company on these and connected issues, and on the fulfilment of Bunge's most recent commitments.

Storebrand is hopeful that Bunge will achieve deforestation and conversion-free supply chains as soon as possible and contribute to lift the agribusiness sector as a whole.

Wellington (Active listed equity – impact fund)

Fund Manager collaborate engagement groups - links on page 42.

- 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
9	81	76	5	0	75	5

*1 vote made had an undetermined management recommendation.
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 engaged with the CEO of First Solar, (alternative energy, US) to better understand potential US presidential election outcome implications on the business. Wellington left encouraged that the company is well positioned to navigate continued divided government or an administration change with little impact to their long-term fundamentals. Wellington view the direction of travel towards security of U.S. collar panel supply securely in place and see elevated backlogs justify significant capital investment.

Additionally, Wellington engaged with Darling ingredients (Resource Efficiency, US) twice during the quarter to better understand the company's outlook in the context of a fluid regulatory environment and a competitive landscape which are weighing on the biofuels industry. Management expressed confidence with credibility in the vertically integrated business model with the base business supplying fuel to Diamond Green Diesel and underscored process technology and durable feedstock advantages. On the regulatory side, the company believes a positive inflection point is fast approaching. Wellington share that view and left with increased confidence to remain patient with this position. While the biofuels industry is facing challenges, Darling remains well positioned, management is focussed on capital allocation and maintaining existing advantages, and the stock valuation is low.

WHEB (Active listed Equity – Impact fund)

Fund Manager collaborate engagement groups - links on page 42.

- 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 September 2023, east Sussex has £209.1m invested in WHEB, which has resulted in:

65,647 MWh of renewable energy generated (equivalent to 4,390 European households)
42,022 tons of $CO2$ emissions avoided (equivalent to the average yearly energy use of 14,635 houses)
230m litres of water use avoided (equivalent to the water used by 3.7m showers)

Voting

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ Did not vote	With management	Against management
8	154	133	20	1	132	22

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: First Solar

First Solar is a US-based manufacturer of solar photovoltaic (PV) panels. Headquartered in Arizona, the company is the leading global supplier of thin-film modules that are used primarily in utility-scale and commercial power plants. The company has manufacturing facilities in India, Malaysia and Vietnam as well as the United States and operates a sector-leading approach to the manufacturing and recycling of its solar modules.

Objective

Substantive reductions in GHG emissions across all scopes and net zero carbon emissions by 2050.

Background

Despite its products representing a critical technology in decarbonising the global economy, First Solar is one of the WHEB strategy's top greenhouse gas (GHG) emitters by financed emissions. An additional frustration of WHEB's has been that the company has failed to capture the opportunity to use its own panels to help reduce their own Scope 2 emissions.

WHEB has therefore been engaging the company on this, as well as other issues, jointly with the Investors for Sustainable Solar initiative

Actions

WHEB took part in a group call with Frist Solar's Head of ESG and Sustainability, along with their collaborating investors, in which they pushed for reduced Scope 2 emissions by replacing fossil based energy sources with renewable energy and increased energy efficiency.

During the latest call, in December 2023, the company highlighted its commitment to sourcing 100% renewable energy by 2028. Disappointingly, this has been pushed back by two years primarily due to First Solar's considerable growth rate, which will cause a continued increase in its emissions through to 2026.

More positively the company has now received Science Based Targets initiative (SBTi) validation of both their near and long-term net zero carbon (NZC) targets and has published a carbon reduction roadmap.

Outcome

Milestone 4 - Company provides evidence that the issue is being managed in line with the policy or strategy, demonstrating concerns have been addressed

As the global economy continues to decarbonise, First Solar is positioned to benefit from increased solar demand. Its decarbonisation targets are now aligned with the Paris Agreement, and it is implementing robust systems and processes to reduce its absolute emissions, which WHEB hope to see in the next five years.

Furthermore, in January 2024 WHEB were pleased to see First Solar announce plans for its Indian operations to be 70% powered by renewable electricity provided by its own panels by the end of the year. This is expected to displace 7,000 kilotons of CO2e emissions over the 15 year duration of the Power Purchase Agreement. On top of this, emissions overall have not increased, which is impressive given the company's rate of growth.

With WHEB having made a commitment for its investment portfolio to be net zero carbon by 2050, they will continue to monitor the company's progress in achieving absolute emissions reductions across all Scopes.

Atlas (Infrastructure listed equity)

Fund Manager collaborate engagement groups - links on page 42.

- 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
1	14	13	1	0	13	1

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

Resolutions voted on in the quarter:

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

[Atlas – Environmental, social and governance – available here]

Atlas voting guidelines and policies:

[Atlas – Responsible investment policy – available here]

Engagement

[Atlas - ESG Page available here]

Engagement Example taken from annual report:

American Electric Power Company

Opened 11th October 2023

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

Engagement status:
Open

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

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

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

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

Fund Manager collaborate engagement groups - links on page 42.

- 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
48	799	713	80	4	732	67

**2 votes made were date related*

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

Resolutions voted on in the quarter:

UBS – voting record (Q1 2024) – available here

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

Engagement

UBS Sustainability page available here

UBS Annual Report available here

Rio Tinto Topic: Climate Change

Osmosis met three times with Rio Tinto during 1Q 2024. In their capacity as a co-lead of the CA100+ European coalition, Osmosis provided feedback on a draft of the company's Climate Change Report 2023 and on publication noted that some of this had been implemented, as well as that from previous meetings with the company. Following publication of the report Osmosis also met with the CEO as part of a regular investment update meeting, and with the Chair with other co-leads representing the CA100+ coalition.

In its operational carbon footprint, Rio Tinto disappointed last year when it announced that it was unlikely to meet its 2025 target. Since then the company has acknowledged that their short-term ambition out-stretched their ability to deliver, especially considering long lead-times in the permitting of renewable energy generation.

The company has responded by significantly increasing the transparency of its medium-term plans, beginning with its investor seminar in 3Q 2023 and in its recent reporting. Rio Tinto's operational decarbonization tom2030 depends on the delivery of a wide-ranging pipeline of abatement projects. Significant among these is the decarbonizing of power supply to its Australian aluminum smelters which is heavily dependent on partnerships with government. Osmosis have encouraged the company to be transparent on the progress and the range of risks.

Osmosis have also discussed the transparency of Rio Tinto's plans to reduce its Scope 3 footprint which largely arises from customers processing its iron ore in steel mills, and its alumina in aluminum smelters. Given the technology breakthroughs required for decarbonization in both industries, Rio Tinto's ability to influence is largely through its support of research and development and its engagement with its customers.

Over the last three years Osmosis have encouraged Rio Tinto to deepen discussion of its role in reducing its Scope 3 footprint and they note significant progress, most recently in its announcement in March of further disclosures related to the details of its partnerships with steel industry customers. Osmosis have commended this increased disclosure, while encouraging additional means to understand the company's actions and commitment around Scope 3 given the limited ability of the company to set a quantifiable target.

While Rio Tinto works to reduce its carbon footprint it has a significant role to play in delivering minerals required to enable climate transition.

In February the company announced it is proceeding with a USD 6 bln investment in the Simandou high grade iron ore mine in Guinea which may have a role to play in future green steel production. Osmosis continue to engage with the company to support increased understanding of its role and opportunities in critical transition mineral supply while giving due consideration to the specific environmental and social issues.

UBS Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

UBS Sustainability page available here

UBS Annual Report available here

Phoenix Wind Topic: Sustainability

Background and goals

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

Action

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

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

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

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

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

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

Outcome

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

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

Schroders (Property)

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

Schroders - Sustainability page available here

Schroders - Quarterly sustainable reports available here

Bloomsbury Street, London

Initiative: The first acquisition for the ReForm Fund is a significantly under-managed, multi-let central London office building located 3 mins from Tottenham Court Road Station. This investment is a 33,000 sq. ft. office and retail building arranged over lower ground, ground and five upper floors, which includes a communal roof terrace and end-of-journey facilities.

The building currently has in-place ESG credentials including BREEAM 'Very Good' and an EPC rating of B, however, there are opportunities to enhance the value of the asset. The Feldberg team plan to carry out rolling refurbishments across circa 75% of the office accommodation and implement their ESG strategy which has guiding principles that include, climate & environment, natural capital, connectivity & technology and local community.

Outcome:

The ESG Strategy for this office building will target the following initiatives which are forecasted to complete 18 months post-acquisition:

Climate & Environment:
Net Zero pathway targeting 90% reduction in scope 1 and 2 emissions by 2030 and 90% reduction in scope 1, 2 and 3 by 2040.
Undertake Whole Life Carbon Assessment.
Target EPC 'A'.

Natural Capital:
Achieve net biodiversity gain, making use of the roof terrace, lightwells and rear outdoor areas.

Connectivity & Technology:
Target WiredScore 'Platinum', implement landlord fibre Backbone Connect and tenant app Smart Spaces.

Local Community:
Quantify social value via Social Value Portal and select community partnerships.

Computer generated images post the proposed refurbishment of 8 Bloomsbury Street, London, WC1

Infracapital (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

Infracapital - Responsible Investment approach including ESG engagement available here

ESG Update taken from Q1 2024 Management Report

Q1 has been a strong start on delivering on Infracapital's 2024 priorities. Infracapital continue to focus on working with their portfolio companies to implement Net Zero commitments and/or financed decarbonisation plans across all eligible assets and to enhance material Scope 3 reporting. To facilitate this, Infracapital hosted their first Net Zero working group for businesses in the Telecoms sector to share common experiences and best practices in developing carbon reduction initiatives and increasing GHG emissions reporting.

Moving onto the fund, in its commitment to decarbonise the transport and battery storage sectors, Zenobe has launched its first project with Nottingham City Transport, contributing to the city's goal to have carbon neutral public transport by 2028. Zenobe will deliver the EV charging infrastructure at Trent Bridge Garage, integrating its Smart charging software which optimises for more operationally and financially efficient charging. In addition to the fully managed charging infrastructure, Zenobe has also financed 24 batteries on board the buses, with a 16-year performance guarantee. This development demonstrates the critical role Zenobe plays in supporting the energy transition as the business grows.

Another asset supporting the energy transition is Gridserve, which has won two awards recently 'EV Charge Point Operator of the Year' and 'EV Charging Deal of the Year' for its continued excellence in delivering reliable, high power charging.

Both Zenobe and Gridserve continue to develop their sustainability strategies, driving sustainable business practices as they grow and work to support the decarbonisation agenda.

Finally, Infracapital received 5* on the Direct Infrastructure Module of the UN PRI's assessment, as part of M&G Investments' submission. The full transparency and assessment reports are available on Infracapital's website.

Pantheon (Infrastructure unlisted equity)

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

Pantheon - ESG Page available here

Pantheon - ESG Reports available here

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

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

IFM Infrastructure Fund

Fund Manager collaborate engagement groups - links on page 42.

- 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: Buckeye Partners

Topic: Environment – Climate Change

Rationale: Buckeye represents c.12% of IFM's 2030 decarbonisation target of 2.02m tCO_2e across infrastructure equity, including the IFM Global Infrastructure Fund.

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

What have IFM done: A 100% stake in Buckeye was acquired in November 2019.

IFM engages with Buckeye through our active management approach, either at the Board level where we have two seats, or through frequent direct interactions with Buckeye management.

Post-acquisition, IFM led the launch of a refreshed corporate strategy at Buckeye, which considers the risks and targets the myriad opportunities the energy transition presents for Buckeye in our views. As part of this refreshed strategy, Buckeye announced its commitment to contribute directly to the decarbonisation of the broader economy and meet the evolving energy needs of its customers by continuing to diversify its platform and offerings to enable less carbon intensive energy solutions, and to undertake decarbonisation efforts across its operations.

Outcomes & Next Steps: Since IFM took ownership of Buckeye Partners, the company has made significant advancements in progressing its transition strategy, including the establishment of a "Strategy and Alternative Energy Group", a cross-functional team that is working toward the implementation of an investment strategy focused on cleaner and renewable energy opportunities. Please see further information about investments Buckeye has made below which highlight how this asset will continue contributing to the energy transition roadmap:

OneH2: is a provider of hydrogen fuel supply and logistics solutions that is partnering with General Motors and Navistar to develop hydrogen fuel cells for long-haul trucking. This investment establishes a strategic partnership with a company at the forefront of the hydrogen economy. OneH2 will be benefitting from Buckeye's leading transportation fuelling logistics footprint and deep sector expertise, supporting the growth of the business and opening up new opportunities in the transport market.

Bear Head Energy: this company is developing a large-scale green hydrogen and ammonia production, storage and export project in Point Tupper, Nova Scotia with planned hydrogen electrolyser capacity of over two gigawatts.

Swift Current Energy: this U.S.-based solar and wind power developer has a project pipeline totalling c. 9 GW of capacity, including over 1 GW from eight solar projects in late stage development. Successful execution of Swift Current's project pipeline will contribute to the decarbonisation of the U.S. energy grid. Buckeye teamed with Nala Renewables (itself a renewable energy platform and JV between IFM and Trafigura) to make this investment.

Elysian Carbon Management: this company is a logistics and services-based carbon management platform focused on providing integrated end-to-end carbon capture and storage solutions to large scale emitters who are seeking to transition to low-carbon products and reach emissions reduction goals. Elysian's projects target permanent sequestration of captured carbon via underground storage.

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

Fund Manager collaborate engagement groups - links on page 42.

- 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 – AIB Group PLC

Engagement Objective – M&G met with Irish Bank AIB to discuss the process it went through to have its near-term decarbonisation targets SBTi approved (as one of the few banks to have done so). The idea was to apply the lessons learned by AIB to other financial holdings that are finding validation difficult. As part of this meeting, M&G encouraged the bank to also have its net zero targets approved by SBTi, as well as regularly reporting on the outcomes of its scope 3 engagement programme, particularly as relates to its loan book.

Engagement Result – AIB provided a good overview of the steps it had taken, the most important of which was initially getting internal stakeholders on board to allow for a smooth process, and working closely with SBTi on areas of uncertainty or concern. The bank confirmed that its intention was to get its net zero target approved, and was positive on the idea of reporting on its scope 3 engagement. This, it said, could eventually look at other ways of encouraging loan customers to decarbonise - in terms of incentives - while regulation was also helping to drive this, particularly CSRD.

M&G had several other requests to put to the bank, particularly in terms of disclosure, but overran. M&G agreed to a follow-on meeting later in the year.

Action Taken – M&G met with the bank's chief strategy and sustainability officer, as well as a member of the investor relations team.

Westlake Corp

Engagement Objective - To ask Westlake, the North American chemical company, to set a Net Zero target for scope 1,2 and 3 emissions verified by SBTi, increase its scope 1&2 reduction targets for 2030 from 20% to 30%, disclose scope 3 emissions and its decarbonisation strategy and report under TCFD

Engagement Result - Westlake explained the company is not going to commit to a Net Zero target until it has a clear pathway to get there. It is dialoguing with SBTi and as Westlake gets closer to achieving 20% reduction for scope 1 & 2 it is considering what the next steps will be. The next sustainability report will be published in the next few weeks and the company is working on TCFD and scope 3 emission disclosures. In terms of decarbonisation most of the investment is currently expensed in engineering resource rather than through capex. M&G will review the sustainability report upon its publication and follow up with the company next year.

Action Taken - M&G met with a mixture of the finance and sustainability teams including the CFO

Adams Street (Private Equity)

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

Adams Street - Responsibility page available here

2023 ESG Report available here

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

During the quarter, Adams Street engaged with 23 GPs to which East Sussex currently has exposure through their Adams Street portfolio. The nature of these interactions were as follows:

- 12 due diligence calls
- 8 operational due diligence calls
- 11 advisory board meetings
- 1 additional ESG review call

East Sussex Pension Fund

Harbourvest (Private Equity)

Fund Manager collaborate engagement groups - links on page 42.

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

Engagement

Harbourvest – Annual ESG report available here

Harbourvest – TCFD progress report available here

Engagement Update (from 2023 ESG Reports)

Business Type: Fertilizers & Agricultural Chemicals

ESG Category: Environmental

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

Fossil Fuel Exposure by Fund Manager

The fund actively monitors the fossil fuel exposure of its fund managers to allow for engagement when we feel that these values are of concern. The below table lists fossil fuel exposure as of 31st March 2024

Fund	Mandate	Exclusion	% Fund Assets	% Fossil fuel exposure of total fund value
UBS Osmosis	Equity - Passive - Resource Efficient	Fossil Fuel free	8%	0.0%
Longview	Equity - Global		11%	0.0%
WHEB	Equity - Sustainable Global	Fossil Fuel free	5%	0.0%
Baillie Gifford	Equity - Global	Fossil Fuel free	4%	0.0%
Wellington	Equity - Sustainable Global	Fossil Fuel free	5%	0.0%
Storebrand	Equity - Passive - ESG Plus	Fossil Fuel free	9%	0.0%
Harbourvest	Private Equity		4%	0.0%
Adams Street	Private Equity		4%	0.1%
Ruffer	Absolute Return		9%	0.3%
Newton	Absolute Return		7%	0.3%
Schroders	Property		7%	0.0%
ATLAS	Infrastructure Equity		2%	0.0%
Pantheon	Infrastructure		2%	0.0%
UBS	Infrastructure		1%	0.1%
M&G	Infrastructure		1%	0.0%
M&G	Fixed Income - Private Debt		1%	0.0%
M&G	Fixed Income - Multi Asset Credit		7%	0.1%
M&G	Fixed Income - Corporate Bonds		3%	0.1%
UBS - Over 5 Year IL Gilt	Fixed Income - Passive Index Linked Gilts		5%	0.0%
IFM	Infrastructure		5%	0.3%
Cash	Cash		1%	0.0%
Total Assets			**100%**	**1.3%**

Engagement Group Links

Access to Medicines Foundation

B Corps

British Standards Institute (BSI)

Chemical Footprint Project

Climate Action 100+ (CA100+)

European Sustainable Investment & Finance Association (EUROSIF)

Financial Reporting Council Stewardship Code (FRC)

Future Fit Business

Global Impact Investing Network

Global Real Estate Sustainability Benchmark (GRESB)

ILPA Diversity in Action Initiative

Impact Management Project

Initiative Climate International (iCI)

Investors Forum

Local Authority Pension Fund Forum (LAPFF)

Net Zero Carbon 10

Net Zero Asset Managers Initiative

RepRisk

The Big Exchange

Transition Pathway Initiative (TPI)

Sustainable Accounting Standards Board

UK Sustainable Investment & Finance Association (SIFA)

UN Global Compact

United Nation Principals for Responsible Investment (UNPRI)