



# Redwheel Stewardship Report

2024

For professional investors only

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# Foreword



**Arthur Grigoryants**  
Head of Investments

For asset managers working with clients focussed on the long-term, demonstrating integration of sustainability considerations within portfolio management, as well as within the development of the commercial approach, is only becoming more important.

2024 was another big year for Redwheel and the deepening of our commitment to responsible investment. We launched a sustainability-focused global climate engagement strategy for one of our existing teams and entered into a distribution agreement with private markets specialist Turquoise to broaden access to their expertise in investing in climate solutions. Towards the end of the year, we also completed the acquisition of a substantial part of the assets of Ecofin from Tortoise Capital which gives us new expertise and new products focussed on opportunities in the utilities sector, a sector that we believe remains critical to the global decarbonisation effort.

But whether the expansion in our product range is organic or inorganic, our goal remains the same; to provide our clients with solutions aligned to their interests, which generate attractive returns, and which are managed in a manner consistent with our corporate purpose which is to invest with conviction for current and future generations and the world in which we all live. Where strategies place

Equity markets may have been on a bull run, but lowering regulatory compliance costs does not guarantee increased investment returns

areas seen as relating to sustainability. It is however important to remember not to throw the baby out with the bathwater. Equity markets have been on a bull run for some time but this is, in part, because of the relative stability of the regulatory landscape. Lowering the cost of regulatory compliance - for example through removing disclosure requirements - does not guarantee increased investment returns, not least because businesses may have already made commitments around how they operate and how they take into account sustainability issues within their approach to governance and oversight. The marginal cost of the disclosure may actually be fairly insignificant; the reputational and commercial costs arising from abandoning principles could be far greater.

In light of our scale and the current extent of debate around the future for responsible investment,

including the future of the UK Stewardship Code, our Head of Stewardship and Regulatory Change Chris Anker has this year focussed heavily on engaging directly with regulators, peers and relevant third parties in relation to the purpose, definition and future of stewardship. This work was ultimately recognised by the UK's Investor Forum who in early January 2025 announced Chris as the winner of the Simon Fraser Stewardship Award for 2025. The award recognises those with a strong commitment to advancing stewardship within investment decision making and we are very grateful to have Chris leading our work in this area, overseeing and supporting the stewardship activities of our investment teams, coordinating our involvement in external initiatives, and leading in the development of the stewardship that Redwheel does as a corporate entity.

# A year in review



**Chris Anker**

**Head of Stewardship and Regulatory Change**

## 2024: A year for policy

Without doubt, the main area of focus for 2024 was to make a meaningful contribution to the debate and discussion taking place within the UK market on the future for stewardship and the form of the UK Stewardship Code in particular. Given that the UK is our home market, and given the stewardship heritage of many of our investment teams, we felt it important to lend our experience to the many conversations that were taking place relating to the future for stewardship.

In doing so, we were grateful to many others who were able to bring groups of stewardship professionals together, in particular the Investor Forum, the Investment Association, and the Pensions and Lifetime Savings Association. The Financial Reporting Council is much to be applauded for its extensive outreach in a “pre-consultation” phase as part of securing a proper sense of what is working well within stewardship (and what is working less well), with the separate and distinct views of asset managers, asset owners, companies, and service providers including proxy advisors taken into account.

From our perspective, it has become clear that one of the main issues that has created confusion in the market reflects a conflation of terms relating

to “responsible investment”. Sometimes this term is used in reference to the concept in its broadest sense, to act responsibly as a market participant. Other times it is being used to refer to a set of processes undertaken to achieve specific investment outcomes. The work done by portfolio managers as part of delivering responsible investment in practice, and the corporate views of the asset management organisation which wishes to be seen as a responsible investment business, can be very different though and it is because of this that a degree of confusion persists.

That said, stewardship considerations can be extremely important inputs to a portfolio manager’s investment process; this is particularly the case where insight relates to portfolio holdings or the policy outlook for the markets and sectors in which investments are made. The portfolio manager’s time horizon is however constrained by the ability to model the impact of changes to outlook over time and the systematic integration of sustainability considerations will also be a function of the availability of relevant datapoints. Where data is broadly available, it may make sense to integrate sustainability considerations within investment selection for in-scope products; where it is not,

it may be more relevant for inclusion only within investment research.

The time horizon of the asset management organisation can however be far longer than that of its portfolio managers, and it is the views held by the corporate entity and its engagement in policy advocacy that many asset owners appear increasingly interested to understand. Typically, this information is requested as a means to assess consistency in the practical expression of the organisation’s values and beliefs.

It is important to recognise though that the stewardship of client assets by those involved in portfolio management, and of client interests more broadly by those involved in shaping corporate strategy, necessarily has scope to involve a broad range of activity and to require different levels of resource. Precisely how this activity is undertaken, by whom, and to what end, remain areas of key interest for asset owners. Being able to understand the rationale for the approach adopted gives comfort that the portfolio manager’s approach to delivering responsible investment on the one hand, and the entity’s approach to advocating for the adoption and ongoing development of responsible investment practices on the other, remain coherent.

In order to provide greater clarity for our clients on the expectations we have of our investment teams in relation to stewardship, at the end of the year we began work to update the Redwheel Stewardship Policy.

On the purpose of stewardship, given that we are and will only ever be an asset management organisation, we see the role of our portfolio managers as being to foster alignment between the interests of corporates (as the consumers of capital) and asset owners (as the providers). Whilst sustainability considerations may often feature within stewardship work, our approach does not seek to limit stewardship to focus only these matters; holding companies to account for the accuracy of financial statements and the delivery of strategy, and making the case for fair valuation in takeover situations, remain extremely important and tangible aspects of the work done by our investment teams.

We have also clarified how we understand engagements to be structured, reflecting one or more objectives, each of which is company-specific

and relates to a topic which maps to a theme. The objectives of engagement tend to be generic, reflecting an effort either to expand disclosure, deepen disclosure, contribute to decision making, encourage change, or otherwise to intervene in a “special situation” e.g. takeover bid. Where objectives are considered to have been achieved (and even where they are not achieved), the results of the engagement may lead to associated investment outcomes.

In parallel to revising our Stewardship Policy, we also submitted a response to the FRC’s consultation on the UK Stewardship Code, a copy of which is available on our website. Whilst we concluded that we could support the FRC’s approach as proposed, we made clear our conviction that a broader high level definition would be more appropriate given the FRC’s stated intention to develop counterpart guidance on stewardship best practices.

Working with peers and regulators, participating in conversations, and shaping the debate is of course hard to evidence in practice. This kind of influence does not tend to lead to firm outcomes that can be clearly tied back to our involvement. It is therefore extremely heartening to have been awarded the Simon Fraser Stewardship Award by the Investor Forum, in reflection of work done across the year to guide conversations taking place within the market relating to stewardship. With clearer separation of the roles and responsibilities of portfolio managers, as compared to the roles and responsibilities of others within the same business, I firmly believe that better decisions can be made regarding resourcing and so better outcomes can be delivered to clients. Needless to say, there remains plenty of work to do!



# Principle 1

## Purpose, strategy and culture

Our purpose is to invest with conviction for current and future generations and the world in which we all live.

Management independence, investment team autonomy, a majority employee-owned structure. These are the defining attributes of Redwheel, attributes which give us the freedom to focus solely on achieving our clients' long-term goals, whether

this is investing on their behalf or investing, as a business, to build solutions for the future. Building out our business to reflect these principles helps us maintain our enduring ability to provide long-term stability, achieve alignment with our clients, and build lasting partnerships.

Our active investment heritage is built on a foundation of innovation, original thought and high conviction investing; this is underpinned by an ownership structure that includes broad employee share participation to reinforce long-term commitment to the development of the organisation, and a firm belief in the importance of collaboration, empowerment, and openness and inclusivity which together we see as defining our corporate values.

**177**  We have **177** people including **65** dedicated investment professionals working across **8** independent investment teams

**\$17.7** bn We manage **\$17.7bn** for our clients, from offices in London, Miami, Singapore and Copenhagen.



Redwheel (December 2024)

### Our capabilities

We specialise in active equities in four capability sets and offer a range of convertible bond strategies.

- Emerging & Frontier Markets
- Value & Income
- Thematic & Sustainable
- Active Engagement & Ownership
- Convertible Bonds

Our organisational model is focused on enabling experienced, accomplished and well-supported fund managers to operate with a high degree of investment autonomy, free from unnecessary restrictions, and a focus on achieving superior investment returns.

We manage a range of truly active investment strategies, with the aim of helping our clients meet their long-term financial objectives. Each of Redwheel's investment teams is comprised of experienced investment professionals with expertise in specific fields. Each team is led by people who are distinguished in their chosen area and demonstrate a total commitment to the responsibilities they have to their clients.

We work with our investment teams to develop the product range to ensure we meet our clients' changing needs and to reflect regulatory expectations. At the core of our business are our central corporate functions including Stewardship, Sustainability, Greenwheel, Trading, Operations, Risk Management, Client Management, Data Management, Legal and Compliance, Human Resources, Finance, Technology and Business Development. These teams work closely with our investment teams to provide effective support as they grow and evolve.

We have a strong sense of responsibility to provide the highest standards of investment management, clear information to help our clients understand what we are doing, and a stable organisation that is both long-term and trustworthy.

As stewards of capital, our three defining attributes reinforce our accountability to clients in the following ways:



**Autonomy** – investment teams bear primary responsibility for the design of investment processes and the role of stewardship within this.



**Independence** – teams act largely independently of one another, and with minimal input from management. In this way, each investment team can focus on meeting the needs of its specific clients and target markets.



**Ownership** – being a majority employee-owned business, Redwheel is inherently a resilient organisation, well-placed to provide consistency for clients and insulated from exogenous sources of conflict in relation to stewardship.

We and our investment teams also strongly believe that the consideration of both material financial and material sustainability factors within a fully integrated investment process can help to enhance assessments of risk and return. Active stewardship with issuers is vital within this to protect and enhance the long-term interests of our clients, on the one hand as part of risk discovery and risk mitigation, whilst on the other supporting the implementation of best practice, reducing the adverse environmental and social impacts of operations, and encouraging investment in long-term value creation opportunities.

The approaches used by our investment teams to integrate sustainability considerations do vary however, reflecting the specifics of relevant markets and strategies. However, all teams recognise the desirability of excluding controversial weapons from portfolios; our policy in this regard is set at the firm level and all investment teams are required to implement it. All teams also co-invest alongside clients, creating a natural alignment of interests across the chain. Responsibility for stewardship rests primarily with members of relevant investment teams. Oversight of responsible investment and stewardship activities is provided at an executive level by our Head of Investments Arthur Grigoryants, whose regular interactions with the heads of investment teams also ensures frequent reflection

on the evolution of client interests in these areas.

Decisions in relation to the specific themes and activities to reflect within investment approaches (including in relation to stewardship) remains the responsibility of the portfolio managers and analysts of the relevant strategies and reflecting the specific interests of strategically important clients is an important consideration within this. As a client-focussed business, we also monitor the extent to which our purpose and beliefs remain relevant and effective in helping us to serve the best interests of our clients through regular reporting on our activities (including the sharing of case studies and voting records) and the debate in our interactions with them which ensures a constant dialogue in terms of both direction and depth of stewardship.

Taken all together, our approach enables our investment teams to connect deeply with the concept of stewardship, helps assure our clients that Redwheel and its investment teams are effective as stewards both as regards managing the capital entrusted to us and in respect of acting in their broader interests, and helps us be authentically responsible in what we do.

Over the course of 2024, as part of ensuring the delivery of effective stewardship, we sought to make enhancements in a number of areas to better support (and, where appropriate, challenge) our investment teams:

**Ownership and Accountability** - our central resources dedicated to sustainability and responsible investment have grown significantly in recent years, helping us to make rapid progress on our own journey and to address the growing expectations of clients and regulators alike in a related connection.

Within our central business, primary day-to-day responsibility for facilitating the delivery of responsible investment in practice and for providing related training and education to investment teams rests with the leaders of three key functions: **Stewardship and Regulatory Change** (led by Chris Anker), **Sustainability Strategy, Governance and Policy** (led by Olivia Seddon-Daines), and our **Greenwheel** research function (led by Stephanie Kelly). Through the creation of these three separate but closely integrated functions we can leverage more effectively the specific expertise of our

responsible investment specialists and also enable them to go deeper on the issues where they can make the greatest contribution to client outcomes. All three leaders report to Head of Investments, Arthur Grigoryants.

At the same time, there has remained a lot for these teams to deliver and so, over the year, project management resource was assigned to help with the adoption and implementation of new technologies and processes intended to enhance and facilitate the integration of sustainability considerations into relevant aspects of investment processes.

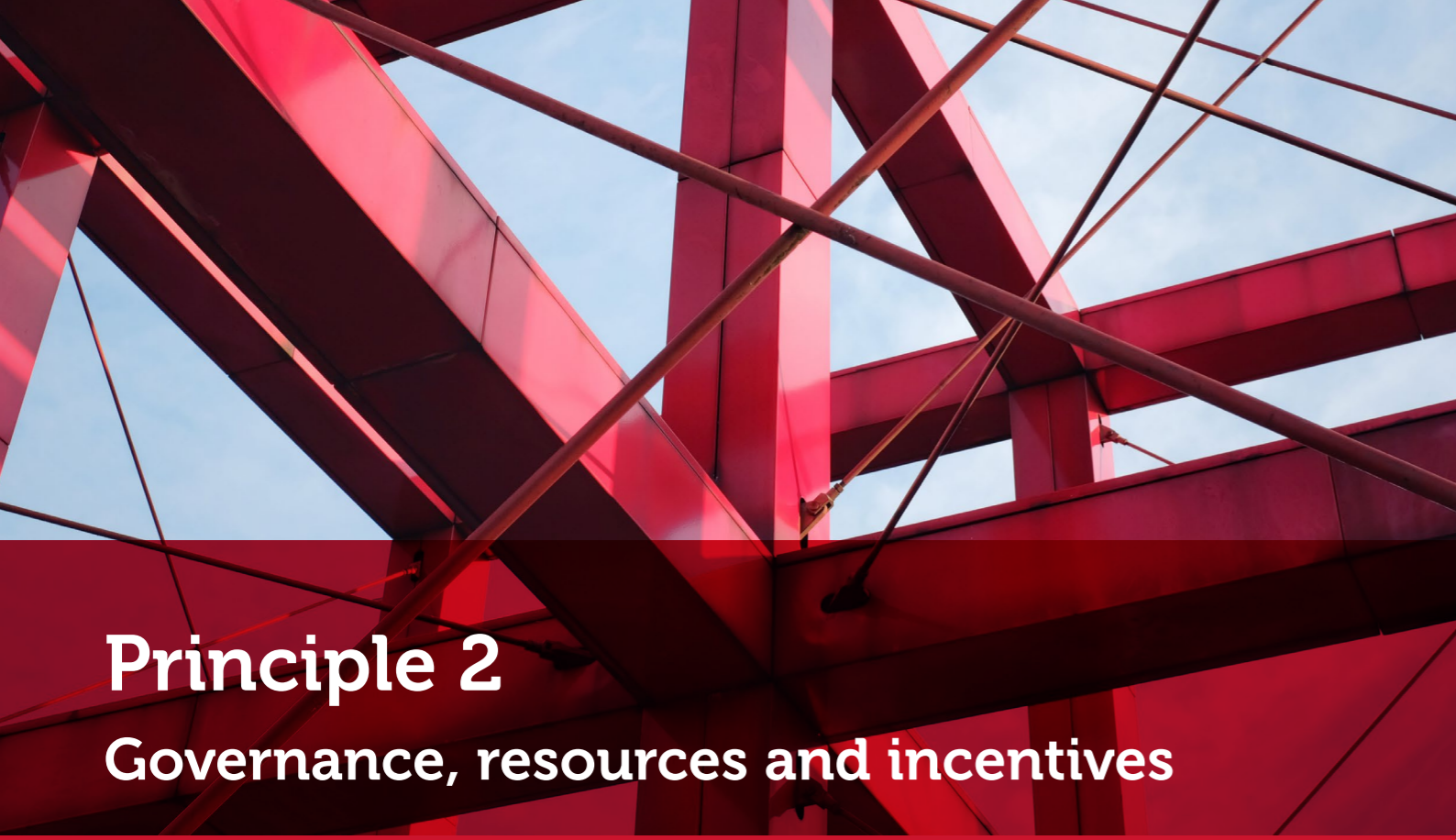
**Governance** – the Redwheel Sustainability Committee is supported by the Head of Sustainability Strategy, Governance and Policy, who also has prime responsibility for providing sustainability-related input to Redwheel's Portfolio Risk and Enterprise Risk Committees. Being still a relatively new committee within our overall governance framework, a key concern remains to ensure not only that the Sustainability Committee's assessment process is robust today but that it evolves in a manner that ensures it offers an effective mechanism for holding teams to account through time. The Sustainability Committee receives in-person presentations from investment teams on a rolling quarterly basis, and feedback is provided as needed. The Committee typically meets monthly; in those instances where investment teams are not invited to present, discussions typically focus on assessment of quantitative dashboards relating to fund positioning, or on strategic matters.

**Systems development** – 2024 saw us continue to deepen our relationship with NT-EDS which now serves as the central data management platform for all investment teams seeking to understand the sustainability characteristics of companies and portfolios. Dashboards have continued to be built out and enhanced to enable our investment teams to gain perspective on a wide range of measures. Additional data sets have also been integrated into the platform to help in the assessment of the extent to which issuers and portfolios are aligned to particular emissions pathways, and we have also made further developments to our approach to reviewing the credentials of constituents of our sustainable fund range. As regards stewardship, work has continued to enhance the SI-Engage engagement management platform and the manner

in which engagement data is handled and made available to platform users.

**Policy development** – across 2024, there was a sustained debate around the future of the UK Stewardship Code. The Financial Reporting Council undertook many rounds of preliminary engagement with market participants ahead of the formal launch of its consultation just prior to the end of the year, and Redwheel representatives were involved in many of these. Through this outreach process, it became clear over time that views on the purpose of stewardship and its definition may be sought and so, in anticipation of this, we moved to consult our investment teams on potential related revisions to our own Stewardship Policy. A revised policy was subsequently approved and published in early 2025, setting out what (from Redwheel's perspective) we understand the purpose of stewardship to be, and making further revisions to clarify the relationship between stewardship objectives, results and outcomes. A response to the consultation was also filed.

**Training** – Our Sustainability Forum continues to provide the main platform for collaboration, discussion and debate across investment teams in relation to responsible investment developments and practices. During 2024, the forum continued its focus on the key themes of climate change, biodiversity, and human rights. Sessions are led by sustainability specialists from our Greenwheel team, but expert guest speakers are also brought in from time to time; they continue to be recorded where possible to enhance access to content and improve learning outcomes. A separate series of Stewardship Surgeries was also held for investment teams by our Head of Stewardship, with each team receiving a generic briefing on stewardship matters as well as bespoke guidance to serve as a prompt for potential future stewardship activity. Extensive anti-greenwashing training was also provided to investment teams and a variety of central business departments in light of the publication by the FCA of its new Sustainability Disclosures Requirements and its Naming and Marketing Rules. Our TCFD-related training programme was also extended into the early months of 2024, ahead of the production of our first TCFD report as a corporate entity, and in anticipation of requests for 'on demand' product reports.



# Principle 2

## Governance, resources and incentives

We are an independent business, majority owned by current Redwheel employees, and supported by an external long-term focussed shareholder.

Within our management structure, the investment teams at Redwheel have a high degree of autonomy over the design of their investment processes and, as such, the approach to incorporation of sustainability considerations adopted by each investment team will differ, as will the approach to stewardship. Nonetheless, all of our investment teams have acknowledged experience in their specific fields and are led by fund managers that demonstrate a total commitment to the responsibilities they have to their clients.

Redwheel Investment Teams	Asset class
Emerging and Frontier Markets	Equity
Global Intrinsic Value	Equity
Global Equity Income	Equity
European Active Ownership	Equity
Japan Active Engagement*	Equity
Sustainable Growth	Equity
Ecofin	Equity
Convertibles	Fixed income (investment grade)

\* For the Redwheel Japan Active Engagement strategy, primary responsibility for portfolio management and stewardship rests with Nissay Asset Management (based in Tokyo, Japan); additional support in relation to stewardship and governance is provided by a UK-based Japanese speaking advisor.  
Redwheel (December 2024)

### Governance

In line with their investment freedoms, each investment team is responsible for developing internal procedures for integrating sustainability considerations within their respective investment mandates, including in connection with stewardship. These procedures as necessary take account of relevant firm-wide policies such as those relating to responsible investment considerations.

Oversight of each investment team's approach to stewardship and the integration of sustainability factors within their investment processes is provided primarily via Redwheel's Sustainability Committee whose remit is to ensure that teams meet their commitments in relation to responsible investment and to provide constructive challenge to teams where enhancement is considered to be required. The Committee is supported by the central sustainability functions who also lead in the ongoing review and selection of third party products and services, helping to identify those that have potential to be 'decision useful' for our investment teams and which could, as a consequence, play a role in helping us to assess and monitor teams' approaches to integration.

### Incentives

At Redwheel, all investment teams integrate the consideration of sustainability risks within their investment processes. To the extent applicable, remuneration decisions for investment team members will therefore take into account each team's approach to the integration of sustainability risks.

Given the importance of genuine integration of sustainability to our clients, we believe our model of direct revenue share creates a very strong incentive for our investment teams to continue integrating and enhancing their sustainability and stewardship focused practices. This creates a much better and much more aligned and powerful incentive mechanism than what is often done in the broader investment industry. Embedding an assessment of approaches to integration and stewardship within performance management exercises (as well as learning and development) remains an area of active interest.

### Resources

Responsibility for determining the size and composition of each team, as well as the backgrounds, experiences, qualifications and skills that in aggregate are needed to steward client assets responsibly, rests with Heads of Teams; they are free to add headcount and to obtain expert third-party resource at any time. Individuals are designated by each investment team to act as primary point of contact in relation to responsible investment issues, including in relation to stewardship (albeit that responsibility for stewardship activities is in practice often shared amongst portfolio managers and analysts within each investment team).

Support is also available from Redwheel's own expert teams (not just those involved in sustainability but also those focussed on legal, compliance, product, data, marketing and sales). On occasion, third party support may also be retained. For example, our European Focus team retains specialist expertise in the form of an external forensic accountant in order to help hold accountable the management of the companies in which they invest.

## Resources: Summary statistics and comments

28

Investment professionals with either CFA, MBA or PhD

64

Total investment professionals

Average years of experience across investment teams: 18 years, ranging from 1 to 47.

A number of our investment professionals, as well as staff from across our business, have voluntarily undertaken either the UK CFA Society's Certificate in ESG Investing or the UK CFA Society's Certificate in Climate and Investing for the purposes of continued professional development. During the year, our Head of Sustainability Strategy, Governance and Policy meanwhile also successfully completed the Oxford Impact Investing Programme which enhances our ability to provide effective oversight of our sustainability-focussed funds.

In terms of broader training, our Compliance department first rolled out mandatory training to all Redwheel colleagues in relation to responsible investment in 2022. Training ran again in 2024 for all colleagues; it is also provided to all new starters as they join the firm. Considered separately to the work being done by our sustainability specialists who provide advice and support to all business units on sustainability issues, this has helped to secure a common understanding of some of the most basic concepts relevant in responsible investment. Our Head of Sustainability Strategy continues in parallel to work closely with our Compliance team on integrating anti-greenwashing training into annual compliance and conduct training, where possible leveraging content created as part of the normal operation of the Redwheel Sustainability Forum.

In terms of stewardship administration, teams retain responsibility for allocating and prioritising engagement resource, record keeping and reporting stewardship activity. No team uses dedicated third party engagement services as part of the delivery of stewardship obligations, although clients may choose to do so in relation to the assets Redwheel manages for them. For more on our approach to the use of service providers, please see commentary under Principle 8.

The basis on which stewardship is undertaken varies in accordance with the specifics of the relevant fund within which securities are held, the broader strategy, the geography of focus, and idiosyncratic industry and company-level factors. Engagement can be effected by a variety of means; direct 1:1 with management or board directors; collaborative engagement via investor initiatives or, more rarely, in direct co-ordination with other investors; and, in more extreme cases, via public comment and use of investor rights beyond mere participation in shareholder meetings.

Of primary relevance to our equity teams, proxy voting is effected via ISS' ProxyExchange platform; throughout 2024 teams' vote decisions were informed by ISS' Climate Voting Policy research, as well as a variety of other relevant inputs. Investment teams retain full discretion to vote as they see fit under the circumstances, although must record the rationale for any vote cast against management or which differs from the recommendation received from ISS. It is important to note that there is no expectation that teams should aspire to follow the ISS recommendations; they merely represent a strawman, a starting point, to inform more substantive discussions.

Oversight of teams is provided in a variety of layers. Day to day, our central Stewardship and Sustainability functions are available to support our teams in relation to their responsible investment activities. On a monthly basis, Head of Investments Arthur Grigoryants meets with Heads of Investment Teams to discuss investment issues and the extent of any new or emerging concerns, including in relation to responsible investment. On a quarterly basis, using a proprietary dashboard, our Sustainability Committee assesses teams against their commitments in relation to responsible investment and provides constructive challenge where enhancement is considered to be required. In-person presentations are also received from portfolio managers throughout the year, providing an opportunity for direct assessment and discussion around the communication and delivery of responsible investment approaches in practice.

Whilst all teams are encouraged to educate themselves in relation to responsible investment on an ongoing basis, since early 2021 regular training and updates have been provided via our monthly

Sustainability Forum. Given the generally low degree of commonality in holdings and investment processes, investment teams are typically somewhat insulated from one another: Forum meetings thus provide a unique opportunity within Redwheel for our investment teams to come together for discussion and debate; all team members are welcomed. Sessions are led by in-house experts, providing all teams with carefully curated content on a broad range of sustainability themes, and offering suggestions as to how the consideration of related risks and opportunities could be taken into account within investment processes today. On occasion, external speakers including sell-side brokers are invited to speak given their specific expertise.

Members of the Sustainability Forum also provide a key constituency for us to consult when considering the development of firm-level policy relating to responsible investment issues. Through working groups, we were able in late 2021 to develop formalised policy in relation to Stewardship and a refreshed policy on Controversial Weapons, with the same approach adopted in 2023 when drafting the Redwheel Policy on Responsible Investment. Members were similarly consulted in the development of an updated Stewardship Policy in late 2024, which was published in early 2025. Policy documents relating to responsible investment are public and serve to reflect the common baseline that all Redwheel investment teams agree to adopt. Policies are reviewed annually. Policy briefings are provided to the business on a semi-annual basis to help ensure good awareness of the terms of policies and of the existence of any changes that may be made from time to time.

## Diversity, Equity and Inclusion

As regards the specific issue of diversity, both as it applies to our investment teams and our broader business, formal responsibility for the execution of Redwheel's DEI strategy rests with our Human Resources team. Head of HR Liam Gleeson reports to CEO Tord Stallvik; Liam also has a separate reporting line to Non-Executive Chairman Peter Clarke.

We believe diversity, equity and inclusion (DEI) is not just the right thing to do but it drives better business outcomes. We are committed to fostering a culture

in which different experiences and identities are valued; where people feel they can be their true selves and are encouraged to speak up and express opinions freely. One of our fundamental objectives as an organisation is to provide a long-term and stable environment that clients and our people can depend upon. We want to attract and retain a highly competent, diverse range of people to help drive innovation and better decision making; we believe this is critical to being a long-term and sustainable organisation. We are also thoughtful when it comes to our global responsibility to support the communities in which we live and work.

Within our DEI approach, we have committed to:

- **Cultivating an inclusive work environment** - through raising awareness and providing education on what it means to be inclusive, with continuous collaboration and communication across the business at all levels and throughout the employee lifecycle
- **Recruiting and retaining diverse talent** - supported by processes which enable us to meet a diverse range of candidates, and which ensure that interviewers are equipped to carry out effective interviews and be aware of bias. We are also committed to ensuring a positive employee experience at Redwheel throughout the lifecycle of our people.
- **Supporting the communities in which we live and work** - by working in partnership with dedicated experts and change makers in the field of DEI, offering internships and work experience opportunities to under-represented groups, and by giving time and financial support to groups promoting DEI in our industry.

## Employee involvement

Our DEI working group is a key element of our corporate responsibility programme otherwise known as SEED, whose purpose is to promote and coordinate activities within the fields of Social Enterprise, Environment and Diversity. Headed by Liam, the group meets regularly to discuss, challenge and validate approaches, provide ideas, input on potential partnerships and help deliver work needed to achieve strategic goals. The group is ever-evolving, and has an open-door approach, where any of our people can volunteer to support (and challenge) the business to address DEI issues, contribute to the



development of our approach, and help us cultivate a more inclusive work environment. Key inputs to the group's ongoing conversation are the insights provided to us by the Diversity Project and CityHive, both of which organisations Redwheel actively supports, with Liam involved in the Diversity Project Steering Committee and Tord in its Advisory Council, and our Head of Stewardship Chris Anker liaising with the CityHive executive in particular regarding the ACT Corporate Culture Standard.

### Diversity Project

Our CEO, Tord Stallvik, is a member of the Diversity Project Advisory Council. Alongside Data and Allyship, one of the priority workstreams for the Diversity Project during 2024 related to Cognitive Diversity; all three workstreams are focused on improving behaviour and culture within our industry.

As well as being an issue of interest in its own right, cognitive diversity is an area of significant interest for Redwheel. Tord has been an active participant within the project working group and his involvement led to him participating as a speaker at the Diversity Project Annual Event in November 2024 to share his perspectives. The agenda for the event was focused on how to maximise team performance; high-performing teams are typically more dynamic, innovative, resilient, better at problem solving and are better at executing complex tasks. This in turn can lead to business benefits through increased productivity, higher quality outcomes, thriving together for success and it is our shared belief that DEI plays an important part in this.

### Focus on diversity data

Having access to reliable, accurate and granular diversity data is an area of active focus as it enables our Board and Executive Committee to better understand the DEI credentials of our core business and of our investment teams, as well as helping to inform our actions and the assessment of their impact. Key to this will be the introduction of a new HR platform, accessible to all employees, that will enable all users to maintain their data through time and enable us to make better targeted interventions to support our people.

As the DEI agenda has matured, a broader range of diversity strands are being prioritised, but focused effort is still required to increase representation of female colleagues and unlock their full potential.

At this time, we have high confidence in our gender data and summary statistics are shown below. Certain other DEI data have also been captured over the years but not as systematically or at the same scale, although since we first ran our DEI survey in 2023 (which captured relevant data on a non-anonymised basis to set a baseline) we have been able to keep better track of diversity metrics as our headcount has changed through time.

Gender breakdown	Male		Female		Total
	No.	%	No.	%	
Executive Committee	5	62.5%	3	37.5%	8
Heads of Investment Team	13	93%	1	7%	14
Investment teams*	35	70%	15	30%	50
All staff **	123	69%	54	30%	177

\* Excludes Heads of Investment Teams, Interns, Dealing, Support Staff

\*\* Excludes Contractors and Interns

All statistics presented in this section are Redwheel (December 2024)



## Principle 3 Conflicts of interest

We will always strive to act in clients' best interests and welcome all interactions. On the issue of stewardship, we are happy to receive comments on our approach as a means to help ensure interests remain well aligned.

Our firm-level Conflicts of Interest policy sets out the principles and guidelines for identifying, managing, recording and, where relevant, disclosing actual or potential conflicts that may constrain the extent to which our staff and partners are able to act in the best interests of clients. The policy can be accessed via the Redwheel website.<sup>1</sup> It is applicable to all Redwheel staff and partners and is updated annually.

As outlined in the policy, all staff are required to identify actual or potential personal conflicts of interest in the first instance, and to raise issues or concerns with Redwheel's Compliance team; where it is established that issues have potential to affect the day-to-day operation of distinct business areas, the introduction of formal monitoring and oversight (e.g. through the implementation of controlled processes)

<sup>1</sup> [Redwheel Resources, Governance & downloads](#)

may be required.

Our Compliance team maintains a Conflicts of Interest 'Map' which documents the different types of conflicts inherent to our business and the associated controls for each potential conflict. Conflict types are generally gathered into two principal categories: conflicts inherent to the company and any other individual based conflicts. The team also maintains a Conflicts of Interest Register for one-off events that do not fit the Map.

The Conflicts of Interest Policy, Register (both at an individual and corporate level) and Map are reviewed by the Redwheel Executive Committee and Board on an annual basis.

As part of the introduction of the Redwheel Stewardship Policy, our process for managing conflict of interests relating to stewardship was also reviewed and formalised. Extending from the review of proxy voting arrangements, to oversight of the management of conflicts of interest was also enhanced, with exceptions reports now provided as standard to relevant bodies, to highlight and record instances where votes deviated from policy in respect of companies with whom business conflicts exist.

No stewardship-related conflicts of interest were identified during 2024 as requiring active management although our active monitoring approach did identify two issue-specific potential conflicts which, due to extenuating circumstances,

never materialised. Nonetheless, a number of types of conflict relating to stewardship are recognised as having potential relevance on an enduring basis to our business:

**1 Client conflicts arising from retention of 'engagement overlay' service providers** – the appointment of external engagement providers by clients in respect of funds we manage creates potential for engagement activities to become misaligned. Since 2021 we have sought to deepen our understanding of the engagement objectives of a particular third-party engagement provider appointed by one of our clients, involving proactive contact to help us take account of client needs and ensure that the stewardship activities undertaken by the third party were reflected back into portfolio management in a timely manner. In this way, we hope we have made a constructive contribution to the development of the stewardship approach applied by the third-party provider and managed the risk of interests becoming conflicted.

**2 Conflicts arising between clients** – over time one or more clients within a strategy may develop more explicit stewardship aims and objectives which may not align with those of the manager or other clients in the strategy. Each investment team will strive to represent the centre of gravity of client and target market views, which we see as the most effective way for them to fulfil their fiduciary duties in the investment management context (refer to Principle 6). However, should client views become highly polarised, it may not be possible to meet stewardship expectations effectively.

**3 Cross team holdings** – where multiple investment teams hold securities of a common issuer, conflict can arise in relation to voting and engagement given that there is no requirement for all teams to hold common views on a particular company. Information on the holdings of Redwheel strategies is not routinely shared between investment teams, and so the identification of conflict risk cannot be delegated to investment teams. Our central business therefore monitors regularly for issuers held across multiple Redwheel teams. Where two teams hold securities in a commonly held company and intend to participate in a shareholder meeting, our Head of Stewardship

will convene meetings with relevant team members ahead of the shareholder meeting to encourage alignment of vote intentions and if necessary record any irreconcilable disagreement. In a similar connection, there would be scope for conflict to arise within teams where a company's securities are held in multiple funds and those funds either have divergent stewardship approaches, or underlying clients have divergent stewardship expectations.

**4 Conflicts of time horizon** – As mentioned above, objectives as regards stewardship can and do change through time. The importance of certain issues can also rapidly escalate and require urgent responses from investee companies. In an extreme situation, where a company's responses are deemed to be insufficient, divestment will likely be considered. However, for strategies investing in illiquid companies or adopting large positions, there is a reduced ability in practice for investors to exit positions at speed and so the threat of divestment has much more limited value; as such, even if clients would prefer to see a manager use the threat of sudden divestment as part of an engagement strategy, embracing these structural barriers and engaging using alternative mechanisms (e.g. through pursuing Board positions) may be more appropriate in context.

#### **Redwheel European Focus Fund**

Redwheel's European Focus Fund (EFF) takes meaningful ownership stakes in a small number (<20) of listed European companies. The team frequently holds positions in small and mid-cap companies that account for <5% of issued share capital, but on occasion can hold significant positions in individual names. The team's typical investment horizon is 3-5 years, but in some cases they will remain invested for substantially longer. 'Deep engagement' with a strong and active focus on governance is a core feature of the strategy and, as part of its approach, the EFF team may from time to time seek appointment to the board of directors of investee companies. However, unlocking investment potential can take significant time as businesses go through periods of transformation. To help provide stability and support delivery of outcomes which may only occur over the truly long-term, the redemption of client capital is therefore constrained in some share classes.

**5 Where we hold securities issued by companies with which we have a material business relationship** – Conflict can also arise with respect to companies with which we have a material business relationship, whether through financial arrangements or as a result of directors (or other persons of influence working for the companies in which we invest) having material relationships with Redwheel colleagues. As part of monitoring the extent to which conflicts exist in practice, our Compliance and Enterprise Risk teams initially review, add mitigation where relevant and then monitor material business relationships on a quarterly basis. Where any of our investment teams invest in such companies, a record is maintained of proxy voting activity and supplied to relevant oversight bodies as part of monitoring the existence and management of conflicts on an ongoing basis. In line with regulatory obligations, where colleagues have material relationships with persons of influence at companies in which Redwheel is invested or may invest, the individual bears primary responsibility for declaring this to our Compliance team for monitoring purposes.

**6 Commitment to promote responsible investment** – there may be potential for a conflict to arise where the firm promotes investment in products that undermine the delivery of responsible investment. This could produce confusing messaging to clients. To prevent this possibility, Redwheel publicly commits to responsible investing and is a signatory to several supporting initiatives. Combined with this, Redwheel has committed to corporate responsibility via the SEED initiative. The firm also has a thorough review system for financial promotions.



## Principle 4 Promoting well-functioning markets

Responsibility for assessing evolving market-wide and systemic risk is delegated by our Board to the executive and Redwheel's investment teams. Assessments are contextualised by the dynamics evident within the focus market and the characteristics of the strategies under management.

Whilst Redwheel as a business focuses on providing access to active management services, a key aspect of our business model is the absence of a Chief Investment Officer; across our investment teams, primary responsibility for the identification and evaluation of risk within portfolio management rests with the individual portfolio manager. Where risks are considered to be significant in context, portfolio management teams seek to understand the potential impact of future risk events to the financial performance of relevant issuers and develop their investment thesis around this. Portfolio weights may be adjusted as part of managing the overall risk and return characteristics of the relevant investment product, ensuring that the product continues to meet client expectations.

Our portfolio managers have a responsibility to assess whether:

- The risk is relevant in context (are portfolio holdings actually exposed to the risk?)
- The risk is material (could a relevant future risk event without appropriate management have an appreciable impact on the valuation of the company?)
- The risk is bearable (could a company survive the risk event?)
- The relevant risk event is likely to occur within the time horizon relevant for the product (would action be needed if a future risk event occurred only at some point far off in the future?)
- The risk event is likely to be acute (i.e. experienced only for a short period of time and so not requiring of a substantive review of the central investment thesis) or persistent over much longer periods (and therefore directly relevant to the assessment of companies' enduring ability to remain investable)
- Recommending alternative options to address the risk (Recommending options to manage risk, such as establishing a formal workstream to monitor risk exposure and advise management on necessary resources or strategic changes, can be positively received and reinforce confidence in the investment.
- As a business focussed on active management operating within a dynamic financial system, we understand that risks and returns have a fundamental interrelationship. Exposure to systemic risks sets the backdrop for our ability to generate returns, and being able to assess the scale of risk exposure helps to price the return per unit of notional risk to which client assets are exposed. Systemic risks are, however, simultaneously complex to conceptualise, hard to quantify and may be highly interdependent. As such, it can be difficult to gain a comprehensive understanding of systemic risk exposure at any given point in time; there will always be unknowns. Nonetheless, we try where we can to improve our appreciation of the nature of these risks, how they are related, and the extent to which they can be effectively addressed through portfolio management and related stewardship

with the resources available to support the protection of client interests. Our Sustainability Forum provides a key mechanism to help guide discussions on the steps required for teams to put theory into practice, as well as for those with prior experience to share knowledge and understanding of what has worked in the past.

Our effort to develop standardised approaches to assessing portfolio exposure to systemic risk factors remains a work in progress; education and training continues typically to be led by our Greenwheel specialists focussing on climate change and human rights, with quantitative solutions and tools for analysing portfolios developed by Greenwheel and implemented in analysts' desktop resources.

Objective assessment of managers' exposure to investment financial risks is provided on a day-to-day basis by our dedicated Risk, Performance and Analytics (RPA) team which sits independent of our investment teams. Our Portfolio Risk Committee, chaired by our Head of Investments, provides formal oversight of investment teams' exposure to risk (relating to factors such as interest rates, liquidity, FX etc.) through consideration of the scenario modelling and assessments undertaken by the RPA team in respect of our funds and strategies. The committee has included a sustainability representative from our central resources since 2022, appointed to enhance the committee's approach to consideration of portfolio exposure to sustainability risks.

As regards market-wide and systemic risks that might be considered to relate primarily to sustainability themes, portfolio managers bear primary responsibility for the identification and evaluation of those relevant in a portfolio management context. Numerous inputs inform the work undertaken to assess and consider which risk factors might be considered relevant, as well as how market and systemic risk is evolving, both on a relative and absolute basis; sources of information used to contextualise our understanding of the evolving risk environment include sustainability-related surveys and analyses that are issued throughout the year by brokers, consultants, and other third-party organisations, as well as major reports from authoritative supra-institutional groups like the World Economic Forum.

Assistance is also provided by our central Sustainability resources who have particular expertise in the assessment of sustainability issues, data and policy in the three areas of:

- Climate (Mitigation and Adaptation)
- Human rights (including Modern Slavery)
- Biodiversity

From our ongoing work to track the evolving interests of clients and asset owners more broadly, we believe that these continue to represent key areas of concern and it is in recognition of this that our resources remain structured in the way they are, and tightly focussed on advising our investment teams on how to integrate related issues into their investment approaches. From an investment perspective, our teams' responses to the presence of related risks within portfolios, as well as related opportunities, are in practice effected both through portfolio management (as outlined above) and stewardship (for instance, encouraging companies to improve disclosures without which the manager's ability to integrate relevant

sustainability considerations may be frustrated). This can involve both engagement and proxy voting.

Success in managing portfolios in relation to the dynamic risk landscape is ultimately gauged through assessment of assets under management and client satisfaction. Our teams are rewarded based on their ability to understand risk and to identify baskets of companies which, under the circumstances, are likely to generate compelling return characteristics for invested clients over a particular time horizon.

Failure to adapt to the evolving risk landscape would not serve clients' best interests. However, given the fast evolving world of sustainability, the identification of risks that are material in context is not always straightforward; it is for this reason that we have created dedicated Sustainability functions, whose responsibility it is to support and advise our investment teams (as well as our wider business, Executive Committee and Board) in identifying what is material today and what may be material tomorrow, and to help reinforce the importance of internal consistency within investment processes.

## Climate

We are acutely conscious of the desirability that the low carbon transition should be a just transition and our work in relation to climate regularly involves simultaneous reflection on related human rights issues.

Across 2024, our Climate and Environment Research Lead Paul Drummond – Honorary Senior Research Fellow at UCL working within the Institute for Sustainable Resources – played a key role in supporting our investment teams to develop their approaches to considering climate issues in context, hosting guest speakers to speak on the issue of climate litigation, and leading sessions at our Sustainability Forum in relation to responsible mining and the scope for hydrogen to help decarbonise shipping and steel. These sessions focussed on materials and issues considered particularly critical to the achievement of the energy transition, analysing the policy outlook and advantages and disadvantages associated with investing in related opportunities, and offering scope for further related work from a human rights perspective. Paul also assisted in reviewing early drafts of our first entity level TCFD report and contributed to the development of our Climate Beliefs and Commitments paper, drafted to record our current thinking in as to how portfolio managers can best integrate decarbonisation ambitions into portfolio management processes in an attempt to ensure a degree of consistency in our communications and in our governance and oversight approaches.

One other major development during 2024 was the launch of the Greenwheel Adaptive Capacity Index towards the end of the year. This tool enables users not only to assess the extent to which climate risks are elevated within particular areas, but whether there is sufficient strength in the design and maintenance of civil society functions to enable local governments to respond effectively to those risks as they change over time. As such, the tool enables our investment teams to assess the extent to which adaptation can credibly be seen as an investable theme within specific markets.

With improved understanding of the challenge that climate change presents to investors, and through debate about the implications for investment management and including the inter-relationship of climate and biodiversity as well as climate and human rights, we hope that our investment teams will be better able to consider climate issues within their respective investment processes.

## Human rights

A topic of significant interest for regulators and broader stakeholders, human rights continues to represent an area of significant focus for our Greenwheel team. Proprietary tools to facilitate the assessment of corporate practices versus human rights norms were further developed across 2024, whilst support and coaching has continued to be provided to help investors carry out human rights due diligence in a consistent and replicable manner.

Of particular note, during 2024 we updated the Greenwheel Forced Labour Risk Index, developed by our Social Research Lead Jess Wan. This tool enables our investment teams to identify the human rights risks to which their holdings are inherently exposed based on geography, sector, commodity exposure (i.e. supply chain), as well as the presence of controversies. This approach is consistent with that currently applied by the UN PRI within its Advance initiative.

Further training was provided to investment teams through the Sustainability Forum to raise awareness and understanding of the scope for Human Rights abuses in the development and commercialisation of Artificial Intelligence (a topic which saw rapid growth in interest in 2024), and in relation to Land Rights and "Free, Prior and Informed Consent".

Additional ad-hoc training sessions were also provided to investment teams focussing particularly on human rights and human rights due diligence, led by the Greenwheel Social Research Lead Jessica Wan, and building on the foundations we had put in place across 2023 which ensured a common appreciation of international human rights norms and human rights policies and the interlinkages between biodiversity and human rights in practice.

Through use of these tools, our belief is that our investors will be better able to conduct informed engagement with companies on human rights across a wide range of sectors (e.g., extractives, consumer goods, forestry, telecommunications).

## Biodiversity

The unsustainable depletion of biodiversity is impacting companies and society and has significant potential implications for long-term investors. We expect increasing:

- Regulation for nature-related disclosures of investments (as an extension of work currently being driven at pace by the Taskforce on Nature-related Financial Disclosures)
- Expectations for companies to report on biodiversity-related data
- Focus from our clients and wider stakeholders on the topic alongside climate

Having begun to develop our understanding of this issue and build capacity in 2022 and 2023, an update session on biodiversity was provided to our Sustainability Forum in 2024. The session was again led by Greenwheel with the presentation led by one of the two Greenwheel Research Fellows that joined the business for the summer who had been working with one of our investment teams to review Biodiversity Loss Drivers and to assess Human Rights implications. This work focussed on an assessment of water abstraction and wastewater treatment (as two of the key metrics highlighted within the TNFD Final Report) and involved presentation of a case study relating to the operations of Arcadium Lithium in Argentina and an assessment of local impacts.

## Participation in industry initiatives, contribution and assessment of effectiveness

As a firm, we are actively engaged in a number of initiatives promoting the introduction of progressive policy and thus better functioning markets. Our involvement helps ensure that, as perceptions of risk evolve through time, we can contribute to efforts designed to encourage legislators and regulators to adopt laws and guidance in relation to applicable standards of practice. Companies subject to those laws and/or regulatory oversight must necessarily respond in an appropriate manner. In this way, risk can be managed through the introduction of enhanced requirements binding on all participants in a sector/market. Failure to act in accordance with these requirements may leave companies at risk of litigation or otherwise identified as a sector laggard, creating a reputational disadvantage.

We have historically interacted regularly with peers to promote well-functioning markets. Over time, we have looked to formalise our interactions through involvement in structured industry initiatives. Whilst ad-hoc interactions continue as we look to develop our thinking and socialise the research produced by the Greenwheel team in particular, the full list of our active memberships as at the end of 2024 is shown below:

UN Principles for Responsible Investment	Joined in: 2020
Investor Forum	Joined in: 2020
ClimateAction100+	Joined in: 2021
Institutional Investors Group on Climate Change	Joined in: 2021
Investment Association – Sustainability & Responsible Investment Committee	Joined in: 2021
Investment Association – Stewardship Committee	Joined in: 2024
Corporate Governance Forum	Joined in: 2021
Pensions and Lifetime Savings Association - Stewardship Advisory Group	Joined in: 2021
CDP	Joined in: 2021
NatureAction100	Joined in 2023
Access to Medicines Foundation	Joined in 2023

## Working with other stakeholders to promote continued improvement of the functioning of financial markets

We recognise that only by working with others will we be able to contribute to the development of solutions to some of the most pressing challenges faced by our clients. Collaborative engagement provides an opportunity to work with others to draw attention to relevant issues, for example, to increase the weight of assets behind specific requests made of corporates, or to highlight investor concerns to a broader audience. As a matter of preference we will look to support collaborative organisations that are co-ordinated by organisations of which we are a member, although may from time to time work with other groups or organisations as we consider appropriate.

During the course of 2024, Redwheel worked with peers in a number of different connections relating to stewardship.

## Broad involvement - with peers

### Investor Forum

Redwheel is a committed member of the Investor Forum, an organisation that exists to help support the delivery of stewardship on behalf of UK asset managers with a principle focus on the UK market. During the year, we spoke regularly with the Investor Forum team on issues specific to individual companies, contributing our insights as a responsible investor and helping to inform their thinking around supporting collaborative engagements.

### Meetings with the Financial Reporting Council

A major theme for the year was the much-anticipated consultation on the future of the UK Stewardship Code. Conversations with peers and FRC representatives took place regularly throughout the year in a “pre-consultation” phase ahead of the formal launch of the consultation in December. Within these conversations, we sought to support

the FRC as it developed its proposals, offering practical insights on the benefits and drawbacks of advancing new approaches. Conversations in which we participated alongside peers were hosted variously by the Investment Association, the Investor Forum, and our communications agency Montfort Communications. Following launch of the consultation, we filed our own response in early 2025, contributing also to the review and finalisation of the submissions developed by the IA and the PLSA.

### Meetings with the Financial Conduct Authority

Earlier in the year, we participated in conversations with the FCA in relation to the Primary Markets Effectiveness Review (“PMER”). Conversations were hosted primarily by the Investment Association and the PLSA, through which we and our peers (as well as asset owners) spoke directly to regulators and expressed views on the matters being presented for consultation as areas for future deregulation under a revised version of the UK Listing Rules. We submitted our own response to the FCA in March, highlighting concerns about the overall balance of the consultation, as well as more specific concerns relating to the proposed removal of safeguards in relation to dual-class shares and significant and related-party transactions.

### Peer to peer learning with IIGCC

During the year, our Head of Stewardship contributed to a webinar series hosted by IIGCC with the title “Best practices and resources for impactful engagement”. The webinar was recorded for the benefit of IIGCC members working on engagement, and focussed on the topic of effective letter writing, with examples and suggestions provided as to how to make sure that written engagement is effective.

### Continued to support investor initiatives:

- CDP Non-Disclosers Campaign
- Rathbones “Votes against Slavery” initiative
- Stewart Investors “Conflict minerals in the semiconductor supply chain” initiative

## Participation in policy-related initiatives and industry committees looking to establish best practice

- Our Head of Stewardship serves as co-Deputy Chair of the Investment Association’s (IA) Sustainability and Responsible Investment Committee (focussed on shaping the IA’s work responding to public consultations on behalf of the UK investment industry in relation to sustainability and responsible investment matters) and during the year was also appointed to the IA Stewardship Committee (which has a similar remit, but focusses on stewardship) which led to us contributing to the review and finalisation of the IA’s Principles of Remuneration. He is also a member of the Stewardship Advisory Group of the Pensions and Lifetime Savings Association.
- Our Climate and Environment Research Lead Paul Drummond is an active member of Working Groups organised by the Institutional Investors Group on Climate Change (IIGCC) focussing on UK policy and EU Real Economy policy.
- Our Social Research Lead Jessica Wan attended the annual United Nations Forum on Business and Human Rights in Geneva in November 2024.
- During the summer, we provided input to a survey launched by the Cayman Islands Monetary Authority (“CIMA”) on investor approaches to climate change, in order to help CIMA better assess the current landscape, identify key areas of concern, and develop informed policies and strategies to mitigate these risks.
- We had also arranged to contribute to policy work being led by the UK Department of Business and Trade relating to use of non-financial disclosures. Meetings were scheduled but announcement of the UK general election caused this work to be postponed indefinitely. We did though contribute to the review and finalisation of a letter developed jointly by the UN PRI, IIGCC and UKSIF and sent following the election to highlight to the new UK Prime Minister the need for a supportive policy landscape in order to support achievement of the UK’s growth and net-zero goals. This followed an earlier engagement with Member of

Parliament Mark Pawsey, who at the time served on the Energy Security and Net-Zero Committee; this was undertaken to understand government views on grid capacity, gauge appetite for the de-linking of electricity and gas prices, and to discuss the outlook for the introduction of a carbon border adjustment mechanism specific to the UK.

- As evidence that we are discriminating in our approach, together with our investment teams we considered adding our name to an investor letter directed at the Korean Financial Services Commission. The letter related to the timetable for requiring large companies to produce sustainability reports. Whilst we are as a business generally supportive of efforts that might help enhance the ability to undertake holistic research, our teams' insight into the specifics of the Korean market led us to conclude that a more discrete approach on this issue would likely be more productive, on which basis we declined the opportunity to sign.
- Given our involvement in supporting investment trusts, we added our name to a letter prepared by LSEG that was sent to the UK Government. The letter sought to highlight the need for reclassification of investment companies under MIFID, as a means to address inflated cost disclosures and to help the sector remain competitive. As well as ourselves, the letter was signed by Temple Bar, Frostrow, Cavendish and numerous other market participants.

Additionally, one of our Portfolio Managers John Teahan hosts a regular podcast co-ordinated with the CFA UK Society to discuss emerging approaches to climate risk management from the investment perspective.<sup>1</sup> John also contributed to a research paper that was published in 2024 by the London Business School, highlighting that of 509 equity portfolio managers surveyed over three quarters incorporate environmental and social performance into stock selection, engagement and voting.

<sup>1</sup> [Podcasts Listen and Learn, CFA Society United Kingdom](#)

## Focused involvement - with peers

### CA100+

Across the year, we remained involved in the engagements with Petroleo Brasileiro (Petrobras), Samsung Electronics, Shell, Reliance Industries (as co-lead), and Centrica (as co-lead). During 2024, we continued proactively to offer our insights to the group engaging with Anglo American to offer our insights, as a result of which we were invited to join and become a co-lead.

### NatureAction100

2024 saw collaborative engagements under the NatureAction100 initiative begin to take shape. Initial work saw groups focussing on identifying how those companies considered to be most exposed on the issue of biodiversity performed against the NatureAction100 expectations. This typically led to conversations with in-scope companies to introduce the initiative and to validate preliminary findings. A parallel analysis was undertaken by a third party research organisation to inform the first annual NatureAction100 benchmark, which was published in Autumn. Conversations relating to the benchmark analysis have taken place in the months since publication, and are helping companies to understand positioning versus the expectations and also versus peers. Across the year, we were actively involved in collaborative engagements with Mondi plc, Merck & Co, and Vale SA.

### Bilateral engagement

Toward the end of the year, one of the companies held by our new Ecofin team was targeted by a Consortium who wanted to take the company private. Our own view was that the proposal as received significantly undervalued the company; given that the Consortium controlled a very significant proportion of the issued shares, we reached out to other shareholders to share high-level views on the situation and to gain a sense of the appetite in the market to work together to resist adoption of the proposal. Being still a live situation, we hope to report further on this engagement in next year's report.

## Engagement with third party service providers

Please refer to Principle 8 for detail on how we monitored and held our existing service providers to account during 2024. A note follows on the work done to engage a new data provider, CarbonAnalytics.

**CarbonAnalytics** – as part of onboarding the Ecofin team that joined our business in October 2024, we began to obtain data from CarbonAnalytics. This data supplements the emissions data already being obtained and facilitates analysis of the climate positioning of the team's portfolios, including in relation to avoided emissions. Acquiring this dataset has enabled the investment team's approach to identifying and managing climate risk to remain consistent through the transition. The CarbonAnalytics data has now been integrated into our EDS data management platform which helps ensure effective oversight of the data used within investment processes and client reporting.

## Redwheel SEED and Net-Zero

Lastly, it should be noted that our work to identify and monitor sustainability risk exposure is not confined to our investments. As a business, through our SEED programme, we have put significant focus in recent years on understanding the environmental impact of our operational footprint. We first committed to becoming net zero in the context of our operations in 2022, and over the course of 2023 had our 2022 emissions verified by an independent third party (Earthly) before offsetting residual emissions. This process ran again in 2024 in respect of 2023 emissions and offsets are now in the process of being secured, again using Earthly, with our intention remaining to incorporate a safety factor so that emissions offsets represented by purchased credits are equivalent to 1.1 times our verified residual emissions.

We continue to keep our operations under review to monitor the areas that contribute most significantly to our operational footprint; primary drivers remain travel and accommodation associated with visits to clients and the companies in which we invest.

Having joined the UN Global Compact in 2022, we also responded to their annual member survey in 2024, reporting on the work we are doing in relation to human rights, labour rights, anti-corruption, as well as environmental considerations.



# Principle 5

## Review and assurance

All our policies are subject to regular review, with amendments made as necessary to reflect development of our own approach as well as evolution in terms of market practice.

Our Responsible Investment policy suite is drafted primarily by the leaders of our Stewardship and Sustainability functions but developed in close consultation with our investment teams through roundtable discussions. Policy scope is intended to reflect the breadth of issues on which we are most

frequently asked to comment by strategic partners, clients and prospects, focussed on the specific asset classes in which we invest at the time.

The principal policies relating to stewardship and sustainability considerations, the implementation of related investment strategies, and the roles of individual teams in overseeing the operation of investment products in practice, currently comprise:

- Redwheel Policy on Responsible Investment
- Redwheel Stewardship Policy
- Redwheel Controversial Weapons Policy
- Redwheel Breaches Policy
- Redwheel Conflicts of Interest Policy
- Redwheel Remuneration Policy

A separate Redwheel Climate Beliefs and Commitments Paper meanwhile records our current position on how we believe decarbonisation ambitions can best be integrated within investment management processes, recognising specifically the scope that exists for stewardship to play a role in this context.

The Redwheel Stewardship Policy sets out the expectations we have of our investment teams in relation to stewardship and in particular details: -

- Our views on the purpose of stewardship and our collective commitments to stewardship
- Preferred approaches to engagement and escalation
- The conceptual relationship between objectives, results and outcomes
- Details on our approach to proxy voting
- The management of conflicts of interest
- Our approach to securities lending and shareblocking.

The policy also describes a number of key reference frameworks that our teams use when assessing standards of governance, and highlights the importance to our teams of the issues of remuneration, climate change, and director accountability to shareholders. The policy is binding on all teams and applies to all assets managed by Redwheel.

Our Compliance team retains a policy register of all Redwheel policies and within this our Head of Stewardship is identified as the owner of the Stewardship Policy i.e. has primary responsibility for undertaking an annual review of the policy and for maintaining it in good standing. Amendment to the Stewardship policy is subject to approval by the Redwheel Sustainability Committee, with Heads of Investment Teams and our Compliance team providing additional layers of oversight. Our Executive Committee has ultimate oversight of the policy register. The Redwheel Board is not formally required to approve policy as it has already delegated responsibility for policy development to the executive body. It does, however take an active interest in understanding the scope of policies relating to responsible investment issues, as well as the effectiveness of the controls that have been put

in place to ensure that policies can be delivered in practice.

Specific to proxy voting, annual assurance is provided in the form of the ISAE 3402 audit of our risk management controls framework. The external audit service is provided by BDO and conducted in accordance with the guidance issued by the International Federation of Accountants in its Technical Release AAF 01/06. The identification of issues in the audit would serve as a prompt to consider enhancement to pre-existing controls.

Assurance and assessment of our approach is enhanced also by the annual assessment of our engagement activity by external organisations such as the UK's Financial Reporting Council and the UN PRI. Having joined the PRI in 2020, we completed the PRI member survey on a voluntary basis in 2021, on a mandatory basis for the first time in 2023 (reporting having been stood down in 2022 for technical reasons), and on a voluntary basis again in 2024. The feedback we receive informs the evolution of our strategy.

On the issue of client reporting, we know that for many clients stewardship reporting is an area of growing interest and that they would prefer to receive reports on a regular basis; work continues to improve and enhance the ability of our core business to support stewardship reporting. Our intention is that the introduction of the SI-Engage platform will enable the production of high quality internal and external reports relating to stewardship activity, facilitating ongoing monitoring and client reporting. Whilst all investment teams are now using the platform, for the time being, engagement reporting continues to be produced largely by the investment teams themselves. As such, the nature and content of reports can and does vary, and may not necessarily reflect Redwheel's involvement in collaborative engagement initiatives that are supported at the corporate level. Summary data on the engagement undertaken by investment teams is reviewed regularly by the Redwheel Sustainability Committee, underpinned by an oversight approach that sees engagements and related engagement events tagged in a consistent manner within the SI-Engage platform.

# Principle 6

## Client and beneficiary needs

We are client focussed in everything we do and provide reporting as requested.

Engagement can be both pro-active and reactive, but in either case is undertaken cognisant that whilst some sustainability issues are material in investment terms, others are not. Our activity tends to concentrate on issues likely to have an impact on the investment thesis which we believe is the most effective way to serve the interests of all clients, although we will from time to time engage on issues where the investment materiality argument is less widely accepted; this could for example occur where a team manages assets for a client on a segregated basis and conducts engagement on a narrow set of issues of specific significance to them. For instance, were any of our teams to manage assets for a charity engaged in tackling knife crime, in acting as the client's agent our stewardship with retailers might include discussion of policies and approaches applicable to knife sales.

An indication of our clients and assets under management follows, covering pooled funds as well as segregated accounts (both those in respect of which we have stewardship authority and those in respect of which we do not). The breakdown is provided as at 31 December 2024:

### Asset class

Equity	93.2%
Fixed Income (Convertible bonds)	4.8%
Internal Funds	0.2%
Hedging instruments / FX / Options	1.7%

### Investments by Country of Risk<sup>1</sup>

Country	USD million
United Kingdom	5,276
Asia ex China	2,703
Europe ex UK	2,381
China	1,839
USA	1,315
Africa	966
South America	723
North America (ex USA)	306
Middle East	101
Australasia	11

<sup>1</sup> For reasons of length, aggregated data is presented. In total, our teams invest in almost 70 different markets.

### Client location

United Kingdom	51.8%
North America	24.8%
Europe ex UK	13.6%
Australia	5.7%
Other	2.3%
Middle East	1.5%
Asia	0.5%

### Client type

Private Bank / Financial Advisory	23.9%
Pension Funds	20.9%
Sub-advisory	16.0%
HNW/Retail/Investment Trust	10.9%
Endowments / Foundation	8.8%
Multi-Manager	7.0%
Platform	6.6%
Sovereign Wealth Fund	3.0%
Other	2.6%
Redwheel Staff	0.3%

During the year, we made a strategic decision to restructure our internal resources to sharpen our focus on client service. Our new Client Management function is led by our former Head of Product James Aylett; James joined the Executive Committee as part of the restructuring, ensuring regular conversation amongst our most senior leadership on client service issues.

Nonetheless, as in prior years, when it comes to monitoring evolution in market expectations in relation to responsible investment, the significance to our business of UK investments, UK clients, and pension funds encourages us to pay particularly close attention to developments in relation to UK asset owners and pension schemes.

### Time horizon

We recognise that many clients, as owners of substantial assets and with liabilities extending out decades into the future, are exposed to risks that play out over the long-term. Within the context of our work to help clients achieve their long-term goals, all our investment teams adopt a similarly long-term focus although there are however

practical limitations to this; for instance, the risk / return models used by our equity teams are relatively insensitive to events that play out in the medium to long-term and so in practice these events do not always have a clear bearing on investment theses; meanwhile, our convertible bonds team operates in a market where the average maturity is around seven years, meaning that investments are largely insulated from events playing out only in the long-term as these will occur after the typical bond matures.

For these reasons, whilst sustainability factors of primary relevance over the longer term may feature in stewardship activity, it remains the case that they may in a practical sense play a rather more limited role in the management of portfolios on a day-to-day basis, not least given the implied discount factors that must be applied when modelling far out into the future.

We are conscious that client views can vary on this subject and we do look to adapt our offering where we can to meet client needs. For instance, an adjusted version of our core Emerging Markets fund is provided to a European client. As well as applying a suite of client specified exclusions, the team also manage the fund against a carbon emissions intensity target that the client provides and updates from time to time. The client also provides periodic updates on their ESG rating of the companies held within the portfolio, highlighting 'ESG laggards' and the reasoning for that rating. Engagement plans are then agreed and allocated across their external manager panel, ensuring an efficient and coordinated response to ESG issues. This enables the client to benefit from the knowledge of our analyst team whilst obtaining a product customised to meet the needs of end beneficiaries.

Analyst approaches do vary across sectors as well; for example, in respect of capital-intensive sectors where payoff periods can be considerably protracted as compared to other sectors (e.g. mining versus technology), analyst forecasts will typically look further forward to assess future profitability and thus valuations today.



## Consultation and alignment of interests

We speak regularly to clients in segregated mandates, Trust Boards, wealth managers and private banks allocating to our strategies on behalf of clients, platforms distributing our funds on a wholesale basis, and investment consultants. The opportunity to debate and discuss directly with them the outcomes of our stewardship activity provides a valuable mechanism for us to continually monitor the extent to which our processes remain robust as well as the need for any enhancement. Our teams place great value on being able to retain the trust of clients and so welcome direct input on their stewardship work as well as the opportunity to learn more about the themes of ongoing and evolving significance to clients.

Through regular interactions we also strive to develop and maintain close relationships both with strategic partners and investment consultants in order that we can understand the evolving expectations of their clients and agree pragmatic approaches to support them. From this work, we know that focussing our stewardship on 'Principal Adverse Impacts' (a set of factors identified under the Regulatory Technical Standards of the EU's Sustainable Finance Disclosure Regulation, and subject to change through time) is an area of interest – in particular for clients investing in our European-domiciled funds - on which basis we have developed technical capabilities to monitor and assess portfolios through time against the SFDR PAI framework.

Consulting directly with underlying clients i.e. those investing via platforms, private banks and wealth managers, remains challenging though, not least on account of the lack of narrative information that is passed through to us to enable us to identify who they are and what their specific stewardship preferences might be. In our experience, clients are reluctant to provide explicit direction; many would seem yet to develop distinct stewardship expectations that they would wish us to follow. Accordingly, for the time being we prefer to concentrate our efforts to understand evolving needs on our most strategically important clients and their representatives, supplementing this with regular monitoring of investment news services and

the output of responsible investment membership organisations to assess the evolution of expectations in the wider market. We are very conscious also that the responsible investment landscape is changing fast at the present, making it challenging for clients to establish what their needs are on a given issue before they are asked to turn to something else. With so much in debate, needs can end up being expressed imprecisely or otherwise at a very high level; whilst we are confident in our ability to meet clients' needs where these are stated in detail, ambiguity in such statements can create uncertainty over what will be expected from us in practice which may lead to misalignment.

The majority of clients appoint us as manager of their assets on the basis that our investment teams will take full responsibility for stewardship activities. Where a client elects to appoint a third party engagement overlay partner, we will typically make contact with that third party proactively to understand whether there may be opportunities to undertake mutually supportive stewardship work in respect of holdings in the relevant fund. Clients appreciate this pro-active and collaborative approach.

Reporting to evidence our stewardship activity in practice is available on request, and can include case studies and voting reports, as well as the wider responsible investment characteristics of portfolios. Where requested, written reports are typically provided on a quarterly or annual basis. Updates are also available through client meetings.

## Client preferences

Across the summer of 2024, many people within our business were focussed on supporting the integration of a new investment team into Redwheel. Whilst much of the work related to operational and legal matters, another key area of focus was to ensure a good level of understanding of how the Ecofin team's investment process had been delivered historically and to agree with the team how it would be supported going forwards, leveraging the resources already available.

Maintaining continuity for underlying clients was a key consideration through this process, as the acquisition would involve transfer of assets from one organisation to the other.

To facilitate the migration to the Redwheel operating model, multiple project workstreams were put in place involving different members of our business. Our Head of Sustainability Strategy, Governance and Policy worked closely with our Project Management team ahead of 'go live' to ensure that relevant sustainability data would be available to the portfolio management team on Day One and that systems and processes to extract and integrate it within investment process were thoroughly tested in advance. Having a clear understanding of the expectations of underlying clients investing in relevant strategies was a key consideration as this work progressed. Our Head of Stewardship worked closely with our Project Management and Operations team to ensure that accounts were ready for proxy voting on Day One; the acquisition also represented a significant expansion in the number of custodian counterparties and this work also covered the identification of need for Powers of Attorney in relevant markets.

### Engagement regarding asset owner voting preferences

In recent years, we have been holding occasional discussions with Tumelo on the issue of pass-through voting. During this time, we have seen levels of interest from asset owners increase significantly. In 2024, we noticed a shift; conversations regarding pass-through voting services were becoming more associated with passive investment options, and relatively less associated with active investment options. The one client of ours that had been keen for us to explore enabling pass-through voting also indicated that it was now not so interested. Accordingly, work in relation to pass-through voting was deprioritised.

## Communication

In addition to the reports and client interactions mentioned above, our responsible investment approach (including our approach to stewardship) was formally assessed by the UN PRI in 2024. The assessment related to our positioning as at the end of 2023. The submission we provided to the PRI and a summary of the Assessment we received in return are available on request.

For funds managed directly by Redwheel, full proxy voting activity records going back to 1 January 2021 are also now available for inspection via our website. For our Ecofin team, these records extend back only to the point of onboarding which was 1 October 2024.



# Principle 7

## Stewardship, investment and ESG integration

Our Policy on Responsible Investment provides the basis for all responsible investment activities at Redwheel including the integration of sustainability considerations across all funds.

Our firm-level policies relating to responsible investment together describe the commitment that we make to responsible investment and set out our expectations as to how our investment teams might deliver this in practice. Central within these is our overarching Policy on Responsible Investment, which reflects our enduring commitment to responsible investment by enabling our portfolio management teams to integrate sustainability considerations within their investment processes. More specific commitments relating to stewardship are recorded within our Stewardship policy; commitments relating to the avoidance of investment in companies engaged in the production of cluster bombs,

landmines and biological and biochemical weapons are recorded within our Controversial Weapons policy. Our Climate Beliefs and Commitments Paper meanwhile records our current thinking as to how portfolio managers can best integrate portfolio decarbonisation approaches within the design of mandates.<sup>1</sup>

Across all strategies and products, the specific approaches adopted in integrating sustainability considerations within investment processes are documented for each investment team. All teams retain a high level of autonomy over their investment processes and so these documents are developed and curated by the teams themselves consistent with applicable firm-wide policies such as the Redwheel Stewardship Policy. Whilst there is no firm-wide expectation as to how Redwheel's investment teams should conduct stewardship activity with individual companies (e.g. based on domicile), training and updates are provided regularly by the Head of Stewardship to ensure that teams remain abreast of latest market and regulatory expectations in relation to stewardship.

As active managers, the sustainability factors considered material by each of our investment teams at the issuer level can and do vary given

<sup>1</sup> Policies and papers can be accessed via the [Redwheel website](#)

the nature of the strategies they manage, the geographies in which investee companies are based, and the asset classes in which investments are made. For instance, all teams commit to integrate the consideration of sustainability factors within investment research, it could be the case that one team may adopt an approach that favours companies with good standards of sustainability risk management whilst another, facing a very different opportunity set, may instead prefer to avoid companies with a track record of involvement in sustainability-related controversy due to the comparatively lower standards of risk management within the market as compared to e.g. Western Europe. A third team meanwhile might incorporate both these approaches. As such, the sustainability issues our investment teams consider across the lifetime of an investment may include, amongst other things:

- A company's overall approach to sustainability risk management, including the assessment of specific aspects considered by the relevant team to be material within the context of their investment thesis
- The track record of a company's involvement in sustainability controversies, and the quality of management's response to those controversies
- Corporate governance characteristics such as board independence, board diversity, and respect for minority shareholders
- The extent to which a company's products/services are aligned to or support the delivery of sustainability outcomes
- How companies are positioned from an emissions perspective and the extent of their capacity to avoid being locked-in to high emissions pathways
- Trends over time in relation to these factors

### Issuer-level considerations

A variety of information is used by our portfolio managers and analysts to support the identification of sustainability factors that have potential to have a material impact on the investment thesis. For instance, as well as drawing on their own skill and experience as active investors, our teams will often use objective external references when considering

which issues may be most material given an issuer's sector and its operational footprint. Key references include:

- The Sustainability Accounting Standards Board (SASB®) materiality map
- Research generated by Greewheel, our in-house sustainability-focussed thematic research unit
- Research produced by specialist sustainability-focussed sell-side brokers
- Risk ratings and ancillary sustainability-related data available from third party research providers such as Sustainalytics and SDI-AOP.

Each team will leverage these inputs, as well as other services provided by third parties, in different ways and to different extents. However, all teams recognise the importance of climate considerations within portfolio management and corporate efforts in relation to emissions reduction. Emissions management and carbon intensity regularly feature in investment theses across all teams. As described later in the report, on the issue of proxy voting, all teams receive recommendations reflecting the ISS Climate voting policy, ensuring that climate issues are considered whenever teams make decisions over the votes to cast at the shareholder meetings of the companies they hold.

### Stewardship

Over the lifetime of an investment, stewardship will be undertaken as part of the ongoing process of information discovery and the review of investment theses (i.e. as an input to investment research), as well as to commend investee companies to adopt new approaches where our teams believe that change is warranted. Depending on the size of holding, our track record of engaging with the issuer, and other factors besides, engagement may be undertaken either directly or through participation in collaborative initiatives. We do not however outsource engagement to third-parties, although we will from time to time participate in collaborative engagement initiatives that are led by other investors. Engagements may be conducted virtually, or in person (either with analysts visiting the company, or company representatives attending our offices when passing through London, Miami or Singapore).

For some teams, stewardship plays a particularly significant role within the delivery of the wider strategy. For instance, as discussed previously under Principle 3, our European Active Ownership team engages deeply with the companies in its portfolio to identify and unlock hidden value, using corporate governance – including, from time to time, taking seats on company Boards – as an enabler. Through the promotion of improved standards of internal operations, oversight and governance, the team seeks to apply management consultancy and stewardship techniques directly to the delivery of investment returns. Where governance approaches improve, a consequential improvement in the management and mitigation of environmental and social liabilities created through the course of operations would normally be expected. Drawing on their extensive collective experience, the team has built a strong track record of identifying opportunities for European companies to harness efficiencies, embrace new opportunities, and deliver improved returns to shareholders.

The situation is somewhat similar for our Japan Active Engagement team which again uses governance-focussed engagement to unlock value within the focus universe (Japanese companies), albeit without the portfolio management team (based at Nissay Asset Management) going so far as to take seats on the Boards of investee companies.

The specific issues reflected within stewardship will also vary in accordance with the nature of the investee company's business model. For capital intensive businesses, stewardship will (on a relative basis) tend to focus more on issues in respect of which risk events may not fully crystallise until some time into the future (e.g. climate change), whereas for capital light businesses the issue of climate change may be less pressing given the lower probability of future corporate emissions being 'locked in' as a result of the decisions being made today by management. Accordingly, engagement may be more likely to focus on other issues for these companies.

### Product considerations

As for the other main aspects of investment processes (security selection and portfolio management), sustainability considerations will be considered typically only to the extent they

are material in the context of managing the overall characteristics of the relevant product. Redwheel's Product Matrix is shown on the next page; for funds in categories toward the right of the matrix, sustainability considerations will have a greater bearing on security selection and portfolio management as compared to those on the left. For products in our Transition category, stewardship will play a key role in helping the achievement of product goals e.g. the real world decarbonisation of the companies whose securities are held.

### Redwheel Convertible Bonds Investment Team

Our convertible bond team's approach to stewardship is somewhat different as compared to the approach followed by our equity teams.

Whilst having a more senior claim over assets than shareholders in the event of a corporate bankruptcy, bondholders (including convertible bondholders) have no formal claim on a company's profits; whilst they have rights to participate in bondholder meetings, they have no rights to participate in AGMs. As such, bondholder stewardship is largely constrained to engagement.

Market mechanics however mean that there is little scope for engagement at the point that bonds are issued, making it hard to consider sustainability issues at the security level. The overall maturity of the stewardship market within fixed income is also somewhat less developed than for equity issuers, in large part reflecting the differences already highlighted.

Our team does strive to engage favoured issuers to support the consideration of sustainability issues within the holistic assessment of governance and credit risk. Sustainability issues can also be considered as part of the assessment of company valuations given the scope that exists for the team to hold bonds to maturity at which point they would convert into shares although, in practice, holding bonds past conversion is rare.

In recognition of the fact that the needs of convertible bond investors might not be well understood, in 2022 the team volunteered to join a working group, organised by the UK's Investment Association, which set out to develop guidance on stewardship in relation to fixed income investments. Not only did sharing their perspective help improve broader understanding of the needs of convertible bond investors but, through debate with peers about how best to effect stewardship within the asset class, the team was able to reflect on its own process and identify opportunities for enhancement. The final report was published by the Investment Association in Q3 2022.

Figure 1: Redwheel Product Matrix

Product Category	ESG Integrated	Enhanced Integration	Transition	Sustainable	Impact
<b>Description</b>	The foundation for all products. Financially material ESG factors integrated within: <ul style="list-style-type: none"> <li>• Research</li> <li>• Engagement</li> <li>• Proxy Voting</li> </ul>	ESG integrated plus... Additional emphasis given to portfolio ESG characteristics through, for example: <ul style="list-style-type: none"> <li>• Negative Screens</li> <li>• Tilts vs benchmark</li> <li>• Best in class approach to security selection</li> <li>• Commitment to Sustainable Investments (&lt;50% of portfolio)</li> <li>• Select environmental/ social factors subject to enhanced due diligence</li> </ul>	ESG integrated or enhanced integration plus. Security selection focuses on return opportunities related to the energy transition including: <ul style="list-style-type: none"> <li>• Climate Solutions and Enablers</li> <li>• Engagement with high emitting companies</li> </ul>	Enhanced integration plus. Security selection identifies companies that, through contributing to environmental and/or social objectives, present compelling return potential. At least 50% of the portfolio qualifies as a 'sustainable investment'.	Enhanced integration plus. The strategy has a dual objective to generate return and have clear, measurable positive impact on environmental or social outcomes through security selection.
<b>Alignment to EU SFDR</b>	Art. 8	Art. 8	Art. 8	Art. 8	Art. 9
<b>Alignment to UK SDR*</b>	N/A	N/A	Sustainability Focus for solutions Improvers for engagement	Sustainability Focus	Sustainability Impact

\*It is not currently possible for EU domiciled funds to passport to UK SDR label so these alignments are indicative. Redwheel (December 2024)



## Principle 8

### Monitoring managers and service providers

All third-party service providers are subject to constant rolling review. Critical service providers are periodically subject to additional oversight, the nature and frequency of which is determined by our Counterparty Committee.

We retain a number of third-party service providers to help facilitate specific aspects of our business processes, including investment research on environmental, social and governance issues, as well as in respect of proxy voting.

Each service provider relationship is “owned” by a member of the Redwheel ExCo; whilst responsibility for ensuring that appropriate oversight processes / procedures are followed may be delegated to an appointed oversight owner, the relevant ExCo member nonetheless remains ultimately responsible.

Due-diligence is conducted before entering a relationship with a new service provider or expanding the service provision of an existing provider. Trials, involving data quality and utility reviews, are a vital aspect of assessing whether services meet immediate needs and that the methodologies and assumptions underpinning solutions are sufficiently robust and transparent to enable us to meet the evolving needs of our clients

and wider stakeholders; assessing the extent to which scope exists for us to work with providers to refine the service offering over time is also an important consideration at this stage.

Provided that the services are able to fulfil basic requirements, prior to obtaining the new services, the principal oversight owner must present a business case to senior management and seek approval. Once approval is received, a due diligence questionnaire (“DDQ”) is sent to the supplier for completion. Responses are reviewed by the oversight owner, as well as others including our I.T. team who are best placed to assess any cyber security and/or data-security related risks associated with onboarding and maintaining an ongoing relationship with the supplier. New suppliers are also asked to provide a Modern Slavery statement or, if they do not have one, to sign Redwheel’s Supplier Code of Conduct. Where feasible, consideration is also given to the supplier’s approaches to carbon footprint management and diversity and inclusion.

Once approved and onboarded, service providers are subject to ongoing oversight and service management. DDQs are reissued periodically to request up to date information; responses are collated and reviewed by the relevant oversight owner, as well as other teams including the Enterprise Risk and I.T. teams. Based on the responses received, areas of identified concern can be prioritised for attention and escalated to the Counterparty Committee, with the Enterprise Risk team engaging with principal service users within our business to establish the potential risks to the delivery of services as anticipated.

Stewardship and sustainability data and services are procured from a variety of sources for different purposes, with data and services provided by ISS and Sustainalytics providing key inputs to our approach. Both organisations are subject to continual monitoring and feedback throughout the year. Concerns and queries relating to the overall delivery of services are typically raised directly with relevant account managers by designated business owners. Queries specific to data and research (e.g. potential discrepancies, errors, inaccuracies, or issues with the quality and timeliness of services) are more typically raised by analysts as consumers of the data. A review of responses to queries will be incorporated as part of annual service reviews. Should concerns persist of a sufficient extent/severity, this may ultimately bear upon our decision to maintain a business relationship with the provider in question.

#### Interaction with service providers

Our Head of Stewardship continues to work closely with the ISS account management team as part of ensuring the smooth running of proxy voting arrangements, and in 2024 participated in the annual ISS client roundtable on benchmark policy and also ISS’ consultation on its Climate Voting Policy. Redwheel investment analysts also regularly contact ISS local market analysts throughout the year, to discuss the research as presented and on occasion challenge the conclusions that had been drawn (for instance, our Emerging Markets Team noticed an error in research received relating to an Egyptian company which saw ISS contacted and recommendations amended and reissued by ISS to relevant clients). Account related issues were formally discussed in summer 2024 as part of contract renewal.

In parallel, Redwheel continues to work closely with the account management team at Sustainalytics. As a provider of a wide range of sustainability data and with significant market coverage, Sustainalytics products provide key inputs to a number of our data-driven processes. Data quality assurance remains a recurring theme in the ongoing discussions taking place between our two organisations, driven in large part by the ramping pressure on companies to report more data to the market and continuing

expansion of our own approach to identifying and querying issues in the data we receive. As a primary gatekeeper, Sustainalytics plays a vital role in collecting and analysing corporate sustainability data, and so understanding how their approach is flexing to adapt to the ever-increasing volume of sustainability data being provided by corporates – and the increasing expectations that investors should use this data smartly – remains a matter of critical importance. We are at all times careful to ensure we contribute constructively to the development of the Sustainalytics product offering, an approach that has seen us recognised as a strategically important client; what this means in practice is that the issues we raise are now treated as highest priority by the client service team. It has also led to us being invited to participate in strategic client engagement programmes, for instance, in relation to refinement of their core Values Proposition which was a conversation that took place across summer 2024.

In 2023, Redwheel also began to make use of a new dataset provided by SDI-AOP (delivered by Qontigo) – the Sustainable Development Investments Asset Owner Platform. The underlying data provides us with a view on the revenues being derived by companies from the provision of products and services aligned to the UN Sustainable Development Goals, and thus helps to evaluate the extent to which companies can be considered to be contributing to the delivery of positive real-world environmental and social outcomes. Having been backed originally by asset owners, using SDI-AOP data to inform our approach to identifying and assessing sustainable investments should also help to communicate more effectively with clients and so build closer partnerships. We continue to work closely with the SDI-AOP team (as well as the data distribution team at Qontigo which, like ISS, is now part of the family of businesses controlled by Deutsche Boerse), with members of our Greenwheel team, and members of our Emerging and Frontier Markets team, having actively contributed to the development of the SDI-AOP sector based framework relating to financials across 2024.



# Principle 9

## Engagement

Engagement is typically conducted diplomatically and discreetly. It is also normally conducted directly, but may also occur via collaborative initiatives arranged by organisations of which we are a member.

Engagement with issuers is central to Redwheel's approach to stewardship. As outlined in our Stewardship Policy,<sup>1</sup> our investment teams engage with a view to achieving distinct outcomes. These may include:

- Better informed investment research
- Improved conviction in the alignment of company and investor interests
- Enhancement of our assessment of the effectiveness of oversight processes in practice

The nature of the outcome sought informs the objective(s) of an engagement. Objectives could for instance include improving or expanding disclosure, making a meaningful contribution to

Board discussions in relation to strategy, or to encourage change to governance arrangements. Through the series of individual events that relate to an engagement, teams can create momentum in the conversations taking place with a given target company on relevant underlying issues; by maintaining focus on the achievement of engagement objectives, the likelihood that desired outcomes will occur can be increased.

Given the nature of Redwheel's business model (discussed under Principle 2), responsibility for engagement rests with each investment team. Additional support is provided by Redwheel's central stewardship function where engagement is undertaken through collaborative initiatives, relates to securities held across multiple teams, or otherwise relates to good market formation where it is more often the case that the engagement is conducted by Redwheel as a corporate entity as opposed to one or more of its investment teams (for detail on the stewardship work undertaken by Redwheel in a corporate context, please refer to the commentary provided under Principle 4).

The financial and sustainability factors that are considered to be material to an investment thesis and the quality of an issuer's approach to managing them will influence the selection and prioritisation of issuers for engagement, and the issues on which conversations are focussed. Teams may also raise awareness of emerging best practice, encourage a

focus on new opportunities, and seek to address/reduce adverse sustainability impacts arising through the course of operations. During 2024 for instance, our Head of Stewardship and a member of the Income and Value team took part in a training session provided to a group at Marks and Spencer plc (a company whose shares are held by the team) in order to provide insight into how investors make use of corporate sustainability disclosures and which disclosures they tend to use.

The need for intervention, and the manner in which this is approached, will be determined with respect to a range of considerations including:

- Engagement/proxy voting history with the company
- Percent of market cap held, significance of company within strategy, and expectations of engagement success
- Extent to which concerns are 'acute' (one time) or 'chronic' (persistent)
- Extent to which we see risk to sector view or to specific investment thesis
- Marginal benefit of the engagement outcome in securing continued investment
- Company's pre-existing involvement in stewardship initiatives of relevance
- Extent to which we can leverage memberships to support/encourage novel stewardship approaches

Depending on the nature of the specific concern and issuer in question, engagement may be proactive (i.e. risk/opportunity driven) or reactive (i.e. event driven). For instance, whilst teams with significant positions in UK companies may expect to be consulted as a matter of course on remuneration arrangements (meaning that related engagement would be considered reactive), those investing in companies based elsewhere may need to be more proactive in raising concerns and making recommendations.

Ongoing holistic research provides the main mechanism for each team to identify and prioritise issues for discussion on a pro-active basis. For example:

Our **Emerging and Frontier Markets** team's ESG analysis forms an integral part of issuer due diligence. Results are summarised within each research report as part of a multifactor assessment. Identification of significant ESG related issues and information gaps occurs early in the process. Where analysis suggests that there is scope for a company to improve on a given factor, that company is prioritised for engagement.

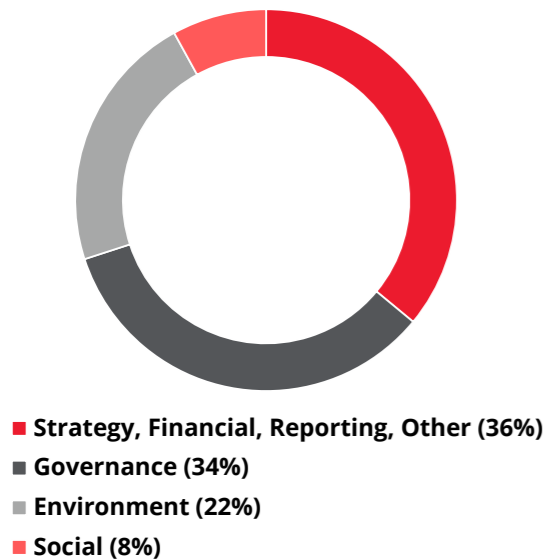
Our **Global Equity Income** team invests in companies where they believe there is potential for transition. As such, it may take time for portfolio holdings to present what might be considered as positive ESG characteristics. Key inputs to research include management's willingness to address salient ESG challenges, and investors' ability to support management and hold them accountable on relevant issues.

For our **Japan Stewardship Fund**, receptiveness, or resistance of the management of a company to a notional change agenda forms a key aspect of the investment thesis. The "engageability" of management is assessed by the team prior to investment, with the team preferring to focus on companies open to change and to avoid investment in companies where the risk of confronting deeply entrenched management opposition is high. In cases when the initial assessment proves to be excessively optimistic in this regard, the team will typically look to liquidate the position rather than expend engagement effort that is likely to go unrewarded.

<sup>1</sup> [Governance & downloads, Redwheel](#)

## 2024 Engagement overview

Over the course of 2024, Redwheel equity investment teams (not including the Ecofin team who joined only in October 2024) recorded over 350 engagement events with over 130 companies and covering over 400 company-specific objectives. The chart below provides an indication of the primary topics that were discussed in 2024 and their relative prevalence, noting that discussions typically touch on more than one topic.



Redwheel (December 2024)

The reporting guide produced by the ICSWG provides a helpful framework for segmenting engagements into distinct categories.<sup>1</sup> Our own approach is adapted from the 2023 version of the framework.

Using the sub-topics suggested within the guide, analysis of the records maintained by our teams suggests that, as in 2023, discussion points relating to **“Strategy, Financial, Reporting, Other”** reflected a range of topics, primarily capital allocation, strategy and purpose, reporting (including sustainability reporting), financial performance; and risk management. **Environmental** discussions tended to focus on climate change mitigation but also related to circular economy and biodiversity topics. Under **Governance**, remuneration was dominant with shareholder rights, board effectiveness and leadership also regularly recurring topics. Under **Social**, ‘human capital management’ was the most dominant theme.

<sup>1</sup> [The UK Investment Consultants Sustainability Working Group \(ICSWG\) Engagement Reporting Guide](#)

There can though be a degree of subjectivity when capturing the attributes of an engagement, undermining consistency in the presentation of aggregated analysis; for example, whilst in a conceptual sense we tend to see engagements as projects that span one or meetings (rather than a meeting itself), how should engagement objectives be set? What framing should be used, and what should be the target date for achieving goals? What approach should be used to tag individual events in time to engagements in a way that avoids overloading the engager? Furthermore, whilst engagement is often grounded in discussions relating to governance and strategy, matters may in reality relate to other issues. With the introduction of the SI Engage engagement management platform we are now achieving a higher level of consistency in engagement categorisation and are now looking to increase the level of sophistication and granularity when it comes to reporting with an ambition of being able to disclose in future details on the progress of relevant engagements, the interactions taking place through time that relate to those engagements, and how the achievement of objectives leads to outcomes that benefit clients. This work continues to move forwards.

Different teams continue to focus on specific subtopics. For instance, safety and labour rights was a priority for our Emerging and Frontier Market team during the year and so this theme featured particularly prominently within the engagements they undertook in 2024. For many of our teams - but particularly our European Focus and Japan Focus teams - strategy and capital allocation was a key theme.

Overall, remuneration, capital allocation and strategy were the dominant topics across Redwheel investment teams throughout the year. Amongst environmental and social topics, climate change mitigation remained particularly prevalent. The objectives for climate-related engagements were strongly informed by frameworks from and recommendations and insights of the organisations of which Redwheel is a corporate member (eg. CDP, IIGCC, ClimateAction100+).

## Redwheel Value & Income Investment Team

### Centrica plc - Climate

#### Reason for engagement

Centrica’s current transition plan (published in 2022) was a big development on its previous position. However, there is further work to do to ensure the company is managing the transition risk, to reduce its large carbon footprint and be recognised for this by the market.

The team has been involved in a multi-year engagement with Centrica which started in 2022, when it shared with Centrica its in-depth analysis of where they saw the company as having come from and where it was at the time. The engagement continued in 2023 and 2024. In addition, one of the team’s portfolio managers John Teahan acts as a co-lead on the ClimateAction100+ Centrica collaborative engagement.

#### Outcome

In 2024, as part of the ClimateAction100+ Centrica collaboration, the team took part in three workshops with Centrica’s Environment Strategy Team where they took a deep-dive into assessing emission disclosures, alignment benchmarks and decarbonisation strategies.

The team also met with Centrica’s Chairman where his succession, political developments in the UK and the company’s strategy were discussed. In addition, the team highlighted the very positive and constructive collaboration with Centrica’s management team over the last two years. This was followed by a letter to the Chairman written on behalf of ClimateAction100+ group which identified opportunities for Centrica to address areas of weakness in their next climate transition plan.

Later in the year, the team met with Centrica’s new in-coming Chairman, the Chair of the Safety, Environment and Sustainability Committee and Head of Environment to discuss climate issues. A separate call was also held with the new Chairman for a wider discussion on company strategy.

Through our long running engagement with Centrica, we believe we have been a force for the company to engage more deeply in the transition, through building internal resource and improving both board and management knowledge on the energy transition. This means they are better equipped to deal with the challenges of the transition and can deliver a clearer message to shareholders. This is supportive of value creation for shareholders. The engagement and collaboration will continue in 2025.

### HP Inc - Climate and Governance

#### Reason for engagement

For the second year in a row, the team was approached by HP and asked to speak directly with members of their Board of Directors, including the Chairman of the Board, on governance and sustainability matters. While HP is a tech company, it is considered to be carbon intensive on account of the Scope 3 emissions coming from manufacturing and use of their hardware products.

#### Outcome

The engagement with HP was wide ranging, from refreshing board members to the impact of artificial intelligence on human rights. HP’s previous CFO had stepped down in December 2023 which had not been expected; the team took time to understand the reasons behind the move and what succession plans HP have in place.

Separately, the team met with HP’s CEO and other senior management. The meeting was an update on company’s strategy, however, during the meeting discussions moved to HP’s Scope 3 emissions, and particularly the reasoning behind the restatement of HP’s Scope 3 emissions baseline. The team had picked up on this issue through comparing HP’s 2023 Sustainable Impact Report to the 2022 version, through which restatement of the baseline data was identified. Whilst restatements are not unusual, particularly for Scope 3 data, it was the magnitude of the change (a 17% reduction) that caught the team’s eye.

HP noted that the restatement of the FY19-22 baseline is the result of improvements made to the methodology used for carbon footprint assessments.

Updates were made across all categories to improve the accuracy of greenhouse gas emissions (GHG) reporting.

HP also noted that in terms of independent verification, Ernst & Young have been engaged for each of the past ten years to perform independent review of selected key performance indicators included within the Sustainable Impact Report, including Scope 1 – 3 emissions data. Following the meeting, the team liaised with the Greenwheel Climate Lead to sense check what it had been told.

## Honda - Capital markets interaction

### Reason for engagement

Honda is a manufacturer of automobiles, motorcycles, and power equipment. It is the world's seventh largest automaker based on revenue. The transport sector is a major, in 2022 it produced more than 7bn metric tons of carbon dioxide. Passenger cars were the biggest source of those emissions. Therefore, a company like Honda has a large transition risk with the shift to electric vehicles. The team engaged with the company at the end of 2023 and had a very useful conversation with the Head of Investor Relations. During that engagement, the team encouraged the company to host an ESG presentation/webinar to better convey their plans and ambitions to investors as they felt communication was a weakness versus other global companies.

### Outcome

This suggestion was taken seriously, and in March 2024, team members took part in Honda's maiden ESG webinar. In the wake of the webinar the team was thanked by Honda's Head of Investor Relations for serving as the catalyst for Honda hosting an ESG webinar.

One new request made was for Honda to clearly describe and illustrate the levers of decarbonisation to meet their target of reducing GHG emissions by 46% by 2030. This was well received, and examples were shared with Honda of how other corporates present this data. The team also raised the issue of lobbying and advocacy and the company's weak score on LobbyMap.

By conveying their plans to the market, the team believes that Honda can enhance its brand and reputation; it will help them improve on various sustainability rankings as their work is more widely recognised; and it allows them to get feedback from investors to further improve disclosures or the way they present the data.

The engagement also led to an invitation for a face-to-face meeting with Honda's President and CEO along with several other members of Honda's executive team at Redwheel's offices in London.

## Redwheel Emerging and Frontier Markets Investment Team

### Hyundai Motor Company - Human rights

Hyundai Motor Company ("Hyundai"), a portfolio company in the Sustainable EM strategy, is a manufacturer of passenger cars, trucks, and commercial vehicles.

In 2024, the company made headlines due to a US Department of Labour lawsuit in relation to allegations that emerged in 2021-2022 that several supplier companies in Alabama, US (including SMART Alabama, SL Alabama, Hwashin, and AJIN) were illegally employing children — some as young as 12 years old.

### The Background

In advance of investing in Hyundai in the Sustainable EM strategy, we carried out due diligence on the company's human rights approach, including contacting the company about its actions to mitigate child labour risk.

When the lawsuit made headlines in the summer of 2024, we re-engaged with Hyundai to gain comfort that the company had responded effectively to the earlier incidents and further informed our qualitative assessment of policies and practices as it relates to child labour in their own operations and their supply chain.

### The Child Labour Assessment Framework

Ahead of our engagement, we reached out to Greenwheel's Social Lead, Jessica Wan, which led to the commissioning of a sector-agnostic Child Labour Assessment Framework\* to review the sufficiency of Hyundai's response to the allegations. The framework draws on international norms and best practice standards.

Using the framework, EM team's company analyst Chris Siow, supported by ESG analyst Anel Pena and Sustainable Emerging Markets Portfolio Manager, Archana Shah, were able to undertake a holistic assessment of Hyundai's approach to identifying and addressing child labour risks as well as preventing and remediating related issues across its Tier 1 supply chain.

### Assessment Findings

We were also able to identify several actions for the company to consider as part of improving its approach. The company confirmed that many of these measures had been introduced to help prevent exposure to child labour including:

1. A policy against child labour within its human rights charter
2. Measures to strengthen supply chain labour and human rights management
3. Introduction of explicit language with respect to child labour in contracts
4. The implementation of Face ID verification system with subsidies for suppliers to implement the same
5. Extensive annual ESG risk assessments for all tier 1 suppliers and some major tier 2 suppliers

Within its ESG assessments, the company indicated that it pays particular attention to suppliers that have been identified as high risk. Starting in 2023, in addition to requiring written ESG self-assessments from their suppliers, Hyundai's Procurement and Legal Department has been undertaking surprise visits with suppliers that the company deems to present high risk exposure. Spot checks are undertaken in partnership with local third-party audit agencies who have knowledge specific to the local legal and regulatory context.

We were encouraged that Hyundai plans to expand the number of supplier sites they visit over time. We also learned that should a supplier need to implement corrective action, Hyundai will work with them to establish a plan, interim milestones, and a timeline. If objectives are not achieved within the timeline, Hyundai will terminate the contract.

The company has also undertaken a pilot exercise, fully mapping its entire supply chain: Tier 1, Tier 2, down to raw material suppliers. Whilst the map is not currently disclosed publicly, we encouraged the company to do so in the future to improve transparency for investors and build trust with wider stakeholders.

### Follow Up Discussions

Upon reviewing our findings with Greenwheel's Social Lead, Jessica Wan, she identified further areas of discussion, for instance to understand what had happened to the child on which the earlier allegations had focused, and whether any remediation had been offered. The company could only confirm that the child in question was back in school; as the incident had happened at a supplier's plant, they were not able to track the child further.

During the follow up call we also suggested that, prospectively, Hyundai should consider making contractual obligations to monitor child labour practices in supply chains a dual responsibility; currently, obligations are borne primarily by suppliers. By shifting to a more collaborative approach - as opposed to maintaining a punitive approach - we believe that should further instances of child labour come to be identified, there would be better outcomes for any children involved.

So far, the company has been very receptive to our suggestions, and we will continue to monitor the situation over time.

\* NB: It should be noted that child labour is a pervasive human rights issue across many supply chains; it is not unique to the automobile industry.

## Redwheel Sustainable Planet Investment Team

### Mondi plc - Biodiversity

During the year, the team engaged with Mondi plc, a UK company focused on paper and packaging, as part of a collaboration set up under the umbrella of the Nature Action 100 initiative.

Redwheel joined Nature Action 100 in December 2023. The purpose of the initiative is to coordinate investor engagement with companies operating in sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. It is coordinated by the Institutional Investors Group on Climate Change (IIGCC) and Ceres. Through fostering conversations with management teams, this forum helps us as shareholders better understand how companies think about nature-related risks, impacts, dependencies, and opportunities. Companies, meanwhile, are given clearer information on the related expectations of investors and their underlying clients.

The Mondi collaboration group in which the team participates completed a preliminary review of the company's approach to nature and biodiversity, through a combination of conversations within the working group and input provided by the company, focussing on the factors most material to investors. Mondi has appeared very receptive to engagement and has shown keen interest to learn about other practices observed by investors, and open to feedback.

The team was encouraged that the company expressed a strong commitment to reduce contributions to key drivers of nature loss and has a solid strategy in place setting out actions it intends to take to manage nature related risks. The company engages actively with wider stakeholders and incorporates related insights within its strategy.

The review suggests that there is scope for improvement in the company's approach to assessing material dependencies and impacts on nature, both within its direct operations and throughout its value chain. It is also believed that there may be benefit from the Board demonstrating

more clearly that it has sufficient expertise to oversee issues pertaining to nature-related dependencies.

Engagement will continue over the course of 2025, leveraging the insights provided on the company and its peers via the inaugural NatureAction100 benchmark.

### Redwheel European Active Ownership Investment Team

#### Corbion NV - Governance

Ahead of its 2024 AGM, the company proposed a number of changes to its Articles of Association. A number of these were considered to be positive, but at the same time a number were viewed as a deterioration of shareholder rights, in particular by introducing rules which would have made it more difficult for shareholders to influence the composition of the Supervisory Board, essentially reducing shareholder's rights.

In context, it was felt that the proposal represented a reaction to interest in the company by activist investors, some of whom were understood to be keen on breaking the company up. Whilst the proposals may have helped to resist any future takeover, the dilutive effect of the proposals on minority shareholder interests was considered to be troubling, also considering that the Dutch legal and governance framework offers strong (and sometimes excessive) protections to listed companies in case of hostile approaches.

The team therefore reached out to the company in order to gain additional colour on the proposals, and to provide feedback to the company. Through this process, and through engaging with other investors as well, the company ultimately took the decision to withdraw the proposal ahead of the AGM.

## Redwheel Global Equity Income Investment Team

### TotalEnergies - Corporate Governance

As an actively engaged investor in TotalEnergies, during the year the team submitted vote instructions ahead of the company's AGM. In parallel, the team formally communicated its voting actions to the Head of Investor Relations. The team highlighted its strong support for the CEO, its preference for an independent chair, and that the decision had been taken to vote against the re-election of the Lead Independent Director on account of the board's actions to suppress a shareholder motion. The message was well received.

Subsequent to this, a letter was also sent direct to the Lead Independent Director himself, setting out clearly the rationale for the team's decision. The letter urged Mr Aschebroich to find a way to accommodate shareholder motions at future AGMs. The letter was signed by the Redwheel Head of Stewardship, acting on behalf of both the Global Equity Income team and the Income and Value team who also held shares in the company and had cast the same vote at the AGM.

A few weeks later, Redwheel received a constructive reply from Mr Aschenbroich. He duly acknowledged the importance of investor feedback and the AGM as a key focal point for investor debate. However, he did not accept that the Board should entertain shareholder motions where there was an appearance of conflict with the legal duties of the Board and its individual directors. We learned that where there has been conflict historically, this has previously led the board to exclude such motions from consideration by shareholders.

Whilst it is unlikely that we could ever force the company to change its stance in view of our limited holding, by raising awareness of our concerns to key individuals we hope to draw greater attention to the issue and to highlight our preference that shareholders should be given the right to opine on well-structured shareholder proposals even where there is a perception within the Board that a conflict may exist.

## Japan Active Engagement

For our Japan strategy, engagement work is often focussed on helping companies to consider how to generate better outcomes for investors and in this connection, the team was glad to see portfolio companies making progress in a related connection as follows:

**Fujifilm Holdings Corp:** Improved disclosures relating to CDMO business.

**Kansai Paint:** Company engaged in share buyback programme, representing 19% of issued share capital, as a means to return free cashflow to shareholders.

**Osaka Gas:** Announced adoption of an ROE target of 8% and a DOE target of 3%, with plan to steadily increase dividends. The announcement matched the levels requested by the team exactly.

**Relo Group:** Disposed of BGRS business.

**Renesas Electronics:** Company announced resumption of a dividend after a 20 year hiatus.

### Methods of engagement

Engagement is typically conducted diplomatically and discreetly. It is also normally conducted directly but may also occur via collaborative initiatives arranged by organisations of which we are a member. The size of the holding, where Redwheel is on the shareholder register, and the nature of the issue, are all factors that teams consider when evaluating whether to work bilaterally or collaborate with others. You can see more on our collaborative engagement work under Principle 10. During 2024 Redwheel investment teams used a variety of means to communicate concerns and recommendations to target companies. Whilst in-person face to face meetings remain strongly preferred as these are felt to be most helpful as building constructive relations between counterparties (whether that be directors as representatives of shareholders, senior management, sustainability specialists, or investor relations) the increased availability of technology is enabling investors and corporates to shift to engaging via video/online. Letters and emails continue to be sent though as well as part of maintaining momentum in engagements.

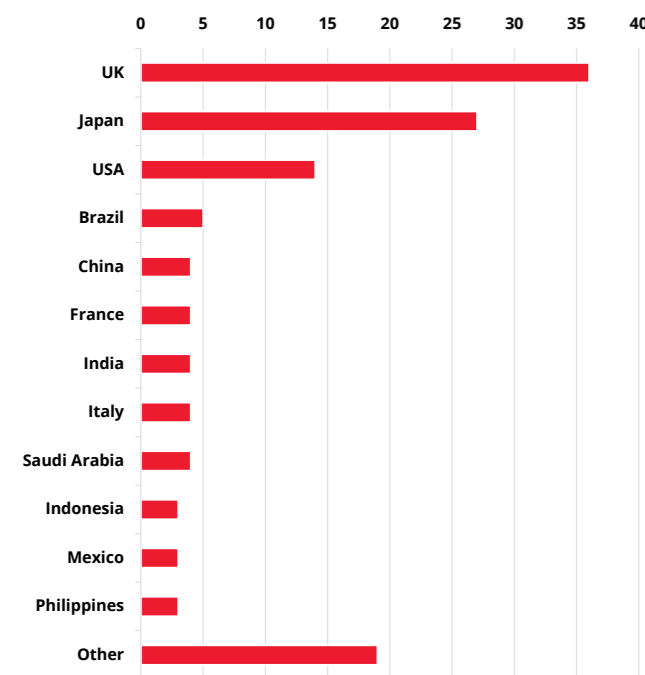


## Substantive engagements by country

Of the companies in respect of which engagement was conducted by Redwheel investment teams in 2024, the majority were companies listed in the UK.

# 130

Company engagements by the Redwheel investment teams.



Redwheel (December 2024)

## How engagement differs by team

For teams that invest in equity, there is far more scope for engagement that supports 'active risk management'. The examples above offer a sense of how engagement is generally conducted in practice by our teams.

For Redwheel's European Focus and Japan Focus teams however, stewardship and shareholder engagement sit at the core of the respective investment strategies. As discussed in more detail

under Principle 3, the European Focus team conduct 'deep engagement' with strong and active focus on governance a core feature of the strategy. Here the engagement method is more akin to strategy consultancy. Meanwhile, for our Japan strategy, we work closely with the team at Nissay Asset Management who have the largest and best resourced stewardship team in Japan. In this way we are able to leverage specialist local knowledge in clients' best interests.<sup>1</sup>

For teams investing in fixed income, where investor engagement programmes tend to be less well developed, supporting the development of novel stewardship approaches and contributing to the development of market best practice can also play an important role. In this connection, in November 2022 the Investment Association published guidance for asset managers undertaking stewardship within the fixed income asset class. The Redwheel Convertible Bonds team contributed to the development of this guidance.<sup>2</sup> More detail on the team's approach is provided below.

### Convertible bonds

Direct engagement with issuers is undertaken by our Convertible bonds team but, as compared to Redwheel's equity teams, it plays a reduced role in the delivery of the wider strategy. This reflects a number of characteristics of the asset class such as the:

- Limited window of opportunity to conduct due diligence on bond issuers as new bonds come to the market
- Relatively nascent market for stewardship within the asset class
- Absence of a right to vote at AGMs for bondholders, and
- Fact that the issuer of the convertible bond may not be the issuer of the equity security into which the bond converts.

As a consequence, in relation to stewardship, a key focus for the team can often be simply to establish a dialogue with an issuer in order to enable information discovery. Alternative approaches may also be adopted to promote stewardship within the asset class. For instance, the team actively engages

with counterparties to raise awareness of the value of stewardship to credit investors, in particular the sustainable finance teams within banks, as financiers of convertible bonds, to request that they use their influence to encourage enhanced disclosure of sustainability criteria by the underlying issuers of bonds.

Where opportunities to engage with issuers do arise, the team will not only seek enhanced disclosure as part of information discovery in relation to issues considered to have potential to impact the ability of the issuer to pay back investors, but also recommend as appropriate the issuance of "specific use of proceeds" bonds as a means to help issuers raise capital more effectively. As a matter of course, the team has a preference to invest in green bonds over corporate use of proceeds bonds (provided there is no financial detriment from doing so), and will also prioritise the consideration of issuers with better ESG characteristics when evaluating bonds of otherwise comparable characteristics.

### Measuring the success of engagement

Measuring the success of engagement is often a complex endeavour. It depends on both the type of engagement and its goals. Some engagements will be undertaken in order to nudge issuers in a certain direction or otherwise to confirm that they remain committed to a strategy or certain principles (such as low financial leverage and the avoiding of acquisitions). Others however will be much more resource intensive and may play out over the longer term.

Assessments of engagements are currently highly qualitative and dependent largely on how issuers respond to our teams. Assessment of impact over the long-term is however more reflective of the issuers actions in the future in relation to related matters.

Some engagements, for example on remuneration policy, have relatively binary outcomes. If the remuneration chairperson incorporates feedback from one of our investment teams on policy design, that is a success. However, if the team's suggestions do not appear in the final policy, that could be considered a failure, even if the objective was to raise awareness of our views in recognition that we are one voice amongst many on the company's share register. Conversely, where a company sets more

stringent emissions targets but these do not exactly meet our team's recommended approach, this could be both a success and a failure.

Success is also hard to attribute credibly to a single investor's endeavours, particularly when it is known that other investors are pursuing the same or similar objectives. It is for this reason that our teams do not overstate their contribution where corporate practice changes.

Within our own approach, teams are encouraged to record the progress of engagements against generic milestones as a means to capture progress towards the achievement of objectives. Our five step framework is as follows:

#### Tier 1 Engagement initiated

This reflects that fact that a decision has been taken to pursue one or more objectives with a company and that related correspondence has been sent.

#### Tier 2 Preliminary response received

Used to note that a holding response has been received.

#### Tier 3 Substantive response received

Used to record that information relevant to the objectives has been provided.

#### Tier 4 Further engagement

Used to record that one or more additional rounds of discussion are being undertaken.

#### Tier 5 Engagement completed successfully

Objective wholly or substantially achieved.

Where we exit a position whilst engagement is ongoing, a company is taken over, or other similar factors mean it is no longer appropriate to pursue objectives, our framework also allows for engagements to be marked as having been halted. The framework also enables us to capture instances where our objectives were not achieved within the applicable timeframe.

<sup>1</sup> [Stewardship Report 2021, Nissay Asset Management Corporation](#)

<sup>2</sup> [Improving Fixed Income Stewardship, The Investment Association \(November 2022\)](#)

## Companies with whom Redwheel investment teams engaged across 2024

AC ENERGY CORP  
ACCELERATIO TOPCO S.C.A  
ACERINOX SA  
AKASTOR ASA  
AL-DAWAA MEDICAL SERVICES COMPANY  
ALIBABA GROUP HOLDING  
ANGLO AMERICAN PLC  
ASAHI INTECC CO LTD  
ATAA EDUCATIONAL COMPANY  
AUCTION TECHNOLOGY GROUP  
AVIVA PLC  
AXIS BANK LTD  
BANCO SANTANDER-CHILE  
BANK SYARIAH INDONESIA TBK PT  
BARCLAYS PLC  
BARRICK GOLD CORP  
BBB FOODS INC  
BDO UNIBANK INC  
BEAZLEY PLC  
BIM BIRLESIK MAGAZALAR AS  
BP PLC  
BRIXMOR PROPERTY GROUP INC  
BT GROUP PLC  
CAPITA PLC  
CAPITAL ONE FINANCIAL CORPORATION  
CEMEX SAB  
CENTRICA PLC  
CHIBA BANK LTD  
CHINA HONGQIAO  
CIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO SABESP  
CKH HOLDINGS  
CMS ENERGY CORP  
COATS GROUP PLC  
CORBION NV  
CORP AMERICA AIRPORTS SA  
COSMOS PHARMACEUTICAL CORP  
CURRYS PLC

DAIFUKU CO LTD  
DEUTSCHE LUFTHANSA  
DEXERIALS CORP  
DIRECT LINE INSURANCE GROUP  
EASYJET PLC  
EFG EUROBANK ERGASIAS  
ENEOS HOLDINGS INC  
ENERGEAN OIL & GAS PLC  
ENI SPA  
ESSENTA PLC  
EXELON CORP  
FIRST QUANTUM MINERALS LTD  
FORTERRA PLC  
FUJIFILM HOLDINGS CORP  
GLANBIA PLC  
GLAXOSMITHKLINE PLC  
GOLD FIELDS  
GOTO GOJEK TOKOPEDIA TBK PT  
GRUMA S.A.B.  
HACI OMER SABANCI HOLDING  
HF SINCLAIR CORP  
HITACHI Zosen CORP  
HOA PHAT GROUP JSC  
HOCHSCHILD MINING PLC  
HONDA MOTOR CO LTD  
HP INC  
HYUNDAI MOTOR COMPANY  
IBIDEN CO LTD  
ICICI BANK LTD  
INTERNATIONAL CONSOLIDATED AIRLINE GROUP  
INTERNATIONAL DISTRIBUTION SERVICES  
INTERTEK GROUP PLC  
IRHYTHM TECHNOLOGIES INC  
ITALMOBILIARE SPA  
IVECO GROUP NV  
JACKSON FINANCIAL INC  
KANSAI PAINT  
KEISEI ELECTRIC RAILWAY COMPANY  
KERING  
KINGFISHER PLC  
KOSAIDO HOLDINGS CO LTD  
KOSMOS ENERGY LTD

LASERTEC CORP  
LEAR CORP  
LIVANOVA PLC  
LVMH MOET HENNESSY LOUIS VUITTON  
MARKS AND SPENCER GROUP PLC  
MERCK & CO. INC.  
MIURA CO LTD  
MONDI PLC  
MOUWASAT MEDICAL SERVICES COMPANY  
NATWEST GROUP PLC  
NEXI SPA  
NOVARTIS AG  
OCEANAGOLD PHILIPPINES INC  
OSAKA GAS CO LTD  
OSAKA SODA CO LTD  
PEARSON PLC  
PENTA-OCEAN CONSTRUCTION COMPANY  
PETROLEO BRASILEIRO  
PHARMA MAR SA  
PHILIP MORRIS  
POLYPEPTIDE GROUP AG  
POWER GRID CORP OF INDIA LTD  
PVA TEPLA AG  
RAKUS CO LTD  
RELIANCE INDUSTRIES LTD  
RELO GROUP INC  
RENASAS ELECTRONICS CORP  
RIO TINTO PLC  
ROHM CO LTD  
RUMO SA  
SAIGON SECURITIES INC  
SAMSUNG ELECTRONICS  
SAUDI ARABIAN OIL  
SERCO GROUP  
SERIA CO LTD  
SHELL PLC  
SHIN-ETSU CHEMICAL CO LTD  
SKY PERFECT JSAT HOLDINGS  
STANDARD CHARTERED PLC  
SYNCHRONY FINANCIAL  
T&D HOLDINGS INC  
TELECOM PLUS PLC

THALES SA  
TOTAL ENERGIES SE  
TRIBAL GROUP PLC  
TRIMEGAH BANGUN PERSADA TBK  
TULLOW OIL PLC  
UNIMICRON TECHNOLOGY CORP  
VALE SA  
VODAFONE GROUP PLC  
WANHUA CHEMICAL GROUP CO.  
WPP PLC  
YOUGOV PLC  
YPF S.A.  
ZEON CORP  
ZIJIN MINING GROUP CO LTD

*The names shown above are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations or advice. No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment.*

Redwheel (December 2024)



# Principle 10 Collaboration

Collaboration is considered and used when appropriate.

While direct engagement is generally the preferred approach of Redwheel's investment teams, collaborative engagement may also be used to further specific objectives where they feel a combined voice will increase the chances of success. It may also be appropriate where executive management or a board of directors is resistant to engaging on specific issues, or where an investment team's position in a company is comparatively small.

On occasion, we may seek to initiate collaborative engagement, typically working through organisations of which we are a member as compared to starting from scratch. Only where other investors share our concerns and have capacity to support collaborative engagement can such initiatives be taken forwards though.

There are some of the most prominent collaborative engagement initiatives in which we took part in 2024:

## Climate Action 100+

In March 2021 Redwheel joined Climate Action100+. In the initial phase of our involvement, our focus was to support the engagements being undertaken with two companies: Reliance Industries (as co-lead), and Shell.

Over time, we have looked to expand our involvement and are now active in the work of a total

of six engagement groups:

- Anglo American (co-lead)
- Centrica (co-lead)
- Samsung Electronics (participant)
- Petroleo Brasileiro (participant)
- Shell (participant)
- Reliance Industries (having exited our position during the year, we remain involved as a participant)

Samsung Electronics is a company whose shares are held by a number of our investment teams, although it is our Global Equity Income team which supports the engagement. During the year, the team engaged multiple times with the other members of the collaborative engagement group, as well as with the company itself alongside peers, in order to share perspectives on management's approach to managing climate related risks in practice. Across the year, the group's main areas of focus was to ensure that the dialogue on climate issues was well established (the group was created only in late 2023), to calibrate appropriately any requests for information from the company ahead of investor outreach, and to ensure that conversations with the company were constructive.

Details on the CA100+ initiative, its goals, and a list of target companies are available on their [website](#).

## Redwheel participation in NatureAction100

In 2023 Redwheel became a supporter of the NatureAction100, an initiative launched to help develop a benchmark of current corporate practices relating to nature and biodiversity and to promote understanding amongst target companies of the significance of related systemic risk factors. The initiative launched in Autumn 2023, with collaborative engagement groups formalised towards the end of the year and assigned to target companies all of whom had been identified for inclusion via a multi-factor assessment process. Redwheel is actively involved in three of these collaborative engagement groups, involving Mondi plc, Merck & Co. Inc, and Vale SA.

Across 2024, group members worked together to undertake preliminary analyses of each company's positioning on biodiversity risks, impacts, and dependencies. The framework used to inform each group's approach was the so-called "NatureAction100 Investor Expectations", which led to work focussing in the six areas of:

- Ambition
- Assessment
- Targets
- Implementation
- Governance
- Engagement

Subsequent engagement was undertaken with companies to raise awareness of the initiative, the expectations, and to validate preliminary findings. Independent research was then undertaken later in the year in order to construct a benchmark of companies, based on publicly available information, in relation to the maturity of their approach in integrating nature-related considerations within operational decision-making.

Details on the NA100 initiative, the "investor expectations" that are being used to underpin development of the benchmark, a full list of target companies, and the initial benchmark results that are now being used to inform continuing engagement, are available on their [website](#).

## Tackling conflict minerals in the semiconductor supply chain

In November 2021 Redwheel joined a collaborative initiative, co-ordinated through the UN PRI Collaboration Platform by Stewart Investors and backed by a total of 160 investors with collective assets under management of US\$6.69 trillion. The initial engagement took the form of a letter sent to 29 global companies either significantly reliant on or otherwise significantly involved in the production of semiconductors.

**Issue:** Long and complex supply chains can mask risks for purchasers and the consumers of end products. The production of certain commodities is particularly exposed to human rights abuses, and there have been instances in the past of purchasers inadvertently financing armed conflict through reliance on commodities produced through poorly overseen processes. Investor confidence in the ability of semiconductor manufacturers to track the provenance and integrity of source minerals has been low historically, yet this is considered to be a key sustainability risk for the sector according to the Sustainability Accounting Standards Board (SASB®). The supply of semiconductors was highly impacted as a result of the COVID-19 pandemic, yet demand shows little sign of slowing given the emphasis placed on technological solutions to help the world achieve its decarbonisation goals. Scrutiny of companies involved in the production of semiconductors remains high, not least as initiatives of global relevance such as the European Corporate Sustainability Due Diligence Directive have come to the fore, yet traceability of vital component materials remains poor.

Recipients of the letter were asked to take a lead in the development of conflict mineral free supply chains by doing the following:

- Develop and invest in technological solutions to improve traceability, possibly block chain
- Increase transparency and reporting on minerals from mine to product.
- Encourage and participate in industry wide collaboration to improve industry practices

- Impose and enforce harsher sanctions on non-compliance
- Reduce demand for new materials by improving recycling initiatives

**Outcome:** In 2024, the main focus of engagement was to build on the relationship established by Stewart Investors with the Responsible Minerals Initiative (RMI). By making a constructive contribution to the development of the newly formed RMI Investor Network, it is hoped that investors and corporates can have better debate/discussion on what responsible due diligence approaches might need to include in order to meet expectations, and how to ensure that industry standards of practice are set at an appropriate level.

Detail on the Investor Network can be found on the Responsible Minerals Initiative [website](#).

## Redwheel participation in 2024's CDP Non-Disclosure Campaign (NDC)

**Issue:** Every year, CDP (formerly the Carbon Disclosure Project) runs an annual campaign that seeks to encourage improvement in the disclosures made by companies considered not to have met CDP's expectations in relation to climate change, forests and water security considerations. Having joined CDP at the end of 2021, Redwheel first became a supporter of the NDC in 2022.

**Outcome:** Consistent with the 2023 edition of the campaign, the 2024 version saw the names of all campaign supporters added to the letters sent to companies not already disclosing to CDP. In total, letters were sent to nearly 2,000 companies, signed by 276 financial institutions including Redwheel. Response rate was again strong, with almost 20% of targeted companies engaging with CDP on their climate disclosures.

A full summary of the results of the 2024 campaign is available on the CDP [website](#).

## Redwheel participation in Rathbones' and CCLA coordinated Votes Against Slavery (VAS) coalition

**Issue:** Section 54 of the UK's Modern Slavery Act 2015 requires large UK-based companies to report on how they identify and eliminate modern slavery within their supply chains; under this legal requirement, however, there is no legal redress for companies that fail to comply. As in prior years, the objective of the 2024 edition of the VAS campaign was to target FTSE 350 companies whose modern slavery reporting was identified as failing to meet disclosure requirements under the Act; in 2024, the campaign was also expanded to AIM-listed companies. The campaign was supported by over 150 investors with just under £2 trillion in AUM.

**Outcome:** As at the end of December 2024, 31 of the 32 FTSE 350 companies targeted by the initiative had moved into compliance with s54 of the Act with the other committed to change. Meanwhile, of the 126 AIM-listed companies targeted, 81 had moved into compliance.

Redwheel first joined the initiative in February 2022 and by the time of relevant 2024 AGMs, all targeted companies that were held by Redwheel had moved or had committed to move into compliance with the Act.

The initiative was also recognised during the year as "ESG engagement initiative of the year, EMEA" by Environmental Finance.

# Principle 11 Escalation

We approach stewardship strategically and adopt a flexible approach.

As a responsible steward of client capital, we have a strong preference for engagement over divestment. Where attempts to engage are ignored or rebuffed, or it is believed that management's response has been ineffective, our investment teams may seek to escalate in accordance with the approach outlined in our Stewardship Policy:

- Engage bilaterally / collaboratively
- Engage at more senior level
- Write formally to shareholder representatives i.e. non-executive directors
- Make public statement / Attend AGM
- Vote against specific proposal at shareholder meeting
- File shareholder proposal
- Form concert party

## Redwheel Value and Income / Currys plc

### Issue:

Currys plc is a UK-based company offering technology products across a wide range of retail and distribution channels. Midway through the first quarter of 2024, an informal bid for the company was made by hedge fund Elliott Capital who had indicated that they would be prepared to acquire the company for 62p cash per share, representing an approximately 33% premium to the price at which shares were trading at the time (around 47p).

Redwheel has been a long-term and significant investor in Currys; at the point where the statement was issued by the Company to advise that a potential cash offer had been received (19 February), our Value and Income Team was the company's top shareholder, holding in aggregate approximately 14.6% of outstanding share capital across the various mandates managed by the team.

**Action:**

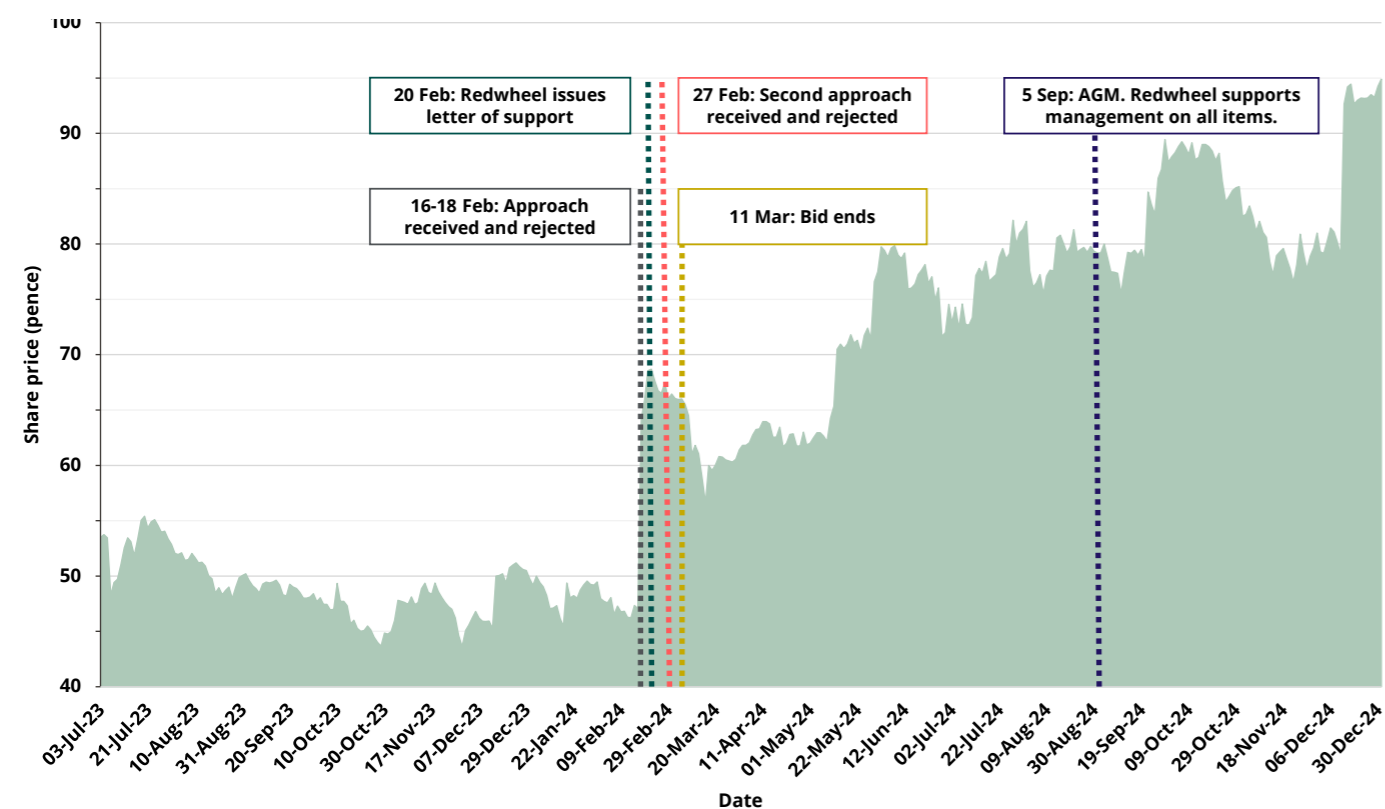
In the team’s view, the proposed offer represented a material undervaluation of the company and its prospects over the long-term. With the Currys Board having already indicated in its statement that it had unanimously rejected the offer, the investment team took the decision to issue their own public statement to underscore that, from their perspective, it would not be in the interests of their asset owner clients for the Board to accept an offer at the level proposed. Media engagement was also undertaken in order to demonstrate their clear and enduring support for the Board, and their “complete agreement” with the Board on this issue, with Portfolio Manager Ian Lance quoted in the Financial Times.

A few days after the original proposal was rejected, a second proposal was received. This time it was suggested that an offer could be made at the slightly higher price of 67p per share (a 43% premium on the earlier share price). The second proposal was also rejected by the Board, on the same basis as the first.

**Outcome:**

Having been rebuffed twice, and not prepared to make a more substantial bid, the following month Elliott confirmed that it would not be making a formal offer. In the subsequent months, the company’s share price climbed steadily higher and by the end of 2024 had risen above 90p per share, almost double what it was at the time the first proposal was made. This increase represented an almost 100% return on investment across the period, far exceeding what would have been received were the proposal to have been formalised and accepted.

Whilst rejection of these specific proposals represented a victory for Currys’ Board and shareholders, it did serve to highlight a wider problem to the team which is, in its opinion, that the UK equity market seems no longer able to fulfil its primary purpose which is to facilitate price discovery and the efficient allocation of capital. This is considered to be largely due to the fact that some of the largest UK market participants historically continue to allocate away from the UK even whilst UK equities are at close to all-time low valuations – if UK equity allocations are to increase, it has become increasingly clear that relevant UK authorities need to improve associated incentives.



Redwheel, Bloomberg (1 July 2023 - 31 December 2024)

*The information shown above is for illustrative purposes only and is not intended to be, and should not be interpreted as, recommendations or advice.*



# Principle 12

## Exercising rights and responsibilities

As a responsible investor, we recognise and aim to use appropriately and proportionately the rights and responsibilities accruing to us across all our investments.

For our equity teams, a key aspect of stewardship activity is the use of voting rights. Furthermore, Redwheel aims to enable its teams to vote all holdings in full and so, as a matter of course, prefers not to support securities lending which can impact participation in shareholder meetings. For our more liquid funds, securities lending is not allowed. For funds investing in less liquid securities, arrangements with Prime Brokers (where they exist) may allow for positions to be used as collateral in order to support credit needs, which reduces the impact of fund cashflows on portfolio management. Where such arrangements exist, we retain the right to substitute collateral to facilitate voting.

We maximise the number of ballots we vote by requiring our custodians to send both ballots and holdings to our proxy voting partner ISS; by sending holdings data, not only are our investment teams able to reconcile their records on the number of shares held at the relevant record date with the records provided by custodians to ISS, but ISS is able to source on a pro-active basis any ballots that have for whatever reason not been provided through the normal chain of custody.

Across all teams, we aim to cast votes in respect of all shares where we have authority to do so and where we have investment exposure at the time of the relevant shareholder meeting; in 2024, we voted over 99% of meetings, reflecting over 99.9% of shares eligible for voting.

Despite our aim, shareblocking, the need to address other local market technicalities (including the filing of authorised powers of attorney), and errors made in the chain of custody, can occasionally frustrate our ability to participate in the voting process. As a consequence of such issues arising, we were not able to register votes successfully at 3 meetings in 2024 (0.6% of the total number of meetings in which we were eligible to participate and where we

held shares in the relevant company at the time of the meeting); in two cases, this reflected the misregistration of a power of attorney that affected two meetings which took place close together in time; and in the third, delays in the distribution of electronic proxy voting ballots to shareholders meant that we were not prompted to vote a meeting until after it had already taken place.

Responsibility for voting rests with the relevant investment team. Given that we do not as a matter of policy support client directed voting in pooled funds, the approach adopted by each team is framed through recognition of the need to meet the expectations of their respective clients as well as evolving market best practice. Considering how best to reflect the centre of gravity of client views is a critical component within this, as is calibrating the voting approach to ensure consistency with the application of broader stewardship responsibilities. Where voting rights are formally delegated to Redwheel, stewardship examples and vote reports are provided on request, to facilitate discussion and debate on our approach.

Teams have a general preference to support management; however, as required, dissenting votes may be cast across all proposal types. In formulating vote decisions, the process followed reflects the stewardship approach of each team. In the main, teams draw on their own past engagement experience (we do not use third party engagement service providers although our clients may do so) as well as other information sources including corporate governance research issued by ISS.

All teams receive by default recommendations reflecting ISS's Climate Voting Policy research which is an extension of ISS' Sustainability Voting Policy. The Climate Voting Policy serves to place greater emphasis on climate considerations when formulating vote recommendations as compared to other ISS voting policies, and the underlying methodology is publicly available.<sup>1</sup> It is important to note that ISS research is an input to, rather than the sole determinant of, the voting decisions taken. Each team retains full discretion to vote as it believes is appropriate under the circumstances, with the rationale recorded for any vote deviating from policy or otherwise opposing management's

recommendation. Where teams have their own established positions on corporate governance matters (e.g. remuneration), these views will be reflected within the votes cast at a company's AGM to the extent that relevant proposals are presented.

Given that multiple investment teams may hold securities issued by a common issuer, it is possible – albeit relatively rare in practice - that at the same shareholder meeting two or more teams are eligible to vote and have differing opinions as to how votes should be cast. Where multiple teams hold securities in a commonly held company and intend to participate in a shareholder meeting, our Head of Stewardship will convene meetings with relevant team members ahead of the meeting to explore options to align vote intentions and if necessary record any irreconcilable disagreements.

A statistical review of voting across 2024 follows, covering our pooled funds only, for those meetings where we were able to vote, where we held shares at the time of the shareholder meeting, and in respect of which votes were cast identically across all ballots.

Full records of our voting activity going back to 1 January 2021 are available for inspection via our website.<sup>2</sup> These online records include those of the Ecofin team which joined Redwheel in October 2024, extending back to the time of joining.

The issues considered when determining how to cast a particular vote are informed particularly by the proposal type. Where the proposal relates to directors, independence and tenure are primary considerations, as is the extent to which relevant individuals have specific roles in relation to oversight (e.g. remuneration, audit, nominations). Where the proposal relates to remuneration, a wide variety of factors may be considered e.g. excess, pay for performance, short vs long term structure, application of malus/clawback, relevance in context of metrics/targets, peer group selection, application of discretion by the committee, and/or shareholding requirement. In respect of shareholder proposals, the basis for a vote against the proposal may include that fact that the request is spurious, vexatious, and/or requests action in an unreasonable amount of time.

## Fixed Income

Within our approach to stewardship, we do not have a specific approach to: seeking amendments to terms and conditions in indentures or contracts; seeking access to information provided in trust deeds; to impairment rights; or reviewing prospectus and transaction documents. Prospectus documents are reviewed as new bonds come to market to ensure that terms are as stated, in particular to understand which eligible projects may be covered as part of supporting the issuance of “specific use of proceeds” bonds.

## Vote results

We do not systematically capture the results of the meetings at which our teams vote. Whereas for some markets full disclosure is provided (e.g. UK, USA), in many others results are made available only on a pass/fail basis. From our ongoing monitoring, we are not aware of any management proposal that we faced last year which was opposed by the majority of meeting attendees.

To the extent possible, the results of a past AGM and the responsiveness of management in relation to any significant expression of dissent by shareholders is measured through the commentary received from third parties like ISS in respect of the subsequent AGM. In markets where disclosure standards are high, teams may elect to seek clarity on the response at an earlier stage, on the basis that they can gauge the extent of shareholder concern for themselves using the vote data published by the company.

**Figure 12.1: Meeting level**

<b>Number of meetings voted</b>	<b>567</b>	
Number of meetings voted with management	325	57.32%
At least one vote against management	242	42.68%
Number of meetings voted with policy	441	77.78%
At least one policy override	126	22.22%

## Response to Russia's invasion of Ukraine

Following the invasion of Ukraine in early 2022 by Russia, investors quickly came under pressure to abandon positions in Russian companies as part of the delivery of internationally co-ordinated sanctions which sought to starve the Russian state of capital. Whilst detailed guidance remained elusive, on a precautionary basis Redwheel moved rapidly to agree with its investment teams that, where it had not been possible to liquidate positions in Russian companies, there should be no participation in shareholder meetings despite there being eligibility to do so by virtue of share ownership. Similarly, there should be no participation in shareholder meetings of Russian companies in respect of exposures arising through the holding of ADRs/GDRs listed on exchanges outside of Russia. In the absence of any further guidance from His Majesty's Government during the course of 2024, and having consulted with our trade association the Investment Association, this approach remains in force.

<sup>1</sup> ISS Governance, International Climate Proxy Voting Guidelines (9 January 2025)

<sup>2</sup> Redwheel, ISS Governance, Proxy Voting Dashboard

Figure 12.2: Proposal level – management proposals, by type

Policy recommendation	For/Refer				Abstain		Withhold		Against			One Year	Total	%
	For	Abstain	Withhold	Against	For	Abstain	For	Withhold	For	Abstain	Against			
Audit Related	440								2	8			450	6.44
Capitalization	593								9	58			660	9.44
Company Articles	115			1					3	24			143	2.05
Compensation	686			8					22	118	12		846	12.11
Director Election	2314		1	25	7	122	18	30	88	1	116		2722	38.95
Director Related	607					21			17	45			690	9.87
E&S Blended	13												13	0.19
Environmental	5								2				7	0.10
Miscellaneous	73									11			84	1.20
No Research	12	1		4									17	0.24
Non-Routine Business	130								1	8			139	1.99
Routine Business	949			1					8	50			1008	14.42
Social	44									8			52	0.74
Strategic Transactions	68			2					3	19			92	1.32
Takeover Related	63									2			65	0.93
<b>Grand Total</b>	<b>6112</b>	<b>1</b>	<b>1</b>	<b>41</b>	<b>7</b>	<b>143</b>	<b>18</b>	<b>30</b>	<b>155</b>	<b>1</b>	<b>467</b>	<b>12</b>	<b>6988</b>	<b>100</b>

Figure 12.3: Proposal level – shareholder proposals, by type

Policy recommendation	For/Refer			Abstain		Against		Total	%
	For	Abstain	Against	For	Abstain	For	Against		
Audit Related	11							11	6.83
Company Articles	1						1	2	1.24
Compensation	1		2				4	7	4.35
Director Election	23	2	1	1	1		6	34	21.12
Director Related	5						2	7	4.35
E&S Blended	3		1				11	15	9.32
Environmental	3		3			1	1	8	4.97
Miscellaneous	17						14	31	19.25
Non-Routine Business	2						1	3	1.86
Routine Business	1							1	0.62
Social	16		11				5	32	19.88
Corporate Governance	5		4				1	10	6.21
<b>Grand Total</b>	<b>88</b>	<b>2</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>46</b>	<b>161</b>	<b>100</b>

Figure 12.4: Management Proposals – Votes against policy recommendation

Vote cast	# where policy recommendation was not followed	# where policy recommendation was followed	% overruled within category
For	180	6112	2.86
Abstain	1	144	0.69
Withhold	1	30	3.23
Against	37	471	7.28
One Year	0	12	0.00
<b>Total</b>	<b>219</b>	<b>6769</b>	<b>3.13</b>

**Figure 12.5: Shareholder Proposals – Votes against policy recommendation**

Vote cast	# where policy recommendation was not followed	# where policy recommendation was followed	% overruled within category
For	2	88	2.22
Abstain	2	1	66.67
Against	22	46	32.35
Against	37	471	7.28
<b>Total</b>	<b>26</b>	<b>135</b>	<b>16.15</b>

**Figure 12.6: Meetings by region**

Region	# meetings	% of total meetings voted
Africa	20	3.53%
Asia ex China	121	21.34%
Australasia	4	0.71%
China	32	5.64%
Europe ex UK	124	21.87%
Middle East	14	2.47%
North America (ex USA)	60	10.58%
South America	34	6.00%
UK	71	12.52%
USA	87	15.34%

**Figure 12.7: Meetings by market type**

Market	# meetings	% of total meetings voted
Developed	279	49.21%
Emerging	175	30.86%
Frontier	61	10.76%
Other	52	9.17%

**Figure 12.8: Shareholder Proposals – Votes against policy recommendation**

The table below highlights where both (1) we dissented from supporting a management proposal, or supported a shareholder proposal, and (2) we departed from the vote recommendation provided to us by ISS

Company Name	Proposal Number	Proposal Text	Rationale	Vote Instruction	Outcome
Petroleo Brasileiro SA	8	Elect Francisco Petros Oliveira Lima Ppathanasiadis as Director Appointed by Minority Shareholder	Prefer to concentrate votes on minority shareholder appointed director	For	Pass
Tesla, Inc.	12	Commit to a Moratorium on Sourcing Minerals from Deep Sea Mining	Sustainability concerns	For	Did not pass
Barrick Gold Corporation	1.6	Elect Director J. Brett Harvey	Board tenure	Withhold	Pass
BNP Paribas SA	14	Approve Remuneration Policy of CEO	Remuneration related	Against	Pass
BNP Paribas SA	15	Approve Remuneration Policy of Vice-CEOs	Remuneration related	Against	Pass
BNP Paribas SA	18	Approve Compensation of Jean-Laurent Bonnafe, CEO	Remuneration related	Against	Pass
BNP Paribas SA	19	Approve Compensation of Yann Gerardin, Vice-CEO	Remuneration related	Against	Pass
BNP Paribas SA	20	Approve Compensation of Thierry Laborde, Vice-CEO	Remuneration related	Against	Pass
Capital One Financial Corporation	1d	Elect Director Ann Fritz Hackett	Board tenure	Against	Pass
Capital One Financial Corporation	1f	Elect Director Peter Thomas Killalea	Overboarding	Against	Pass
Capital One Financial Corporation	1i	Elect Director Peter E. Raskind	Board tenure	Against	Pass



**Figure 12.8: Shareholder Proposals – Votes against policy recommendation (continued)**

Company Name	Proposal Number	Proposal Text	Rationale	Vote Instruction	Outcome
Capital One Financial Corporation	1k	Elect Director Mayo A. Shattuck, III	Board tenure	Against	Pass
China Suntien Green Energy Corporation Limited	2	Elect Zhang Xu Lei as Director	Governance concerns	Against	Pass
Citigroup Inc.	1k	Elect Director Diana L. Taylor	Board tenure	Against	Pass
Citigroup Inc.	1l	Elect Director James S. Turley	Overboarding	Against	Pass
Compagnie Financiere Richemont SA	5.2	Reelect Josua Malherbe as Director	Governance concerns	Against	Pass
Delta Air Lines, Inc.	1e	Elect Director David G. DeWalt	Board tenure	Against	Pass
Direct Line Insurance Group Plc	8	Re-elect Danuta Gray as Director	Overboarding	Against	Pass
Eni SpA	4	Approve Remuneration Policy	Remuneration related	Against	Pass
Eversource Energy	1.1	Elect Director Cotton M. Cleveland	Governance concerns	Against	Pass
Eversource Energy	2	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against	Pass
Genera SAB de CV	1	Amend Articles	Inadequate disclosure	Against	Pass
Genera SAB de CV	2	Authorize Board to Ratify and Execute Approved Resolutions	Inadequate disclosure	Against	Pass
GSK Plc	3	Elect Wendy Becker as Director	Overboarding	Against	Pass
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	4	Change State of Incorporation from Maryland to Delaware	Governance concerns	Against	Pass
Lear Corporation	1b	Elect Director Jonathan F. Foster	Overboarding	Against	Pass
Lear Corporation	1h	Elect Director Conrad L. Mallett, Jr.	Board tenure	Against	Pass

**Figure 12.8: Shareholder Proposals – Votes against policy recommendation (continued)**

Company Name	Proposal Number	Proposal Text	Rationale	Vote Instruction	Outcome
LyondellBasell Industries N.V.	1a	Elect Director Jacques Aigrain	Board tenure, overboarding	Against	Pass
LyondellBasell Industries N.V.	1c	Elect Director Robin Buchanan	Board tenure	Against	Pass
Newmont Corporation	1.3	Elect Director Bruce R. Brook	Board tenure	Against	Pass
Newmont Corporation	1.9	Elect Director Jane Nelson	Board tenure	Against	Pass
Norsk Hydro ASA	12.1	Elect Rune Bjerke as Director	Overboarding	Against	Pass
Serco Group Plc	3	Approve Remuneration Policy	Remuneration related	Against	Pass
Tesla, Inc.	3	Change State of Incorporation from Delaware to Texas	Governance concerns	Against	Pass
The Interpublic Group of Companies, Inc.	1.2	Elect Director Jocelyn Carter-Miller	Board tenure, overboarding	Against	Pass
The Interpublic Group of Companies, Inc.	1.3	Elect Director Mary J. Steele Guilfoile	Board tenure	Against	Pass
The Interpublic Group of Companies, Inc.	1.9	Elect Director David M. Thomas	Board tenure	Against	Pass
TotalEnergies SE	7	Reelect Jacques Aschenbroich as Director	Governance concerns	Against	Pass
VTech Holdings Limited	3B	Elect William Fung Kwok Lun as Director	Board tenure, overboarding	Against	Pass
WH Group Limited	2a	Elect Wan Long as Director	Governance concerns	Against	Pass

All figures presented in this section are Redwheel (December 2024)

# Disclaimer

## SRD II Compliance statement (COBS 2.2B)

Research consumed in the formulation of our proxy voting decisions includes research provided by Institutional Shareholder Services (ISS). This research informs but is not determinative of the final voting decisions applied. Ultimate responsibility for voting rests with the relevant investment team.

All votes are executed on the ISS Proxy Exchange platform.

We do not use third party engagement service providers.

Our engagement policy currently in force should be interpreted with particular reference to the commentary provided in respect of Principles 1, 3, 5, 6, 7 and 8-12, and our approach to evaluating the medium- to long-term performance of a company should be interpreted with particular reference to the "Policy on Responsible Investment" disclosed on our website.

Most significant votes for 2024 are as shown in the Statistical Review of our 2025 Stewardship Report.

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The Alternative Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") is a regulatory regime which came into full effect in the EEA on 22 July 2014. RWC Asset Management LLP is an Alternative Investment Fund Manager (an "AIFM") to certain funds managed by it (each an "AIF"). The AIFM is required to make available to investors certain prescribed information prior to their investment in an AIF. The majority of the prescribed information is contained in the latest Offering Document of the AIF. The remainder of the prescribed information is contained in the relevant AIF's annual report and accounts. All of the information is provided in accordance with the AIFMD.

In relation to each member state of the EEA (each a "Member State"), this document may only be distributed and

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This is an advertising document.

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## Redwheel Stewardship Report

December 2024

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Please contact us if you have any general questions or would like to discuss any of our strategies.

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