Redwheel Stewardship Report 2024

Contents

Arthur Grigoryants,
Head of Investments

Being a responsible investor is hard work, but it is an essential element of how we demonstrate to clients our commitment to our values.

Our purpose as a business is to invest with conviction for current and future generations and the world in which we all live. It is therefore fully consistent that all our investment teams are thoughtful about the way they allocate capital, and that they give due consideration to issues that are perhaps not so significant today but which are likely to increase in significance as the years go by. Precisely the kind of issues that many of our clients are already thinking about given their longer-term liability profiles. And it is for this reason that over recent years, we have added significantly to our central sustainability resources to help give our investment teams access to the support and expertise they need to manage the rapidly evolving expectations of clients and regulators in this area.

We know also that clients remain extremely interested in the work our teams already do. However, it is important that as a business we prepare effectively for what is coming at us from over the horizon at the same time. 2023 marks the end of our first phase of development in relation to sustainability. With many of our central teams also exposed to sustainability issues within the context of their own work and increasingly having to do things for themselves, we have taken the decision to restructure our sustainability resources to help provide more focussed support going forwards. Most significant within this is the creation of a brand new function dedicated to Stewardship, which will focus on overseeing and supporting the stewardship activities of our investment teams, coordinate our involvement in external initiatives, and lead in the development of the stewardship that Redwheel does as a corporate entity at market level. Our former Head of Sustainability, Chris Anker, has been asked to take on responsibility for leading this function and with over a decade of experience in this area behind him puts us in a great position to make further progress in this area.

I wrote previously that regulatory ambition was high in relation to sustainability; this is also the case for stewardship. Since last writing, in the UK, the FCA's Sustainability Disclosure Requirements have now been published. Understanding how this new regime, and the labels that sit within it, will operate is likely to be a key area of focus as we look to 2024 given our positioning as a UK-based asset manager. The UK's Financial Reporting Council is also expected to be consulting on the need for amendment to the UK Stewardship Code, considered very much the gold standard for stewardship internationally. Additionally, we continue to monitor closely developments in relation to the EU Sustainable Finance Disclosure Regulation as well; recent consultations suggest that 2024 could see changes introduced to the principal adverse impact indicators we are asked to mitigate through our investments. Preparing for these changes ahead of time is vital if we are to be able to respond effectively as new requirements are introduced. The EU developments are particularly significant for us as we have interpreted the requirements as bringing our entire UCITS fund range into scope under SFDR Article 8, including the new funds we launched this year which focus on biodiversity, clean economy, life changing treatments, and sustainable emerging markets, and our climate engagement fund. And with the recent opening of Redwheel's first European office in Copenhagen, it is very much a case of all eyes on Europe this year!

A year in review

Chris Anker,
Head of Stewardship

2023 was another year of significant progress for Redwheel.

Building on the product categorisation framework that we developed in 2022, and drawing on the experience and expertise of the sustainability resource we have been steadily building in recent years, we began launching new investment products during the year to sit in our Enhanced Integration, Transition and Sustainable fund categories. Funds in these categories are directly supported by our sustainable thematic research team, otherwise known as Greenwheel, led by Stephanie Kelly.

As development of these new funds progressed, it became clear that new dedicated sustainability-related governance and oversight functions needed to be created, to work in partnership with our existing governance functions (compliance, risk etc). Related work is now being led by Olivia Seddon-Daines, Redwheel's new Head of Sustainability Strategy, Policy and Governance.

Client and regulatory interest also continues to grow in relation to stewardship which encompasses sustainability considerations as well as more conventional financial aspects. To this end, we have also created a new dedicated Stewardship function, with a responsibility to provide oversight of and support for investment teams in relation to engagement and proxy voting, including the further development of technology platforms introduced to help capture, record, and report stewardship data and statistics, as well as monitoring adherence to stewardship claims made at the investment product level. This is the function that I now lead, also having responsibility for liaising with the organisations of which Redwheel is a member in relation to stewardship issues, and leading in the interpretation of new sustainability-related regulation of direct relevance to Redwheel in an investment sense.

Given the clear expectations on the part of legislators that stewardship should form part of the response to so many of the sustainability initiatives that have come through in recent years, it is no surprise that conversations relating to sustainability and stewardship remain closely knit. Our Sustainability Forum remains a key forum for representatives of our investment teams to come together with our sustainability teams to share thoughts and insights on how to get to grips with some of the underlying issues. Sessions during the year included a teach-in on the assessment of commodity specific ESG-risks, as well as more thematic sessions led by the Greenwheel team on climate (TCFD), human rights, green hydrogen and biodiversity (TNFD). A session looking ahead to the 2023 proxy voting season was also organised in March 2023. As ever, content was carefully curated to cover the latest thinking on market expectations relating to sustainability risk themes, and to offer guidance on how related analysis can be integrated within investment processes today.

Ultimate responsibility for the oversight of each team's approach to stewardship and the integration of sustainability considerations continues to rest with the Redwheel Sustainability Committee. This committee, formally recognised within the Redwheel governance structure, is chaired by our CEO Tord Stallvik, and also includes Head of Investments Arthur Grigoryants and the heads of the three sustainability teams mentioned above. A number of other senior leaders within the Redwheel business attend regularly as observers, helping to ensure comprehensive and frequent discussion and review of the breadth and depth of integration applied in practice by each investment team. Constructive and contextualised feedback is provided to teams as appropriate, including in relation to how integration is articulated in core fund literature and other marketing materials.

With the creation of a new triple-pronged structure, we have reviewed also the technical support arrangements available to our sustainability teams. To help address legacy implementation issues and to drive forward data-driven initiatives, a project manager dedicated to sustainability initiatives has been seconded to the team. Not only does this enable our sustainability teams to focus more properly on their core responsibilities, but co-location ensures that issues can be identified, discussed and addressed in short order, helping us to maintain a high tempo to the development and improvement of tools and resources introduced to help teams focus in on the most contextually important sustainability data.

With these new arrangements now in place, we believe we have a robust platform from which further sustainability-focussed strategies could be launched in future, having now established how data driven approaches need to be designed if they are to be effective given the systems available. Critical of course will be to make sure that there is regular contact between our central resources and our investment teams given the vagaries of sustainability data and the long reach of the law of unintended consequences; much of what we have built and are now doing is being done for the very first time and it is for these reasons that we are being deliberate and thoughtful in our approach. We want to be sure that our

processes work reliably day in, day out, and that proportionate controls are put in place to manage timewise evolution in third party sustainability data (which remains a key input to some of our compliance and monitoring processes). Large parts of the industry are taking brave steps into the unknown right now and we want to make sure that we at least are moving at a speed that our clients think is reasonable as we look to build on the foundations we have put in place over recent years.

A final word. I wrote last year of my hope that enhancements to our approach in 2023 would be perhaps more incremental than they had been over prior years – however, our investment teams have shown a real thirst for knowledge and contributions to group discussions on sustainability and stewardship have come from all corners so as much as I may have hoped that things would slow down in the regulatory space to create a bit of breathing room (which they arguably have not - the FCA proposals on the UK Listing Rules being another significant piece of regulation with which we have been engaging recently), opportunities for rest remain few and far between!

Principle 1
Purpose, strategy and culture

Our purpose is to invest with conviction for current and future generations and the world in which they 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, underpinned by an ownership structure that includes broad employee share participation to reinforce long-term commitment to the development of the organisation.

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, Product Management, Data Management, Legal and Compliance, Business Development, Human Resources, Finance, and Technology. 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.

172

WE HAVE 172 PEOPLE INCLUDING 59 DEDICATED INVESTMENT PROFESSIONALS WORKING ACROSS 7 INDEPENDENT TEAMS

WE SPECIALISE IN PROVIDING SOLUTIONS FOR

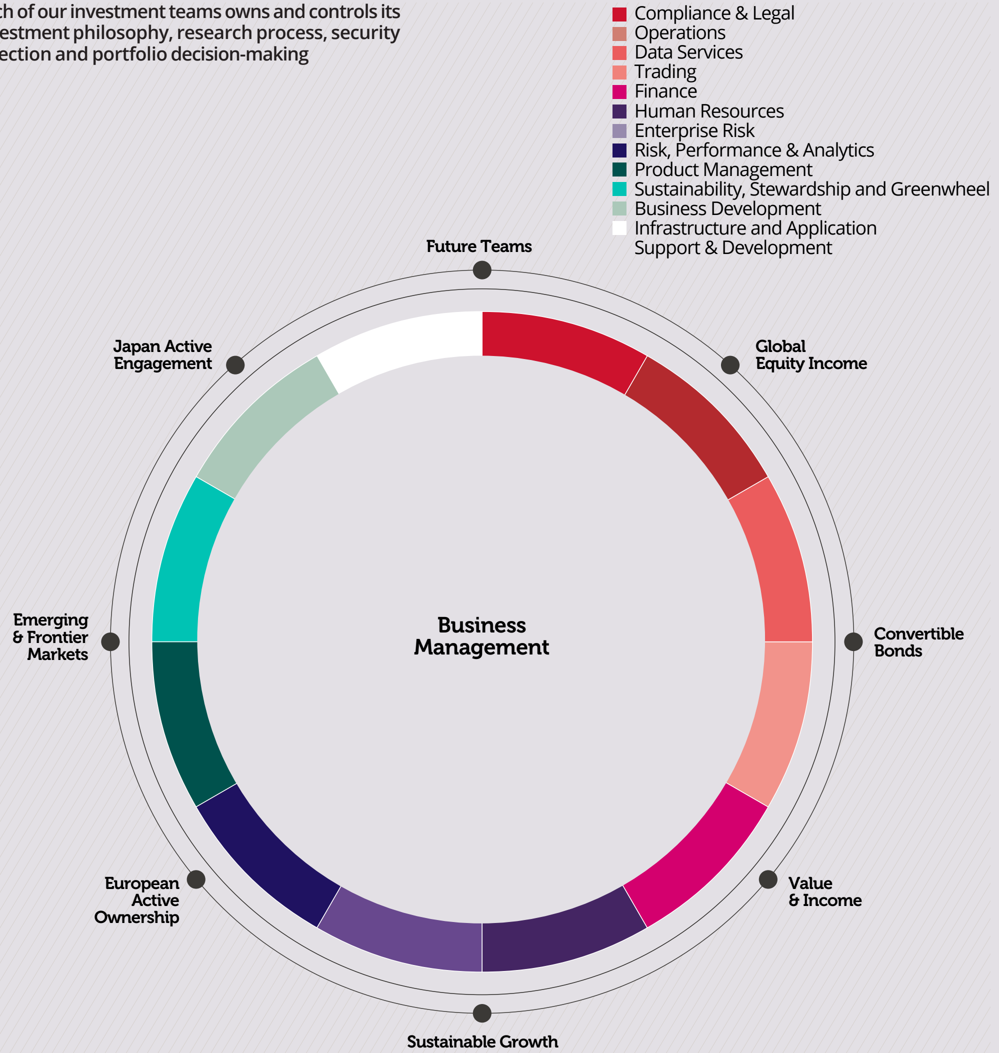
- Convertible Bonds
- Emerging & Frontier Markets
- European Active Ownership
- Global Equity Income
- Japan Active Engagement
- Sustainable Growth
- Value & Income

We manage $17.9bn as at 31 December 2023 for our clients, from offices in London, Miami, Singapore and Copenhagen

$17.9bn

Source: Redwheel. All data is as at 29 December 2023

Each of our investment teams owns and controls its investment philosophy, research process, security selection and portfolio decision-making



Source: Redwheel

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 structure, Redwheel is inherently a resilient organisation, well-placed to provide sustainable client outcomes 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 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 evolving client interests.

Decisions in relation to the specific themes and activities to reflect within investment approaches (including in relation to stewardship) remain 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 we are an effective steward of the capital they entrust to us, and helps us be an authentically responsible investor.

Over the course of 2023, 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 resources dedicated to sustainability 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 relation to sustainability. The collective understanding of sustainability issues has improved significantly across our business in that time and so, reflecting how far we have come, during the year we were able to take the decision to reallocate some of the responsibilities that had been assigned to sustainability specialists to other central business units. For example, our Compliance function is responsible for overseeing pre- and post-trade monitoring across a range of conventional financial factors. As a result of the change, the Compliance function's responsibilities have been expanded to encompass oversight of pre- and post-trade monitoring in relation to sustainability factors. Our specialist sustainability resources remain available to provide advice and support.

  Partly in view of this shift but also in reflection of the evolving nature of client and regulatory expectations, we refocussed and reshaped our sustainability resources. Going forward, our sustainability effort will now be delivered through a three-pronged effort, with what we used to call our Central Sustainability team essentially split into two more specialist functions: one focussed on Stewardship and Regulatory Change (led by Chris Anker), and the other focussed on Sustainability Strategy, Governance and Policy (led by Olivia Seddon-Daines). Our Greenwheel research function, led by Stephanie Kelly, remains largely unaffected by this change. We hope that by rebalancing our resources in the manner described we can leverage more effectively the specific expertise of our specialists and enable them to go deeper on the issues where we believe they can make the greatest contribution to client outcomes.

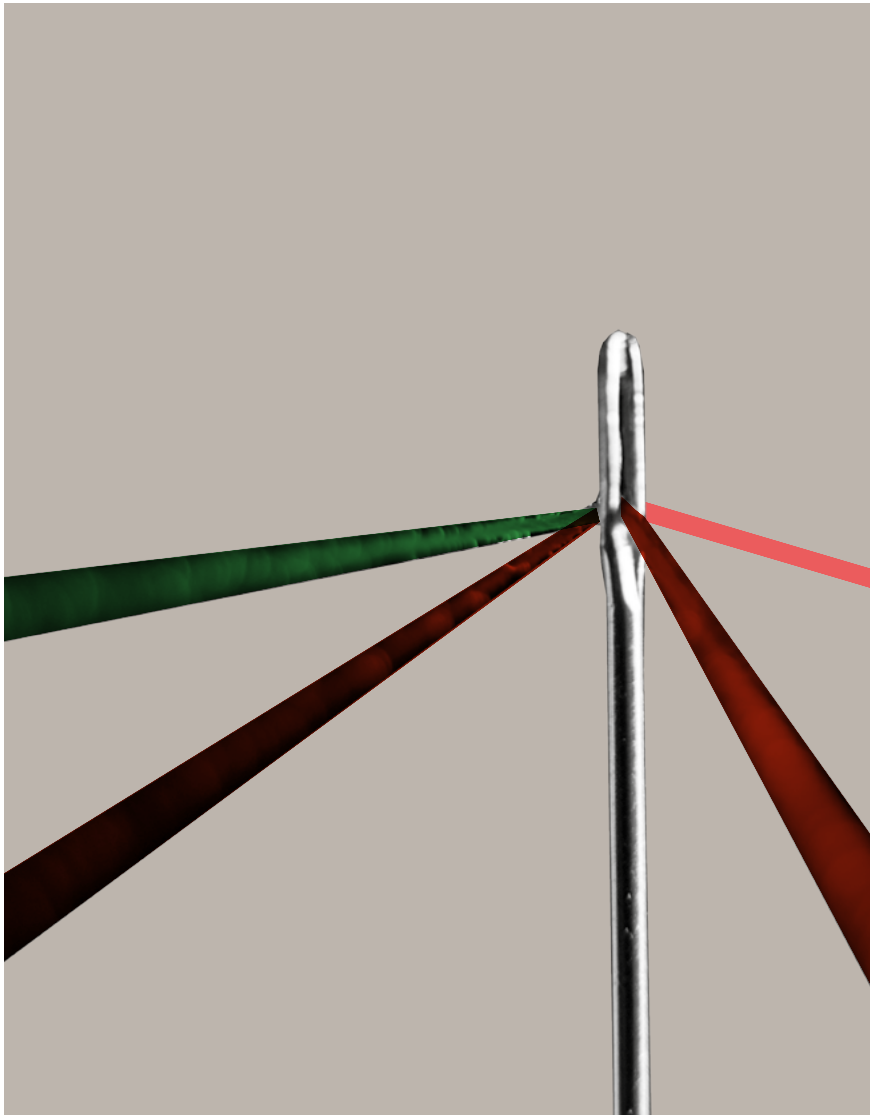
  At the same time, there still remains a lot for the sustainability teams to deliver and so specific project management resource has also been assigned to help with the adoption and implementation of new technologies and processes that we hope will enhance and facilitate the integration of sustainability considerations into relevant aspects of specific investment processes.

- **Governance** – reflecting the change in structure of our sustainability resources, the Redwheel Sustainability Committee is now supported by the Head of Sustainability Strategy, Governance and Policy, who also now 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 is 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. All investment teams have now presented to the Sustainability Committee, and feedback has been provided as needed. The Committee continues to meet at least quarterly and frequently on a monthly basis; it also continues to discuss a range of issues around the ongoing series of meetings with investment teams.

- **Systems development** – 2023 saw us make significant advances in the way that we leverage data and systems to support the delivery of responsible investment in practice. The data aggregation capability of Northern Trust Equity Data Science ("NT-EDS") now serves as the central data management platform for all investment teams seeking to understand the sustainability characteristics of companies and portfolios. Dashboards continue 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 companies are contributing to the achievement of the UN Sustainable Development Goals, looking through a revenue lens, and we have also developed new approaches to ensure that the addition of new entrants to our sustainable funds – which may reference these data - is well-controlled. As regards stewardship, work continued to ensure a high level of uptake of the new engagement management platform provided to us by Wrender ("SI-Engage"). The restructuring of resources is helping to give related work new emphasis, with further enhancement anticipated in 2024 as part of giving clients greater insights into the work being done by teams relevant to funds and strategies.

- **Policy development** – the Redwheel Policy on Responsible Investment was introduced, setting out the general principles, expectations and commitments that exist at Redwheel in relation to responsible investment. The policy provides a generalised framework that all our teams can use to describe the approaches adopted by their portfolio managers in relation to responsible investment, in particular as regards: research; security selection; portfolio management; and stewardship. Work in the second half of the year has focussed on ensuring that this framework is understood and applied in practice by our teams, ahead of the introduction by the FCA of the Sustainability Disclosure Requirements.

- **Training** – Our Sustainability Forum continues to provide a platform for collaboration, discussion and debate across investment teams in relation to responsible investment developments and practices. During 2023, the Forum continued its focus on the key themes of climate change, biodiversity, and human rights, with further sessions also focussing on stewardship and supply chain risks through a commodity lens. Sessions remain supported primarily by our sustainability specialists, 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. In addition, across 2023 a significant TCFD-related training programme was rolled out across the business, to enable all teams and functions to better understand the significance of the work required to produce TCFD reports, to appreciate in better detail the explicit and implicit requirements (as well as the anticipated consequences of publishing TCFD reports), and to foreshadow further work to come in relation to transition plans.



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
Value and Income	Equity
Global Equity Income	Equity
European Active Ownership	Equity
Nissay Japan Focus[1]	Equity
Sustainable Growth	Equity
Convertibles	Fixed Income (Investment Grade)

[1] For the Redwheel Nissay Japan Focus fund, 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 two UK-based Japanese speaking advisors.

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 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 sustainability-related 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. 'ESG Champions' are nominated 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 Active Ownership 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

Investment professionals with either CFA, MBA or PhD	29
Total investment professionals	59

Average years of experience across investment teams: 18 years, ranging from 1 to 35.

A number of our colleagues 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. This data together with a wider array of qualifications and accreditations will be captured in future reports.

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 2023 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. It is our intention to introduce more advanced training in future and we are currently monitoring a range of suppliers who would be able to provide an 'off the shelf' solution. In the meantime, our Head of Sustainability Strategy is working closely with our Compliance team on integrating anti-greenwashing training into annual compliance and conduct training, 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.

Source: Redwheel. All data is as at 29 December 2023

The basis on which stewardship is undertaken varies in accordance with the specifics of the strategy, the geography of focus, and idiosyncratic industry and company-level factors. Engagement can be effected by a variety of means; direct one-to-one communication 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 2023 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 any new or emerging concerns, including in relation to responsible investment. On a quarterly basis, our Sustainability Committee assesses teams against their commitments in relation to responsible investment and provides constructive challenge where enhancement is considered to be required.

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 low degree of commonality in holdings and investment processes, 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. Whilst 'ESG Champions' attend most frequently, all team members are welcomed. Sessions are led by in-house experts, providing all teams with carefully curated content covering the latest thinking on current market expectations relating to sustainability risk themes, and offering guidance on how consideration of current and emerging sustainability risks can be taken into account within investment processes today. On occasion, external speakers including sell-side brokers are invited to speak given their specific expertise.

The Sustainability Forum also provides a key mechanism for us to consult with investment teams on their collective appetite for developing firm-level policy relating to responsible investment issues. Through working groups, involving all our 'ESG Champions', we were able in late 2021 to develop formalised policy in relation to Stewardship and a refreshed policy on Controversial Weapons. In early 2023, we followed the same approach when drafting the Redwheel Policy on Responsible Investment (to replace in full the ESG policy that preceded it). 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 at Redwheel

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 Roxy Kennedy is a member of our Executive Committee and reports to CEO Tord Stallvik; Roxy 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, from onboarding, through career development, all the way to someone leaving Redwheel.
- **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 diversity 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 Roxy, the DEI 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 comprises individuals from across the business who have volunteered 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 supports, with Roxy actively involved in the Diversity Project Steering Committee and Tord Stallvik in its Advisory Council.

Raising awareness on race

In Autumn 2023, we invited clinical psychologist Dr Marvin Iroegbu into our London kitchen to speak to our staff as part of a series of informal meetings we call "In Conversation With". The purpose of this particular meeting was to help foster a more open conversation on the issue of race within the business, raising awareness of the need to maintain fresh perspectives in order to help counter conscious and unconscious biases. Drawing on his experience as a psychologist, Dr Marvin spoke authentically about his personal experience of racism, offered insights on the structural challenges that exist today which frustrate efforts to foster a more equitable society, and spoke to some of the conditions that he believes need to be in place to enable more constructive conversations around issues of race and racial justice.

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.

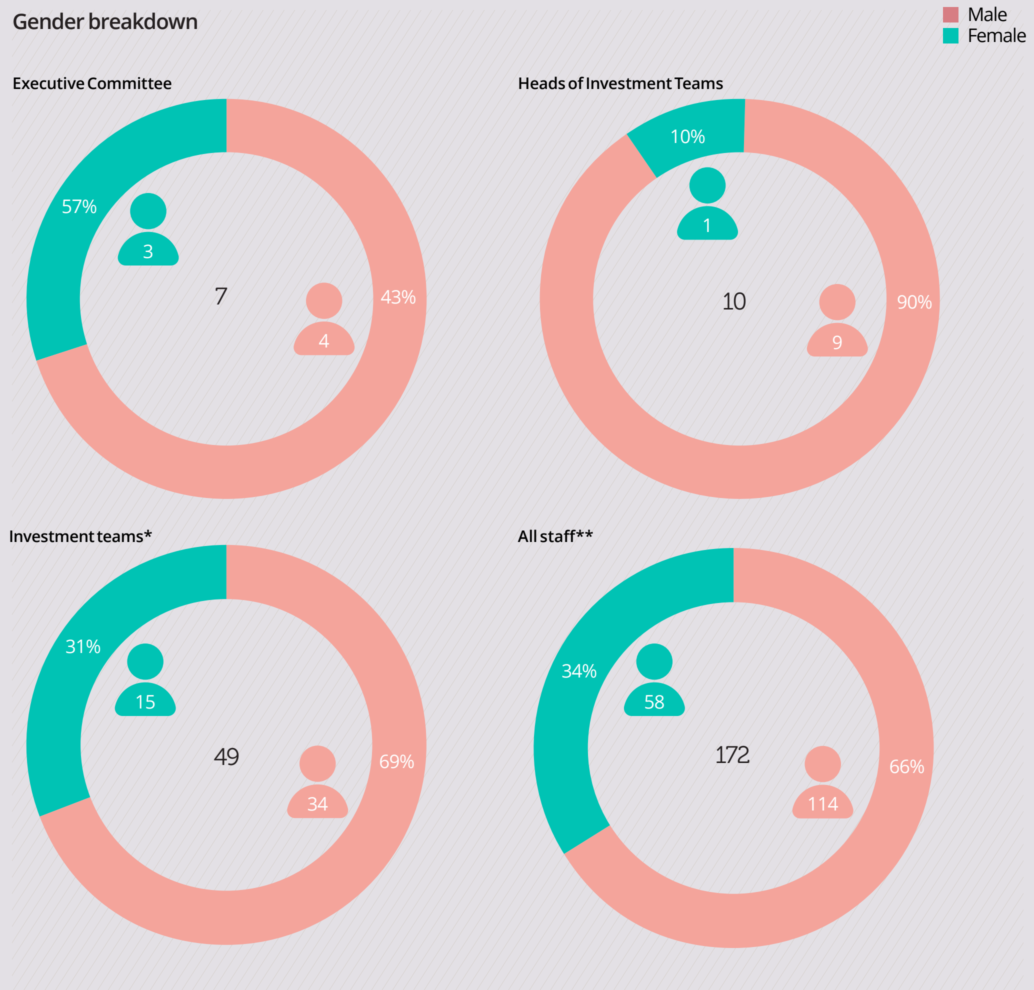
As the DEI agenda has matured, a broader range of diversity strands are being prioritised, but focused effort is still required to increase representation of female colleagues and unlock their full potential.

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 ran our 2023 DEI survey (which captured relevant data on a non-anonymised basis) we have been able to keep better track of diversity metrics as our headcount has changed through time.

	Male		Female		Total
Gender breakdown	No.	%	No.	%	
Executive Committee	4	57	3	43	7
Heads of Investment Team	9	90	1	10	10
Investment teams*	34	69	15	31	49
All staff **	114	66	58	34	172

* excludes HoT, interns, dealing, support staff
** excludes contractors and interns

With better data, we hope also to be able to make better targeted interventions to support our people, building on the HR team's broader responsibility to help cultivate and improve our company culture for example through the promotion of collaboration, sustainability, DEI and our own values. Pleasingly, our 2023 survey saw a 94% completion rate, despite being non-anonymised; given the evident sensitivities, we have been careful about how we have interpreted survey responses but nonetheless believe we have a good baseline from which to develop further work.



Source: Redwheel.
* excludes HoT, interns, dealing, support staff
** excludes contractors and interns

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[1]. 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) 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 2023 as requiring active management. 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.

[1] See https://www.redwheel.com/uk/en/individual/resources/

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 team will strive to represent the centre of gravity of client and target market views, which we see as the most effective way to fulfil our fiduciary duties (refer to Principle 6). However, should client views become highly polarised, it may not be possible for our teams to service aggregate stewardship needs 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 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 companies are held in differing fund types where the fund types are subject to highly 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. 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.

European Active Ownership

Redwheel's European Active Ownership team takes meaningful ownership stakes in a small number (<15) of listed European companies. The team frequently hold positions in small and mid-cap companies that account for <5% of 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 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.

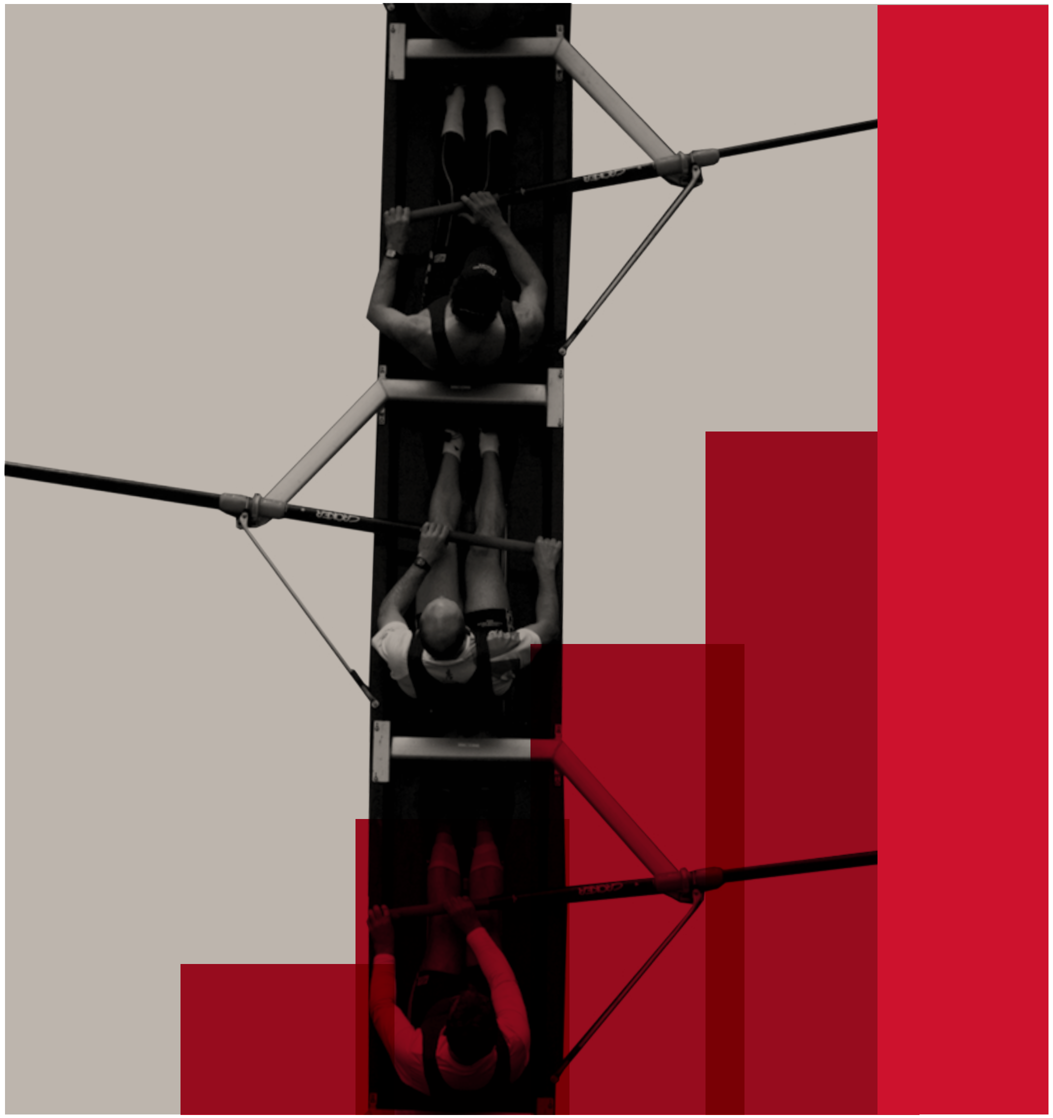
5) **Where we hold shares of companies with which we have a material business relationship –** Conflict can also arise with respect to companies with which we have a material business relationship, whether through financial arrangements or as a result of directors (or other persons of influence working 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; instead, within our approach to portfolio management, primary responsibility for the identification and evaluation of risk rests with individual portfolio managers. Where risks are considered to be significant in the context of the management of a particular fund, 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 (for instance, a company could set up a formalised workstream to measure and monitor relevant ongoing risk exposure as well as make recommendations to management on the need for additional resource or a change in strategic direction as part of risk mitigation or avoidance) have potential to be well received by management and so would serve to reinforce conviction in the investment

As a business focussed on active management operating within a dynamic financial system, we understand readily 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 fully 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 systemic risks, how they are related, and the extent to which risks can be effectively addressed through portfolio management and stewardship given the resources available to support the protection of client interests. Our Sustainability Forum provides a key mechanism to help guide discussions on the steps that would be 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. The assessment of portfolio exposure to systemic risk factors remains a work in progress, which we expect will be enhanced by the creation of our Greenwheel research team and the recruitment of dedicated research specialists to focus our work relating to climate change and human rights. The recent introduction by the FCA of a requirement for UK based asset managers to produce TCFD reports has accelerated this work; working initially with a specialist external climate consultancy to help build capacity and knowledge internally at a senior level, we created a "Climate SteerCo" - that features a number of our Executive Committee as well as leaders of our sustainability functions - which is responsible for developing the strategy that ensures we respond effectively to the requirement and to supporting its implementation across the business.

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 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 are responsible for identification and evaluation. Numerous inputs inform the work undertaken to assess and consider which risk factors might be considered relevant in context; major reports from authoritative supra-institutional groups like the World Economic Forum are used particularly to help us develop and enhance understanding of the evolving state of market and systemic risk, both on a relative and absolute basis. Additional sources of information that we use to contextualise our understanding of the evolving risk environment include ESG surveys that are issued throughout the year by brokers, consultants, and other third-party organisations. By way of response, our Sustainability function is now actively engaged in identifying tools and techniques that can help our investment teams better assess and monitor exposure to and management of sustainability risk factors, prioritising the three areas of:

- Climate
- Human rights (including modern slavery), and
- Biodiversity

These issues are consistently identified in the work we follow as being areas of concern for asset owners. From an investment perspective, our teams' responses to these risks and others, as well as related opportunities, is in practice effected both through portfolio management (as outlined above) and stewardship (for instance, encouraging companies to improve disclosures without which the integration of relevant sustainability considerations can 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 a dedicated Sustainability function, 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.

Participation in industry initiatives, contribution and assessment of effectiveness

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. The full list of memberships as at the end of 2023 is shown in the table below.

UN Principles for Responsible Investment	Joined in: 2020
Investor Forum	Joined in: 2020
ClimateAction100+	Joined in: 2021
Institutional Investors Group on Climate Change (IIGCC)	Joined in: 2021
Investment Association – Sustainability & Responsible Investment Committee	Joined in: 2021
Corporate Governance Forum	Joined in: 2021
Pensions and Lifetime Savings Association - Stewardship Advisory Group	Joined in: 2021
Sustainability Accounting Standards Board (SASB)	Became licensee in: 2021
CDP	Joined in: 2021
Financing the Just Transition Alliance	Joined in: 2022
NatureAction100	Joined in: 2023
Access to Medicines Foundation	Joined in: 2023

Additionally, one of our Portfolio Managers John Teahan hosts a regular podcast co-ordinated with the CFA UK Society[1] to discuss emerging approaches to climate risk management from the investment management perspective.

[1] https://www.cfauk.org/professionalism/climate-change-podcasts#gsc.tab=0

Climate

We are acutely conscious that the low carbon transition needs to be a just transition. With this in mind, in 2022 Redwheel became a member of Financing the Just Transition Alliance (FJTA) a group run out of the LSE Grantham Research Institute which seeks to identify the role that financial institutions can play in ensuring the energy transition is a fair one.

Building on the presentation provided to our January 2023 Sustainability Forum by FJTA, and additional to ongoing work we undertook with teams in relation to TCFD reporting requirements and the implications of setting climate targets for portfolios, our Climate and Environment Research Lead Paul Drummond – Honorary Senior Research Fellow at UCL working within the Institute for Sustainable Resources - convened a session later in the year focussing on "Climate Scenarios and Transition Pathways" to help the group explore and discuss current thinking on related issues. Also in relation to climate considerations, an assessment of the outlook for hydrogen was held towards the end of the year. 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

To help our investment teams respond to the rapidly evolving expectations of regulators and broader stakeholders in relation to human rights, our Greenwheel team developed a proprietary tool that facilitates the assessment of corporate practices versus human rights norms and provided on-going support and coaching to help investors carry out human rights due diligence in a consistent and replicable manner.

More specifically, the due diligence framework enables investors to assess the human rights performance of their holdings against 12 indicators (drawing on key frameworks such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines on Responsible Business Conduct, as well as additional benchmarks such as those developed by the World Benchmarking Alliance and KnowTheChain). The risk mapping tool, together with a counterpart Forced Labour Risk Index, can be used to help our investment teams identify the inherent human rights risks to which their holdings are 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.

Throughout 2023, multiple training sessions were provided to our investment teams on human rights and human rights due diligence via our Sustainability Forum, with work led by the Greenwheel Social Research Lead Jessica Wan. We adopted a foundational approach, starting by ensuring a common appreciate of international human rights norms and human rights policies (from theory to practice), before introducing our due diligence framework with worked case studies, and then extending to look at 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:

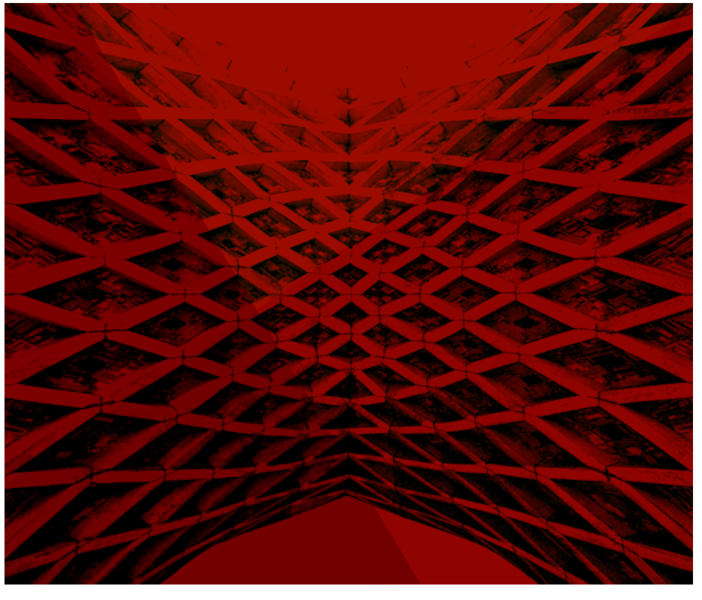
- Regulation for nature-related disclosures of investments (as an extension of work currently being driven at pace by the Taskforce on Nature-related Financial Disclosures)
- Expectations for companies to report on biodiversity-related data
- Focus from our clients and wider stakeholders on the topic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

Having begun to develop our understanding of this issue and build capacity, in 2022, an update session on biodiversity was provided to our Sustainability Forum in 2023. The session provided practical insights from one of our portfolio managers on how to get to get to grips with the topic from an investment perspective, with further insights on how biodiversity extends into human rights issues as well as a review of market developments provided by our sustainability specialists.

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 2023, Redwheel worked with peers in a number of different connections relating to stewardship. Our Head of Stewardship was also invited to be member of a speaker panel at the Investment Association's 2023 Stewardship and Corporate Governance Conference to offer a perspective on how complexities in the delivery of stewardship in practice can be addressed effectively.



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; many of these related to collaborative engagements that were either ongoing at the time or taken forwards following further consultation with members.
  - We also actively contributed to the production of the Investor Forum's "Shaping Tomorrow's Dialogues" paper which was published in early 2024, through participation in a roundtable focussing on the interaction between investors and Investor Relations departments.

- **Meeting with FCA working groups**
  - The FCA has established various working groups to support delivery of its Climate Change and Sustainable Finance programme. Two of these are the Vote Reporting Group, and the ESG Data and Ratings Working Group (DRWG). During the year, we were able to hear first hand from the Chair of the former about the group's discussions to date and to provide feedback from a practitioner perspective to inform future discussions; along with other members of the Investment Association's Sustainability and Responsible Investment Committee, we were also invited as guests to attend a meeting of the DRWG to offer thoughts on the issues that should be considered in the development and adoption of a Code of Conduct for ESG data providers, from our perspective as a consumer of ESG data.

- **Continued to support investor initiatives such as:**
  - CDP non-disclosers campaign
  - 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 remains a member 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) and an attendee of its Stewardship Reporting Working Group (focussed on developing best practice in relation to stewardship reporting). He also remains a member of the Stewardship Advisory Group of the Pensions and Lifetime Savings Association.
  - We continued to support the work of the Investment Association's TCFD Implementation Forum (focussed on developing best practice in relation to TCFD reporting)

- o Our Climate and Environment Research Lead, Paul Drummond, provided input to the development of the Transition Plan Taskforce's sector guidance relating to Electric Utilities and Power Generators. This was published in April 2024. Paul is also a member of Policy Working Groups organised by the Institutional Investors Group on Climate Change (IIGCC) focussing on UK policy and EU Real Economy policy.
- o Our Social Research Lead, Jessica Wan, attended the annual United Nations Forum on Business and Human Rights in Geneva in November 2023.
- o In light of the announcement by the UK government of an intention to roll back on net-zero policies, Redwheel signed a letter directed to UK Prime Minister Rishi Sunak that had been jointly drafted by the UN PRI and IIGCC. Later in the year, in a related connection, we also signed a letter that was sent to the Minister for Energy Security and Net-Zero (see Section 10 below).

Focussed involvement - with peers

- CA100+
  - o Following the relaunch of the CA100+ initiative we have extended our involvement and are now participating in the engagements with Anglo American, Petroleo Brasileiro (Petrobras) and Samsung Electronics, as well as maintaining our involvement in the engagements with Reliance Industries (co-lead), Centrica (co-lead) and Shell (participant).

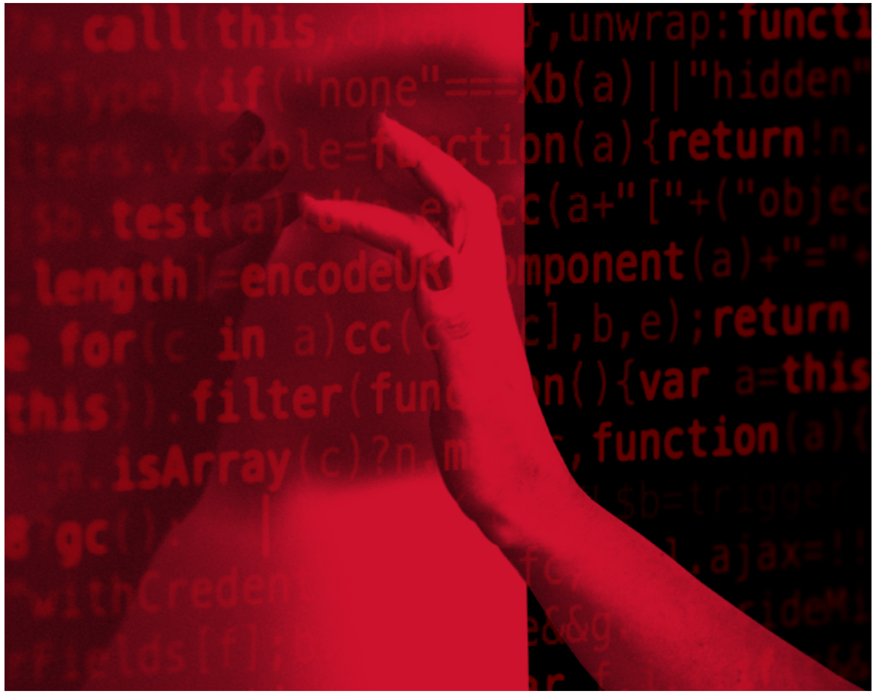
- NatureAction100
  - o The NatureAction100 initiative launched in 2023, securing support from investors with a combined $23tn in assets under management. In joining the NA100 we hope to:
  - – support the formation and development of what we hope will in time become the market leading mechanism for helping to address in practice the systemic investment risk presented by biodiversity and related factors, recognising the support that ClimateAction100+ has enjoyed to date and the high degree of similarity between the approaches adopted by the Taskforce on Climate-related Financial Disclosures and the Taskforce on Nature-related Financial Disclosures ("TNFD") which provides a key underpin for the initiative.
  - – develop and improve the collective understanding of our investment teams in relation to biodiversity as well as how best to meet the expectations of the TNFD, through peer to peer interaction
  - – further the achievement of the NA100 goals by leveraging the expertise and insights of our portfolio managers and sustainability specialists, through participation in specific engagements.

  - o At the time of writing, whilst we have been assigned to groups focussing on specific NA100 target companies, and are contributing to the development of related engagements, we have not yet had first meetings with all targets. We anticipate providing further insight into our involvement in this initiative in future reports.

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 2023. A note follows on the work done to engage a new data provider, S&P.

- **S&P** – as client and regulatory interests in relation to biodiversity have increased, we have been monitoring the market for products that we believe offer potential to add value to the related processes that we are now beginning to put in place. Some of these products are offered by established sustainability-focussed vendors; others are being offered by new entrants to the market. In recognition of the fact that biodiversity products offer a somewhat different kind of analysis as compared to conventional ESG products, we have begun to receive biodiversity data from what it for us a new source of sustainability insight: S&P. We are still familiarising ourselves with the S&P dataset but hope that over time we will be able to use it as part of new approaches we are developing that we hope will help us understand the biodiversity impacts and dependencies of companies of interest to our investment teams.



Redwheel SEED and Net-Zero

Lastly, it should be noted that our work to identify and monitor sustainability risk exposures 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 committed to becoming net-zero as a business by the end of 2022, and during the course of 2023 had our 2022 emissions verified by an independent third party (Earthly). Following this, we have sought to understand the areas of our operations that contribute most significantly to our operational footprint; in line with initial expectation, the primary drivers were travel and accommodation associated with visits to clients and the companies in which we invest.

To ensure that we achieved net-zero for 2022, we worked with Earthly to arrange the purchase of a number of offsetting credits; as a safety factor, the emissions offsets represented by purchased credits were equivalent to 1.1 times our 2022 emissions. The underlying projects that we have supported were chosen by members of the Redwheel Environment and Climate Taskforce (REACT). These are described in outline below:

- Rimba Raya – a peatland conservation project in Indonesia (Borneo)
- Manoa – a reforesting and forest protection project in Brazil (Rondônia)
- Culm Moor – a project converting a dairy farm to woodland in the UK (Devon)
- Seaweed Farming – a project focussed on the expansion and sustainable management of seaweed beds in the UK (Cornwall)

Having joined the UN Global Compact in 2022, we will also be responding to their annual member survey for the first time in 2024, reporting on the work we are doing in relation to human rights, labour rights, anti-corruption, as well as environmental considerations. The technical issues that affected the data collection platform during 2023 appear now to have been resolved, restoring our confidence in the value of undertaking data collection and reporting.

Principle 5
Review and assurance

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

Our Responsible Investment policy suite is drafted primarily by the leaders of our Stewardship and Sustainability functions but developed in close consultation with the 'ESG Champions' of 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.

Currently, 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, comprise:

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

Our Stewardship Policy details: -

- our collective commitments to stewardship
- preferred approaches to engagement and escalation
- 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 retain 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. The Stewardship policy was approved by Heads of Investment Teams, our Compliance team and the Redwheel Sustainability Committee. 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 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 and on a mandatory basis for the first time in 2023 (reporting having been stood down in 2022 for technical reasons). The feedback we receive informs the evolution of our strategy, whilst at the same time providing a cost-effective assurance approach.

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 it may not necessarily reflect engagement activity undertaken by the core business in relation to relevant issuers and/or themes. It is our ambition however that before the end of 2024 our central business will be in position to start including summary data on the engagement undertaken by investment teams in quarterly client reporting, underpinned by an effective oversight approach that sees engagements and related engagement events tagged in a consistent manner within the SI-Engage platform and with records maintained in a timely manner by all investment teams.

Principle 6
Client and beneficiary needs

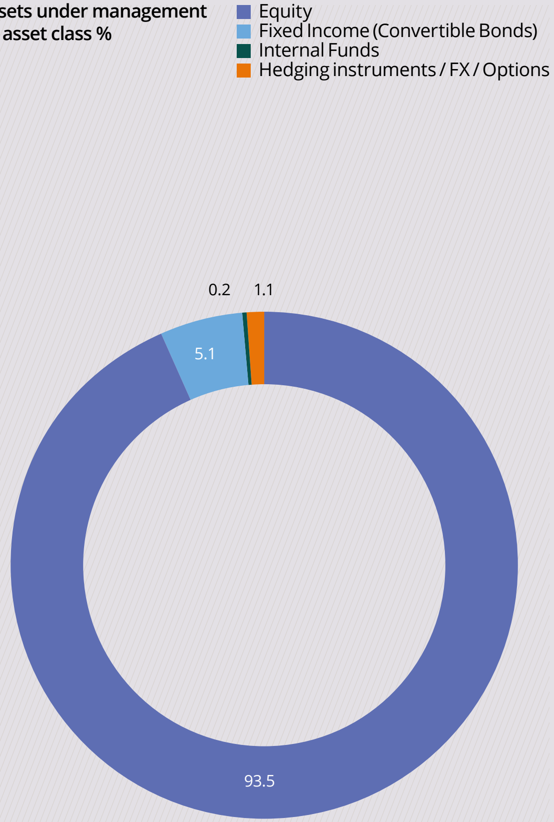
We are client focussed in everything we do and provide reporting as requested.

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.

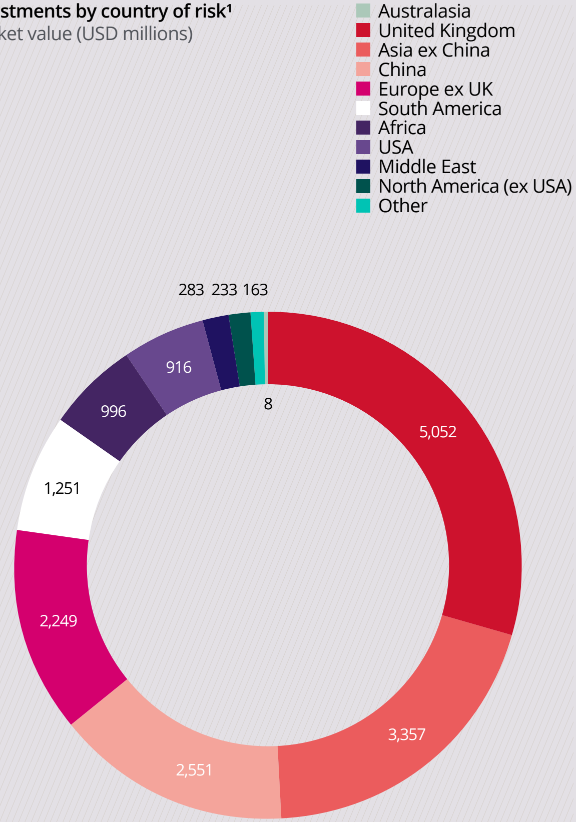
An indication of our clients and assets under management follows, covering pooled funds as well as segregated accounts (both those in respect of which we have stewardship authority and those in respect of which we do not). The breakdown is provided as at 31 December 2023:

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.

Assets under management by asset class %



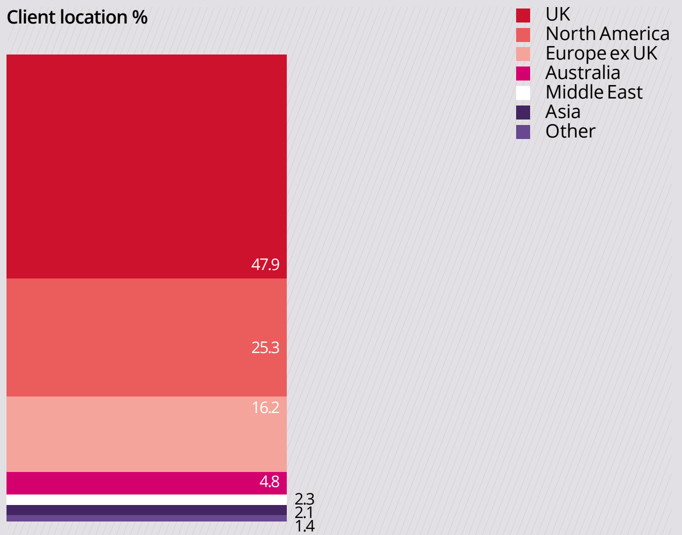
Investments by country of risk[1]
Market value (USD millions)



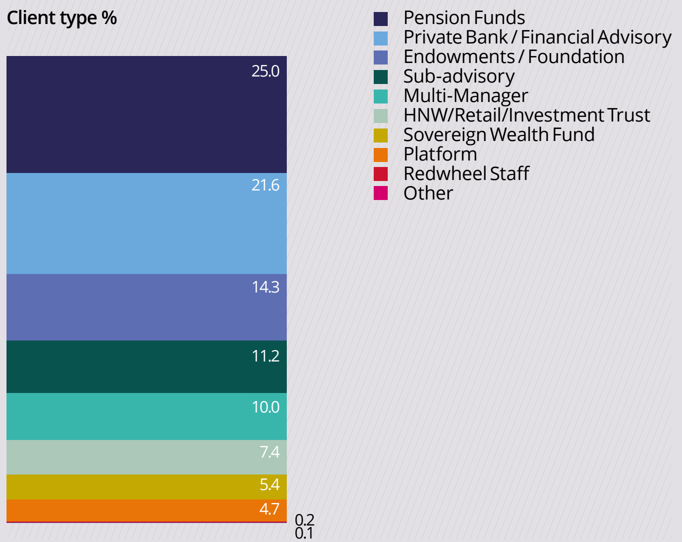
Source: Redwheel. All data is as at 29 December 2023

[1] For reasons of length, aggregated data is presented. In total, our teams invest in almost 70 different markets.

Client location %



Client type %



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 in 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 future stewardship on 'Principal Adverse Impacts' (a set of factors identified under the Regulatory Technical Standards of the EU's Sustainable Finance Disclosure Regulation ('SFDR PAI'), and subject to change through time) will be of vital importance as part of delivering on client expectations going forwards – in particular, those investing in our European-domiciled funds - on which basis we have prioritised the development of 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 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 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 relatively confident that as a service organisation we are able to meet the majority of our clients' stated needs, uncertainty remains over whether these statements reflect comprehensively what will be expected in practice.

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. Leveraging new technology to enhance our reporting capabilities is a key priority for 2024.

Client sustainability preferences

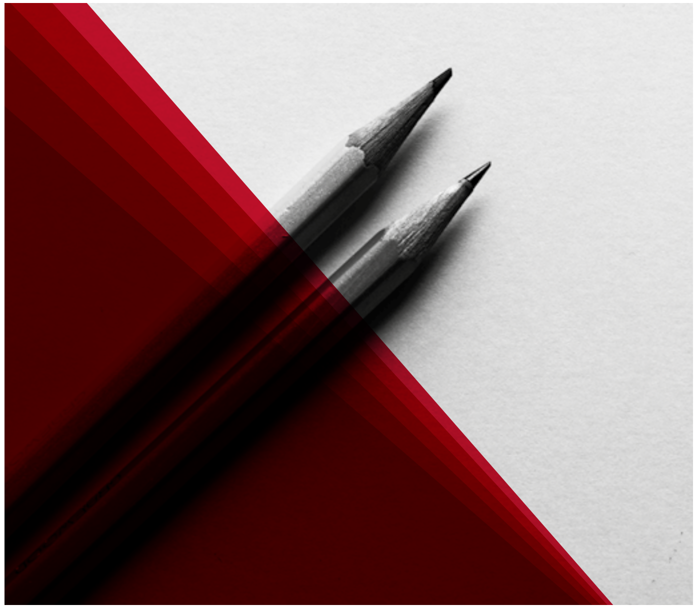
During 2023, we repeated the desk review that was first undertaken in 2022 of our top 30 biggest clients by AUM to confirm our original findings, including the nature of any climate-related commitments and net-zero expectations they had publicly disclosed. This work was overseen by our Head of Business Development, with support provided by sales and distribution colleagues, and helps us better understand and anticipate our clients' fast evolving needs. We anticipate repeating this kind of structured exercise again in the future (timings are yet to be confirmed) but in the meantime will continue to monitor evolution in the expectations of individual clients as we interact through the course of the year.

As regards our approach to working with clients in the management of segregated mandates, terms of engagement are carefully assessed as part of the onboarding process, with a specific review of sustainability requirements and commitments, to ensure that the business is positioned to deliver on any agreement.

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 2023. The assessment related to our positioning as at the end of 2022. 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.



Discussion with the provider of engagement overlay services to at least one of our clients

During the course of 2023, members of our UK Value and Income team commissioned research from Accela Research, an Australian research house focussing on the intersection of finance and climate, in relation to Anglo American plc. The research assessed the company's positioning as regards climate risk management in multiple dimensions.

At the time, Anglo American shares were held in the segregated mandate of a client that had appointed an engagement overlay provider.

As a matter of principle, our team adopts a pro-active approach to the sharing of climate-related research; given the subject matter, and Redwheel's pre-existing involvement in the initiative, our first thought was to approach the group supporting the CA100+ collaborative engagement with Anglo American. This led to us presenting the research to members of the engagement, one of whom was the client's engagement overlay provider. Subsequent conversations ensued between ourselves and the overlay provider on the research and on our views as investors, which has helped to ensure awareness of our respective views and ambitions in relation to the company and so improve outcomes for the client despite us not having a direct relationship. We were honoured also to be asked to join the collaborative engagement group as an investor participant, in light of our constructive contribution to its work despite not having been a member at the time.

Engagement with Tumelo on aligning with asset owner voting preferences

In 2023 conversations continued with Tumelo, a global fintech seeking to 'change the landscape of stewardship and investor voting', culminating in our participation in a private roundtable event to discuss the outlook for pass-through voting. The session sought to understand levels of market demand for pass-through voting and to discuss what an effective response to a significant growth in demand might look like in context. Our Head of Business Development was able to contribute insight both in relation to the demand levels we were observing at the time as well as thoughts on how the relationship between asset owner and asset manager could be impacted as a result of enabling pass-through voting.

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 and our investment teams make to responsible investment. Central within these is our overarching Policy on Responsible Investment, which reflects our enduring commitment to acting as a responsible investor and to the integration of sustainability considerations within investment activity. 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[1].

At the product level, 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. There is however no generalised expectation as to how Redwheel's investment teams should conduct their stewardship activity based on the domicile of the target company although training and updates are provided via the Redwheel Sustainability Forum to ensure that teams are abreast of latest market and regulatory expectations in relation to stewardship.

At the issuer level, the sustainability factors considered material by each of our investment teams can and do vary given 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, whilst all teams integrate sustainability considerations 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 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
- 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 provided 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.

[1] Policies can be accessed via the Redwheel website: https://www.redwheel.com/uk/en/individual/resources/

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 required. 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 engages deeply with European small-cap companies 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 Nissay Japan Focus Fund which again uses governance-focussed engagement to unlock value within the focus universe (Japanese companies), albeit without the team 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 product matrix – expectations within categories

Product category Brief description	**ESG Integrated** Conventionally run investment strategies seeking a desired balance of risk and return, with ESG integration, binding elements, commitment to engagement and greater transparency.	**Enhanced Integration** Conventionally run investment strategies seeking a desired balance of risk and return, with ESG integration, material exclusions, superior to benchmark characteristics, commitment to engagement and greater transparency.	**Transition** Specialist focus investment strategies seeking to identify and actively assist the companies on their transition paths to greater suitability (could be one or a combination of product mix, business model, practices/ processes). Exclusions are less important as emphasis is on engagement and change.	**Sustainable** Investment strategies with demonstrable commitment to sustainability, achieved through allocation to companies contributing to environmental and/or social objectives. A strong and clear position on climate is expected. Commitment to engagement, transparency, and an independent challenge.	
Sub-types				"Solutions"	"Impact"
For EU funds, SFDR Art.	8	8	8	8	9

Convertible Bonds

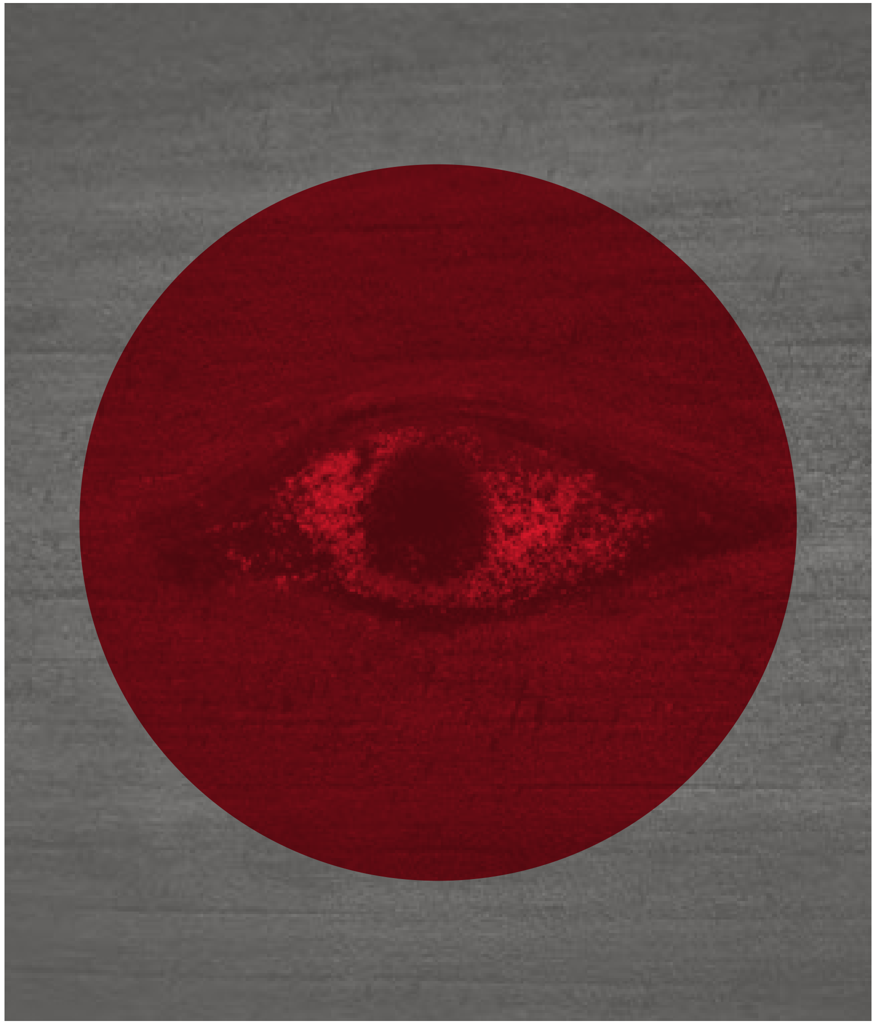
Our convertible bond team's approach to stewardship is somewhat different as compared to the approach followed by our equity teams.

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 strives 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 stewardship best practice 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.



Principle 8
Monitoring managers and service providers

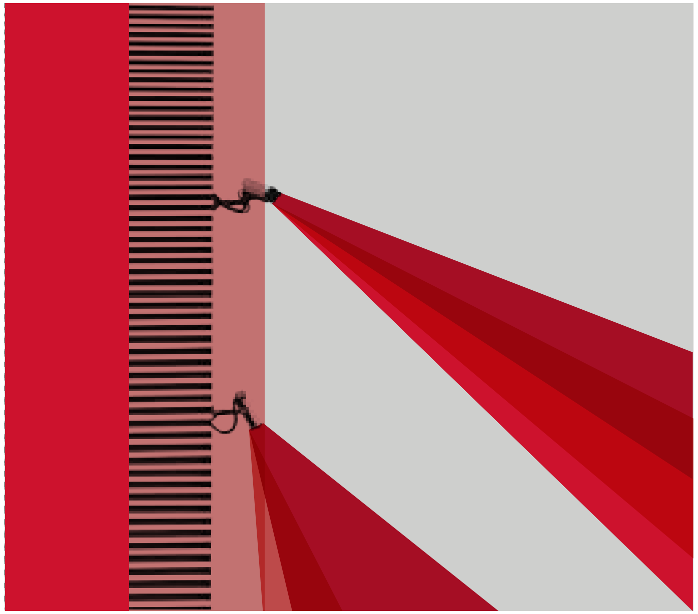
All third-party service providers are subject to constant rolling review. Critical service providers are subject to additional oversight measures.

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

In depth due diligence is conducted before entering a relationship with a new service provider or expanding the service provision of an existing provider. Trials, quality, and utility reviews are a vital aspect of ensuring 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.

Prior to selection, a vendor questionnaire must be completed by the principal service user. This is sent to relevant departments (e.g. Legal, Operations, HR) for input and scrutiny prior to approval. As part of supplier onboarding, third party vendors are asked to sign Redwheel's Supplier Code of Conduct or are assessed by Redwheel on a range of factors including modern slavery statements, carbon footprint management and diversity and inclusion. We plan to further enhance our approach to monitoring vendor progress in these areas over time.

Once appointed, reviews are conducted with key service providers on an annual basis. This involves the completion of a standardised questionnaire by the service provider, with responses collated and reviewed by our Enterprise Risk team as well as designated business owners. Based on these responses, any areas of emerging concern can then be identified and prioritised for attention, 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 worked closely with our ISS account manager over the course of 2023 as part of ensuring the smooth running of proxy voting arrangements, contributing to the annual ISS client roundtable on benchmark policy, holding a service review meeting in the late summer to discuss matters specific to our account, and to hear firsthand about planned enhancements to the research and broader service offering. Redwheel analysts also regularly contacted ISS local market analysts throughout the year, to discuss the research as presented and on occasion challenge the conclusions that had been drawn.

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 our discussions, driven in large part by the ramping pressure on companies to report more data to the market. 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 - is a regular topic of discussion. At the same time, we continue to contribute constructively to the development of the Sustainalytics product offering, with one of our portfolio managers sitting on their newly-formed Advisory Council on Biodiversity.

Across 2023, Redwheel also began to make use of a new dataset provided by SDI-AOP – 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 us 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 us 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, actively contributing to the development of the SDI-AOP sector based frameworks relating to financials.

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[1], our investment teams engage with a view to achieving distinct outcomes. These may include:

- Enhanced disclosure to support price/information discovery (i.e. fact finding to inform investment decisions)
- Gain improved understanding of a company's thinking in relation to specific issues/themes

The nature of the outcome sought informs the objective(s) of an engagement. Objectives could for instance include securing a commitment to take related action or make related changes. 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.

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.

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:

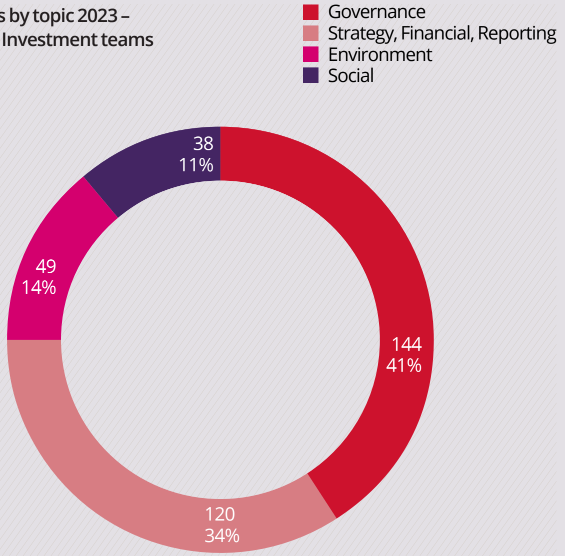
- Our Emerging and Frontier Markets team's ESG analysis forms an integral part of issuer due diligence. Results are summarised within each research report as part of a multifactor assessment. Identification of significant ESG related issues and information gaps occurs early in the process. Where analysis 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 Nissay Japan Focus 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.

[1] https://www.redwheel.com/uk/en/individual/resources/

2023 Engagement overview

Over the course of 2023, the Redwheel equity investment teams managing assets at the time of writing held over 280 meetings with over 120 companies and covering over 350 individual discussion points. The chart below provides an indication of the primary topics that were discussed in 2023 and their prevalence, noting that discussions typically touch on more than one topic.

Engagements by topic 2023 – All Redwheel Investment teams



Source: Redwheel.

The reporting guide produced by the ICSWG[1] continues to provide a helpful framework for segmenting engagements within the four categories of Environmental, Social, Governance, and Strategy.

Using the sub-topics suggested within the guide, analysis of the records maintained by our teams suggests that discussions 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.

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 more 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 are 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.

Different teams continue to focus on specific subtopics. For instance, equity, diversity & inclusion remained a priority for our Emerging and Frontier Market team and so these themes feature particularly prominently within the engagements they undertook in 2023. For many of our teams - but particularly our European Active Ownership and Japan teams - strategy and capital allocation remained a significant theme, providing the key to unlocking deeper dialogue on environmental, social and governance themes and topics.

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

[1] The UK Investment Consultants Sustainability Working Group (ICSWG) Engagement Reporting Guide, November 2023 https://www.icswg-uk.org/resources

Value and Income / Barclays plc / Climate

Reason for engagement

The team have had a long running engagement with Barclays on their climate transition plans, going back to the 2021 AGM. Following in-depth analysis of their updated transition plan in early 2022, the team determined that the detail offered in the company's strategy did not support their high level aims and their desire to align with the Paris Agreement and the stretch goal of 1.5°C.

Barclays had set out three aims:

Aim 1. Achieving net zero emissions. This was flattered due to Covid and use of various synthetic instruments.

Aim 2. Reducing financed emissions. This was undermined by carve-outs and exemptions.

Aim 3. Financing the transition. This was flattered through backdated start date, and by the fact that committed impact capital was not financially meaningful.

In the team's view, as a large lender to the fossil fuel sector, Barclays will increasingly come under pressure to manage these exposures in a way that supports society's energy transition and avoids possible future impairments of loans made to carbon intensive companies. The bank also needs to be cognisant of changing customer preferences, regulations and capital flows and be mindful not to risk the accusation of greenwashing through their products or through their transition plans. Failure to manage these challenges properly may undermine the profitability of the company, thus the valuation of the company. It will also mean the company remains not aligned with the goals of the Paris Agreement.

Scope & Process

Ahead of the 2022 AGM vote, the team had written to the Barclays' Chair, setting out why the team came to the decision to vote against the company's climate strategy, and seeking further engagement on the issue. In the letter, the team encouraged Barclays to continue developing its transition plan. At the same time, the team shared its analysis of Barclays transition plan with 35% of the shareholder register, ShareAction and IIGCC, and publicly announced its position ahead of the vote.

Post AGM the team received a letter from Barclays, leading to a meeting with the Barclays Sustainability Team, followed by a meeting with the Chair as part of which the team presented its views on Barclays' climate strategy. Barclays sustainability team and company secretary followed up after the meeting, requesting a copy of the the team's presentation to the Chair.

Outcome

In Q1 2023 the team took part in a group call with Barclays as part of an "ESG update". Updates to Barclays' climate plans were announced which substantially addressed the issues the team had with the original plan:

Aim 1. There is a greater focus on actual reduction of emissions (focusing on their EV fleet, PPAs, reduced travel, reduced energy consumption), rather than buying energy attribute certificates and offsets.

Aim 2. Barclays have aligned the thermal coal power generation policy in the US with that of Europe and the rest of the OECD, and effectively ceased lending to oil sands.

Aim 3. Barclays are increasing their sustainable financing to $1 trillion and increased their Impact Capital Programme funding from £150m to £500m.

On their green mortgages, Barclays have shifted to much more humble 'piloting' language as they attempt to understand homeowner behaviour and thus learn how to drive real decarbonisation of residential property. They have also established a Board Sustainability Committee, a welcome development and a sign of the increasing commitment of the bank to improve on their climate plans and sustainability credentials more broadly.

Barclays acknowledged our important contribution, including our detailed analysis of their transition plans and remarked the many engagements the team had had with the company.

Following the engagement, the team now have regular meetings with the chairman, management and the sustainability team, at their request, through which constructive feedback on evolution in both the company's plans and market expectations is provided.

Value and Income / Centrica plc / Climate

Reason for engagement

Centrica (the parent of British Gas) is an energy supplier, owns upstream assets and a stake in the UK nuclear fleet, and has an energy marketing and trading business. The company has had a very difficult time over the last decade, with an unstable regulatory regime, political interference in the energy market and strategic mistakes resulting in dividend cuts and share price declines. Our analysis indicates that the transition to a low carbon economy will represent a material issue for the company, as will how to move its carbon intensive businesses and how to navigate the difficult regulatory and political risk attached to the transition.

The transition plan published by Centrica in 2022 was a major advance on its previous position. However, there is further work to do (1) to ensure the company is managing the transition risk effectively, (2) to reduce its large carbon footprint and (3) to ensure its work is recognised by the market.

The aim of the team's engagement has been to present to Centrica the challenges faced by investors, the importance of frameworks used by investors to assess net zero alignment, and the challenges investors face in assessing businesses like Centrica and applying these frameworks to them given the presence of multiple business lines.

Scope & process

The team's engagement with the company on its transition first started in 2020 but it was not until 2022 that the team shared with the company its in-depth analysis of where the company was seen to have come from, where it was then, and where it needed to go. It was later that year that a much improved plan emerged, albeit still with room for improvement.

In the autumn of 2022, a member of the team was invited to become a co-lead on the ClimateAction100+ collaborative engagement with Centrica. Joining the collaboration with Centrica having just published a revisedin climate transition plan marked a new phase in the team's engagement with the company.

In 2022, on a bilateral basis, the team met with Centrica's Chair, Centrica's Group Head of Environment and Centrica's CEO. Meetings of the CA100+ group began to take place in parallel.

In 2023 the combination of bilateral and collaborative engagements saw team representatives meet with Centrica in eight separate interactions, including in person meetings and video meetings. As part of the CA100+ engagement, the team met with Centrica's Group Head of Environment to walk him through an external report on Centrica that the team had commissioned with the other CA100+ engagement co-leads. Problems with the current plan were explained and the lack of detail on levers for driving decarbonisation was highlighted. The team also met with the CEO individually, and again alongside the CA100+ engagement co-leads.

These interactions have led to workshops with Centrica's Environment Strategy Team involving a deep dive into assessing emission disclosures, alignment benchmarks and decarbonisation strategies.

In addition, Redwheel, along with several other investors, corporates, industry associations and consumer groups came together to encourage the government to include a net zero mandate for the Office of Gas and Electricity Markets (Ofgem) in the Energy Bill. We also wrote with our co-leads to OFGEM on "the importance of enabling an acceleration of renewable energy capacity connections for companies to achieve necessary progress towards the net zero by 2050 target."

Outcome

Centrica is an example of a deep engagement directly with a company, which deepened further via a collaboration.

The team's overall objective has been to improve Centrica's climate transition plans, bringing them into Paris alignment where possible. The team sees this as a multi-year engagement, and will be able to determine a measure of progress when the next update to the Climate Transition Plan is published in 2025.

However, the objective to have Centrica deeply and genuinely engage on related matters has been achieved. The team was instrumental in asking for CA100+ to be included in a more in-depth discussion on the development of Centrica's transition plan and disclosures, where CA100+ members could help inform an outcome that a wide group of investors wish to see. This request was taken very positively by the Centrica CEO and we have now participated in two deep-dive workshops in early 2024, with more to follow.

Emerging and Frontier Markets Team / Reliance Industries / Climate

Redwheel is co-lead of the ClimateAction100+ collaborative engagement with Reliance Industries (the largest Indian conglomerate). We met the company in India during September 2023 as part of our ongoing engagement, to learn more about progress in its climate solution segment, its strategies relating to solar photovoltaics and batteries, and the status of plans to start building a fifth gigafactory to supply components to support the energy transition. We also spoke about the company's overall decarbonisation strategy, as part of which we were able to advise the company of the upcoming release of the final results of the assessment being undertaken by the Transition Pathway Initiative/ FTSE Russell.

Following publication, we requested a call with the Transition Pathway Initiative to discuss the Reliance Industries assessment in more specific detail, enabling us to adapt the CA100+ collaborative engagement plan. With Reliance Industries now producing TCFD-aligned reporting, and with the company having already identified a number of actions and investments which it intends to undertake to reach its emissions reduction targets, focus has now been shifted towards alignment of capex to decarbonisation goals and disclosure relating to delivery of the decarbonisation strategy.

Emerging and Frontier Markets Team / Energean plc / Climate and Business Strategy

Energean is an oil & gas company with key producing assets spread around the Mediterranean. We spoke to the company early in Q3 to gain insights on how it is managing feedback from shareholders on executive remuneration, following high dissent on remuneration policy proposals at both the 2022 and 2023 AGMs, as well as to re-engage on climate strategy. Given the company had reached several milestones especially the startup of their main flagship project, management gave a satisfactory explanation on the previous year remuneration package. The company also made a commitment that it would conduct consultations with shareholders before making future remuneration proposals. With respect to climate strategy, the company already has a Climate Change Policy and provides extensive disclosure of climate-related risks and mitigation as well as its pathway to net-zero. Conversations were framed with respect to the CA100+ Net Zero Company Benchmark which the team commonly uses in its engagement on climate change, despite the fact that ClimateAction100+ is not currently focussing on the company.

Following the escalation of hostilities between Israel and Hamas, given that some company assets are located in the Eastern Mediterranean conversations later in the year turned towards resilience of the business strategy. Management appeared to be confident in the security of their operations, increasing gas production to meet key clients' demand. The company also confirmed that climate commitments remained unchanged; a self-assessment based on CA100+ Net Zero Company Benchmark had been completed, as per our previous request. We noted also that a consultation on executive remuneration had been launched. In a call with the Chair of the Remuneration Committee, we encouraged the Board to develop a more structured approach to the treatment of "windfall gains" which had come under scrutiny at the previous AGM.

Emerging and Frontier Markets Team / First Quantum Minerals Ltd / Governance

First Quantum Minerals is a copper miner with key producing assets in Zambia and Panama including Cobre Panama which is estimated to contribute approximately 5% of Panama's GDP and to employ 40,000 people directly and indirectly. The company has faced multiple headwinds recently. Following re-negotiation of the concession granted to First Quantum Minerals in Panama, and in advance of Panamanian elections scheduled for May 2024, protests broke out leading to blockades, vandalism, and clashes between protesters and police. In response, Panama's President Laurentino Cortizo proposed a referendum on the mine to help calm tensions. Although that was ruled out shortly afterwards, Panama's Supreme Court then declared the legislation granting the 20-year concession over Cobre Panama mine to be unconstitutional and as a consequence the government ordered closure of the mine.

Recognising its responsibility for its employees, First Quantum Minerals - who had invested more than USD10bn to develop the mine and adjacent infrastructure – subsequently commenced multiple arbitration proceedings, including under the Canada-Panama Free Trade Agreement, to protect its investments and rights.

Throughout the period, the team has remained in close dialogue with senior management on the issues of business continuity and labour relations. From these multiple contacts, the team believes that the company is in a strong position to initiate a public campaign highlighting its contribution to local communities as well as its commitment to environmental conservation and future investment in Panama. The team expects to see a more proactive public relations approach, along with a dynamic response to the challenges presented by recent events, ahead of the May 2024 Panamanian elections.

Emerging and Frontier Markets Team / Hochschild Mining plc / Remuneration and Succession Planning

During 2023, the team requested a call with Peru's Hochschild Mining to discuss the Board's position with respect to succession planning for the incumbent Chair, Eduardo Hochschild, as well as revisions to the Company's Remuneration Policy.

Whilst Mr Hochschild was considered to have demonstrated sound judgement and to have provided constructive leadership across his long tenure, the team believed nonetheless that a defined succession plan needed to be prepared and disclosed. The team spoke to the Senior Independent Director & Chair of the Remuneration Committee, as well as the Chair of the Sustainability Committee, who confirmed that a succession plan exists for every senior executive and board member; however, these are not disclosed and a format and timeline for disclosures is yet to be determined.

Regarding remuneration, with the approval of the Environmental Impact Assessment for the Inmaculada gold-silver mine and the promotion of the current COO to the position of CEO, the team sought to understand the company's views on the scope for amendment to the current approach firstly to reflect new production targets and secondly to encourage greater focus on shareholder returns (e.g. through adoption of a long-term incentive plan that awards shares-in place of cash). While there was no commitment from the Chair of the Remuneration Committee to make significant changes, he reiterated that LTIP metrics will be revised and that the viability of using shares is under consideration.

Global Equity Income / Industria de Diseño Textil, S.A. (Inditex) / Human rights

During the year, the team spoke with Spanish fashion retailer Inditex. The engagement originated from work undertaken in collaboration with Greenwheel to review human rights risks within team's holdings, using the Greenwheel Human Rights Framework to establish the human rights risks associated with investments, identify actions that if taken should help to resolve these risks, assess the probability of success of those actions, and determine the most appropriate framework to use to monitor success.

Use of the framework in practice helped determine the agenda for a one on one meeting with the company regarding its processes for assessing and monitoring risk in its supply chain. The resultant conversation provided insight into the four stages Inditex applies in assessing supply chain risks, and helped uncover detail of its work in this area – for example, the team learned that 20% of Inditex suppliers fail unannounced site visit checks. The Team was also able to recommend that disclosures could be enhanced by highlighting differentiation of the company's approach by territory, and through the inclusion of examples of the lessons the company is learning from the identification of supply chain issues. This information helped the team to contextualise the company's expenditure on IT systems in light of its goals to assess, monitor and correct human rights issues throughout the whole supply chain (representing 1,729 suppliers across 8,271 factories, employing 3m people). This in turn helped the Team to develop models of the potential cost impact to Inditex from addressing its main sustainability challenges and to establish milestones to use in monitoring progress which then provides the agenda for future engagement.

Nissay Japan Focus

For our Japan fund, 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:

Asahi Intecc: Improved financial disclosures, and announced the introduction of a 10% target for return on invested capital (ROIC).

Astellas Pharmaceutical: Announced repurchase of 1.6% of outstanding shares, to be followed by cancellation once the buyback is completed.

Chiba Bank: Communicated an intention to lift the payout ratio from 35% to 40%, driving towards a 50% total payout ratio (reflecting dividends and share buybacks) in the medium to long term.

Cosmos Pharmaceutical: Declared an increase in the dividend, lifting payout ratio from 14% in the first half of the year to 20% (full year).

Kansai Paint: Announced a partial resolution of its cross-shareholdings (leading to a ¥30 billion realised gain) and an intention to make regular share buybacks.

Olympus: Announced the repurchase of 4.4% of outstanding shares.

Osaka Gas: Announced a share buyback (¥200b.) for the first time in 10 years.

Renesas Electronics: Announced a tender offer for 2.2% of the outstanding shares.

T&D Holdings : Outlined a new capital policy, to incorporate buybacks

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 2023 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.

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.

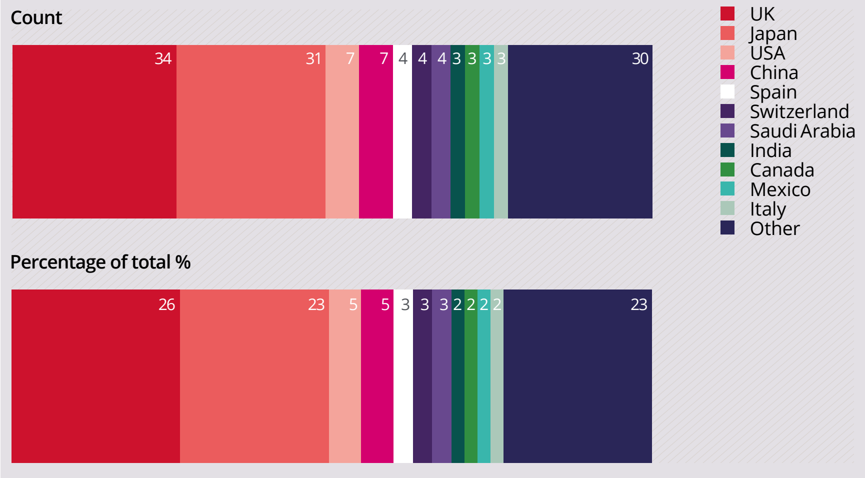
For Redwheel's European Active Ownership and Japan Focus teams however, stewardship and shareholder engagement sit at the core of the respective investment strategies. As discussed in more detail under Principle 3, the European Active Ownershipteam conduct 'deep engagement' with strong and active focus 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[1].

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[2]. More detail on the team's approach is provided overleaf.

Substantive engagements by country

Of the companies in respect of which engagement was conducted by Redwheel investment teams in 2023, the majority were companies listed in the UK.

Country	Count	Percentage of total
UK	34	26%
Japan	31	23%
USA	7	5%
China	7	5%
Spain	4	3%
Switzerland	4	3%
Saudi Arabia	4	3%
India	3	2%
Canada	3	2%
Mexico	3	2%
Italy	3	2%
Other	30	23%



1 The Stewardship Report produced by Nissay Asset Management is available at: https://www.nam.co.jp/english/responsibleinvestor/pdf/ssreport.pdf

2 Investment Association Improving Fixed Income Stewardship, November 2022 https://www.theia.org/sites/default/files/2022-11/IA%20Report%20-%20Improving%20Fixed%20Income%20Stewardship.pdf

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.

During 2023 the team had substantive interactions with five issuers: Total, Voltalia, Iberdrola, Prysmian and Saipem. Discussion points included decarbonisation of legacy operations, renewable energy projects, SDG alignment, sustainability KPIs (including linked remuneration) and governance matters such as the issues inherent in having a combined Chair/CEO.

In addition, a member of the team attended the 2023 Responsible Asset Owners Global Symposium in London, to take part in discussions relating to policy, company ESG assessment and reporting, and to engage with and hear from industry peers and experts.

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.

Going forwards, we intend to leverage our investment in the SI-Engage platform to enable teams to record predefined milestones for engagement and their success in delivering against these. Work has continued during the course of the year to capture feedback from teams (i.e. the user perspective) as to how the platform should operate and how analysis of activity should be structured. As we continue to move away from the Proof of Concept phase and through the development phase, these inputs will help us to build a key foundation for future stewardship work; one that can help us generate insightful information that demonstrates to clients how stewardship is being delivered in practice, driven by robust and auditable data and with oversight of stewardship activity and the platform itself provided by our Head of Stewardship on a dedicated basis.

List of companies with whom Redwheel investment teams engaged across 2023

ACERINOX SA	COSMOS PHARM	INTERGLOBE AVIATION
AIRTEL AFRICA	CURRYS PLC	INTERNATIONAL DISTRIBUTIONS SERVICES
AKASTOR ASA	DAIFUKU CO LTD	ITV PLC
ALPHAWAVE IP GROUP PLC	DEXERIALS CORP	JIANGXI COPPER
ALUMINIUM BAHRAIN	DINO POLSKA	KANSAI PAINT
ANGLO AMERICAN PLC	EASYJET PLC	KASPI.KZ
ANTA SPORTS	ELECTROMAGNETIC GEOSERVICES	KERING
APPLUS SERVICES SA	ENDEAVOUR MINING	KINGFISHER PLC
ASAHI INTECC CO LTD	ENERGEAN	KONINKLIJKE PHILIPS NV
ASCENTIAL PLC	ESSENTRA PLC	KOSAIDO HOLDINGS CO LTD
ASTELLAS PHARMA INC	FANCL CORP	LASERTEC CORP
AVIVA PLC	FIRST PACIFIC	LAUREATE EDUCATION
BAIDU	FIRST QUANTUM MINERALS	LITHIUM AMERICAS
BANK OF GEORGIA	FORTERRA PLC	LIVANOVA PLC
BARCLAYS PLC	FUJIFILM HOLDINGS CORP	LIZHONG SITONG LIGHT ALLOY
BARRICK GOLD CORP	FULL TRUCK ALLIANCE	M3 INC
BIM	GLANBIA PLC	MARKS AND SPENCER GROUP PLC
BLOOMBERRY RESORTS CORP	GMO PAYMENT GATE	MEDIKALOKA HERMINA
BP PLC	GOLD FIELDS	MERCK & CO. INC.
BRIXMOR PROPERTY GROUP INC	GRAN TIERRA ENERGY	MILBON CO LTD
BT GROUP PLC	GRUMA SAB	MIURA CO LTD
CAPITA PLC	HITACHI ZOSEN CORP	MONOTARO CO LTD
CEMEX	HOA PHAT GROUP	MTN GROUP
CENTRICA PLC	HOCHSCHILD MINING	NATWEST GROUP PLC
CHIBA BANK LTD	HONDA MOTOR CO LTD	NEXT PLC
COATS GROUP PLC	HP INC	NIHON M&A CENTER
COMPAGNIIE FINANCIERE RICHEMONT	IBIDEN CO LTD	NOVARTIS AG
CORBION NV	INDUSTRIA DE DISENO TEXTIL	OLYMPUS CORP

Source: Redwheel

OMNICOM GROUP	ROHM CO LTD	T&D HOLDINGS INC
ONE 97 COMMUNICATIONS	ROHM COMPANY LTD	TAPESTRY INC
OSAKA GAS CO LTD	SAMSUNG ELECTRONICS	TBC BANK GROUP
OSAKA SODA CO LTD	SANOFI-AVENTIS	TELECOM PLUS PLC
PEARSON PLC	SAUDI NATIONAL BANK	TENCENT HOLDINGS
PETROLEO BRASILEIRO	SAVANNAH ENERGY	TOTAL ENERGIES SE
PHARMA MAR SA	SEPLAT ENERGY	TRIBAL GROUP PLC
PHILIP MORRIS	SHELL PLC	TULLOW OIL
POLYPEPTIDE GROUP AG	SKY PERFECT JSAT HOLDINGS	VALE
RAKUS CO LTD	SOLAR A/S	VESTA REAL ESTATE CORPORATION
RELIANCE INDUSTRIES	SPHERA FRANCHISE	YAKULT HONSHA CO
RELO GROUP INC	SSI SECURITIES	
RENESAS ELECTRONICS CORP	STANDARD CHARTERED PLC	

Source: Redwheel

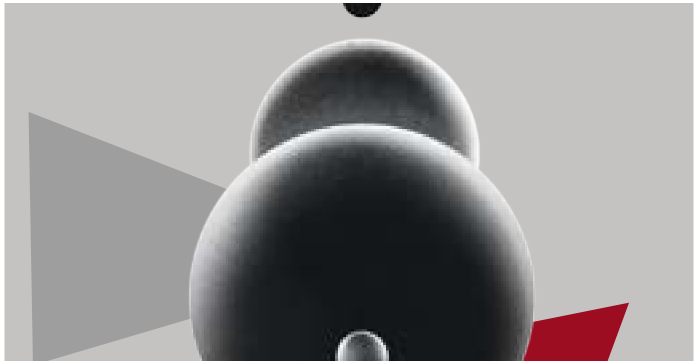
The names shown above are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations or advice. No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment.

Principle 10
Collaboration

Collaboration is considered and used when appropriate.

While direct engagement is generally the preferred approach of Redwheel 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 collaborate 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. For instance, we were in repeated contact with the Investor Forum over the course of 2023 in relation to one of our UK holdings, in hope that it might be possible to catalyse a collaborative engagement. However, despite repeated outreach by the Investor Forum to its membership base to flag the underlying issues, it was not possible to secure the weight of support needed to advance to launch of a collaborative engagement and, as such, no collaborative engagement on that issue took place.



Details on some of the most prominent collaborative engagement initiatives in which we took part in 2023 are provided below.

ClimateAction100+

In March 2021 Redwheel joined ClimateAction100+. In our initial involvement with the initiative, our focus was to support the engagements being undertaken with two companies: Reliance Industries, and Shell.

Over time, we have looked to expand our involvement and are now actively involved in the work of four further engagement groups including those focussing on Samsung Electronics, Petrobras, Anglo American (where we have been welcomed as a member participant following pro-active outreach to share research thoughts and to stimulate debate on the company's positioning) and Centrica (which we are now co-leading).

Together with the other co-lead of the Centrica engagement, we have helped to develop an effective partnership with the company. Working together, we were also able to secure Centrica's signature on a letter sent by investors (and including many members of the CA100+ Centrica engagement) to the UK's Minister for Energy Security and Net Zero encouraging amendment to the mandate provided by His Majesty's Government to the UK energy regulator, OFGEM, an organisation for which the minister's department had an oversight responsibility. On behalf of the CA100+ group, the co-leads also wrote to OFGEM later in the year to underscore the points already made to the minister, subsequent to the minister in question moving post within government. Amendment to OFGEM's mandate, to better reflect government ambition in relation to becoming a net-zero economy, was announced In November.

Detail on the CA100+ initiative, its goals, and a list of target companies are available at:

https://www.climateaction100.org/

Redwheel participation in NatureAction100 (NA100)

In 2023 Redwheel became a supporter of the NatureAction100, an initiative launched to help develop a benchmark of current corporate practices relating to biodiversity and to promote understanding amongst target companies of the significance of biodiversity as a systemic risk factor. The initiative launched in Autumn 2023, with collaborative engagement groups formalised towards the end of the year, assigned to target companies all of whom had been identified for inclusion via a multi-factor assessment process. Redwheel is actively involved in shaping the work of three of these collaborative engagement groups, and is currently helping to develop engagement agendas for use in meetings with target companies. This work is still very much in a formative stage but as the situation develops, we hope to be able to say more on the companies with whom we are engaging and the subject matter of those engagements.

Detail on the NA100 initiative, the "investor expectations" that are being used to underpin development of the benchmark, and a list of target companies are available at:

https://www.natureaction100.org/

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 pandemic, yet demand shows little sign of slowing given the emphasis placed on technological solutions to help the world achieve its decarbonization 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: As mentioned in our last report, the issue of improperly sourced minerals and the associated human rights abuses within the semiconductor supply chain is considered by the investor leads to be more severe than first anticipated. It is considered likely that this programme of work will need to persist over multiple years. Recognising the potential benefits from working with others in this space, across 2023 the investor leads engaged with the Responsible Minerals Initiative (RMI) regarding the potential to establish formalized working relationships with the investment community. Additional to this, the leads have engaged with over twenty target companies on the issue of mineral traceability. Guidelines have also been developed to help shape future engagement with companies in the semiconductor supply chain. Looking forwards, it is hoped that the membership of the engagement can be further enlarged to help build close constructive relationships with target companies and other relevant stakeholders.

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. The objective of the 2023 edition of the VAS campaign was to target 29 FTSE 350 companies whose modern slavery reporting was identified as failing to meet disclosure requirements under the Act. The campaign was supported by 131 investors with £8.1 trillion in AUM.

Outcome: As at the end of December 2023, 27 of the 29 companies targeted by the initiative had moved into compliance with s54 of the Act. Redwheel first joined the initiative in February 2022 and by the time of relevant 2023 AGMs, all targeted companies that were held by Redwheel had moved or had committed to move into compliance with the Act.

Redwheel participation in 2023's CDP Non-Disclosure Campaign (NDC)

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

Outcome: In a change to the previous format, the 2023 edition of the campaign 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 1,590 companies, signed by 288 financial institutions including Redwheel. Response rate was strong, with 20% of targeted companies now engaging with CDP.

A full summary of the results of the 2023 campaign is available at: https://www.cdp.net/en/investor/engage-with-companies/non-disclosure-campaign

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 our attempts to engage are ignored or rebuffed, or we believe management's response has been ineffective, we 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

European Active Ownership / Hyve Group

Issue: Hyve Group is a UK-based provider of exhibition and conferencing services. In the first quarter of 2023, a bid for Hyve Group was announced by Providence Equity Partners, a private equity firm. The offer as presented to shareholders was 108p cash per share, which followed a preliminary offer from Providence of 105p per share. The Hyve board had commended shareholders to accept the enhanced offer.

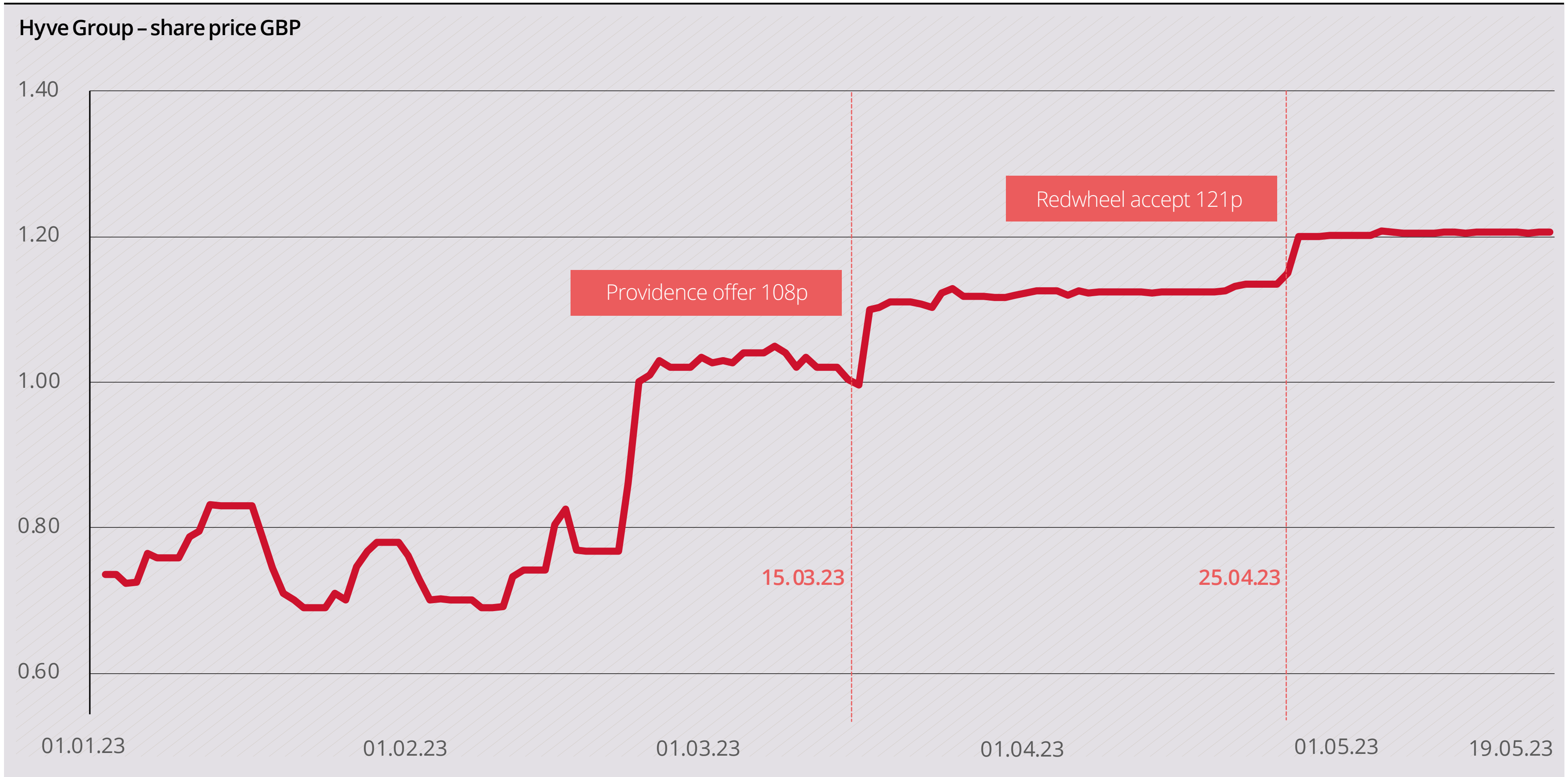
At the time of the announcement, Redwheel held around 11.6% of outstanding share capital, and was positive about medium prospects for the company. In the team's view, 108p per share materially undervalued the company, on the basis that it failed to appreciate the positive benefits of recent acquisitions, and the steady progress towards revenue, growth and operating margin goals. As such, we believed that it would be in our clients' interests for us to seek further uplift to the offer.

Action: Following the announcement, we spoke with Richard Last, Chair of Hyve Group, and Mark Shashoua, CEO, to discuss the details of the offer and to provide our views directly. We requested that the board look to secure a price that better incorporated the ongoing profit recovery of the company post-pandemic, as well as the expected growth in the upcoming financial year.

In parallel, we also spoke with several other long-term shareholders in the company, who all appeared to hold views similar to ours, that the offer materially undervalued the company. We also spoke to a number of the merger arbitrage funds that had bought in at 108p after the bid was announced, and met with Providence (and its partner Searchlight) to reiterate that in our view the offer could not be considered acceptable.

To underscore our dissatisfaction with the offer and to highlight to relevant stakeholders our desire to see it improved, we also issued a press release, acknowledging the offer and explaining that in our view the company remained still in the early stages of recovering from the pandemic, that it had at the time attractive mid-term growth and profitability opportunities which we believed would deliver significant shareholder value, that the offer undervalued this value potential, and that on this basis we would not be voting in favour of the offer. In the wake of us issuing the press release, a member of the team was quoted in the Financial Times, alongside other Hyve shareholders, regarding our desire to see the offer improved.

Outcome: With the deadline for seeking approval of the offer approaching and still lacking support from shareholders, Providence and Searchlight raised their offer to 121p per share. We considered the revised offer and reached the conclusion that this was acceptable, confirming our support to the company via a non-binding Letter of Intent. The offer we accepted represented a 40.7% premium to the 20 February 2023 closing share price (the last business day prior to the commencement of the offer period) and a 12% improvement on the original offer.



Source: Bloomberg

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.

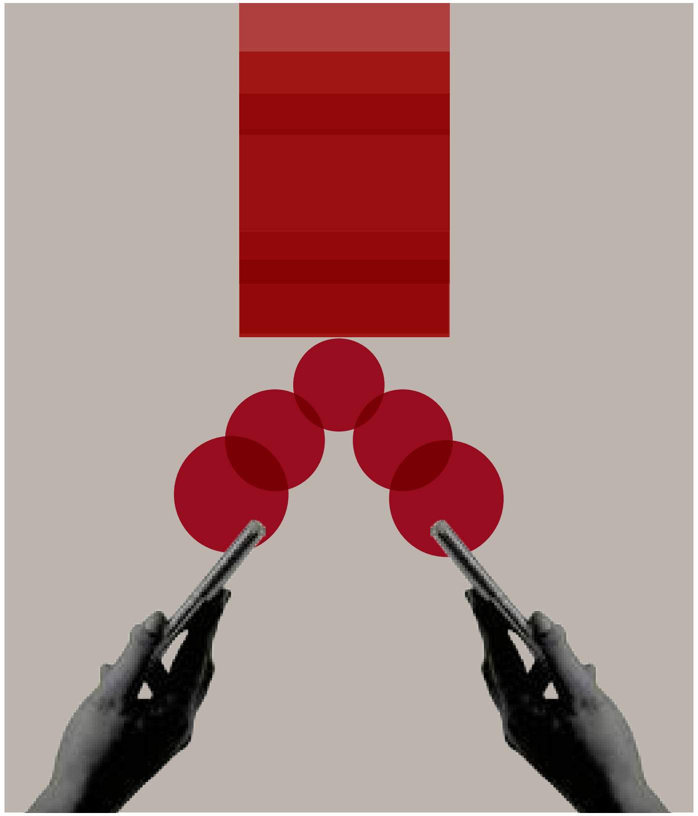
We maximise the number of ballots we vote by requiring our custodians to send both ballots and holdings to our proxy voting partner ISS; by sending holdings data, not only are our investment teams able to reconcile their records on the number of shares held at the relevant record date with the records 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; in 2023, we voted at over 99% of meetings, reflecting over 99.9% of shares eligible for voting.

Despite our aim, shareblocking and the need to address other local market technicalities (including the filing of authorised powers of attorney) can occasionally frustrate our ability to participate in the voting process. As a consequence of such technicalities arising, we were not able to register votes successfully at 3 meetings in 2023 (0.7% 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 one case, a meeting-specific power of attorney was requested very late in proceedings; in another, a failure in the custody chain saw the issuance of replacement vote instructions void our original instructions without replacement taking place; and in the third, the issuance of replacement ballots by the ballot distributor only after the deadline for submitting instructions electronically meant that our original instructions were wiped.

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[1]. 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. 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 teams may hold securities issued by a common issuer, it is possible – albeit 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 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 meeting to explore options to align vote intentions and if necessary record any irreconcilable disagreements.

A statistical review of voting across 2023 follows for those meetings where we were able to vote, in respect of which votes were cast identically across all ballots.

Full records of our voting activity going back to 1 January 2021 are also now available for inspection via our website[2].

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

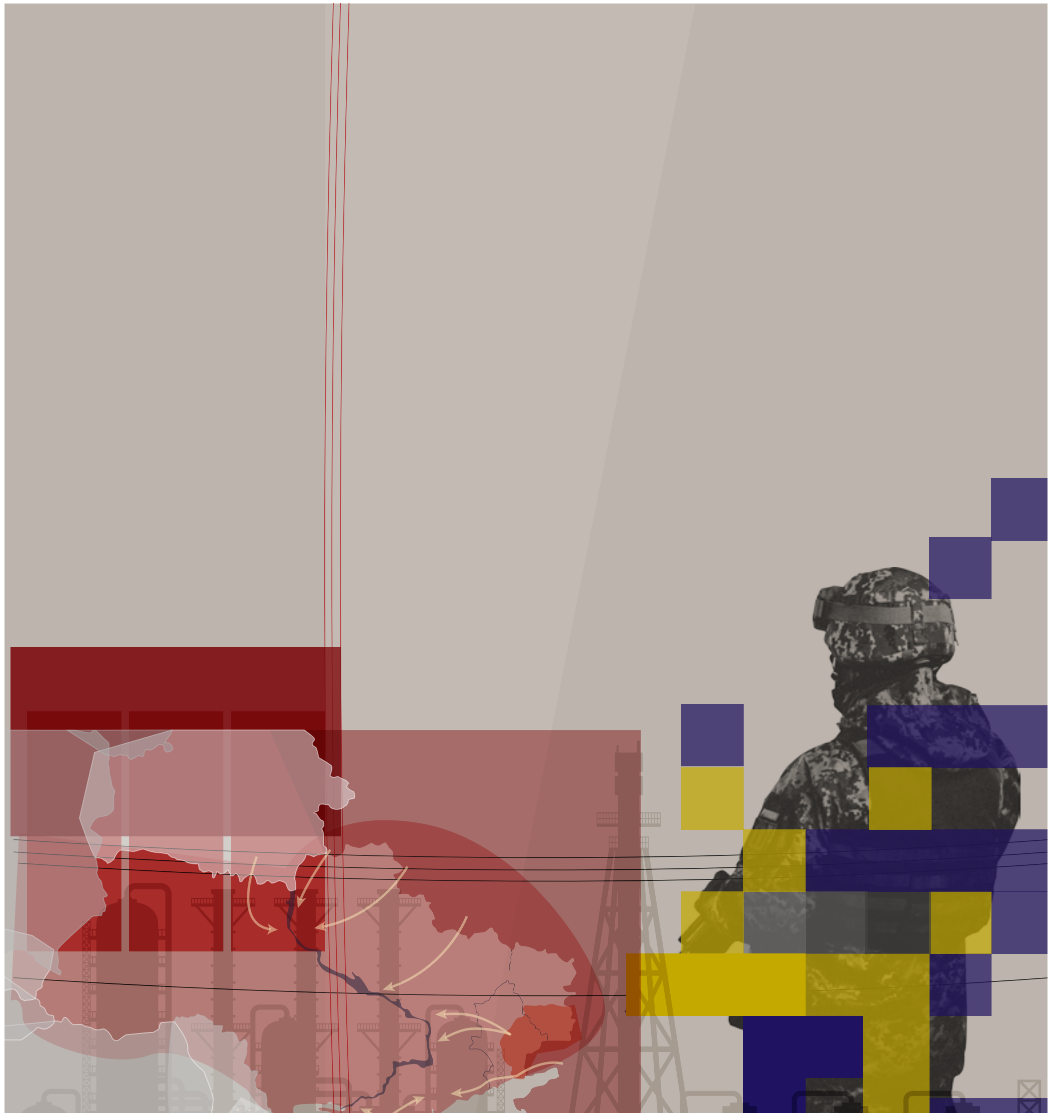
Within our approach to stewardship, we do not have a specific approach to: seeking amendments to terms and conditions in indentures or contracts; seeking access to information provided in trust deeds; to impairment rights; or reviewing prospectus and transaction documents. Prospectus documents are reviewed 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.

1 https://www.issgovernance.com/file/policy/active/specialty/Climate-International-Voting-Guidelines.pdf
2 https://www.redwheel.com/uk/en/individual/sustainability/



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 2023, and having consulted with our trade association the Investment Association, this approach remains in force.

Statistical review of proxy voting:
Calendar year 2023

Table 1 – Meeting level

Number of meetings voted	425	
Number of meetings voted with management	242	56.94%
At least one vote against management	183	43.06%
Number of meetings voted with policy	307	72.24%
At least one policy override	118	27.76%

Table 2 – Proposal level – management proposals, by type

Policy recommendation	For/Refer				Abstain		Withhold		Against			One Year		
Redwheel vote	For	Abstain	Withhold	Against	For	Abstain	For	Withhold	For	Abstain	Against	**One Year**	**Total**	**%**
Audit Related	323	0	0	0	0	0	0	0	3	0	4	0	330	6.17
Capitalization	493	0	0	0	0	0	0	0	10	0	56	0	559	10.46
Company Articles	125	0	0	0	0	0	0	0	1	0	24	0	150	2.81
Compensation	472	1	0	8	0	1	0	0	37	1	94	44	658	12.31
Director Election	1762	0	2	12	4	21	4	17	103	2	88	0	2015	37.69
Director Related	308	0	0	0	0	11	0	0	14	0	41	0	374	7.00
E&S Blended	10	0	0	0	0	0	0	0	1	0	0	0	11	0.21
Environmental	4	0	0	0	0	0	0	0	2	0	0	0	6	0.11
Miscellaneous	35	0	0	2	0	0	0	0	1	0	6	0	44	0.82
No Research	0	1	0	0	0	0	0	0	0	0	0	0	10	0.19
Non-Routine Business	242	0	0	0	0	0	0	0	0	0	8	0	250	4.68
Routine Business	715	0	0	1	0	0	0	0	10	0	46	0	772	14.44
Social	35	0	0	0	0	0	0	0	0	0	6	0	41	0.77
Strategic Transactions	60	0	0	1	0	0	0	0	5	0	16	0	82	1.53
Takeover Related	51	0	0	2	0	0	0	0	0	0	0	0	53	0.99
Grand Total	**4635**	**2**	**2**	**26**	**4**	**33**	**4**	**17**	**187**	**3**	**389**	**44**	**5346**	**100**

For
Abstain
Withhold
Against

Source: Redwheel

Table 3 – Proposal level – shareholder proposals, by type

Policy recommendation	For			Against			
Redwheel vote	For	Abstain	Against	For	Against	Total	%
Audit Related	7	0	0	0	3	10	6.94
Capitalization	1	0	0	0	0	1	0.69
Company Articles	0	0	1	0	1	2	1.39
Compensation	3	1	1	0	2	7	4.86
Corporate Governance	1	0	1	0	0	2	1.39
Director Election	8	0	1	1	2	12	8.33
Director Related	14	0	2	1	1	18	12.50
E&S Blended	2	0	1	0	13	16	11.11
Environmental	6	0	8	0	0	14	9.72
Miscellaneous	1	0	0	0	17	18	12.50
Non-Routine Business	1	0	0	0	0	1	0.69
Social	18	0	13	0	12	43	29.86
Grand Total	**62**	**1**	**28**	**2**	**51**	**144**	**100**

- For
- Abstain
- Withhold
- Against

Table 4 – Management Proposals – Votes against policy recommendation

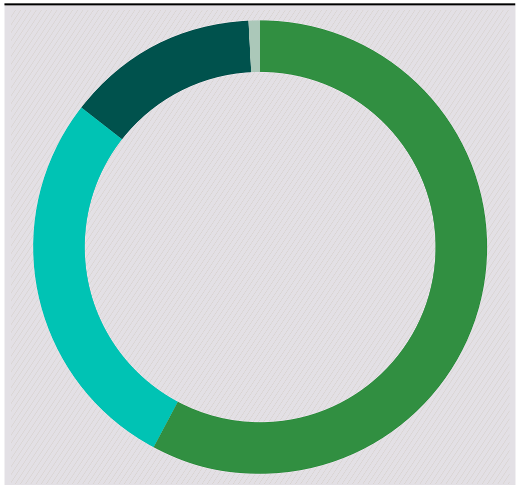
Vote cast	# where policy recommendation was not followed	# where policy recommendation was followed	% overruled within category
For	195	4635	4.04
Abstain	4	34	10.53
Withhold	2	17	10.53
Against	24	391	5.78
One Year	0	44	0.00
Total	**225**	**5121**	**4.39**

Source: Redwheel

Table 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	62	3.13
Abstain	1	0	100.00
Against	28	51	35.44
Total	**31**	**113**	**21.53**

Table 6 – Meetings by region



Market	#meetings	% of total meetings voted
Developed	246	57.88%
Emerging	118	27.76%
Frontier	58	13.65%
Other	3	0.71%

Source: Redwheel

Table 7 – Significant votes

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	Item	Proposal	Rationale	Vote Cast	Outcome
Eni SpA	5.1	Slate Submitted by Ministry of Economy and Finance	Prefer to concentrate votes on minority shareholder nominees	For	Pass
National Atomic Company Kazatomprom JSC	5	Approve Changes to Composition of Board of Directors	Support efforts to improve governance	For	Pass
Alphawave IP Group Plc	6	Re-elect Jan Frykhammar as Director	Overboarding	Abstain	Pass
Barrick Gold Corporation	1.3	Elect Director Gustavo A. Cisneros	Board tenure	Withhold	Pass
Barrick Gold Corporation	1.8	Elect Director J. Brett Harvey	Board tenure	Withhold	Pass
Barrick Gold Corporation	3	Advisory Vote on Executive Compensation Approach	Remuneration related	Against	Pass
BP plc	2	Approve Remuneration Report	Remuneration related	Against	Pass
Citigroup Inc.	1k	Elect Director Diana L. Taylor	Board tenure	Against	Pass
CK Hutchison Holdings Limited	3c	Elect Chow Kun Chee, Roland as Director	Board tenure	Against	Pass
CK Hutchison Holdings Limited	3e	Elect Lee Yeh Kwong, Charles as Director	Board tenure	Against	Pass
Eni SpA	12	Approve Remuneration Policy	Remuneration related	Against	Pass
Glanbia Plc	5	Approve Remuneration Report	Remuneration related	Abstain	Pass
GSK Plc	2	Approve Remuneration Report	Remuneration related	Against	Pass
GSK Plc	13	Re-elect Urs Rohner as Director	Governance concerns	Against	Pass
HP Inc.	1b	Elect Director Shumeet Banerji	Board tenure	Against	Pass
ITV Plc	8	Re-elect Margaret Ewing as Director	Overboarding	Against	Pass
Liberty Global plc	1	Approve Scheme of Arrangement	Governance concerns	Against	Pass
Liberty Global plc	2	Eliminate Supermajority Vote Requirement for Certain Business Combination	Governance concerns	Against	Pass
Liberty Global plc	1	Eliminate Supermajority Vote Requirement to Amend Bylaws	Governance concerns	Against	Pass
Live Nation Entertainment, Inc.	1.4	Elect Director Chad Hollingsworth	Remuneration related	Against	Pass
Marks & Spencer Group Plc	7	Re-elect Evelyn Bourke as Director	Overboarding	Against	Pass
Nemak SAB de CV	2	Approve Allocation of Income and Cash Dividends; Approve Maximum Amount for Repurchase of Shares	Governance concerns	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

Company Name	Item	Proposal	Rationale	Vote Cast	Outcome
Pharma Mar SA	7	Advisory Vote on Remuneration Report	Remuneration related	Abstain	Pass
Pharma Mar SA	3.1	Ratify Appointment of and Elect Fernando Martin-Delgado Santos as Director	Support appoinrment of independent director	Abstain	Pass
Pinterest, Inc.	1c	Elect Director Gokul Rajaram	Remuneration related	Against	Pass
Shell Plc	2	Approve Remuneration Policy	Remuneration related	Against	Pass
Shell Plc	3	Approve Remuneration Report	Governance concerns	Against	Pass
Universal Music Group NV	8.b	Reelect Anna Jones as Non-Executive Director	Remuneration related	Against	Did not pass
Vodafone Group plc	13	Approve Remuneration Policy	Remuneration related	Against	Pass
Vodafone Group plc	14	Approve Remuneration Report	Remuneration related	Against	Pass

Source: Redwheel

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.

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 2023 are as shown in the Statistical Review of our 2022 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 shares in a RWC fund ("Shares") may only be offered and placed to the extent that (a) the relevant RWC fund is permitted to be marketed to professional investors in accordance with the AIFMD (as implemented into the local law/regulation of the relevant Member State); or (b) this document may otherwise be lawfully distributed and the Shares may lawfully offered or placed in that Member State (including at the initiative of the investor).

Information Required for Distribution of Foreign Collective Investment Schemes to Qualified Investors in Switzerland

The representative and paying agent of the RWC-managed funds in Switzerland (the "Representative in Switzerland") is Société Générale, Paris, Zurich Branch, Talacker 50,

P.O. Box 5070, CH-8021 Zurich. In respect of the units of the RWC-managed funds distributed in Switzerland, the place of performance and jurisdiction is at the registered office of the Representative in Switzerland.

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