Amalgamated Metal Corporation Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 December 2023

Introduction

The Trustees of the Amalgamated Metal Corporation Pension Scheme (the 'Scheme') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. In exercising this duty, the Trustees monitor the investments through regular assessment of performance supplemented, as appropriate, by engagement and/or voting through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with the investment consultant, appoint each investment manager and choose the specific pooled funds to use in order to meet specific policies. They expect their investment managers to make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees consider that the financial interests of the Scheme members are their first priority when choosing investments. The Trustees believe that these interests will be best served by investing in companies who follow appropriate ESG policies because, in the absence of such policies, the medium to long-term success of such companies may be compromised. The Trustees have decided not to canvas the opinions of members on such matters but will consider representations made to them.

Stewardship - monitoring and engagement

The Trustees recognise that each investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments. As such the Scheme's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to each investment manager and to encourage the manager to exercise those rights. The investment managers are expected to provide regular reports to the Trustees detailing their voting activity.

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to each investment manager and they expect the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
BlackRock	Yes	Yes
First Sentier	Yes	Yes
TwentyFour	Yes	Yes
Janus Henderson	Yes	Yes
M&G	Yes	Yes
Insight	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies, and a review of each manager's voting and engagement behaviour. The Trustees may also request Buck's manager ESG ratings to aide them in this process.

The Trustees have not set out their own stewardship priorities but follow that of the investment managers.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

Each investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies they invest in and how they exercise voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

The Trustees are comfortable that these policies are broadly in line with the Scheme's chosen stewardship approach.

Links to each investment manager's voting and engagement policy or suitable alternative is provided in the Appendix.

The latest available engagement information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

Engagement	BlackRock Aquila Life UK Equity Index Fund	First Sentier Global Listed Infrastructure Fund	M&G Total Return Credit Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Engagement definition	n/a	Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	n/a
Number of companies engaged with over the year	2,023	26	6
Number of engagements over the year	3,118	51	8

Engagement	TwentyFour Sustainable Enhanced Income ABS Fund	TwentyFour Corporate Bond Fund	TwentyFour Monument Bond Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Engagement definition	For TwentyFour’s investment grade credit funds, they count engagements which are significant discussions on a specific topic. For funds including high yield and ABS they currently also include engagements to gather missing data or challenge data as engagements as within those universes, the data availability through 3rd party databases is still very low.		
Number of companies	~100	+70	+100

engaged with over the year			
Number of engagements over the year	158	78	158

Engagement	Janus Henderson Multi Asset Credit Fund	Insight Maturing Buy and Maintain Bond Fund 2026-2030	Insight Maturing Buy and Maintain Bond Fund 2031-2035
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	Philosophically, financial materiality has always been at the core of why Insight have engaged with institutions. A financially material factor is one that is deemed relevant and likely to have a positive or negative impact on the financial value of that investment. It is a core part of Insight's process to engage with issuers on such factors which include, but are not limited to, strategy, capital allocation and competitive positioning. ESG factors can also drive engagement where Insight's analysts believe them to have financial relevance. In this sense they are part of the mosaic of factors that should be considered for effective financial analysis. Increasingly, however, Insight's clients would like them to use their influence, which is generated by their clients' capital, to go beyond engaging solely on financially material issues and to seek, where possible, to mitigate potential externalities by engendering more sustainable practices. In most circumstances more sustainable behaviours are fully aligned to better long-term risk/return profiles of investments and therefore Insight also engage on ESG issues where Insight think they can influence improved behaviour, providing it is not detrimental to the return potential of the investment they make. These two rationales drive why Insight engage and lead, broadly, to conducting two types of engagement: 1. Fundamental engagements – focus on financial materiality and business fundamentals. Typically, these engagements may include ESG issues where they are deemed to be relevant to the investment case, but they do not necessarily involve a longer-term, structured programme. 2. ESG engagements – focus on addressing an issuer's performance or impact relating to one or	

		more ESG issues. Typically, such engagements will be longer term, structured around measurable objectives, and may be influenced by our thematic priorities as a firm. Classical financial analysis organically leads to fundamental engagements as analysts seek to gain full understanding of all the risk factors that may impact an investment. However, systematic analysis of ESG factors requires the consideration of additional data and themes which may be outside of an analyst's normal investigative skillset. To help frame the nature of an engagement Insight look to categorise ESG themes to understand if they fall under a standard fundamental engagement process or if they would benefit from a specific ESG engagement.	
Number of companies engaged with over the year	29	59	43
Number of engagements over the year	55	128	84

Engagement	Insight Maturing Buy and Maintain Bond Fund 2036-2040	Insight Maturing Buy and Maintain Bond Fund 2041-2045	Insight Maturing Buy and Maintain Bond Fund 2046-2050
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Engagement definition	Philosophically, financial materiality has always been at the core of why Insight have engaged with institutions. A financially material factor is one that is deemed relevant and likely to have a positive or negative impact on the financial value of that investment. It is a core part of Insight's process to engage with issuers on such factors which include, but are not limited to, strategy, capital allocation and competitive positioning. ESG factors can also drive engagement where Insight's analysts believe them to have financial relevance. In this sense they are part of the mosaic of factors that should be considered for effective financial analysis. Increasingly, however, Insight's clients would like them to use their influence, which is generated by their clients' capital, to go beyond engaging solely on		

	financially material issues and to seek, where possible, to mitigate potential externalities by engendering more sustainable practices. In most circumstances more sustainable behaviours are fully aligned to better long-term risk/return profiles of investments and therefore Insight also engage on ESG issues where they think they can influence improved behaviour, providing it is not detrimental to the return potential of the investment they make. These two rationales drive why Insight engage and lead, broadly, to conducting two types of engagement: 1. Fundamental engagements – focus on financial materiality and business fundamentals. Typically, these engagements may include ESG issues where they are deemed to be relevant to the investment case, but they do not necessarily involve a longer-term, structured programme. 2. ESG engagements – focus on addressing an issuer's performance or impact relating to one or more ESG issues. Typically, such engagements will be longer term, structured around measurable objectives, and may be influenced by our thematic priorities as a firm. Classical financial analysis organically leads to fundamental engagements as analysts seek to gain full understanding of all the risk factors that may impact an investment. However, systematic analysis of ESG factors requires the consideration of additional data and themes which may be outside of an analyst's normal investigative skillset. To help frame the nature of an engagement Insight look to categorise ESG themes to understand if they fall under a standard fundamental engagement process or if they would benefit from a specific ESG engagement.		
Number of companies engaged with over the year	36	40	33
Number of engagements over the year	76	83	62

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers of the pooled funds for which voting is possible are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees have been provided with details of what each investment manager considers to be the most significant votes. The Trustees have not influenced the managers' definitions of significant votes, but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustees do not carry out a detailed review of all votes cast by or on behalf of each investment manager but rely on the requirement for the investment manager to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by each investment manager (for mandates that contain public equities) is as follows:

	BlackRock Aquila Life UK Equity Index Fund	First Sentier Global Listed Infrastructure Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Number of meetings eligible to vote at	1,027	46
Number of resolutions eligible to vote on	14,905	666
Proportion of votes cast	96.0%	100.0%
Proportion of votes for management	96.0%	85.0%
Proportion of votes against management	3.0%	8.0%
Proportion of resolutions abstained from voting on	1.0%	7.0%

Trustees' assessment

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustees have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations and have found them to be acceptable at the current time.

The Trustees may request their investment consultant's manager ESG ratings to aide them in this process.

The Trustees may also consider reports provided by other external ratings providers.

The Trustees have reviewed the significant voting and engagement behaviour of each investment manager from time to time and believe that this is broadly in line with the investment manager's stated policies. The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policies for each of the investment managers can be found here:

Investment manager	Engagement policy (or suitable alternative)
BlackRock	https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf
First Sentier	https://www.firstsentierinvestors.com/uk/en/institutional/our-funds/infrastructure-real-estate/global-listed-infrastructure/responsible-investment.html
TwentyFour	https://www.twentyfouram.com/engagement-at-twentyfour
Janus Henderson	2024%20Responsible%20Investment%20Policy.pdf (janushenderson.com)
M&G	https://www.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments-policies/2023/mginv-engagement-policy-06-23.pdf
Insight	uk-eu_stewardship_policy_2024.pdf (insightinvestment.com)

Information on the most significant votes for each of the funds containing public equities or bonds over the year to 31 December 2023 is shown below.

BlackRock Aquila Life UK Equity Index Fund*	**Vote 1**	**Vote 2**	**Vote 3**
Company name	The Goldman Sachs Group, Inc.	BE Semiconductor Industries NV	Woodside Energy Group Ltd.
Date of vote	26/04/2023	26/04/2023	28/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development	Amend Remuneration Policy	Approve the Amendments to the Company's Constitution
How the investment manager voted	Against	For	Against
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	BlackRock endeavors to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publishes their voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply BlackRock's guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues. BlackRock's market-specific voting guidelines are available on their website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines		

Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	n/a .	Shareholder proposals best facilitated through regulatory changes.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. BlackRock's Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions BlackRock expect will be of particular interest to clients. BlackRock's vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		

**BlackRock voting data is provided on a chronological basis and at the time of the preparation the top three most significant votes for the BlackRock funds were not available.*

First Sentier Global Listed Infrastructure Fund	Vote 1	Vote 2	Vote 3
Company name	Atlas Arteria	Rubis	AENA
Date of vote	18/05/2023	29/05/2023	05/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.5	1.5	2.7

Summary of the resolution	Election of Directors (3 proposals)	Election of Supervisory Board	Approval of the Update Report of Climate Action Plan
How the investment manager voted	Against the proposals (Against management recommendation)	Against the proposal (Against management recommendation)	Against the proposal (Against management recommendation)
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	Yes	Yes	No
Rationale for the voting decision	Vote against Board members who approved the acquisition of the Chicago Skyway asset, on the view that the transaction destroyed shareholder capital.	Vote against the re-election of Olivier Heckenroth as Chairman of the Supervisory Board, who had been a board member for 28 years. Believed board refreshment was required prior to Managing Partner retirements.	Disagree with the underlying framework of this proposal. First Sentier believe there is insufficient information for shareholders to provide an opinion on the company's current approach to addressing climate action. Ultimately this is a determination which the board must make, on behalf of shareholders.
Outcome of the vote	Passed	Passed	Passed
Implications of the outcome	First Sentier will continue to lobby and engage with companies to promote good governance practices.	While the proposal passed, Mr. Heckenroth decided that the approval rate for this proposal was not high enough. He therefore decided to resign from the Chairmanship of the Supervisory Board.	First Sentier will continue to lobby and engage with companies to encourage effective climate action measures.
Criteria on which the vote is assessed to	Flagging Board and management underperformance	Good governance - including appropriate board structure and	Climate action is a key ESG issue for global

be "most significant"	when it is identified is an important part of pushing for improvement, which ultimately should result in better shareholder returns.	composition - is crucial for listed infrastructure companies.	listed infrastructure companies.

First Sentier Global Listed Infrastructure Fund	**Case study 1**	**Case study 2**	**Case study 3**
Name of entity engaged with	Xcel Energy	CCR	Atlas Arteria
Topic	Environment - Climate change	Social - Human and labour rights	Governance - Board effectiveness
Rationale	Xcel Energy is a US utility whose main service territories are in Minnesota and Colorado. The company is making substantial contributions to UN SDG 7 - Affordable and Clean Energy and UN SDG 9 – Industry, Innovation and Infrastructure. The company's efforts to mitigate climate change are evidenced by its closure of coal fired power stations and expansion into renewables. Its coal-fired generation capacity has reduced from over 8,000 megawatts in 2006 to a forecast 4,100 megawatts in 2025, with a target to take this down to zero by 2030. Over the same period, renewables are due to climb as a proportion of the	CCR is a diversified concession company with toll road, urban mobility and airport assets throughout Brazil. The company's most significant assets include a toll road between Sao Paulo and Rio de Janeiro, the Bahio Metro System and a growing collection of Brazilian Airports. CCR's business includes significant construction works across all their divisions. The construction industry has been found to have among the highest share of adults in forced labour (i.e. Modern Slavery).	Atlas Arteria is a company with a portfolio of toll road assets. The most significant asset is a minority interest in APRR, the second largest motorway network in France. The company also holds interests in Chicago Skyway and Dulles Greenway in the US, ADELAC in France, and Warnow Tunnel in Germany. We identified the following ESG issue: - Questions on the tenure, experience and decision making of the board. Including directors ability to properly scrutinise potential value destruction as a result of the company's acquisition of a majority stake in the Chicago Skyway in the US.

	company's energy mix from 9% in 2006 to 67% in 2030. The impact of this change on the average customer bill has been less than the rate of inflation, making this change a success for both the environment and society. However, an element of the Paris Agreement that is sometimes overlooked is the concept of a "just transition" ie companies should take measures to mitigate the impact that these changes may have on employees whose roles change, or may no longer be needed. First Sentier therefore sought to discuss the extent to which Xcel Energy was incorporating the concept of a just transition into their program of replacing coal with renewables.		
What the investment manager has done	In July 2023, First Sentier met with Xcel Energy to discuss the company's next scheduled coal fired power plant closure. This will be the Sherburne County Generating Station ("Sherco") in Minnesota. Unit 2 will close in 2023, followed by Unit 1 in 2026.	In 2022, First Sentier engaged with CCR to better understand their policies and procedures with regards to Modern Slavery. They wrote a letter to management seeking clarity on the following issues: - Has the company identified examples of modern slavery in their operations or supply chains?	In April 2023, First Sentier had a private meeting with Chair of the Board (Debbie Goodin), Chair of the REM Committee (David Bartholomew) and Chair of Bermuda Board (Fiona Beck). They discussed with the board members the current view on the required skillset of the board and maximum

	First Sentier discussed the details of this closure and the ways in which Xcel plans to incorporate the concept of just transition into this process. Key discussion points included: • How the just transition plan was developed • Who the main stakeholders were • What KPIs will be set (number of headcount changes / % of employees redeployed vs terminated) • What regulatory considerations were taken into account It became clear from the meeting that Xcel had taken meaningful steps to reach all stakeholders involved in shutting down the coal plant, noting that these large plants are quite often a significant part of a community employing hundreds of people. The regulator has also been closely involved in these plans, wanting regular updates on how community and employee conversations are progressing. Xcel Energy appears to have devoted considerable thought to this process. Sherco employs around 187 employees today. By 2030, this will have	- What processes does the company have in place were it to arise? - If yes, what steps has the company taken to improve the lives of victims? - Do you offer training to staff to increase awareness of modern slavery? - Do they assess modern slavery risks beyond Tier 1 of their supply chain? - Are migrant workers / minorities employed through their supply chain? - Who carries out an audit of suppliers and how often are these audits carried out? - How does the company ensure auditors remain independent and cover key risks? In 2023, they followed up to see if a formal policy had been put in place and to provide our feedback on this policy.	tenure of directors. The board noted that their skills matrix looks at holes in the skillset of the board, as well as noting that they were thinking about a US person with political/infra experience. They also specifically discussed the Chicago Skyway transaction and how the board assessed value creation as well as the assumptions put forward by management when preparing the bid. They emphasised our concerns around the transaction and our view that it had been value destructive for investors. They noted our concern that directors had displayed insufficient scrutiny of the deal in order to protect investors.

	reduced to around 88. 50 of those employees will naturally attrite (for example through retirement / normal employee turnover). 50 of those will transition to other parts of the business between now and 2030. The remaining 88 employees will transition in 2030, many to nearby sites.		
Outcomes and next steps	During the meeting, Xcel Energy provided First Sentier with a detailed range of metrics / targets / KPIs related to this process which gave them comfort that they were assessing this issue from multiple angles. One area of potential improvement would be for these KPIs to be published. This would enable investors to make their own assessment of the process, and to further engage with the company. First Sentier shared this feedback with the company and will continue to ask for further information over time.	CCR noted that regardless of the form of hiring labour from its suppliers, they ensure that they maintain compliance with the laws in effect through legal drafts with specific clauses, such as those related to human rights. In addition to this, the company conducts regular audits of eligible suppliers via an independent sustainability ratings agency. CCR engages EcoVadis, a specialised partner that has the expertise, methodology, and platform to conduct these assessments. The company's 'Sustainability Program' monitors the environmental, social, and ethical performance of their supply chain. Formal assessments are carried out annually to produce improvement plans that are sent to suppliers for actioning.	As a result of this engagement we subsequently voted against a number of key resolutions at the May 2023 Annual General Meeting. This included a vote against Chair Debbie Goodin's re-election to both the Australian and Bermudan boards, on the basis of Chicago Skyway being a value destructive transaction.

In 2022 the company noted that they are in the process of developing a specific policy around Modern slavery, which was still in a draft form and not yet approved for public release as a result.

In 2023, First Sentier followed up to see if a formal policy had been put in place. The company confirmed this had still not been put in place and that they had not received internal instructions confirming that this was a priority. First Sentier will continue to engage with the company emphasising the importance of the development of a formal policy and will continue to liaise with the company on this matter.

TwentyFour Asset Management – Firm - level	Case study 1	Case study 2	Case study 3
Name of entity engaged with	Lloyds	Lendivest (Ticker: MORTI)	M&G Investments
Topic	Environment - Climate change	Governance - Shareholder rights	Governance - Shareholder rights
Rationale	TwentyFour engaged with Lloyds as part of our Carbon Emissions Engagement Policy. The focus of the engagement was in regards to the steps they are taking to reduce scope 3 emissions and broader firmwide environmental policy.	TwentyFour engaged with Lendivest during the marketing of their new UK Residential Mortgage Backed Security issue (MORTI) in order	M&G Investments brought their first CLO deal (Margay CLO) to the market for a number of years and TwentyFour were keen to discuss the terms of their new

	This engagement is aligned with the SDG Climate Action goal.	to discuss initial aggressive structuring and limited skin-in-the game , as bondholder rights are crucial in our analysis of deals.	deal in order to ensure that bondholder rights were sufficient.
What the investment manager has done	In May 2023 TwentyFour had an engagement with Lloyds led by the ABS team, but on behalf of all their investment teams, as Lloyds is widely held across the strategies. They spoke to the investor relations team, who provided a lot of information on their targets for reduction in financed emissions and reduction in the carbon intensity of their residential mortgages. Lloyds have also set targets for affordable housing and diversity in their workforce. During TwentyFour's engagement they highlighted that the key challenges lie within mortgages and agriculture – they only have a limited exposure to fossil fuels. Their climate transition plan consists of target setting for both the bank financed emissions covering a major proportion of their lending (including oil & gas and power generation but mostly focussed on the motor and residential mortgages division) and the emissions financed through Scottish Widows. Their plan to tackle the residential mortgages division consists of (1) educate customers on the energy transition and (2) offer green products such as cash back products for EPC with A or B upgrades and retrofitting products which create incentives for borrowers to make energy improvement. Additionally, they have a partnered with Octopus Energy in which Lloyds provide	TwentyFour felt that there would have been low governance on the deal, with low call incentives. They discussed adding more debt-friendly features within the deal, in order for them to participate. Lendivest took on TwentyFour's feedback and incorporated a 'turbo' feature within the deal, which means the issuer does not get excess cash if the deal is not called. This materially improves the call incentives and improves bondholder protection, benefiting the governance of the deal. It was a positive sign from the issuer that it listened to investor feedback and strengthened the structure of the deal as a result.	Similar to other CLO deals, TwentyFour engaged with the sponsor at early stage. TwentyFour sent a list of what we called Stipulations that they would like to see in the CLO documentation. Stipulations are important to TwentyFour as they limit the flexibility of the CLO manager in terms of how it can use extra cash or what it can buy, how much risk it can take for instance. For this manager specifically TwentyFour wanted to limit the flexibility after the end of the reinvestment period. TwentyFour believe CLOs are not permanent vehicles and investors should get their money back after a certain amount of time. By limiting the flexibility of what the manager can buy or sell TwentyFour can be sure the transaction will get called (repaid).

	the financing for electric heat pumps and Octopus Energy carries out the installation. Similar to other banks we have engaged with, Lloyds reinforced the challenge that the UK housing stock is very old and while this partnership is early days, government incentives for households are lacking and more support is needed for households to make energy improvements. Lloyds are looking to harness their position as the largest lender of UK residential mortgages and are part of a number of industry initiatives where they have selected a few lobbying areas including building a live database for EPC certificates as the current one is static and work on whether stamp duty should consider the energy efficiency of the property to incentive borrowers to make energy improvements. On disclosures they report their finance emission per division but not for the entire book of mortgages and do not have the financed emission numbers their new prime RMBS deal. They're looking to breakdown the financed emission into more sectors within motor, mortgages and commercial banking sectors - TwentyFour have emphasised that this is something that is important and would be very useful for them. Similar to peers they are using the PCAF methodology to calculate the financed emission which is based on EPC ratings. For properties that do not have an EPC rating, they are taking the average of B to G (excluding EPC of A as they assume these would be old properties). After focussing on initiatives on mortgages as it represents the largest part of what they do, they		TwentyFour were pretty strict with this manager because it was their first CLO deal post crisis. Usually after the end of the reinvestment period (~4.5y post closing) the manager can only reinvest the proceeds of sold obligations and unscheduled principal repayments. TwentyFour asked for no investments to be allowed one year after the end of the reinvestment period.

	have been exploring options for the agricultural sector and CRE lending. The main challenges in the agricultural sector are that the industry is a fragmented, highly subsidised industry with high costs associated to the climate transition. Lloyds has made a partnership with a solar company which looks to provide financing to improve the biodiversity and climate profile for farmers, in addition to discussions with the government to provide incentives.		
Outcomes and next steps	The engagement has met TwentyFour's stated objective – it was a very comprehensive response from Lloyds. TwentyFour will continue to monitor ESG developments and whether they are meeting their targets in terms of carbon emission reduction. Importantly, continue engagement to monitor progress on emissions disclosures for ABS deals rather than only for each lending division.	TwentyFour were happy with the inclusion of a 'turbo' feature from Lendinvest and they bought the new issue as a consequence.	The CLO manager pushed back on this, as expected, but after some back and forth engagements, they agreed the language TwentyFour requested. It was a great achievement on TwentyFour's side and was also welcomed by other buy-side investors. This was the second time TwentyFour proposed such a strict language. The first time was for a CLO from ICG, where TwentyFour proposed even stricter language and they managed to include it in the final documentation but they learned from this that such strict language did not further benefit the bondholders, hence their approach with the M&G deal.

Janus Henderson Multi Asset Credit Fund	Case study 1	Case study 2	Case study 3
Name of entity engaged with	Coherent	Center Parcs	Cheplapharm
Topic	Carbon emissions; energy efficiency; labour conditions; executive compensation	Carbon emissions; water scarcity; data protection & privacy	social; access and affordability
Rationale	Janus Henderson decided to engage with management to focus their attention on the lack of disclosure for Scope 3 emissions, as well as request further information on the company's progress towards imposing a net-zero target for Scope 1 and 2 emissions. They also questioned the company about its sourcing of materials from high conflict regions specifically focussing on how safe work environments are maintained.	MSCI has rated Center Parcs as BBB and highlighted some risks which Janus Henderson wanted to explore. The main points of discussion were around emissions, water management, data privacy and governance. As it stands, Center Parcs only reports emissions for Scope 1 and 2, but is currently working on evaluating Scope 3. In terms of water management, Center Parcs does not see potential water restrictions in the summer as a material risk due to their access to sufficient water at some of the villages which they own. The company is fully compliant with GDPR. Some platforms are provided by third parties; however, the company has its own internal security team to monitor these platforms and also	Janus Henderson decided to engage with management as part of their access and affordability thematic engagement programme in the healthcare sector. Cheplapharm is a 'pharmaceutical company' that focuses on off-patent branded/prescription/niche drugs holding a portfolio of >150 products distributed across 145 countries. Janus Henderson's primary aim was to assess how much of future topline growth was to be driven by pricing versus volume. Given Cheplapharm's positive revenue growth over the past 18 months (18% in 2022 and 8% in H1 2023), Janus Henderson wanted to ensure that price growth is not going to be the key driver of earnings going froward. This is potentially a greater concern with the niche drugs business considering the absence of competitor drugs to provide price competition.

		has a back-up system in place in the event of a system outage.	
What the investment manager has done	Coherent shared with Janus Henderson that they are yet to set a net zero target for Scope 1 and 2 emissions. However, the conversation is underway and will be brought to the board in May 2023. The target is expected to be published alongside other metrics in October. They shared that they expect a scope 3 target to take longer to publish, however base measurements will be included in the October report. Regarding scope 3 numbers coherent highlighted that most suppliers have been cooperative, however smaller suppliers are finding it tougher to adjust. Coherent said that it will not end a relationship with a supplier solely because it is taking longer to comply and have hired Siemens to help with all emissions needs. Regarding conflict materials Coherent have a dedicated team which works with its suppliers to ensure they are conducting business and treating workers in an ethical manner. Management indicated that they are currently engaged	To address some of the ESG shortcomings, the company has established ESG Steering Committees that are working to set the ESG agenda, which should be published by July 2023.	Management was very clear that volume and price cutting are the key drivers of future earnings. Volume is driven by introducing existing products into new geographies and price cutting is driven by a renewed focus on the drug product. They were clear that aggressive price hikes aren't compatible for two reasons. Firstly, the large pharma houses 'entrust' their product to Cheplapharm. Any negative press around aggressive price hikes would be reputationally damaging to the developer pharma house. Cheplapharm 'runs down' drug product 'tail' consequently any reputational damage would be more material considering the body of the earnings have already been collected. This in turn would reduce supply of IP rights to Cheplapharm going forward. Secondly, Cheplapharm stated that the risk to their licenses is material in the face of aggressive price hikes. Considering the diversification of products an aggressive price would pose more risk to the company than any upside to the topline.

	with over 100 suppliers and are focusing more attention on this area. However, according to the company they only use trace amounts of this material so it would not be economically appropriate to conduct on site audits. Management did indicate this is an area they are adding personnel to. Coherent mentioned that its financial targets are currently linked to some ESG metrics, but this isn't the case for executive compensation. Janus Henderson encouraged Coherent to implement this and they assured them that progress is being made.		
Outcomes and next steps	Janus Henderson were encouraged that the company has limited exposure to conflict materials, while also having an oversight board in place to closely watch the relationship with suppliers. Despite not having a net zero target, Coherent report a good amount of information and are responsive to ESG concerns. Based on the engagement, Janus Henderson have made no change to Coherent's Green ESG issuer rating. They intend to meet with the	Janus Henderson are changing our ESG rating from Green to Yellow, highlighting the materiality of ESG risks for the company but recognising that it is in the process of developing a new ESG framework. They will reassess the rating depending on the granularity of the framework; specifically, they are looking to see more focus on addressing the risk of water restrictions on the company's business model, as well as providing additional clarity on the	Janus Henderson were pleased to hear this confirmation from management and feel confident Cheplapharm is not engaged in aggressive pricing strategies. They therefore maintain our ESG rating of Green reflecting the non-material ESG risks faced by the company.

	company again in October when their annual ESG report is published, which should contain further information on emissions targets, particularly regarding Scope 1 and 2.	measurement of scope 3 emissions.	

Insight Investment Management – Firm - level	**Case study 1**	**Case study 2**	**Case study 3**
Name of entity engaged with	Haleon plc – Q4 2023	Rolls-Royce Holdings plc – Q4 2023	Medtronic plc – Q4 2023
Topic	Strategy, Financial and Reporting – Reporting (e.g., audit, accounting, sustainability reporting)	Environment - Climate change	Social - Human capital management (e.g. inclusion and diversity, employee terms, safety)
Rationale	Haleon plc is a British multinational consumer healthcare company offering personal and over-the-counter (OTC) healthcare products. Haleon was previously the Consumer Healthcare business within GSK plc and was spun off in July 2022. This engagement was a follow up to earlier engagements to address their relatively poor ESG scores following their spin off from their parent. This engagement is aligned to SDG 3 Good Health and Well-Being, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action.	Rolls-Royce (RR) is a leading global manufacturer of aero-engines, gas turbines and reciprocating engines. This engagement was a follow up to discuss historic bribery issues and carbon emissions progress but also to engage on new topics around labour management and policy and lobbying. This engagement is aligned to SDG 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation and Infrastructure and SDG 13 Climate Action.	Medtronic plc (MDT) is one of the global leaders in the medical device industry, participating in several high tech segments of the market from cardiovascular, medical surgical, diabetes to neuroscience. This engagement was an ESG deep dive into product safety and quality concerns that has contributed to their Prime ESG rating falling to a 5 towards the beginning of the quarter. This engagement is aligned to SDG 3 Good Health and Well-Being and SDG 12 Responsible Consumption and Production.

What the investment manager has done	Haleon views itself as the first 100% consumer healthcare company and is not directly comparable to peers in the consumer product nor pharmaceuticals sectors. It sees itself as being penalised on its ESG scores by external rating agencies as it does not fit neatly into pre-existing sectoral classifications. Haleon has cited engagement with external ESG rating agencies to be difficult but has been dedicating significant resource towards documenting regulations and requirements inherited from their parent and re-documenting existing policies to be in line with rating agencies' required formats. Haleon's proactive engagement with rating agencies is a strong case study for corporate engagement with rating agencies. Haleon agreed to focus on measurement and disclose scope 3 emissions by sources and track by core product lines; and identify any key drivers and initiatives to improve emissions relating to key emitting lines. Haleon has established ESG KPIs linked to executive remuneration via their performance share plan relating to	RR has shown progress where it relates to legacy business ethics/ bribery cases but concerns around labour management due to headcount reductions as a result of COVID and planned efficiencies in coming years warrant this 1:1 engagement that was conducted in collaboration with Climate Action 100+. RR's activity levels have increased and headcount is starting to grow again but new management have outlined plans to boost profitability by reducing headcount by 2-2.5k out of a total workforce of 40k, whilst avoiding compulsory redundancy by actively engaging with unions. RR is also continuing with programmes to boost diversity across their ranks. RR has set a long term net zero target but acknowledges the lack of short term targets but flag that climate metrics are baked into executive remuneration, where plans include establishing RR as an climate enabler with their fleet being compatible with sustainable aviation fuel with increased R&D spend to support this.	Insight have had previous engagements with MDT but was approached by MDT's investor relations team and ESG analyst for a private meeting to discuss issues relating to quality and safety and supply chain management. MDT was rated an ESG 5 for weak scores relating to product safety and quality owing to product recalls that MSCI flagged as severe controversies. MDT reiterated that quality-related metrics are embedded in their employee incentive plans all way to their CEO. They prioritise quality and patient safety, with the goal of zero product recalls but given the nature of their products and devices, this is not very aspirational given the business they operate in, but they have been investing in this area by bringing in new leadership over recent years that have strengthened their enterprise quality strategy and enhanced system standardisation (product development lifecycle, complaint tracking, manufacturer quality, supply chain transformation) in their view. Product recall profiles started to improve in 2021 but we expect that continued

	carbon scope 1 and 2 reductions (-48% from 2020 levels by November 2025); >80% recycle-ready packaging by June 2025; >45% females in leadership roles by 2025.	Concerns were also raised with regards to their trade/ lobbying group associations and their associated climate objectives.	improvements will take time to materialise through reduction in warning letters, recalls and eventually third party rating agencies, with whom they are maintaining engagement with but do not necessarily agree on methodology.
Outcomes and next steps	Haleon's MSCI rating has improved from BB to BBB between October 2022 and August 2023. Insight look forward to seeing Haleon's ESG report when it is due to be published in April 2024 and expect it to cover policy, targets, progress. On carbon footprint, Haleon will look to improve disclosure (e.g., on scope 3 validation), their fleet and upstream purchases to bring down scope 3 emissions (e.g., low impact toothpaste inputs and reduction of virgin plastic).	RR conducted an extensive review of their trade / lobbying group associations, which they found to be broadly aligned with their climate objectives. Given the sensitive nature of some of the end markets, trade body activity can be opaque. Insight have encouraged greater disclosure around membership so third-party verification of alignment with climate objectives can be undertaken. Insight will continue to monitor and advocate for more transparency. They also evidenced controls that have since been put in place to guard against historic bribery issuers reoccurring that we were broadly satisfied with reducing the risk associated with this issue from a credit quality perspective at present.	Insight will continue to monitor the structural changes MDT is implementing around their product research and development programme, as well as their supply chain. Insight do not expect material results in the short term, particularly not around any downstream reflection in external rating agencies' ESG scores, which emphasizes the importance of ongoing engagement to form a house-view on the issuer's credit and ESG profile. The changes the MDT are implementing will take time to take hold and translate into improvements to their ESG profile, which would be aligned to the investment time horizon of those adopting buy-and-maintain strategies. The Prime ESG downgrade to 5 translated to a 'sell' recommendation for certain funds during the quarter. However, towards the end of the

		quarter, MDT's ESG score since recovered to a 4, which made it eligible to be included in the investable universe of most funds again. Fundamentally, MDT continues to perform well and Insight do not have concerns about their credit quality for now.