STEWARDSHIP REPORT 2024

December 2025

Sparinvest

Table of Contents

Foreword by the Managing Director

Sparinvest is part of the Nykredit Group, and this Stewardship Report covers the stewardship activities in 2024 of Sparinvest and Nykredit Asset Management.

At Sparinvest and Nykredit Asset Management, we are committed to responsible investment as a customer-owned financial institution. Our investment strategies align with the long-term interests of clients and society. We believe that most social or environmental impacts have the potential to become financially material. This is especially true over long time horizons – for example, as externalities are priced in.

These factors may have an impact on financial metrics, such as underlying revenues, costs, liabilities and cash flows of investee companies. Additionally, they may have an impact on the valuation that financial markets are willing to attribute to these investments. We acknowledge this double materiality and strive to identify sustainability risks and opportunities. These range from climate change, biodiversity, human rights considerations, governance-related issues, and other cross-sector issues that may be expected to have material impact across portfolios, to more company-specific considerations.

Active ownership is central to our approach, and this Stewardship Report highlights our 2024 engagement and voting activities.

Our engagement efforts in 2024 prioritised climate change, a critical challenge that we consider material for companies in different sectors and geographies. We engage with companies on decarbonisation, climate targets, and the green transition, focusing on sectors with significant risks.

Voting is another cornerstone of our stewardship, encouraging companies to pursue long-term value creation. Guided by principles of governance and accountability, we aim to vote at all eligible general meetings and disclose decisions online to ensure transparency.

This Stewardship Report reflects our ongoing commitment to fostering long-term, sustainable change in the companies we invest in, with climate action remaining a key focus of our efforts.

Ralf Magnussen, Managing Director, Nykredit Asset Management

Engagement

Our engagement framework

Details on our approach to engagement may be found in our Stewardship Policy and Stewardship Framework. However, in brief:

We engage with companies on various ESG issues, from broad themes such as climate change or adherence to international norms, to specific risks or opportunities at the company-level. Engagements can be reactive or proactive, and we aim for meaningful engagement that can drive impact, supported by selection and prioritisation. Our engagement priorities are reflected in our three engagement categories:

Thematic	Mega-trends or structural challenges that may be relevant for many companies across sectors or within specific sectors. Addressing these issues requires not only the efforts of one company, but rather the joint efforts of many. Examples include climate change, human rights concerns in supply chains, and nature risks such as the decline in biodiversity.
Norms-related	Norms-related: Where our ongoing monitoring identifies concerns around adherence to international standards, we may see potential to engage, and adopt a two-pronged approach: We endeavour to push for remediation of the issue and for change to prevent recurrence.
Other company-specific ESG risks or opportunities	We analyse and monitor specific areas where we can encourage companies to mitigate risks or exploit opportunities that can deliver positive environmental or societal impacts and bolster financial resilience and corporate value.

Table 1: Our engagement categories

Within these categories, key inputs to our prioritisation are materiality to the specific holding and to the wider portfolio, and the potential for meaningful change. The size of the specific holding forms part of the consideration.

Within specific engagement categories, we apply more tailored frameworks for prioritisation, such as in climate engagement, which we cover below.

Engagement prioritisation is considered on a collaborative basis in our Stewardship Forum, where members from investment teams, the CEO and the ESG team are represented. The Stewardship Forum assesses potential engagements and reports to the Sustainable Investment Committee, the senior body with responsibility for stewardship.

How do we engage?

Our engagements are usually either direct, collaborative, or led by service providers. The potential for specific, targeted work in direct engagements is well complemented by the potential for collaborative and service provider-led engagements to have significant impact in addressing widespread, endemic issues.

Engagement type	Description
Direct engagements	• Planned and run by Sparinvest/Nykredit alone • Typically led by investment teams (active strategies), leveraging in-depth company knowledge • ESG team supports • Sends a strong signal that the issue is material to investment decisions
Collaborative engagements	• Conducted with other investors, for example in initiatives like CA100+ • May serve as lead or supporting investor • Help address systemic or sector-wide ESG issues • Participation does not imply endorsement of all views in the collaboration
Service provider engagements	• Led by external providers; allow for scale

Table 2: Our engagement methods and practices

We use various tools in our engagements, including written correspondence, phone and virtual meetings, and face-to-face meetings. For equity holdings, we see engagement as closely related to our voting activity, in that we may use voting activity to address topics subject to engagement. Within our actively managed funds, regardless of engagement, where we vote against management, we also aim to communicate to companies our rationale for such voting, and where time permits, we aim to do so before the relevant shareholder meeting. Within our passively managed funds we seek to communicate our rationale for such votes for a prioritised number of companies considered to be of particular relevance.

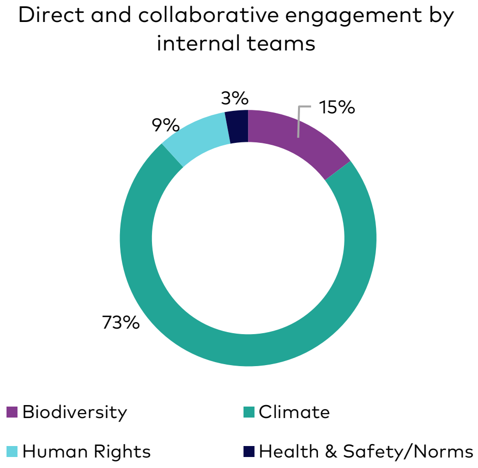
Monitoring and escalation

Ongoing monitoring of engagement is carried out by the relevant investment teams, the ESG team, and the Stewardship Forum. Review includes assessing progress and determining whether escalation steps may be appropriate. Further details may be found in our Stewardship Framework.

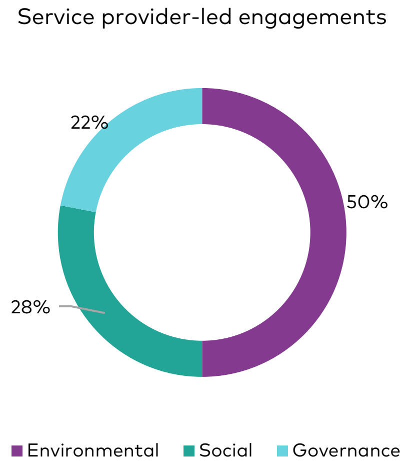
Engagement activity in 2024 – key numbers

In our engagements in 2024, climate-related engagements dominated, but engagements also covered areas such as human rights, health & safety, and biodiversity.

Climate is the dominant concern in our engagement efforts. In 2024, 73% of engagements focussed on climate, followed by 15% on biodiversity, 9% on human rights, and 3% on health & safety or norms. Climate change is given priority due to its material nature for a wide array of companies in different sectors and geographies, and also due to our prioritisation of companies, where we, due to large aggregate position sizes alongside high emissions, prioritise material holdings.



We collaborate with Sustainalytics to drive ESG engagements across key areas. The breakdown below reflects a strong focus on climate and environmental issues, while also addressing critical social and governance concerns:



Issuers engaged (Sustainalytics)	Number of engagements (Sustainalytics)	Issuers engaged (direct and collaborative engagements)	Number of engagements (direct and collaborative engagements)
302	**343**	**32**	**34**

Engagement on climate

Climate change has significant environmental, societal and financial impacts, and we recognise the need for a global transition to lower emissions. This means that, besides the physical risks of climate change, our investments are exposed to both transition risks and opportunities as societies and industries transition towards a climate-neutral economy.

Climate-related physical and transition risks can impact the long-term viability and value of companies. We aim to address this by building an understanding of the climate profile of our investments and the nature of their potential transition towards climate neutrality. This monitoring and analysis links with our stewardship practices, as we see significant potential in working with the companies, encouraging them to adapt, mitigate both physical and transition risks, and seize climate-related opportunities. We do this both directly and through collaborative initiatives such as Climate Action 100+ and the Net Zero Engagement Initiative.

Within climate-related engagement, we prioritise holdings with higher emissions and a lower assessed level of transition alignment maturity. This links to our implementation of commitments under the Net Zero Asset Manager (NZAM) initiative, implemented via the Net Zero Investment Framework (NZIF). We also engage with certain fossil-fuel-exposed companies which prima facie may not be aligned with the IEA's NZE 2050 scenario, but which are assessed to have a credible transition plan and to be open to engagement.

Note that we address our voting activity relating to climate under Voting, below, which complements our engagement activity.

In 2024, divergent views on climate and the need to transition persisted, and the US presidential election cycle exacerbated this polarisation. As one CEO noted to us, in early 2024 they simultaneously faced potential divestment from some UK pension funds for not doing or saying enough on climate, and faced blacklisting in certain US states for doing or saying too much on climate. These were not easy waters for companies to navigate. Nonetheless, we think the scientific and long-term economic realities of climate change mean that it is in the long-term financial interest of companies to transition appropriately to lower emissions across their value chain. We do see some signs of "greenhushing" in certain geographies, as the political environment leads some companies to tone down their public statements on sustainability. Yet even in such geographies, many companies are receptive to discussion and continue their work on transition, highlighting that it is a necessary investment in terms of long-term risk management, cost control, and competitiveness.

In terms of climate engagement, we focus our work on higher-emitting companies in the portfolios. This includes companies in the Energy sector, in the Materials sector (such as metals, cement and paper), and in other industries such as Industrials. We also engage with certain banks on climate, particularly in relation to their financed emissions: whether via their loan book or their capital market activities, banks have a significant role in financing the emissions of their clients.

Engaging with banks on financed emissions

We have been engaging with the UK bank Barclays on financed emissions, with a particular focus on financing of oil and gas activities. In December 2023, we and other investors co-filed a resolution at Barclays in relation to the bank's climate strategy. Subsequent to extensive engagement with Barclay's senior leadership, in February 2024, Barclays published a revised Climate Change Statement, which included a number of new commitments, including a halt to direct financing of upstream oil and gas expansion projects, and further restrictions on clients involved in oil and gas expansion. In response to the positive steps taken and the constructive dialogue, we withdrew the resolution while highlighting the need for further steps. Barclays are committed to the engagement, and in late 2024, we met with the bank's CEO to discuss progress.

We continue to have an ongoing direct engagement with the Swiss bank UBS. We met the company in April 2024 and discussed both UBS's decarbonisation targets for lending and the integration of Credit Suisse into the climate targets. Our discussion specifically focused on UBS's targets for fossil fuels (oil, gas, and coal) and financed emissions. While UBS notes that it is ahead of its emission reduction target for the fossil fuel sector, we argue that the policy could be more stringent in terms of financing to expansion projects. A key focus for UBS is the integration of Credit Suisse both into UBS's approach to climate specifically, but also into UBS's standards of governance and broader corporate culture.

Engaging with materials companies

Within the materials space, we are engaging with the US paper company International Paper, within Climate Action 100+, and engaging with Italian cement producer Buzzi, within the Net Zero Engagement Initiative of the Institutional Investors Group on Climate Change (IIGCC). At International Paper, we have had constructive dialogue, and we are encouraging the company towards more ambitious target setting and more granular decarbonisation plans. In the shorter term, International Paper has a new CEO and is acquiring European peer DS Smith, and in that context, we are encouraging the company to ensure that transition remains central to its strategy. The engagement at Buzzi is focused on scope 1 & 2 emissions in a very hard-to-abate sector. Progress has been limited, with some discussions on the key challenges to transition. On target setting there is a structural hurdle in the short-term to resetting targets, related to a possible change in the company's asset footprint (specifically Brazil and Ukraine). We look forward to continuing the dialogue.

At steelmaker ArcelorMittal, our direct engagement on climate proceeded during the year, including a site visit to a green steel technology facility in Belgium, and the company continues to make progress on its development plans for zero carbon steel.

After a long-term engagement with global mining conglomerate **Glencore,** we decided to divest our position and exclude the company, as it was becoming clear that previously publicly stated plans to spin off the coal business as part of the acquisition of Teck Resources had failed to materialise.

Engaging with energy companies

We held a number of meetings with the energy company Shell in 2024 as part of our ongoing direct engagement. The company released its new sustainability plan earlier in 2024, and as part of this release, it removed an interim emissions intensity target for 2035. We communicated our dissatisfaction with this removal to the company. However, the company did introduce a scope 3 absolute emissions target. The previous strategy focused on emissions intensity, which theoretically could allow a company to continue expanding production of fossil fuels, while pivoting away from oil and towards natural gas, so a key engagement ask had been introducing targets for absolute scope 3 emissions. At the annual meeting we did support the Energy Transition Strategy due to the incorporation of scope 3 absolute emissions targets. However, we did also support a shareholder proposal advising the company to align its business strategy with the Paris Agreement.

Engaging with a transportation company

During 2024 we established a collaborative engagement with the Danish shipping company DFDS A/S, alongside the Danish pension fund P+. The engagement was established as part of the initial set of engagements under the Net Zero Engagement Initiative, established by the IIGCC and to which we were part of the founding group of members. The engagement aims to strengthen disclosure around DFDS' long-term climate strategy, including setting climate targets aligned with international standards.

Engagement on human rights

In Sparinvest and Nykredit, we expect the companies we invest in to respect human rights. Specifically, we expect companies to adhere to international norms, such as the UN Guiding Principles on Business and Human Rights, which are included in the OECD Guidelines for Multinational Enterprises. These principles mean that companies must exercise due diligence to ensure that human rights are respected in their own operations and across their associated supply chains.

Recognising that unmanaged human rights issues expose companies to significant legal, operational, and reputational risks, we engage on areas such as labour rights, workplace safety, responsible security practices, and robust whistleblower mechanisms, encouraging transparency, accountability, and adherence to international norms.

Engaging with an automaker on human rights

We have been part of an engagement with Volkswagen via the Investor Alliance on Human Rights (IAHR) as a contributing investor. The primary aim of the engagement has been to get the company to diversify its supply chain-related risks vis á vis human rights, focusing primarily on the Xinjiang area, and, subsequently, supply chains in other areas. Around the same time as the initiation of the engagement, an independent social audit of one of the company's plants in Urumqi, Xinjiang, was released. The audit did not result in the intended SA8000 human rights certification, and the group continued its engagement. The company later exited the plant after which the investor group continued its engagement to seek clarity on the steps taken to manage human rights-related risks in other supply chains.

Engaging with an extractive company on human rights

In 2024, we revisited a norms-related concern with a South African gold and platinum group metals producer, Sibanye-StillWater. With mine workers often undertaking their work at great depths underground, there are elevated risks, and the company had been flagged for poor health and safety issues. In 2022, the company introduced a new strategy, initially improving statistics on worker safety, but these declined again in 2023. We discussed corrective steps, and Sibanye reported progress. Their 2025 goal is to fully embed the strategy. Recognising that cultural changes in organisations take time, we will closely monitor their progress for meaningful improvements.

Engaging with a materials company on workers' safety

Having previously had dialogue with ArcelorMittal on workers' safety, following a mine disaster in Kazakhstan, we had initiated an engagement on the topic. For most of the year the company was undergoing a third-party safety audit of its global businesses. Following the public release of the audit in October, we had a call with the company to discuss the audit's findings and to understand the milestones for the implementation of the audit's recommendations. The engagement will now focus on the monitoring of these key milestones.

Engaging with a railway company on human rights

We, via service provider Sustainalytics, engaged with the major US railway company Norfolk Southern Corp. The issue was a need for the company to align its practices with international human rights norms, particularly on labour rights and whistleblower protection. In June 2012, Norfolk Southern was fined over USD 800,000 for violating whistleblower provisions of the Federal Railroad Safety Act, having dismissed employees who reported injuries in 2009 and 2010. Norfolk Southern was also required to clear disciplinary records, publish whistleblower rights, and conduct training. To meet investor expectations, Norfolk Southern should improve transparency and handling of whistleblower disputes.

Voting

At Sparinvest and Nykredit, we consider the exercise of voting rights on behalf of investors to be a key responsibility as an asset manager. We are committed to providing transparency in both our voting process and voting decisions.

Voting principles and process

Details on our approach to voting may be found in our Stewardship Policy and Stewardship Framework. However, in brief:

Our **voting principles** outline key considerations on corporate governance and other areas related to voting. The purpose is to minimise risks and enhance value creation, guided by the principle of serving the long-term interests of our investors. Voting decisions may in rare cases deviate from certain specific principles, where considered to be in the best interests of our investors.

The principles cover core areas including:

- Governance
- Board composition
- Remuneration
- Dividends, share buybacks and capital allocation
- Reporting and audit
- Environmental and climate-related issues
- Social issues.

We strive to exercise **all available voting rights**. In rare cases, however, operational challenges may arise in the value chain that prevent us from voting. We aim to minimise such cases.

When making **voting decisions**, agenda items are reviewed based on our voting principles. We use proxy adviser services to assist with operational aspects of voting. The adviser also provides tailored research on each agenda, aligned with our voting principles. In actively-managed strategies, voting agendas are subject to internal case-by-case review, with our investment teams playing a key role reviewing agenda items, the tailored proxy-adviser research, and other data and research as considered material. In passively-managed strategies, the tailored proxy-adviser research is the key input, with internal case-by-case review for shareholder meetings of particular materiality due to the size of holdings or specific issues.

Transparency of voting decisions

We consider the exercise of voting rights a central aspect of our stewardship, serving as a complementary element to monitoring, dialogue and engagement. For companies in our actively managed funds where we vote against management's recommendations, the relevant investment managers strive to inform the company about the reason for voting against management's recommendation. If time permits, the company will be informed before the general meeting. If we vote against management's recommendations at companies within our passively managed strategies, the ESG team informs those companies that, based on a materiality assessment, are deemed particularly relevant.

We also disclose our voting decisions on our websites, at https://www.nykreditinvest.dk/baredygtighed/nykredit-voting-dashboard/, https://www.sparinvest.lu/investment/investing-responsibly/stewardship/ and https://www.sparinvest.dk/investering/baredygtig/aktivt-ejerskab/

Voting activity in 2024 – key numbers

In 2024, Sparinvest and Nykredit instructed votes at 4,929 shareholder meetings, across 4,147 companies.

The majority of those meetings were Annual General Meetings (AGMs), but a minority were special or extraordinary meetings, or others such as proxy contests.

Across those 4,929 meetings, we voted on 57,775 individual resolutions. We strive to exercise all available voting rights, and in 2024, achieved an execution rate of 99%. Complexities in the voting chain can prevent the successful execution of some votes, but we aim to minimise such instances.

The vast majority (over 97%) of resolutions were proposed by management. A small minority (1,512 resolutions) were proposed by shareholders. Note that a significant number of those shareholder resolutions were filed by parent companies, controlling shareholders, or other dominant shareholders closely affiliated with company boards and management teams. While these are technically shareholder resolutions, they are arguably different in nature to resolutions filed by independent, minority shareholders. We take a closer look at shareholder resolutions on Environmental and Social issues on page 17.

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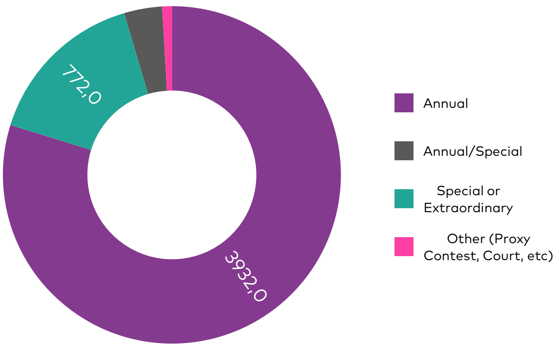
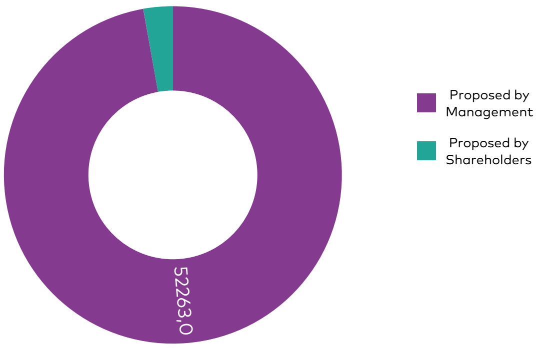
Meetings by type



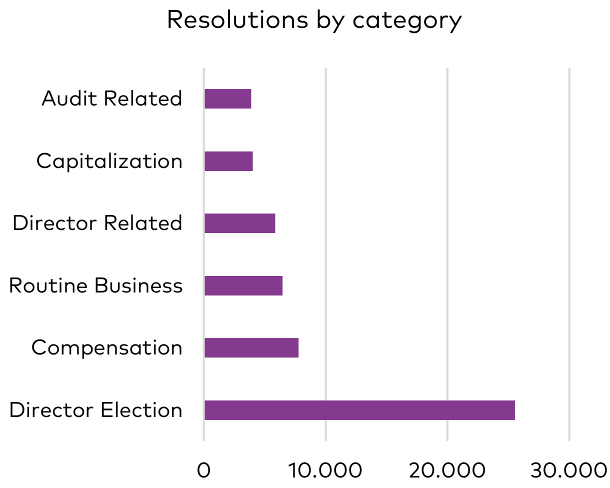
Resolutions by proponent

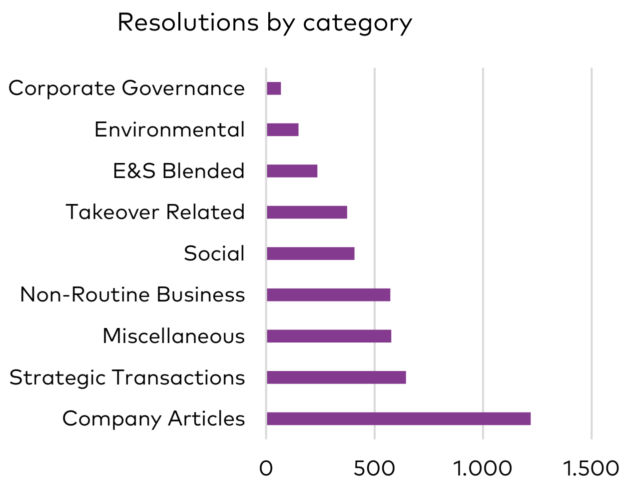


Voting activity covered companies from over 50 countries. Our voting principles are designed with sufficient flexibility to accommodate differing corporate governance cultures and legal regimes, while setting baselines, for example in terms of our expectations for board independence.

Wide variety of underlying issues

Voting activity covered a wide range of underlying issues. As always, the vast majority of resolutions related to standard governance issues – such as director elections, which comprised 45% of the total. However, other topics ranged from questions of capital allocation and corporate transactions to environmental and social issues.



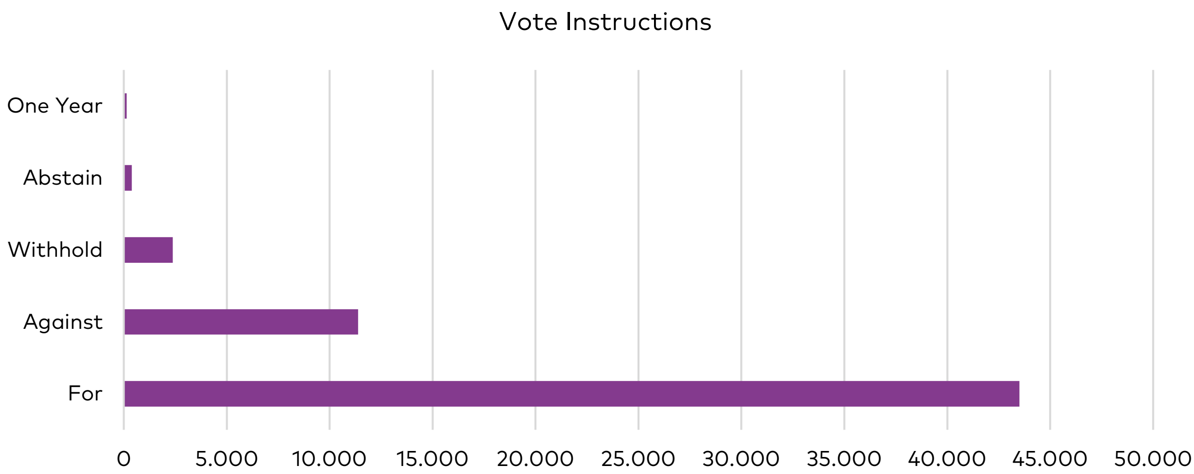


How did we vote?

We instructed "For" 75% and "Against" 20% of resolutions.

A further 5% were instructed as "Abstain" or "Withhold", due to practices in specific markets; these are similar in effect to votes against.[1]

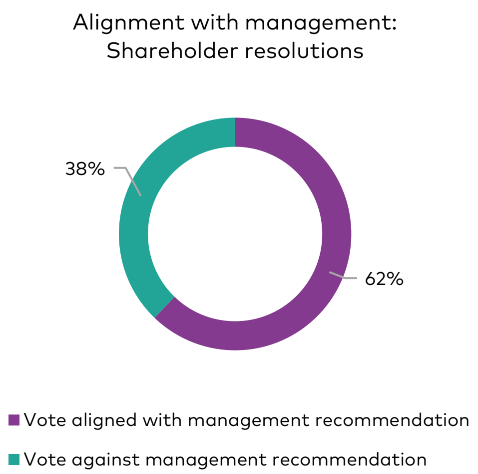
This meant that at a majority of meetings, we voted against at least one resolution.

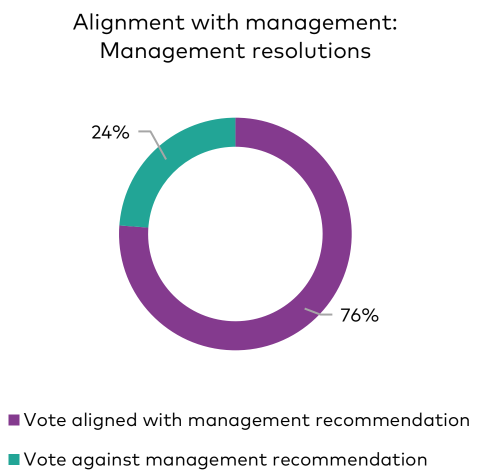


[1] Note that the number of instructions marginally exceeds the number of resolutions voted upon, because for a small minority of resolutions, certain funds instructed in different ways. In certain cases, the specific investment or ESG parameters of the fund can have direct implications for the appropriate way to vote. An example is Danske Bank, where a shareholder resolution specifically focused on the investment exclusion parameters that the bank's asset management division should apply; in this case, our vote instructions varied as each fund voted in a manner aligned with the exclusionary criteria on that fund, as this seems the most appropriate way to align with the interests of investors in the funds.

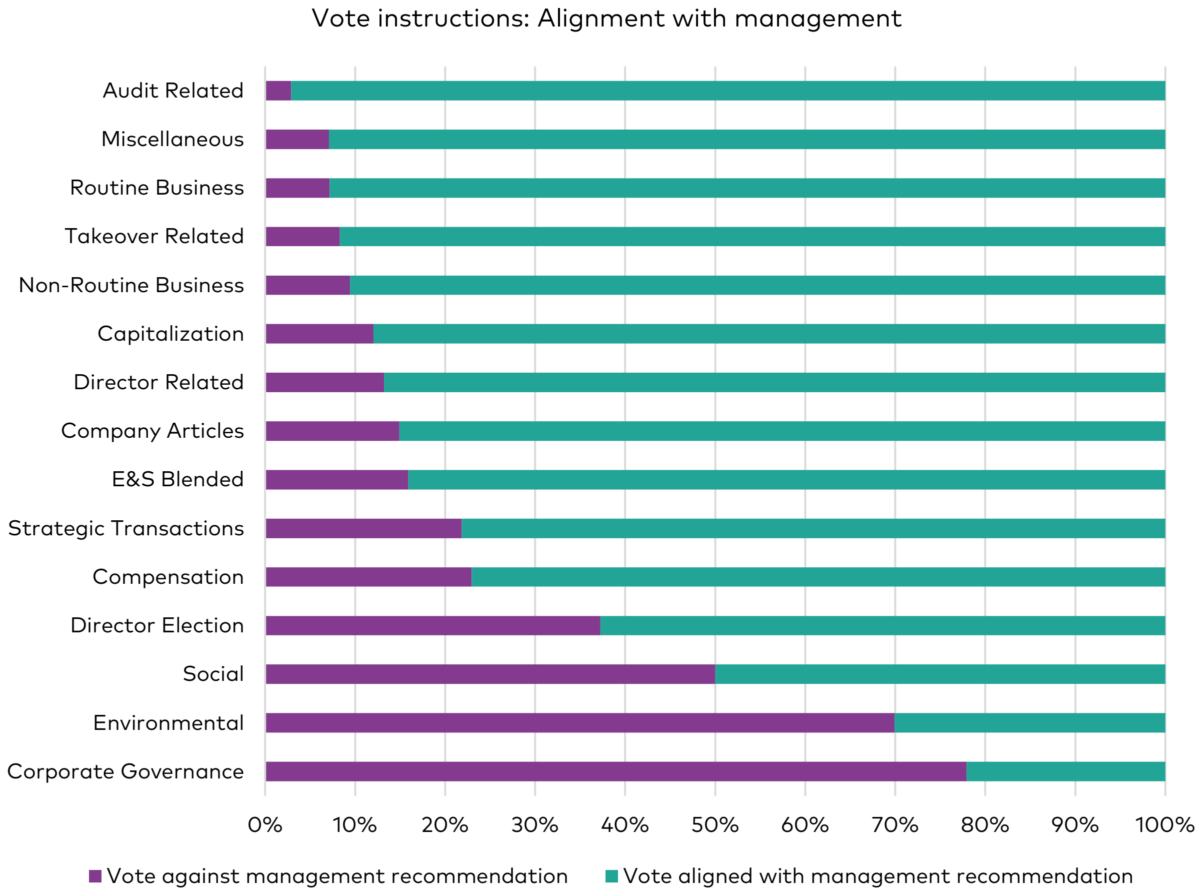
Alignment with Management

Our instructions went against management recommendations in 24% of cases. Looking only at shareholder resolutions, we voted against management recommendations in 38% of cases.





By category, the areas with the highest ratio of opposition to management recommendations were items relating to Corporate Governance, Environmental or Social issues, Director Elections, and Compensation.



Examples of votes against management

Director elections

Direct elections dominate AGM agendas, and we instructed against such elections in 37% of cases. This stems from our voting principles, which set out expectations on factors we consider relevant to building an appropriate board of directors. This includes considerations on board independence, skillsets, over-boarding, diversity, the composition of the audit, nominating and remuneration committees, and other relevant factors. Where the proposed board, or the appointment of a specific director, would run contrary to these considerations, we may vote against one or more director appointments.

Below we share some examples of such votes against director elections.

Relating to independence levels of the board, or key committees, we voted against the election of directors at various companies across diverse geographies. Examples include:

- At Japanese foods company Ajinomoto, we voted against the election of a non-independent member of the audit committee.
- At Swiss staffing company Adecco, we voted against the election of non-independent chairs of the nominating and remuneration committees.
- At Japanese automaker Toyota Motor Corp, we voted against both the Chair and CEO due to insufficient independent directors at the board level.
- At US food company Tyson Foods, we voted against the election of a non-independent director of the nominating committee.

Relating to board diversity, our voting principles note that:
The board should consider its diversity. We believe there are long-term benefits to diversity on the board and will generally vote in a manner that encourages this. For example, we will generally vote against the appointment of the chair of the nomination committee and the chair of the board, or other directors as appropriate, at:

- *Companies in developed markets where the board is not comprised of at least 40% underrepresented gender identities or any higher requirement applicable in the country of domicile (30% in Japan).*
- *This principle may be deviated from if there is positive development in gender diversity, and if the board comprises at least 30% underrepresented gender identities (20% in Japan).*
- *Companies in developing countries in which no member of the underrepresented gender(s) serves on the board of directors.*
- *Companies in specific markets where the board lacks racial diversity.*

As such, in 2024, we voted against the election of directors at various companies. Examples include:

- At US industrial company Terex, we voted against the re-election of members of the nominating committee to highlight concerns over insufficient gender diversity on the board and wrote to the company to explain our rationale.
- At US financial company Jefferies Financial Group, we voted against the re-election of members of the nominating committee to highlight concerns over insufficient gender and ethnic diversity on the board.
- At UK retailer Sainsbury, US retailer American Eagle, UK homebuilder Bellway, and US autoparts company LKQ, we voted against the re-election of incumbent members of the nominating committee due to concerns over insufficient ethnic diversity on the board and communicated our rationale to the companies.

Relating to the risk of over-boarding, at German apparel company Adidas, we voted against a director's election in part due to concerns about over-boarding, considering that the individual held an excessive number of mandates at listed companies, which could prevent them from providing sufficient focus to their role.

Climate-related votes against director elections

Our Voting Principles note that

We believe that climate change and the transition to a global economy aligned with the Paris Agreement present some of the most significant risks and opportunities for companies. The board of directors should ensure that adequate resources are allocated to understanding, monitoring, formulating and executing a strategy and reporting on these issues.

Reflecting this, we will consider voting against the election of directors or members of relevant committees, where we perceive a lack of will, effort or ability to address climate-related risks or realise climate-related opportunities.

Accordingly, in 2024 we did vote against certain directors at various companies, due to concerns in this area. Examples include:

- At French retailer Carrefour, we voted against the incumbent chair of the committee responsible for climate risk oversight, to highlight a desire to see strengthened efforts to align with our expectations on emissions targets. We communicated our rationale to the company ahead of the AGM. Over 7% of votes were cast against the director election.

- At Hengan International, a Chinese producer of personal hygiene products such as sanitary napkins and diapers, in 2024, we chose to vote against the election of the incumbent chair of the E and S Committee, due to concerns that the company should do more to adequately address climate change-related risks and climate-related performance. Over 9% of votes were cast against the director election. We communicated this rationale to the company, stating our desire to see improved reporting and target setting in this area.

Compensation

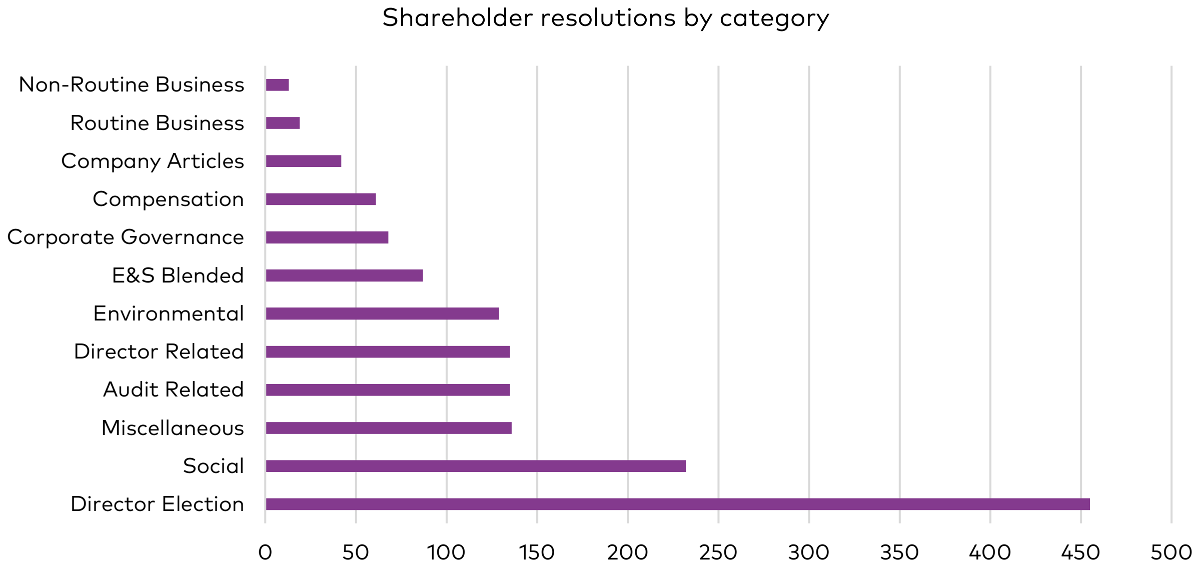
Our voting principles note our belief that a transparent remuneration policy should align the interests of management with the corporate strategy for the creation of long-term value and the safeguarding of the long-term interests of shareholders. Accordingly, in 2024, we voted against management recommendations on remuneration related items at various companies. Examples include:

- At US bank Citizen Financial, we voted against an advisory vote on executive compensation. This vote saw significant opposition to the management recommendation, at 37%, which is a meaningful signal of shareholder discontent.
- At US housebuilder DR Horton, we voted against an advisory vote on executive compensation, due to concern about high pay levels relative to peers. The vote saw 11% opposition to the item.
- At Italian cement company Buzzi, we voted against the remuneration policy, and against an advisory vote on executive compensation, due to concerns over the lack of a remuneration committee, insufficient disclosure of performance targets, and other insufficient disclosures. The vote saw around 18% opposition to both items.
- At South African retailer Mr Price Group, we voted against an advisory vote on executive compensation, due to concerns over a termination payment to the former CFO. The meeting saw over 41% opposition to the item.

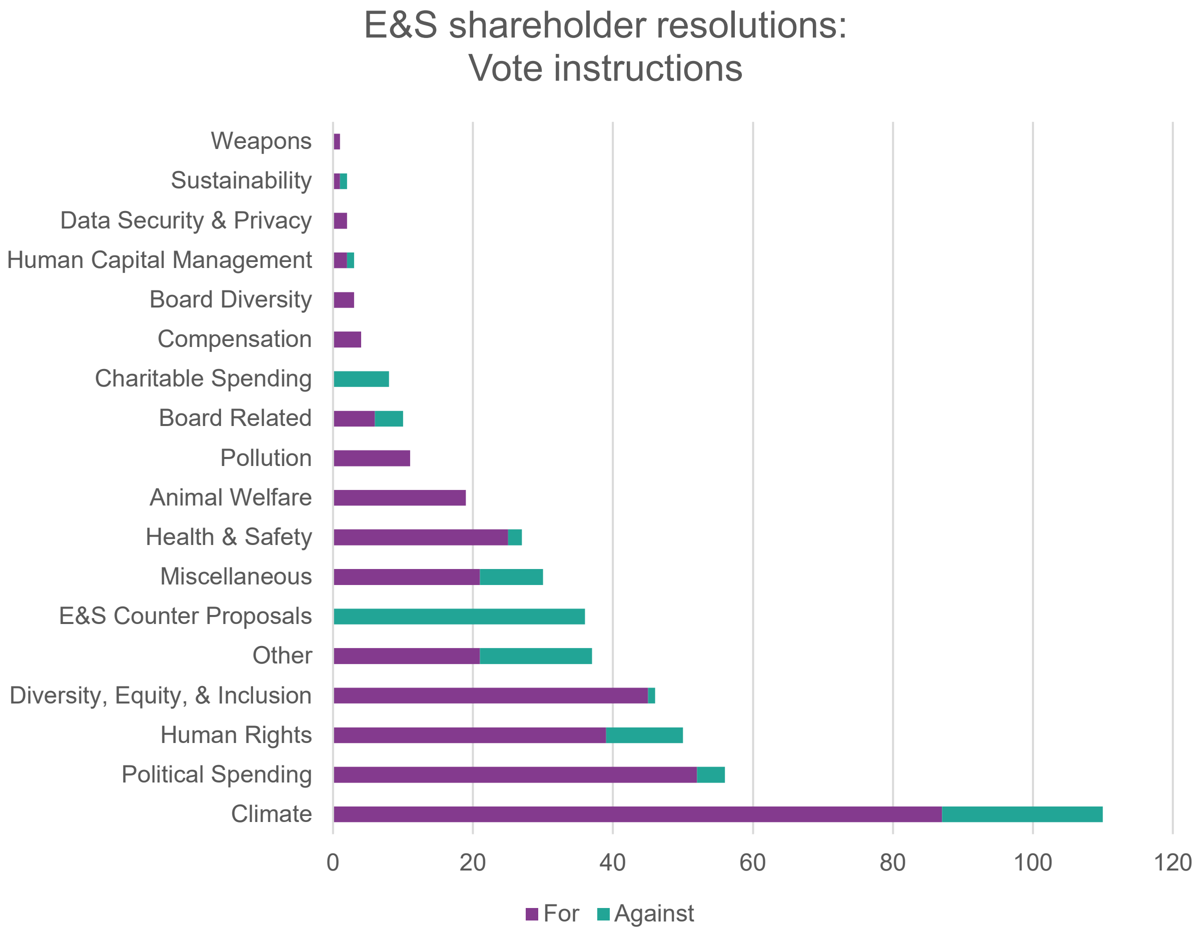
- At US electric vehicle company Tesla, we voted "against" a management resolution to ratify the stock option remuneration package originally granted in 2018, as the package was deemed excessive. The management resolution was passed, although a significant 22% voted against it.

Shareholder resolutions

Shareholders resolutions are made by a wide variety of shareholders, covering various issues. The proposals can range from director appointments proposed by controlling shareholders who are in practice very closely aligned with management, to proposals from independent shareholders with a specific focus on certain topics.



Shareholder resolutions on environmental and social issues



Looking at shareholder resolutions related to environmental and social issues, we voted on 448 items, covering a wide range of topics. In the majority of cases, the management of the target companies opposed these resolutions: of the 448 items, three received management support and a further nine saw no management recommendation, while all others were opposed by management.

We instructed in support of these resolutions in 75% of cases.

It is important to note that shareholder resolutions on environmental and social issues are proposed by a wide range of stakeholders. This means that it is important to consider the nuances of specific shareholder resolutions in order to inform the voting decision.

Many proponents sought to encourage companies to take further steps to integrate environmental and social considerations into their strategy and disclosures.

However, there was a significant minority of proposals from proponents pushing for companies to place less emphasis on, or disregard, such environmental and social considerations; many of these proposals are categorised under "E&S counter proposals" in the chart to the right.

As noted in our voting principles:

- We will generally be supportive of constructively phrased shareholder resolutions targeting increased disclosure of climate data, strengthened governance or other actions on climate-related issues.

- Similarly, regarding other environmental and social issues … we will generally be supportive of constructively-phrased shareholder resolutions targeting increased disclosure, strengthened governance, or other appropriate actions on such issues.

Examples of our voting instructions on environmental and social shareholder resolutions follow below.

We note that it is rare for shareholder resolutions to gain sufficient support to pass. Nonetheless, even when support levels are lower, they can be a powerful tool for highlighting to companies the risks and opportunities considered relevant by significant parts of their investor base.

Environmental – climate-related resolutions we supported
We supported over 80 shareholder resolutions relating to climate. In broad terms, these encouraged companies to provide improved disclosures and policies on their approach to climate change, which we consider to be among the most significant long-term risks facing companies. Examples included:

- At US restaurant operator Jack in the Box, we voted in favour of a shareholder resolution calling on the company to disclose GHG emissions and emissions reduction goals. Management opposed the resolution, but it passed with majority support. At US restaurant operator Wingstop, we supported a similar resolution, which also passed with majority support from shareholders. These were rare examples of shareholder resolutions which passed.
- At various companies, including US industrial bearings maker Timken and technology company IBM, we voted in favour of shareholder resolutions encouraging emissions reduction targets
- At Japanese banks Mizuho Financial Group, Mitsubishi UFJ Financial Group, and Sumitomo Mitsui Financial Group, we voted in favour of shareholder resolutions calling for increased disclosure on how the banks would assess the climate change transition plans of their clients operating in the fossil fuel sector, and the consequences for such clients if they do not produce credible transition plans. In our engagement work with the banking sector regarding financed emissions, a key focus area is the way in which banks work with their client base to assess and support transition plans, and these shareholder resolutions aligned with our engagement approach.
- At various US companies, including Tyson Foods, IBM and Wells Fargo, we voted for resolutions calling for reports on climate lobbying, as we consider it relevant to understand whether companies' lobbying efforts are aligned with an appropriate approach to climate risks and opportunities.
- At US insurer Travelers, we supported a shareholder proposal calling for a report on GHG Emissions (underwriting and insuring for high-carbon sectors), which gained 15% support.
- At Alphabet's (parent company of Google) AGM in 2024 we voted "for" a proposal asking the company to report on climate-related risks in its employees' retirement plan options, as this would improve existing climate change mitigation commitments and better assessment of the company's management of related risks. The resolution received very limited shareholder support.
- At US bank Bank of America Corp, we voted "for" a proposal asking the company to report on their clean energy supply financing ratio, as this should help assess progress on aligning financing activities with climate commitments

Environmental and social – board qualifications
- At Japanese bank Mitsubishi UFJ Financial Gorup, we voted for a resolution calling on the company to establish and disclose policies and processes for nominating directors and evaluating he board effectiveness, which ensure the management of climate-related business risks and opportunities is embedded in the management strategy. The resolution received 25% support from shareholders in the vote.

Social – Artificial intelligence (AI)
A number of companies faced shareholder resolutions relating to their involvement in or use of AI.

- At US companies Apple, Warner Bros Discovery and Netflix, we supported shareholder resolutions asking the companies to report on their use of AI, taking the view that this can increase the ability of shareholders to assess the opportunities and risks associated with AI. Management at all three companies opposed the resolutions, and they did not pass – but did receive significant support from shareholders in the votes, with over 40% at Netflix, over 35% at Apple, and over 20% at Warner Bros Discovery.
- For similar reasons, at Alphabet, we supported a resolution to amend the charter of the audit and compliance committee to include AI oversight. Management opposed the resolution, and it failed to pass, with only 7% support.
- At Microsoft's AGM, we voted "for" two resolutions seeking increased disclosures and transparency regarding AI-related risks, as shareholders would benefit from greater focus on the company's management of AI related risks. Neither resolution passed.

Social – Gender and racial pay gap
- At The Procter & Gamble Company, we supported a shareholder resolution calling for a report on the gender and racial pay gap. Despite the proposal not passing, it secured over 30% support, sending a clear signal of shareholders' expectations on this topic.

Social – Political contributions
- At US medical device company DexCom, we voted in favour of a shareholder resolution calling on the company to publish a report on political contributions. Management opposed the resolution, but it passed with majority support.
- At US healthcare company UnitedHealth, we voted for a proposal that asked the company to report on the alignment of the company's political spending with its stated company values and policies. The resolution received 24% support.

Social – Lobbying
- At aluminium company Alcoa, we supported a shareholder resolution requesting a report on lobbying activities and expenditures. Although it failed, there was over 35% support for the proposal that could help shareholders assess the risks and benefits associated with political activities.
- At US payments company Mastercard, we voted for a proposal asking the company for additional disclosure on the company's lobbying expenditures, to allow shareholders to better assess the risks and benefits associated with the company's political activities. The resolution received 25% support.

Social – Human rights
- At US bank Citigroup, we supported a shareholder proposal calling for a Report on Respecting Indigenous Peoples' Rights, which received 26% support.
- At Meta, which is best known for Facebook, Instagram, and WhatsApp, in 2024, we voted "for" a proposal at the AGM asking the company to report on human rights impacts from targeted advertising. This would allow shareholders to better assess Meta's management of risks related to its targeted advertising policies and practices. The resolution received 14% support.
- At US health care company Eli Lilly, we voted for a proposal asking the company to adopt a comprehensive human rights policy. The resolution received 10% support.

Social – Diversity
- At NVIDIA's AGM in 2024, we voted "for" a proposal asking the company to provide additional reporting regarding workforce diversity. This would allow shareholders to better assess the impact of the company's existing diversity initiatives and how they manage related risks.

Social – Labour rights

- At the global tech and e-commerce company Amazon's AGM in 2024, we voted "for" a proposal asking the company to commission a third-party assessment of its commitment to freedom of association and collective bargaining. This would benefit shareholders by increasing transparency and disclosure of how the company manages related risks. The resolution received 31% support.

ESG counter resolutions

We voted against a number of shareholder resolutions that we assessed as discouraging companies from appropriately integrating ESG considerations into their business strategy. Examples included:

- At US logistics company United Parcel Service, and at US food producer Kraft Heinz, similar shareholder resolutions called on the companies to report on the risks arising from voluntary carbon-reduction commitments. Assessing that these resolutions sought to discourage the companies from appropriately addressing the impacts of climate change on their businesses, we voted against both resolutions.
- At US bank Wells Fargo, we voted against a shareholder resolution asking the company to issue a report on the economic and humanitarian impacts of the company's climate transition policies. The proposal appeared designed to discourage the bank's approach to transition, for example by discouraging support of renewable energy sources.
- At US semiconductor maker Intel, a shareholder resolution called for the establishment of a board committee on corporate financial sustainability to oversee and review the impact of the company's policy positions, advocacy, partnerships and charitable giving on social and political matters. The resolution seemed designed to discourage the company from taking reasonable steps to incorporate social considerations such as diversity, equity and inclusion into its operations, and as such we voted against the resolution.
- US companies Capital One Financial Corporation, JPMorgan Chase & Co, Merck & Co., PayPal Holdings, The Charles Schwab Corporation and The Home Depot all faced shareholder resolutions calling on them to issue civil rights and non-discrimination reports. While the resolutions varied somewhat, they generally appeared to be efforts to discourage the companies from appropriately considering social issues such as diversity, equity and inclusion within their workforce, and as such, we voted against the resolutions.
- US companies Johnson & Johnson, Mastercard, PepsiCo, and The Walt Disney Company faced shareholder resolutions requesting a report on gender-based compensation and benefits inequities. We assessed that these resolutions were, in practice, protesting against the companies' efforts to offer gender pay equity and comprehensive benefits which cater to all gender identities, and as such, we voted against the resolutions.
- US companies Citigroup, Boeing, MGM Resorts International, PepsiCo, The Cigna Group, The Coca-Cola Company and The Progressive Corporation faced shareholder resolutions calling for a report on risks created by the companies' diversity, equity, and inclusion efforts. These resolutions were effectively seeking to limit DEI efforts by the companies. As we consider those DEI efforts to contribute positively to long-term value generation, we voted against this resolution.
- US company Alphabet, Apple, BlackRock, Redfin Corporation and Walgreens Boots Alliance, Inc. faced shareholder resolutions calling for reports on the risks of omitting viewpoint and ideological diversity from their Equal Employment Opportunity policies. For example, at Alphabet, the proponent's supporting statement highlighted their specific concern that people with conservative viewpoints could face discrimination at Alphabet. We assessed that Alphabet's existing policy and disclosures clearly state that discrimination of any kind will not be tolerated. We therefore voted against this resolution, as well as those at the other companies listed for similar reasons.